If calling, please ask for Democratic Services

Council

Thursday 31 October 2024, 9.30am

Taumata Kōrero - Council Chamber, Greater Wellington Regional Council
100 Cuba St, Te Aro, Wellington

Quorum: *Seven Councillors*

Members

Councillors

Daran Ponter (Chair)	Adrienne Staples (Deputy Chair)
David Bassett	Ros Connelly
Quentin Duthie	Penny Gaylor
Chris Kirk-Burnnand	Ken Laban
David Lee	Thomas Nash
Hikitia Ropata	Yadana Saw
Simon Woolf	

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

Council

Thursday 31 October 2024, 9.30am

Taumata Kōrero - Council Chamber, Greater Wellington Regional Council,
100 Cuba St, Te Aro, Wellington

Public Business

Resolution to Exclude the Public

Public Excluded Business

Please note these minutes remain unconfirmed until the Council meeting on 31 October 2024.

Report 24.540

Public minutes of the Council meeting on Thursday 26 September 2024

Committee Room, Greater Wellington Regional Council
34 Chapel Street, Masterton at 10.20am

Members Present

Councillor Staples (Deputy Chair)
Councillor Bassett
Councillor Connelly
Councillor Duthie
Councillor Gaylor
Councillor Kirk-Burnnand (from 10.20am to 11.53am, and from 12.04pm)
Councillor Laban (from 10.33am)
Councillor Lee
Councillor Nash
Councillor Ropata (from 10.23am)
Councillor Saw (from 10.23am)
Councillor Woolf

Councillors Bassett, Connelly, Duthie, Gaylor, Laban and Woolf participated at this meeting remotely via Microsoft Teams and counted for the purpose of quorum in accordance with clause 25B of Schedule 7 to the Local Government Act 2002.

Councillor Staples, as Deputy Chair, presided at the meeting in the absence of the Council Chair.

Karakia timatanga

The Council Chair opened the meeting with a karakia timatanga.

Public Business

1 Apologies

Moved: Cr Kirk-Burnnand / Cr Lee

That the Council accepts the apology for absence from Councillor Ponter, and apologies for lateness from Councillors Laban, Ropata and Saw.

The motion was **carried**.

2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

3 Public participation

There was no public participation.

4 Confirmation of the Public minutes of the Council meeting on Tuesday 27 August 2024 – Report 24.457

Moved: Cr Nash / Cr Kirk-Burnnand

That the Council confirms the Public minutes of the Council meeting on 27 August 2024 – Report 24.457.

The motion was **carried**.

Councillors Ropata and Saw arrived at 10.23am during the consideration of the above item.

5 Confirmation of the Public minutes of the Council meeting on Tuesday 10 September 2024 – Report 24.497

Moved: Cr Nash / Cr Kirk-Burnnand

That the Council confirms the Public minutes of the Council meeting on 10 September 2024 – Report 24.497.

The motion was **carried**.

6 Re-setting part of Wellington Regional Council rates for 2024/25 – an amendment to the collection and penalty dates for the regional rates in the area of Carterton District – Report 24.495

Kyn Drake, Principal Finance Policy Advisor, spoke to the report.

Moved: Cr Lee / Cr Kirk-Burnnand

That the Council:

1 Notes the changes to collection and penalty dates of regional rates in the area of Carterton District, as set out in paragraph 4 of this report.

2 Revokes, in accordance with Standing Order 3.8.4, those parts of its resolution made on 27 June 2024 that relate to the regional rates in the area of Carterton District.

3 Re-sets, pursuant to section 119 of the Local Government (Rating) Act 2002, those rates and instalment and penalty dates for regional rates in the area of Carterton District, as set out in paragraphs 14 to 25 of Report 24.495, for the period commencing 1 July 2024 and concluding 30 June 2025, with all dollar amounts being inclusive of Goods and Services Tax (GST).

4 Requests officers to send a copy of these resolutions to Carterton District Council with a request that they provided a receipt of acknowledgment for the changes to rates and the funding methods.

5 Requests officers to place these resolutions on Greater Wellington's website.

The motion was **carried**.

7 Climate Emergency 10-point action plans refresh – Report 24.520

Suze Keith, Senior Advisor Climate Change and Jake Roos, Manager Climate Change, spoke to the report.

Moved: Cr Saw / Cr Lee

That the Council:

1 Adopts the Organisational and Regional Climate Emergency Action Plans.

The motion was **carried**.

8 Future of the Warm Wellington Scheme – Report 24.523

Bruce Horsfield, Head of Customer and Business Support, and Deborah Kessell-Haak, Head of Legal and Procurement, spoke to the report.

Moved: Cr Lee / Cr Kirk-Burnnand

That the Council:

1 Agrees to the permanent closure of the Warm Wellington Insulation Scheme to new borrowers.

2 Agrees to the continued management of the existing loan book with final repayment expected in the 2030/31 rating year.

The motion was **carried**.

Councillor Laban arrived at 10.33am during the discussion on the above item.

9 Issue of unpaid share capital to fund Greater Wellington Rail Limited capital expenditure for 2024/25 – Report 24.505

Alison Trustrum-Rainey, Group Manager Finance & Risk, spoke to the report.

Moved: Cr Kirk-Burnnand / Cr Nash

That Council:

1 Notes that the amount of $78.3 million is required by Greater Wellington Rail Limited (GWRL) to fund Greater Wellington Regional Rail's budgeted 2024/25 year capital expenditure.

2 Notes that, GWRL's budgeted 2024/25 year capital expenditure will be funded by:

- The issue of 70.4 million unpaid ordinary $1 shares by GWRL to WRC Holdings Limited (WRCHL).
- The issue of 70.4 million unpaid ordinary $1 shares by WRCHL to Council.
- The utilisation of 7.9 million existing unpaid ordinary $1 shares by GWRL to WRCHL.
- The utilisation of 7.9 million existing unpaid ordinary $1 shares by WRCHL to Council.

3 Approves the issue of 70.4 million unpaid ordinary shares in WRCHL to Council.

4 Endorses WRCHL approving the issue of 70.4 million unpaid ordinary $1 shares in GWRL to WRCHL.

5 Authorises the Council Chair and Deputy Chair to sign the required Entitled Persons Agreement (Attachment 1) approving and consenting to the issue of shares on behalf of Council.

6 Authorises the Council Chair to sign the agreement (Attachment 2) for the issue of shares approving the basis upon which the respective WRCHL and GWRL boards may make calls for payment of the shares.

7 Requests that the Council Chair confirms the consent and approvals referred to in this report, in writing to WRCHL.

The motion was **carried**.

10 Living Wage Accreditation update – Report 24.348 [For Information]

Kareena Harris, Senior Procurement Advisor, and Hemi Kanji, Manager Procurement, spoke to the report.

11 Finance update – August 2024 – Report 24.521 [For Information]

Alison Trustrum-Rainey, Group Manager Finance and Risk and Julie Knauf, Group Manager Corporate Services, spoke to the report.

Resolution to exclude the public

12 Resolution to exclude the public – Report 24.519

Moved: Cr Saw / Cr Nash

That the Council excludes the public from the following parts of the proceedings of this meeting, namely:

Confirmation of the Public Excluded minutes of the Council meeting on Tuesday 27 August 2024 – Report RPE24.461

Proposed Natural Resources Plan Change 1: appointment of replacement Commissioner – Report PE24.463

Purchase of land in Featherston – Report PE24.416

Confirmation of funding for bus depot – Report 24.498

Bus procurement – Report RPE24.456

Confirmation of the Restricted Public Excluded minutes of the Council meeting on Tuesday 27 August 2024 – Report RPE24.470

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

Confirmation of the Public Excluded minutes of the Council meeting on Tuesday 27 August 2024 – Report RPE24.461	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in these minutes includes identifying information about a proposed candidate for appointment as a trustee of the Wellington Regional Stadium Trust. Release of this information is likely to prejudice the privacy of natural persons (section 7(2)(a) of the Act) as releasing this information would disclose their consideration for appointment as trustee. Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public	The public conduct of this part of the meeting is excluded as per section 7(2)(a) of the Act in order to protect the privacy of natural persons, including that of deceased natural persons.

proceedings of the meeting that would override the need to withhold the information.	
Proposed Natural Resources Plan Change 1: appointment of replacement Commissioner – Report PE24.463	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in this report will include personal and identifying information about a proposed candidate for appointment. Release of this information prior to Council's decision is likely to prejudice the privacy of natural persons (section 7(2)(a) of the Act) as releasing this information would disclose their consideration for appointment to the Part 1, Schedule 1 Hearings Panel and nomination to the Freshwater Hearings Panel. Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(a) of the Act in order to protect the privacy of natural persons, including that of deceased natural persons.
Purchase of land in Featherston – Report PE24.416	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
The information contained in this report relates to a proposed land purchase upon terms and conditions that are yet to be negotiated and agreed. Having this part of the meeting open to the public would disadvantage Greater Wellington Regional Council in its negotiations as it would reveal Greater Wellington	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Regional Council's negotiation strategy (Section 7(2)(i)). Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this information in public proceedings of the meeting that would override the need to withhold the information.	
Confirmation of funding for Kauri Street depot – Report 24.498	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in this report relates to a lease arrangement in southern Wellington. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington Regional Council (Greater Wellington) to carry on negotiations (section 7(2)(i)). Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
Bus procurement – Report RPE24.456	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Certain information contained in this report relates to future bus service procurement and contracting in the Wellington Region. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations, and may affect the probity of the bus	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

services procurement process (section 7(2)(i) of the Act). Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	
Confirmation of the Restricted Public Excluded minutes of the Council meeting on Tuesday 27 August 2024 – Report RPE24.470	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
The information contained in these minutes includes information relating to the performance review and remuneration review of the Chief Executive. Withholding this information is necessary to protect the privacy of that natural person (section 7(2)(a) of the Act) as releasing this information would disclose information pertaining to the employment relationship between the Chief Executive and Council. Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(a) of the Act in order to protect the privacy of natural persons, including that of deceased natural persons.

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.

The motion was **carried**.

The meeting went into Public Excluded business at 11.08am.

The meeting returned from the Public Excluded business at 11.52am. The Public part of the meeting was then adjourned, and recommenced at 12noon.

13 Decisions on Proposed Change 1 and Variation 1 to the Regional Policy Statement for Wellington Region – Report 24.408

Fathima Iftikar, Director Strategy, Policy and Regulation, Remo Bangi, Senior Policy Advisor, Pam Guest, Senior Policy Advisor, and Mika Zollner, Senior Policy Advisor, spoke to the report.

Moved: Cr Lee / Cr Nash

That Council:

1. Receives the reports and recommendations of the Independent P1S1 Hearings Panel and Freshwater Hearings Panel (Hearings Panel) for Proposed Change 1 and Variation 1 to the Regional Policy Statement for the Wellington Region (Change 1) in Attachment 1.
2. Accepts the Hearing Panel recommendations to shift identified provisions from the Freshwater Planning Process to the Part 1 Schedule 1 Process, as detailed in Attachment 2 (record of decisions), for the reasons set out by the Hearings Panel.
3. Accepts the recommendations of the Hearings Panel on the Freshwater Planning Instrument part of Change 1, for the reasons set out by the Hearings Panel and according to Attachment 2 (Record of decisions) and reflected in Attachment 4 (Decisions version of Change 1).
4. Rejects two recommendations of the Hearings Panel on the Freshwater Planning Instrument part of Change 1 for the reasons set out by the Hearings Panel and according to Attachment 2 (Record of decisions), detailed in Attachment 3 (Section 32AA evaluation and reasons) and reflected in Attachment 4 (Decisions version of Change 1).
5. Accepts the recommendations of the Hearings Panel to accept/reject submissions on the non-freshwater parts of Change 1, for the reasons set out by the Hearings Panel and according to Attachment 2 (Record of decisions) and reflected in Attachment 4 (Decisions version of Change 1).
6. Rejects five recommendations of the Hearings Panel to accept/reject submissions on the non-freshwater parts of Change 1, for the reasons set out in Attachment 2 (Record of decisions), detailed in Attachment 3 (Section 32AA evaluation and reasons) and reflected in Attachment 4 (Decisions version of Change 1).
7. Approves the Decisions version of Change 1 with amendments above made, as shown in Attachment 4 (including the supporting section 32AA evaluation in Attachment 3), and approves it for public notification in accordance with Schedule 1 to the Resource Management Act 1991.

The motion was **carried/lost**.

Councillor Kirk-Burnnand returned at 12.04pm during discussion on the above item.

Karakia whakamutunga

The Committee Chair closed the meeting with a karakia whakamutunga.

The meeting closed at 12.24pm.

Councillor D Ponter

Chair

Date:

Please note these minutes remain unconfirmed until the Council meeting on 31 October 2024.

Report 24.557

Public minutes of the Representation Review Committee meeting on Thursday 10 October 2024

Taumata Kōrero – Council Chamber, Greater Wellington Regional Council | Te Pane Matua Taiao
100 Cuba Street, Te Aro, Wellington at 9.30am

Members Present

Councillor Ponter (Chair)
Councillor Bassett
Councillor Connelly
Councillor Gaylor
Councillor Kirk-Burnnand
Councillor Laban
Councillor Lee
Councillor Nash
Councillor Ropata
Councillor Saw
Councillor Staples
Councillor Woolf

Karakia timatanga

The Committee Chair opened the meeting with a karakia timatanga.

Public Business

1 Apologies

Moved: Cr Saw / Cr Ropata

That the Committee accepts the apology for absence from Councillor Duthie.

The motion was **carried**.

2 Declarations of conflicts of interest

There were no declarations of conflicts of interest.

3 Process for considering submissions on Council's initial representation proposal for the 2025 triennial local elections - Report 24.471 [For Information]

Francis Ryan, Head of Governance and Democracy, spoke to the report.

4 Hearing of oral presentation

Gwynn Compton spoke to his written submission.

5 Consideration of submissions received on Council's initial representation proposal for the 2025 triennial local elections – Report 24.472

Francis Ryan, Head of Governance and Democracy, spoke to the report.

The Committee considered the matters raised in submissions and undertook its deliberations.

The meeting adjourned at 10.28am and resumed at 10.39am.

Following deliberations, the following motion was moved:

Moved: Cr Staples / Cr Ropata

That the Committee, having considered the submissions received and the information contained in Report 24.472, recommends that Council:

1. Adopts the reasons for the rejection of submissions, as set out in the table below:

Alternative proposal	Description of alternative proposal	Reason for rejection of alternative proposal
1	That a total of 11 members should be elected, being one member from the Māori Constituency, and 10 members from six general constituencies whose boundaries align with the current territorial authority boundaries (constituencies covering the areas of Kapiti Coast District; Porirua City; Wellington City; Lower Hutt City; Upper Hutt City; and Wairarapa districts).	Rejected. This alternative proposal would not enable effective representation for communities of interest in the regional context, taking into account the: • geographic size and diversity of the Wellington Region with its urban and rural areas • diversity of Council's statutory functions

		• need for efficient and effective governance of the Wellington Region • enabling of community access to members and vice versa.
2A	That the Council’s initial proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Pōneke/Wellington General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.
2B	That the Council’s initial proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Te Awa Kairangi ki Tai/Lower Hutt General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.

2. Confirms its initial representation proposal as its final proposal for the 2025 triennial local elections.

The motion was **carried**.

Karakia whakamutunga

The Committee Chair closed the meeting with a karakia whakamutunga.

The public meeting closed at 10.44am.

Councillor D Ponter

Chair

Date:

Council
31 October 2024
Report 24.580

For Decision

ADOPTION OF THE 2023/24 ANNUAL REPORT

Te take mō te pūrongo
Purpose

1. For Council to adopt Greater Wellington's Annual Report for the year ended 30 June 2024.

He tūtohu
Recommendations

That Council:

1 **Adopts** Greater Wellington Regional Council's Annual Report (Attachment 1) and the Summary of the Annual Report (Attachment 2) for the year ended 30 June 2024.

2 **Authorises** the Chief Executive to make minor changes that may arise as part of finalising the audited Annual Report and Summary of the Annual Report for the year ended 30 June 2024.

Consideration by Committee

2. The matters contained in this report were considered by the Finance, Risk and Assurance Committee (the Committee) at its meeting on 10 October 2024 (Report 24.555 – Greater Wellington Regional Council 2023/24 Draft Annual Report)
3. The Committee discussed the results of the Long Term Plan non-financial performance measures, and the importance of storytelling and clear presentation of data in the Annual Report.
4. The Committee noted that the audit process had not been completed at the time of the meeting but was satisfied with the verbal update provided by Audit New Zealand (AuditNZ) at the meeting.
5. The Committee recommended, after considering all relevant information from AuditNZ, that Council adopts the 2023/24 Annual Report subject to any changes required once the audit process has been completed.

Te horopaki
Context

6. Under section 98 of the Local Government Act 2002 (LGA), Council must prepare and adopt, in respect of each financial year, an annual report within four months after the end of the financial year to which is relates to.

7. The 2023/24 Pūrongo ā Tau | 2023/24 Annual Report for Te Pane Matua Taiao | Greater Wellington Regional Council (Greater Wellington) (**Attachment 1**) reports against Year Three of the 2021-31 Long Term Plan on the achievement of financial and non-financial performance measures and includes the audited financial statements for Greater Wellington and its subsidiaries, reported as a group. The final published version of the 2023/24 Annual Report will be in the same corporate look and feel to the 2022/23 Annual Report.

8. The Te Pane Matua Taiao he whakarāpopoto i te pūrongo ā-tau 2023/24 | Greater Wellington Regional Council Summary of the Annual Report 2023/24 (**Attachment 2**) provides a summary of the key information contained in the 2023/24 Pūrongo ā Tau | 2023/24 Annual Report. The final published version of the 2023/24 Summary of the Annual Report will be in same corporate look and feel to the 2022/23 Summary of the Annual Report.

Te tātaritanga
Analysis

Non-Financial Performance

9. Greater Wellington reports on 50 non-financial performance measures in the 2023/24 Annual Report and achieved 62 percent (31) of these in the year ended 30 June 2024. This compares with 59 percent (30) achieved in the year ended 30 June 2023.[1] We exceeded our targets in several areas, including:

    a Planted 363,000 stems of native plant species, against a target of 65,000.

    b Retired grazing on 140 hectares of land, enabling restoration to the land's native state, against a target of 100 hectares.

    c Recovery of native wildlife in habitat restoration and predator elimination areas exceeded expectations.

    d A continued increase in patronage on public transport, with 69 per capita boardings against a target of 67 boardings per capita.

    e Reduced Greater Wellington's overall greenhouse gas emissions by 12 percent from the previous year, and 21 percent compared to a baseline set in 2019.

[1] Note: one measure is no longer reported on by Greater Wellington, following a change in the 2023/24 Annual Plan. The responsibility for reporting on "Mana whenua and Māori report they are prepared for managing effective responses to civil defence and other emergencies" has moved to the Wellington Region Emergency Management Office (WREMO).

10. Greater Wellington did not achieve 38 percent (19) of our measures (this compares with 41 percent (21) in the previous financial year). Some of the measures that were not achieved were very close to the target, for example:

    a Customer's overall satisfaction rating for Metlink's bus services was 93 percent against a target of 95 percent, and rail services rated 92 percent against a target of 95 percent.

    b 94 percent of scheduled bus trips departed from their starting location on time, against a target of 95 percent.

    c Greenhouse gas emissions generated by our public transport network totalled 17,820 tonnes, just 2 tonnes over our target of 17,818 and an overall reduction from the previous year.

11. Further details on non-financial performance can be found in the 2023/24 Annual Report (Attachment 1).

Financial Performance

12. The operating deficit is around $50.3 million as compared to a budgeted deficit of $10.6 million. The key drivers for the above difference are summarised below:

    a Rates are $3 million favourable, driven by additional rates received from the territorial authorities ($2 million) and rates penalties ($1 million).

    b Farebox revenue is $43 million lower than budget due to changes in travel choices post-COVID and providing half-price fares through July and August of 2023. This resulted in higher grants and subsidies revenue of $23 million due to reduced payments to the New Zealand Transport Agency – Waka Kotahi (NZTA).

    c Grants & subsidies expenditure is $9 million above budget due to indexation on the Bus and Rail contracts; this is addressed in the 2024-34 Long Term Plan.

    d Finance costs are $10 million above budget, because of additional prefunding and increased financing costs; this is partially offset by increased interest revenue.

    e Fair value movements are favourable to budget reflecting the increase in the fair value of interest rate swaps due to the continuing increase in market interest rates.

13. Capital expenditure for the full year, at $152.8 million, was 20 percent below the budgeted spend of $190 million. This was mainly due to delays in the RiverLink Alliance programme and slower progress on the Mills Street improvements, as well as a change in accounting treatment for National Ticketing Solution (NTS) and Snapper on Rail. This is partially offset by the approved accelerated spend in Te Marua Water Treatment Plant projects.

14. Refer to note 33 in the Notes to the Financial Statements of Attachment 1 for explanations to major variances between actual and budget numbers.

15. The draft financial statements include two prior period errors:

    a Refer to note 35. This relates to the Memorandum of Agreement (MoA) between Greater Wellington and NZTA for the Crown required land for the RiverLink Project. Following the external accounting advice from Deloitte this transaction has now been disclosed as a finance lease. Please note that Audit NZ has yet to review this change.

    b Refer to note 30. This relates to the disclosure of operating leases where Greater Wellington is the lessor. An error was identified in the calculation of the future lease receipts to be collected under non-cancellable operating leases for the 2022/23 financial year. The contract dates used in the calculation was incorrect, primarily due to a system change. The error did not have any impact on the financial results.

16. The actual reserve balance as at 30 June 2024 as compared to the 2023/24 Annual Plan is set out in **Attachment 3.**

Audit Opinion

17. At the time of preparing this report the audit of Greater Wellington's 2023/24 Annual Report is in progress and not completed by Audit NZ. We anticipate that verbal audit clearance will be provided at the 31 October 2024 Council meeting where the final 203/24 Annual Report will be presented for adoption.

18. The current expectation is that we will receive the same qualification as the 2021/22 and 2022/23 Annual Reports regarding Greater Wellington's two Greenhouse Gas Emissions measures[2]. It is assumed to be qualified again this year; however, AuditNZ is undertaking further work to potentially downgrade this to an Emphasis of Matter paragraph instead. Audit NZ Audit Director, Clint Ramoo, will confirm if this will be a qualification or Emphasis of Matter at the Council Meeting.

Ngā hua ahumoni
Financial implications

19. The recommendations of this report do not create any forward financial implications.

20. Attachment 1 includes the financial statements for Greater Wellington as at 30 June 2024. A summary of financial performance from the Annual Report is outlined in the Analysis section above (paragraphs 12-17).

[2] 'Tonnes of CO2 emitted per year on Metlink Public Transport Services' and 'Reduction in tonnes of CO2 equivalent (tCO2e) emissions'

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

21. Improving outcomes for mana whenua and Māori is one of the overarching strategic priorities in the Greater Wellington's 2021-31 Long Term Plan, and therefore reported against in our 2023/24 Pūrongo ā Tau | 2023/24 Annual Report.

22. The recommendations of this report do not present any new implications for Māori, as the 2023/24 Pūrongo ā Tau | 2023/24 Annual Report reflects what has happened over the past financial year.

23. Attachment 1 includes details on implications for Māori. While details are referenced throughout, the most relevant sections are:

    a Ko te whakarahi ake I ngā hua mō te mana whenua me te Māori | Improving outcomes for mana whenua and Māori.

    b Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

24. Responding to the climate emergency is one of the overarching strategic priorities in the Greater Wellington's 2021-31 Long Term Plan, and therefore reported against in our 2023/24 Pūrongo ā Tau | 2023/24 Annual Report.

25. The recommendations of this report do not create any implications for climate change, as the 2023/24 Pūrongo ā Tau | 2023/24 Annual Report reflects what has happened over the previous financial year.

26. Attachment 1 includes details on consideration of climate change. While details are referenced throughout, the most relevant sections are:

    a He urupare ki te huringa āhuarangi | Responding to climate change

    b Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships.

Ngā tikanga whakatau
Decision-making process

27. The matters requiring decision in this report were considered against the requirements of Part 6 of the LGA.

Te hiranga
Significance

28. Officers considered the significance (as defined by Part 6 of the LGA) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers recommend that these matters for decision are of low significance given their administrative nature.

Te whakatūtakitaki
Engagement

29. In line with the Significance and Engagement Policy, officers determined that no engagement on the matters for decision is required.

Ngā tūāoma e whai ake nei
Next steps

30. Under Section 98 of the LGA, Council is required, within one month of adoption of the Annual Report, to make the Annual Report, and a Summary of the Annual Report, available to the public. The Annual Report and Summary of the Annual Report will be published on the Council's website and limited hard copies will be produced and distributed to key stakeholders around the Region.

Ngā āpitihanga
Attachments

Number	Title
1	Greater Wellington Regional Council's 2023/24 Annual Report
2	Greater Wellington Regional Council's 2023/24 Summary of the Annual Report
3	Reserve balance as at 30 June 2024

Ngā kaiwaitohu
Signatories

Writers	Sam Ripley, Kaitohutohu | Advisor, Corporate Planning and Reporting Rajesh J Ratanjee, Kaikaute Pūtea | Financial Controller
Approvers	Ashwin Pai, Kaiwhakahaere Matua | Head of Finance Zofia Miliszewska, Kaiwhakahaere Matua | Head of Strategy and Performance Alison Trustrum-Rainey, Kaiwhakahaere Matua, Pūtea me ngā Tūraru | Group Manager, Finance & Risk Luke Troy, Kaiwhakahaere Matua Rautaki | Group Manager, Strategy

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or with Committee's terms of reference The Council is required under Section 98 of the LGA to prepare and adopt an Annual Report for each financial year.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies The 2023/24 Pūrongo ā Tau | 2023/24 Annual Report outlines Greater Wellington's performance against Year Three of the 2021-31 Long Term Plan.
Internal consultation The Finance and Corporate Planning and Reporting teams were consulted in preparing this Committee report. The 2023/24 Pūrongo ā Tau | 2023/24 Annual Report (Attachment 1) was prepared in consultation with the Executive Leadership Team and departmental managers.
Risks and impacts - legal / health and safety etc. There are no specific risks arising from the matters for decision.

Te Pane Matua Taiao | Greater Wellington Regional Council

2023/24 Pūrongo ā Tau | 2023/24 Annual Report

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He karere nā te Heamana me Te Tumu Whakarae | Message from the Chair and Chief Executive

In the face of significant changes and challenges, Greater Wellington is navigating change with partnership, collaboration, and an enduring commitment to our communities and Te Taiao.

Over the course of the year, we have made significant improvement in public transport services and environmental restoration works, while also navigating increased risks and disruptions arising from changes in Government and overall affordability challenges.

How we are responding to change

With a new coalition Government in place, policies and funding options changed significantly. Some changes were immediate, including a stop-work order on the Affordable Water Reforms programme and the dissolution of the Let's Get Wellington Moving project. Further changes were felt across central and local government, with cuts to public service jobs, reductions in public transport funding, and amendments to environment and transportation policies – among many other changes.

Central government changes are occurring alongside overall challenges to affordability across the board. In short, the cost of business is increasing even while key funding streams are decreasing. These cost increases and the reduction of central Government funding were front and centre in the development of the 2024-34 Long Term Plan, as Greater Wellington sought to manage costs while still planning to deliver on what matters to our communities.

Responding to change requires collaboration and partnership. Part of our response was to amplify other voices in our submissions to central Government, such as submissions on the Fast Track Approvals Bill and the Draft Government Policy Statement on Land Transport – two legislative changes with the potential for significant impacts on our Region. We also worked with mana whenua partners to represent their perspectives in submissions and in planning.

Delivering on our core services

Amidst a challenging period of change, we continue to deliver on our commitments to communities and to the environment. Alongside the chop and change, we have also seen major milestone achievements.

First off, if you ride the bus, you've probably noticed something. Services are much more reliable and accessible than in previous years with 26,133,096 passenger trips this year – the highest on record. The busiest month was May with 2.56 million passenger trips, compared to the previous high of 2.49 million passenger trips in May 2019. Getting to a point where people can experience those improvements took a lot of mahi, including improving driver wages and conditions, making accessibility improvements to buses and stations, and adding new bus services such as the Airport Express and the Route 4 bus.

Ongoing restoration work in the Wairarapa Moana, Predator Free Wellington work in the Miramar Peninsula, and other biodiversity works across the region are restoring vitality to our indigenous species and the habitats that support them. For example, the population of the critically endangered Australasian bittern / Matuku-hūrepo is growing in the Wairarapa Moana, now the largest population in the country. Counts of other indigenous birdlife in the predator eliminated areas of the Miramar Peninsula have risen faster than expected, showing the benefits of consistent and sustained approaches to pest management and biodiversity.

We're also deploying technology to cover more ground (and more water) with less resources. By using technology such as drones, smart sampling, and citizen science apps that enable community members to contribute valuable data, we can gather greater insights on the health of Te Taiao while still effectively managing costs and resources.

Looking ahead

We continue to strengthen our commitment to a prosperous region and a healthy environment. Working within central Government's changes to policies, legislation, and funding streams, Greater Wellington will need to balance key services in the short term with long-term responsibilities. The 2024-34 Long Term Plan has been developed with these challenges in mind, but Greater Wellington and other councils continue to navigate heightened uncertainty and a higher cost of doing business. We expect that central Government changes will continue to impact local government's ability to deliver services without significant rates increases.

Navigating change is the work of many, and we're proud to be working alongside our mana whenua partners, the diverse communities across the rohe, and all our staff and volunteers who are putting in the mahi to deliver our services.

At Te Pane Matua Taiao we know that by bringing people together we can succeed. By utilising all the resources, people, shared values and dreams of a great region to live, work and play we— te ao pakeha (tiriti tangata) and te ao Māori (tangata whenua)— together can build something better than alone.

He Waka Eke Noa - All in this together.

[placeholder for Char and CE's signatures and photos]

Wāhanga tuatahi: He tiro whānui i ngā mahi i tutuki i a mātou

Section one: Overview of our performance

Ko te Tau kua pahure | A Year in Review

We are proud of the work we achieved this year. Highlights include:

Leveraging technology to support biodiversity and restoration

We're deploying technology to cover more ground with fewer resources. By using technology such as drones, smart sampling, and citizen science apps for environmental monitoring, we can gather insights on the health of Te Taiao more efficiently.

Record-breaking bus ridership levels

With record-breaking bus patronage this year, our Region's public transport network is showing the benefit of years of adaptation and work to recover from COVID-19 impacts. Improving drivers' wages and conditions, accessibility improvements, and new bus services have all contributed to higher reliability and patronage.

Wildlife recovery exceeding expectations

Ongoing restoration work in the Wairarapa Moana, Predator Free Wellington, and other biodiversity works are giving back some vitality to indigenous species. Populations of the critically endangered Australasian bittern are growing in the Wairarapa Moana, and counts of other indigenous birdlife on the Miramar Peninsula from which predators have been eliminated have risen faster than expected.

Improving our region's flood resilience

As we continue to build and maintain flood protections such as the Mill St Stopbank which protects one of the country's most densely inhabited floodplains, we are also looking to what future floods and storms may bring, and what that means for our region as we continue to respond to the threat of climate change.

Actively working to improve outcomes for mana whenua and Māori

We completed our first Te Tiriti Audit, providing Greater Wellington with a better means of gauging progress against our obligations to Te Tiriti o Waitangi. We also continued to develop our partnership with mana whenua through the Long-Term Plan Committee, which included representatives from our six mana whenua partners alongside the Regional Councillors.

Ko ngā hua mō te hapori | Community Outcomes

We promote the social, economic, environmental, and cultural well-being of our communities through our three community outcomes:

- Thriving Environment: healthy fresh and coastal water, clean and safe drinking water, unique landscapes and indigenous biodiversity, sustainable land use, a prosperous low carbon economy.
- Connected Communities: vibrant and liveable region in which people can move around, active and public transport, sustainable rural and urban centres that are connected to each other, including mana whenua and mātāwaka Māori communities.
- Resilient Future: safe and healthy communities, a strong and thriving regional economy, inclusive and equitable participation, adapting to the effects of climate change and natural hazards, community preparedness, modern and robust infrastructure.

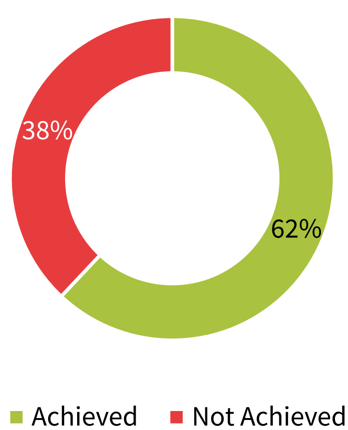
The table below shows Community Outcomes through the lens of each of our Activity Groups.

		Community Outcomes		
		Thriving Environment	**Connect Communities**	**Resilient Future**
Activity Groups	**Environment and Flood Protection** (page 34)	We look after the region's special places to ensure they thrive and prosper	Our work with the community connects people with the environment they live in	We manage and protect the region's resources so they can be enjoyed for generations to come
	Metlink Public Transport (page 43)	With electrification of our network we are creating a more sustainable and low carbon region	People can get to the places they want to go to by using an accessible and efficient network	People can move around the region on a public transport network that is future proofed
	Regional Strategy and Partnerships (page 51)	We lead from the front to ensure our environment is front and centre	People are engaged in the decisions that affect them	We plan for the big issues by connecting the dots, ensuring the future is resilient
	Water Supply (page 59)	Water supply is respectful to the environment that we live in	The region has sufficient water supply that is of high quality and safe	Bulk water supply is sustainable to the community as our environment changes

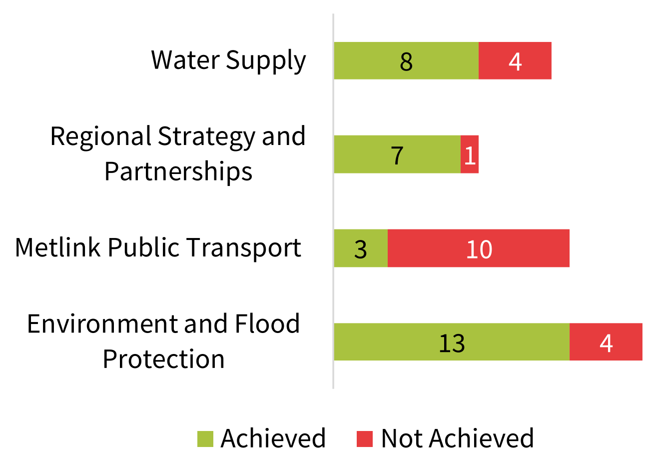
He whakarāpopototanga o te tiro whānui i te rawa | Summary of Non-financial performance

Greater Wellington reports against 50 non-financial performance measures in this Annual Report. These measures were set during the preparation of the 2021-31 Long Term Plan. Overall Greater Wellington achieved 62 percent (31) of the non-financial performance measures and did not achieve 38 percent (19) of the measures. In 2022/23 we achieved 59 percent (30) of the non-financial performance measures and did not achieve 41 percent (21) of the measures.[1]

Overall 2023/24 status of LTP non-financial measures



2023/24 status of LTP non-financial measures by Activity Group



Challenges in our operating environment impacted our ability to achieve in some areas

- Major shifts in central Government policies and funding prompted changes to major work programmes such as Let's Get Wellington Moving and Affordable Water Reforms.
- Overall pressures on affordability and the 'cost of doing business' increased this year. Compounded by reductions in funding from central Government, this has created a need to balance affordability with existing commitments to deliver our services.
- A significant scale and rate of change for many central Government agencies and policies have slowed down progress on some work, as Greater Wellington and our partner agencies adjust.

1 A measure regarding emergency preparedness is now reported by Wellington Region Emergency Management Office, dropping the total of measures that Greater Wellington reports on from 51 to 50.

Several 'Not Achieved' measures were very close to their target

- Customer's overall satisfaction rating for Metlink's bus services was 93 percent against a target of 95 percent, and rail services rated 92 percent against a target of 95 percent.
- 94 percent of scheduled bus trips departed from their starting location on time, against a target of 95 percent.
- CO2 emissions generated by our public transport network totaled 17,820 tonnes, just 2 tonnes over our target of 17,818 and an overall reduction from the previous year.

We still achieved a lot this year

- Planted 363,000 stems of native plant species, against a target of 65,000.
- Retired grazing on 140 hectares of land, enabling restoration to the land's native state.
- Protected native wildlife through pest control and habitat restoration.
- Saw a continued increase in patronage on public transport, with 69 per capita boardings against a target of 67.
- Reduced Greater Wellington's overall greenhouse gas emissions by 12 percent from the previous year, and 21 percent compared to a baseline set in 2019.

Full details on our non-financial service performance information can be found in Section Two: He tiro whānui i te rawa | Non-financial performance. Information on non-financial performance measures for the activities of Greater Wellington can be found on pages 16-72. A summary of measures relating to our greenhouse gas emissions is on page 22, and a disclosure statement on how we measure green houses gases can be found on pages 23-25.

He Pūrongo Pūtea | Finances at a Glance

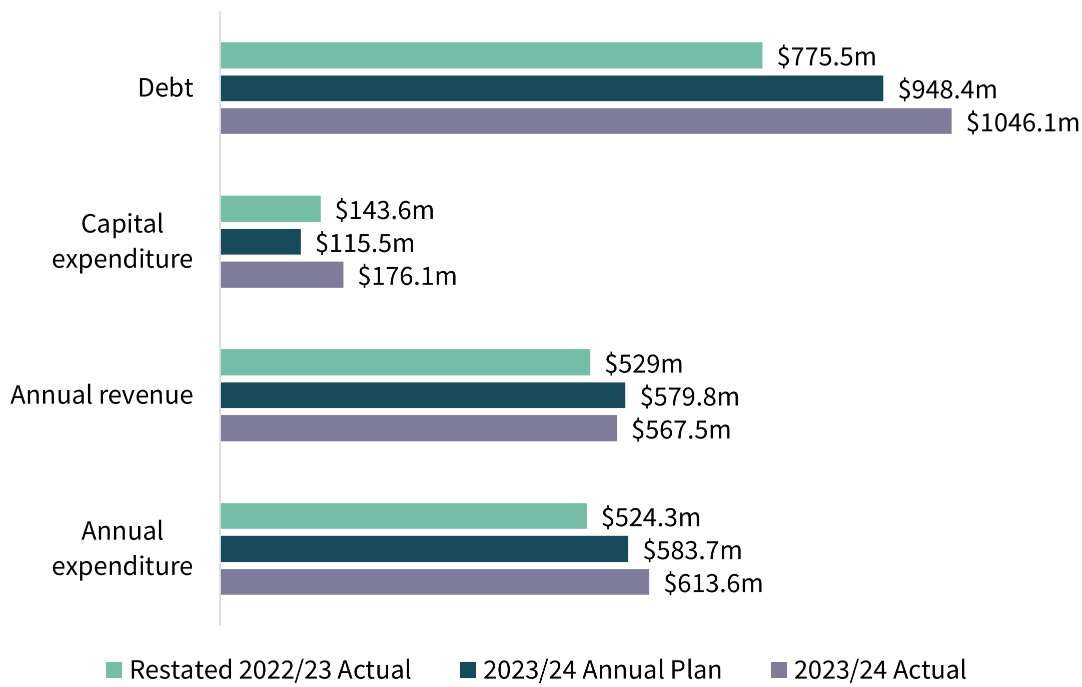
The year has been one of economic challenges and financial pressures and this is reflected in the financial results of Greater Wellington. Summary highlights from the year include:

- We received an AA+ credit rating with Standard & Poor's, which indicates a very strong capacity to meet financial commitments, and good financial health overall.
- The cost of delivering all our services amounted to $7.9 dollars per rating unit per day.
- Our total assets held this year were worth $2.57 billion.

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

- Our annual revenue from rates this year was $211.9 million, compared to $180 million in the prior year.
- Revenue from grants and other sources was $355.6 million, compared to $348.9 million in the prior year.

Financial overview



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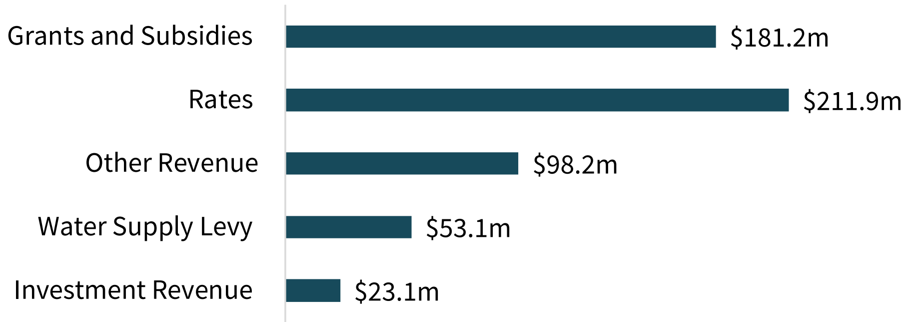
Revenue

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

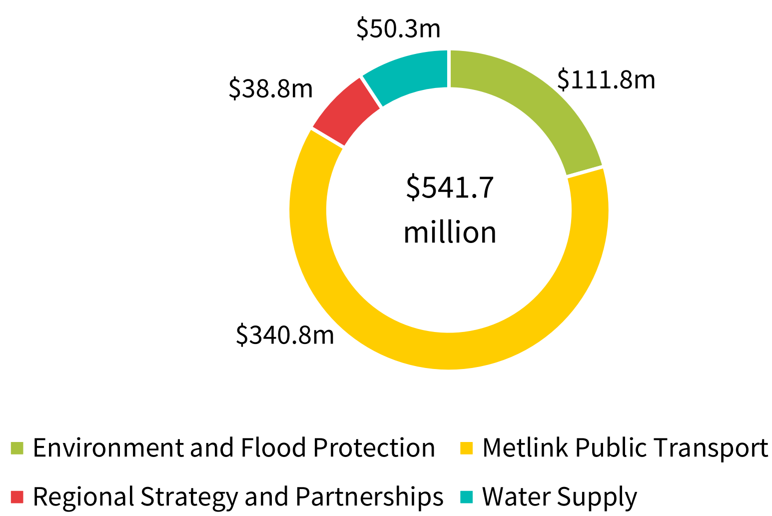
Sources of revenue



Operational expenditure

Greater Wellington's operational expenditure across the four LTP Activity Groups.

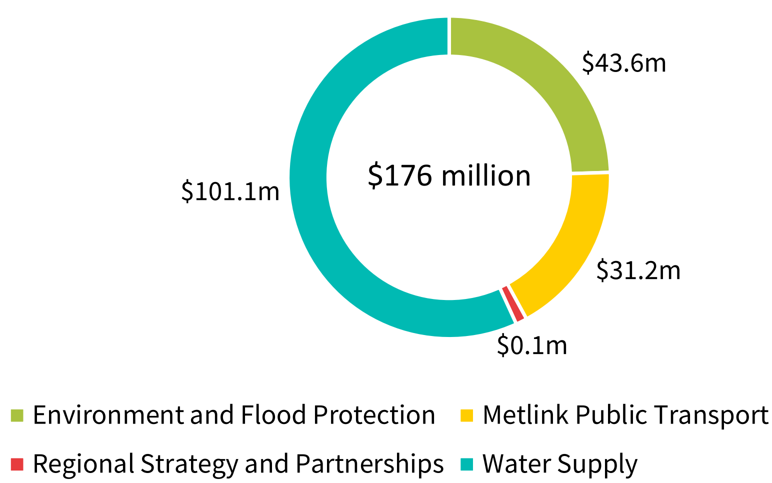
Operational expenditure by Activity Group



Capital expenditure

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

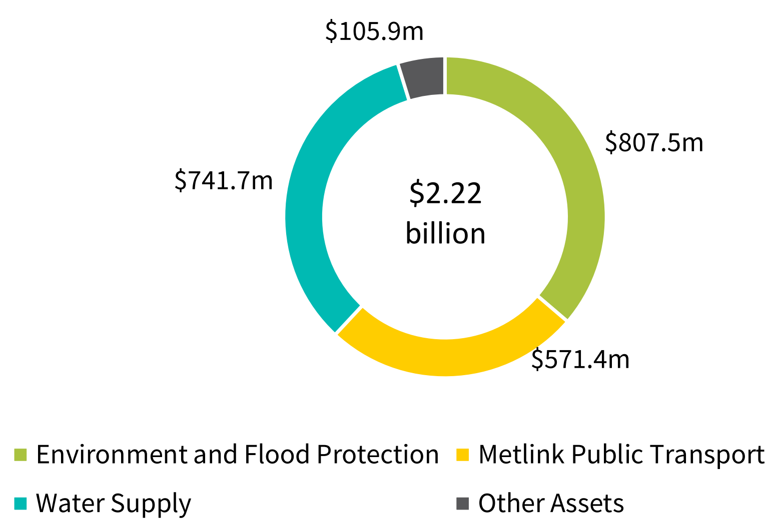
Capital expenditure by Activity Group



Property, plant, and equipment

Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes $486.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

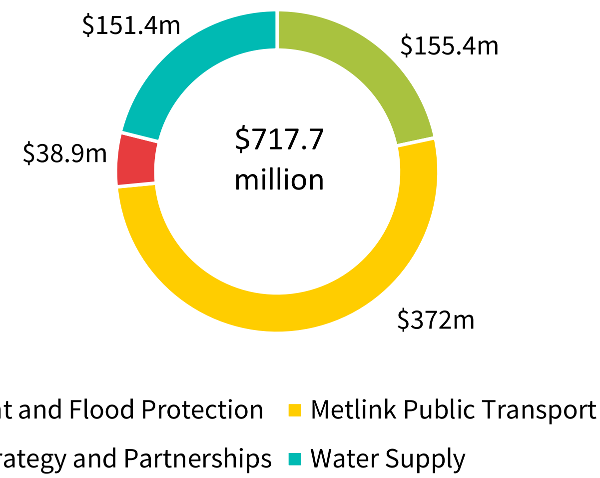
Property, plant, and equipment asset value by Activity Group



Total expenditure

Greater Wellington's total expenditure (operational plus capital) by Activity Group.

Total expenditure by Activity Group



Full details on our financial service performance information can be found in Wāhanga tuatoru: He pūrongo pūtea | Section three: Financial performance. Funding Impact Statements for the activities of Greater Wellington can be found on pages 76-83, and all other financial statements on pages 84-97.

Wāhanga tuarua: He tiro whānui i te rawa | Section Two: Non-financial performance

Ko ā mātou whakaarotau rautaki matua | Our Overarching Strategic Priorities

Greater Wellington identified four key overarching strategic priorities as part of the 2021-31 Long Term Plan. These overarching priorities are woven across each Activity Group.

Improving outcomes for mana whenua and Māori	Proactively engage mana whenua and mātāwaka Māori in decision making, and incorporate Te Ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region.
Responding to the climate emergency	Meeting the challenge of climate change by demonstrating leadership in regional climate action and advocacy, and ensuring our operations are carbon neutral by 2030.
Adapting and responding to the impacts of COVID-19	Take a leadership role in responding to the economic consequences of COVID-19 and support the region's transition to a sustainable and low carbon economy.
Aligning with Government direction	Rise to the challenges set by central Government to ramp up environmental protection and continue to provide high quality public transport services.

Ko te whakarahi ake I ngā hua mō te mana whenua me te Māori | Improving outcomes for mana whenua and Māori

Kia whakatōmuri te haere whakamua:

‘I walk backwards into the future with my eyes fixed on my past’

Greater Wellington is committed to continuous improvement in how we give effect to the principles of the Te Tiriti o Waitangi, and acting in a manner consistent with those principles. We continue to build on a strong foundation and mature our Te Tiriti of Waitangi obligations and our partnerships with mana whenua. Greater Wellington has six mana whenua partners, represented by the following entities:

- Ngā Hapū o Ōtaki
- Ātiawa ki Whakarongotai Charitable Trust
- Te Rūnanga o Toa Rangatira Inc (Ngāti Toa)
- Taranaki Whānui o te Ūpoko o te Ika
- Rangitāne ō Wairarapa Inc
- Ngāti Kahungunu ki Wairarapa Charitable Trust

Through the 2021-31 Long Term Plan (LTP) Greater Wellington developed and adopted Te Whāriki – the Māori Outcomes Framework, to support the organisation with delivering improved outcomes for mana whenua and Māori, a strategic priority for the LTP. Te Whāriki sets out Greater Wellington’s vision and purpose, establishes key principles and values, and describes desired outcomes and focus areas for action. The focus areas of the framework are:

- Effective partnering
- Engagement for equitable outcomes
- Strong, prosperous and resilient Māori communities
- A capable workforce

Effective partnering

We invest meaningfully in our relationships with mana whenua regionally and creating the ‘tika’ – the right relationships. Building strong relationships with mana whenua is supported by accountability and transparency on how we give effect to Te Tiriti o Waitangi.

Representation in planning and decision making

As part of our commitment to increasing representation of Mana Whenua, all six of our mana whenua partners had representatives alongside Councillors on the Long Term Plan Committee, the governance group responsible for Greater Wellington’s 2024-34 Long Term Plan. The Committee’s work included direction setting, prioritisation and resource allocation, and consideration of submissions made by members of the public.

Place-based storytelling in public transport

Metlink worked with local community members, Hutt City Council and mana whenua to design ways to improve the pedestrian subway at the Naenae train station, with changes that have made the subway safer, easier to navigate, and better reflect the community it serves. Adorning the walls and lighting the way through the subway are unique Māori elements created by Len Hetet, Te Āti Awa mana whenua cultural design lead and artist Manukorihi Winiata.

This year we also completed the 'Living Pā' bus shelter at Te Herenga Waka (Victoria University Wellington) Kelburn campus, working with Ngāti Toa Rangatira to develop this purpose-built shelter design. This shelter incorporates cultural design connecting to history within proximity to the Pā.

Engagement for equitable outcomes

We strive for equitable outcomes for Māori through effective and resourced engagement. This year we supported equitable investment through Tūāpapa (foundational) and Kaupapa (project-specific) funding agreements, which supports mana whenua entities grow their capacity and to work alongside Greater Wellington on specific projects and programmes. Engaging in a high trust model of resourcing allows partners to more effectively use of funding within the context of their models, while collaboration and partnership agreements enable Greater Wellington and mana whenua to own a shared vision.

Engaging on public transport and accessibility

The Metlink Accessibility Charter, which commits Metlink to develop an Accessibility Action Plan was prepared in accordance with Te Tiriti o Waitangi. Iwi across the region and Māori health and disability groups are key stakeholders in the activities set out in the Metlink Accessibility Charter and Accessibility Action Plan.

Strong, prosperous, and resilient Māori communities

We are committed to enhancing wellbeing, supporting thriving communities, and growing community ownership of outcomes. We are supporting opportunities to work with mana whenua and Māori communities on initiatives that are mātauranga Māori led. This includes opportunities for mana whenua and Māori to partner, input and influence decision making from beginning to end and to identify and achieve their aspirations and succeed as Māori.

Establishing a Māori Constituency

Advice was provided to Te Tiriti o Waitangi Komiti and to Council, informed by mana whenua views, regarding the opportunity for Council to establish a Māori Constituency for the 2025 and 2028 triennial local elections. The new constituency would support greater equity by allowing Māori to have a clearer voice at the table of decision making. Council resolved to establish a

Māori constituency; however, recently enacted legislation requires public polling to determine if the constituency should continue from the 2028 elections.

A capable workforce

We are building our kete of resources to support our staff. By supporting our staff, we grow to our ability develop strong, meaningful and enduring relationships with mana whenua and Māori.

After significant planning and mahi across the organisation, we have now implemented a new internal operating model for how we plan and deliver for Te Taiao. Māori outcomes are a core part of the new operating model, including a focus on effective partnership.

Developing our staff to be more effective partners

We know that being effective partners requires a commitment to building staff capability and a greater understanding of Mātauranga Māori. While this journey is often different for each individual staff, Greater Wellington is committed to growing our capability, in order to be better positioned to work with our mana whenua partners. As we grow our general staff capability, we are also investing in consistent and trusted relationships with our partners, with partnership managers in place who meet regularly with iwi.

Assessing risks to our Te Tiriti obligations

As part of our ongoing commitment to Te Tiriti o Waitangi, this year we added Te Tiriti o Waitangi as a risk category as part of our overall framework for monitoring organisational risks. Adding Te Tiriti as a risk category is part of our commitment to the principles of rangatiratanga and our governance-level policies, and helps ensure our obligations under Te Tiriti o Waitangi are upheld. This coincides with our work to document any uncertainties in how we're delivering on Te Tiriti obligations.

Greater Wellington would like to stress that it is through our experience, shared values, and honouring our commitments and obligations to Te Tiriti, Te Pane Matua Taiao can be a leading light in bringing people together for the common causes of climate emergency, clean water, transport, economic prosperity for our region. It is only by working together with iwi, mana whenua and Tiriti Tangata that we have been able to achieve as much as we have.

He urupare ki te huringa āhuarangi | Responding to climate change

Governance

Responding to the climate emergency is a strategic priority for Greater Wellington, and we embed climate action across many of the services we deliver now, as well as how we plan for the future. Planning and decision-making on climate change is also supported by:

- The Council's Climate Committee, which provides governance for the Climate Emergency Response Programme.
- Greater Wellington partnerships with mana whenua, central Government agencies and local government entities, as part of the Wellington Regional Leadership Committee (WRLC).
- The Long Term Plan Committee, which included Councillors and mana whenua representatives, considered our climate change response as part of the development of the 2024-34 Long Term Plan
- The Finance Risk and Assurance Committee is tasked with reviewing the effectiveness of Greater Wellington's risk management process, including overseeing changes to the risk management policy and approach. The Committee has a particular focus on providing guidance to Council on the appetite for risk, and, whether Greater Wellington is taking effective action to mitigate significant risks, including climate change.
- The Climate Emergency Response Programme Board, a forum of senior leadership responsible for coordinating, directing, and overseeing the implementation of the Climate Emergency Response Programme.
- The Corporate Carbon Neutral Steering Group which supports and reports to the Climate Emergency Response Programme Board.

The Strategic Public Transport Asset Control Strategy was adopted by Council on 27 June 2024. A significant objective of the Strategy is to invest in ownership of key assets such as electric bus charging infrastructure. Control of assets allows Greater Wellington more freedom to deliver on emissions reductions and decarbonisation of our region's public transport network.

Council adopted new gross organisational greenhouse gas emissions targets, and in the 2024-34 Long Term Plan continued its commitment to its existing net organisational emissions targets. Adopting higher organisational greenhouse gas emissions targets made Greater Wellington eligible for Climate Action Loans through the Local Government Funding Agency, which over the next few years will see the council make annual savings of up to $200,000.

Strategy for climate action

Greater Wellington continues to develop and implement strategies for reducing emissions and adapting to the increased risks posed by climate change.

Reducing our emissions is the cornerstone of our organisational strategy. On the public transport front, we are planning how we could transition to a zero-emission bus fleet. In the short term, this includes expanding our electric bus fleet as a major part of decarbonising the public transport network. At present, there are 103 electric buses in service on the Metlink public transport network, and we are working with bus operators to enable more efficient charging solutions.

Looking ahead, we are taking steps to modernise our rail network while lowering emissions, including upgrading our stations to be part of our emissions reduction strategy through the installation of solar panels at train stations to support green generation and a zero-carbon approach.

This year we developed and published the Wellington Regional Transport Emissions Reduction Pathway – a proof-of-concept model to lay the foundations for the significant changes required in transport and better integration of how transport planning with land use planning.

As part the development of the 2024-34 Long Term Plan, we updated our two Climate Emergency Response Action Plans – one for Greater Wellington as an organisation, and one for the region as a whole. The Organisational plan sets out 10 key actions that Greater Wellington can influence more directly in our ways of working, and the regional plan sets out 10 key actions we will pursue in our work across the rohe.

Managing climate risk

Wellington Rail Programme Business Case developed and adopted by Council in 2022 was endorsed by the New Zealand Transport Agency Waka Kotahi (NZTA) board at their meeting on 9 November 2023. The business case includes a number of resilience measures within the preferred programme which will be implemented within the next 30 years subject to funding approval based on individual business cases.

The WRLC completed the Wellington Regional Climate Change Impact Assessment which includes a large data set to inform on climate risks around the Region. This will be used to support the development of the Regional Climate Adaptation Plan.

Good progress was made on Greater Wellington's Organisational Climate-Related Risk Assessment, and this information was used to inform a response to the request for Adaptation Preparedness information for the Minister of Climate Change.

We have ensured climate change risk is sufficiently represented within the risk appetite statements through risk categories like environment, loss, failure or damage to assets and financial.

Metrics

We have a number of indicators that demonstrate the work we are undertaking towards our goal of being carbon neutral by 2030, including significant work done this year to improve the accuracy and reporting capability of our bus emissions data. Many of these indicators were set through our 2021-31 Long Term Plan as non-financial performance measures. The table below illustrates some of the indicators which help tell the story of how we are actively adapting to and mitigating climate change.

Measure	2023/24 Target	2023/24 Result	Comments
Carbon Emissions Reduction			
Reduction in tonnes of CO2 equivalent (tCO2e) emissions	48,438 tonnes	37,727 tonnes	LTP non-financial performance measure, see page 54 for more detail
Tonnes of CO2 emitted per year on Metlink Public Transport Services	17,818 tonnes	17,820 tonnes	LTP non-financial performance measure, see page 48 for more detail
Increase the number of electric buses	Increase from prior year (98)	103 electric buses	Increased from 98 electric buses in 2022/23
Environmental Restoration and Regional Resilience			
Erosion-prone hill country treated	850 hectares	617 hectares	LTP non-financial performance measure, see page 37 for more detail
Grazed Regional Park land retired and restored to its native state	100 hectares	140 hectares	LTP non-financial performance measure, see page 38 for more detail
Indigenous species planted in our Regional Parks	65,000 stems	363,000 stems	LTP non-financial performance measure, see page 39 for more detail
Percentage of identified vulnerable floodplains with a flood management plan in place	40%	67%	LTP non-financial performance measure, see page 40 for more detail
Mode Shift			
Annual Public Transport boardings per capita	67 per capita	69 per capita	LTP non-financial performance measure, see page 47 for more detail
Percentage of Year 0-8 schools in the Wellington region registered for Movin' March in 2023	Maintain or increase from previous year (63% in 2022/23)	63%	Maintained at 63% of schools, with 36,000 students registered

Greenhouse Gas Emissions Performance Measures Disclosure

Greater Wellington has committed to measuring its carbon emissions since 2015. From 2019 onwards, Greater Wellington's carbon footprint was verified by Toitū Envirocare in accordance with their carbonreduce programme. The programme includes the international standard ISO 14064-1:2018 on emission measurement and verification.

Organisational and operating boundaries

Greater Wellington's organisational boundaries were set with reference to the methodology described in the Greenhouse Gas Protocol and international standards ISO 14064-1:2018.

Greater Wellington has applied an equity share consolidation approach. Under this approach, Greater Wellington accounts for Greenhouse Gas (GHG) emissions from operations according to its share of equity in the operation. For example, Greater Wellington owns 19 percent of Wellington Water Limited (WWL), therefore is accountable for 19 percent of WWL's GHGs.

Greater Wellington's share of emissions from equity in WellingtonNZ and Creative HQ are not recognised as the other shareholder Wellington City Council (WCC) has included 100 percent of the emissions in its own emissions calculation. This is not considered significant to the total footprint.

Measurement of greenhouses gases

The emissions reported in this year's annual report are for the year ending 30 June 2023. This is a result of the time needed to collect information on emissions across the Greater Wellington Council group and its suppliers.

To quantify Greater Wellington's emissions inventory, the following calculation methodology has been used unless otherwise stated: *Emissions = activity data x emissions factor.*

Significant assumptions and judgements

Where available, Greater Wellington has used published emissions factors issued by the Ministry for the Environment (MfE) or other providers of emissions factors and obtained appropriate quantity data directly from suppliers and invoice management systems.

However, we have needed to rely on modelling and assumptions to measure emissions for some activities. To measure the emissions associated with diesel and electricity use on Metlink bus services, we have developed a bespoke model which estimates fuel consumption. This collates data for each specific trip, including distance travelled, average speed, some passenger loading information and whether journeys were completed. Additional assumptions are then applied such as average passenger weights, passenger loading for remaining passengers (where 'tag-on/tag-off' data is not available) and re-positioning distance travelled. This is matched to the specific bus that ran the service.

To convert this data into estimated litres of fuel and kWh of electricity, consumption factors developed for use in the European Union by the European Environment Agency are used. Consumption data is then converted to emissions using MfE's published diesel and electricity emission factors.

For enteric fermentation emissions generated from our grazing licences, we have estimated emissions based on an estimated maximum number of livestock for each piece of land, as actual stock numbers are not available. We are working to further refine these models in the future.

Reporting boundary

A full carbon footprint accounts for emissions from Greater Wellington's value chain. This means emissions from upstream goods and services received as well as downstream use of the goods and services provided are considered. It is currently not practicable to measure all these emissions with the data and systems currently available. Below we have disclosed the sources that we are currently including and those that are currently excluded from the reported result.

Greater Wellington's emissions sources included in organisational inventory:

- Corporate activities including building electricity and natural gas use, business travel including air travel, light vehicle fleet fuel and electricity use and waste disposal.
- Our Metlink public transport service activity sources including diesel use on our services (bus, rail, ferry, and Total Mobility Taxi), electricity (ferry, rail, buses, bus and rail infrastructure), and public waste collection from our railway stations.
- Our Environment and Catchment services included infrastructure electricity, grazing (sheep, cattle, and horses), heavy machinery (e.g., helicopters, tractors), fertiliser, and waste disposal.
- Corporate footprints of our CCOs.

Greater Wellington's emissions excluded:

In line with Toitū guidelines, some GHG sources were determined as *de minimis*[2] and therefore excluded from our GHG inventory. These include:

- Air travel, rental car travel, and accommodation reimbursed to employees.
- Office refrigeration for Greater Wellington and CentrePort Limited (fridges emit various fluorocarbons if they leak).
- Corporate courier and postage services
- Freight emissions from transport of water treatment sludge to landfill
- Emissions from manure management and agricultural soils associated with horse grazing. Emissions from enteric fermentation from horse grazing is included however.

Other Greater Wellington GHG exclusions are:

- Waste to landfill from the following CCOs and COs: CentrePort Limited, Wellington Water Limited (corporate), and the Wellington Regional Stadium Trust. (Note we expect to include CentrePort and Stadium waste to landfill emissions in the 2023/24 inventory).
- Rental vehicles for Greater Wellington's CCOs.
- Travel reimbursements from CentrePort Limited workplace.
- Wellington Water Limited (corporate) refrigeration and workplace travel reimbursements.

[2] De minimis is defined as an issue that is insignificant to a GHG inventory, usually <1% of an organisation's total inventory for an individual emissions source. Often there is a limit to the number of emission sources that can be excluded as de minimis

- Fuel used to deliver the Capital Connection service, given Greater Wellington only provides partial funding and does not operate the service.
- Whole of life emissions from purchased goods and services and capital goods, other outsourced services/contractors and remote ICT services.

Inherent uncertainty

There is a level of inherent uncertainty in reporting GHG emissions, due to the inherent scientific uncertainty in measuring emissions factors, as well as estimation uncertainty in the measurement of activity quantity data. Including in the significant assumptions and judgements disclosed above.

Greater Wellington is working to improve data quality and controls over the measurement of GHG emissions which may lead to lower estimation uncertainty in future.

2018/19 baseline change

As part of the 2021/22 verification process, Greater Wellington revised the baseline first established in 2018/19. The new baseline includes new measurement of rail replacement buses, an improved measurement of sludge, electricity on-charged to Greater Wellington by KiwiRail Limited, a new measurement of flood protection grazing, and updated the average electricity emissions factors for 2018 and 2019 as published by Ministry for the Environment in August 2022. The previous baseline was 43,879.91 tonnes CO2e. The revised baseline is 51,044.61 tonnes CO2e.

The revised baseline has been updated in the Regional Strategy and Partnerships ‘Measuring our Performance’ table on page 54 of this Annual Report for the performance measure related to Greater Wellington’s GHG emissions.

Ko tā Te Pane Matua Taiao whakahoki ki te mate urutā KOWHEORI-19 | How Greater Wellington is Responding to the COVID-19 pandemic

While restrictions and disruptions have reduced over the past four years, COVID-19 is still a risk we must manage in protecting the health and wellbeing of our people, and in how we plan to keep continuity of our services.

Managing disruption to critical services no matter what the cause has been promoted when possible. Our Business Continuity Plans are built around the consequences of a disruption, not just the cause. By focusing on absence of people, or not being able to use key facilities and equipment, our plans are more flexible and can enable a more rapid response to future emergencies.

In public transport, we continue to develop and adapt a contingency timetable for bus services, which could be put in place if bus driver availability is significantly limited. This contingency timetable could be implemented if a wave of COVID-19 impacted drivers, but the timetable is also a way to quickly adapt to other impacts such as a shortage of buses or a shortage of bus driver hires.

Looking outward to some of the long-lasting impacts of the COVID-19 pandemic, infrastructure builds and upgrades still continue to experience some supply and supplier shortages compared to what was available pre-COVID in 2019. Our response has been to extend supply contracts rather than re-tender them, which helps to retain continuity on our work and enable more reliable delivery for our customers.

Te urupare ki ngā whakahau a te Kāwanatanga | Aligning to Government direction

Changes to water

Many of the changes enacted by central Government relate to water, with implications for how we regulate and protect our blue spaces.

Some of these changes also directly change our role in managing water flows. New dam safety regulations came into effect in May 2023, requiring the establishment of a new regulatory function within Greater Wellington. To ensure this new function was well connected to operators and other stakeholders, we began with consultation and communication with known dam owners, building a register of dams in the region, and preparation for how we will manage communication and records with dam owners going forward. Excellent collaboration across regional authorities lightened the load and created greater consistency with our colleagues in other regional councils.

Changes to public transport

In general, Government direction on transportation and reductions to funding has created uncertainty about the future of public transport networks across Aotearoa.

On 31 August 2023 the Land Transport Management (Regulation of Public Transport) Amendment Act 2023 came into force. Officers were engaged with the legislative reform process throughout, from the initial Ministry of Transport review, through submissions and Select Committee hearings, to the subsequent policy development work. Metlink alignment work from new legislation has included planning for RPTP review to ensure content compliance with legislation.

The Fair Pay Agreements Act 2022 was repealed in December 2023, which creates some tension with previous efforts to maintain a workforce of qualified bus drivers. Current bus contracts and recently increased driver wages will continue, and Greater Wellington continue to include reasonable worker terms and conditions in future bus contracts – an important part of how we deliver reliable bus services.

The Government released the final Government Policy Statement on Land Transport (GPS). Officers are working with NZTA to determine impacts on funding and service provision and to ensure current funding bids better align with the new GPS. The new GPS has also introduced expectations on local government regarding alternative and ‘third party’ revenue generation sources and approaches which require further exploration with the regional sector and other strategic partners.

NZTA has commenced release of the initial policy documents that will shape their requirements/guidance relating to local government statutory responsibilities for regional public transport planning. The initial tranche of policy relates to fares and pricing. Further, more substantive draft policy documents will be released for comment, and the ultimate changes and impacts will be assessed as information becomes available.

Coordinating a strong regional voice in submissions to central Government

During a period of significant changes to legislation, Greater Wellington has been working to understand how changes affect our rohe and how we deliver to communities. Part of this work has been to coordinate clear and accurate information in our submissions on legislative changes, providing a clear and coordinated regional picture to central Government. During the year, we made submissions on:

- The Transport Committee made a submission to the Ministry of Transport on the Draft Government Policy Statement on Land Transport.
- We provided comments on New Zealand Transport Agency Waka Kotahi (NZTA) Sustainable Public Transport Framework discussion document on the bus driver workforce.
- Highlighted key public transport issues in Briefings to Incoming Ministers. Key issues highlighted included the degraded state of Wellington's rail infrastructure, the need for investment in public transport, and the need to maintain investment in bus priority lanes and a second transport spine.
- Led preparation of Council's submission on Fast-Tack consenting bill. Select Committee hearings closed at the end of the reporting year.
- We worked with Te Uru Kahika to write to Ministry for Primary Industry raising our concerns about the introduction of annual fees for having native forest registered in the Emissions Trading Scheme. The Government has since dropped the fees for 2023/24 and is reviewing them for future years.
- We submitted on proposals for unit price and volume settings in the Emissions Trading Scheme and to the Finance and Expenditure Select Committee on a Climate Change Adaptation framework.
- We submitted on the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Bill.
- We submitted jointly alongside other TAs in the region on the Government's Water Services Legislation Bill.

Activities of the Greater Wellington Regional Council

Activity Groups provide an important link between the 2021-31 LTP's strategic priorities and the way they're implemented through day-to-day activities. Greater Wellington has four key Activity Groups:

Environment and Flood Protection	• Resource management (environmental regulation, environmental policy and environmental science) • Biodiversity management • Pest management • Regional parks • Harbour management • Flood protection and control works
Metlink Public Transport	• Strategy and customer • Operations and commercial partnerships • Assets and infrastructure
Regional Strategy and Partnerships	• Regional partnerships with mana whenua and Māori • Climate change • Regional transport planning and programmes • Regional spatial planning • Regional economic development • Emergency management • Democratic services
Water Supply	• Bulk water supply

For each of these Activity Group, we report on:

1. An overall summary of performance
2. Results of non-financial measures
3. Funding Impact Statements (in section 3: financial performance, on pages 76-81)

Statement of compliance

Performance measures were developed as part of the 2021-31 Long Term Plan and were developed to meet the requirements of the Local Government Act 2002, and with best practice in mind for accurate and understandable presentation. The reporting against these performance measures in this Annual Report also considers and complies with the requirements of the PBE FRS 48 reporting standards.

Non-financial performance measures judgements and assumptions

The Non-Financial Performance Measures Framework was developed by Greater Wellington for the 2021-31 Long Term Plan. These are presented in the 'Performance Measures' section for each Activity Group.[3] The following principles were used in developing this Non-Financial Performance Measures Framework:

Greater Wellington's Non-Financial Performance Measures:

- align with and support our 2021-31 Long Term Plan Community Outcomes and Strategic Priorities[4];
- create a picture of service delivery across our activities and key levels of service;
- are community focused and measure things that Greater Wellington can influence; and
- meet the requirements of the Local Government Act 2002, and with best practice in mind for accurate and understandable presentation.

Under the Local Government Act 2002 (LGA) councils are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, flood protection and control works (other activities defined in the LGA are delivered and reported on by city and district councils within the Region: sewerage and the treatment and disposal of sewage, stormwater drainage, or the provision of roads and footpaths).

Department of Internal Affairs (DIA) guidance has been followed in measuring performance against all mandatory performance measures. The DIA mandatory measures are identified in this annual report by footnote in the 'Measuring our Performance' tables on page 40 (for flood protection and control works) and pages 61-62 (for water supply).

Further to the above judgements being made in the selection of non-financial performance measures, we also apply judgements in the measurement, aggregation, and presentation of service performance information.

To determine the number of performance measures to monitor and report on, and the level of aggregation (for example, whether to report on customer satisfaction for each mode of public transport or the network as a whole), we have considered the information needs of our communities, the costs and benefits of these, practical feasibility, and the requirement to provide performance information across the full breadth of services that the council provides.

Significant assumptions and judgements

Material judgements have been applied as follows:

Greenhouse Gas Emissions Performance Measures

Where available, Greater Wellington has used published emissions factors issued by the Ministry for the Environment (MfE) or other providers of emissions factors and obtained appropriate quantity data directly from suppliers and invoice management systems.

However, we have needed to rely on modelling and assumptions to measure emissions for some activities. To measure the emissions associated with diesel and electricity use on Metlink bus services, we have developed a bespoke model which estimates fuel consumption. This collates data for each specific trip, including distance travelled, average speed, some passenger loading

3 See pages 56-58; 70-72; 84-85; and 95-96 of Greater Wellington's 2021-31 Long Term Plan

4 See pages 258-260 of Greater Wellington's 2021-31 Long Term Plan

information and whether journeys were completed. Additional assumptions are then applied such as average passenger weights, passenger loading for remaining passengers (where 'tag-on/tag-off' data is not available) and re-positioning distance travelled. This is matched to the specific bus that ran the service.

To convert this data into estimated litres of fuel and kWh of electricity, consumption factors developed for use in the European Union by the European Environment Agency are used. Consumption data is then converted to emissions using MfE's published diesel and electricity emission factors.

For enteric fermentation emissions generated from our grazing licences, we have estimated emissions based on an estimated maximum number of livestock for each piece of land, as actual stock numbers are not available. We are working to further refine these models in the future.

More detail on Greater Wellington's Greenhouse Gas Emissions Performance Measures can be found in the Disclosure on pages 23-25.

Surveys

To measure the quality of our outputs, we use customer surveys to cover perceptual related research on customers and community. This helps us to assess the quality of the service provided (e.g., Metlink's Public Transport Passenger Satisfaction Survey, satisfaction with our Resource Consenting Services and Regional Park visitors that are satisfied with their experience).

These surveys are designed by in-house or external research experts, based on best practice in survey design. They have also been designed to measure changes in perception of service delivery over time.

For example, questions are written so they are clearly understood by participants and neutral in tone; and response options are designed so they are balanced, do not lead participants to respond in a certain way and cover all possible responses a participant may wish to provide. Where neutrality is important, these surveys are independently run (e.g., Metlink's Public Transport Passenger Satisfaction Survey, which is run by Gravitas OPG) and the analysis from these surveys is used to improve our processes and inform future service level improvements.

We balance our survey-focussed measures of quality of service delivery with supplemented direct measures of the quality of our service, which measure the direct observation of the service delivery (e.g. punctuality of bus and rail services), this type of measurement is more objective and easily quantifiable.

Survey sampling (i.e., recruitment of participants) is conducted in a way that maximises the representativeness of respondents, and post-survey weighting is often used to further ensure results are representative of the population of interest.

Statistical significance testing is used where appropriate to assist in identifying meaningful results. Where there is uncertainty in survey results due, for example to sampling error, this is often quantified and stated alongside the results. To minimise the risk of under representative sampling, best practice market research techniques are used across the spectrum of research including statistical weighting of the sampled population to ensure census level representation, the use of stand-down periods to ensure we are not causing survey fatigue or "over-survey" and surveys being designed to ensure minimal drop-out rates. In addition, questionnaires are regularly reviewed to ensure best practice and fit for purpose, and where appropriate industry leading experts are used to review processes.

The frequency of each survey differs in line with the specific performance measures. For example, interaction-based customer surveys are more frequent given the service is on-going and there are consistent interactions. These are where we want to be continuously learning about and improving. The surveys that measure broader perceptions over a longer period of time such as the Metlink Public Transport Passenger Satisfaction Survey are only administered annually.

External implications for statements about performance

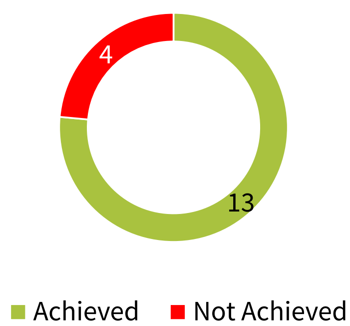
There are conditions that affect the non-financial performance measures results and may result in a variation from the anticipated or forecasted results. These are ones which are outside the control of Greater Wellington. Examples of this are, but not limited to adverse weather conditions, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions and international policy that may impact areas such as ability to safely deliver environmental restoration or pest management activities, recruitment, availability of material and supplies (for example, materials required for critical infrastructure), volatility in international financial markets and other unforeseen considerations.

Ko te Hamaru Taiao e te Waipuke | Environment and Flood Protection

Ko te Hamaru Taiao e te Waipuke | Environment and Flood Protection

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Environment an Flood Protection



Greater Wellington's Environment and Flood Protection activities achieved 76 percent of their 17 performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

What we deliver for Te Taiao

Greater Wellington is responsible for the regulation, protection, and enhancement of the Region's natural resources. We are responsible for regulating the use of these natural resources, protecting the highest value biodiversity areas, managing flood risk across the Region, and managing public land on behalf of the community including eight Regional Parks. We also look after the Region's harbours and manage environmental threats such as pest plants and animals. We do this work through regional policies, plans, resource consents and working collectively alongside our community and partners.

Leveraging technology to support biodiversity and restoration

Monitoring rare species and mapping important, high-biodiversity places can be difficult and time consuming. This year, we made smart use of technology to get better insights and cover more ground – and sometimes more water. Using technology such as acoustic and optical sensors, drones, remote controlled boats, and 3D cameras, we have expanded our understanding of marine habitats on the Kāpiti Coast, recorded the return of short-tailed bats to the Pakuratahi Forest, Australasian bittern to Lake Wairarapa, and found stronghold populations of lamprey and bluegill bullies.

The use of 'eDNA' sampling allows us to take a sample of water or soil and analyse it for tell-tale signs of all the animals and plants that are likely to inhabit that area. Combining these efficient sampling techniques with citizen science apps that enable community members to contribute useful data, we can map elusive native species as well as pest species throughout our catchments more efficiently. Drone-mounted cameras are another key tool that allows us to locate pest animal and plant populations in large and remote landscapes, which are difficult or costly to access in person.

What we do with the information we gather is also changing. Our capability in translating and integrating the data we collect has taken a leap forward, using new data capture and reporting tools. With better data and insights in hand, we can make smarter decisions about how to deploy limited resources.

Wildlife recovery exceeding expectations

Ongoing restoration work in the Wairarapa Moana, Predator Free Wellington programmes, and other biodiversity works are giving back vitality to indigenous species. Populations of the critically endangered Australasian bittern are growing in the Wairarapa Moana and counts of other indigenous birdlife in the areas of the Miramar Peninsula from which predators have been eliminated have risen faster than expected. Oftentimes it takes years of sustained work before results show, so it is particularly rewarding to see so many successes this year.

Ongoing pest control and native species restoration work continues to show results around the region. Surveys in Taupō Swamps in Plimmerton documented nine mātātā between 23 October and 1 December 2023 – the first official record of this rare bird species in the area.

Protecting our freshwater

This year, we continued our commitment to the health for Te Taiao by notifying on the first change to the Natural Resources Plan. This work is a culmination of engagement across the region, particularly around Te Whanganui-a-Tara and Te Awarua-o-Porirua. This plan change is a major step because it gives greater voice and direction to how we actually implement our plans and processes for protecting freshwater, among other facets of Te Taiao.

Notifying a plan change is one of the last steps in a long chain of collaboration with mana whenua and communities across the rohe. As a result, the final 'official' plan change has been built on a bottom-up process that gives voice to what our rohe cares about, and a clearer picture of the long-term vision for healthy freshwater and marine environments.

Our Whaitua Implementation Programmes – catchment-based approaches to planning – have shown that planning is ultimately stronger when communities are part of the process. The Kāpiti Whaitua development programme made great progress, with the Kāpiti Whaitua committee continuing to operate in a Tiriti House model. This model brings partners together and enables a closer working relationship with mana whenua, Greater Wellington, and Kāpiti Coast District Council.

Transparency in our compliance, monitoring and enforcement

With the development of a new Compliance Monitoring and Enforcement policy, we are striving for a transparent and consistent approach to how compliance is carried out throughout the region. The goal is to achieve better outcomes by providing clearer policy and sharing information with other regulators and stakeholders, and to make it clear how Greater Wellington assesses and enforces compliance.

Improving flood resilience

This year we've taken steps to improve core flood protections, including an upgrade to the Mills Street stopbank – a key asset that helps protect Te Awa Kairangi, Aotearoa's most densely populated floodplain. This protection has been extended from the 65-year level to a 200-year level of protection and coincides with work to and enhance the health of Te Awa Kairangi through river and shore restoration.

On 28 March 2024, Council approved a change to the Te Wai Takamori o Te Awa Kairangi project, bringing the flood mitigation portions of the project in-house to be delivered by Greater Wellington. This change is expected to ultimately save money and improve end results by aligning the work with wider flood protection programmes and utilising existing capability. Transport improvements for Lower Hutt, including the Melling Station relocation, will continue to be delivered through previous contract arrangements.

We are expanding our understanding of nature-based approaches for flood resilience, including working with mana whenua to deliver a nature-based solutions assessment for the Waipoua. The combination of nature-based and constructed flood solutions is an important part of a robust and affordable approach to flood resilience.

Through the Government budget announcement in May 2024, 16 projects to the value of $30 million have been funded within the Wellington Region as part of the Before the Deluge signoff. This investment will see major upgrades and improvements in the Region's flood resilience.

Our Climate Resilience Programme gained international recognition, being a finalist at the Floodplain Management Australasia awards and receiving 'highly commended at the Taitaura Local Government Awards for broader outcomes excellence.

Supporting hazard planning and disaster recovery

We supported the disaster recovery in the Wairarapa with the categorisation of properties impacted by Cyclone Gabrielle, visiting impacted properties and speaking with landowners to help assess the flood risk. As we continue to improve the resilience of our natural and constructed flood protections, we are also widening our understanding of flood hazards and how to plan for them by delivering flood hazard mapping to Masterton and Waiwhetū and supporting flood hazard mapping in the Wairarapa Combined District Plan.

Central Government amendments on freshwater policy

The ongoing programme of amending the National Policy Statement for Freshwater Management 2020 has caused a great deal of churn for Greater Wellington, as we work to understand the short- and long-term impacts of the amendments, and how that impacts our policies aimed at restoring and protecting our freshwater resources.

Attachment 1 to Report 24.580

Measuring our performance: Environment and Flood Protection

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
Protect and restore our freshwater quality and blue belt	Delivery of the Ruamāhanga, Te Awarua-o-Porirua and Te Whanganui-a-Tara Whaitua implementation programmes	Water quality in the region is maintained or improved	Macroinvertebrate Community Index (MCI) score is maintained or improved[5]	New Measure	Achieved	Achieved[6]	Achieved	100% of sites maintained or improved	Achieved	A
		Support landowners through incentive funding and advice to develop and implement freshwater farm plans, which reduce nutrient and sediment discharges.	Percentage of Greater Wellington incentive funding[7] used to advance Whaitua Implementation Programme priorities, through completion of high impact freshwater farm plan actions	New Measure	94%	Achieved	75%	98%	Achieved	
		Deliver treatment programme on identified erosion-prone land	Erosion-prone hill country treated	755 ha	1,405 ha	Achieved	850 ha	617 ha	Not Achieved	B

5 Aquatic macroinvertebrates (i.e. animals without backbones that can be seen with the naked eye, e.g. shrimps, worms, crayfish, aquatic snails, mussels, aquatic stage of some insect larvae, such as dragonfly larvae, mayflies, caddisflies, etc.) are commonly used biological indicators for freshwater ecosystem health throughout New Zealand and around the world. Macroinvertebrates are widely used because they are abundant, easy to collect and identify, have relatively long life-cycles, and are sensitive to multiple pressures (e.g. pollution, habitat removal, floods, and droughts). This makes macroinvertebrate communities useful to identify where we need to improve our management of these pressures and to show when these pressures are sufficiently addressed.

6 For 2022/23 97.6% of monitoring sites have maintained or improved their MCI score – only one monitoring site has recorded a decrease, and this is within the variability observed at the site over recent years. Weather conditions and river flows before sampling are a possible cause of this variability with the site assessment around the band A/B threshold.

7 Greater Wellington incentive funding used to complete high impact actions will be assessed in respect to the three substantive incentive funds aimed at assisting landowners to undertake beneficial freshwater or biodiversity action on their land – these three programmes being: the Riparian Programme, the Farm Planning services fund, and the Wetland Programme.

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
		Provide environmental information to the community and our stakeholders	Timely Information from core environmental monitoring programmes is made available to the public via the Greater Wellington website	New Measure	5 of 16 (31%) of 2021/22 Annual reports published on time	Not Achieved[8]	Achieved	6 of 16 (38%) of reports published on time	Not Achieved	C
		Monitor compliance with resource consents	Where rates of compliance for high risk activities are less than 80 percent, develop and implement a strategy to improve the rate of compliance	> 80%	Improved	Achieved	Improved	Improved – all strategies in place	Achieved	D
		Customer satisfaction for the resource consent service	Level of overall satisfaction with consent processing services[9]	4.33	4.2	Achieved	> 4	4.23	Achieved	
Protect and restore indigenous biodiversity and ecosystem health	Re-afforestation and protection and restoration of wetlands across our	Protect and care for the environment, landscape, and heritage	Grazed land retired and restored to its native state	New Measure	43 ha	Not Achieved	100 ha	140 ha	Achieved	

8 Additional resource was brought on in 2022/23 to improve timely completion of reporting, however because of delays in on-boarding new staff and prioritisation of other work the target was missed.

9 When resource consents are approved, consent applicants are invited to fill out a brief online survey about their consent processing experience. A few questions are asked including the following: "Overall, how satisfied were you with the customer service provided?". Respondents are prompted to provide a provide a rating from 1 (very dissatisfied) to 5 (satisfied). The mean response value is calculated for both the quarter result and year-to-date (YTD) result.

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
Implementing nature based solutions to climate change	regional parks network		Indigenous species planted	63,000	158,000	Achieved	65,000	363,000	Achieved	E
	Improve recreational enjoyment and environmental value of regional parks	Customer satisfaction and improved public access	Percentage of regional park visitors that are satisfied with their experience	98%	84%	Not Achieved	95%	86%	Not Achieved	F
			Annual number of visits to a regional park	1.76 million	1.68 million	Not Achieved	Increase from previous year	2.16 million	Achieved	G
	Implement the Regional Pest Management Plan (RPMP) and support Predator Free Wellington Initiatives	Provide pest species control services across the region	Provide pest animal and plant management as per RPMP Operational Plans[10]	New Measure	Not Achieved	Not Achieved[11]	Achieved	Achieved	Achieved	
			Provide pest species control services as agreed with Predator Free Wellington	New Measure	Achieved	Achieved	Achieved	Achieved	Achieved	
		Implement the objectives of the Greater Wellington Biodiversity Strategy	Biodiversity Strategy objectives are being actively progressed by Greater Wellington	New Measure	Achieved	Achieved	Achieved	Achieved	Achieved	

10 Operational Plans can be accessed via Greater Wellington's website: http://www.gw.govt.nz/biosecurity/

11 Work was completed in the Key Native Ecosystem, Biosecurity Services, and Regional Species programmes, however only 85 percent of the Regional Predator Control Programme was completed, primarily due to disruptions caused by Cyclone Gabrielle and other severe weather events.

Attachment 1 to Report 24.580

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
Communities safeguarded from major flooding	RiverLink flood control works completed	Progress towards completion of the RiverLink flood control works	Implement RiverLink in accordance with the approved Preliminary Design	New Measure	Achieved	Achieved	Construction progressed	Construction progressed	Achieved	
		Provide the standard of flood protection agreed with communities	Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents	Yes	No	Not Achieved	Yes	Yes	Achieved	
		Provide information and understanding of flood risk in the community	Percentage of identified vulnerable floodplains with a flood management plan in place	30%	57%	Achieved	40%	57%	Achieved	
		Manage the safety of marine activities in the region's waters	Percentage of identified risks within the Harbour Risk Assessment that have been reviewed	New Measure	15%	Not Achieved	70%	15%	Not Achieved	H

Narrative on Results

A – Change in water quality was assessed in 41 rivers across the region. Quality remained the same in 40 rivers and increased (from C state to B state) in one river.

B – The target for 2023/24 as set in the 2021-31 Long Term Plan was 850 ha. However, changes in a funding agreement with the Ministry for Primary Industries reduced the availability of funding and the achievable target down to 600 ha. While the reduced funding meant we could not meet the target set in the Long Term Plan, we achieved the new target with 617 ha of land treated in 2023/24.

C – All domain-based 2022/23 annual monitoring reports have been published. However, only six out 16 (38 percent) were published on time, i.e., within three months of the end of the monitoring cycle.

D – Strategies were implemented for municipal wastewater treatment, earthworks consents, municipal water supplies, and water takes. Mitigation strategies are reviewed and updated as required, typically coinciding with higher risk periods specific to each activity. For example, review of water takes strategies coincides with summer months when droughts are most likely, and review of earthworks strategies coincide with winter months when rain increases risks of run-off and instability of earthworks.

E – This measure is over-target because the density of plantings can vary significantly depending on the landscape and specific planting needs in a given hectare of land. Plantings are estimated at an average of 2,500 'stems' per hectare, but may be as dense as 10,000 stems per hectare in some locations.

F – In 2022/23 we implemented a new survey methodology, and set a new baseline of 84 percent satisfaction. Results for 2023/24 show an overall high satisfaction, with 86 percent of surveys indicating satisfied or very satisfied with visits to our Regional Parks. While under the original target of 95 percent set for 2023/24 in the 2021-31 Long Term Plan, this years' results show a two percent increase from the previous year and a great result based on the improved baseline.

G – The higher total visitor count this year is likely due to a combination of a higher than average number of dry weather days, and the implementation of more accurate visitor counters in some parks, which will continue to be added to our Regional Parks through 2024/25.

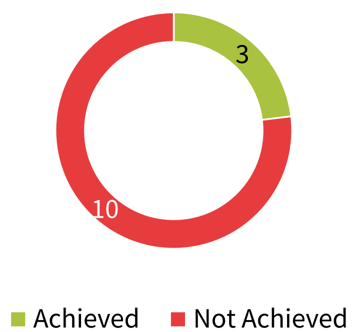
H – Staff absences impacted our ability to review risks, as there was a need to prioritise active harbour management and shipping work.

Ngā waka Tūmatanui | Metlink Public Transport

Ngā waka Tūmatanui | Metlink Public Transport

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Metlink Public Transport



Greater Wellington's Metlink Public Transport activities achieved 36 percent of their 13 performance measures this year. *For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.*

What we deliver for public transport

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 routes, five passenger rail lines, the harbour ferries, and Total Mobility services. Passengers, ratepayers, and road users fund these services through fares, rates, and a subsidy from New Zealand Transport Agency Waka Kotahi (NZTA). We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depots, bus and ferry shelters, signs, and Park & Ride facilities

Delivering reliable bus services and record-breaking patronage

Our bus patronage continues to break records, with 26,133,096 passenger trips this year – the highest on record. The busiest month was May 2024 with 2.56 million passenger trips, compared to the previous high of 2.49 million passenger trips in May 2019.

As a result of significant work between Greater Wellington and our two largest bus operators, we were able to reinstate all temporarily-suspended bus services. Between October 2023 and January 2024, we were able to reinstate 181 temporarily-suspended trips. Increasing the number of bus drivers was vital to restoring our ability to provide reliable services.

Our work this year went beyond just restoring existing services. The new Airport Express is exceeding expectations for ridership, and the new Route 4 bus provides better access to Wellington CBD, Wellington Regional Hospital and Te Herenga Waka Victoria University of Wellington's Kelburn campus for Strathmore Park and Wilton residents.

Changing how we connect with public transport: safety, accessibility, and storytelling

The Accessibility Action Plan (AAP) was presented to the Transport Committee on 17 August 2023. The AAP outlines network- wide strategies to improve accessibility to the public transport network and was developed following significant engagement with the disability community.

From 16 October 2023, Warranted Transport Officers (WTOs) became part of the Metlink public transport network to support passengers with their journeys. WTOs have the ability to issue fines to people not paying their fares (up to $150 under the Land Transport Amendment Act 2017).

We are also advancing how people connect with rail services. Upgrades at Plimmerton Station have made services more efficient, with morning express trains from Waikanae operating from a new platform.

Upgrades to the Naenae Station subway have created a safer and more accessible path for pedestrians and train passengers, while also connecting people to the history of the area. Features such as improved signage and CCTV coverage improve safety, while art installations tell the origin stories of the Waiwhetu and Te Awamutu rivers, and Te Ngaengae, the freshwater lake in Naenae.

The new Living Pā bus shelter at Te Herenga Waka Victoria University of Wellington incorporates design and storytelling to connect bus riders to local history. Metlink worked with Te Herenga Waka and Ngāti Toa Rangatira to develop this purpose-built bus shelter.

Planning for future transport needs

With a revitalised level of service in place now, we are also looking ahead to an expanded public transport network that delivers efficient services while also reducing emissions.

In May, the Council agreed to enter into a partnership agreement with Wellington City Council to deliver bus prioritisation on major bus corridors through Wellington, and a programme of work led by Greater Wellington to develop and implement a regional rapid transit bus prioritisation strategic plan.

A shortlist of respondents has been confirmed to the Expressions of Interest (EOI) for providing a proposal to design, build and maintain 18 x 4-car low- emission multiple units for improving the passenger rail service, capacity and frequency on the Wairarapa and Manawatū lines. We are finalising Request for Proposal documentation that will be issued to the shortlisted EOI respondents, targeting contract to be awarded by mid-2025. This has been a highlight of partnership with central Government, with a major co-funding agreement now in place.

Uncertainty for Government public transport support

As a result of the change in Government in October 2023, there has been a period of uncertainty for public transport funding and what that means for core services. A final Government Policy Statement (GPS) on Land Transport has been issued, which sets a different focus for public transport. This change in focus includes a reduction in public transport funding in real terms and other investment signals in this GPS that could significantly impact on our region's ability to maintain and improve public transport services.

NZTA policy is being changed and amended to reflect Government priorities and funding drivers. Metlink has been working closely with NZTA to review and adjust funding bids to reflect new priorities, but there is likely to be more change in subsequent years. This presents major challenges for planning and funding public transport, which often requires planning years ahead to keep pace with the changing needs of passengers. Funding and financial constraints have resulted in some project being put on hold, such as the Mobility as a Service (MaaS) Trial work and Wellington CBD EV bus layover/depot project.

These uncertainties pose future challenges for the public transport system, as well as short-term constraints as we head into a new (2024-34) Long Term Plan. Metlink implemented a number of cost- saving measures including fare increases, operating savings and maximising capacity of existing services to reduce cost pressures and rates increases.

Government changes impacting planned work

On 20 December 2023, the Minister of Transport announced that projects funded through the Climate Emergency Response Fund (CERF) under the Transport Choices programme, were to be put on hold in October 2023, and would not receive further funding. This decision affected four projects: Johnsonville Stop D, Jackson Street accessibility improvements, Porirua Bus Interchange, and Bus Rapid Transit (BRT) stop improvements. However, BRT improvements will continue using existing budgets, and the Porirua Interchange has been included in the NLTF funding bid, with potential rephasing from 2024/25.

The Government also announced changes to the Community Connect Concessions Scheme, ending Crown funding for free fares for 5-12-year-olds and half-price fares for 13-24-year-olds on public transport on 30 April 2024. Adjusting fares due to this funding change added unforeseen tasks to the work programme.

Following direction from the central Government, the Let's Get Wellington Moving project team agreed to formally wind up the partnership but committed to carry some aspects of the project into other work programmes. These projects include improvements to the Golden Mile, Hutt Road-Thorndon Quay, the Basin and second Mt Victoria tunnel, and bus priority initiatives.

Operating rail services on an aging rail network

The Wellington Metropolitan Rail Network is in a state of decline, requiring further Crown funding and investment in maintenance by KiwiRail. Without this investment and upkeep, we are unable to reliably operate our passenger rail at the level of service planned in our Metropolitan Rail Operating Model. Greater Wellington identified a number of potential actions to undertake to help resolve the situation including Government advocacy and consideration of potential service reductions that may be required.

Wairarapa Line customers are currently experiencing delays and disruption to their service. Disruptions and/or delays are due to speed restrictions on the Line, which have been put in place to reduce vibrations which customers experienced. Metlink is working with its partners to resolve the vibration issues, and are expecting work to be completed early in 2024/25.

Measuring our performance: Metlink Public Transport

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
An efficient, accessible and low carbon public transport network	Improving the customer experience across all areas of the public transport network	Provide a consistent and high quality customer experience across the public transport network	Passengers' overall satisfaction with the Metlink public transport (by mode)[12]	New Measure	Bus – 92%	Not Achieved	Bus - 95%	Bus - 93%	Not Achieved	A
					Rail – 94%	Achieved	Rail - 95%	Rail – 92%	Not Achieved	
					Ferry – 97%	Not Achieved	Ferry - >98%	Ferry – 95%	Not Achieved	
			Passenger satisfaction with convenience of paying for Metlink public transport[13]	New Measure	87%	Achieved	>80% customer satisfaction score	81%	Achieved	B
			Passenger satisfaction with Metlink information currently available[14]	New Measure	75%	Not Achieved	>92% customer satisfaction score	84%	Not Achieved	C
			Passenger satisfaction with Metlink public transport being on time[15]	New Measure	69%	Not Achieved	>85% customer satisfaction score	74%	Not Achieved	D

12 The Metlink Public Transport Passenger Satisfaction Survey, which is run twice yearly, is used to determine Customer Satisfaction. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: Thinking about the vehicle you are on now, how satisfied or dissatisfied are you with this trip overall?

13 The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: Thinking about your experience of public transport (including trains, buses and harbour ferries) in the Wellington region over the last three months, how satisfied or dissatisfied are you with how convenient it is to pay for public transport?

14 The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: Overall, how satisfied or dissatisfied are you with the information about public transport services that is currently available?

15 The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: Thinking about the vehicle you are on now, how satisfied or dissatisfied are you with the service being on time (keeping to the timetable)?

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
			Percentage of scheduled bus trips that depart their timetabled starting location on time (punctuality) – to 5 minutes[16]	94.2%	94.4%	Not Achieved	95%	94%	Not Achieved	E
			Percentage of scheduled rail services on-time (punctuality) – to 5 minutes[17]	89.4%	80%	Not Achieved	95%	87.1%	Not Achieved	F
	40 percent increase in regional mode share for public transport and active modes by 2030	Promote and encourage people to move from private vehicles to public transport	Annual Public Transport boardings per capita	63 per capita	61.9 per capita	Not Achieved	67 per capita	69 per capita	Achieved	
		Provide fit-for-purpose vehicles, infrastructure and services to continually deliver a high quality core network that meets ongoing demand	Percentage of passengers who are satisfied with the condition of the station/ stop/wharf[18]	New Measure (88% Nov 2020)	87.6%	Not Achieved	94%	90%	Not Achieved	G
			Percentage of passengers who are satisfied with the condition of the vehicle fleet[19]	New Measure (94% Nov 2020)	94%	Achieved	94%	94%	Achieved	

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

17 The rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.

18 The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: How satisfied or dissatisfied are you with the condition of the stop/station/wharf?

19 The Metlink Public Transport Passenger Satisfaction Survey is used for this measure. Satisfied = score of 6-10 on a scale of 0-10. The question used to determine this measure is: How satisfied or dissatisfied are you with the condition of this vehicle?

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Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
	Reducing public transport emissions by accelerating decarbonisation of the vehicle fleet (bus, rail, ferry)	Gross emissions for Metlink's public transport fleet will be minimised, reducing the offsets required to reach net carbon neutrality	Tonnes of CO2 emitted per year on Metlink Public Transport Services	New Measure (22,030)	21,019 tonnes	Not Achieved	17,818 tonnes	17,820 tonnes	Not Achieved	H
		Reduction of accidental death and serious injury on the public transport network and prioritisation of safety and maintenance on the Public Transport network to encourage safe behaviours	Accidental deaths and serious injuries sustained on the Public Transport network as a result of Metlink or operator activity	New Measure	3 serious injuries	Not Achieved	5% Reduction compared to previous year	1 fatality, 2 serious injuries	Not Achieved	I

Narrative on Results

A – Results of the 2024 customer satisfaction survey show that customer satisfaction with 'The trip' (the customer experience on that journey) remains consistently high and on par with previous surveys. Satisfaction has been negatively impacted by the removal of half-price fares and concessions for 17-24 year olds, and impending fare increases from 1 July 2024. On the surface, the changes are minor and within the margin of error. However, there were significant uplifts in scores for bus reliability, frequency and 'having enough seats available'. There was also a significant drop in scores for 'value for money' due to recent increases in fares.

B – While we achieved the target, it is noted that the score has reduced from 87% in 2022/23. The results are likely due to negative association with the loss of additional central government funding for public transport and the resultant removal of half price fares and concessions for 17-24 year olds, and impending fare increases from 1 July 2024.

C – While the target has not been met, satisfaction with available information has increased by nine percent (to 84 percent). The increase in satisfaction with information often reflects levels of satisfaction with the reliability of services. The improved satisfaction also likely reflects recent improvements to the usability of the Metlink app and website, and the introduction of onboard announcements on buses.

D – This target has not been met. However, we note that it came off a low base number (69 percent), which was due to staff shortages and the associated reliability issues; which have been improved.

E – The majority of our network, particularly Porirua and Wellington City East/West services, achieved well over the 95 percent target, but because punctuality primarily reflects the external environment and its impact on timetable compliance (particularly in Wellington City North/South services, Kāpiti and the Wairarapa) these areas have brought the overall score down.

F – Speed restrictions continue to impact services, in particular on the Wairarapa Line which had very poor performance. Most of the disruptions/delays are due to speed restrictions (in particular on the Kapiti and Wairarapa Lines on the lines) which are put in place to help keep everyone safe while KiwiRail completes track maintenance.

G – While under the target for the year, satisfaction has improved three percent from the previous year. We have an ongoing programme to put in new and improved bus shelters across the network.

H – Our Metlink Public Transport service activity sources included diesel use on our services (bus, rail, ferry, and total Mobility Taxi), electricity (ferry, rail, busses, bus and rail infrastructure), and public waste collection from our railway stations. A disclosure statement for greenhouse gases is on pages 23-25.

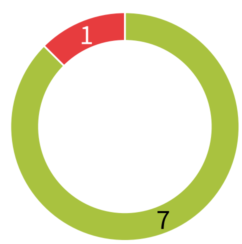
I – There were three total incidents reported in 2023/24, the same as in 2022/23. As this is a relatively new measure, three years of data is not sufficient to set trends or projections. We will continue work to refine our targets for accident reduction.

Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Regional Strategy and Partnerships



Greater Wellington's Regional Strategy and Partnership activities achieved 88 percent of their 8 performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

What we deliver for regional partnerships

Greater Wellington coordinates Regional Strategy and Partnership activities on a range of issues and priorities across the Region. Our approach is to build, develop and maintain strong relationships so we can achieve integrated decision making at a regional level and ensure the successful delivery of key regional projects. This includes building sustainable partnerships with mana whenua, and regional planning with territorial authorities and central Government. We also coordinate regional spatial and transport planning, planning for action on climate change, regional economic development plans and regional emergency management

Our commitments to Te Tiriti o Waitangi

We completed our first Te Tiriti Audit, providing Greater Wellington with a better means of gauging progress against our obligations to Te Tiriti o Waitangi. While the Audit is valuable in understanding where we currently are, it also helps us understand 'where to next' by outlining recommendations and opportunities for Greater Wellington to continue developing our approach as an organisation, and how we support our people to engage with Te Tiriti. The continued leadership of the Tiriti Komiti and the development of a robust work programme will ensure that there is a focus on the things that matter to mana whenua and Māori.

Active partnerships in planning

Greater Wellington further developed its partnership with mana whenua through the Long Term Plan Committee, which included representatives from our six mana whenua partners alongside the Regional Councillors. The Committee provided strategic direction and insights from communities across the Region.

On the recommendation of Te Tiriti Komiti, Councillors voted to establish a Māori constituency in the next triennium. Mana whenua of the Region endorsed this, with the view that Greater Wellington continued to give effect to Te Tiriti o Waitangi through partnership approaches with mana whenua of the Region. A recent decision by Central Government will require us to hold a public poll to confirm the creation of a Māori constituency for the 2028 elections, at cost to rate payers.

Regional growth in the face of climate change

Our Region is an attractive place to live, and will continue to grow. This year we supported the development of the Future Development Strategy and supporting implementation plan, as well as supporting the refresh of the Wellington Regional Economic Development Plan. These plans are important part of planning for growth and supporting a healthy environment.

A new strategy released by Greater Wellington sets out a pathway to a low-carbon, resilient future, and the urgent action required to get there. The Wellington Regional Transport Emissions Reduction Pathway, a collaborative initiative between the nine councils of the Region, provides a long-term strategic approach to transforming our transport system, and ultimately the way we design our towns and cities. A major focus of the Pathway is increased transport choice through reliable public transport and active travel, reducing our dependence on private vehicles.

We are supporting the Region's and Greater Wellington's response to climate change. Highlights include refreshing Greater Wellington's Climate Strategy and two 10-point climate emergency response action plans, development of the Regional Emissions Reduction Plan and Wellington Regional Transport Emissions Pathway.

A significant step toward becoming a climate resilient Region has been reached following the adoption of the Wellington Regional Climate Change Impact Assessment Report (WRCCIA) by the Wellington Regional Leadership Committee (WRLC). Produced by a project team comprised of staff from nine of the WRLC's partner councils and supported leading subject-matter experts, the report presents a foundational assessment of the risks and impacts of a changing climate to our region over the next 100 years. The first phase is a project to help the region adapt to the impacts of a changing climate.

The Wairarapa-Wellington-Horowhenua Region is projected to grow by 200,000 people over the next 30 years, and the WRCCIA identifies areas and sectors of the Region which are particularly vulnerable or resilient to a changing climate. It provides a regionally consistent framework to inform the next phase of the project, a regional adaptation framework.

Regional emergency planning

The Emergency Coordination Centre (ECC) is a responsibility of Greater Wellington and is used to coordinate civil defence emergency responses. Training programmes have continued, enabling more Greater Wellington staff to respond to emergencies. With approximately 170 staff who have received training to work in emergencies, the ECC is ready to activate to support an emergency whether it is a pandemic, natural hazard such as an earthquake or cyclone, or a critical infrastructure disruption. A couple of very successful exercises were held through the year, with 60 staff and multiple agencies participating.

We are continuing to improve response and warning capability across the Region. This year we successfully piloted our automated warning system in the Wairarapa and supported the Wellington Region Emergency Management Office (WREMO) in delivering a flood-focused Regional exercise.

Coordinating our response to government changes

Greater Wellington has worked with our staff and gathered insights from other organisations and partners to inform our response to Government changes, including Briefings for Incoming Ministers and a Council response on a number of reforms including submitting on the new Government Policy Statement on Land Transport, Fast-Tracking legislation, local electoral amendment legislation, water services delivery legislation and climate policy. Council was updated on the progress of reforms and implications for Greater Wellington. This coordinated response is worth acknowledging, but the pace of changes and the breadth of impacts on councils and partners made it challenging to achieve.

Attachment 1 to Report 24.580

Measuring our Performance: Regional Strategy and Partnerships

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
Taking regional climate action through regional strategy, collaboration and advocacy	Working collectively with partners to take regional climate action	Reduction of GW corporate carbon emissions. Climate Emergency Action Plans	Reduction in tonnes of CO2 equivalent emissions[20]	New measure	48,438 tC02e[21]	Achieved	Reduction compared with previous year	33,727 tC02e	Achieved	A
Regional economic development and recovery in a COVID-19 era	Regional economic recovery including low carbon economic transition	Wellington Regional Strategy, Regional Investment Strategy, Regional Growth Framework. Alignment of GW activities and investment with the priorities of the Wellington Regional Leadership Committee	As the Administering Authority, GW will ensure the Committee has an agreed annual work programme and regular progress reporting[22]	New measure	Achieved	Achieved	Achieved[23]	Achieved	Achieved	
Leading regional spatial planning	Implement the Wellington Regional Growth Framework									
		Maintain a state of readiness of the Emergency Coordination Centre that is appropriately	A team of CIMS[24] trained GW staff is ready to respond to an activation of the Emergency Coordination Centre	New measure	Achieved	Achieved	Achieved[25]	Achieved	Achieved	

20 This measure is for all of Greater Wellington's corporate greenhouse gas emissions. This includes all business units, and the share for the jointly owned Council Controlled Organisations based on ownership share.

21 Corporate emissions declined by 5.1% from base year, from 51,045 tonnes CO2e in 2018/19 to 48,438 tonnes CO2e in 2021/22. Reductions were due primarily to reduced grazing activity on Greater Wellington managed land and from Metlink continuing to increase the number of electric busses.

22 As the Administrating Authority Greater Wellington supports and enables the operations and success of the Wellington Regional Leadership Committee.

23 An agreed work programme for 2023/24 was provided by Greater Wellington to the Wellington Regional Leadership Committee (WRLC), which is monitored through regular reporting at WRLC meetings and through the WRLC Annual Report, published in July of each year.

24 CIMS = Coordinated Incident Management System, a standard of emergency management roles, processes, and terminology.

25 This is measured through annual reporting by the Wellington Regional Emergency Management Office (WREMO) stating the number of trained staff for the Emergency Coordination Centre based on the training requirements by the National Emergency Management Agency.

Attachment 1 to Report 24.580

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measure	Baseline (2019/20)	2022/23 Result	2022/23 Status	2023/24 Target	2023/24 Result	2023/24 Status	Narrative Key
		staffed and equipped to respond to an emergency. Wellington Region Civil Defence Emergency Management Group Plan								
An efficient, accessible and low carbon public transport network	40% increase in regional mode share for Public Transport and active modes by 2030	Regional transport, planning, leadership, advice, and coordination to guide development and delivery of an integrated, multi-modal regional transport network. Regional Land Transport Plan	Wellington Regional Land Transport Plan is prepared and updated in accordance with the LTMA and central government guidance[26]	New measure	Achieved	Achieved	Annual Monitoring report is presented to RTC	Achieved	Achieved	
			Coordinate and deliver new workplace travel programmes with major regional employers	New measure	3 new programmes	Achieved	3 new programmes	1 new programme	Not Achieved	B
Effective partnerships and co-designed agreements with mana whenua	Collaborative decision making with mana whenua partners	Effective decision making achieved through active involvement with mana whenua through strong partnership arrangements	Mana whenua report evidence of strong partnership arrangements and progress towards positive outcomes	New measure	Achieved	Achieved	Achieved	Achieved	Achieved	C
		Positive outcomes for Māori achieved through effective and resourced planning and engagement	Increased incorporation and use of Mātauranga Māori across services delivered by Greater Wellington	New measure	Achieved	Achieved	Achieved	Achieved	Achieved	D

26 LTMA = Land Transport Management Act

Attachment 1 to Report 24.580

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measure	Baseline (2019/20)	2022/23 Result	2022/23 Status	2023/24 Target	2023/24 Result	2023/24 Status	Narrative Key
		Mana whenua and Māori are enabled to achieve strong, prosperous and resilient outcomes	Deliver Te Matarau a Māui (TMaM) annual work programme as agreed to by independent Board	New measure	Achieved	Achieved	Achieved	Achieved	Achieved	E
			Mana whenua and Māori report they are prepared for managing effective responses to civil defence and other emergencies	New measure	Achieved	Achieved	N/A	N/A	N/A	F

Narrative on Results

A – Emissions are reported on the previous year. Verified results for emissions generated in the 2022/23 financial year show a 23 percent reduction compared to the base year 2018/19, and a 12 percent reduction compared to 2021/22. Reductions were due primarily to reduced grazing activity on land managed by Greater Wellington and from Metlink continuing to increase the number of electric busses. For more details see the Greenhouse Gas Emissions Performance Measures Disclosure on pages 23-25.

B – One out of three intended plans were established this year. Work on the remaining two were placed on hold due to changes in staffing and priorities of some of the key organisations we partner with to deliver travel change programmes.

C – Mana Whenua are responsive and willing to work with Greater Wellington, as demonstrated by governance and representation hui held between mana whenua, Greater Wellington's Chief Executive and Council Chair, and the Chair of Te Tiriti Komiti. Mana whenua were successfully involved in the development of the 2024-34 Long Term Plan, and the Tiriti Komiti has been welcomed at marae across the region.

D – Mātauranga Māori training is well attended by Greater Wellington staff, and the Mātauranga Taiao team has been actively involved in helping the organisation to understand how to apply the learning across areas of council work.

E – A significant amount of activity was led from Te Matarau a Māui, and the overall relationship management has been maintained between the lead board member for Te Matarau a Māui and Greater Wellington. We have also developed and are now testing improved ways of reporting on how we are working with Māori businesses.

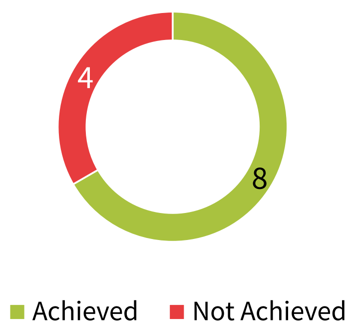
F – Reporting on this measure was removed from Greater Wellington's 2021-31 Long Term Plan performance measures through the preparation of the 2023/24 Annual Plan. Reporting on this measure is now done annually through the Wellington Region Emergency Management Office (WREMO).

Ngā Puna Wai | Water Supply

Ngā Puna Wai | Water Supply

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Water Supply



Greater Wellington's Water Supply activities achieved 67 percent of their 12 performance measures this year.

For more detailed information on these performance measures including explanations for measures that were not achieved, please see the 'Measuring our Performance' section below.

What we deliver for the region's water supply

Greater Wellington is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua City councils. This work is carried out for Greater Wellington by Wellington Water Limited (WWL), a joint council-owned water management company. City and district councils are responsible for the distribution of water to households and businesses through their own networks. Providing the bulk water supply to the city councils involves managing an extensive network of infrastructure, ensuring safe, high-quality, secure and reliable water sources, and that our freshwater is sustainable.

Collaboration to avoid a crisis

Water usage restrictions and proactive public messaging on water conservation by WWL, WREMO, and other regional partners has helped to mitigate the risks of water shortages over the summer months. Regional coordination and frequent communication between partner agencies was an important part of managing the water supply over summer and avoiding the need for more tighter restrictions on water use.

Modernising our water infrastructure

Greater Wellington has a responsibility to protect the health of our drinking water through healthy catchments, as well as a more direct role in supplying bulk drinking water for the Region. This year we continued a major project to expand the Te Mārua water treatment facility, which will create more capacity in our water supply as well as enhancing seismic resilience of key facilities.

This year we progressed a key project to upgrade water infrastructure, while also improving recreation opportunities. The new Whakawhirinaki Silverstream Water Bridge provides a significant piece of the Region's water supply infrastructure, as well as a new walking and cycling track connecting to the Hutt River Trail. The Silverstream pipeline will carry 60 million litres of water a day as the key supplier for Upper Hutt, Stokes Valley, Porirua, and 40 percent of Wellington City's water supply. This is phase four of the project, and WWL is on track to complete the work by mid-2025.

Shifting to Local Water Done Well

The Affordable Water Reforms, which ended after a stop-work order from Central Government, has been replaced by the new Local Water Done Well programme. Councils in the wider Wellington Region, including Greater Wellington, are working collaboratively to prepare a proposed model for how a joint arrangement for delivering water services could be set up based on the direction being set by Central Government.

Measuring our Performance: Water Supply

Strategic Priorities	*Key Result Areas*	*Levels of Service*	*Performance Measure*[27]	*Baseline (2019/20)*	*2022/23 Result*	*2022/23 Status*	*2023/24 Target*	*2023/24 Result*	*2023/24 Status*	*Narrative Key*
A clean, safe, and sustainable future drinking water supply		Provide water that is safe and pleasant to drink	Compliance with part 4 of the drinking water standards (bacteria compliance criteria)	100%	100%	Achieved	Compliant	Non-compliant	Not Achieved	A
			Compliance with part 5 of the drinking water standards (protozoal compliance criteria)	100%	100%	Achieved	Compliant	Non-compliant	Not Achieved	B
			Customer satisfaction: number of complaints regarding water clarity, taste, odour, pressure/flow, and supply	0	0	Achieved	<20 complaints per 1,000 connections	0 complaints	Achieved	
			Number of waterborne disease outbreaks	0	0	Achieved	0	0 outbreaks	Achieved	
Reduce water demand to support a sustainable water supply to avoid unnecessary investment in significant new water supply infrastructure	Support the reduction of the overall bulk water supply to the four metropolitan cities by 25 percent by 2030	Provide a continuous and secure bulk water supply	Average consumption of drinking water per day per resident within the TA districts	369.8 L/d/p	398 L/p/d	Not Achieved	<375 L/d/p	409L	Not Achieved	C
			Maintenance of the reticulation network: Percentage of real water loss from the networked reticulation system	0.07%	0.03%	Achieved	+/- 2.5%	0.08%	Achieved	

27 The majority of the Water Supply Performance Measures in the 2021-31 Long Term Plan were set in accordance with the Non-Financial Performance Measures Rules 2013, Water Supply (DIA Mandatory Measure). The two exceptions are "Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers" and "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". These were added to cover gaps not specified in the DIA Mandatory Measures.

Strategic Priorities	Key Result Areas	Levels of Service	Performance Measure[27]	Baseline (2019/20)	2022/23 Result	2022/23 Status	2023/24 Target	2023/24 Result	2023/24 Status	Narrative Key
			Response times to attend urgent call-outs in response to a fault or unplanned interruption to the network reticulation system	Time to reach site: 0 min	0 minutes (no urgent call-outs)	Achieved	Time to reach site: <90 min	0 minutes (no urgent call-outs)	Achieved	
				Time to confirm resolution: 0 hours	0 hours (no urgent call-outs)	Achieved	Time to confirm resolution: <8 hours	0 hours (no urgent call-outs)	Achieved	
			Response times to attend non-urgent call-outs in response to a fault or unplanned interruption to the network reticulation system	Time to reach site: 0.9 hours	0 hours (no non-urgent call-outs)	Achieved	Time to reach site: <72 hours	0 hours (no non-urgent call-outs)	Achieved	
				Time to confirm resolution: 1.25 days	0 days (no non-urgent call-outs)	Achieved	Time to confirm resolution: <20 days	0 days (no non-urgent call-outs)	Achieved	
			Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	0 events	0 events	Achieved	0 events	0 events	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	6.9%	7.4%	Not Achieved	<2%	7.4%	Not Achieved	D

Narrative on results

A – New rules introduced by Taumata Arowai in 2022 meant that water supplied from the Waterloo Water Treatment Plant is not compliant for up to 800 Lower Hutt households located near the Water Treatment Plant. Work done to date includes looking at rezoning some properties to be supplied from other areas of the network by constructing new assets including pipes, valves and pump stations. Work is ongoing and may take up to two years. In the interim, Wellington Water Limited is continuing to monitor drinking water from the bores supplied from the Waiwhetu aquifer, as well as at the Waterloo Water Treatment Plant and locations within the drinking water network. The results show the water is safe to drink.

B – Installation of ultra-violet light sterilisers enabled bulk water treatment to meet 100 percent of the protozoal compliance criteria, however there was a spike in turbidity at the Wainuiomata Water Treatment Plant on 11 March 2024 which exceeded the maximum allowable time by one minute, meaning that the plant was non-compliant on that day, and therefore, we did not meet our target for full compliance for the year.

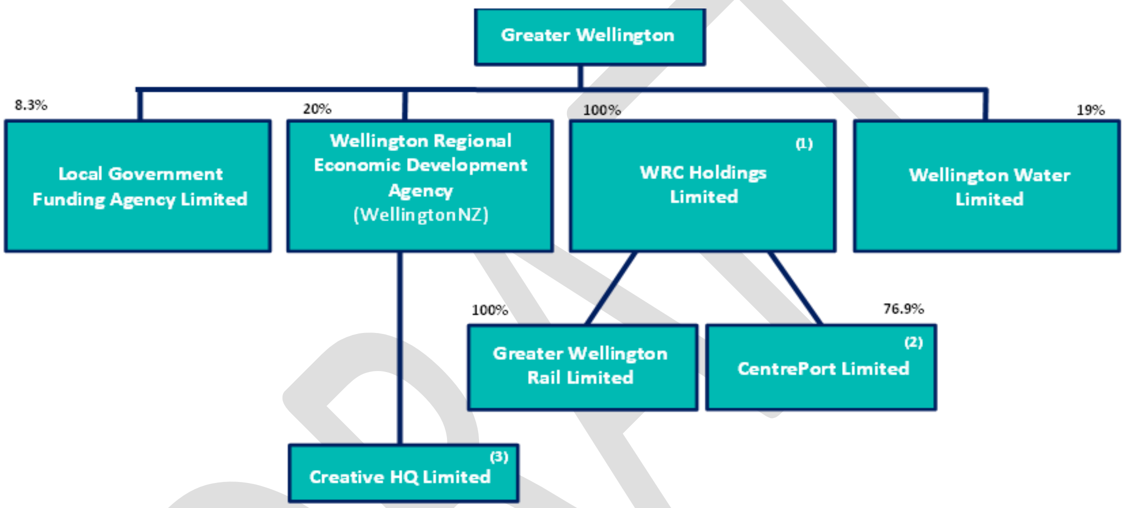
C – Per capita demand increased by 2.7 percent year-on-year, however, demand began to fall across the Wellington Metropolitan area in April 2024 for the first time since October 2020. This is primarily due to the increased investment from city councils in leak repairs in the second half of 2023/24, as well as efforts from residents and businesses to manage and reduce water use through the peak summer period, curbing the increase over the prior year.

D – As of 30 June 2024, the Wellington Metropolitan water supply is able to meet unrestricted demand in a 1 in 10-year event (10.5 percent per annum likelihood of shortfall). This is a slight deterioration on last year's result, primarily due to a small increase in the estimated population. While further work is needed to keep water in the pipes by reducing water loss and replacing old infrastructure, Greater Wellington is primarily responsible for bulk water supply. Completion of the Te Mārua Water Treatment Plant capacity upgrade project is required to return the Region to within the target level of service for drought resilience.

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

Greater Wellington has a number of subsidiary entities that deliver services to the Region. These subsidiaries are “council organisations” as defined in the Local Government Act 2002 (section 6.)

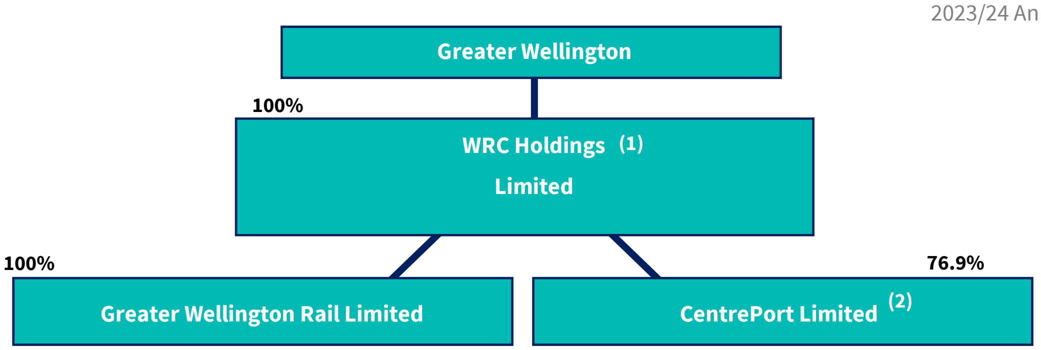
For further descriptions of Greater Wellington’s Council Controlled Organisations (CCOs), Council Controlled Trading Organisations (CCTOs), Council Organisations (COs) and Investments, please see pages 99-111 of the 2021-31 Long Term Plan.



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

WRC Holdings Group

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



WRC

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

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

The main operating companies in the Group are Greater Wellington Rail Limited and CentrePort Limited. Each year WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

WRC Holdings group financial performance targets

	Actual 2024 $'000	**Target 2024 $'000**	Actual 2023 $'000
Net (deficit) / surplus before tax	**(225)**	**(30,500)**	(20,902)
Net (deficit) / surplus after tax	**3,401**	**(29,733)**	(16,513)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**34,617**	**25,121**	17,738
Return on Shareholder's equity	**(0.31)%**	**(3.50)%**	(2.50)%
Return on total assets	**(0.37)%**	**(3.10)%**	(2.00)%
Shareholders equity to total assets	**81%**	**80.00%**	80.00%
Dividends	**2,400**	**2,300**	2,400

Directors of WRC Holdings and its subsidiaries for the 2023/24 financial year (excluding CentrePort Limited) are:

- C Kirk Burnnand (Chairperson), 20 November 2019
- D Lee, 24 November 2022
- T Nash, 24 November 2022
- D Bassett, 24 November 2022
- L E Elwood, 01 October 2023
- R M Evans, 01 October 2023
- A J Hare, 01 October 2023
- H K Modlik, 01 October 2023
- N S W Ward, 24 June 2019 (ceased 1 October 2023)
- N O Leggett, 12 October 2017(ceased 1 October 2023)
- H M Mexted, 24 June 2019 (ceased 1 October 2023)

Greater Wellington Rail Limited

Greater Wellington Rail Limited (GWRL) is owned by WRC Holdings Limited. All capital purchases are funded via issuance of shares from WRC Holdings. The board of GWRL has external directorships providing advice and expertise, common with WRC Holdings Limited. GWRL is asset holding (rolling stock and rail infrastructure) and contracts out the maintenance of these assets. GWRL is wholly owned by WRC Holdings Limited who in turn is wholly owned by Greater Wellington.

GWRL owns Greater Wellington's investments in metro rail assets, which include:

Rolling Stock

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage Van
- 2 Remote controlled electric Shunt crabs
- 83 2 Car Matangi units
- 1 Matangi driving simulator

Infrastructure Assets

- Thorndon electric multiple unit (EMU) depot and EMU train wash Metro wheel lathe and building
- 48 Railway stations
- 14 Pedestrian over-bridges
- 11 Pedestrian underpasses
- A range of carparks, station improvements and ancillary rail related assets.

GWRL non-financial performance targets

	2023/24 Result	2023/24 Target	2022/23 Result[28]
CUSTOMER SATISFACTION WITH RAIL ASSETS			
Percentage of passengers who are satisfied with their current trip	92%	≥93%	94%
Percentage of customers who are satisfied with the condition of the station	95%	94%	90%
Percentage of customers who are satisfied with the inside temperature of vehicles	95%	≥93%	93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	95%	94%%	96%
Percentage of passengers who are satisfied with overall station	95%	≥92%	94%
Percentage of customers who are satisfied with the cleanliness of the trains	91%	≥91%	89%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	84%	≥84%	84%
Percentage of customers who are satisfied with their personal safety at station	92%	≥93%	91%

28 The customer satisfaction survey was undertaken in May 2024.

	2023/24 Result	2023/24 Target	2022/23 Result[28]
Percentage of passengers who are satisfied with information about service delays or disruptions	60%[29]	≥73%	53%
ROLLING STOCK – ASSET MANAGEMENT[30]			
Matangi Mean Distance between failure	64,045 km	≥40000 km	66,529 km
Carriage Mean distance between failure	124,489 km	≥80000 km	95,446 km
RAIL FIXED ASSET – ASSET MANAGEMENT			
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	30% (Reports available for 7 out of 23 assets)[31]	100%	79%[32]
Percentage of stations with CCTV coverage	96%	96%	96%
Average condition grade of:			
Station buildings and shelter	2.2	≤2.5	1.5
Structures (subways & bridges)	1.9	≤2.5	2.4
Park & Ride	2.0	≤2.5	2.1
Percentage of assets in condition grade 4 (Poor) or worse:[33]			
Station buildings and shelter	10.8%[34]	≤5.0	1.0%
Structures (subways & bridges)	8.0%[35]	≤8.0	5.4%
Park & Ride	4.2%	≤8.0	5.0%

GWRL financial performance targets

	2024 Actual	2024 Target	2023 Actual
Operating expenditure ($ million)	48.3	67.5	53.7
Capital expenditure ($ million)	19.0	26.0	19.1
Shareholder fund to total asset*	82.6%	81.9%	80.4%

* Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves.

* Total Assets are defined as all the recorded current and non-current assets of GWRL at their current value as determined by the GWRL's Accounting Policies.

CentrePort Limited (CPL)

CPL is a Port Company under the Port Companies Act 1988. WRC Holdings holds the shares of CPL. CPL is a commercial organisation and is run by an independent board of directors, unrelated to the Council. CPL provides a commercial return to WRC Holdings Limited by way of dividends.

CPL financial performance targets

	2024 Actual $'000	2024 Target $'000	2023 Actual $'000

29 The 2022/23 survey question was 'Satisfaction with information about Delays and Disruptions'

30 Failure is defined as 'an event requiring unplanned maintenance' and the mean distance is based on a 12 Month Rolling Average. This definition applies to Matangi and Carriage mean distance between failure.

31 Whilst we are confident that the majority of pedestrian bridges and subways meet at least 67% of NBS and we have done work to strengthen these assets, we are in the process of locating the post-project documentation that would confirm this. As such, the 30% reflects only the number of structures for which we have reports (7 out of 23 assets). We expect to have updated information for 2024-25.

32 The addition of the new Trentham Subway into the asset population saw an improved result in 2022/23 compared to 2021/22, however the 2022/23 target was not met due to seismic strengthening work underway not being completed at Epuni and Taita by 30 June 2023.

33 Conditional grade score – 1: Is very good condition and, 5: very poor condition requiring replacement.

34 The actual result is above target due to the current condition of Waterloo station.

35 Petone and Taita Subways as both are under construction and schedule to be completed in September 2024.

Net profit before tax	**31,920**	**16,421**	15,500
Net profit after tax (1)	**28,891**	**12,019**	12,000
Return on total assets (2)	**5.85%**	**3.31%**	2.1%
Return on equity (3)	**6.54%**	**3.51%**	2.5%
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	**24.23%**	**54.08%**	50.3%
Dividend	**7,000**	**6,500**	6,000

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items.

(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non current assets.

(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2023 to 2025 which was approved for issue in June 2023.

CPL non-financial performance targets

Objective	Performance measure	2024 Actual	2024 Target	2023 Actual
A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	0.97	≤ 2.5	1.7
	Lost Time Injury Severity (per 200,000 hours worked)	1.44[36]	≤ 7.95	6.17
	bSafe reports (incidents and near miss reports)	3%[37]	≤ 4.95%	4.3%
	Standard operating procedures (SOPs) reviewed and updated	99.4%[38]	≥ 92.5%	100%
Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)	Achieved	Improvement on FY21 result	Improvement on FY21 result
Increase gender diversity	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)	17%/83% All; 14%/86% ELT; 37%/67% Board.	Improve on 2023	18%/82% All; 14%/86% ELT; 40%/60% Board.

[36] The Lost Time Injury Severity Rate and Lost Time Injury Frequency Rate reduced notably over the last twelve months with CentrePort's performance dropping into the range of good practice according to ILO standards for injury severity and incident rates highlighting the value of the Te Whare Tapa Whã programme and return to work rehabilitation programmes implemented three years ago.

[37] bSafe's raised resulting from injury were below the upper KPI threshold and showed continued reduction in the number of physical harm events to people over the past 12 months, emphasising the importance of the work CentrePort has done in encouraging early reporting of minor workplace incidents and hazards.

[38] Close to 100% of the SOPs reviewed on time with one non-critical SOP left to review by the end of June and completed in July 2024. It is noted that overall, the year results observed 100% achievement of SOP with the defined timelines. This is a significant achievement on the previous year's results and reflects the work done by CentrePort to ensure procedures and systemssupporting this process have been streamlined and applied consistently with regular monitoring and reporting across the business.

Objective	Performance measure	2024 Actual	2024 Target	2023 Actual
Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)	29.1[39]	30.0	29.6
Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	Achieved	100% compliance	100% compliance
	100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	Achieved	100% compliance	100% compliance
Operate in a sustainable manner	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	FY24 scope 1 and 2 emissions slightly higher than FY23 but remain 37% below FY19 baseline. Emission Reduction Plan update deferred to FY25.	Complete an update to CPL's Emission Reduction Plan to drive alignment	30.6% reduction
	Low Emission Infrastructure and Energy to drive lower Scope 3 emissions	The fuel bunker barge is now operating. Embedded solar energy on Shed 39 complete. Business Planning complete for remainder of Stage 1 and initial work gone into further stages.	Begin procurement for Stage 1 Kings Wharf Microgrid. Start Bunker Barge operation Overall energy investment Business Planning to drive low emission supply chain	N/A
Improve biodiversity	Create further partnerships to drive enhanced biodiversity with key stakeholders	New relationships with VUW and Mountains to Sea underway including support for marine biodiversity research. Existing partnership with Zealandia and Sanctuary to Sea enhanced.	Partnership agreed to improve harbour biodiversity	N/A
Urban and City Integration	Inner Harbour Precinct	Achieved Achieved	Precinct master plan stakeholder engagement Interim opportunities engagement	Start Inner Harbour Precinct development, stakeholder engagement.
Financial performance	Group EBITDA	$25.9m	$26.0m	$22.3m
	Underlying Net Profit After Tax	$28.9m	$13.0m	$11.9m
	Underlying NPAT Return on Group Equity	3.0%	2.7%	2.5%
	Dividend	$7m	$6.5m	$6.0m

[39] Note that for Q4 CentrePort were the third for Crane Rate in New Zealand following Lyttleton and Tauranga.

Objective	Performance measure	2024 Actual	2024 Target	2023 Actual
	Seaview Wharf Renewal	Project continues with main wharf and dolphin piling completed, structural elements separated, and gravity clamps installed. These elements immediately contribute to improved resilience to the fuel manifold. New mooring and berthing dolphins' construction continues. Resilience work is due for completion in late 2025 to provide a resilient fuel berth and transfer facility.	Continue Seaview Wharf Renewal seismic resilience and start berthing improvements	Seaview Wharf Renewal continued, with pilling now completed on Phase 1A and 1A+, which are the Main Wharf head and main wharf extension. Progress made Phase 1B and construction due to start this year. Progress with the fuel industry is still slower than expected due to changes in the industry
Infrastructure Investments	Ground Resilience and AQ 2/3 Seawall Resilience	Ground Resilience works complete. Over 10,000 stone columns have been installed to the port perimeter along with transitional paving to minimise potential effect of differential settlement following an earthquake. AQ 2/3 deferred.	Complete Ground Resilience and detailed planning of AQ 2/3 seawall repairs	Ground Resilience of Main Thorndon Reclamation progression in line with expectations. Area 5 completed and remainder progressing in line with expectations.
	Underground infrastructure and Pavements strategy	CentrePort continues early engagement with regulators and specialists to prepare for its 2028 consent changes. Information gathering is complete, and monitoring continues to provide the baseline conditions against which stormwater solutions can be measured.	Continue and increase the information gathering which will inform detailed planning for stormwater debris management.	CentrePort have partnered with Cheal consultants who successfully delivered the stormwater treatment plant for Eastland Port, which is considered as the gold standard of stormwater treatment plants for New Zealand Ports.
	KiwiRail Single User Terminal (SUT)	Note that in December 2023 the Government declined to provide further funding to KiwiRail for their Single User Terminal (SUT). As a result, KiwiRail cancelled their SUT project citing a lack of funding. CentrePort continues to work with KiwiRail, the government and other key stakeholders to determine a pathway forward for Cook Strait ferry	Finalise and sign detailed transaction documents, (subject to KiwiRail project funding.) Work with KiwiRail to progress development of Single User Terminal.	Multi User Ferry Terminal Precinct preferred option developed and ongoing monitoring of KiwiRail SUT design and possible impacts on preferred solution. Key Commercial Terms with KiwiRail signed in December 2022. Working to develop and sign detailed transaction documents. Progress slowed by KiwiRail's

Objective	Performance measure	2024 Actual	2024 Target	2023 Actual
		operations and associated port infrastructure.		funding challenges. CentrePort continue to support KiwiRail with design development and construction procurement.

Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council and Greater Wellington. The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors. WellingtonNZ is the key agency for economic development in the region, combined with tourism, venues and major events management for Wellington city.

WellingtonNZ performance targets

The performance targets for WellingtonNZ are set through their 2023/24 Statement of Intent. Results against the 2023/24 year will be published in their Annual Report by the end of September 2024.

Wellington Water Limited (WWL)

WWL was established in September 2014. 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 and mana whenua representatives. WWL manages water supply activities, delivers capital works programmes and provides councils with asset management and planning advice. WWL manages Greater Wellington's bulk water supply function. They manage local supply, storm-water and waste-water service delivery for five of the territorial authorities in the Wellington Region.

WWL performance targets

Wellington Water Limited's performance measures are set out in the Water Supply section of the 2021-31 Long Term Plan and performance targets for the 2023/24 year are set through Wellington Water Limited's 2023/24 Statement of Intent. Wellington Water Limited's performance against these measures can be found in the Water Supply section of this report, as well as in Wellington Water Limited's 2023/24 Annual Report, available on their website.

Council Organisations

Predator Free Wellington Limited (PFW)

PFW is a charitable company established in 2018 to implement the Predator Free Wellington Project. Greater Wellington, together with Wellington City Council, holds 49 percent of the total shares (24.5 percent each). NEXT Foundation holds the remaining shares in the PFW (51 percent).

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.

Local Government Funding Agency (LGFA)

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.

Wellington Regional Stadium Trust (Sky Stadium)

Sky Stadium[40] is a regional facility which provides a high quality, multi-purpose venue for sporting and cultural events. 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.

Investments

Greater Wellington has a significant portfolio of investments, comprising: liquid financial deposits, administrative properties (e.g. 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.

40 Wellington Regional Stadium Trust was established under the Wellington Regional Council (Stadium Empowering) Act 1996 and is a self-contained statutory body. While it is not a Council Organisation under the Local Government Act 2002, it is treated consistently with organisations that are Council Organisations.

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.

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.

Administrative properties

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

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.

Wāhanga tuatoru: He pūrongo pūtea | Section three: Financial performance

He Tauākī Pūtea a Te Pane Matua Taiao mō ngā Hua | Activity Group Funding Impact Statements

Ko te Haumaru Taio me te waipuke | Environment and Flood Protection

Environment and Flood Protection
Funding Impact Statement
For the year ending 30 June 2024

	Actual 2024 $'000	Annual Plan 2024 $'000	Long-term Plan 2024 $'000	Actual 2023 $'000	Long-term Plan 2023 $'000
Sources of operating funding					
General rate	73,721	73,700	68,224	63,797	62,640
Targeted rates	12,744	12,745	11,578	9,657	10,632
Subsidies and grants for operating purposes	4,733	3160	1,602	5,724	3,391
Interest and dividends from investments	543	422	-	338	-
Fees and charges	2,637	3,587	9,692	5,654	7,998
Fines, infringement fees, and other receipts 1	13,491	24,275	8,371	14,058	10,697
Total operating funding	**107,869**	**117,889**	**99,467**	**99,228**	**95,358**
Applications of operating funding					
Payments to staff and suppliers	(79,267)	(70,581)	(66,739)	(69,683)	(61,961)
Finance costs	(9,738)	(11,076)	(5,963)	(5,607)	(5,785)
Internal charges and overheads applied	(22,788)	(23,092)	(18,311)	(21,203)	(17,914)
Total applications of operating funding	**(111,793**	**(104,749)**	**(91,013)**	**(96,493)**	**(85,660)**
Surplus/(deficit) of operating funding	**(3,924)**	**13,140**	**8,454**	**2,735**	**9,698**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	5,789	-
Increase (decrease) in debt	27,595	58,226	5,174	33,787	30,261
Gross proceeds from sale of assets	(25)	-	7,646	521	288
Other dedicated capital funding	21,530	10,000	-	-	-
Total sources of capital funding	**49,100**	**68,226**	**12,820**	**40,097**	**30,549**
Applications of capital funding					
to meet additional demand	-	-	-	-	-
to improve the level of service	(41,889)	(67,464)	(17,477)	(38,431)	(34,715)
to replace existing assets	(1,751)	(3,913)	(3,717)	(4,820)	(5,274)
Increase (decrease) in reserves	(1,098)	(9,367)	178	(431)	(7)
Increase (decrease) of investments	(438)	(622)	(258)	850	(251)
Total applications of capital funding	**(45,176)**	**(81,366)**	**(21,274)**	**(42,832)**	**(40,247)**
Surplus/(deficit) of capital funding	**3,924**	**(13,140)**	**(8,454)**	**(2,735)**	**(9,698)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on assets	11,489	4,782	6,872	6,671	6,170

Sources of operating funding					
Flood protection and control works	33,314	44,999	29,347	27,633	28,585
Regional parks	10,645	9,882	8,971	8,724	8,673
Resource management	31,786	31,139	29,947	29,893	28,347
Land management	15,692	10,784	12,098	11,051	12,291
Biodiversity management	5,286	8,505	7,666	8,737	6,789
Pest management	8,538	9,919	8,659	10,583	7,972
Harbour management	2,608	2,661	2,779	2,607	2,701
Total operating funding	**107,869**	**117,889**	**99,467**	**99,228**	**95,358**
Applications of operating funding					
Flood protection and control works	(32,903)	(28,238)	(23,650)	(25,274)	(21,382)
Regional parks	(13,196)	(12,562)	(7,697)	(7,644)	(7,522)
Resource management	(34,053)	(31,937)	(28,794)	(31,033)	(27,223)
Land management	(15,153)	(10,805)	(11,941)	(11,266)	(12,118)
Biodiversity management	(5,635)	(8,515)	(7,632)	(8,239)	(6,773)
Pest management	(8,191)	(10,056)	(8,600)	(9,949)	(8,015)
Harbour management	(2,662)	(2,636)	(2,699)	(3,088)	(2,627)
Total applications of operating funding	**(111,793)**	**(104,749)**	**(91,013)**	**(96,493)**	**(85,660)**
Surplus/(deficit) of operating funding	**(3,924)**	**13,140**	**8,454**	**2,735**	**9,698**
Capital expenditure					
Capital Projects	38,922	71,103	20,027	30,802	38,862
Land and Buildings	4,231	-	-	12,449	-
Plant and Equipment	478	274	151	-	165
Vehicles	9	-	1,016	-	962
Total capital expenditure	**43,640**	**71,377**	**21,194**	**43,251**	**39,989**

Attachment 1 to Report 24.580

Ngā Waka Tūmatuanui | Metlink Public Transport

Metlink Public Transport
Funding Impact Statement
For the year ending 30 June 2024

	Actual 2024 $'000	Annual Plan 2024 $'000	Long-term Plan 2024 $'000	Actual 2023 $'000	Long-term Plan 2023 $'000
Operating funding					
Targeted rates	114,492	113,009	112,300	90,574	92,354
Subsidies and grants for operating purposes	151,839	126,746	117,537	188,418	107,475
Fees and charges	64,794	108,265	106,123	37,712	100,934
Fines, infringement fees, and other receipts 1	4,523	6,844	4,128	5,459	4,143
Total operating funding	**335,648**	**354,864**	**340,088**	**322,163**	**304,906**
Applications of operating funding					
Payments to staff and suppliers	(309,905)	(302,926)	(294,953)	(277,800)	(270,725)
Finance costs	(13,813)	(13,332)	(9,406)	(9,376)	(9,623)
Internal charges and overheads applied	(17,072)	(18,768)	(15,531)	(16,872)	(15,195)
Total applications of operating funding	**(340,790)**	**(335,026)**	**(319,890)**	**(304,048)**	**(295,543)**
Surplus/(deficit) of operating funding	**(5,142)**	**19,838**	**20,198**	**18,115**	**9,363**
Sources of capital funding					
Subsidies and grants for capital expenditure	18,364	21,065	35,119	17,838	28,075
Increase (decrease) in debt	18,709	17,198	7,658	(1,665)	13,281
Gross proceeds from sale of assets	-	-	-	-	10
Total sources of capital funding	**37,073**	**38,263**	**42,777**	**16,173**	**41,366**
Applications of capital funding					
to meet additional demand	-	(224)	(222)	-	-
to improve the level of service	(2,882)	(7,383)	(11,296)	(5,157)	(5,738)
to replace existing assets	(9,294)	(20,467)	(24,372)	(12,375)	(31,160)
Increase (decrease) in reserves	(683)	(4,000)	(27,045)	1,720	4,194
Increase (decrease) of investments	(19,072)	(26,027)	(40)	(18,476)	(18,024)
Total capital expenditure	**(31,931)**	**(58,101)**	**(62,975)**	**(34,288)**	**(50,728)**
Surplus/(deficit) of capital funding	**5,142**	**(19,838)**	**(20,198)**	**(18,115)**	**(9,363)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on assets	5,648	4,907	10,881	4,773	7,299

Sources of operating funding					
Strategy and Customer	24,347	9,529	8,600	13,829	4,470
Operations and Commercial Relationships	205,687	222,849	272,444	214,300	244,343
Assets and Infrastructure	105,614	122,486	59,044	94,034	56,092
Total operating funding	**335,648**	**354,864**	**340,088**	**322,163**	**304,905**
Applications of operating funding					
Strategy and Customer	(15,719)	(8,443)	(6,556)	(8,190)	(3,487)
Operations and Commercial Relationships	(230,517)	(217,841)	(270,909)	(208,115)	(250,791)
Assets and Infrastructure	(94,554)	(108,742)	(42,425)	(87,743)	(41,264)
Total operating funding	**(340,790)**	**(335,026)**	**(319,890)**	**(304,048)**	**(295,543)**
Surplus/(deficit) of operating funding	**(5,142)**	**19,838**	**20,198**	**18,115**	**9,363**
Investment in Greater Wellington Rail Limited					
Rail operations and asset management	19,072	26,027	27,045	18,476	18,024
Total investment expenditure	**19,072**	**26,027**	**27,045**	**18,476**	**18,024**
Public transport network and infrastructure	12,176	28,074	35,890	17,532	36,858
Vehicles	-	-	-	-	40
Total capital expenditure	**12,176**	**28,074**	**35,890**	**17,532**	**36,898**
Total Investment in Public Transport Infrastructure	**31,248**	**54,101**	**62,935**	**36,008**	**54,922**

Attachment 1 to Report 24.580

Ko te Mahere ā-Rohe me Ngā Rangapū | Regional Strategy and Partnerships

Regional Strategy and Partnerships
Funding Impact Statement
For the year ending 30 June 2024

	Actual 2024 $'000	Annual Plan 2024 $'000	Long-term Plan 2024 $'000	Actual 2023 $'000	Long-term Plan 2023 $'000
Sources of operating funding					
General rates, uniform annual general charge	16,360	16,490	16,446	13,692	14,158
Targeted rates	5,833	5,844	7,955	5,985	7,255
Subsidies and grants for operating purposes	4,136	2,600	1,591	3,686	1,507
Fees and charges	19	20	19	17	19
Local authorities fuel tax, fines, infringement fees, and other receipts	5,815	4,734	3,833	5,590	3,785
Total operating funding	**32,163**	**29,688**	**29,844**	**28,970**	**26,724**
Applications of operating funding					
Payments to staff and suppliers	(31,838)	(43,987)	(47,737)	(28,173)	(39,931)
Finance costs	(1,377)	(1,581)	(1,981)	(290)	(1,531)
Internal charges and overheads applied	(5,595)	(6,031)	(90)	(4,826)	(87)
Total applications of operating funding	**(38,810)**	**(51,599)**	(49,808)	**(33,289)**	**(41,549)**
Surplus/(deficit) of operating funding	**(6,647)**	**(21,911)**	**(19,964)**	**(4,319)**	**(14,825)**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	113	133	-	57
Increase (decrease) in debt	5,009	20,905	18,624	14,610	15,073
Gross proceeds from sale of assets	139	-	-	-	31
Total sources of capital funding	**5,148**	**21,018**	**18,757**	**14,610**	**15,161**
Applications of capital funding					
to meet additional demand	-	-		-	-
to improve the level of service	(46)	(200)	(277)	(105)	(228)
to replace existing assets	(91)	(15)	1,582	(313)	239
Increase (decrease) in reserves	1,636	1,108	(98)	(9,873)	(347)
Increase (decrease) of investments	-	-		-	
Total application of capital funding	**1,499**	**893**	**1,207**	**(10,291)**	**(336)**
Surplus/(deficit) of capital funding	**6,647**	**21,911**	**19,964**	**4,319**	**14,825**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on assets	62	67	603	83	596
Sources of operating funding					
Regional economic development	2,602	2,388	4,897	2,784	4,762
Emergency management	5,456	5,100	4,673	4,425	4,608

Democratic Services	2,781	2,795	2,779	3,164	2,863
Relationships with mana whenua and Māori	5,119	5,082	2,856	5,440	2,782
Regional transport and planning programmes	10,008	8,124	8,623	8,353	6,560
Regional integrated planning	4,921	4,921	4,278	3,590	3,731
Climate change	1,276	1,278	1,738	1,214	1,418
Total operating funding	**32,163**	**29,688**	**29,844**	**28,970**	**26,724**
Applications of operating funding					
Regional economic development	(3,163)	(1,721)	(4,896)	(1,796)	(4,761)
Emergency management	(4,911)	(5,100)	(4,673)	(4,862)	(4,572)
Democratic Services	(2,624)	(2,690)	(2,671)	(3,075)	(3,060)
Relationships with mana whenua and Māori	(5,530)	(5,187)	(2,855)	(4,856)	(2,781)
Regional transport and planning programmes	(16,364)	(30,830)	(25,526)	(12,116)	(18,588)
Regional integrated planning	(4,995)	(4,921)	(6,147)	(3,580)	(4,858)
Climate change	(1,223)	(1,150)	(3,040)	(3,004)	(2,929)
Total applications of operating funding	**(38,810)**	**(51,599)**	**(49,808)**	**(33,289)**	**(41,549)**
Surplus/(deficit) of operating funding	**(6,647)**	**(21,911)**	**(19,964)**	**(4,319)**	**(14,825)**
Capital expenditure					
Capital Projects	137	200	261	418	112
Land and Buildings	-	-	-	-	-
Plant and Equipment	-	15	16	-	17
Vehicles	-	-	-	-	99
Total capital expenditure	**137**	**215**	**277**	**418**	**228**

Ngā Puna Wai | Water Supply

Water Supply
Funding Impact Statement
For the year ending 30 June 2024

	Actual 2024 $'000	Annual Plan 2024 $'000	Long-term Plan 2024 $'000	Actual 2023 $'000	Long-term Plan 2023 $'000
Sources of operating funding					
General rates	-	-	-	-	-
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-
Interest and dividends from investments	3,128	2,857	-	1,927	-
Local authorities fuel tax, fines, infringement fees, and other receipts	53,407	53,455	46,261	42,475	43,284
Total operating funding	**56,535**	**56,312**	**46,261**	**44,402**	**43,284**
Applications of operating funding					
Payments to staff and suppliers	(35,674)	(35,369)	(27,158)	(30,224)	(25,564)
Finance costs	(12,432)	(11,721)	(5,912)	(5,077)	(5,454)
Internal charges and overheads applied	(2,207)	(2,207)	(2,978)	(2,526)	(2,914)
Total operating funding	**(50,313)**	**(49,297)**	**(36,048)**	**(37,827)**	**(33,932)**
Surplus/(deficit) of operating funding	**6,222**	**7,015**	**10,213**	**6,575**	**9,352**
Sources of capital funding					
Increase (decrease) in debt	97,401	70,600	20,384	61,569	32,571
Gross proceeds from sale of assets	111	-	-	-	-
Other dedicated capital funding	-	-	-	-	-
Total sources of capital funding	**97,512**	**70,600**	**20,384**	**61,569**	**32,571**
Applications of capital funding					
to meet additional demand	-	-	-	-	-
to improve the level of service	(66,874)	(38,300)	(11,410)	(21,597)	(14,217)
to replace existing assets	(34,358)	(36,529)	(16,120)	(42,307)	(24,763)
Increase (decrease) in reserves	(38)	71	-	(18)	-
Increase (decrease) of investments	(2,464)	(2,857)	(3,067)	(4,222)	(2,943)
Total application of capital funding	**(103,734)**	**(77,615)**	**(30,597)**	**(68,144)**	**(41,923)**
Surplus/(deficit) of capital funding	**(6,222)**	**(7,015)**	**(10,213)**	**(6,575)**	**(9,352)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on assets	18,666	20,469	15,977	19,929	17,055
Water supply levy	53,140	53,140	45,609	42,069	42,674

Sources of operating funding					
Water Supply	56,535	56,312	46,261	44,402	43,284
Total operating funding	**56,535**	**56,312**	**46,261**	**44,402**	**43,284**
Applications of operating funding					
Water Supply	(50,312)	(49,297)	(36,048)	(37,827)	(33,932)
Total applications of operating funding	**(50,312)**	**(49,297)**	**(36,048)**	**(37,827)**	**(33,932)**
Surplus/(deficit) of operating funding	**6,222**	**7,015**	**10,213**	**6,575**	**9,352**
Capital Expenditure					
Water Sources	-	-	-	-	-
Water treatment plants	66,082	30,482	19,956	16,417	16,886
Pipelines	31,382	42,651	2,279	45,491	15,726
Pump Stations	1,672	604	1,351	1,424	3,275
Reservoirs	735	875	15	51	810
Monitoring and Control	1,231	217	1,627	521	1,076
Seismic protection	-	-	2,243	-	1,149
Other projects	-	1,149	-	-	-
Land and Buildings	-	-	-	-	-
Plant and Equipment	-	-	59	-	57
Vehicles	-	-	-	-	-
Total capital expenditure	**101,102**	**74,829**	**27,530**	**63,904**	**38,979**

He tauākī pūtea | Financial statements

He tauākī whakamahuki whiwhinga me Utu | Statement of comprehensive revenue and expense

For the year ended 30 June 2024

		Council			Group	
	Note	**Actual 2024 $000**	**Budget 2024 $000**	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Operating revenue						
Rates and levies	3	**265,016**	**262,755**	222,068	**265,016**	222,068
Transport operational grants and subsidies	3	**162,793**	**132,866**	204,048	**162,793**	204,048
Transport Improvement grants and subsidies	3	**18,364**	**21,178**	17,838	**18,364**	17,838
Other revenue	3	**121,315**	**163,004**	84,990	**230,286**	186,188
Total operating revenue and gains		**567,488**	**579,803**	528,944	**676,459**	630,142
Other gains / (losses) - net *		**(2,126)**	**339**	2,681	**(1,790)**	1,438
Total revenue and gains		**565,362**	**580,142**	531,625	**674,669**	631,580
Operating expenditure						
Employee benefits	4	**(87,151)**	**(83,998)**	(75,145)	**(118,110)**	(103,744)
Grants and subsidies		**(261,164)**	**(252,202)**	(245,498)	**(246,664)**	(230,143)
Depreciation and amortisation	5	**(39,401)**	**(33,181)**	(34,388)	**(77,926)**	(76,004)
Finance expenses		**(52,039)**	**(41,566)**	(35,832)	**(51,861)**	(35,549)
Other operating expenses	6	**(173,801)**	**(172,750)**	(133,403)	**(246,924)**	(202,220)
Total operating expenditure		**(613,556)**	**(583,697)**	(524,266)	**(741,485)**	(647,660)
Operating surplus / (deficit) before other items and tax		**(48,194)**	**(3,555)**	7,359	**(66,816)**	(16,080)
Share of associate's surplus / (deficit)		**-**	**-**	-	**1,967**	1,249
Other fair value changes						
Impairment on buildings*	7	**-**	**-**	(27,831)	**-**	(27,831)
Gain / (loss) on financial instruments	7	**(2,065)**	**(7,030)**	14,361	**(2,065)**	14,361
Fair value gain / (loss) on investment property	7,19	**-**	**-**	-	**10,525**	(1,509)
Total fair value movements		**(2,065)**	**(7,030)**	(13,470)	**8,460**	(14,979)
Surplus / (deficit) before tax		**(50,259)**	**(10,585)**	(6,111)	**(56,389)**	(29,810)
Tax benefit / (expense)	8	**-**	**-**	-	**5,235**	8,821
Surplus from continuing operations		**(50,259)**	**(10,585)**	(6,111)	**(51,154)**	(20,989)
Operating surplus / (deficit) after tax		**(50,259)**	**(10,585)**	(6,111)	**(51,154)**	(20,989)

* Prior year balance restated. Refer to note 35 for further details.

Other comprehensive revenue and expenses						
Revaluation gain / (loss) on infrastructure assets after tax*	15	**193,709**	**47,260**	(30,719)	**202,414**	(35,677)
Deferred tax recognised in reserves		**-**	**-**	-	**49**	4,084
Increases / (decreases) in valuations of other financial assets		**2,344**	**-**	(10,971)	**2,344**	(10,971)
Total other comprehensive income		**196,053**	**47,260**	(41,690)	**204,807**	(42,564)
Total comprehensive income		**145,794**	**36,675**	(47,801)	**153,653**	(63,553)
Surplus is attributable to:						
Attributed to:						
Equity holders of the Parent		**145,794**	**36,675**	(47,801)	**145,665**	(67,904)
Non-controlling interest		**-**	**-**	-	**7,988**	4,351
		145,794	**36,675**	(47,801)	**153,653**	(63,553)

Explanations of major variances against budget are provided in note 33.

* Prior year balance restated. Refer to note 35 for further details.

Attachment 1 to Report 24.580

He tauākī ahumoni | Statement of financial position

		Council			Group	
	Note	**Actual 2024 $000**	**Budget 2024 $000**	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
ASSETS						
Current assets						
Cash and cash equivalents	10	**18,584**	**20,842**	17,243	**99,053**	131,873
Trade and other receivables*	11	**78,669**	**91,763**	55,000	**92,596**	67,312
Other financial assets	13	**283,735**	**179,617**	172,768	**239,166**	172,224
Inventories	12	**5,690**	**5,000**	4,170	**8,524**	6,882
Derivatives	21	**6,767**	**-**	7,075	**6,767**	7,075
Lease receivables*	16	**-**	**-**	21,530	**-**	21,530
Total current assets		**393,445**	**297,222**	277,786	**446,106**	406,896
Non-current assets						
Other financial assets	13	**32,491**	**25,311**	71,584	**42,846**	37,518
Property, plant and equipment*	15	**1,746,872**	**1,716,760**	1,435,530	**2,530,341**	2,195,373
Intangible assets	17	**18,995**	**20,179**	16,873	**19,019**	17,041
Investment in subsidiaries	20	**355,395**	**363,237**	337,295	**-**	-
Investment properties	19	**-**	**-**	-	**96,650**	86,125
Derivatives	21	**19,952**	**-**	21,164	**19,952**	21,164
Investments accounted for through Other Comprehensive Income		**-**	**-**	-	**20,825**	-
Investments accounted for under the equity method		**-**	**-**	-	**13,836**	13,819
Deferred tax assets	9	**-**	**-**	-	**46,422**	42,339
Trade and other receivables	11	**2,013**	**-**	-	**2,013**	-
Investments at amortised cost		**-**	**-**	-	**14,584**	-
Total non-current assets		**2,175,718**	**2,125,487**	1,882,446	**2,806,488**	2,413,379
Total assets		**2,569,163**	**2,422,709**	2,160,232	**3,252,594**	2,820,275
LIABILITIES						
Current liabilities						
Trade and other payables *	22	**90,769**	**98,659**	96,727	**101,176**	104,409
Interest bearing liabilities	23	**209,091**	**181,628**	153,477	**221,091**	146,517
Employee benefits liabilities and provisions	24	**6,407**	**5,362**	6,427	**10,561**	10,380
Income tax payable		**-**	**-**	-	**4,748**	2,725
Total current liabilities		**306,267**	**285,649**	256,631	**337,576**	264,031
Non-current liabilities						
Interest bearing liabilities	23	**837,000**	**766,758**	622,000	**837,000**	622,000
Derivatives	21	**871**	**-**	496	**871**	496
Deferred tax liabilities	9	**-**	**-**	-	**124,269**	131,050
Employee benefits liabilities and provisions	24	**128**	**-**	164	**265**	287
Service concession liability	15	**21,025**	**23,159**	22,861	**21,025**	22,861
Total non-current liabilities		**859,024**	**789,917**	645,521	**983,430**	776,694

Total liabilities	**1,165,291**	**1,075,566**	902,152	**1,321,006**	1,040,725
Net assets	**1,403,872**	**1,347,143**	1,258,078	**1,931,588**	1,779,550
EQUITY					
Contributed equity	**-**	**-**	-	**-**	-
Retained earnings *	**290,290**	**320,627**	340,107	**655,025**	696,804
Other reserves	**1,113,582**	**1,026,516**	917,971	**1,160,585**	973,141
Minority interest	**-**	**-**	-	**115,978**	109,605
Total equity	**1,403,872**	**1,347,143**	1,258,078	**1,931,588**	1,779,550

Explanations of major variances against budget are provided in note 33.

* Prior year balance restated. Refer to note 35 for further details.

Daran Ponter	Nigel Corry	Alison Trustrum-Rainey
Chair	Chief Executive	Group Manager Finance and Risk
31 October 2024	31 October 2024	31 October 2024

He tauākī whakamārama moni taurite | Statements of changes in equity

		Council			Group	
	Note	**Actual 2024 $000**	**Budget 2024 $000**	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Opening equity		**1,258,078**	**1,310,469**	1,305,010	**1,779,550**	1,843,618
Adjustments on adoption of PBE IPSAS 41*		**-**	**-**	870	**-**	870
		1,258,078	**1,310,469**	1,305,879	**1,779,550**	1,844,488
Operating surplus / (deficit) after tax *		**(50,259)**	**(10,586)**	(6,111)	**(51,154)**	(20,989)
Dividend to non-controlling interest		**-**	**-**	-	**(1,615)**	(1,385)
Asset revaluation movements *		**193,709**	**47,260**	(30,719)	**202,463**	(31,593)
Revaluation movement of other financial assets		**2,344**	**-**	(10,971)	**2,344**	(10,971)
Total closing equity at 30 June		**1,403,872**	**1,347,143**	1,258,078	**1,931,588**	1,779,550
Non-controlling interest						
Opening non-controlling interest		**-**	**-**	-	**109,605**	106,639
Share of operating surplus / (deficit)		**-**	**-**	-	**5,966**	2,125
Share of reserves movements		**-**	**-**	-	**2,022**	2,226
Dividends paid		**-**	**-**	-	**(1,615)**	(1,385)
Non-controlling interest at end of year		**-**	**-**	-	**115,978**	109,605
Asset revaluation reserves						
Opening asset revaluation reserves		**864,388**	**934,997**	895,107	**958,995**	992,814
Increase / (decrease) in asset revaluation reserves *		**193,709**	**47,260**	(30,719)	**202,463**	(31,593)
Share of non controlling interest		**-**	**-**	-	**(2,022)**	(2,226)
Closing asset revaluation reserve		**1,058,097**	**982,257**	864,388	**1,159,436**	958,995
Fair value reserve						
Opening fair value reserve		**14,422**	**-**	25,393	**14,422**	25,393
Current year movement		**2,344**	**-**	(10,971)	**2,344**	(10,971)
Closing fair value reserve		**16,766**	**-**	14,422	**16,766**	14,422

Other reserves					
Opening other reserves	**39,161**	**46,407**	41,408	**(279)**	7,989
Transfers from accumulated funds	**14,896**	**-**	6,021	**-**	-
Transfers to accumulated funds	**(16,435)**	**(2,148)**	(8,684)	**(16,435)**	(8,684)
Interest earned	**1,097**	**-**	419	**1,097**	419
Closing other reserves	**38,719**	**44,259**	39,161	**(15,617)**	(279)
Retained earnings					
Opening accumulated funds	**340,104**	**329,065**	343,098	**696,804**	710,780
Adjustments on adoption of PBE IPSAS 41*	**-**	**-**	870	**-**	870
Adjusted opening equity	**340,104**	**329,065**	343,968	**696,804**	711,650
Operating surplus / (deficit) after tax *	**(50,259)**	**(10,586)**	(6,111)	**(51,154)**	(20,989)
Interest allocated to reserves	**(1,094)**	**-**	(416)	**(1,094)**	(416)
Other transfers to reserves	**(14,896)**	**-**	(6,021)	**-**	-
Transfers from reserves	**16,435**	**2,148**	8,684	**16,435**	8,684
Share on non-controlling interest	**-**	**-**	-	**(5,966)**	(2,125)
Closing accumulated funds	**290,290**	**320,627**	340,104	**655,025**	696,804
Total closing equity at 30 June	**1,403,872**	**1,347,143**	1,258,078	**1,931,588**	1,779,550

Explanations of major variances against budget are provided in note 33.

* Prior year balance restated. Refer to note 35 for further details.

He tauākī kapewhiti | Statement of cash flow

		Council			Group	
	Note	**Actual 2024 $000**	**Budget 2024 $000**	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Cash flows from operating activities						
Receipts from customers		**-**	**-**	-	**103,766**	99,397
Rates revenue received		**207,750**	**209,615**	176,808	**207,751**	176,808
Water supply levy received		**53,138**	**53,140**	42,063	**53,138**	42,063
Government subsidies received		**165,776**	**154,044**	213,286	**165,776**	213,286
Interest received		**11,702**	**11,780**	7,511	**16,396**	9,141
Dividends received		**2,528**	**2,000**	2,491	**127**	91
Rent income		**-**	**-**	-	**7,612**	7,125
Subsidy revenue		**-**	**-**	-	**-**	6
Fees, charges and other revenue		**87,645**	**149,224**	114,037	**85,525**	108,903
Payments to suppliers and employees		**(265,843)**	**(508,683)**	(210,580)	**(374,176)**	(306,364)
Payment of grants and subsidies		**(261,164)**	**-**	(245,498)	**(246,664)**	(230,145)
Interest paid		**(50,329)**	**(41,619)**	(31,335)	**(50,048)**	(30,974)
Income tax paid / (refund)		**-**	**-**	-	**564**	(823)
Net cash from (used in) operating activities	25	**(48,797)**	**29,501**	68,783	**(30,233)**	88,514
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		**23,045**	**339**	391	**23,653**	394
Investment withdrawals		**-**	**800**	480	**-**	480
Sale of investments (bonds and term deposits)		**1,268**	**-**	-	**20,333**	501
Dividend received		**-**	**-**	-	**1,955**	
-Cash balance from acquired joint venture		**-**	**-**	-	**-**	1,250
		24,313	**1,139**	871	**45,841**	2,625
Purchase of property, plant and equipment		**(162,394)**	**(179,785)**	(129,319)	**(217,755)**	(195,117)
Purchase of intangible assets		**(17)**	**-**	(24)	**(17)**	(24)
Development of investment properties		**-**	**-**	-	**-**	(97)
Acquisition of investments		**(82,378)**	**(33,122)**	(76,998)	**(99,629)**	(56,797)
Disposal of property, plant and equipment		**-**	**-**	-	**-**	-
Investment in joint venture		**-**	**-**	-	**(25)**	(2,400)
Net cash flow from investing activities		**(220,476)**	**(211,768)**	(205,470)	**(271,585)**	(251,810)

Cash flows from financing activities						
Loan funding		**320,614**	**229,305**	167,413	**320,614**	168,413
Debt repayment		**(50,000)**	**(50,000)**	(30,000)	**(50,000)**	(30,000)
Dividends paid to non-controlling interests		**-**	**-**	-	**(1,615)**	(1,385)
Net cash from financing activities		**270,614**	**179,305**	137,413	**268,999**	137,028
Net increase / (decrease) in cash and cash equivalents		**1,341**	**(2,962)**	726	**(32,819)**	(26,268)
Cash and cash equivalents at the beginning of year		**17,243**	**23,804**	16,517	**131,873**	158,141
Cash, cash equivalents, and bank overdrafts at the end of the year	10	**18,584**	**20,842**	17,243	**99,053**	131,873

Explanations of major variances against budget are provided in note 33.

He tauākī pūtea kawekawe | Funding impact statement

	Actual 2024 $000	**Annual Plan 2024 $000**	Actual 2023 $000	Annual Plan 2023 $000
Sources of operating funding				
General rate	80,452	78,845	73,790	73,338
Targeted rates	133,069	131,636	107,393	106,837
Subsidies and grants for operating purposes	162,792	132,866	198,259	112,784
Interest and dividends from investments	23,125	13,780	13,964	5,950
Fees and charges	67,637	112,078	43,594	109,431
Fines, infringement fees, and other receipts 1	81,451	89,420	68,255	63,926
Total operating funding	548,526	558,625	505,255	472,266
Applications of operating funding				
Payments to staff and suppliers	(512,181)	(509,082)	(453,711)	(456,211)
Finance costs	(52,544)	(41,619)	(36,472)	(22,769)
Total applications of operating funding	(564,725)	(550,701)	(490,183)	(478,980)
Surplus / (deficit) of operating funding	(16,199)	7,924	15,072	(6,714)
Sources of capital funding				
Subsidies and grants for capital expenditure	18,364	21,178	23,627	29,347
Increase / (decrease) in debt	268,778	179,305	135,660	153,962
Gross proceeds from asset sales	2,911	339	912	374
Other dedicated capital funding	21,530	10,000	-	-
Total sources of capital funding	311,583	210,822	160,199	183,683
Applications of capital funding				
- to meet additional demand	-	(224)	-	-
- to improve the level of service	(111,667)	(113,422)	(65,314)	(77,432)
- to replace existing assets	(50,658)	(66,139)	(64,720)	(81,365)
Increase / (decrease) in investments	(85,449)	(32,322)	(76,815)	(25,263)
Increase / (decrease) in reserves	(47,610)	(6,639)	31,578	7,091
Total applications of capital funding	(295,384)	(218,746)	(175,271)	(176,969)
Surplus / (deficit) of capital funding	16,199	(7,924)	(15,072)	6,714
Funding balance	-	-	-	-
Depreciation on council assets	39,401	33,181	34,388	30,109
Water supply levy	53,140	53,140	42,069	42,069

1 This includes the water supply levy charged to Wellington, Upper Hutt, Lower 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 Long Term Plan 2021-31.

All figures on this page exclude GST.

He pūtea penapena | Financial reserves

We have two types of Council created reserves, which are monies set aside by the Council for a specific purpose:

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by Council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington's Treasury Risk Management Policy.

Other reserves are split into four categories:

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

Council created reserves	Purpose of the fund	Opening balance Jul-23 $000	Deposits $000	Withdrawals $000	Closing balance Jun-24 $000
Area of benefit reserves					
Regional parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	**59**	**2**	**(61)**	**-**
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	**3,550**	**4,107**	**(4,000)**	**3,657**
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	**264**	**8**	**-**	**272**
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure	**896**	**27**	**(378)**	**545**
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	**715**	**21**	**-**	**736**
WREMO reserve	Contributions by other local authorities to run the WREMO	**437**	**98**	**-**	**535**

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	**10,202**	**1,668**	**(596)**	**11,274**
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	**2,813**	**806**	**(102)**	**3,517**
		18,936	**6,737**	**(5,137)**	**20,536**
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	**10**	**-**	**(10)**	**-**
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region	**3,448**	**303**	**-**	**3,751**
Rural fire reserve	To help manage the costs of rural fire equipment	**83**	**2**	**-**	**85**
		3,541	**305**	**(10)**	**3,836**
Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	**246**	**97**	**-**	**343**
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	**1,028**	**-**	**(1,028)**	**-**
Long Term Plan reserve	To manage variation in costs associated with Long term plan process	**391**	**172**	**(474)**	**89**
Masterton Building Reserve	To manage variation in costs associated with the Masterton Building	**312**	**-**	**(312)**	**-**
Wellington Analytics Reserve	Contribution by other local authorities for set up costs	**932**	**544**	**-**	**1,476**
Environmental Restitution Reserve	To manage variation in costs associated with environmental restoration projects	**265**	**74**	**-**	**339**
Low Carbon Acceleration Fund Reserve	To manage costs associated with reducing Council's carbon footprint	**(84)**	**84**	**-**	**-**
General Reserve	To manage variation in costs associated with new initiative projects	**8,919**	**5,178**	**(4,800)**	**9,297**
		12,009	**6,149**	**(6,614)**	**11,544**
Re-budget reserve					
Re-budgeted reserve	Expenditure that has been rated for in 2023/24 when the project will not be completed until 2024/25	**4,073**	**1,523**	**(4,073)**	**1,523**
Earthquake proceeds reserve	To manage future repair and maintenance due to the Kaikoura earthquake	**602**	**-**	**(602)**	**-**
		4,675	**1,523**	**(4,675)**	**1,523**
Total reserve balances		**39,161**	**14,714**	**(16,436)**	**37,439**

All figures on this page exclude GST.

Ko te moni tārewa | Debt

	Opening balance 2023 $000	Additions $000	Repayments $000	Closing balance 2024 $000	Finance costs $000
Regional leadership					
Strategic planning	**21,043**	**7,162**	**(1,050)**	**27,155**	**1,340**
Public transport					
Public transport	**252,788**	**37,820**	**(17,275)**	**273,333**	**12,771**
Water supply					
Water supply	**199,846**	**103,018**	**(5,617)**	**297,247**	**12,432**
Environment (including Parks)					
Environment	**21,485**	**7,226**	**(1,712)**	**26,999**	**1,282**
Flood protection and control works					
Flood protection and control works	**173,135**	**27,572**	**(5,619)**	**195,088**	**8,575**
Investments (including Warm (Wellington)					
Property and other	**49,886**	**2,418**	**(6,915)**	**45,389**	**2,493**
	718,183	**185,216**	**(38,188)**	**865,211**	**38,893**

	Council Actual 2024 $000
Total activities debt	**865,211**
Treasury internal funding (1)	**180,880**
	1,046,091
External debt (current)	**209,091**
External debt (non-current)	**837,000**
	1,046,091

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

All figures on this page exclude GST.

He whakamārama mō ngā Tauākī Pūtea | Notes to the financial statements

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 100 Cuba Street, Wellington, New Zealand. Greater Wellington Group consists of Greater Wellington and its subsidiaries as disclosed below.

Greater Wellington provides water supply, regional parks, public transport, flood protection and environmental regulation and management to the Greater Wellington region for community and social benefit, and not for a financial return. Accordingly, Greater Wellington has designated itself and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Greater Wellington are for the year ended 30 June 2024. The financial statements were authorised for issue by the council on 31 October 2024.

1.2 Accounting judgements and estimations

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

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

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

(i) Property, Plant and Equipment and Investment Property

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2024.

Flood Protection Land and Infrastructure assets was revalued for the year ended 30 June 2024. For further detail refer to disclosure under note 15.

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 development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

(ii) Capital Work in Progress

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

(iii) Income tax calculations

See note 8 for details.

2 Accounting policies

2.1 Basis of preparation

Statement of compliance

The financial statements of the Greater Wellington and 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 and service performance information 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 ($000). The functional currency of Greater Wellington and 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 Basis of consolidation

The consolidated financial statements include the Group. 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 is included in note 20.

The minority interest represents Manawatu Wanganui Regional Council's 23.1% 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.

2.3 Grants and subsidies expenditure

Discretionary grants and subsidies are recognised as expenses when Greater Wellington has advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.

2.4 Borrowing costs

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

2.5 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

2.6 Financial guarantee contracts

A financial guarantee contract requires Greater Wellington or Group to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Greater Wellington will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined at initial recognition, a liability is recognised at the amount of the loss allowance determined in accordance with the expected credit loss (ECL) model described in Note 11.

Financial guarantees are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model described in Note 11; and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

2.7 Foreign currency

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

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

2.8 Goods and services tax

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST.

2.9 Service concession asset and liability

Greater Wellington (as guarantor) has entered into a service concession arrangement with Tranzit, 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. 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.

2.10 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 statement of comprehensive revenue and expenses.

Individual significant activity operating revenue and operating expenditure are stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in Greater Wellington and 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.

2.11 Equity

Equity is the community's interest in Greater Wellington and 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 Greater Wellington and the Group. The components of equity are accumulated funds, revaluation reserves, fair value reserves and other reserves.

Asset revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

2.12 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.

2.13 Budget figures

The budget figures are those approved by the Council at the beginning of the year in the 2023/24 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.

2.14 Standards and amendments issued and not yet effective

Amendment issued but not yet effective and early adopted is:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025

Information relating to enhanced disclosures are presented in note 6.

Standard issued but not yet effective and not early adopted is:

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

3 Revenue from exchange and non-exchange transactions

Accounting policy

Revenue is measured at fair value. Revenue is recognised when billed or earned on an accrual basis.

Exchange transaction revenue arises when Greater Wellington provide goods or services directly to a third party and receive approximately equal value in return. Non-exchange transaction revenue arises when Greater Wellington receives value from another party without having to directly provide goods or services of equal value.

Greater Wellington's significant items of revenue are recognised and measured as follows:

(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 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. Other grants and contributions from territorial local authorities are recognised as revenue when eligibility has been established by the grantor.

(iii) User charges

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

(iv) Dividends

Revenue from dividends is recognised on when the right to receive payment has been established and in surplus and deficit.

(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. Vested assets are recognised as revenue when control over the asset is obtained.

		Council		**Group**	
	Actual 2024 $000	**Budget 2024 $000**	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Revenue from exchange transactions:					
Water supply	**53,138**	**53,140**	42,063	**53,138**	42,063
Subsidiaries revenue	**-**	**-**	-	**81,891**	80,468
Dividends	**2,528**	**2,000**	2,491	**128**	91
Interest received	**20,588**	**9,980**	10,929	**24,431**	13,898
Rental income	**4,266**	**2,553**	5,733	**35,822**	31,027
Subvention revenue	**4,181**	**1,800**	-	**-**	-
Total exchange	**84,701**	**69,473**	61,216	**195,410**	167,547
Revenue from non-exchange transactions:					
General rates	**78,807**	**77,979**	73,790	**78,807**	73,790
Targeted rates					
- Public transport rate	**114,492**	**113,009**	90,573	**114,492**	90,573
- River management rate	**10,785**	**10,785**	7,874	**10,785**	7,874
- Warm Greater Wellington rate	**1,091**	**1,138**	1,364	**1,091**	1,364
- Regional Economic Development rate	**4,743**	**4,744**	4,621	**4,743**	4,621
- South Wairarapa district river rates	**102**	**102**	102	**102**	102
- Wairarapa scheme and stopbank rates	**1,858**	**1,858**	1,681	**1,858**	1,681
Rates, penalties, remissions and rebates	**1,636**	**866**	1,178	**1,636**	1,178
Grants and subsidies	**162,793**	**132,866**	204,047	**162,793**	204,048
Transport improvement grants	**18,364**	**21,178**	17,838	**18,364**	17,838
Provision of goods and services	**88,116**	**145,805**	64,660	**86,378**	59,526
Total non-exchange	**482,787**	**510,330**	467,728	**481,049**	462,595
Total exchange and non-exchange	**567,488**	**579,803**	528,944	**676,459**	630,142

4 Employee benefits

Accounting policy

Employee benefits expense

Employment costs relate to the remuneration paid directly to staff, other employee benefits such as other associated costs such as recruitment and training.

Defined contribution schemes

Employer contributions to defined contribution schemes and/or KiwiSaver is accounted for as defined contribution superannuation schemes and is expensed in the surplus or deficit as incurred.

	Council			**Group**	
	Actual 2024 $000	**Budget 2024 $000**	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Employee benefits expense	**82,242**	**79,376**	70,984	**113,201**	99,583
Defined contribution plan employer contributions	**4,909**	**4,622**	4,161	**4,909**	4,161
Total personnel costs	**87,151**	**83,998**	75,145	**118,110**	103,744

5 Depreciation and amortisation

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Port wharves and paving	**-**	-	**6,495**	5,508
Land and buildings	**3,411**	2,759	**4,112**	3,525
Plant and equipment	**2,378**	2,547	**7,889**	7,849
Rail rolling stock	**-**	-	**19,249**	24,207
Motor vehicles	**1,384**	878	**1,384**	879
Flood protection	**4,082**	1,005	**4,082**	1,005
Water infrastructure	**18,647**	18,570	**18,647**	18,570
Transport infrastructure	**3,937**	2,850	**10,503**	8,494
Navigational aids	**62**	67	**62**	67
Parks and forests	**3,207**	3,218	**3,207**	3,218
Right to use	**1,544**	1,528	**1,544**	1,528
Amortisation - Computer software	**749**	966	**752**	1,154
	39,401	34,388	**77,926**	76,004

6 Other operating expenditure

	Council			Group	
	Actual 2024 $000	**Budget 2024 $000**	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Other operating expenses					
Fees incurred for services provided by the audit firm	**611**	**448**	393	**1,047**	828
Rates and insurance	**6,147**	**5,344**	4,318	**15,189**	12,384
Directors' fees	**-**	**-**	-	**679**	610
Subscriptions LGNZ	**402**	**498**	337	**402**	337
Operating lease rentals	**7,419**	**8,476**	6,991	**7,419**	6,991
Energy and utilities	**5,426**	**3,989**	3,533	**5,426**	3,533
Councillor fees and costs	**1,192**	**1,355**	1,190	**1,192**	1,190
Repairs and maintenance expenses	**4,418**	**6,458**	4,121	**28,420**	25,113
Materials and supplies	**25,197**	**25,853**	23,120	**44,158**	23,120
Contractors and consultants	**120,152**	**119,105**	86,727	**125,780**	110,952
Other operating expenses	**2,837**	**1,224**	2,673	**17,212**	17,162
Total other expenditure	**173,801**	**172,750**	133,403	**246,924**	202,220

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Fees incurred for services provided by the audit firm				
Audit of the financial statements				
Fees to Audit New Zealand for audit of the financial statements and performance information	**416**	387	**527**	490
Fees to Deloitte for audit of the Council's subsidiaries' financial statements	**-**	-	**320**	309
Total	**416**	**387**	**847**	**799**
Other assurance services and other agreed-upon procedures engagements				
Fees to Audit New Zealand for audit of the long term plan	**189**	-	**189**	-
Fees to Audit New Zealand for audit of the Debenture Trust Deed	**6**	6	**6**	6
Fees to Deloitte for audit of the Council's subsidiaries' insurance license (agreed upon procedures engagement)	**-**	-	**5**	5
Fees to Deloitte for audit of the Council's subsidiaries' Greenhouse Gas Emissions Inventory Report (limited assurance engagement)	**-**	-	**-**	13
Fees to Deloitte for audit of the Council's subsidiaries' annual solvency return to the Reserve Bank of New Zealand (reasonable assurance engagement)	**-**	-	**-**	5
Total	**195**	6	**200**	29
Total fees incurred for services provided by the	**611**	**393**	**1,047**	**828**

audit firm

7 Fair value movements through surplus or deficit

	Council			Group	
	Actual 2024 $000	**Budget 2024 $000**	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Fair value movements in financial instruments					
Interest rate swaps	**(1,895)**	**(7,030)**	14,478	**(1,895)**	14,478
LGFA Borrower notes	**(170)**	**-**	(117)	**(170)**	(117)
	(2,065)	**(7,030)**	14,361	**(2,065)**	14,361
Fair value change in other assets					
Impairment on buildings *	**-**	**-**	(27,831)	**-**	(27,831)
	-	**-**	(27,831)	**-**	(27,831)
Fair value movements of investment properties					
Investment properties	**-**	**-**	-	**10,525**	(1,509)
	-	**-**	-	**10,525**	(1,509)
Total	**(2,065)**	**(7,030)**	**(13,470)**	**8,460**	**(14,979)**

* Prior year balance restated. Refer to note 35 for further details.

8 Taxation

Accounting policy

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

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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 statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Greater Wellington and the Group expects to recover or settle the carrying amount of its assets and liabilities.

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 surpluses 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 is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	**-**	-	**5,628**	4,026
Adjustments recognised in the current period in relation to the deferred tax of prior periods	**-**	-	**-**	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**-**	-	**(10,863)**	(12,847)
Tax expense	**-**	-	**(5,235)**	(8,821)
Surplus/(deficit) from operations	**(50,259)**	(6,111)	**(56,389)**	(29,810)
Income tax expense/(benefit) calculated at 28%	**(14,073)**	(1,711)	**(15,789)**	(8,347)
Surplus/(deficit) not subject to taxation				
Non-deductible expenses	**160,905**	143,230	**165,087**	147,624
Non-assessable income	**(151,480)**	(145,983)	**(157,973)**	(150,090)
Land and buildings reclassification	**-**	-	**(2,947)**	422

Tax effect of unimputed portion of intercompany dividend	**-**	-	**-**	-
Tax loss offsets from or subventions paid to Group companies	**3,010**	-	**3,010**	-
Unused tax losses and temporary differences not recognised as deferred tax assets	**5,818**	4,464	**-**	-
Tax effect of imputation credits	**-**	-	**-**	-
Temporary differences	**-**	-	**-**	-
Recognition of deferred tax on buildings / Change in use of assets	**-**	-	**1,812**	76
Insurance Proceeds on non-depreciable assets	**-**	-	**112**	(85)
Permanent differences	**-**	-	**1,453**	1,682
Recognition of previously unrecognised deferred tax on losses	**(4,180)**	-	**-**	-
(Under)/over provision of income tax in previous year	**-**	-	**-**	(103)
Tax expense	**-**	-	**(5,235)**	(8,821)

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

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Tax expense/(benefit) is attributable to:				
Continuing operations	**-**	-	**(5,235)**	(8,821)
	-	-	**(5,235)**	(8,821)

(b) Tax loss sharing

On 26 April 2023, the Greater Wellington Group (including WRC Holdings Limited and its wholly owned subsidiaries) and the CentrePort Consolidated Group ("Centreport Tax Consolidated Group") entered into a Tax Loss Sharing Agreement. Under the Tax Loss Sharing Agreement, the Greater Wellington Group will receive subvention payments from the Centreport Tax Consolidated Group, with the equivalent losses offset, where the companies elect to do so.

During the 2024 year, a subvention payment of $4.18m (2023: Nil) was received (in relation to the 30 June 2023 income year) for the utilisation of the Greater Wellington Group's losses and tax loss offsets of $10.75m were made (2023: nil) by the Greater Wellington Group against the CentrePort Tax Consolidated Group's taxable profits.

Attachment 1 to Report 24.580

9 Deferred tax

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
The balance comprises temporary differences attributable to:				
Tax losses	**-**	-	**45,891**	41,425
Temporary differences	**-**	-	**531**	914
	-	-	**46,422**	42,339
Other				
Temporary differences	**-**	-	**(124,269)**	(131,051)
Sub-total other	**-**	-	**(124,269)**	(131,051)
Total deferred tax liabilities	**-**	-	**(77,847)**	(88,712)

Movements - Group	**Property, plant and equipment $000**	**Trade and other payables $000**	**Other financial liabilities $000**	**Tax losses $000**	**Insurance Recoverable $000**	**Total $000**
Balance at 1 July 2022	(120,007)	989	(393)	34,018	(20,250)	(105,643)
Charged to income	2,256	(75)	(99)	7,406	3,359	12,847
Charge to equity	4,084	-	-	-	-	4,084
Balance at 30 June 2023	(113,667)	914	(492)	41,424	(16,891)	(88,712)

Movements - Group	**Property, plant and equipment $000**	**Trade and other payables $000**	**Other financial liabilities $000**	**Tax losses $000**	**Insurance Recoverable $000**	**Total $000**
Balance at 1 July 2023	(113,667)	914	(492)	41,424	(16,891)	(88,712)
Charge to income	772	(384)	(97)	4,467	6,107	10,865
Charge to equity	-	-	-	-	-	-
Balance at 30 June 2024	**(112,895)**	**530**	**(589)**	**45,891**	**(10,784)**	**(77,847)**

	Council		Group	
	Actual 2024	Actual 2023	**Actual 2024**	Actual 2023
Unrecognised deferred tax balances				
Tax losses	**19,859**	18,222	**-**	-
Temporary differences	**-**	-	**-**	-
	19,859	18,222	**-**	-

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Tax losses not recognised

Greater Wellington has $70.924 million of unrecognised tax losses at Parent level (2023: $65.077 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was $19.859 million (2023: $18.222 million).

The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

10 Cash and cash equivalents

Accounting policy

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.

Although cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

Interest rates

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 2024, there are $10 million (2023: $10 million) at 6.07% (2023: 5.72%) invested in a money market term deposit.

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Cash at bank and in hand	**18,584**	17,243	**99,053**	131,873
Total cash and cash equivalents	**18,584**	17,243	**99,053**	131,873

11 Trade and other receivables

Accounting policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Greater Wellington and the Group apply the simplified ECL model of recognising lifetime ECL for short term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Rates are “written off”:

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Amounts in other non-rates categories of receivables are written off when there is no reasonable expectation of recovery.

Rates receivable
Greater Wellington does not provide for ECL on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates.

Other categories of receivable
Due to minimal historical credit losses, Greater Wellington and Group do not provide for ECL on other non-rates categories of receivable unless the effect of forward-looking factors is considered material.

	Council		**Group**	
	Actual 2024 $000	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Current receivables from non-exchange transactions				
Rates and water levies receivable*	**26,316**	22,850	**26,316**	22,850
Accrual revenue	**21,121**	8,921	**21,121**	8,921
Other receivable**	**8,823**	889	**8,823**	889
Total current receivables from non-exchange transactions	**56,260**	32,660	**56,260**	32,660
Non-current receivables from non-exchange transactions				
National Ticketing Solution implementation costs	**2,013**	-	**2,013**	-
Total non-current receivables from nonexchange transactions	**2,013**	-	**2,013**	-
Total receivables from non-exchange transactions	**58,273**	32,660	**58,273**	32,660
Current receivables from exchange transactions				
Trade customer ***	**10,673**	7,712	**18,343**	15,490
Prepayment and other receivable	**11,736**	14,628	**17,993**	19,162
Total current receivables from exchange transactions	**22,409**	22,340	**36,336**	34,652
Less: Allowance for Expected Credit Losses (ECL)	**-**	-	**-**	-
Total trade and other receivables	**80,682**	55,000	**94,609**	67,312

* 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.

*** Prior year balance restated. Refer to note 35 for further details.

Trade customer receivables

The ECL rates for trade customer receivables at 30 June 2023 and 30 June 2024 are based on the payment profile of revenue on credit over the prior two years at the measurement date and the corresponding historical credit losses experienced for that period. The historical loss rates are adjusted for current and forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant.

There have been no changes since 30 June 2023 in the estimation techniques or significant assumptions in measuring the loss allowance.

The allowance for credit losses based on GWRC and the Group's credit loss matrix is as follows:

	Current	31 to 60 days	61 to 90 days	More than 90 days	Total
Council 2024					
Expected credit loss rate	0%	0%	0%	0%	-
Gross receivable amount ($000)	4,436	5,338	378	521	10,673
Lifetime ECL ($000)	-	-	-	-	-
Group 2024					
Expected credit loss rate	0%	0%	0%	0%	-
Gross receivable amount ($000)	12,106	5,338	378	521	18,343
Lifetime ECL ($000)	-	-	-	-	-
Council 2023					
Expected credit loss rate	0%	0%	0%	0%	-
Gross receivable amount ($000)	7,335	5	110	262	7,712
Lifetime ECL ($000)	-	-	-	-	-
Group 2023					
Expected credit loss rate	0%	0%	0%	0%	-
Gross receivable amount ($000)	13,703	664	539	584	15,490
Lifetime ECL ($000)	-	-	-	-	-

12 Inventories

Accounting policy

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.

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Harbours	**-**	-	**-**	-
Kaiwharahwhara crushed concrete	**-**	-	**548**	465
Water supply	**5,016**	3,025	**5,016**	3,025
Wairarapa	**674**	1,145	**674**	1,145

Other inventories				
CentrePort spare stock	**-**	-	**2,080**	2,042
CentrePort fuel and stock	**-**	-	**206**	205
Total inventory	**5,690**	4,170	**8,524**	6,882

No inventories are pledged as securities for liabilities (2023: Nil)

13 Other financial assets

Accounting policy

Other financial assets are initially recognised at fair value.

Purchases and sales of financial assets are recognised on trade date, the date on which Greater Wellington and the Group commits to purchase or sell the asset.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset expire, are waived, or have been transferred in a way that qualifies for derecognition.

At acquisition, other financial assets are classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it is classified at FVTSD, in which case any directly attributable transaction costs are recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and Greater Wellington and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets; or if it is an equity investment not held for trading that has been designated at initial recognition as subsequently measured at FVTOCRE.

Financial assets that do not meet the criteria for measurement at amortised cost or FVTOCRE are subsequently measured at FVTSD.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, receivables, and loans to subsidiaries.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category are unlisted equity investments designated as FVTOCRE. They are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

Unlisted equity investments held by Greater Wellington and Group are strategic investments intended to be held for the medium to long term and not for trading. Greater Wellington and Group designate all unlisted equity investments into the FVOTCRE category other than equity interests in subsidiaries and associates (see Note 20) and equity interests in joint ventures (see Note 14).

The fair value of unlisted equity investments is calculated based on Greater Wellington's share of net assets of the companies.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

Expected credit losses (ECL) allowance

Greater Wellington and Group recognise an allowance for ECL for all debt instruments not classified as FVTSD. ECL are the probability weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Greater Wellington and Group in accordance with the contract and the cash flows it expects to receive. ECL are discounted at the effective interest rate of the financial asset.

ECL are recognised in two stages. ECL are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a debt instrument has increased significantly since initial recognition, Greater Wellington and Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Greater Wellington and the Group's historical experience and informed credit assessment and including forward-looking information.

Greater Wellington and Group consider a debt instrument to be in default when a contractual cash flow is more than 90 days past due. Greater Wellington and Group may determine a default occurs prior to this if internal or external information indicates the counterparty is unlikely to pay its credit obligations in full. The Greater Wellington measures ECL on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the debt instrument, the ECL are recognised as a provision.

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Loan/Advances				
Loan to WRC Holdings Limited	**44,569**	44,544	**-**	-
Loans and Advances to Joint Venture	**-**	-	**10,355**	9,934

Stadium advance	**2,038**	2,028	**2,038**	2,028
Warm Wellington funding	**2,544**	3,811	**2,544**	3,811
Unlisted equity investments				
Civic Financial Services Limited shares	**80**	80	**80**	80
New Zealand Local Government Funding Agency Limited shares	**7,900**	7,804	**7,900**	7,804
Deposits				
Bank deposits with maturity terms more than three months	**163,600**	102,892	**163,600**	102,892
New Zealand Local Government Funding Agency Limited borrower notes	**22,581**	14,878	**22,581**	14,878
Contingency fund				
Bulk water supply contingency fund	**50,910**	47,941	**50,910**	47,941
Material damage property insurance contingency fund	**12,981**	12,093	**12,981**	12,093
Major flood contingency fund	**9,023**	8,280	**9,023**	8,280
	316,226	244,352	**282,012**	209,742
Current financial assets	**283,735**	172,768	**239,166**	172,224
Non-current financial assets	**32,491**	71,584	**42,846**	37,518
Total financial assets	**316,226**	244,352	**282,012**	209,742

The investment amounts stated below as part of the note are nominal amounts and do not include accrued interest.

Loan to WRC Holdings Limited

Greater Wellington loaned $44 million (2023: $44 million) to its wholly owned subsidiary WRC Holdings Limited. The rate per 30 June 2024 is 6.1175% (2023: 6.1075%) and is reset quarterly.

Loans and advances to Joint Venture

Direct Connect Container Services Limited

CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of $7.0 million, in October 2021. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2024 was $491,000 (2023: $490,000). The loan is repayable on 29 November 2029.

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services Ltd of $1.9 million. Interest is payable on the principal of 7.0% per annum. Income from the loan for the year ended 30 June 2024 was $134,000. The loan is repayable on 4 August 2025.

At 30 June 2024, CentrePort has $1.1 million (2023: $1.1 million) of unsecured advances to Direct Connect Container Services. There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $742,000 (2023: $534,000).

Marlborough Inland Hub Limited

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long term shareholder loan to Marlborough Inland Hub Limited of $500,000. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2024 was $35,000 (2023: $18,000). The loan is repayable on demand.

Advance to Wellington Regional Stadium Trust

Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance was 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 expected that the Stadium would not repay the advance and consequently the asset is fully impaired.

Later advance to Wellington Regional Stadium Trust

Greater Wellington advanced $2.1 million (2023: $2.1 million) to Wellington Regional Stadium Trust as part of a joint loan facility with Wellington City Council. The advance was drawn progressively across the 2021 and 2022 financial years with the first two years after initial drawdown being interest free and an interest rate of 3% thereafter. The advance is unsecured and matures in December 2030.

The carrying value of the advance is recognised at a discount to the total loan amount, reflecting the interest rate terms. The discount will unwind progressively over the remaining term until the advance matures at the full principal amount.

Civic Financial Services Limited

Greater Wellington holds 80,127 shares (2023: 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 shares (2023: 1,866,000). It has also invested $21.1 million (2023: $14.1 million) in LGFA borrower notes, which return on average 5.98% as at 30 June 2024 (2023: 5.96%). 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.

LGFA borrower notes

LGFA borrower notes are subordinated convertible debt instruments that Greater Wellington is required to subscribe for when borrowing from the LGFA. The subscription rate is 2.5% of the total amount borrowed. The borrower notes plus interest will be redeemed when the related Greater Wellington borrowing is repaid or LGFA may convert them to redeemable shares under certain circumstances.

LGFA borrower notes are measured at fair value using discounted cash flows based on the interest rate yield curve at the reporting date.

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 provided 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 Programme was discontinued in the latter part of the 2020/21 financial year.

Bank deposits with maturity terms more than three months

Greater Wellington has invested $159 million (2023: $102 million) of its funds in short-term deposits with an average rate of 6.34% (2023: 5.99%).

Bulk water supply contingency fund

Greater Wellington is holding $49.6 million (2023: $47.3 million) in bulk water supply contingency funds. The funds are invested in term deposits. The weighted average rate is 6.22% (2023: 5.95%).

Material damage property insurance contingency fund

Greater Wellington has invested $12.6 million (2023: $12 million) of its material damage property insurance contingency fund in short-term deposits with an average rate of 6.33% (2023: 6.11%).

Major flood contingency fund

Greater Wellington has invested $8.6 million (2023: $8.1 million) of its major flood contingency fund in a short-term deposit with a rate of 6.48% (2023: 5.87%).

14 Aggregated joint venture information

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 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.

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

Name of joint venture (Held by CentrePort Limited)	Principal activity	**2024 Percentage ownership**	2023 Percentage ownership
		%	%
Harbour Quays D4 Limited*	Commercial rental property	**76.9%**	76.9%
Direct Connect Container Services Limited	Transport hubbing and logistics	**38.5%**	38.5%
Marlborough Inland Hub Limited	Development	**38.5%**	38.5%
Dixon & Dunlop Limited	Construction and development	**38.5%**	38.5%

Marlborough Inland Hub Limited

On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture holds land and assets used to fulfil a Grape Supply Agreement in Marlborough valued at $14.2 million. The land component of the property was revalued at 30 June 2022 from $10.6 million to $12.3 million. For the year ended 30 June 2024, management have obtained a desktop assessment of the land which has concluded that the lands carrying value is not materially different to the fair value as at that date.

Dixon & Dunlop Limited

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1 million. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2024, CentrePort received cash dividends of $1.95 million (2023: $1.25 million).

* All companies are incorporated and operate in New Zealand

Summarised Balance Sheet

	Actual 2024 $000	Actual 2023 $000
Current		
Cash and cash equivalents	**2,152**	3,449
Other current assets (excluding cash)	**1,517**	1,962
Total current assets	**3,669**	5,411
Other current liabilities (including trade payables)	**(1,349)**	(1,833)
Total current liabilities	**(1,349)**	(1,833)
Non-current		
Assets	**37,734**	38,321
Total non-current assets	**37,734**	38,321
Financial liabilities	**(19,085)**	(19,060)
Other liabilities	**(1,539)**	(1,746)
Total non-current liabilities	**(20,624)**	(20,806)
Net assets	**19,430**	**21,093**

Summarised Statement of Comprehensive Income

	Actual 2024 $000	Actual 2023 $000
Revenue	**16,500**	19,582
Operating expenses	**(14,262)**	(16,542)
Net finance cost	**-**	-
	2,238	3,040

Reconciliation of Summarised Financial Information

	Actual 2024 $000	Actual 2023 $000
Opening carrying value	**13,211**	12,818
Profit/(loss) for the year	**1,119**	1,521
Adjustments	**-**	(19)
Movement through OCI	**-**	-
Applied against loan	**173**	141
Dividend	**(1,950)**	(1,250)
Closing carrying value	**12,553**	13,211

15 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:

- Wharves, paving and Seawalls
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets
- 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 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.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

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

The following assets are revalued at least every five years:

Flood protection

The flood protection infrastructure assets were valued at 30 June 2024 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 undertaken by Colin Gerrard (BSc, MSc) and reviewed by Helen Barclay (BE, CPEng, CMEngNZ). In conclusion, the 2024 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 2024 by 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 and Associates valued Wairarapa flood protection land as at 30 June 2024. Land valuation was completed by Fergus Rutherford MPINZ, BBS VPM using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Management performed a desktop assessment to assess if there are any indications that the carrying value of these revalued assets is materially different to the estimated fair value. The flood protection desktop assessment indicated that no adjustment to carrying values was required. The outcome of the assessment is supported by separate review performed by Damwatch.

Riverlink properties

Greater Wellington has been acquiring properties around Te Awa Kairangi Hutt River since 2016 in preparation for the significant flood protection works associated to the RiverLink project. The buildings were recognised at cost as part of the land and building assets. However, the land has been valued every three to five years as part of the overall flood protection infrastructure assets. The project has now progressed considerably with a memorandum of agreement being agreed with Waka Kotahi towards the end of June 2023, whereby some properties that have been acquired by Greater Wellington have been identified to be sold to Waka Kotahi for their infrastructure projects. A demolition schedule of the relevant buildings on this land identified for sale to Waka Kotahi was also agreed in August 2023.

The accounting standards require us to value the land and buildings based on its overarching designation and intended use of the area as 'open space'. Consequently, an impairment loss of around $36.7 million relating to the buildings has been recognised in the statement of comprehensive revenue and expense. Further, a reduction in value of around $40.5 million relating to land has also been recognised in the asset revaluation reserve.

However, it is important to note that the actual use of the land has an underlying intrinsic value to the Hutt Valley and wider Region as the land will host proposed cycle and pedestrian corridors, improved flood banks and recreational green areas that will enhance the liveability of the Hutt Valley and also significantly reduce the risk and impact of severe flood events on Hutt City. Overall, the RiverLink project is expected to deliver environmental restoration and flood resilience, alongside benefits to the social and economic vitality of communities around Te Awa Kairangi Hutt River.

Parks and forests

The parks and forests land and buildings were valued at 30 June 2022. 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 2022 and have been valued using ODRC methodology. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

Public transport

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

GWRC public transport bus stops, bus hubs and park and ride land assets were independently valued by Mike Morales, FPINZ, Registered Plant and Machinery Valuer, Director of Bayleys Valuations Limited and Paul Butchers FPINZ as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Regional water supply

Regional water supply infrastructure assets were valued by Mike Morales Director of Bayleys as at 30 June 2022 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 30 June 2022 using ODRC methodology.

Water urban based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2022 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 and Associates (Fergus T Rutherford, Registered Valuer, BBS (VPM), ANZIV) as at 30 June 2022 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 and 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 the firm Colliers International, a registered valuer, on 30 June 2022.

Operation Port Land which was transferred to Investment Property during the year was valued by Colliers International at the date of transfer.

For the year ended 30 June 2023, management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the transfer of certain properties to investment property and the reduction in provision for land resilience as amounts are spent and capitalised in the assets.

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

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

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2023.

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

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 Greater Wellington and the 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 the Council and Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds 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	2 to 100 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	5 to 75 years
Operational plant and equipment	2 to 40 years
Operational vehicles	2 to 34 years
Flood protection infrastructural assets	10 years to indefinite
Transport infrastructural assets	4 to 150 years
Rail rolling stock	20 to 30 years
Navigational aids infrastructural assets	10 to 50 years
Parks and forests infrastructural assets	5 to 155 years
Regional water supply infrastructural assets	3 to 214 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.

Attachment 1 to Report 24.580

Council 2024	**Land and Buildings $000**	**Plant and Equipment $000**	**Motor Vehicle $000**	**Flood Protection $000**	**Navigational aids $000**	**Parks and Forests $000**	**Transport Infrastructure $000**	**Water Infrastructure $000**	**Right to use $000**	**Total $000**
Operating assets										
Opening net book value	11,569	86,596	4,594	462,540	1,911	126,565	64,391	654,172	23,192	1,435,530
Disposals/ written off net	(337)	(325)	(44)	(1,673)	(143)	(280)	(77)	(762)	-	(3,641)
Reclassification	295	-	-	-	(409)	114	-	-	-	-
Revaluation gain/(loss)	-	-	-	192,367	1,342	-	-	-	-	193,709
Additions	2,923	881	4,091	22,139	-	3,574	1,128	8,931	-	43,667
Depreciation charge	(3,411)	(2,379)	(1,384)	(4,083)	(62)	(3,207)	(3,938)	(18,644)	(1,544)	(38,652)
Work in progress movement	-	-	141	6,112	11	3,305	8,651	98,039	-	116,259
	-	-	-	-	-	-	-	-	-	-
Total	**11,039**	**84,773**	**7,398**	**677,402**	**2,650**	**130,071**	**70,155**	**741,736**	**21,648**	**1,746,872**
At cost and valuation	17,014	26,004	11,288	622,499	2,601	130,524	49,296	625,626	30,889	1,515,741
Work in progress	-	71,078	568	57,144	49	5,932	26,013	153,030	-	313,814
Accumulated depreciation	(5,975)	(12,309)	(4,458)	(2,241)	-	(6,385)	(5,154)	(36,920)	(9,241)	(82,683)
Total	**11,039**	**84,773**	**7,398**	**677,402**	**2,650**	**130,071**	**70,155**	**741,736**	**21,648**	**1,746,872**

Council 2023	**Land and Buildings $000**	**Plant and Equipment $000**	**Motor Vehicle $000**	**Flood Protection $000**	**Navigational aids $000**	**Parks and Forests $000**	**Transport Infrastructure $000**	**Water Infrastructure $000**	**Right to use $000**	**Total $000**
Opening net book value	35,608	29,628	2,893	472,602	1,949	129,514	58,094	662,821	24,720	1,417,829
Disposals/ written off net	-	(9)	-	(9)	(9)	(125)	(386)	(110)	-	(648)
Reclassification *	(8,889)	-	-	(9,680)	-	-	-	-	-	(18,569)
Revaluation gain/loss *	-	-	-	(32,677)	-	-	1,957	-	-	(30,720)
Impairment *	(27,831)	-	-	-	-	-	-	-	-	(27,831)
Additions	15,439	46	2,302	15,077	-	794	3,497	9	-	37,164
Depreciation charge	(2,758)	(2,547)	(878)	(1,005)	(67)	(3,218)	(2,850)	(18,570)	(1,528)	(33,421)
Work in progress movement	-	59,478	277	18,232	38	(400)	4,079	10,022	-	91,726
Total	**11,569**	**86,596**	**4,594**	**462,540**	**1,911**	**126,565**	**64,391**	**654,172**	**23,192**	**1,435,530**
At cost and valuation	15,464	29,220	10,090	417,210	2,280	127,150	53,896	617,727	30,889	1,303,926
Work in progress	-	71,074	427	51,033	38	2,627	17,362	54,994	-	197,555
Accumulated depreciation	(3,895)	(13,698)	(5,923)	(5,703)	(407)	(3,212)	(6,867)	(18,549)	(7,697)	(65,951)
Total	**11,569**	**86,596**	**4,594**	**462,540**	**1,911**	**126,565**	**64,391**	**654,172**	**23,192**	**1,435,530**

*** Prior year balance restated. Refer to note 35 for further details.**

Group 2024	**Land and Buildings $000**	**Plant and Equipment $000**	**Motor Vehicle $000**	**Flood Protection $000**	**Navigational aids $000**	**Parks and Forests $000**	**Transport Infrastructure $000**	**Water Infrastructure $000**	**Wharves and paving $000**	**Rolling stock $000**	**Right to use $000**	**Total $000**
Opening net book value	137,167	135,482	4,593	462,540	1,911	126,565	190,934	654,171	99,036	359,782	23,192	2,195,373
Disposals/ written off net	(488)	(353)	(44)	(1,673)	(143)	(280)	(77)	(762)	-	-	-	(3,820)
Reclassification	(153)	406	-	-	(409)	114	-	-	42	-	-	-
Revaluation gain/loss	8,705	-	-	192,367	1,342	-	-	-	-	-	-	202,414
Impairment	-	-	-	-	- -	-	-	-	-	-	-	-
Additions	9,090	5,161	4,091	22,139	-	3,574	12,011	8,931	6,175	538	-	71,710
Depreciation charge	(4,112)	(7,892)	(1,384)	(4,083)	(62)	(3,207)	(10,505)	(18,644)	(6,493)	(19,248)	(1,544)	(77,174)
Work in progress movement	278	1,206	141	6,112	11	3,305	6,840	98,039	16,445	9,461	-	141,838
Total	**150,487**	**134,010**	**7,397**	**677,402**	**2,650**	**130,071**	**199,203**	**741,735**	**115,205**	**350,533**	**21,648**	**2,530,341**
At cost and valuation	165,523	137,972	11,287	622,499	2,601	130,524	174,513	625,625	137,363	355,457	30,889	2,394,253
Work in progress	1,054	74,572	568	57,144	49	5,932	36,411	153,030	44,974	14,325	-	388,059
Accumulated depreciation	(16,090)	(78,534)	(4,458)	(2,241)	-	(6,385)	(11,721)	(36,920)	(67,132)	(19,249)	(9,241)	(251,971)
Total	**150,487**	**134,010**	**7,397**	**677,402**	**2,650**	**130,071**	**199,203**	**741,735**	**115,205**	**350,533**	**21,648**	**2,530,341**

Group 2023	Land and Buildings $000	Plant and Equipment $000	Motor Vehicle $000	Flood Protection $000	Navigational aids $000	Parks and Forests $000	Transport Infrastructure $000	Water Infrastructure $000	Wharves and paving $000	Rolling stock $000	Right to use $000	Total $000
Opening net book value	161,484	72,737	2,893	472,602	1,949	129,514	204,772	662,821	85,792	365,975	24,720	2,185,259
Disposals/written off net	-	(27)	-	(9)	(9)	(125)	(1,348)	(111)	(293)	-	-	(1,922)
Reclassification *	(33,814)	3,078	-	(9,680)	-	-	-	-	(3,078)	-	-	(43,494)
Revaluation gain/loss *	9,636	-	-	(32,677)	-	-	(26,618)	-	-	13,981	-	(35,678)
Impairment *	(27,831)	-	-	-	-	-	-	-	-	-	-	(27,831)
Additions	31,188	9,008	2,302	15,077	-	794	20,235	9	15,219	2,536	-	96,368
Depreciation charge	(3,525)	(7,849)	(879)	(1,005)	(67)	(3,218)	(8,494)	(18,570)	(5,508)	(24,207)	(1,528)	(74,850)
Work in progress movement	29	58,535	277	18,232	38	(400)	2,387	10,022	6,904	1,497	-	97,521
Total	**137,167**	**135,482**	**4,593**	**462,540**	**1,911**	**126,565**	**190,934**	**654,171**	**99,036**	**359,782**	**23,192**	**2,195,373**
At cost and valuation	165,535	138,420	10,089	417,210	2,280	127,150	167,218	617,728	130,521	355,710	30,889	2,162,750
Work in progress	750	72,319	427	51,033	38	2,627	30,583	54,992	29,152	4,072	-	245,993
Accumulated depreciation	(29,118)	(75,257)	(5,923)	(5,703)	(407)	(3,212)	(6,867)	(18,549)	(60,637)	-	(7,697)	(213,370)
Total	**137,167**	**135,482**	**4,593**	**462,540**	**1,911**	**126,565**	**190,934**	**654,171**	**99,036**	**359,782**	**23,192**	**2,195,373**

*** Prior year balance restated. Refer to note 35 for further details.**

Infrastructure assets – further disclosures

Council 2024	Closing book value $000	Additions: Assets transferred to Council $000	Estimated replacement cost $000
Infrastructural assets			
Water treatment plants and facilities	335,059	1,079	390,961
Other water assets	211,501	7,843	239,302
Flood protection and control works	620,262	22,139	641,180
Total infrastructural assets	**1,166,822**	**31,061**	**1,271,443**

Council 2023	Closing book value $000	Additions: Assets transferred to Council $000	Estimated replacement cost $000
Infrastructural assets			
Water treatment plants and facilities	347,691	-	378,448
Other water assets	251,488	9	265,629
Flood protection and control works	411,507	15,077	406,780
Total infrastructural assets	**1,010,686**	**15,086**	**1,050,857**

Capital Work in Progress

Capital work in progress 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 Work in Progress balance is carried forward on the basis the projects have been determined they will proceed.

2023 Group ($000)	2023 Parent ($000)		2024 Group ($000)	2024 Parent ($000)
750	-	Land and Buildings	1,054	-
72,319	71,074	Plant and Equipment	74,569	71,076
427	427	Motor Vehicle	568	568
51,033	51,033	Flood Protection	57,146	57,146
38	38	Navigational aids	49	49
2,627	2,627	Parks and Forests	5,932	5,932
30,583	17,362	Transport infrastructure	36,411	26,013
54,992	54,992	Water infrastructure	153,030	153,030
29,152	-	Wharves and paving	44,974	-
4,072	-	Rolling stock	14,325	-
245,993	**197,553**		**388,058**	**313,814**

Service Concession Arrangement

Background:

Greater Wellington (as grantor) has entered into an arrangement with Tranzit, 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 control 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 2023. The assessed value at that time was $83.8 million which was adjusted by $14.4 million for estimated Operational Port Land resilience costs, to arrive at fair value for financial reporting purposes.

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Industrial Zoned Land	**-**	-	**98,245**	98,245
Commercial Zoned	**-**	-	**-**	-
Other Port Land	**-**	-	**29,566**	29,566
	-	-	**127,811**	127,811
Less Provision for Land Resilience	**-**	-	**-**	(14,425)
Additions, Transfers, and Disposals of Port Land since valuation	**-**	-	**-**	-
Total Operational Port Land	**-**	-	**127,811**	113,386
Industrial Zoned Land				
Industrial Zoned Land as at 1 July	**-**	-	**98,245**	113,511
Additions*	**-**	-	**-**	23
Transfers to Investment Property	**-**	-	**-**	(24,925)
Increase / (decrease) in fair value*	**-**	-	**-**	9,636
	-	-	**98,245**	98,245
Commercial Zoned Land				

Commercial Zoned Land as at 1 July	**-**	-	**-**	-
Additions	**-**	-	**-**	-
Transfers/Reclassifications	**-**	-	**-**	-
Increase / (decrease) in fair value	**-**	-	**-**	-
	-	-	**-**	-
Other Port Land				
Other Port Land as at 1 July	**-**	-	**29,566**	29,566
Additions	**-**	-	**-**	-
Transfers/Reclassifications	**-**	-	**-**	-
Increase / (decrease) in fair value*	**-**	-	**-**	-
	-	-	**29,566**	29,566
Provision for Land Resilience				
Provision for Land Resilience as at 1 July	**-**	-	**(14,425)**	(27,763)
Additions	**-**	-	**6,166**	13,338
Transfers/Reclassifications	**-**	-	**(448)**	-
Change in Provision for Land Resilience charged to Revaluation Reserve	**-**	-	**8,707**	-
	-	-	**-**	(14,425)

Valuation approach Operational Port Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however, ignoring any and all operational buildings, structures and improvements involved in the day- to-day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties (“Leasehold Land”) as part of port operations.

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 including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, 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. Significant 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; and
- 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.

Key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient 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 below.

The following table summarises the valuation approach used by the valuers in 2023 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged other than an adjustment for transfers to investment property in the 2024 financial year and movements in the provision for land resilience:

Industrial Zoned Land	**Assessed Value Value**	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Freehold Land	$ 86.8m (2023: $86.8m)	Direct Sales Comparison approach	Weighted average land value the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm (2023: $50psqm to $1,650psqm)	+ 5% $4.4m (2023: + 5% $4.4m)
		Market Capitalisation	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property sustainable net income to derive value. The rate selected was 6.25% (2023: 6.25%)	+ 0.25% $0.1m (2023: + 0.25% $0.1m)
		Discounted Cash Flow	Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2023: 7.5%)	+ 0.25% $0.1m (2023: + 0.25% $0.1m)
Leasehold Land	$11.5m (2023: $11.5m)	Capitalised Net Rental approach	Weighted average land value the rate per sqm applied to the subject property. This ranges from $1,500psqm to$1,750psqm (2023: $1,500psqm to $1,750psqm)	+ 5% $0.6m (2023: + 5% $0.6m)
Assessed Value	**$98.2m (2023: $98.2m)**			
Provision for Land Resilience	$nil (2023: $14.4m)	Cost estimates	Estimated cost of completing land resilience work.	+ 15% $2.2m (2023: + 15%$2.2m)
Total Fair Value	**$98.2m (2023: $83.8m)**			

During the period the remaining land resilience provision has been reduced to nil (2023: $14.5m) following the completion of the work that was needed to be undertaken to support the land and achieve the assessed value determined by Colliers

International in their independent valuation. The reduction is comprised of $6.2m of work undertaken during the year less

$0.4m of incurred costs reclassified to Property, Plant and Equipment, and $8.7m of adjustment through Other Comprehensive Income.

Valuation approach - other port land

Other Port Land is made up of Freehold land and land leased out to third parties (“Leasehold Land”). Significant ancillary

services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach This is 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.
- Market Capitalisation approach This is where fair value is determined by assessing the property's market ground rental and then capitalising this using an appropriate yield.
- 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.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land
- perpetually renewable or terminating lease
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

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. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged since 2022, other than an adjustment for transfers to investment property in the 2024 financial year and movements in the provision for land resilience:

Other Port Land	Assessed Value	Valuation approach	Key valuation assumptions	Valuation impact
Leasehold Land	$24.5m (2023: $24.5m)	Capitalised Net Market Rental	Weighted average land value the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm (2023: $150psqm to $750psqm)	+ 5% $1.2m (2023: + 5% $1.2m)
Freehold Land	$5.0m	Market	Market capitalisation rate – the	+ 0.25% $0.3m

	(2023: $5.0m)	Capitalisation	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 8.25% (2023: 8.25%)	(2023: + 0.25% $0.3m)
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2023:8.75%)	+ 0.25% $0.2m (2023: + 0.25% $0.2m)
Total Fair Value	$29.6m (2023: $29.6m)			

Greater Wellington Rail Limited (GWRL)

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

16 Lease receivables

Accounting policy

A finance lease transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

	Council		Group	
	Actual 2024 $000	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Current *	**-**	21,530	**-**	21,530
Total lease receivables	**-**	21,530	**-**	21,530

* Prior year balance restated. Refer to note 35 for further details.

Finance lease arrangements

During the year ended 30 June 2023 council entered into an arrangement to transfer residential and commercial units on Pharazyn and Marsden streets to Waka Kotahi as part of the RiverLink project. The transfer is subject to a final survey.

Substantially all of the risks and rewards of ownership of the assets have transferred and as such the transaction is classified as a finance lease.

The maturity analysis of lease receivables to be received are as follows:

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Less than 1 year	**-**	21,530	**-**	21,530
Unearned finance income	**-**	-	**-**	-
Total present value of minimum lease payments	**-**	21,530	**-**	21,530

17 Intangible assets

Software

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 Emission Trading Scheme

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

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

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

Council	**Software**	**Emission Units**	**Total**
Year ended 30 June 2024			
Opening net book amount	1,656	15,217	16,873
Additions	-	606	606
Disposals	-	-	-
Revaluation	-	2,248	2,248
Amortisation charge **	(749)	-	(749)
Work in progress movement	17	-	17
Closing net book amount	924	18,071	18,995
At 30 June 2024			
Cost and valuation	6,814	18,071	24,885
Valuation	-	-	-
Accumulated amortisation and impairment	(5,890)	-	(5,890)
Net book amount	924	18,071	18,995

Council	**Software $000**	**Emission units $000**	**Total $000**
Year ended 30 June 2023			
Opening net book amount	2,598	26,010	28,608
Additions	-	178	178
Amortisation charge **	(966)	-	(966)
Work in progress movements	24	-	24
Revaluation	-	(10,971)	(10,971)
Amortisation charge **	-	-	-
Closing net book amount	1,656	15,217	16,873

At 30 June 2023			
Cost and valuation	14,575	15,217	29,792
Accumulated amortisation and impairment	(12,919)	-	(12,919)
Net book amount	1,656	15,217	16,873

Group	Software $000	Emission Units $000	Brand $000	Total $000
Year ended 30 June 2024				
Opening net book amount	1,824	15,217	-	17,041
Additions	-	606	-	606
Disposals	-	-	-	-
Revaluation	-	2,248	-	2,248
Amortisation charge **	(893)	-	-	(893)
Working in progress movement	17	-	-	17
Closing net book amount	948	18,071	-	19,019
At 30 June 2024				
Cost and valuation	9,359	18,071	-	27,430
Accumulated amortisation and impairment	(8,411)	-	-	(8,411)
Net book amount	948	18,071	-	19,019

Group	Software $000	Emission units $000	New Zealand emission units $000	Total $000
Year ended 30 June 2023				
Opening net book amount	2,955	26,010	-	28,965
Additions	-	178	-	178
Amortisation charge **	(1,154)	-	-	(1,154)
Work in progress movement	23	-	-	23
Revaluation	-	(10,971)	-	(10,971)
Closing net book amount	1,824	15,217	-	17,041
At 30 June 2023				
Cost	17,900	15,217	-	33,117
Accumulated amortisation and impairment	(16,076)	-	-	(16,076)
Net book amount	1,824	15,217	-	17,041

No intangible assets are pledged as security for liabilities.

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

18 Insurance coverage, asset values and contingency funds

Section 31 A (a) LG Act Amendment Act No 3

a) The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured.

	Value of assets covered by insurance $000	Maximum level of insurance coverage $000
Council assets	**2,976,131**	321,294
Rolling stock	**619,196**	195,000
Total	**3,595,327**	516,294

b) The total value of all assets of the local authority that are self insured, and the value of any fund maintained by the local authority

	Value of fund maintained $000	Total value of assets self-insured $000
Council assets	**85,789**	193,266
Rolling stock		20,000
Total	**85,789**	213,266

Our level of insurance is set based on loss modelling, for example, the maximum probable loss, for Flood Protection assets, is based on a 1,000 year average return 7.3 earthquake from the Wellington fault. The 90th percentile damage estimate for Flood Protection assets has been calculated at $96 million by by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan Emergency Management Plan.

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

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares its building and equipment insurance with these four Councils to the value of $600 million, based on our Council assets of $1.053 million and sharing Group assets of $2.578 million.

19 Investment properties

Accounting policy

Investment property, which is property held to earn rentals 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 the statement of comprehensive income in the period in which they arise

Greater Wellington holds no investment in properties.

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

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development

Valuation approach

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.

The fair value of investment properties is based on the highest and best use for commercial property.

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.

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 consists of the Harbour Quays Development Land and the Northern Reclamation (2023: Harbour Quays Development Land and the Northern Reclamation).

Land Available for Development is valued using a 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, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

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 maintain the sea wall along the reclamation edge. All costs associated with the annual maintenance of the sea wall have been excluded from the valuation.
- 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 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 The key valuation assumptions have been revised as at 30 June 2024, including movements in the estimated cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works.

Class of Property	Fair Value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Developed Investment Property	$28.0m (2023:$30.5m)	Market Capitalisation	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 7.13% (2023: 7.0%)	+0.13% $0.5m -0.13% $1.0m (2023: +0.25% $1.5m -0.25% $1.0m)
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cashflows. The rate selected was 8.25% (2023: 8.25%)	+0.25% $0.6m 0.25% $0.6m (2023:+0.25% $0.6m 0.25% $0.6m)
Land Available for Development	$68.7m (2023: $64.6m)	Direct Sales Comparison	Weighted average land value the rate per sqm applied to the subject property. The rates applied ranged from $150 $2750 per sqm (2023: $125 - $2,625 per sqm)	+5.0% $3.6m -5.0% $3.6m (2023: +5.0% $3.4m -5.0% $3.4m)
Assessed Value	**$96.7m (2023: $95.1m)**			

Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	$nil (2023: $9.0m)	Cost estimates	Estimated cost of completing works on Land Available for Development.	+10% $nil 10% $nil (2023: +10% $0.9m 10% $0.9m)
Total Fair Value				

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Developed investment properties	**-**	-	**28,000**	30,500
Land available for development	**-**	-	**68,650**	55,625
	-	-	**96,650**	86,125

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Developed investment properties brought forward	**-**	-	**30,500**	31,767
Additions	**-**	-	**-**	155
Increase / (decrease) in fair value	**-**	-	**-**	(1,253)
Disposals	**-**	-	**(2,500)**	(169)
Developed investment properties carried forward	**-**	-	**28,000**	30,500
Land available for development brought forward	**-**	-	**55,625**	30,850
Additions / (disposals)	**-**	-	**-**	106
Transfer from / (to) developed investment properties	**-**	-	**-**	24,925
Impairment on Earthquake damage	**-**	-	**-**	-
Increase / (decrease) in fair value	**-**	-	**13,025**	(256)
Land available for development carried forward	**-**	-	**68,650**	55,625
Total investment properties	**-**	-	**96,650**	86,125

20 Investments in subsidiaries and associates

Accounting policy

Greater Wellington consolidates as subsidiaries in the group financial statements all entities over which Greater Wellington may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Greater Wellington has an interest of 50% or more of council controlled organisations or more than one half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements.

Breakdown of investments in subsidiaries and associates:

		2024 %	2023 %
WRC Holdings Limited	Subsidiary of Greater Wellington	**100**	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 Limited (trading as WellingtonNZ)	Minority Interest	**20**	20
Wellington Water Limited	Associates of Greater Wellington	**17**	17

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

All significant intra group transactions have been eliminated on consolidation.

* On 14 October 2022, the Reserve Bank of New Zealand granted a licence under The Insurance (Prudential Supervision) Act 2010 for CentrePort Captive Insurance Limited to operate as a captive insurance company. As at 30 June 2024, CentrePort Captive Insurance has not issued any insurance contracts (2023: Nil).

	Actual 2024	Actual 2023
WRC Holdings Limited (shares)	**355,245**	337,145
Wellington Water Limited (voting shares)	**150**	150
Total investment in subsidiaries	**355,395**	337,295

For commercial sensitivity purposes, the financial information of associates is not disclosed.

21 Derivative financial instruments

Accounting Policy

Derivative financial instruments are used to manage exposure to interest rate risks arising from Greater Wellington's financing activities and exposure to foreign exchange risks arising from operational activities. In accordance with its Treasury management policies, Greater Wellington does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date based on the forward interest rate yield curve. The resulting gain or loss is recognised in surplus or deficit.

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

The full fair value of any foreign exchange contract derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise foreign exchange contract derivatives are classified as non current.

At 30 June 2024 Greater Wellington and Group had entered into the following interest rate swap agreements:

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Current asset portion				
Interest rate swaps	**6,767**	7,075	**6,767**	7,075
Total current asset portion	**6,767**	7,075	**6,767**	7,075
Noncurrent asset portion				
Interest rate swaps	**19,952**	21,164	**19,952**	21,164
Total noncurrent asset portion	**19,952**	21,164	**19,952**	21,164
Total derivative financial instruments assets	**26,719**	28,239	**26,719**	28,239
Current liability portion				
Interest rate swaps	**-**	-	**-**	-
Total current liability portion	**-**	-	**-**	-
Noncurrent liability portion				
Interest rate swaps	**871**	496	**871**	496
Total noncurrent liability portion	**871**	496	**871**	496
Total derivative financial instruments liabilities	**871**	496	**871**	496
Total net fair value	**25,848**	27,743	**25,848**	27,743

For more information on interest rate swaps and foreign exchange contracts, please refer to note 26 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

22 Trade and other payables

	Council		Group	
	Actual 2024 $000	Restated Actual 2023 $000	**Actual 2024 $000**	Restated Actual 2023 $000
Trade payables	**73,757**	81,390	**90,090**	95,295
Deposits and bonds*	**32**	32	**44**	41
Revenue in advance	**763**	504	**763**	504
Accrued interest on borrowings	**10,279**	8,569	**10,279**	8,569
Amounts due to related parties	**5,938**	6,232	**-**	-
Total current creditors and other payables	**90,769**	96,727	**101,176**	104,409

* Prior year balance restated. Refer to note 35 for further details.

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

23 Interest bearing liabilities

Accounting policy

Borrowings are recorded at amortised cost.

		Council		Group	
	Note	**Actual 2024 $000**	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Current debt liabilities					
Bank overdraft	(i)	**-**	-	**-**	-
Commercial paper	(ii)	**113,091**	103,477	**113,091**	84,517
Floating rate notes		**96,000**	50,000	**96,000**	50,000
NZ Green Investment Finance	(vi)	**-**	-	**12,000**	12,000
Total current debt liabilities		**209,091**	153,477	**221,091**	146,517
Non-current debt liabilities					
Fixed rate bond	(v)	**75,000**	25,000	**75,000**	25,000
Floating rate notes	(iii)	**762,000**	597,000	**762,000**	597,000
Total non-current debt liabilities		**837,000**	622,000	**837,000**	622,000
Total debt liabilities		**1,046,091**	775,477	**1,058,091**	768,517

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 2024 Greater Wellington has $140 million (2023: $120 million) credit lines of which $140 million (2023: $120 million) is undrawn. Two credit lines are for $35 million (2023: $35 million) each with one maturing in May 2029 and the other one maturing in June 2028. These two facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. A third facility is for $70 million (2023: $50 million) and has no maturity date with the provider having a 15 month notice period. All three facilities are subject to a charge over rates. As at 30 June 2024 the Group had no bank overdraft balance (2023: $0).

(ii) Greater Wellington has issued four (2023: five) commercial papers as at 30 June 2024. Three mature within three months from balance date and two matures between 3 month and 1 year. Their weighted average interest rate is 5.72% (2023: 5.77%).

(iii) As at 30 June 2024 GWRC has issued 32 (2023: 24) Floating Rate Notes (FRN) as per the below table. The interest rates are ranging between 5.8675% and 6.5951% (2023: 5.7675% and 6.5475%) and are reset quarterly based on the 90 day bank bill rate plus a margin.

	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000	Carrying amount $000
Maturity Floating Rate Notes					
2024	96,000	50,000	348,000	364,000	858,000
2023	50,000	96,000	128,000	373,000	647,000

(iv) WRC Holdings Limited has received a $44 million loan from Greater Wellington which matures on 15 October 2024 and is repriced quarterly. The loan has an interest rate of 6.0175%. (2023: 6.1175%).

(v) As at 30 June 2024 GWRC has issued three (2023: one) semi annual Fixed Rate Bonds with interest rates ranging between 4.31% and 5.26% (2023: 4.31%).

	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000	Carrying amount $000
Maturity Fixed Rate Bonds					
2024	-	-	50,000	25,000	75,000
2023	-	-	-	25,000	25,000

(vi) NZ Green Investment Finance

CentrePort entered has a $15 million debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $12 million of this facility at balance date (2023: $12 million). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13 months. The Lender has first ranking security over all current and future assets held by the Group.

24 Employee entitlements and provisions

Accounting policy

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 statement of revenue and expenses as incurred. Greater Wellington 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.

Provisions

A provision is recognised in the statement of financial position when Greater Wellington and 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.

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Current liability				
Employee benefits	**6,407**	6,427	**10,561**	10,380
Provision	**-**	-	**-**	-
Noncurrent portion				
Employee benefits	**128**	164	**265**	287
Total employee benefit liabilities	**6,535**	6,591	**10,826**	10,667

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 4.7% (2023: 4.6%).

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) (the Act) and determining the underpayment is time consuming and complicated. For the current year, Greater Wellington has a provision balance of $1.06 million (2023: $1.12 million) for the Holiday Act remediation payment.

	Annual leave $000	**Long service leave $000**	**Earthquake repair works $000**	**Total $000**
Council				
2024				
Opening carrying value	6,427	164	-	6,591
Addition	(20)	(36)	-	(56)

Carrying amount at end of year	**6,407**	**128**	**-**	**6,535**

	Annual leave $000	Long service leave $000	Earthquake repair works $000	Total $000
Council				
2023				
Opening carrying value	6,846	139	66	7,051
Addition	(419)	25	(66)	(460)
Carrying amount at end of year	**6,427**	**164**	**-**	**6,591**

25 Note to statement of cash flows

Reconciliation of surplus / (deficit) after income tax to net cash flow from operating activities

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Surplus / (deficit) after tax	**(50,259)**	(6,111)	**(51,154)**	(20,989)
Add / (less) non-cash items				
Depreciation and amortisation	**39,400**	34,388	**78,040**	76,004
Impairment of property, plant and equipment, goodwill and software	**-**	27,831	**(10,525)**	27,831
Net / (loss) gain on sale of fixed assets	**2,124**	(2,658)	**1,783**	(1,415)
Gain / (loss) on fair value of financial instruments	**2,065**	(14,361)	**-**	(14,361)
Interest accrued on investments	**(8,768)**	(3,361)	**(8,768)**	(3,361)
Equity accounted earnings from associate companies	**-**	-	**(1,794)**	(1,107)
Change in value of future tax benefit	**-**	-	**(4,964)**	(5,775)
Increase / (decrease) of emission units allocations	**(606)**	(178)	**(606)**	(178)
Decrease / (increase) in value of investment property	**-**	-	**2,065**	1,509
Movement in provision	**-**	-	**-**	-
Add / (less) movements in working capital				
Accounts receivable	**(29,835)**	35,977	**(29,049)**	37,511
Warm Wellington receivable	**-**	(295)	**-**	(295)
Inventory	**(1,519)**	100	**(1,642)**	705
Accounts payable	**(1,343)**	(2,089)	**(1,566)**	(5,058)
Employee provisions	**(56)**	(460)	**159**	(205)
Tax	**-**	-	**(3,878)**	(3,873)
Other	**-**	-	**-**	-
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	**-**	-	**1,666**	1,571
Accounts receivable related to investment property	**-**	-	**-**	-
Net cash inflow/(outflow) from operating activities	**(48,797)**	68,783	**(22,733)**	88,514

Reconciliation of liabilities arising from financing activities

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Loan funding	**320,614**	167,413	**320,614**	168,413
Debt repayment	**(50,000)**	(30,000)	**(50,000)**	(30,000)
Dividends paid to non-controlling interests	**-**	-	**(1,615)**	(1,385)
	270,614	137,413	**268,999**	137,028

Council				
Cashflows from financing activities	**Commercial Paper $000**	**LGFA Floating Rate Notes $000**	**LGFA Bonds $000**	**Total $000**
Opening balance 1 July 2023	103,477	647,000	25,000	775,477
Additions	417,692	261,000	50,000	728,692
Repayments	(408,078)	(50,000)	-	(458,078)
Closing balance 30 June 2024	**113,091**	**858,000**	**75,000**	**1,046,091**

Group					
Cashflows from financing activities	**Commercial Paper $000**	**LGFA Floating Rate Notes $000**	**LGFA Bonds $000**	**NZ Green Investment $000**	**Total $000**
Opening balance 1 July 2023	84,517	647,000	25,000	12,000	768,517
Additions	417,692	261,000	50,000	-	728,692
Repayments	(389,118)	(50,000)	-	-	(439,118)
Closing balance 30 June 2024	**113,091**	**858,000**	**75,000**	**12,000**	**1,058,091**

26 Financial instruments

Greater Wellington and Group have a series of policies to manage the financial risks associated with its operations. These risks include market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk, other price risk off market equity price risk), credit risk, and liquidity risk.

Greater Wellington and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial instruments is governed by Treasury policies which are approved by the Council / the board of directors respectively. The policies do not allow 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.

Greater Wellington and 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 2024 Greater Wellington does not have any foreign exchange contracts (2023: Nil). In the Group there is no FX contract as per 30 June 2024 (2023: 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.

Greater Wellington and Group are exposed to fair value interest rate risk on fixed interest rate debt and investments, and on financial instruments carried at fair values based on market interest rates.

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 2024 Greater Wellington and the Group had entered into the following interest rate swap agreements:

	Council		Group	
Movement in interest rate:	**2024 $000**	2023 $000	**2024 $000**	2023 $000
Less than one year	**55,000**	30,000	**55,000**	30,000
One to two years	**85,000**	55,000	**85,000**	55,000
Two to five years	**335,000**	205,000	**335,000**	205,000
Greater than five years	**310,000**	320,000	**310,000**	320,000
Total fair value interest rate risk	**785,000**	610,000	**785,000**	610,000

At 30 June 2024, the fixed interest rates of swaps of the Council and Group vary from 1.20% to 5.17% (2023: 1.20% to 5.40%).

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, Greater Wellington and 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 Greater Wellington and 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.

Other price risk - off market equity price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Greater Wellington is exposed to off market equity price risk in the valuation of its non listed equity investments. The valuation is based on the net asset backing of the issuer companies and therefore subject to variation according to the operating results and capital structure of those entities.

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 Greater Wellington and the Group's financial instrument exposures at balance date.

30 June 2024 **Interest rate risk**	**Council +1% Surplus/ (deficit) $000**	**Council +1% Equity $000**	**Council -1% Surplus/ (deficit) $000**	**Council -1% Equity $000**	**Group +1% Surplus/ (deficit) $000**	**Group +1% Equity $000**	**Group -1% Surplus/ (deficit) $000**	**Group -1% Equity $000**
Financial assets								
Cash at bank and term deposits	186	-	(186)	-	990	-	(990)	-
New Zealand Local Government Funding Agency Limited borrower notes	194	-	(194)	-	194	-	(194)	-
Bank deposits	1,590	-	(1,590)	-	1,590	-	(1,590)	-
Bulk water supply contingency fund	496	-	(496)	-	496	-	(496)	-
Material damage property insurance contingency fund	126	-	(126)	-	126	-	(126)	-
Major flood contingency fund	86	-	(86)	-	86	-	(86)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	21,914	-	(23,477)	-	21,914	-	(23,477)	-
Financial liabilities								
NZ Green Investment Fund	-	-	-	-	(120)	-	120	-
Commercial paper	(1,131)	-	1,131	-	(1,131)	-	1,131	-
Floating rate notes	(8,580)	-	8,580	-	(8,580)	-	8,580	-
Derivatives	2,966	-	(2,858)	-	2,966	-	(2,858)	-
Total sensitivity to interest rate risk	18,287	-	(19,742)	-	18,531	-	(19,986)	-

30 June 2023 **Interest rate risk**	**Council +1% Surplus/ (deficit) $000**	**Council +1% Equity $000**	**Council -1% Surplus/ (deficit) $000**	**Council -1% Equity $000**	**Group +1% Surplus/ (deficit) $000**	**Group +1% Equity $000**	**Group -1% Surplus/ (deficit) $000**	**Group -1% Equity $000**
Financial assets								
Cash at bank and term deposits	172	-	(172)	-	1,319	-	(1,319)	-
New Zealand Local Government Funding Agency Limited borrower notes	137	-	(137)	-	137	-	(137)	-
Bank deposits	1,020	-	(1,020)	-	1,020	-	(1,020)	-
Bulk water supply contingency fund	473	-	(473)	-	473	-	(473)	-
Material damage property insurance contingency fund	120	-	(120)	-	120	-	(120)	-
Major flood contingency fund	81	-	(81)	-	81	-	(81)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-

Derivatives	21,156	-	(22,817)	-	21,156	-	(22,817)	-
Financial liabilities								
NZ Green Investment Ltd	-	-	-	-	(120)	-	120	-
Commercial paper	(1,035)	-	1,035	-	(845)	-	845	-
Floating rate notes	(6,470)	-	6,470	-	(6,470)	-	6,470	-
Derivatives	1,456	-	(1,517)	-	1,456	-	(1,517)	-
Total sensitivity to interest rate risk	17,550	-	(19,272)	-	18,327	-	(20,049)	-

(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 that expose Greater Wellington and the Group to credit risk are principally bank balances, bonds and deposits, loans and advances to community and related entities, receivables, investments and derivatives. Greater Wellington also provides financial guarantees that expose it to credit risk.

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 initial Stadium advance from 1998 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.

The December 2020 advance to the Wellington Regional Stadium Trust matures in December 2030 and is expected to be repaid.

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 the Waka Katahi/New Zealand Transport Agency and the Te Manatu Waka/Ministry of Transport.

The Group does not have any significant credit risk exposure 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.

	Council		**Group**	
	2024 $000	2023 $000	**2024 $000**	2023 $000
Cash at bank and term deposits	**18,584**	120,135	99,053	234,765
Trade and other receivables	**80,682**	55,000	94,609	88,842
New Zealand Local Government Funding Agency Limited borrower notes	**22,581**	14,878	22,581	14,878

Stadium advance	**2,038**	2,028	2,039	2,028
Derivative financial instrument assets	**26,719**	28,239	26,719	28,239
Bulk water supply contingency fund	**50,910**	47,941	50,910	47,941
Material damage property insurance contingency fund	**12,981**	12,093	12,981	12,093
Major flood contingency fund	**9,023**	8,280	9,023	8,280
Loan to WRC Holdings Limited	**44,569**	44,544	-	-
Loans and Advances to Joint Ventures	**-**	-	9,786	9,934
Total credit risk	**268,087**	354,668	**327,701**	447,000

Greater Wellington is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 27.

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**	
Counterparties with credit ratings	**2024 $000**	2023 $000	**2024 $000**	2023 $000
New Zealand Local Government Funding Agency Limited borrower notes				
AAA	22,851	14,878	22,851	14,878
Total LGFA borrower notes	22,851	14,878	22,851	14,878
Cash at bank and term deposits				
AA-	187,045	145,274	246,508	252,898
Moody's A1 = A+ S&P	59,476	20,466	70,476	20,466
A	24	22,708	10,024	29,708
Total cash at bank and term deposits	246,545	188,448	327,008	303,072
Derivative financial instruments				
AA-	20,018	21,813	20,018	21,813
Moody's A1 = A+ S&P	6,291	6,426	6,291	6,426
Total derivative financial instruments	26,309	28,239	26,309	28,239

(c) Liquidity risk

Liquidity risk is the risk that Greater Wellington and 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 S&P 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 Greater Wellington and the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

Future interest payments on floating rate debt are based on the floating rate applicable to the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Less than 1 year $000	1-2 years $000	2-5 years $000	More than 5 years $000	Contractual cashflows $000	Carrying amount $000
Council 2024						
Financial liabilities						
Trade and other payables	90,769	-	-	-	90,769	90,769
Commercial paper	115,000	-	-	-	115,000	113,091
Derivatives	(6,959)	(5,146)	(7,627)	(10,879)	(30,611)	(25,848)
Floating rate notes	147,350	96,759	452,794	410,208	1,107,111	858,000
Fixed rate bonds	3,688	3,688	57,361	26,930	91,667	75,000
Service concession liability	-	-	-	-	-	21,025
Total financial liabilities	349,848	95,301	502,528	426,259	1,373,936	1,132,037
Council 2023						
Financial liabilities						
Trade and other payables	118,257	-	-	-	118,257	118,257
Commercial paper	106,000	-	-	-	106,000	103,477
Derivatives	(7,298)	(5,846)	(8,500)	(11,472)	(33,116)	(27,743)
Floating rate notes	88,019	129,634	208,775	420,876	847,304	647,000
Fixed rate bonds	1,078	1,078	3,233	28,008	33,397	25,000
Service concession liability	-	-	-	-	-	22,861
Total financial liabilities	306,056	124,866	203,508	437,412	1,071,842	888,852
Group 2024						
Financial liabilities						
Trade and other payables	101,176	-	-	-	101,176	101,176
Commercial paper	115,000	-	-	-	115,000	113,091
Derivatives	(6,959)	(5,147)	(7,627)	(10,878)	(30,611)	(25,848)
Floating rate notes	147,350	96,759	452,794	410,208	1,107,111	858,000
Fixed rate bonds	3,688	3,688	57,361	26,930	91,667	75,000
Service concession liability	-	-	-	-	-	21,025
NZ Green Investment Finance	12,006	-	-	-	12,006	12,000
Total financial liabilities	372,261	95,300	502,528	426,260	1,396,349	1,154,444
Group 2023						
Financial liabilities						
Trade and other payables	125,939	-	-	-	125,939	125,939
Commercial paper	86,000	-	-	-	86,000	84,517
Derivatives	(7,298)	(5,846)	(8,500)	(11,472)	(33,116)	(27,743)
Floating rate notes	88,019	129,634	208,775	420,876	847,304	647,000
Fixed Rate Bond	1,078	1,078	3,233	28,008	33,397	25,000
Service concession liability	-	-	-	-	-	22,861
NZ Green Investment Finance	12,006	-	-	-	12,006	12,000
Total financial liabilities	305,744	124,866	203,508	437,412	1,071,530	889,574

Financial guarantees

Greater Wellington is exposed to liquidity risk as a guarantor of all of the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in Note 27 Contingencies.

(d) Fair value

For those financial instruments recognised at amortised cost in the statement of financial position, fair value is approximately their carrying value

Fair value hierarchy

For those instruments recognised at fair value in the balance sheets, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non observable inputs (level 3) Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Council	Significant non observable inputs Level 3 $000	Observable inputs Level 2 $000	Quoted market price Level 1 $000	Total $000
30 June 2024				
Financial assets at fair value				
New Zealand Local Government Funding Agency Limited borrower notes	-	22,581	-	22,581
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,900	-	-	7,900
Derivative financial assets	-	26,719	-	26,719
Total asset at fair value	7,980	49,300	-	57,280
Financial liabilities at fair value				
Derivative financial liabilities	-	871	-	871
Total liabilities at fair value	-	871	-	871

30 June 2023	Significant non observable inputs $000	Observable inputs $000	Quoted market price $000	Total $000
Financial assets at fair value				
New Zealand Local Government Funding Agency Limited borrower notes	-	14,878	-	14,878
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial assets	-	28,239	-	28,239
Total assets at fair value	7,884	43,117	-	51,001
Financial liabilities at fair value				
Derivative financial liabilities	-	496	-	496
Total liabilities at fair value	-	496	-	496

Group	Significant non observable inputs $000	Observable inputs $000	Quoted market value $000	Total $000
30 June 2024				
Financial assets at fair value				
New Zealand Local Government Funding Agency Limited borrower notes	-	22,581	-	22,581
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,900	-	-	7,900
Derivative financial assets	-	26,719	-	26,719
Investment securities at FVTOCRE	-	378	20.447	20,825
Total financial assets at fair value	7,980	49,678	20.447	78,105
Financial liabilities at fair value				
Derivative financial liabilities	-	871	-	871
Total financial liabilities at fair value	-	871	-	871
30 June 2023				
Financial assets at fair value				
New Zealand Local Government Funding Agency Limited borrower notes	-	14,878	-	14,878
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial assets	-	28,239	-	28,239
Investment securities at FVTOCRE	-	-	-	-
Total financial assets at fair value	7,884	43,117	-	51,001
Financial liabilities at fair value				
Derivative financial liabilities	-	496	-	496
Total financial liabilities at fair value	-	496	-	496

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

(e) Financial instrument categories

Financial instruments are classified into one of the following measurement categories depending on the nature and characteristics of the financial instrument and the purpose for which it is held:

- Financial assets and liabilities measured at fair value through surplus or deficit (FVTSD);
- Financial assets and liabilities measured at amortised cost;
- Financial assets and liabilities measured at fair value through other comprehensive revenue and expense (FVTOCRE).

Council	Mandatorily measured at FVTSD $000	Measured at amortised cost $000	Designated measured at FVTOCRE $000	Total $000
Financial assets				
30 June 2024				
Cash and cash equivalents	-	18,584	-	18,584
Receivables and prepayments	-	80,682	-	80,682
NZ Local Government Funding Agency shares	-	-	7,900	7,900
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	22,581	-	-	22,581
Warm Wellington Funding	-	2,544	-	2,544
Bank Deposits with maturity terms more than 3 months	-	163,600	-	163,600
Stadium advance	-	2,038	-	2,038
Bulk Water Supply Contingency Fund	-	50,910	-	50,910
Material Damage Property Insurance Contingency Fund	-	12,981	-	12,981
Major Flood Contingency Fund	-	9,023	-	9,023
Derivative financial assets	26,719	-	-	26,719
Loan to WRC Holdings Limited	-	44,569	-	44,569
Total financial assets	49,300	384,931	7,980	442,211
30 June 2023				
Cash and cash equivalents	-	17,243	-	17,243
Receivables and prepayments	-	55,000	-	55,000
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	14,878	-	-	14,878
Warm Wellington Funding	-	3,811	-	3,811
Bank Deposits with maturity terms more than 3 months	-	102,892	-	102,892
Stadium advance	-	2,028	-	2,028
Bulk Water Supply Contingency Fund	-	47,941	-	47,941
Material Damage Property Insurance Contingency Fund	-	12,093	-	12,093
Major Flood Contingency Fund	-	8,280	-	8,280
Derivative financial assets	28,239	-	-	28,239
Loan to WRC Holdings Limited	-	44,544	-	44,544
Total financial assets	43,117	293,832	7,884	344,833

Financial assets	Mandatorily measured at FVTSD $000	Measured at amortised cost $000	Designated measured at FVTOCRE $000	Total $000
Group				
30 June 2024				
Cash and cash equivalents	-	99,053	-	99,053
Receivables and prepayments	-	94,609	-	94,609
NZ Local Government Funding Agency shares	-	-	7,900	7,900
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	22,581	-	-	22,581
Warm Wellington Funding	-	2,544	-	2,544
Bank Deposits with maturity terms more than 3 months	-	163,600	-	163,600
Stadium advance	-	2,038	-	2,038
Bulk Water Supply Contingency Fund	-	50,910	-	50,910
Material Damage Property Insurance Contingency Fund	-	12,981	-	12,981
Major Flood Contingency Fund	-	9,023	-	9,023
Derivative financial assets	26,719	-	-	26,719
Other financial assets	-	14,584	20,825	35,409
Total financial assets	49,300	449,342	28,805	527,447
30 June 2023				
Cash and cash equivalent	-	131,873	-	131,873
Receivables and prepayments	-	88,842	-	88,842
NZ Local Government Funding Agency shares	-	-	7,804	7,804
Civic Financial Services Limited shares	-	-	80	80
NZ Local Government Funding Agency borrower notes	14,878	-	-	14,878
Warm Wellington Funding	-	3,811	-	3,811
Bank Deposits with maturity terms more than 3 months	-	102,892	-	102,892
Stadium advance	-	2,028	-	2,028
Water Supply Contingency Investment	-	47,941	-	47,941
Material Damage Property Insurance Contingency Fund	-	12,093	-	12,093
Major Flood Contingency Fund	-	8,280	-	8,280
Loans and Advances to Joint Ventures	-	-	-	-
Derivative financial assets	28,239	-	-	28,239
Other financial assets	-	-	-	-
Total financial assets	43,117	397,760	7,884	448,761

Financial Liabilities	Mandatorily measured at FVTSD $000	Measured at amortised cost $000	Total $000
Council			
30 June 2024			
Payables	-	90,769	90,769
Commercial paper	-	113,091	113,091
Floating rate notes	-	858,000	858,000
Fixed rate bond	-	75,000	75,000
Derivative financial liabilities	871	-	871
Service concession liability	-	21,025	21,025
Total financial liabilities	871	1,157,886	1,158,756
30 June 2023			
Payables	-	118,257	118,257
Commercial paper	-	103,477	103,477
Floating rate notes	-	647,000	647,000
Fixed rate bond	-	25,000	25,000
Derivative financial liabilities	496	-	496
Service concession liability	-	22,861	22,861
Total financial liabilities	496	916,595	917,091

Financial Liabilities	Mandatorily measured at FVTSD $000	Measured at amortised cost $000	Total $000
Group			
30 June 2024			
Payables	-	101,176	101,176
Commercial paper	-	113,091	113,091
Floating rate notes	-	858,000	858,000
Fixed rate bond	-	75,000	75,000
NZ Green Investment Finance	-	12,000	12,000
Derivative financial liabilities	871	-	871
Service concession liability	-	21,025	21,025
Total financial liabilities	871	1,181,292	1,182,163
30 June 2023			
Payables	-	126,483	126,483
Commercial paper	-	84,517	84,517
Floating rate notes	-	647,000	647,000
Fixed rate bond	-	25,000	25,000
NZ Green Investment Finance	-	12,000	12,000
Derivative financial liabilities	496	-	496
Service concession liability	-	22,861	22,861
Total financial liabilities	496	917,861	918,357

27 Contingencies

	Council		Group	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Legal proceedings and obligations	**524**	1,255	**524**	1,255
Uncalled capital WRC Holdings Limited				
50,000,000 $1 shares uncalled and unpaid	**50,000**	50,000	**-**	-
3,000,000 $1 shares, called and paid	**-**	826	**-**	-
25,200,000 $1 shares, partly called and partly paid	**7,926**	-	**-**	-
New Zealand Local Government Funding Agency Limited				
1,886,000 $1 shares uncalled and unpaid	**1,886**	1,886	**-**	-
Total contingencies liability	**60,336**	53,967	**524**	1,255

Legal proceedings and obligations

Legal proceedings and obligations against the Group and the council exist as a result of past events which are currently being contested. The amounts shown reflect potential liability for financial reporting purposes only and do not represent an admission that any claim is valid. The outcome of these remains uncertain at the end of the reporting period. The maximum exposure to the Group is anticipated to be approximately $524,000.

Contingent liabilities

New Zealand Local Government Funding Agency Guarantee

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 $23.841 billion (2023: $18.570 billion).

Unquantifiable contingent liabilities

The incorrect application of the general rate differential within Wellington City from 2019/20 to 2022/23 has resulted in an under payment of rates by business ratepayers and an over payment of rates by residential and rural ratepayers over four years period. The Council considered four options to resolve the issue being, (1) validation of the collection of rates for the period through legislation, (2) taking no retrospective remedial action, (3) providing a refund to residential and rural ratepayers, and (4) providing a credit to affected rateable dwellings. On 26 October 2023, Council decided to take no retrospective remedial action, including no provision for refunds, but will seek to identify a Wellington City Member of Parliament who would be willing to sponsor a local bill to validate the collection of rates for the four year period. Until legislation is passed, Council will be at risk of an unquantifiable level of potential rebates or refunds to affected rate payer until the earlier of June 2029 or the passing of the local bill. As the amount cannot be quantified, an unquantified contingent liability has been disclosed accordingly.

Council is involved in a civil claim as a result of a dispute. As the matter has not been finalized, an amount cannot be quantified, an unquantifiable contingent liability has therefore been disclosed.

CentrePort contingent liabilities

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concern Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. During the 2024 financial year, CentrePort settled the remaining claim against CentrePort Properties Limited and this matter is therefore no longer a Contingent Liability.

Contingent assets

CentrePort contingent assets

Following a shipping incident during the year CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward (2023: Nil).

28 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect Greater Wellington and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the 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 NZ totals grants of $5.3 million during the year (2023: $4.7 million). This grant partly funds Wellington NZ activities, of supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WREDA rate from all ratepayers.

During the year Greater Wellington issued commercial paper of $0 million (2023: $19 million) to its subsidiary CentrePort Limited through private placement transaction.

Greater Wellington Rail Limited (GWRL) owed $864,593 to Wellington Regional Council (2023: GWRL owed $428,952 to Wellington Regional Council). The net interest paid to Wellington Regional Council during the year is $438,223 (2023: $446,723).

GWRL pays a management fee of $57,536 (2023: $55,736) to Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

WRC Holding Group advanced $5,938 million to Wellington Regional Council (2023: $6,232 million).

Key management personnel

	Parent Actual 2024 $000	Parent Actual 2023 $000
Council		
Remuneration	**1,205**	1,261
Full-time equivalent members	**13**	13
Executive Leadership Team including the Chief Executive		
Remuneration	**3,030**	2,831
Full-time equivalent members	**10**	10
Total key management personnel remuneration	**4,235**	**4,092**
Total full-time equivalent personnel	**22**	**23**

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

29 Remuneration

Chief Executive remuneration

For the year ending 30 June 2024, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of $455,932 (2023: $433,493).

	Actual 2024 $	Actual 2023 $
Councillor remuneration		
Councillor R Blakeley (until 14 October 2022)	**-**	24,806
Councillor J Brash (until 14 October 2022)	**-**	24,806
Councillor P Lamason (until 14 October 2022)	**-**	24,806
Councillor G Hughes (until 14 October 2022)	**-**	24,806
Councillor J van Lier (until 14 October 2022)	**-**	20,022
Councillor A Staples	**103,029**	94,833
Councillor P Gaylor	**101,371**	85,696
Councillor K Laban	**84,830**	78,845
Councillor and Chair D Ponter	**173,238**	170,067
Councillor C KirkBurnnand	**96,992**	75,015
Councillor D Lee	**84,830**	82,723
Councillor R Connelly	**84,824**	78,845
Councillor T Nash	**94,442**	85,696
Councillor H Ropata (from 15 October 2022)	**87,927**	59,073

Councillor D Bassett (from 15 October 2022)	**73,854**	50,555
Councillor S Woolf (from 15 October 2022)	**71,050**	50,555
Councillor Y Saw (from 15 October 2022)	**71,130**	50,555
Councillor Q Duthie (from 15 October 2022)	**77,718**	48,486
Total Councillors remuneration	**1,205,235**	1,130,188

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 2024.

	Number of employees	
	2024	**2023**
$60,000 and below	**5**	15
$60,001 $79,999	**124**	142
$80,000 $99,999	**228**	193
$100,000 $119,999	**124**	121
$120,000 $139,999	**121**	86
$140,000 $159,999	**63**	37
$160,000 $179,999	**45**	31
$180,000 $199,999	**36**	24
$200,000 $239,999	**18**	14
$240,000 $480,000	**18**	15
Total employees	**782**	678
The number of full time employees as at 30 June	**713**	606
The full time equivalent number of all other nonfull time employees	**49**	51
The number of employees receiving total remuneration of less than $60,000	**5**	15

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 $480,000.

30 Capital commitments and operating leases

Capital commitments

Capital commitments relate to obligations which the Group and the council have committed to. This specifically relates to work that is yet to commence and the expenditure that is yet to be incurred.

The Group's and the council's capital commitments are as follows:

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Property, plant and equipment	**438**	-	**438**	322
Water infrastructure	**43,551**	58,348	**43,551**	58,348
Flood protection	**22,799**	3,978	**22,799**	3,978

Transport infrastructure	**-**	-	**45,020**	48,207
Motor vehicles	**-**	-	**-**	-
Total capital commitments	**66,788**	62,326	**111,808**	110,855

WRC Holdings Limited has no capital or operating commitments as at 30 June 2024 (2023: Nil).

At balance date CentrePort commitments in respect of contracts for capital expenditure amounted to $nil for the Group (2023: $332 thousand).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $45 million (2023: $48.2 million). This relates to the heavy maintenance the rolling stock.

Operating leases

Greater Wellington and 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.

Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		**Group**	
	Actual 2024 $000	Actual 2023 $000	**Actual 2024 $000**	Actual 2023 $000
Within one year	**22,765**	21,543	**23,068**	21,877
After one year but no more than five years	**75,732**	67,434	**76,944**	68,602
More than five years	**73,268**	100,533	**75,795**	103,243
Total non-cancellable operating leases	**171,765**	189,510	**175,807**	193,722

These leases have an average life of between 1 and 13 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year $7.419 million was recognised as an expense in the statement of comprehensive income (2023: $5.052 million).

Operating leases as lessor

Greater Wellington and 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	
		Restated*		Restated*
	Actual	Actual	**Actual**	Actual
	2024	2023	**2024**	2023
	$000	$000	**$000**	$000
Within one year	**2,016**	2,354	**32,775**	23,201
After one year but no more than five years	**4,560**	6,121	**75,544**	59,378
More than five years	**22,981**	25,756	**219,682**	181,055
Future minimum lease payments expected to be received in relation to noncancellable subleases of operating leases not recognised in the financial statements	**29,557**	34,231	**328,001**	263,634

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

* Prior year balance has been restated. An error was identified in the calculation of the future lease receipts to be collected under non-cancellable operating leases for the 2022/23 financial year. The contract dates used in the calculation was incorrect, primarily due to a system change. The error did not have any impact on the financial results.

Correction of the error in the 30 June 2024 financial statements has resulted in the following restatements to comparative numbers for the year ended 30 June 2023.

GRWC Council	**Before Adjustment**	**Correction of Error**	**Restated***
	2023	**2023**	**2023**
	$000	**$000**	**$000**
Within one year	3,255	(901)	2,354
After one year but no more than five years	8,802	(2,681)	6,121
More than five years	164,318	(138,562)	25,756
Future minimum lease payments expected to be received in relation to noncancellable subleases of operating leases not recognised in the financial statements	**176,375**	**(142,144)**	**34,231**

GRWC Group	**Before Adjustment**	**Correction of Error**	**Restated***
	2023	**2023**	**2023**
	$000	**$000**	**$000**
Within one year	24,102	(901)	23,201
After one year but no more than five years	62,059	(2,681)	59,378
More than five years	319,617	(138,562)	181,055
Future minimum lease payments expected to be received in relation to noncancellable subleases of operating leases not recognised in the financial statements	**405,778**	**(142,144)**	**263,634**

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, Greater Wellington has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

In the 2019 financial year council had resolved to add 98 electric buses to the fleet of 10 electric buses in the Metlink fleet and entered into contracts with operators for the supply of these. 88 (2023: 88) of 98 new electric buses have been added into the fleet by financial year 2024 plus an additional 1 has been converted from the diesel fleet to electric. However, the amounts payable are still commercially sensitive and have not been disclosed.

31 Severance payments

There were three employees (2024: $193,000) who received a severance payment (2023: $0). This disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002. The value of each of the severance payments was $24,000, $52,000, and $117,000.

32 Rating base information

	Total 2024	Total 2023
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	**213,274 units**	210,045 units
(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:	**$240.583 billion**	$217.342 billion
(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.	**$145.9 billion**	$128.6 billion

33 Major variances between actual and budget

Statement of comprehensive revenue and expenses	**Council Actual 2024 $000**	Council Budget 2024 $000
Revenue		
Rates and levies	**265,016**	262,755
Grants and subsidies –Transport Operational	**162,793**	132,866
Other revenue	**119,189**	163,343
Total operating revenue before transport improvements	**546,998**	558,964
Expenditure		
Finance costs	**(52,039)**	(41,566)
Employee benefits	**(87,151)**	(83,998)
Grants and subsidies	**(261,164)**	(252,202)
Other operating expenses including depreciation and amortisation	**(213,202)**	(205,931)
Operational surplus / (deficit) for the year before transport improvements	**(66,558)**	(24,733)

Grants and subsidies – Transport Improvement	**18,364**	21,178
Surplus / (deficit) for the year before tax and fair value gains / (losses)	**(48,194)**	(3,555)
Fair value gains / (losses) in revenue and expenditure statement	**(2,065)**	(7,030)
Operating surplus / (deficit) for the year	**(50,259)**	(10,585)

Statement of Financial Position		
Assets		
- Current	**393,445**	297,222
- Non-current	**2,175,718**	2,125,487
Total assets	**2,569,163**	2,422,709
Liabilities		
Ratepayers equity	**1,403,873**	1,347,143
- Current liabilities	**306,266**	285,649
- Non-current liabilities	**859,024**	789,917
Total equity and liabilities	**2,569,163**	2,422,709

Statement of cash flow		
Cashflows from operating activities	**(49,989)**	29,501
Cashflows from investing activities	**(219,284)**	(211,768)
Cashflows from financing activities	**270,614**	179,305
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**1,341**	(2,962)
Cash and cash equivalents at the beginning of the year	**17,243**	23,804
Cash and cash equivalents at the end of the year	**18,584**	20,842

Greater Wellington's 2023/24 net operating deficit before fair value gains and losses is $46 million, compared to a budgeted deficit of $3.5 million. Total comprehensive deficit is $46 million including asset revaluation ($0), fair value movements ($2.1 million) which is $42.5 million over budget.

Statement of comprehensive revenue and expenditure

Grants and subsidies revenue

Grants and subsidies revenue is significantly higher than budget mainly due to lower passenger revenue collection which results in an increased grants and subsidies to be claimed from Waka Kotahi due to higher net cost incurred.

Other revenue

Other revenue is lower than budget mainly due to lower patronage levels from increase working from home practises post covid. Budget amounts was set pre Covid in 2020.

Finance costs

Finance costs are significantly higher than budget due to rising interest costs.

Grants and subsidies expenditure

Grants & subsidies expenditure is over budget due to indexation on the Bus and Rail contracts.

Other Expenses

Other expenditure is over budget mainly due to by a change in accounting treatment of Floodplain Management costs and asset impairment loss across Environment and Water group not budgeted for.

Statement of financial position

Total assets

The current assets are significantly higher than budget mainly due to surplus funds being invested in maturities not exceeding twelve months. The non-current assets balance is significantly higher than budget mainly due to the revaluation of the flood protection assets being higher than budgeted offset by lower actual capital expenditure.

Ratepayers equity

Ratepayers equity is higher than the budget mainly due to the revaluation of the flood protection assets being higher than budgeted offset by the increased deficit for the year.

Current and non-current liabilities

Total liabilities are significantly higher than budget mainly due to the timing of raising more short term and long term debt as compared to budget.

34 Events occurring after the balance date

Local Water Done Well Legislation

In December 2023, the Government announced a new strategy for the management and delivery of local water services - encompassing drinking water, wastewater, and stormwater – under the initiative titled “Local Water Done Well”. This legislation, passed on 2 September 2024, establishes the Local Water Done Well framework and outlines the initial steps for a revamped new water services system. It introduces a fresh approach to managing and delivering water services, utilising financially sustainable models that meet regulatory requirements. Greater Wellington is now working on developing a water service delivery plan in response to this new Government policy.

CentrePort Committed Cash Advance Facility Guarantee

Greater Wellington has provided a debt guarantee to Bank of New Zealand for CentrePort’s cash advance facility. The facility was entered into on 11 July 2024, has a limit of $50 million, and matures on 11 July 2026. Greater Wellington considers that the risk of this guarantee being called on is low as CentrePort has sufficient liquid assets to meet its debt obligations.

No dividend was declared post balance date by WRC Holdings (2023: Nil).

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.

35 Prior Period Error

During the year ended 30 June 2023 council entered into an arrangement to transfer residential and commercial units on Pharazyn and Marsden streets to Waka Kotahi as part of the RiverLink project. The transfer is subject to a final survey.

The financial statements for the year ended 30 June 2023, included non current assets held for disposal amounting to $1.8 million.

During the current financial year, Greater Wellington sought an external accounting opinion regarding the treatment of these assets. It was concluded that the accounting treatment most closely aligned to the economic substance of the agreement is a finance lease.

Although there are some risks retained by the Council, these are primarily in the situation that the Riverlink project cannot proceed as planned. Council expects that it is very likely NZTA will complete the purchase of the Crown Required Land once the Final Survey is complete. NZTA has the right to construct on the Crown Required Land and purchase the land outright once that construction is complete. As such, substantially all the risks and rewards of ownership have transferred to NZTA and the appropriate classification is a finance lease.

Correction of the error in the 30 June 2024 financial statements has resulted in the following restatements to comparative numbers for the year ended 30 June 2023:

GWRC Council

Statement of Comprehensive Revenue and Expense	**Before Adjustment $'000**	**Correction of Error $'000**	**Restated $'000**
Other gains	(280)	2,960	2,680
Impairment on buildings	(36,720)	8,889	(27,831)
Revaluation on infrastructure assets	(38,573)	7,854	(30,719)
Total comprehensive income	(67,505)	19,703	(47,802)

Statement of Changes in Net Assets/Equity	**Closing accumulated funds before adjustment $'000**	**Correction of error $'000**	**Closing accumulated funds Restated $'000**	**Total Equity before adjustment $'000**	**Correction of Error $'000**	**Total Equity Restated $'000**
Balance at 30 June 2023 before correction	328,254	-	328,254	1,238,377	-	1,238,377
Operating surplus/(deficit) after tax restated	-	11,850	11,850	-	19,703	19,703
Balance at 30 June 2023 after correction	328,254	11,850	340,104	1,238,377	19,703	1,258,080

Statement of Financial Position	**Before Adjustment $'000**	**Correction of Error $'000**	**Restated $'000**
Trade and other receivables	76,530	(21,530)	55,000
Trade and other payables	118,257	(21,530)	96,727
Lease Receivables	-	21,530	21,530
Assets Held for Disposal	1,827	(1,827)	-

Total Equity	1,238,377	19,703	1,258,080

GWRC Group

Statement of Comprehensive Revenue and Expense	Before Adjustment	Correction of Error	Restated
	$'000	**$'000**	**$'000**
Other gains	(657)	2,960	2,303
Impairment on buildings	(36,720)	8,889	(27,831)
Revaluation on infrastructure assets	(43,531)	7,854	(35,677)
Total comprehensive income	(83,257)	19,703	(63,554)

Statement of Changes in Net Assets/Equity	Closing accumulated funds before adjustment $'000	Correction of error $'000	Closing accumulated funds Restated $'000	Total Equity before adjustment $'000	Correction of Error $'000	Total Equity Restated $'000
Balance at 30 June 2023 before correction	684,953	-	684,953	1,759,847	-	1,759,847
Operating surplus/(deficit) after tax restated	-	11,850	11,850	-	19,703	19,703
Balance at 30 June 2023 after correction	684,953	11,850	696,803	1,759,847	19,703	1,779,550

Statement of Financial Position	Before Adjustment $'000	Correction of Error $'000	Restated $'000
Trade and other receivables	88,842	(21,530)	67,312
Trade and other payables	125,939	(21,530)	104,409
Lease Receivables	-	21,530	21,530
Assets Held for Disposal	1,827	(1,827)	-
Total Equity	1,759,847	19,703	1,779,550

He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2024 | Annual Report disclosure statement for year ended 30 June 2024

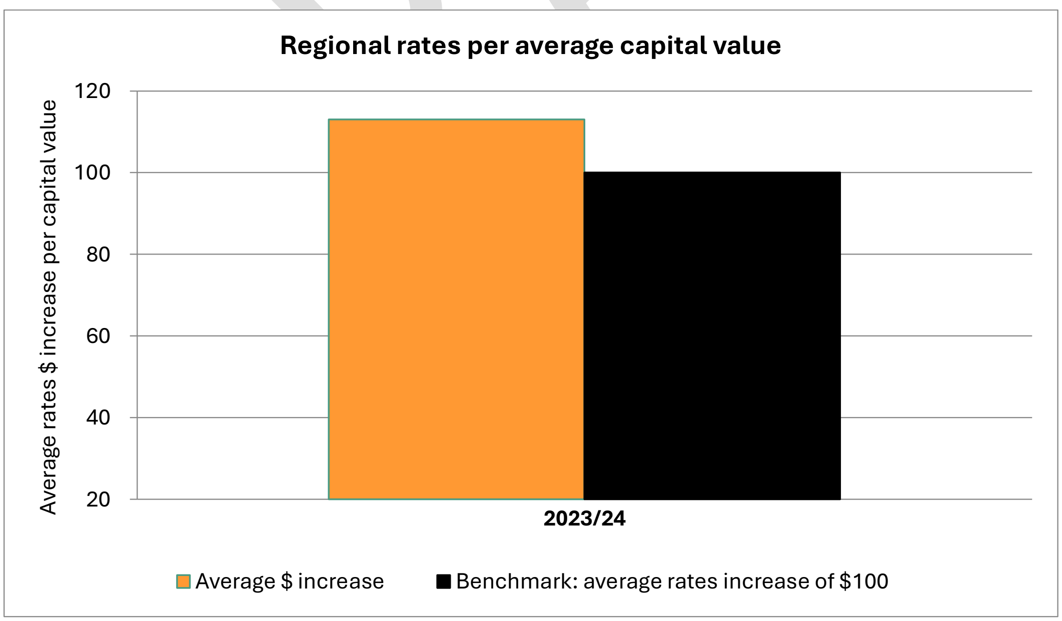
What is the purpose of this statement?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Council.

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 Long-Term Plan 2021-31.

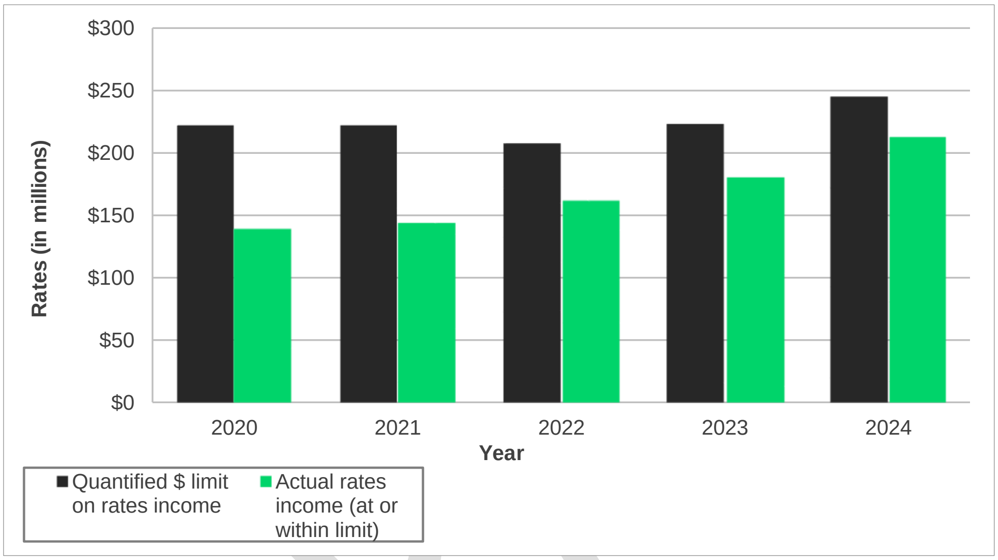


Rates (income) affordability

The council meets the rates affordability benchmark if:

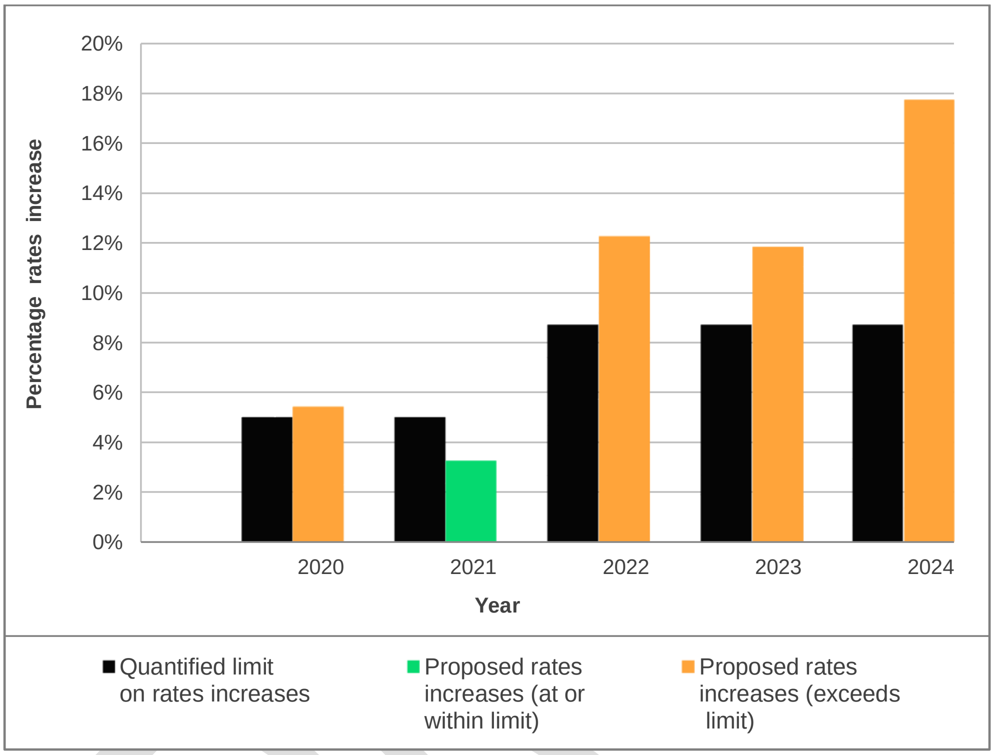
- Its actual rates income equal or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that year's operating revenue.



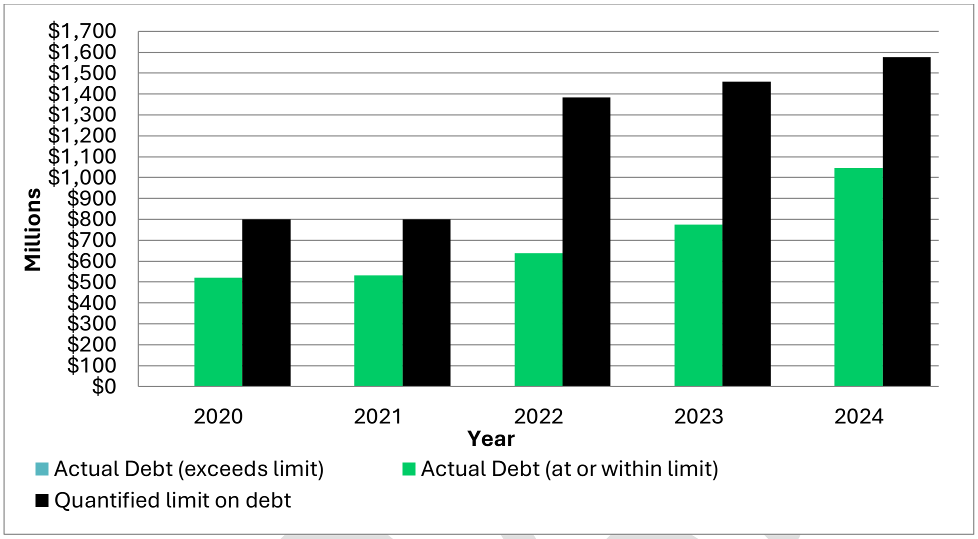
Rates (increase) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's Long-Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that year's operating revenue.



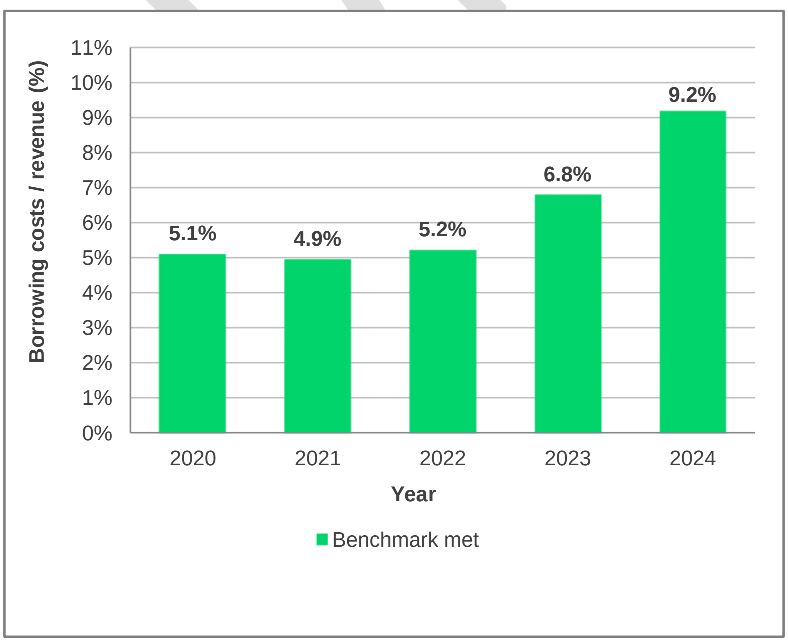
Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's Long-Term Plan. The quantified limit is that net debt/total revenue is lower than the allowable maximum as indicated in the Financial Strategy. The Council continues to satisfy this benchmark test.



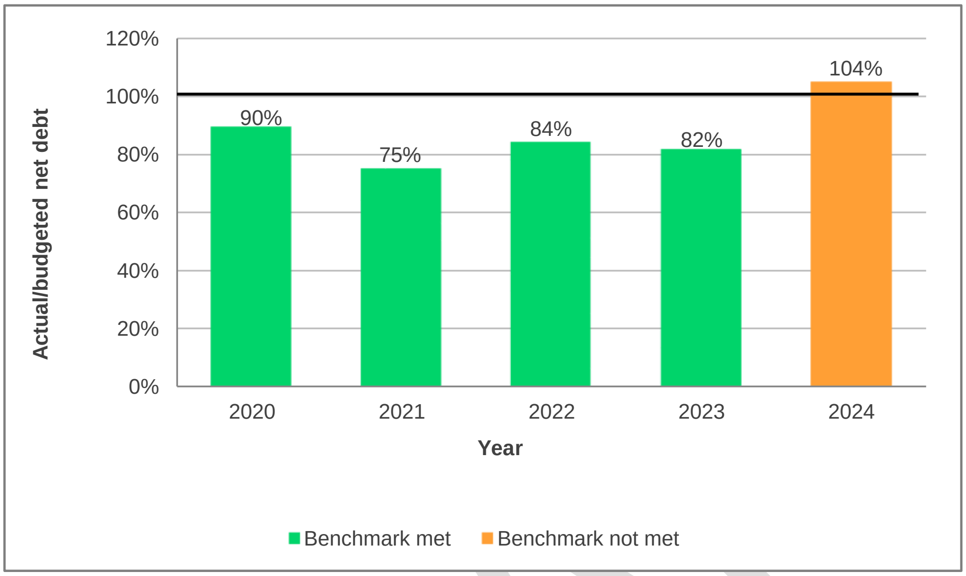
Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of planned revenue. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions. The Council meets this benchmark.



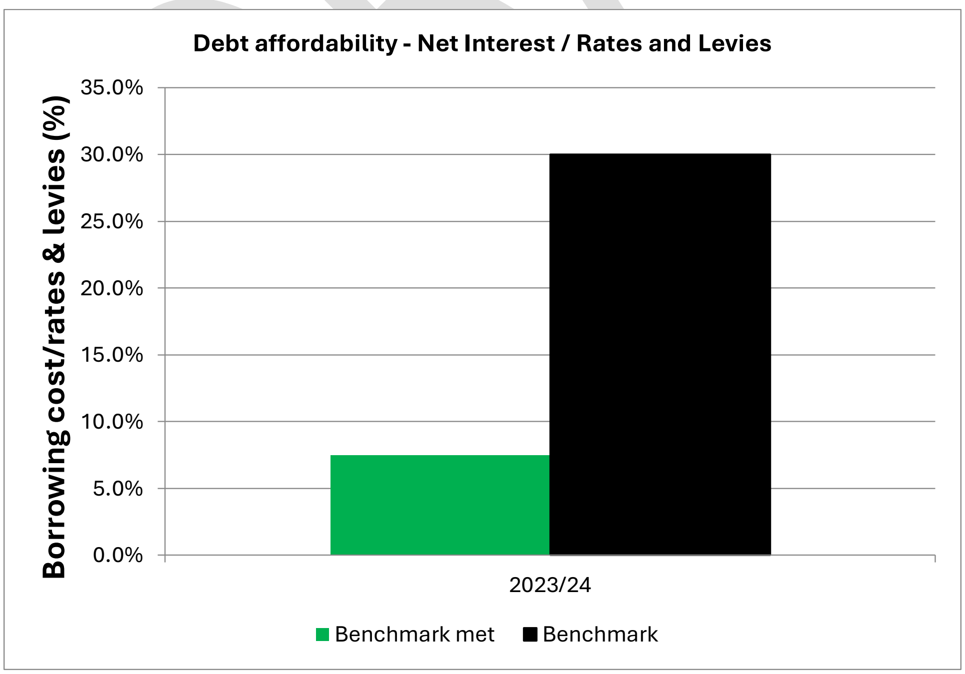
Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. Percentages close to 100% indicate that our actual result is close to what we planned. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council does not meet the debt control benchmark for 2024.



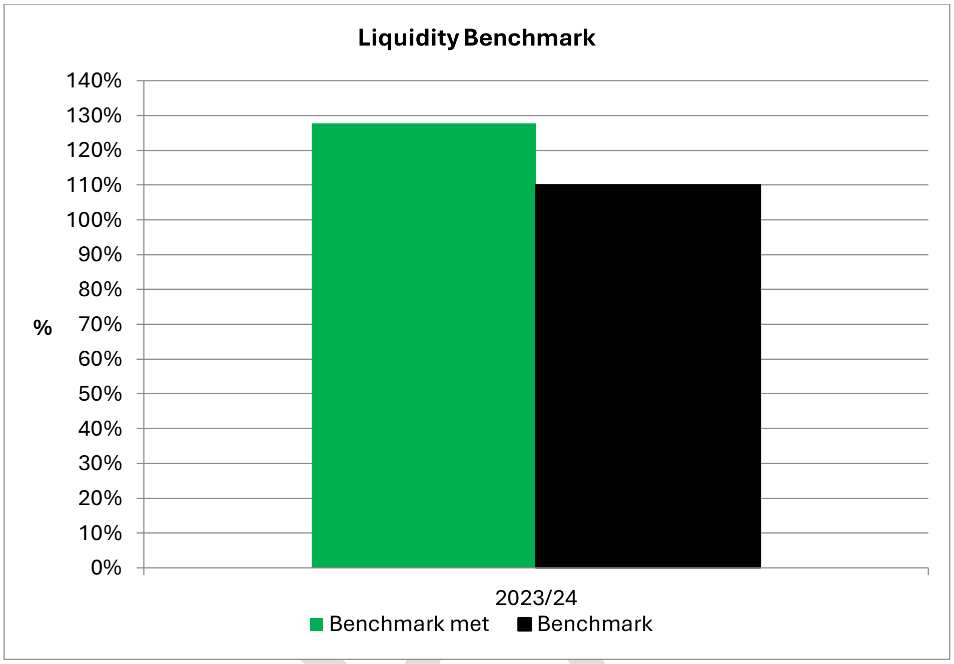
Debt affordability

The graph below compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in Long-Term Plan. The quantified limit is that net interest/total rates & levies is less than 30 percent.



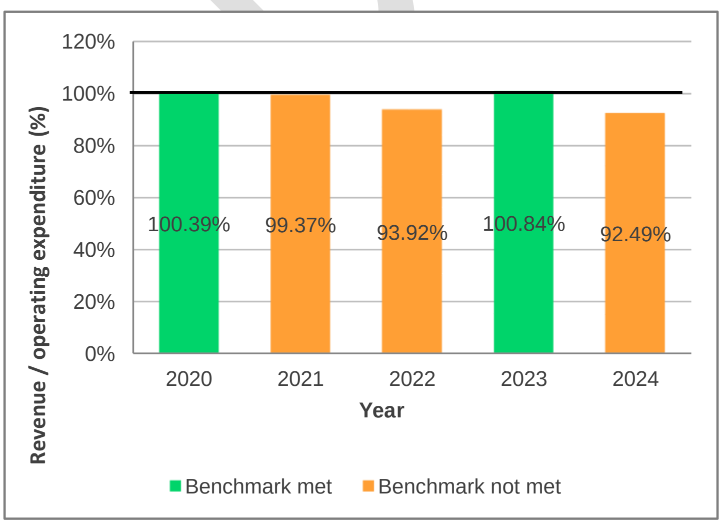
Liquidity benchmark

The graph below compares the Council's borrowing with a quantified limit on borrowing contained in the financial strategy included in the Long-Term Plan. The quantified limit is that liquidity is more than 110 percent. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



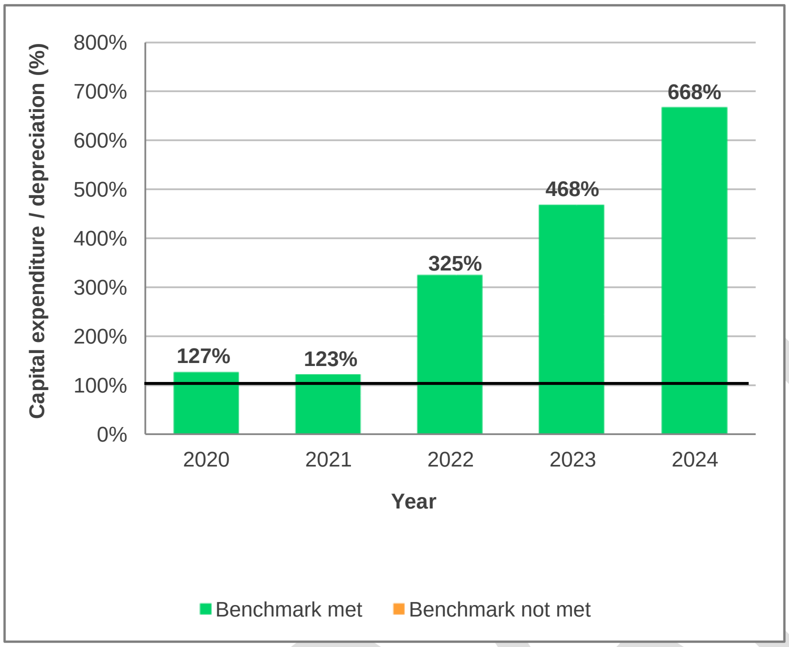
Balanced budget benchmark

The following graph displays the Council's revenue (excluding gains on derivative financial instruments) as a proportion of operating expenses (excluding losses on derivative financial instruments). The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



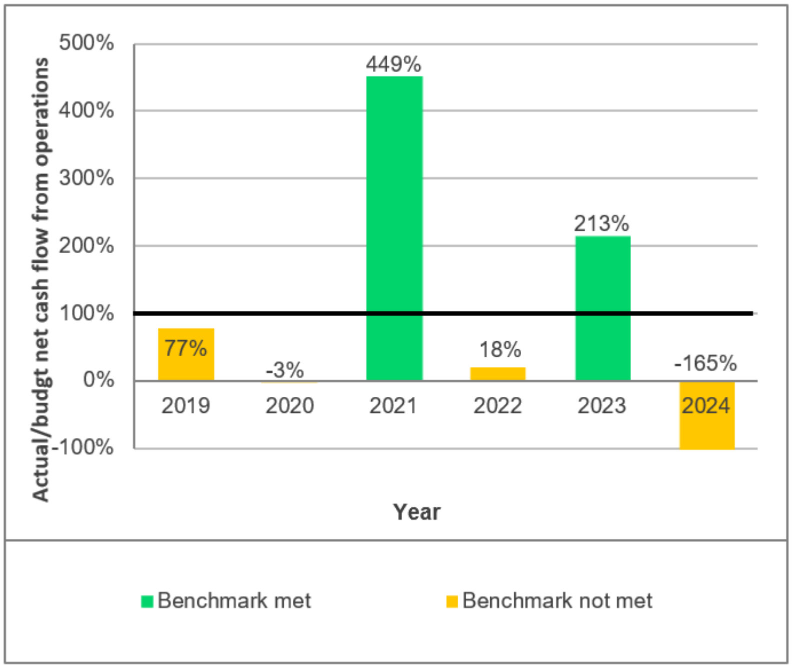
Capital expenditure and depreciation

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark as its capital expenditure on network services is greater than depreciation on network services.



Operational control benchmark

This graph displays the Council's actual net cashflow from operations as a proportion of its planned net cash flow from operations. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



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 2024 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Daran Ponter	**Nigel Corry**	**Alison Trustrum-Rainey**
Chair	*Chief Executive*	*Group Manager Finance & Risk*
31 October 2024	31 October 2024	31 October 2024

He Pūrongo Arotake Pūtea | Independent Audit Report

[Placeholder for Audit NZ logo]

Independent Auditor's Report

To the readers of the Greater Wellington Regional Council's annual report for the year ended 30 June 2024

Attachment 2 to Report 24.580

Te Pane Matua Taiao | Greater Wellington Regional Council

He whakarāpopoto I te pūrongo ā-tau | Summary of the Annual Report 2023/24

He whakatakinga | Introduction

This Summary Report is an overview of the financial and non-financial service performance for Year Three of Greater Wellington's 2021-31 Long Term Plan. The full 2023/24 Annual Report is available [LINK TO GW SITE]

The Summary Report does not include the full financial disclosures and detailed financial information that are in the full Annual Report.

Disclaimer

The specific disclosures included in this Summary of the 2023/24 Annual Report have been extracted from the full 2023/24 Annual Report. The Summary cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and non-financial service performance, financial position and cash flows of the Greater Wellington Regional Council. The Summary has been examined by the auditor for consistency with the full Annual Report audited by Audit New Zealand on behalf of the Auditor-General. A qualified audit opinion was issued on _____ October 2024. This Annual Report summary was adopted by the Council on 31 October 2024.

Header

He karere nā te Heamana me Te Tumu Whakarae

Message from the Chair and Chief Executive

In the face of significant changes and challenges, Greater Wellington is navigating change with partnership, collaboration, and an enduring commitment to our communities and Te Taiao. This year we made significant improvements in public transport and environmental restoration works, while navigating Central government requirements and cost pressures.

How we are responding to change

With a new coalition Government in place, policies and funding options changed significantly. Some changes were immediate, including a stop-work order on the Affordable Water Reforms programme and the dissolution of the Let's Get Wellington Moving project. Subsequent changes included cuts to public service jobs, reductions in public transport funding, and amendments to key public transport and environmental policies.

These Central government changes are occurring alongside overall challenges to affordability, as the cost of business is increasing while key funding streams are decreasing. Cost pressures were front and centre in the development of the 2024-34 Long Term Plan, as we sought to manage costs while still planning to deliver on what matters to our communities.

Responding to change also requires collaboration and partnership. Part of our response was to amplify other voices in our submissions to central Government, such as submissions on the Fast Track Approvals Bill and the Draft Government Policy Statement on Land Transport – two legislative changes with the potential for significant impacts on our Region. We also worked with mana whenua partners to represent their perspectives in submissions and in planning.

Delivering on our core services

Amidst a challenging period, we continue to deliver on our commitments to communities and to the environment, with many milestone achievements throughout the year.

Bus services improved significantly, with a record high of 26.1 million passenger trips over the year, and a monthly record in May of 2.56 million passenger trips. Implementing these improvements took a lot of mahi, including better driver wages and conditions, more accessible buses and stations, and new routes like the Airport Express and the Route 4 bus.

Ongoing restoration work in the Wairarapa Moana, Miramar Peninsula, and other works across the region are restoring vitality to key native species and habitats. Counts of the Australasian bittern / Matuku-hūrepo is growing in the Wairarapa Moana, now representing the largest population in the country of these critically endangered birds. Counts of birdlife in the predator eliminated areas of the Miramar Peninsula have recovered even faster than expected, showing the benefits of consistent and sustained approaches.

We're also deploying technology to cover more area with less resources. Drones, smart sampling, and citizen science apps help access hard to reach habitats and gather greater insights on the health of Te Taiao, while still effectively managing costs and resources.

Header

Looking ahead

We continue to strengthen our commitment to a prosperous region and a healthy environment. Working within central Government's changes, Greater Wellington will need to balance key services in the short term with long-term responsibilities. The 2024-34 Long Term Plan has been developed with these challenges in mind, but Greater Wellington and other councils continue to navigate heightened uncertainty and a higher cost of doing business. We expect that central Government changes will continue to impact local government's ability to deliver services without significant rates increases.

Navigating change is the work of many, and we're proud to be working alongside our mana whenua partners, the diverse communities across the rohe, and all our staff and volunteers who are putting in the mahi to deliver our services.

At Te Pane Matua Taiao we know that by bringing people together we can succeed. By utilising all the resources, people, shared values and dreams of a great region to live, work and play we—te ao pakeha (tiriti tangata) and te ao Māori (tangata whenua)— together can build something better than alone.

He Waka Eke Noa - All in this together.

[placeholder for Chair and CE's signatures and photos]

Ko te Tau kua pahure | A Year in Review

We are proud of the work we achieved this year. Highlights include:

Leveraging technology to support biodiversity and restoration

We're deploying technology to cover more ground with fewer resources. By using technology such as drones, smart sampling, and citizen science apps for environmental monitoring, we can gather insights on the health of Te Taiao more efficiently.

Record-breaking bus ridership levels

With record-breaking bus patronage this year, our Region's public transport network is showing the benefit of years of adaptation and work to recover from COVID-19 impacts. Improving drivers' wages and conditions, accessibility improvements, and new bus services have all contributed to higher reliability and patronage.

Wildlife recovery exceeding expectations

Ongoing restoration work in the Wairarapa Moana, Predator Free Wellington, and other biodiversity works are giving back some vitality to indigenous species. Populations of the critically endangered Australasian bittern are growing in the Wairarapa Moana, and counts of other indigenous birdlife on the Miramar Peninsula from which predators have been eliminated have risen faster than expected.

Improving our region's flood resilience

As we continue to build and maintain flood protections such as the Mill St Stopbank which protects one of the country's most densely inhabited floodplains, we are also looking to what future floods and storms may bring, and what that means for our region as we continue to respond to the threat of climate change.

Actively working to improve outcomes for mana whenua and Māori

We completed our first Te Tiriti Audit, providing Greater Wellington with a better means of gauging progress against our obligations to Te Tiriti o Waitangi. We also continued to develop our partnership with mana whenua through the Long-Term Plan Committee, which included representatives from our six mana whenua partners alongside the Regional Councillors.

Tā mātou ahunga | Our direction

We promote the social, economic, environmental, and cultural well-being of our communities through our three community outcomes, and four overarching strategic priorities.

Community outcomes

Thriving Environment	Healthy fresh and coastal water, clean and safe drinking water, unique landscapes and indigenous biodiversity, sustainable land use, a prosperous low carbon economy.
Connected Communities	Vibrant and liveable region in which people can move around, active and public transport, sustainable rural and urban centres that are connected to each other, including mana whenua and mātāwaka Māori communities.
Resilient Future	Safe and healthy communities, a strong and thriving regional economy, inclusive and equitable participation, adapting to the effects of climate change and natural hazards, community preparedness, modern and robust infrastructure.

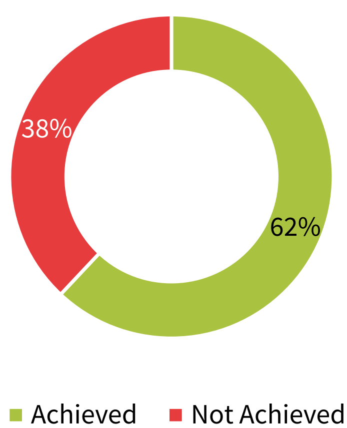
Strategic priorities

Improving outcomes for mana whenua and Māori	Proactively engage mana whenua and mātāwaka Māori in decision making, and incorporate Te Ao Māori and mātauranga Māori perspectives, so we can achieve the best outcomes for Māori across all aspects of our region.
Responding to the climate emergency	Meeting the challenge of climate change by demonstrating leadership in regional climate action and advocacy, and ensuring our operations are carbon neutral by 2030.
Adapting and responding to the impacts of COVID-19	Take a leadership role in responding to the economic consequences of COVID-19 and support the region's transition to a sustainable and low carbon economy.
Aligning with Government direction	Rise to the challenges set by Central Government to ramp up environmental protection and continue to provide high quality public transport services.

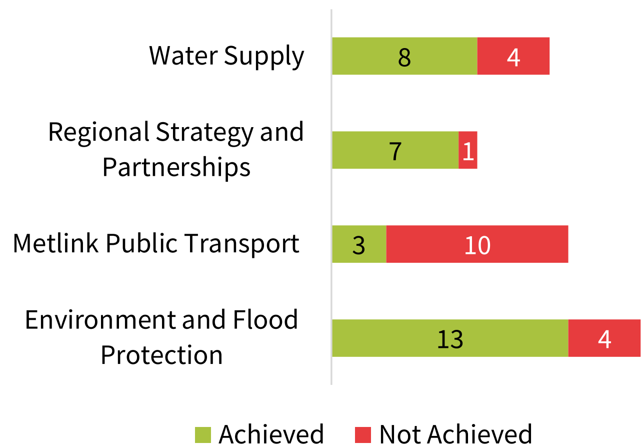
He whakarāpopototanga o te tiro whānui i te rawa | Summary of Non-financial performance

Greater Wellington reports against 50 non-financial performance measures in this Annual Report. These measures were set during the preparation of the 2021-31 Long Term Plan. Overall Greater Wellington achieved 62 percent (31) of the non-financial performance measures and did not achieve 38 percent (19) of the measures. In 2022/23 we achieved 59 percent (30) of the non-financial performance measures and did not achieve 41 percent (21) of the measures.[1]

Overall 2023/24 status of LTP non-financial measures



2023/24 status of LTP non-financial measures by Activity Group



Challenges in our operating environment impacted our ability to achieve in some areas

- Major shifts in central Government policies and funding prompted changes to major work programmes such as Let's Get Wellington Moving and Affordable Water Reforms.
- Overall pressures on affordability and the 'cost of doing business' increased this year. Compounded by reductions in funding from central Government, this has created a need to balance affordability with existing commitments to deliver our services.
- A significant scale and rate of change for many central Government agencies and policies have slowed down progress on some work, as Greater Wellington and our partner agencies adjust.

Full details on our non-financial service performance information can be found in **Section Two: He tiro whānui i te rawa | Non-financial performance** of the full 2023/24 Annual Report.

[1] A measure regarding emergency preparedness is now reported by Wellington Region Emergency Management Office, dropping the total of measures that Greater Wellington reports on from 51 to 50.

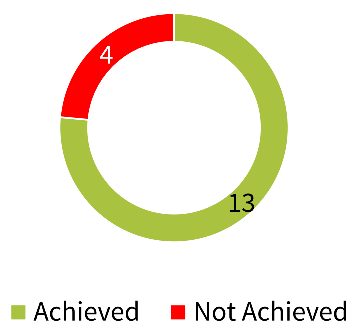
Ngā Mahi a Te Pane Matua Taiao |

Activities of the Greater Wellington Regional Council

Ko te Hamaru Taiao e te Waipuke | Environment and Flood Protection

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Environment an Flood Protection



Greater Wellington's Environment and Flood Protection activities achieved 76 percent of their 17 performance measures this year.

What we deliver for Te Taiao

Greater Wellington is responsible for the regulation, protection, and enhancement of the Region's natural resources. We are responsible for regulating the use of these natural resources, protecting the highest value biodiversity areas, managing flood risk across the Region, and managing public land on behalf of the community including eight Regional Parks. We also look after the Region's harbours and manage environmental threats such as pest plants and animals. We do this work through regional policies, plans, resource consents and working collectively alongside our community and partners.

Leveraging technology to support biodiversity and restoration

Mapping and monitoring the environment is important, but can be difficult. This year, we made smart use of technology to get better insights by using technology such as remote sensors, drones, and 3D cameras. This helped us expand our understanding of marine habitats on the Kāpiti Coast, and record recovery of important species such as short-tailed bats in Pakuratahi Forest, Australasian bittern in Lake Wairarapa, and populations of lamprey and bluegill bullies.

The use of 'eDNA' sampling allows us to take a sample of water or soil and analyse it for signs of wildlife in the area. Combining this with citizen science apps and drone-mounted camearas, we can more efficiently map elusive native species as well as pest species, especially in hard to reach areas. What we do with the information we gather is also changing. Our capability in translating and integrating the data we collect has taken a leap forward, using new data capture and reporting tools. With better data and insights in hand, we can make smarter decisions about how to deploy limited resources.

Wildlife recovery exceeding expectations

Ongoing restoration work in the Wairarapa Moana, Predator Free Wellington programmes, and other biodiversity works are giving back vitality to indigenous species. Populations of the critically endangered Australasian bittern are growing in the Wairarapa Moana and counts of other indigenous birdlife in the areas of the Miramar Peninsula from which predators have been eliminated have risen faster than expected. Oftentimes it takes years of sustained work before results show, so it is particularly rewarding to see so many successes this year.

Header

Protecting our freshwater

This year, we continued our commitment to the health for Te Taiao by notifying on the first change to the Natural Resources Plan. This work is a culmination of engagement across the region, particularly around Te Whanganui-a-Tara and Te Awarua-o-Porirua. Notifying a plan change is one of the last steps in a long chain of collaboration with mana whenua and communities across the rohe. As a result, the final 'official' plan change has been built on a bottom-up process that gives voice to what our rohe cares about, and a clearer picture of the long-term vision for healthy freshwater and marine environments.

Our Whaitua Implementation Programmes – catchment-based approaches to planning – have shown that planning is ultimately stronger when communities are part of the process. Bringing partners together in a Tiriti House model enables a closer working relationship with mana whenua, Greater Wellington, and Kāpiti Coast District Council.

Improving flood resilience

This year we've taken steps to improve core flood protections, including an upgrade to the Mills Street stopbank – a key asset that helps protect Te Awa Kairangi, Aotearoa's most densely populated floodplain. This protection has been extended from the 65-year level to a 200-year level of protection and coincides with work to and enhance the health of Te Awa Kairangi through river and shore restoration. Council approved a change to the Te Wai Takamori o Te Awa Kairangi project, bringing the flood mitigation portions of the project in-house to be delivered by Greater Wellington. This change is expected to save money and improve end results by better alignment with other flood programmes.

We are also expanding our understanding of nature-based approaches for flood resilience, including working with mana whenua to deliver a nature-based solutions assessment for the Waipoua.

Through the Government budget announcement in May 2024, 16 projects to the value of $30 million have been funded within the Wellington Region as part of the Before the Deluge signoff. This investment will see major upgrades and improvements in the Region's flood resilience.

Our Climate Resilience Programme gained international recognition, being a finalist at the Floodplain Management Australasia awards and receiving 'highly commended at the Taitaura Local Government Awards for broader outcomes excellence.

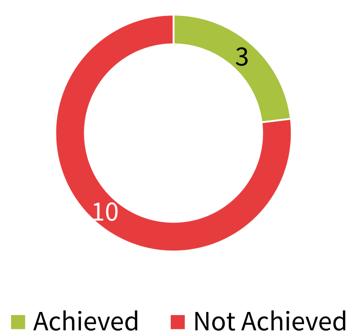
Supporting hazard planning and disaster recovery

We supported the disaster recovery in the Wairarapa with the categorisation of properties impacted by Cyclone Gabrielle, visiting impacted properties and speaking with landowners to help assess the flood risk. As we continue to improve the resilience of our natural and constructed flood protections, we are also widening our understanding of flood hazards and how to plan for them by delivering flood hazard mapping to Masterton and Waiwhetū and supporting flood hazard mapping in the Wairarapa Combined District Plan.

Ngā waka Tūmatanui | Metlink Public Transport

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Metlink Public Transport



Greater Wellington's Metlink Public Transport activities achieved 36 percent of their 13 performance measures this year.

What we deliver for public transport

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 routes, five passenger rail lines, the harbour ferries, and Total Mobility services. Passengers, ratepayers, and road users fund these services through fares, rates, and a subsidy from New Zealand Transport Agency Waka Kotahi (NZTA). We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depots, bus and ferry shelters, signs, and Park & Ride facilities

Delivering reliable bus services and record-breaking patronage

Bus services continue to improve, with 26,133,096 passenger trips this year – the highest on record. The busiest month was May 2024 with 2.56 million passenger trips, compared to the previous high of 2.49 million passenger trips in May 2019. As a result of significant work between Greater Wellington and our two largest bus operators, we were able to reinstate all 181 temporarily-suspended bus services. Increasing the number of bus drivers was vital to restoring our ability to provide reliable services.

Our work this year went beyond just restoring existing services. The new Airport Express is exceeding expectations for ridership, and the new Route 4 bus provides better access to Wellington CBD, Wellington Regional Hospital and Te Herenga Waka Victoria University of Wellington's Kelburn campus for Strathmore Park and Wilton residents.

Changing how we connect with public transport: safety, accessibility, and storytelling

The Accessibility Action Plan (AAP) was presented to the Transport Committee, outlining our network-wide strategies to improve accessibility to the public transport network and was developed following significant engagement with the disability community.

We are also advancing how people connect with public transport services. In October, Warranted Transport Officers (WTOs) became part of the Metlink public transport network to support passengers with their journeys. Upgrades at Plimmerton Station have made services more efficient, with morning express trains from Waikanae operating from a new platform. Upgrades to the Naenae Station subway have created a safer and more accessible path for pedestrians and train passengers, while also connecting people to the history of the area. Features such as improved signage and CCTV coverage improve safety, while art installations tell the origin stories of the Waiwhetu and Te Awamutu rivers, and Te Ngaengae, the freshwater lake in Naenae. The new Living Pā bus shelter at Te Herenga Waka Victoria University of

Wellington incorporates design and storytelling to connect bus riders to local history. Metlink worked with Te Herenga Waka and Ngāti Toa Rangatira to develop this purpose-built bus shelter.

Planning for future transport needs

With a revitalised level of service in place now, we are also looking ahead to an expanded public transport network that delivers efficient services while also reducing emissions.

In May, the Council agreed to enter into a partnership agreement with Wellington City Council to deliver bus prioritisation on major bus corridors through Wellington, as well as a programme led by Greater Welligton to develop a regional plan for rapid transit bus travel.

A shortlist of respondents has been confirmed to the Expressions of Interest (EOI) for proposals to design, build and maintain 18 x 4-car low-emission passenger rail trains to improve services on the Wairarapa and Manawatū lines. This has been a highlight of partnership with central Government, with a major co-funding agreement now in place.

Uncertainty for Government public transport support

Government changes have resulted in uncertainty for public transport funding, as the signalled reductions in public transport funding could significantly impact on our region's ability to maintain and improve public transport services.

We are working closely with NZTA to review and adjust funding bids to reflect new Government priorities, but change is likely to continue and presents a challenge to planning and funding public transport, which often requires planning years in advance to keep pace with the changing needs of passengers. Funding constraints have resulted in some projects being put on hold, such as the Mobility as a Service (MaaS) Trial.

Funding uncertainties pose future challenges for the public transport system. In the short term, we have implemented a number of cost- saving measures including fare increases, operating savings and maximising capacity of existing services to reduce cost pressures.

Government changes to the Climate Emergency Response Fund (CERF) under the Transport Choices programme meant that projects were to be put on hold, and would not receive further funding. The Government also announced changes to the Community Connect Concessions Scheme, ending Crown funding for free fares for 5-12-year-olds and half-price fares for 13-24-year-olds on public transport on 30 April 2024.

Following direction from the central Government, the Let's Get Wellington Moving project team agreed to formally wind up the partnership but committed to carry some aspects of the project into other work programmes. These projects include improvements to the Golden Mile, Hutt Road-Thorndon Quay, the Basin and second Mt Victoria tunnel, and bus priority initiatives.

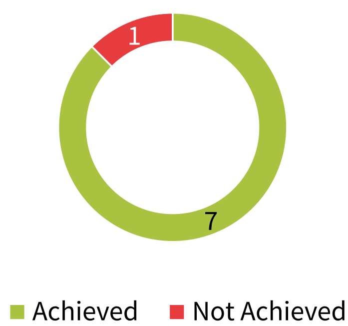
Operating rail services on an aging rail network

The Wellington Metropolitan Rail Network is in a state of decline, requiring further Crown funding and investment in maintenance by KiwiRail. Without this investment and upkeep, we are unable to reliably operate our passenger rail at the planned level of service. Greater Wellington identified a number of potential actions to undertake to help resolve the situation including Government advocacy and consideration of potential service reductions that may be required.

Ko te mahere ā-rohe me ngā rangapū | Regional Strategy and Partnerships

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Regional Strategy and Partnerships



Greater Wellington's Regional Strategy and Partnership activities achieved 88 percent of their 8 performance measures this year.

What we deliver for regional partnerships

Greater Wellington coordinates Regional Strategy and Partnership activities on a range of issues and priorities across the Region. Our approach is to build, develop and maintain strong relationships so we can achieve integrated decision making at a regional level and ensure the successful delivery of key regional projects. This includes building sustainable partnerships with mana whenua, and regional planning with territorial authorities and central Government. We also coordinate regional spatial and transport planning, planning for action on climate change, regional economic development plans and regional emergency management

Our commitments to Te Tiriti o Waitangi

We completed our first Te Tiriti Audit, providing Greater Wellington with a better means of gauging progress against our obligations to Te Tiriti o Waitangi. While the Audit is valuable in understanding where we currently are, it also helps us understand 'where to next' by outlining recommendations and opportunities for Greater Wellington to continue developing our approach as an organisation, and how we support our people to engage with Te Tiriti. The continued leadership of the Tiriti Komiti and the development of a robust work programme will ensure that there is a focus on the things that matter to mana whenua and Māori.

Active partnerships in planning

Greater Wellington further developed its partnership with mana whenua through the Long Term Plan Committee, which included representatives from our six mana whenua partners alongside the Regional Councillors. The Committee provided strategic direction and insights from communities across the Region.

On the recommendation of Te Tiriti o Waitangi Komiti, Council resolved to establish a Māori constituency for the 2025 and 2028 triennial local elections. Mana whenua of the Region endorsed this, with the view that Greater Wellington continued to give effect to Te Tiriti o Waitangi. Recently enacted legislation requires us to hold a public poll to confirm the continuation of a Māori constituency from the 2028 elections, at cost to ratepayers.

Regional growth in the face of climate change

Our Region is an attractive place to live, and will continue to grow. This year we supported the development of the Future Development Strategy and supporting implementation plan, as well as supporting the refresh of the Wellington Regional Economic Development Plan. These plans are important part of planning for growth and supporting a healthy environment.

A new strategy released by Greater Wellington sets out a pathway to a low-carbon, resilient future, and the urgent action required to get there. The Wellington Regional Transport Emissions Reduction Pathway, a collaborative initiative between the nine councils of the Region, provides a long-term strategic approach to transforming our transport system, and ultimately the way we design our towns and cities. A major focus of the Pathway is increased transport choice through reliable public transport and active travel, reducing our dependence on private vehicles.

We are supporting the Region's and Greater Wellington's response to climate change. Highlights include refreshing Greater Wellington's Climate Strategy and two 10-point climate emergency response action plans, development of the Regional Emissions Reduction Plan and Wellington Regional Transport Emissions Pathway.

A significant step toward becoming a climate resilient Region has been reached following the adoption of the Wellington Regional Climate Change Impact Assessment Report (WRCCIA) by the Wellington Regional Leadership Committee (WRLC). Produced by a project team comprised of staff from nine of the WRLC's partner councils and supported leading subject-matter experts, the report presents a foundational assessment of the risks and impacts of a changing climate to our region over the next 100 years. The first phase is a project to help the region adapt to the impacts of a changing climate.

The Wairarapa-Wellington-Horowhenua Region is projected to grow by 200,000 people over the next 30 years, and the WRCCIA identifies areas and sectors of the Region which are particularly vulnerable or resilient to a changing climate. It provides a regionally consistent framework to inform the next phase of the project, a regional adaptation framework.

Regional emergency planning

We continued to train staff to work in the Emergency Coordination Centre (ECC) during civil defence emergency responses. With approximately 170 staff who have received training to work in emergencies, the ECC is ready to activate to coordinate regional emergency response. We are also continuing to improve response and warning capability, including a successful pilot of our automated warning system in the Wairarapa, and supporting the Wellington Region Emergency Management Office (WREMO) to deliver a flood-focused Regional exercise.

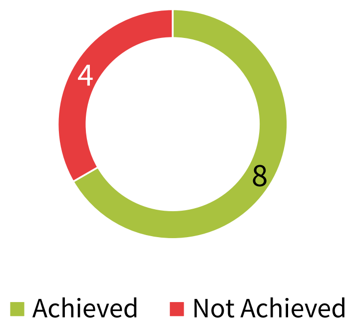
Coordinating our response to government changes

Greater Wellington has worked with our staff and gathered insights from other organisations and partners to inform our response to Government changes, including Briefings for Incoming Ministers and a Council response on a number of reforms including submitting on the new Government Policy Statement on Land Transport, Fast-Tracking legislation, local electoral amendment legislation, water services delivery legislation and climate policy. Council was updated on the progress of reforms and implications for Greater Wellington. This coordinated response is worth acknowledging, but the pace of changes and the breadth of impacts on councils and partners made it challenging to achieve.

Ngā Puna Wai | Water Supply

Overall summary of the year's performance

2023/24 status of LTP non-financial measures for Water Supply



Greater Wellington's Water Supply activities achieved 67 percent of their 12 performance measures this year.

What we deliver for the region's water supply

Greater Wellington is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua City councils. This work is carried out for Greater Wellington by Wellington Water Limited (WWL), a joint council-owned water management company. City and district councils are responsible for the distribution of water to households and businesses through their own networks. Providing the bulk water supply to the city councils involves managing an extensive network of infrastructure, ensuring safe, high-quality, secure and reliable water sources, and that our freshwater is sustainable.

Collaboration to avoid a crisis

Water usage restrictions and proactive public messaging on water conservation by WWL, WREMO, and other regional partners has helped to mitigate the risks of water shortages over the summer months. Regional coordination and frequent communication between partner agencies was an important part of managing the water supply over summer and avoiding the need for more tighter restrictions on water use.

Modernising our water infrastructure

Greater Wellington has a responsibility to protect the health of our drinking water through healthy catchments, as well as supplying bulk drinking water for the Region. We're continuing a major upgrade of the Te Mārua water treatment facility, which will create more capacity in our water supply as well as enhancing seismic resilience of key facilities. We're also improving bulk water pipes while also enhancing recreation opportunities. The new Whakawhirinaki Silverstream Water Bridge is a key part of the Region's water supply infrastructure, as well as a new walking and cycling track connecting to the Hutt River Trail. The Silverstream pipeline will carry 60 million litres of water a day as the key supplier for Upper Hutt, Stokes Valley, Porirua, and 40 percent of Wellington City's water supply, and is on track to be completed by mid-2025.

Shifting to Local Water Done Well

The Affordable Water Reforms, which ended after a stop-work order from Central Government, has been replaced by the new Local Water Done Well programme. Councils in the wider Wellington Region, including Greater Wellington, are working collaboratively to prepare a proposed model for how a joint arrangement for delivering water services could be set up based on the direction being set by Central Government.

He Pūrongo Pūtea | Finances at a Glance

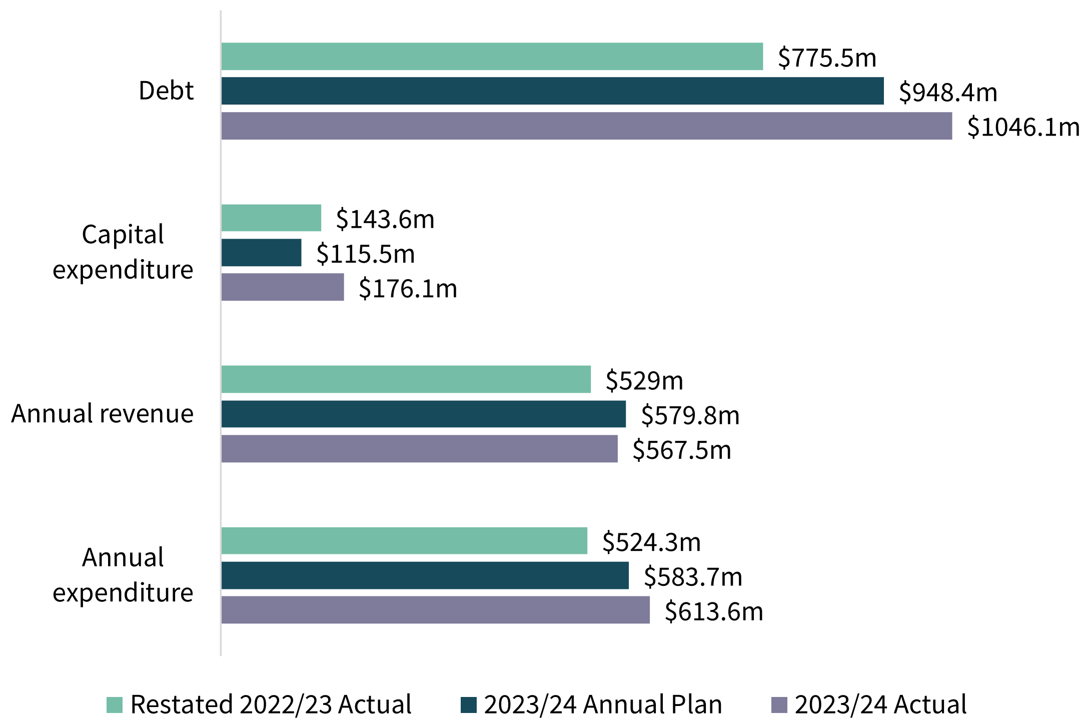
The year has been one of economic challenges and financial pressures and this is reflected in the financial results of Greater Wellington. Summary highlights from the year include:

- We received an AA+ credit rating with Standard & Poor's, which indicates a very strong capacity to meet financial commitments, and good financial health overall.
- The cost of delivering all our services amounted to $7.9 dollars per rating unit per day.
- Our total assets held this year were worth $2.57 billion.

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

- Our annual revenue from rates this year was $211.9 million, compared to $180 million in the prior year.
- Revenue from grants and other sources was $355.6 million, compared to $348.9 million in the prior year.

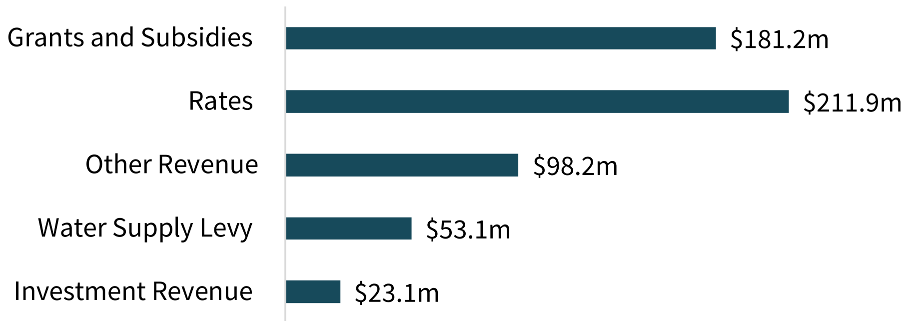
Financial overview



Revenue

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

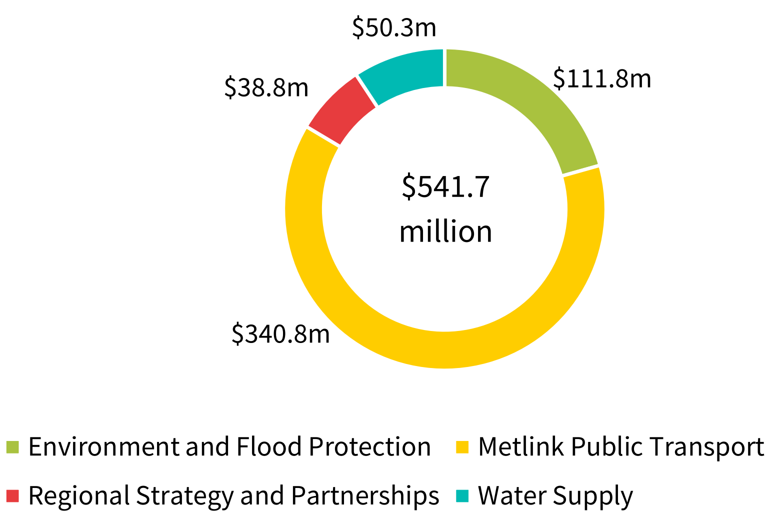
Sources of revenue



Operational expenditure

Greater Wellington's operational expenditure across the four LTP Activity Groups.

Operational expenditure by Activity Group



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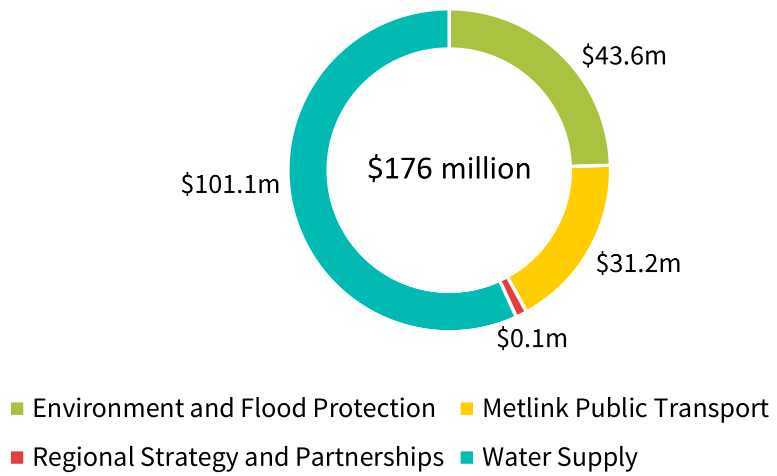
Capital expenditure

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

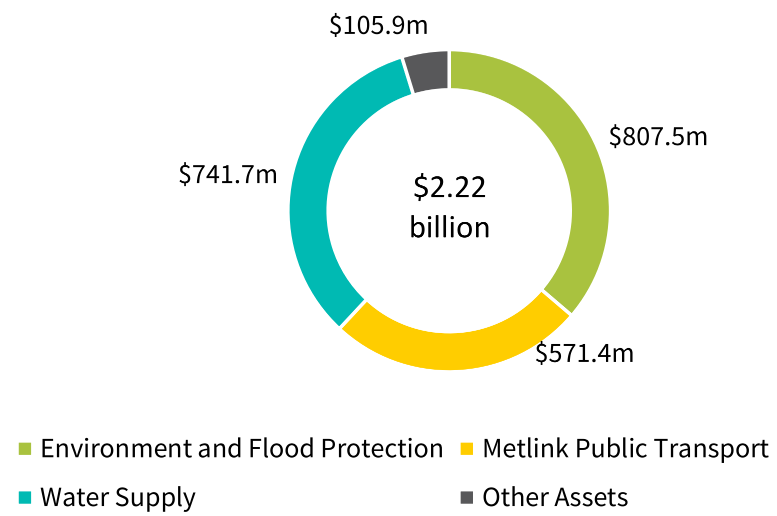
Capital expenditure by Activity Group



Property, plant, and equipment

Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes $486.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

Property, plant, and equipment asset value by Activity Group



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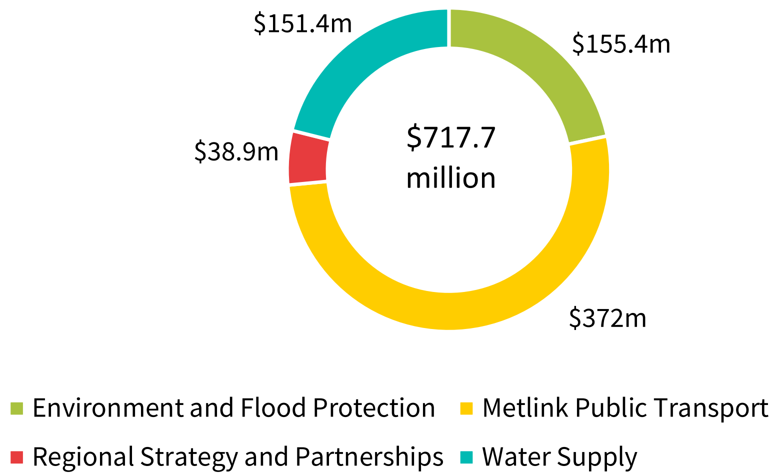
Total expenditure

Greater Wellington's total expenditure (operational plus capital) by Activity Group.

Total expenditure by Activity Group



Full details on our financial service performance information can be found in **Wāhanga tuatoru: He pūrongo pūtea | Section three: Financial performance** of the full 2023/24 Annual Report.

Financial Summary including key disclosure statements

Summary Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2024

	Greater Wellington			Greater Wellington Group	
	Actual 2024 $'000	**Budget 2024 $'000**	**Restated Actual 2023 $'000**	**Actual 2024 $'000**	**Restated Actual 2023 $'000**
Operating revenue and gains	565,362	580,142	531,625	674,669	631,580
Finance expenses	(52,039)	(41,566)	(35,832)	(51,861)	(35,549)
Operating expenditure	(561,517)	(542,131)	(488,434)	(689,624)	(612,111)
Operating surplus / (deficit) before other items and tax	(48,194)	(3,555)	7,359	(66,816)	(16,080)
Share of associate's surplus/(deficit)	-	-	-	1,967	1,249
Impairment on buildings	-	-	(27,831)	-	(27,831)
Fair value - Other assets	-	-	-	-	-
Fair value gains on financial instruments	(2,065)	(7,030)	14,361	(2,065)	14,361
Fair value gain/(loss) on investment property	-	-	-	10,525	(1,509)
Tax on continuing operations	-	-	-	5,235	8,821
Operating surplus / (deficit) after tax	**(50,259)**	**(10,585)**	**(6,111)**	**(51,154)**	**(20,989)**
Other comprehensive revenue and expenses					
Increases / (decreases) in revaluations	196,053	47,260	(41,690)	204,807	(42,564)
Total comprehensive revenue and expense	**145,794**	**36,675**	**(47,801)**	**153,653**	**(63,553)**
Attributable to:					
Equity holders of the Parent	145,794	36,675	(47,801)	**145,665**	(67,904)
Non-controlling interest	**-**	**-**	-	**7,988**	4,351
	145,794	**36,675**	**(47,801)**	**153,653**	**(63,553)**

Attachment 2 to Report 24.580

Header

Summary statement of changes in equity

For the year ended 30 June 2024

	Greater Wellington			Greater Wellington Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Restated Actual 2023 $'000	**Actual 2024 $'000**	Restated Actual 2023 $'000
Opening equity	**1,258,078**	**1,310,469**	**1,305,879**	**1,779,550**	**1,844,488**
Operating surplus /(deficit) after tax	(50,259)	(10,586)	(6,111)	(51,154)	(20,989)
Dividend to non-controlling interest	-		-	(1,615)	(1,385)
Asset revaluation movements	193,709	47,260	(30,719)	202,463	(31,593)
Revaluation movement of other financial assets	2,344	-	(10,971)	2,344	(10,971)
Total closing equity at 30 June	**1,403,872**	**1,347,143**	**1,258,078**	**1,931,588**	**1,779,550**
Attributable to:					
Equity holders of the Parent	1,403,872	1,347,143	1,258,078	1,815,610	1,669,945
Non-controlling interest	-	-	-	115,978	109,605
	1,403,872	**1,347,143**	**1,258,078**	**1,931,588**	**1,779,550**

Summary statement of Financial Position

As at 30 June 2024

	Greater Wellington			Greater Wellington Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Restated Actual 2023 $'000	**Actual 2024 $'000**	Restated Actual 2023 $'000
Current assets	393,445	297,222	277,786	446,106	406,896
Non-current assets	2,175,718	2,125,487	1,882,446	2,806,488	2,413,379
Total assets	**2,569,163**	**2,422,709**	**2,160,232**	**3,252,594**	**2,820,275**
Current liabilities	306,267	285,649	256,631	337,576	264,031
Non-current liabilities	859,024	789,917	645,521	983,430	776,694
Total liabilities	**1,165,291**	**1,075,566**	902,152	**1,321,006**	1,040,725
Net assets	**1,403,872**	**1,347,143**	**1,258,078**	**1,931,588**	**1,779,550**
Equity attributed to:					
Retained earnings	290,290	320,627	340,107	655,025	696,804
Other reserves	1,113,582	1,026,516	917,971	1,160,585	973,141
Minority interest	-	-	-	115,978	109,605
Total equity	**1,403,872**	**1,347,143**	**1,258,078**	**1,931,588**	**1,779,550**

Summary statement of Cash-Flow

For the year ended 30 June 2024

	Greater Wellington			Greater Wellington Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Cashflows from operating activities	(48,797)	29,501	68,783	(30,233)	88,514
Cashflows from investing activities	(220,476)	(211,768)	(205,470)	(271,585)	(251,810)
Cashflows from financing activities	270,614	179,305	137,413	268,999	137,028
Net increase / (decrease) in cash and cash equivalents	**1,341**	**(2,962)**	**726**	**(32,819)**	**(26,268)**
Opening cash equivalents	**17,243**	**23,804**	**16,517**	**131,873**	**158,141**
Closing cash equivalents	**18,584**	**20,842**	**17,243**	**99,053**	**131,873**

Major variances between actual and budget

- **Grants and subsidies revenue** is significantly higher than budget mainly due to lower passenger revenue collection which results in an increased grants and subsidies to be claimed from Waka Kotahi due to higher net cost incurred.
- **Other revenue** is lower than budget mainly due to lower patronage levels from increase working from home practises post covid. Budget amounts were set pre Covid in 2020.
- **Finance costs** are significantly higher than budget due to rising interest costs.
- **Grants and subsidies expenditure** exceeds the budget due to CPI indexation on bus and rail contracts, driven by the higher inflation rate.
- **Other expenditure** is over budget mainly due to by a change in accounting treatment of Floodplain Management costs and asset impairment loss across Environment and Water group not budgeted for.
- **Total assets** are significantly higher than budget mainly due to surplus funds being invested in maturities not exceeding twelve months. The non current assets balance is significantly higher than budget mainly due to the revaluation of the flood protection assets being higher than budgeted offset by lower actual capital expenditure.
- **Ratepayers equity** is higher than the budget mainly due to the revaluation of the flood protection assets being higher than budgeted offset by the increased deficit for the year.
- **Total liabilities** are significantly higher than budget mainly due to the timing of raising more short term and long term debt as compared to budget.

Header

Events occurring after the balance date

Local Water Done Well Legislation

In December 2023, the Government announced a new strategy for the management and delivery of local water services - encompassing drinking water, wastewater, and stormwater – under the initiative titled “Local Water Done Well”. This legislation, passed on 2 September 2024, establishes the Local Water Done Well framework and outlines the initial steps for a revamped new water services system. It introduces a fresh approach to managing and delivering water services, utilising financially sustainable models that meet regulatory requirements. Greater Wellington is now working on developing a water service delivery plan in response to this new Government policy.

No dividend was declared post balance date by WRC Holdings (2023: Nil).

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.

Disclaimer

The full financial statements presented in the 2023/24 Annual report have been audited.

Greater Wellington's full financial statements have been prepared in accordance with Public Benefit entity (PBE) Accounting Standards.

Specific disclosures included in the summary financial statements have been extracted from the full financial statements. These financial statements contain no information that has been restated or reclassified.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements can be obtained from the Greater Wellington website.

The full financial statements are denominated in NZ$.

The summary financial statements comply with PBE FRS 43 – Summary financial statements

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He Pūrongo Arotake Pūtea | Independent Audit Report

[placeholder for Audit report. Include Audit NZ logo.]

Attachment 3 to Report 24.580

Reserve balance as at 30 June 2024 as compared to the Annual Plan

Council created reserves	Purpose of the fund	Annual Plan balance at 30 June 2024 $000s	Actual reserve balance at 30 June 2024 $000s
Area of benefit reserves			
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	7,369	3,657
Transport planning reserve	Any funding surplus or deficit relating to the provision of transport planning services is used only on subsequent transport planning expenditure.	278	272
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	426	545
WREMO reserve	Contributions by other local authorities to run the WREMO	238	535
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	10,565	11,274
Contingency reserves			
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	10	-
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	3,626	3,751
Rural fire reserve	To help manage the costs of rural fire equipment.	87	85
Special reserves			
Election reserve	To manage the variation in costs associated with the election cycle	208	343
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	1,081	-
General reserve	To manage variation in costs associated with new initiative projects	3,309	9,297
Other reserve balances	Re-budgets and other reserve funds	17,062	7,680
Total reserves (GST exclusive)		44,259	**37,439**

Council
31 October 2024
Report 24.582

For Decision

LOCAL WATER DONE WELL – UPDATE AND PREFERRED MODEL

Te take mō te pūrongo
Purpose

1. The purpose of this report is to:

   a Update Council on progress with the Water Done Well work across the Wellington Region

   b Set out a preferred model for council support to form the basis of future public consultation

   c Seek agreement to continue with the regional process to develop a proposal for a joint water services entity.

He tūtohu
Recommendations

That Council:

Water Services Delivery Plan requirements

1 **Notes** the legislative changes enacted through the Local Government (Water Services Preliminary Arrangements) Act 2024, to address long standing water infrastructure challenges.

2 **Notes** that the Government intends to introduce further water services legislation in December 2024, to be enacted in mid-2025, that will establish the enduring settings for the new water services system.

3 **Notes** that Council is required to submit a Water Services Delivery Plan to the Secretary for Local Government by 3 September 2025 and that this plan will be binding.

4 **Notes** that the Local Government (Water Services Preliminary Arrangements) Act 2024 provides alternative decision making and consultation arrangements that councils must use when considering the future water services delivery model.

5 **Notes** that under these arrangements Council must consider and consult on the (enhanced) status quo and the proposed or anticipated model, and may consider and consult on additional options if it chooses to.

6 **Notes** that the option to establish a water services Council Controlled Organisation would involve transferring the ownership of water assets to an independent water entity.

7 **Notes** that the consultation on the options to establish a new water services entity, will take place in early 2025.

8 **Notes** that New Zealand's water management regime has consistently undermined Māori rights and interests in water.

9 **Notes** that Council will continue to work to strengthen the level of involvement and influence that mana whenua partners have at all levels of the design process and in any proposed new model.

Regional collaboration to date

10 **Notes** that on 11 April 2024 Council agreed to adopt the non-binding MoU to jointly investigate a water service delivery plan with the other councils in the region.

11 **Notes** that all councils within the Wellington Region plus Horowhenua District Council have worked collaboratively on exploring a joint approach to water management across the region.

12 **Receives** the report dated 4 October 2024 - Recommended regional approach to a joint Water Services Delivery Plan and delivery model report - which is the result of the work so far on this joint regional option (Attachment 1).

13 **Notes** the report sets out a proposed regional asset owning Water Services Council Controlled Organisation model for participating councils to consider and compare with their current service delivery model.

14 **Notes** that the proposed joint regional model will be considered by each of the participating councils in late October and November 2024, with some expected to consider other options, such that the new model may not include all ten participating councils.

Water Services Delivery Model – next steps

15 **Notes** that Council needs to progress this matter now so that there is sufficient time for the development of the Water Services Delivery Plan and an accompanying implementation plan which is required to be submitted to the Minister of Local Government by 3 September 2025.

16 **Agrees** to continue with the regional process to develop a joint regional option for a Water Services Council Controlled Organisation.

17 **Notes** that continuing with the joint regional option is not binding at this point in time.

18 **Notes,** in line with DIA guidance, that officers will work with other participating councils to prepare a draft joint regional Water Services Delivery Plan.

19 **Agrees** that Council consult on two options, being:

- a new regional asset owning Water Services Council Controlled Organisation, as proposed; or

- the status quo, with changes to meet new legislative requirements, of a non-asset owning Council Controlled Organisation, as currently exists with Wellington Water Limited.

20 **Adopts** in principle, as its preferred option for consultation, the proposed Water Services Council Controlled Organisation model requiring a joint Water Services Delivery Plan.

21 **Agrees,** in principle, that Greater Wellington works with other councils in the region on a joint consultation plan for undertaking the requisite public engagement on the future proposed model for the ownership and delivery of water services.

22 **Notes** that, as part of the 2025/26 Annual Plan process, officers will include provision for a contribution of up to $500,000 towards Greater Wellington's share of the ongoing work required to progress the proposed regional model and joint Water Services Delivery Plan.

23 **Agrees** that it is in the interest of any new Water Services Council Controlled Organisation for Greater Wellington to remain as a shareholder for an establishment period, with the option to exit at a later date.

Te tāhū kōrero
Context

2. Changes are underway as to how water is regulated and managed by local authorities. This differs from the arrangements introduced by the previous government.
3. In February 2024 the Government introduced and passed legislation to repeal all legislation relating to water services entities. The Water Services Acts Repeal Act repealed the Water Services Entities Act 2022, Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023. The Act reinstated previous legislation related to the provision of water services (including local government legislation). This restored continued council ownership and control of water services, and responsibility for service delivery.
4. The Local Government (Water Services Preliminary Arrangements) Act 2024 establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system. The legislation was enacted on 2 September 2024. The Act lays the foundation for a new approach to water services management and financially sustainable delivery models that meet regulatory standards. The Government will introduce a third Local Water Done Well Bill in December 2024 that will establish the enduring settings for the new water services system. The Local Government Water Services Bill will set out a range of changes to the water services delivery system and to the water services regulatory system.
5. All legislation to support the implementation of *Local Water Done Well* is expected to be passed by mid-2025 – ahead of the local government elections in October 2025.

6. As part of this package of reform all councils are required to submit Water Service Delivery Plans to the Government by 3 September 2025. The Water Services Delivery Plan (WSDP) and future models and options to be considered will need to respond to agreed objectives and consider future approaches that are workable, affordable, sustainable, and meet the needs of communities, mana whenua and the environment.

7. If a council fails to submit a WSDP by the statutory deadline, the Minister of Local Government may appoint someone to prepare a WSDP on that council's behalf, and (if necessary) to direct the council to adopt and submit this WSDP (a 'regulatory backstop' power). Any expenses associated with this appointee and the preparation of the WSDP would be covered by the council.

Need for Change

8. Councils around New Zealand are facing significant challenges to meet the investment needed for drinking water, wastewater, and storm water infrastructure.

9. The need for change to how water services are funded and delivered has been the subject of several major reviews, policy processes and legislative reform since at least 2016. Three major reviews (the Havelock North Drinking Water Inquiry 2016-2017, the Three Waters Review - 2017-2019, WCC Mayoral Task Force on Three Waters 2020), all concluded that councils were struggling to maintain and renew their ageing water infrastructure.

10. The Wellington Region faces significant failure and deterioration in water infrastructure, with a risk of network fault runaway in parts of the network[1]. There are significant constraints to growth and new housing in many areas, with the need to meet regulatory standards and compliance requirements for water, and to build better seismic, network, and climate resilience. Challenges with current delivery models include lack of scale, workforce skills and capacity, and funding.

11. While not all councils have the same issues, all councils in the region have major challenges to address. About 45% of all drinking water in the metropolitan area of Wellington is lost to leaks. While the quality of asset condition information is very poor, across the region an average of about 21% of the total three water pipe infrastructure has been assessed as worn out. Wastewater is generally in the worst condition with about 33% of the pipes worn out. Many wastewater treatment plants are failing to meet compliance requirements and need large-scale replacement or investment, with immediate risks of structural failure of some wastewater pipes.

12. In addition, Greater Wellington's whaitua programme has articulated the expectations of mana whenua and local communities regarding the state of water in their area. In most cases, especially urban areas, significant improvements in water quality are required (sometimes to only meet bottom lines). The renewal of assets is part of this issue, leaking or cracked pipes allow untreated sewage to leak into the environment – posing both a health and environmental risk.

[1] Network fault runaway occurs when the operational capacity to fix faults is exceeded by the fault rate. The consequences of this include extended periods of water outages, sewage spills, and localised flooding.

13. For Greater Wellington, investment coordination is particularly important for the connected metro water networks of Wellington City, Porirua City, Hutt City and Upper Hutt City councils where bulk water supply, wastewater treatment, and stormwater solutions are shared across city boundaries. This is proving very challenging under the current service delivery model because:

    a Service delivery is devolved from councils to a council-controlled organisation (CCO) that can only recommend but not require investment levels, leading to inconsistent decision making on shared infrastructure across territorial authority boundaries.

    b Each shareholding council prioritises CAPEX and OPEX expenditure on water service delivery differently, leading to different funding arrangements with the CCO.

    c Large scale infrastructure renewals and upgrades require planning and investment spanning many years into the future. These long-term horizons can often look further than LTP horizon of 10 years.

14. Therefore, any future water service model must be enabled to deliver a strategically planned and consistently higher level of investment throughout the region. This will need a model that is able to borrow, and over time can increase revenue from water users to a level where this sustainably covers the true costs of services. This could be through some form of charges or rates with a crucial consideration of ensuring that this is fair, affordable, and delivers value for money for the community.

Te tātaritanga
Analysis

Collaborative process to date

15. Anticipating a change in approach from central government, council members of the Wellington Regional Leadership Committee established a joint governance oversight group called the 'Advisory Oversight Group' (AOG) to fund and coordinate a regional response. The AOG is made up of elected members and four mana whenua members. The AOG is chaired by an independent chair, Dame Kerry Prendergast. In addition, there is a parallel iwi /Māori process led by iwi/Māori to provide a Māori view into the process. Council previously agreed to participate and fund this regional approach (11 April 2024, Report 24.167 - Regional collaboration of a Water Services Delivery Plan). The ten councils involved in this work collectively represent more than 550,000 people.

16. The AOG itself has been supported by a multi-council Chief Executive group, a council officers' group and consultants undertaking work on the current state of the network, options and financial analysis. This process has produced its first deliverable which sets out the recommended model for the region. The findings were workshopped with Councillors on 17 September 2024. The report outlines the scale of the challenge, implications around funding and pricing and is intended to support councils and councillors for significant decisions ahead. A copy is of the report - Recommended regional approach to a joint Water Services Delivery Plan and delivery model – is attached as **Attachment 1**.

17. The critical success factors determined by the AOG are that the WSDP and any future model:

    a Is supported by all councils and mana whenua partners which are part of this process.

    b Is supported by the Government *and* enabled through legislative change.

    c Is based on a sustainable funding model.

    d Enables commitment from councils and Government to move to subsequent phases to deliver the plan – detailed design and implementation.

18. A further deliverable from this joint process will be a joint WSDP for the region, including options for future delivery models based on strategic option selection and high-level design. This process and outputs do not preclude any council from choosing to develop its own WSDP (Greater Wellington does not intend to do so).

Recommended regional approach to a joint water service delivery plan

19. All councils are required to submit WSDPs to the Government by 3 September 2025. To achieve this councils may work alone or with other councils. Councils need to decide on their approach to these plans by the end of this calendar year in order to enable the detailed work to be done, including consultation. These decisions will shape the next steps for water service delivery across the region.

20. The recommended option is for a regional (including Horowhenua) joint council owned company (that is, a full breadth water utility, with its own Board, owning all assets, revenues and liabilities). Council shareholders would exercise influence through appointing suitably skilled directors and developing a Statement of Expectations. This would enable the company to have control and certainty over investment planning, and accountability for compliance with regulatory requirements.

21. The recommended option in the report is consistent with the Government's policy announcements on 8 August 2024[2] relating to a new class of financially independent water CCOs that councils will be empowered to establish. The government have adopted the term Water Services Council-Controlled Organisations (WSCCO) in legislation to describe these new type of water services entities. At the same time new funding arrangements for water organisations were also announced by the Government through the Local Government Funding Agency, meaning that if councils set up a new delivery organisation these will have access to additional debt funding.

22. The recommended new water entity would provide all services directly to water customers, and bill directly for water usage and services provided. Those charges will be determined by the board of the new water company, with the oversight of an economic regulator. It will need to provide a high level of local service delivery, including good compliance, response times, affordability and supply. It will also need to demonstrate that the charges for water reflect the cost of supply, with any

[2] https://www.dia.govt.nz/Water-Services-Policy-Future-Delivery-System

surplus reinvested in capital works. Legislation specifically prevents privatisation and the company will not be required to produce dividends for its council owners.

Next Steps

23. The specific next steps are:

    a For Council to agree, in principle, on the preferred water entity model (this paper) to further develop and consult on

    b For Council to consult publicly on the status quo and preferred option

    c For other councils to do the same – this will provide the shape of WSDPs across the region

    d For Council to develop a joint WSDP with the appropriate councils and submit to the Department of Internal Affairs by 3 September 2025.

The positioning of Greater Wellington with a new water entity

24. Greater Wellington is unique among regional councils in that our role in the supply of bulk water to the four cities is mandated through the Wellington Regional Water Board Act 1972. As a result, Greater Wellington owns water treatment plants, storage lakes, pipelines and related assets, together with land designated for current and future water collection areas. These are managed on our behalf by Wellington Water Ltd.

25. Greater Wellington has already signalled its position that reform of the three waters sector is overdue and fully support efforts to better govern and manage water assets. Council has been keen to explore options for regional collaboration of water services, which may include transferring ownership of assets (excluding land) related to the Wellington Metropolitan Bulk Water Supply. Under any proposed model for regional water services, Greater Wellington will retain its function as the regional environmental regulator under the Resource Management Act 1991, along with all associated duties and powers.

26. The creation of a new regional entity to govern and manage water assets and operations, will effectively replace the need for Greater Wellington's involvement in the provision of bulk water to the Wellington metropolitan area. If a new regional entity eventuates then this is the point at which Greater Wellington may seek to exit the current arrangement put in place by the Wellington Water Board Act 1972.

27. In assessing options for a new water services model, any new entity needs to have structural and operational factors needed for success. The region can agree on a new model that will provide better water services for our communities. However, evidence will be required that a new model will provide for better and more sustainable asset management before considering the transfer of bulk water assets. If we were to release responsibilities and assets to a new entity, a suitable financial arrangement would need to be agreed upon. These decisions would be for a future council to decide upon.

Ngā hua ahumoni
Financial implications

28. There are no immediate financial implications from the matters for decision in this report. Council has previously agreed to fund the initial stages of the regional collaborative process (Report 24.167). As part of the 2025/26 Annual Plan process a contribution of up to $500,000 will be provided towards Greater Wellington's share of the ongoing work required to September 2025 to progress the proposed regional model and submit a joint WSDP by 3 September.

29. Presuming that Greater Wellington remains involved at least in the early stages of a regional entity, it is likely that future stages would incur higher costs and internal time commitment than the current design phase. Financial analysis and implications will be reported to Council as the process evolves.

30. The medium to longer term implications of legislative change and any future WSDP are expected to be significant. These will be a key consideration for the process and any future decisions required of Council.

31. The proposed legislative changes and WSDPs will raise a range of legal issues and considerations for councils to work through. These are expected to be confirmed as part of the two Bills to be introduced during 2024 and enacted by mid-2025.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

32. Freshwater is a taonga (treasure) and Te Tiriti o Waitangi guaranteed to Māori their continued tino rangatiratanga (authority) over this taonga. Since then, Māori have sought to protect and assert their rights and interests in freshwater, including through the courts. Tribunal and court jurisprudence has found that successive policy, legislation (including the RMA), and practice have consistently undermined those rights and interests. The *Freshwater* Tribunal found in 2012 that Māori rights in water are akin to ownership and that 'If the claimants and the interested parties have residual proprietary rights (as the case examples suggest that they do), then the Crown's Treaty duty is to undertake in partnership with Māori an exercise in rights definition, rights recognition, and rights reconciliation'.[3]

33. This exercise has not occurred. Therefore, any changes to water management are of significant interest to mana whenua and Māori. The speed with which councils have been directed to respond has meant that this advice has not been informed by the iwi engagement process running parallel to the AOG. Councils have had limited visibility of this process to date. Greater Wellington officers are in the process of informing mana whenua partners of this process and the preferred model to seek their views. We understand other councils have also engaged with their mana whenua partners, so there may be a 'double-up' in terms of this engagement.

[3] Waitangi Tribunal*, The Stage 1 Report on the National Freshwater and Geothermal Resources Claim,* Wai 2358, 2012, p. 80.

34. We understand key Māori concerns might include: the need to uphold water quality requirements through Te Mana o te Wai; the extent to which the various models might impact – or protect and provide for – Māori participation, control and authority in freshwater management; and, preserving the ability to recognise rights and provide for future economic benefit, for example through allocation, proprietary redress and/or royalties.

35. The report anticipates an active partnership between the WSCCO and iwi/ Māori. The specific role of Māori however has not been defined, but according to legislation it must be "meaningful" and Treaty obligations must be honoured. The model anticipates a formal governance role for iwi/ Māori, an "embracing" of Te Mana o te Wai and strong relationships confirmed through Memoranda of Understanding and at operational and delivery levels.

36. To date, there has been no formal engagement or consultation on the regional report with other stakeholders or the public. The views of communities and mana whenua / Māori have been represented by AOG members and council officers. The regional report is intended to support a process of engagement and formal consultation from late 2024 and into 2025, as councils consider service delivery options as part of the development of a WSDP in line with the requirements of legislation.

37. Through this process, Council can seek to strengthen the level of involvement and influence that mana whenua partners have at all levels of the design process and in any proposed new model. Below are some working principles adapted from the regional report, which can be tested with our partners:

Mana whenua / Māori	Water services must: • be treated as a taonga, including providing for meaningful mana whenua authority and influence at all levels. • Maintain or improve environmental standards and have an aspirational vision to restore and protect Te Mana o te Wai. Mana whenua should: • have meaningful influence, including with a skills-based Board where Treaty and cultural competency are two key skills required. We understand mana whenua and Māori are looking for: • a genuine commitment to local Māori procurement. • a major and fast revival of our waterways, well-being and people.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

38. The impact of a changing climate will be significant for any new water entity. Increasing extremes such as drought and periods of intense rainfall will put water infrastructure and storage capacity under pressure.

39. Any new entity will need to consider resilience as part of its work. Ensuring a response to climate change can also be set out in any statement of expectations in relation to a new CCO. This will be explored in the next steps towards a WSDP.

Ngā tikanga whakatau
Decision-making process

40. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

41. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington’s *Decision-making Guidelines*. Officers consider that these matters are of medium significance for the following reasons:

    a The decisions at this stage are ‘in principle’ and require consultation before committing to a final entity model

    b Councils in the region are also having this discussion simultaneously meaning that the final shape of water entity(s) is not known

    c Council will make future decisions which will be of high significance and require community engagement.

Te whakatūtakitaki
Engagement

42. It is expected that the proposed legislative changes and eventual WSDP will be of considerable interest to communities, partners, and other stakeholders. Greater Wellington is required to consult on the preferred model but is not required to develop its own WSDP.

43. It is expected that consultation will occur early next year to align with the annual planning process. A report will be brought back to Council prior to this consultation.

Ngā tūāoma e whai ake nei
Next steps

44. All councils involved in this regional work are regularly meeting to discuss the report and the preferred model for their local context. Once these decisions have been finalised, the shape of required WSDPs and who will be party to it will become clear.

45. The next step beyond this will be for Greater Wellington to coordinate with participating councils to consult on its preferred model and work with the relevant councils on a joint WSDP.

Ngā āpitihanga
Attachments

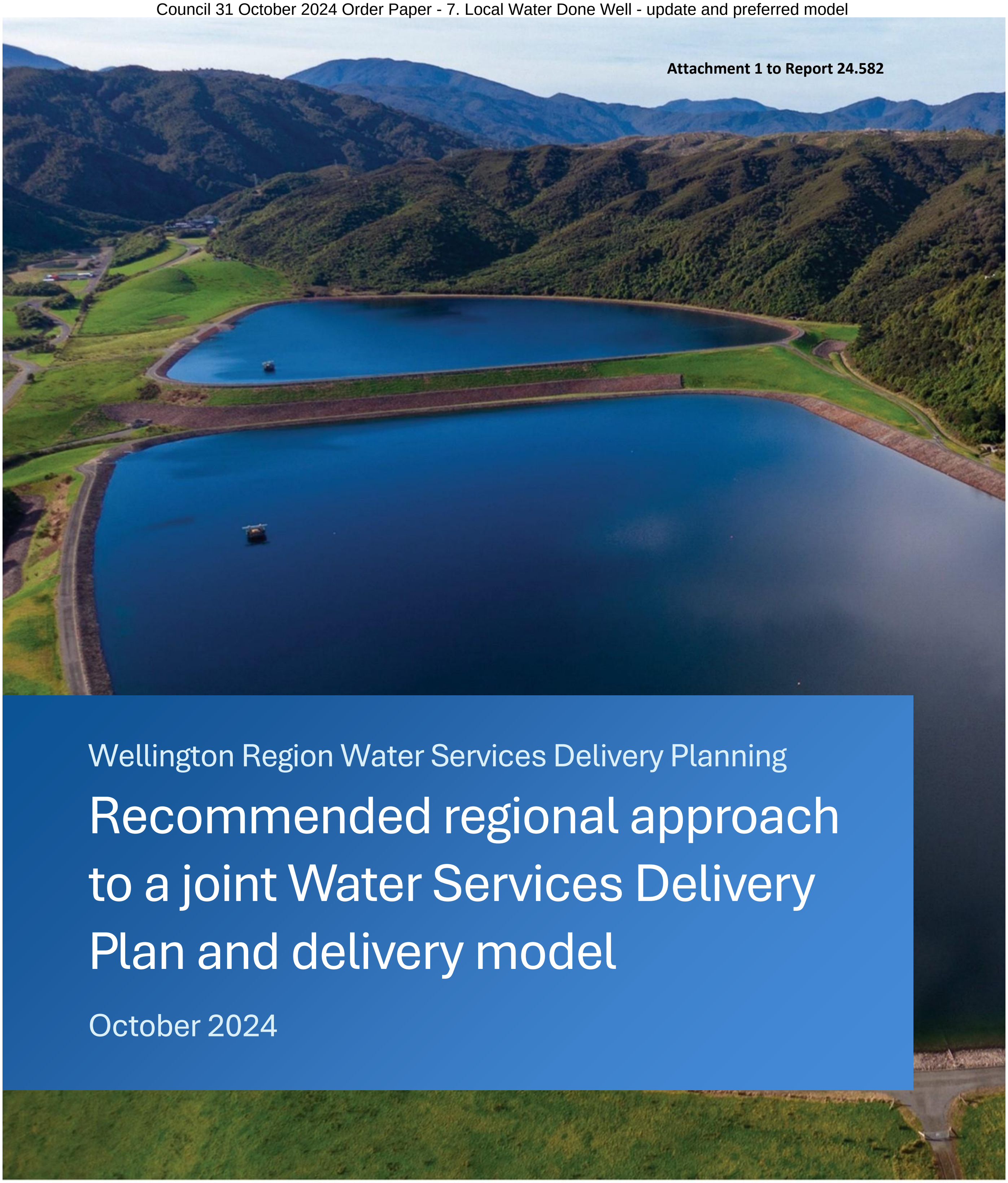
Number	Title
1	Report: Recommended regional approach to a joint Water Services Delivery Plan and delivery model (October 2024)

Ngā kaiwaitohu
Signatories

Writers	Matt Hickman, Principal Advisor | Kaitohutohu Mātāmua, Strategy, Policy and Regulation Amanda Cox, Principal Advisor to the Chair and Chief Executive | Kaitohutohu Matua ki te Heamana me te Tumu Whakarae Verity Smith, Principal Advisor Māori, Te Hunga Whiriwhiri
Approvers	Julie Knauf – Group Manager, Corporate Services | Kaiwhakahaere Matua Ratonga Rangapū

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or with Committee's terms of reference. With Greater Wellington being the current supplier of bulk water services to relevant territorial authorities and a shareholder in the current CCO this report falls squarely within Council's current statutory obligations and role.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies This decision itself has no effect on the Annual or Long-Term Plans or any other key strategies and policies. Any future decisions may have considerable impact and will be the subject matter of future reports to Council.
Internal consultation Internal consultation has been undertaken between Corporate Services (as responsible for bulk water supply) and Finance, Te Hunga Whiriwhiri and Environment Group Rōpū Taiao.
***Risks and impacts - legal / health and safety etc*.** There is low risk with the decision associated with this report. Council agreed to fund this process which has resulted in a recommended option. Full legal and financial analysis will be required as the Water Services Delivery Plan is drafted.

Attachment 1 to Report 24.582



Wellington Region Water Services Delivery Planning

Recommended regional approach to a joint Water Services Delivery Plan and delivery model

October 2024

Horowhenua District Council
Kāpiti Coast District Council
Porirua City
Masterton District Council
Carterton District Council
South Wairarapa District Council
Te Kaunihera o Te Awa Kairangi ki Uta Upper Hutt City Council
Hutt City Te Awa Kairangi
Absolutely Positively Wellington City Council Me Heke Ki Pōneke
Greater Wellington Te Pane Matua Taiao

LIMITATIONS AND DISCLAIMER:

Purpose of the report

This report aims to provide information to support decision making by councils on whether to develop a joint Water Services Delivery Plan (WSDP), and joint delivery model with other councils in the region.

The report does not represent the position of any of the councils involved in this process. Rather, it outlines a recommended 'best for region', concept-level delivery model for a regional Water Services Council Controlled Organisation (WSCCO) to deliver water services in the region, should councils decide to adopt this approach. It follows the requirements of Government policy and legislation and provides a robust strategic-level analysis of the case for change and investment required. This report is not intended to fulfil the statutory requirements for a WSDP nor be a basis for investment decisions. A full WSDP along with further development and decisions on the proposed delivery model will need to be developed by councils later, based on the confirmed approach and in line with the requirements of legislation. Councils will need to separately consider and evaluate alternative options in relation to the recommended model to inform decision making.

Limitations of information and analysis

The analysis set out in this report in relation to the current state of the water services network has been based on best available information and is intended as a strategic and directional-level analysis to inform decision making on an approach to a WSDP, rather than the level required to complete a WSDP or to inform investment decisions. Where possible, the sources and limitations have been noted. As new or more robust information becomes available, this will be used to further inform and refine the analysis. Key assumptions, sources of information and levels of confidence are set out in Appendix C. This includes how information has been verified where possible, including through discussions with council officers and Wellington Water (WWL) staff to ensure accuracy and correct interpretation. There are a number of documents referenced in this report, (such as the draft Entity G Asset Management Plan) that were developed by the Department of Internal Affairs (DIA) but never finalised. These have been relied upon in the absence of other information in order to significantly reduce the time and costs of this process. As noted, reasonable efforts have been made to cross-check such information with other sources.

It should be noted that:

- Forecasts almost always turn out incorrect, especially over a 30-year horizon.
- There is great difficulty in estimating investment requirements over the next 30 years, given poor information on asset condition, lack of detailed engineering assessment of what is required to address water quality to match the proposed water quality standards, and uncertain growth investment.
- Choices need to be made over a myriad of modelling approaches, inputs, and assumptions that reasonable minds may disagree with over some decades.
- There is a range of decisions yet to be made and legislation to be enacted to give effect to reform of water services.
- All modelled network economics figures should assume to have a +/-20% accuracy, such as in relation to revenue, investment and debt over the 30-year period, which is considered a sufficient level of accuracy for strategic decision-making purposes at this stage. Some of these, such as the available asset condition metrics, are known to be weak.
- However, based on the analysis of information and cross-checking, there is a relatively high level of confidence that the analysis is directionally correct and sufficiently robust to support the strategic level of analysis in this report and the decision making that it is intended to support.
- As noted, the detail will be subject to ongoing refinement and change as more accurate, specific information is identified and councils complete the required detail in a WSDP.
- This analysis and report structure is aligned with the requirements of the Local Government (Water Services Preliminary Arrangements) Act 2024 in relation to the content of a WSDP as outlined in Appendix A.

Attachment 1 to Report 24.582

Prepared by:	Scott Consulting Ltd
Prepared for:	Councils in the Wellington Region and Horowhenua District
Date:	4 October 2024
Status:	Final report for release

Contents

Abbreviations

AOG	Advisory Oversight Group
AMP	Asset Management Plan
Bill 3	Local Government Water Services Bill (expected to be introduced in December 2024)
CCO	council-controlled organisation
COC	council-owned company
DIA	Department of Internal Affairs
EoSL	end of service life
FDS	The Wairarapa-Wellington-Horowhenua Future Development Strategy 2024–2054
FFO	funds from operations
FTE	full time equivalent
FY	financial year
GDP	gross domestic product
GWRC	Greater Wellington Regional Council
HBA	2023 Wellington Regional Housing and Business Capacity Assessment
LGA	Local Government Act 2002
LGFA	New Zealand Local Government Funding Agency
LGOIMA	Local Government Official Information and Meetings Act 1987
LOS	level of service
LTP	Long-term Plan
MoU	Memorandum of Understanding
NPS-FM	National Policy Statement for Freshwater Management
pa	per annum
Preliminary Arrangements Act	The Local Government (Water Services Preliminary Arrangements) Act 2024
WICS	The Water Industry Commission for Scotland
WSCCO	water services council-controlled organisation
WSDP	water services delivery plan
WSS	water services strategy
WWC	Wellington Water Committee
WWL	Wellington Water Limited

Foreword

Everyone in the Wellington Region relies on our water services. These are critical to enable the health, well-being and economy of our towns and cities. However, it is also very easy to take water for granted, until something goes wrong.

All of us in the region have directly experienced some of the issues we face with our water services – whether that is an old water pipe bursting on a Wellington street, water shortages meaning you can't water your garden over summer or the impacts of stormwater or sewage on swimming spots.

Our drinking water, wastewater and stormwater services need fixing. We know it will be expensive and will take an ongoing effort. We want to ensure safe, reliable and sustainable water services so the Wellington Region can be more resilient, restore Te Mana o te Wai, enable new homes to be built, and safeguard the well-being of our communities.

The overall state of our water services network is simply not good enough. Water supply services are often unreliable, with old pipes resulting in about half of the water supply for the metropolitan area being lost through leaks.

We know our region has a significant backlog of investment in three waters infrastructure. To address this, enable new housing growth and maintain the network, we estimate for the greater Wellington area, about $15-$17 billion needs to be invested in water infrastructure over the next 20-25 years.

If delayed, we risk significant network failure, further deterioration and increased costs for more 'fixes'. We won't be able to build the 99,000 new homes that are needed across the region for a growing population. Our major wastewater treatment plants will continue to fall short of environmental standards and our drinking water supplies may be compromised. And we push this issue on to future generations.

There is no easy fix. The Government is putting in place legislation which will change how we manage water and is changing funding limits so councils can address the issues we face. Councils must make some bold and brave decisions with the backing of our communities. We need to be confident that we are making the best choices to address the critical challenges, that are deliverable and financially sustainable.

There is a need to increase revenue and effective use of borrowing to ensure cost increases are more affordable for households. This will be a significant challenge and will need to be carefully managed working with the water sector to find ways to do this work more efficiently.

While different parts of the region may have different priorities, all of us face issues with water services. This is everyone's problem, and it makes sense for us all to work together to turn the tide.

Taking a broader regional view will give councils confidence to make some hard decisions in the best interests of our region as a whole. This document aims to support this process. Many options have been worked through to find a better pathway forward. I urge both council officers and elected members to carefully consider the recommendations here.

I would like to extend my thanks to members of the Advisory Oversight Group and everyone involved in this report, which has been shaped by many people's expertise and hard work. It is an example of how well we can work together.

"Nāu te rourou, nāku te rourou, ka ora ai te iwi – With your food basket and my food basket, the people will thrive."

Dame Kerry Prendergast

Chair of the Advisory Oversight Group

Executive Summary

Troubled waters

Water services in much of New Zealand, including the Wellington Region, are suffering long-standing and serious challenges, mainly due to a lack of sufficient investment over a long period.

Transformational reform is needed with significant and sustained investment over coming decades to fix the network, which is at risk of critical failure in places. Urgent attention is also needed to enable new housing growth, provide safe drinking water, improve environmental water quality and enhance resilience.

The Government is introducing legislation to address New Zealand's water services, with a requirement that all local councils and Greater Wellington Regional Council (GWRC) must prepare a Water Services Delivery Plan (WSDP) by September 2025. This may include establishing a new organisation to deliver water services.

Councils within the Wellington Region face some stark decisions and challenges in preparing a WSDP and meeting all the requirements and investment needed to improve water services, including drinking water, wastewater, stormwater, infrastructure and storage.

The purpose and limitations of this report

Under the Local Government (Water Services Preliminary Arrangements) Act 2024 (the Preliminary Arrangements Act), councils need to confirm their approach to a WSDP – whether they want to develop a joint WSDP with other councils and the extent of any joint arrangements; for example, for all or only some water services.

This report aims to provide information to support decision making by councils on whether to develop a joint WSDP, and joint delivery model with other councils in the region.

The report does not represent the position of any of the councils involved in this process but rather outlines a recommended 'best for region', concept-level delivery model for a regional Water Services Council Controlled Organisation (WSCCO) to deliver water services in the region, should councils decide to adopt this approach.

In the course of the decision-making process on the WSDP, councils must assess both their existing service delivery model and the option of establishing, joining or amending a WSCCO or a joint local government arrangement. If they choose, they may also consider other options for delivery of water services. The assessment of (at least two) alternatives needs to be credible with sufficient information to ensure decision-makers can reach a properly informed view.

This report does not deal with the assessment of the status quo delivery model in each district, or potential options for delivering water services other than the recommended model, as these are matters for each council to consider.

The report follows the requirements of Government policy and legislation and provides a robust strategic-level analysis of the case for change and investment required. This report is not intended to fulfil the statutory requirements for a WSDP nor be a basis for investment decisions. A full WSDP will need to be developed by councils later along with further development and decisions on the proposed delivery model, based on the confirmed approach and the requirements of Bill 3 (Local Government Water Services Bill).

A regional approach

The nine councils within the Wellington regional area, and Horowhenua District Council, signed a Memorandum of Understanding (MoU) in May 2024 to work together on a joint WSDP process. This included GWRC on the basis of its role as bulk water provider to the Wellington metropolitan area.

An Advisory Oversight Group (AOG) was established with elected member representatives and Iwi/Māori partners. This is supported by a Chief Executives' steering group, project team, joint budget and an agreed development process. The councils and Iwi/Māori partners made a commitment to work together through a collaborative and non-binding process, which does not transfer any formal decision-making responsibilities or delegations from any council. Each council within the Wellington Region still needs to make their own decisions on a WSDP and a preferred model for delivering water services in future.

The AOG has helped to test options and provide direction on a set of key requirements for a possible regional WSDP. They identified an agreed goal to: *ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore Te Mana o te Wai, and enable new homes and the well-being of communities*.

Current state of the network and case for change

Every day, millions of litres of safe drinking water are delivered to homes across the region and millions of litres of wastewater are safety treated and discharged. This relies on the hard work and dedication of more than 1,000 local people, who work directly on three waters networks for councils, Wellington Water Limited (WWL) and a range of partners, contractors and suppliers. Their day-to-day mahi and commitment to water services on behalf of the people in the region should be recognised and celebrated.

However, the Wellington Region also faces significant failure and deterioration in water infrastructure, with a risk of network fault runaway[1] in parts of the network. There are significant constraints to growth and new housing in many areas, with the need to meet regulatory standards and compliance requirements for water, and to build better seismic, network, and climate resilience. Challenges with current delivery models include lack of scale, workforce skills and capacity, and funding.

While not all councils have the same issues, all councils in the region have major challenges to address. About 45% of all drinking water in the metropolitan area of Wellington is lost to leaks. While the quality of asset condition information is very poor, across the region an average of about 21% of the total three water pipe infrastructure has been assessed as worn out. Wastewater is generally in the worst condition with about 33% of the pipes worn out. Many wastewater treatment plants are failing to meet compliance requirements and need large-scale replacement or investment, with immediate risks of structural failure of some wastewater pipes.

The costs for repairing and strengthening regional water services will be substantial. To address the backlog of investment needed in three waters infrastructure, to enable growth and maintain the network, it is estimated about $15-$17 billion of investment in the water network will be required over the next 20-25 years.

While councils are planning significant investment to manage these risks, combined Long-term Plan (LTP) investment over the next ten years is about $4.82 billion (real), which is approximately $470 million (or about 10%) less than the estimated investment required based on the recommended investment strategy in this report over the next 10 years and about 30-40% less than what will be required, on average over the next 20-25 years.

[1] Network fault runaway occurs when the operational capacity to fix faults is exceeded by the fault rate. The consequences of this include extended periods of water outages, sewage spills, and localised flooding.

The evidence in this report confirms the need for change. The status quo cannot continue and, under the requirements for developing a WSDP, councils will need to make some difficult choices about how to fund and deliver the urgent work needed on the three waters network and demonstrate financial sustainability by 30 June 2028.

Options and recommendations for a regional delivery model

The process has included working through a range of options and considerations to inform 'best for region' options for a joint WSDP and a concept-level design for a future delivery model. The councils have taken a collaborative approach, facilitated by a joint regional team, based on a series of workshops with the officers, council Chief Executives and the AOG to consider options and alternatives, provide feedback and direction.

This process has included:

- confirming what success looks like through identification of the key requirements for councils and a shared goal,
- consideration of the state of the network, level of investment required and case for change,
- consideration of how financially sustainable delivery of water services will be achieved by 30 June 2028,
- testing a range of possible structures and models for a joint WSCCO, including in-house delivery models; Council Controlled Organisation (CCO); a consumer trust; and a private sector option (which was not supported due to opposition to the privatisation of water), and
- development of governance and oversight arrangements, including design principles and assumptions for a new entity, including the relationship between the proposed WSCCO, councils and other key players.

While the model will need to be fully designed and confirmed in subsequent phases of work in line with Bill 3, **the recommended delivery model is for a joint council-owned company, (that is, a full-breadth water utility vested with ownership of all regional water assets, revenues and liabilities**). This would have a similar structure to a CCO under the Local Government Act 2002 (LGA) but with reduced council oversight, enabling the company to have greater control and certainty over investment plans and clarity of accountability.

The entity would be within the new class of financially independent water CCOs, which according to Government policy announcements on 8 August 2024, will be provided for in Bill 3 to be introduced into Parliament in December 2024.

The new WSCCO model will operate in a much more regulated environment, providing a strong focus on assurance, quality, delivery and value for money. The primary relationship of a WSCCO will be with its customers, not its shareholders (or owners). Council direction and oversight would therefore be less than under traditional CCO models. The new entity needs the independence and accountability to deliver. A skills-based Board with a clear set of competencies is at the heart of the recommended governance model.

Councils are keen to ensure that any future regional WSCCO will provide a high level of local service delivery, including good compliance, response times and supply. The new WSCCO would provide all services directly to water customers and bill them for water usage and services provided.

Financial sustainability

A WSDP will need to demonstrate how financially sustainable delivery of water services will be achieved by 30 June 2028. This requires confirmation of:

- 'investment sufficiency' – projected investment is sufficient to meet levels of service, regulatory requirements and provide for growth,
- 'revenue sufficiency' – sufficient revenue to cover the costs (including servicing debt) of water services delivery, and
- 'financial sufficiency' – funding and financing arrangements are sufficient to meet investment requirements.

This document does not provide this level of detail but does provide a strategic level of analysis of these matters to ensure councils to have sufficient understanding of the level of investment required and a potential pathway to financial sustainability including opportunities to use new financing arrangements to help manage cost increases.

The new entity would be able to raise significant long-term debt. The Government recently confirmed that the New Zealand Local Government Funding Agency (LGFA) will:

- provide financing and increased levels of borrowing to support WSCCOs,
- treat borrowing by water organisations as separate from borrowing by parent council or councils, and
- lend to multiple-owned water organisations, that are financially supported by the parent councils. It is important to note that financially supported means either a guarantee or uncalled capital will be required from councils to match the liabilities of the water CCO.

After consideration of a range of investment scenarios, the recommended investment strategy to ensure financial sustainability is based on increased debt and pricing to enable an investment programme that will '**keep up'** with network maintenance, '**catch up'** on the backlog of worn-out infrastructure, **'build up'** network capacity to enable growth and **'clean up'** wastewater and stormwater to improve discharge standards by upgrading assets as they are replaced at end-of-life.

To ensure that this strategy is affordable, careful use of long-term financing will be required to smooth and balance cost increases over time. This is expected to result in a more affordable rate of increased costs to water consumers than would otherwise be possible under current local government funding arrangements.

It is estimated that it will take about 20-25 years to replace worn-out parts of the network and ensure substantial environmental compliance. It is also possible to extend the time for this catch-up period, which may result in lower costs but is likely to result in increased risk of network failure and consequential failure and repair costs.

The actual investment and therefore financial strategy and price path will be informed by development of the WSDP and then implemented by a WSCCO. This will be done in the context of a new economic regulator that will have a strong focus on quality and price based on the actual cost to provide sustainable networks and services.

A range of scenarios has been modelled to provide an indication of average potential price increases across the region and do not reflect the actual cost to serve a particular local area, existing prices or an agreed price transition. Under all scenarios modelled, prices will need to increase to address the backlog of investment needed. Price rises will need to be managed through the use of financing tools and effective and efficient targeting of the works required. Based on the scenarios modelled:

- Price rises could be up to 9% per annum on average across the region to address the backlog of investment in the network. This rate of price increase will need to be managed through financing arrangements and/or the level of investment undertaken.

- The average price per connection across the region in 2024 is $1,711[2]. The amount that this increases could be up to twice current prices or a peak of about $3,000 to $4,000. However, it may be possible to reduce this peak price through financing arrangements and a sustainable price is estimated at about $2,596 when the catch-up phase is completed in about 20 years' time. This sustainable price is about 51% above the level of current charges, meaning that this level of increase could be gradually managed over time.

To manage affordable changes in prices, key assumptions include:

- Economic regulation will include a core principle that water prices must be based on the cost to provide services to the relevant group of customers.
- The WSCCO will need to work with the economic regulator to develop and agree a pricing and revenue strategy that will balance price and quality.
- The WSCCO will use LGFA financing arrangements and additional debt headroom to manage rate of cost increases.
- People across our region currently pay different amounts for water services depending on where they live and whether water use is metered. These existing price differentials will be locked in for a three-year transitional period to help ensure that consumers do not receive a major price shock.

Evaluation of the recommended model and benefits

All councils will need to assess both the WSCCO model and the status quo, and if they choose, other service delivery options during their decision-making process.

This report does not deal with those assessments, but rather evaluates a recommended regional option in relation to the key requirements and other key factors, including the Government's minimum requirements, cost to implement, risks, level of benefits and political acceptability. For each factor, the relevant benefits, risks, challenges and key assumptions have been identified.

This evaluation will help councils to undertake a comparative analysis in relation to the status quo and any other identified options.

Some of the identified benefits of the recommended model include:

- ongoing public ownership through shareholding councils,
- replacement of about 44% of the network over the next 20 years,
- new homes and growth,
- better resilience,
- scale to enable efficiency and continuous improvement,
- focus on affordability through more effective use of funding and financing arrangements than are currently available to local councils,
- better compliance and network performance through more investment,
- customer focus and local delivery,
- clarity of accountability, and
- long-term approach to planning and investment.

[2] Based on 2024 costs.

Implementation considerations

Legislation requires councils to have a WSDP by September 2025. Therefore, decisions on subsequent phases of work to consider a joint WSDP and WSCCO are expected to be made on an in-principle basis by late 2024 to enable this work to be progressed.

Work from late 2024 will need to focus on development and delivery of the WSDP. Councils will need to undertake communications, engagement and formal consultation (on at least the part of the WSDP that outlines the proposed service delivery model) during this time, as well as implementation planning. This will involve some significant decision making in relation to the development and adoption of a WSDP that meets councils' legislative obligations, as well as establishing any joint arrangements for the delivery of water services, with early establishment resources, accountabilities and funding.

The draft regional WSDP will need to be aligned with the legislative requirements and will include asset condition information and a related AMP; funding, financing and revenue requirements; the proposed model for delivering water services, including meeting compliance requirements; and an implementation plan, including timeframes and milestones.

Implementation planning will consider the potential establishment of a large full-service, multi-council-owned WSCCO, which would be entrusted with the stewardship of critical regional assets with a replacement value of about $19 billion. This will also have a significant impact on councils including future role, operating model, financial arrangements and scale.

Details regarding the structure, accountabilities, decision-making rights and resourcing will need to be finalised. Decisions will need to be made on a high-level operating model and organisational design, a service delivery model, change process and strategy, as well as information systems, legal, procurement, costs, budget and funding. The strategy, processes and principles will also need to be established for debt and asset transfer, pricing, contract transfer, people transition, customer experience and billing. This report gives an indicative timeline and costs, with key transition principles that will need to be followed.

Next steps

The recommended regional model is well aligned with the key requirements set by councils, legislation and recent Government policy announcements.

To meet the legislated deadline, councils need to maintain momentum by:

- considering the recommended regional model and deciding whether to develop a joint WSDP with other councils,
- assessing status quo, an alternative model (may or may not be recommended regional model) and, if they choose, additional reasonably practicable alternatives,
- making in-principle decisions on the proposed model by late 2024 in order for this to be further developed,
- consulting on draft WSDP (at least on proposed delivery model) from late 2024 and into 2025,
- considering the implications for council, including the need to amend the LTP,
- adopting the WSDP (and any LTP amendment), and
- planning for implementation of WSDP in 2025 (especially if the new model is adopted).

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Table 1: Summary of recommended regional model

Aspect	Key features
Councils and ownership	• Public ownership through council-owned organisation. • Ownership rights in constitution/shareholder agreement. • Full-breadth water utility with ownership of all regional water assets, revenues and liabilities.
Governance	• Empowered to operate independently with ability to prioritise investments. • Shareholders' panel appoints an independent, skills-based Board (not representative-based Board). • Key skills: commercial, asset management, network utilities, Treaty of Waitangi, customer, local government, and local knowledge.
Iwi/Māori	• Treaty of Waitangi obligations are honoured. • Governance role confirmed through constitution. • Range of enduring relationships and Memorandum of Understanding.
Customer	• Key relationship is with customers including service and billing. • Customer interests supported by economic regulator. • Local service delivery model backed by capability and scale to deliver efficiency.
Strategy	• Shareholders agree Statement of Expectations. • WSCCO prepares Statement of Intent, Annual Plan and Water Services Strategy (WSS).
Accountability and regulation	• Statutory objectives per Bill 3. • Annual reporting and public meetings. • Oversight from regulators – Taumata Arowai, Commerce Commission, Regional Council(s). • Single point of accountability for service delivery. • Financially sustainable and compliant with regulation.
Borrowing	• Borrowing initially from LGFA based on debt covenants. • Focus on affordability through effective use of funding and financing arrangements. • Certainty to plan, fund and invest optimally with confidence that it has committed access to long-term funding at a reasonable cost.

Purpose of this report

Section summary

The Government is in the process of introducing legislation to address New Zealand's long-standing water infrastructure challenges. This includes a requirement under the Preliminary Arrangements Act that councils must prepare and submit to the Secretary of Local Government a WSDP by September 2025.

This report aims to provide information to support decision making by councils on whether to develop a joint WSDP and joint delivery model with other councils in the region.

It follows the requirements of Government policy and legislation and provides a robust strategic-level analysis of the case for change and investment required. The report does not represent the position of any of the councils involved in this process but rather outlines a recommended 'best for region', concept-level delivery model for a regional WSCCO to deliver water services in the region, should councils decide to adopt this approach.

This report is not intended to fulfil the statutory requirements for a WSDP nor be a basis for investment decisions. A full WSDP will need to be developed by councils later, based on the confirmed approach.

This report outlines a recommended delivery model for a regional WSCCO to deliver water services in the region, should councils decide to adopt this approach.

It is not intended to support other subsequent decisions by councils which may be necessary, such as whether to adopt a WSDP. Such decisions will be supported by further analysis and advice.

1. Purpose of this report

This report was commissioned by the nine councils in the Wellington Region and Horowhenua District Council to respond to the direction of the Government's Local Water Done Well[3] policy. This collective approach is discussed in more detail in the Regional Approach section of this report.

Local Water Done Well signalled an expectation that councils would prepare a WSDP within 12 months of legislation providing for the WSDP being enacted and that councils would consider collective approaches to the delivery of financially sustainable water services.

The purpose of this report is to provide information to support decision making by councils on whether to develop a joint WSDP, and joint delivery model with other councils in the region. Councils will need to separately consider and evaluate at least the status quo and may also consider other alternative options in relation to the recommended model to inform decision making.

[3] https://www.dia.govt.nz/Water-Services-Policy-and-Legislation.

This report provides a regional analysis of:

- **Current state of the network and case for change**. This looks at why change is needed and the scale of the problem. This includes analysis of the level of investment required to fix the poor condition of much of the network, maintain the network, enable new housing, and ensure compliance with drinking water and environmental regulation.
- **Options and recommendations for a regional delivery model**. This includes a range of considerations for different types of models, governance and delivery. This section sets out a recommended concept model for a new WSCCO and looks at the importance of quality local service.
- **Financial sustainability of water services**. This outlines an investment strategy and potential financing arrangements to demonstrate how financially sustainable delivery of water services can be achieved by 30 June 2028 including investment, revenue and financing sufficiency.
- **Evaluation of the recommended regional delivery model.** This considers how well the recommended model meets key requirements as well as an assessment of key benefits, challenges and risks.
- **Implementation considerations.** This includes indicative time and costs, engagement and consultation with the community and looks at 'where to now'.

Limitations and disclaimer

Please refer to the limitations noted on page 2 of this report. In particular, it is noted that this report provides a strategic-level analysis of the case for change, a concept-level design for a recommended delivery model for a regional WSCCO, which councils will be empowered to establish under the Local Government Water Services Bill (Bill 3), and an investment strategy to inform how financially sustainable delivery of water services can be achieved by 30 June 2028 including investment, revenue and financing sufficiency.

This report is **not** intended to fulfil the requirements of a WSDP nor provide the basis for investment decisions or future pricing. Development of a full WSDP will need to be completed by councils during late 2024 and 2025 based on the confirmed approach.

2. Legislative requirements

Local Water Done Well is the Government's plan to address New Zealand's long-standing water infrastructure challenges.

It recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future.

It will do this while ensuring a strong emphasis on meeting economic, environmental and water quality regulatory requirements. Key components of Local Water Done Well include:

- Fit-for-purpose service delivery models and financing tools.
- Ensuring water services are financially sustainable.
- Introducing greater central government oversight, economic and quality regulation[4].

Local Water Done Well is being implemented in three stages, each with its own piece of legislation.

Bill 1: Water Services Acts Repeal Act 2024. This repealed the previous Government's water reforms legislation.

[4] https://www.dia.govt.nz/Water-Services-Policy-and-Legislation.

Bill 2: The Local Government (Water Services Preliminary Arrangements) Act 2024 establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system. This was enacted on 2 September 2024.

The Preliminary Arrangements Act lays the foundation for a new approach to water services management and financially sustainable delivery models that meet regulatory standards.

Key areas included in the Preliminary Arrangements Act are:

1. Requirements for councils to develop WSDPs by 3 September 2025.
2. Requirements that WSDPs outline future water services delivery arrangements, and for councils to commit to an implementation plan.
3. Requirements for councils to include in their WSDPs baseline information about their water services operations, assets, revenue, expenditure, pricing, and projected capital expenditure, as well as necessary financing arrangements, as a first step towards future economic regulation.
4. Streamlined consultation and decision-making processes for setting up future water services delivery arrangements.
5. Provisions that enable a new, financially sustainable model for Watercare, including the appointment of a Crown monitor for the interim regulation of Watercare.
6. Interim changes to the Water Services Act, which mean the Te Mana o te Wai hierarchy of obligations in the National Policy Statement for Freshwater Management (NPS-FM) will not apply when Taumata Arowai sets wastewater standards.

Bill 3: In August 2024 the Government outlined key Local Water Done Well policy decisions, including those that will be reflected in the proposed Local Government Water Services Bill (Bill 3).

The Government will introduce Bill 3 in December 2024 that will establish the enduring settings for the new water services system. This will set out a range of changes to the water services delivery system and to the water services regulatory system. This includes:

- New water services delivery models for councils to choose from, including new water organisations that can be owned by councils and/or consumer trusts,
- Minimum requirements for local government water services providers,
- A new economic regulation regime for local government water services providers, to be implemented by the Commerce Commission,
- Changes to improve the efficiency and effectiveness of the drinking water regulatory regime, and the approach Taumata Arowai takes to regulating the regime,
- Changes in the approach to applying Te Mana o te Wai, affecting drinking water suppliers as well as wastewater and stormwater networks,
- A new approach to managing urban stormwater, including changes to improve the management of overland flow paths and watercourses in urban areas, and
- Changes relating to wastewater environmental performance standards and national engineering design standards.

The announcements in August 2024 included confirmation of financial arrangements that the LGFA will provide financing to support water council-controlled organisations[5] (CCOs and trusts). LGFA will extend its existing lending to new water organisations that are CCOs and are

[5] '**Water services provider**' is defined as meaning all forms of local government provider and including councils that continue with direct (in-house) delivery as well as new water organisations. The term '**water organisation**' refers only to separate organisations that councils may establish to provide water services and does not include councils with direct (in-house) delivery.

financially supported by their parent council or councils. It is important to note that financially supported means either a guarantee or uncalled capital will be required from councils to match the liabilities of the water CCO.

LGFA will support leverage for water CCOs based on an assessment of operating revenues, subject to water CCOs meeting prudent credit criteria. LGFA will treat borrowing by water CCOs as separate from borrowing by their supporting parent council or councils. These same lending arrangements would not apply to in-house delivery models.

3. Council decisions

Under the provisions of the Preliminary Arrangements Act, councils need to make a series of decisions. Some of these will be decisions required under the LGA, or the Preliminary Arrangements Act, while others will be non-statutory.

These non-statutory decisions may be tactical decisions to inform the project scope and approach, or strategic decisions (for example, to develop a joint WSDP) that are precursors to formal statutory decisions.

Key decisions councils may need to make include:

1. **Confirming the approach to a WSDP**: Whether to develop a joint WSDP with other councils and the extent of joint arrangements, for example, for all or some water services. (Sections 10 and 11 of the Preliminary Arrangements Act)
2. **Consultation**:
    a. Whether to consult on the draft WSDP beyond the proposed model for service delivery (which must be consulted on), and when and how to consult.
    b. The timing and approach to decision making, e.g., in relation to CCO establishment and governance, (should council plan to establish a new delivery model).
3. **Implementation**:
    a. Whether to adopt a WSDP (Section 17 of the Preliminary Arrangements Act).
    b. Whether to establish a new service delivery model.

This report aims to support decision number 1 above, *Confirming the approach to a WSDP*. Ongoing analysis and development of a WSDP will be required to support decisions 2 and 3 and to ensure councils have confidence that they are able to give effect to the WSDP. To enable this, a three-phase programme has been established, with indicative decision points (and potential exit gates) for councils at the end of Phases 1 and 2. See more detail in Section 37 of this report: *Next phases of work*.

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Regional approach

Section summary

Local government is under considerable pressure to address current water service issues as well as the complex and evolving challenges ahead. The nine councils within the Wellington regional area and Horowhenua District signed a Memorandum of Understanding in May 2024 to work together on a joint WSDP process.

A joint elected-member governance group (the Advisory Oversight Group) was established alongside Iwi/Māori partners, a Chief Executives' steering group, project team, joint budget and an agreed development process. Our councils and Iwi/Māori partners have made a commitment to work together through a collaborative and non-binding process.

The process does not transfer any formal decision-making responsibilities or delegations from any council. Decisions on the WSDP, preferred models or commitments to future change remain with each council. There are points in the process where councils will need to reconfirm their commitment to remaining part of the collective. Any council may choose to leave the collective at any point.

The Advisory Oversight Group (AOG) has helped to progressively test and provide direction on a set of key requirements for a regional WSDP. It also identified an agreed goal to: ***ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore Te Mana o te Wai and enable new homes and the well-being of communities.***

As well as considering at least the status quo as an alternative to a WSCCO, councils will need to undertake a process of engagement and formal consultation on at least part of the WSDP from late 2024 and into 2025, in line with legislation.

4. Wellington Region and the Horowhenua District

The councils working together in the Wellington Region and Horowhenua District include GWRC and nine territorial authorities:

- Horowhenua District Council
- Kāpiti District Council
- Porirua City Council
- Wellington City Council
- Hutt City Council
- Upper Hutt City Council
- South Wairarapa District Council
- Carterton District Council
- Masterton District Council.

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Represented by the four Iwi/Māori representatives on the AOG (see Table 3 below), the Iwi/Māori partners in this regional area include:

- Rangitane o Wairarapa
- Ngāti Kahungunu ki Wairarapa Tamaki Nui-a-Rua Treaty Settlement Trust
- Ngāti Kahungunu ki Wairarapa – Rūnanga
- Ngāti Kahungunu ki Wairarapa Tāmaki-Nui-a-Rua – PSGE
- Rangitāne Tu Mai Rā Trust – PSGE
- Rangitāne o Wairarapa Inc – Rūnanga
- Te Atiawa ki Whakarongotai
- Ngā Hapū o Ōtaki
- Ngāti Toa Rangatira/Te Rūnanga o Toa Rangatira
- Muaūpoko Tribal Authority
- Te Iwi o Ngāti Tukorehe Trust
- Te Tumatakahuki (rōpū of Raukawa hapū representatives within the Horowhenua)
- Te Runanga o Raukawa.

Figure 1: The nine territorial authorities and Greater Wellington Regional Council

Table 2: Wellington Region population inclusive of Horowhenua[6]

Regional population 2024:	~588,000
Regional population projection 2054:	Up to about 775,000[7]
Number of households 2024:	~224,000
Number of households 2054:	~323,000
Percentage of households served by connected water networks:	~89-90%
GDP per capita:	Wellington Region data was reported at $NZ86,805 GDP in 2023[8]
Land area:	813,500 hectares[9]

The region actively works together through a range of forums, planning processes, partnerships and projects to plan, coordinate and invest in the well-being of our communities. This includes:

- housing and growth,
- economic development,
- delivery of social and health services,
- transport,
- emergency management and resilience,
- climate change response,
- waste minimisation and management, and
- delivery of water services.

5. Challenges and change for local government

There are challenges to working collectively as a region, in part due to the disjointed nature of local government boundaries and different interests and pressures each council must manage. This has been the subject of several reviews and processes to consider council amalgamation at both a regional and provincial level.

Local government is under considerable pressure to address current issues as well as the complex and evolving challenges ahead, including those driven by a range of legislative changes. Proposed legislative change in relation to water services has the potential to fundamentally shift the scale, role and relationship between councils and communities in relation to water services. A significant contributing factor to these challenges is the funding model for local government.

> *"The financing of local government is a major barrier, local government needs a much-improved system of funding. In addition to an inefficient financing system, the pressures of inflation, increasing cost of living, skills shortages and climate change add to the challenge of funding for growth and delivering community aspirations."* – *Upper Hutt City Council*[10]

[6] https://wrlc.org.nz/reports/housing-data estimated 2024 population including Horowhenua.
[7] https://wrlc.org.nz/reports/housing-data.
[8] New Zealand GDP per Capita: Wellington | Economic Indicators | CEIC (ceicdata.com). Does not include Horowhenua.
[9] Greater Wellington — Your Region | Tō Rohe (gw.govt.nz). Does not include Horowhenua.
[10] Review into the Future for Local Government, He piki tūranga, he piki kotuku, pg 54. June 2023.

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6. A regional approach to water services delivery planning

In anticipation of legislative requirements for councils to develop a WSDP, the councils in the Wellington Region and Horowhenua District earlier this year agreed to work together to consider a joint approach towards development of a WSDP. This was formalised in May 2024 when the ten councils signed an MoU to work together on a joint regional WSDP process.

The process was deliberately started as early as possible in recognition of the tight timeframe and complexity involved in developing a joint WSDP within the 12-month period signalled under the Local Water Done Well policy and is now required under the Preliminary Arrangements Act.

The councils made a commitment to work together through a collaborative and non-binding process. To provide direction and oversight, the ten councils set up the AOG, made up of an elected member from each council and four Iwi/Māori representatives[11]. This process is supported by a Chief Executives' steering group, a joint project team, a joint budget and an agreed project approach.

The approach has included running a series of workshops with the officers, Chief Executives and the AOG to consider options and alternatives, providing feedback and direction to guide the development of this process and this report. The key deliverable from this joint process is intended to eventually be a joint WSDP, including implementation plan for a future delivery model. The AOG is chaired by Dame Kerry Prendergast and members are listed in Table 3 below.

Table 3: Membership of the Advisory Oversight Group

Council/Organisation	Representative
Chair	Dame Kerry Prendergast
Greater Wellington Regional Council	Cr Ros Connolly
Upper Hutt City Council	Mayor Wayne Guppy
Hutt City Council	Mayor Campbell Barry
Porirua City Council	Mayor Anita Baker
Wellington City Council	Mayor Tory Whanau
South Wairarapa District Council	Cr Colin Olds
Carterton District Council	Mayor Ron Mark
Masterton District Council	Cr David Holmes
Kāpiti Coast District Council	Mayor Janet Holborow
Horowhenua District Council	Mayor Bernie Wanden
Iwi/Māori representative Porirua/Kāpiti	Helmut Modlik, Tumu Whakarae – CEO, Te Rūnanga o Ngāti Toa
Iwi/Māori representative Te Awa Kairangi/Poneke	Kara Puketapu-Dentice – Chief Executive of Taranaki Whānui ki te Upoko o Te Ika
Iwi/Māori representative Wairarapa	Jo Hayes – Trustee of Rangitāne Tū Mai Rā Trust
Iwi/Māori representative/Horowhenua	Di Rump – Chief Executive at Muaūpoko Tribal Authority

The process does not transfer any formal decision-making responsibilities or delegations from any council. Decisions on the WSDP, preferred models or commitments to future change remain with each council. There are points in the process where councils will need to reconfirm their

[11] Note, the Iwi/Māori representatives were progressively confirmed and joined the AOG during this process.

commitment to remaining part of the collective. Any council may choose to leave this collective at any point.

The AOG has met on five occasions to date to consider options and alternatives, and to provide feedback and direction for guiding the process. Workshops have included:

- Workshop 1: 10 May 2024 – MoU, membership, process, key requirements for success.
- Workshop 2: 21 June 2024 – network economics, funding and financing.
- Workshop 3: 5 July 2024 – governance and structure options.
- Workshop 4: 9 August 2024 – concept model, funding and pricing pathways.
- Workshop 5: 10 September 2024 – council positions, draft report and transitional issues.

Further meetings for the AOG are planned for the remainder of 2024. Next steps in the process are set out in Section 43 of this report.

Scale of the WSDP challenge

The issues considered in relation to a WSDP for the region are significant, requiring investment planning for billions of dollars of investment in water assets and operations. Implementation planning will consider the potential establishment of a large full-service, multi-council-owned WSCCO, which would be entrusted with the stewardship of critical regional assets with a replacement value of about $19.7 billion. This will also have a significant impact on councils including future role, operating model, financial arrangements and scale.

Development of a joint WSDP will be a challenging, complex and highly political process in the context of evolving legislation. Additional challenge will come from the need to work across multiple councils, Iwi/Māori partners, and central government, including statutory consultation with the public and input from other stakeholders.

7. What is important for our region

Under the MoU, it was agreed that any future model options need to respond to agreed objectives and consider approaches that are workable, affordable, sustainable and meet the needs of communities and the environment.

Critical success factors included that the plan and any future delivery model would:

- be supported by all participating councils and Iwi/Māori partners,
- be supported by the Government policy and enabled through legislative change,
- be based on a sustainable funding model, and
- enable councils and Government to commit to subsequent phases of detailed design, delivery and implementation.

Building on these factors, the regional WSDP process has progressively tested and confirmed a goal, and a set of key requirements based on the needs of different interest groups and organisations[12]. These are summarised in Table 4 below and the detailed requirements are provided in Appendix B.

[12] It is recognised that the categorisation used here of different organisations and groups is subjective and that some requirements relate to multiple groups (for example, water is a taonga for all, not just for Iwi/Māori).

The goal identified by the AOG is to ensure the delivery of safe, reliable, environmentally and financially sustainable water services so the region can be resilient, restore Te Mana o te Wai and enable new homes and the well-being of communities.

Table 4: Requirements for regional WSDP process and WSCCO

Stakeholder	What they need
Consumers	Water services must be: • in public ownership. • affordable with fair, equitable and transparent pricing. • high-quality, seamless, environmentally compliant services. • customer focused. • continuously improved.
Iwi/Māori	Water services must: • be treated as a taonga. • have an aspirational vision to restore and protect Te Mana o te Wai. Iwi/Māori should: • have meaningful influence with a skills-based Board where Treaty and cultural awareness are two key skills required. Iwi/Māori are looking for: • a genuine commitment to local and Māori procurement. • a major and fast revival of our waterways, well-being and people.
Councils	Councils require: • financially sustainable water services with the debt from water services assessed separately to parent councils' business by the LGFA, subject to a guarantee from owning councils, the WSCCO meeting prudent lending criteria and having the characteristics of an investment-grade utility provider over the medium term[13]. • local influence to ensure alignment of outcomes, particularly for supporting housing growth. • single point of accountability for service delivery. • assurance that the water delivery entity has strong processes, high-quality systems and core data. • a long-term planning horizon. • economies of scale and integration. • residual council financial sustainability (see more below).
Central Government	Water services must • be financially independent and sustainable. • be compliant with regulation. • allow for housing growth.

[13] Note this has been updated in line with Government policy announcements on LGFA lending and was previously: "balance sheet separation – so water services' revenue, costs, asset ownership and debt are recognised on the new water service entity's balance sheet and separated from councils' balance sheets as far as reasonably possible"

Future water entity	A future water entity needs: • to be empowered to operate independently with freedom to prioritise investments. • to have an independent professional skills-based Board and an exceptional executive leadership team. • certainty to plan, fund and invest optimally with confidence that it has committed access to long-term funding at a reasonable cost. • to be a full-breadth, integrated utility, that owns assets, bills revenue and raises own debt. • high-quality systems and staff, as the new regulatory environment requires a quantum shift in the data collection, analysis and reporting capabilities of all water delivery services.

These critical requirements provide the basis for consideration and testing of a joint WSDP and the design of a potential water delivery model. During the process, options were tested regarding entity structure, governance, infrastructure strategy, price and debt funding.

A suite of transition requirements will also need to be met to achieve a smooth and seamless transition, including an equitable allocation of revenue and debt, as well as sound asset and contract transfer rules. These are detailed in Section 42 of this report: *Key Transition Principles*.

8. The role of Greater Wellington Regional Council

GWRC has a unique role as a regional council in New Zealand as it is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua City Councils.

This work is carried out for GWRC by WWL. City and district councils are responsible for the distribution of water to households and businesses through their own networks[14].

This unique role is recognised under legislation through the Wellington Regional Water Board Act 1972. Under this Act, GWRC which has a role in bulk water supply in the Wellington Region, does not need to prepare its own WSDP, but may be involved in developing a joint WSDP. GWRC has committed to this process but also noted that their intent is to focus on their resource management regulatory role and in time may plan to exit from asset ownership and associated accountabilities related to bulk water supply on the understanding that[15]:

- they will retain ownership of water catchment land at Kaitoke and Wainuiomata to support broader outcomes including biodiversity, recreation and climate change mitigation and adaption.
- any new entity has the structural and operational factors needed for success.

> *"We believe that the region can agree on a new model that will provide better water services for Wellingtonians. However, we will require evidence that a new model will provide for better and more sustainable asset management before considering the transfer of our assets."*[16] *Daran Ponter, Chair GWRC*

[14] GRWC LTP 2024-2034.
[15] Letter from Chair of GWRC Daran Ponter to the Chair of the AOG dated 7 May 2024.
[16] Letter from Chair of GWRC Daran Ponter to the Chair of the AOG dated 7 May 2024.

9. Engagement and consultation

To date, there has been no formal engagement or consultation on this report with other stakeholders or the public. The views of communities and Iwi/Māori have been represented by AOG members and council officers. This report is intended to support a process of engagement and formal consultation from late 2024 and into 2025, as councils consider service delivery options as part of the development of a WSDP in line with the requirements of legislation.

Attachment 1 to Report 24.582

Current state of the network and case for change

Section summary

Councils in the Wellington Region face stark challenges to meet the investment needed for drinking water, wastewater and stormwater services and infrastructure. It is clear that transformational reform is required in water services for most councils, with significant and sustained investment over the coming decades to fix, maintain and improve the network - which is at risk of critical failure in some areas – as well as to enable growth, provide safe drinking water, improve environmental water quality, and enhance resilience. The issues are urgent and will also take sustained effort to address.

This section analyses the current state of the water services network based on best available information and varies from council to council. Key regional challenges include significant network failure and deterioration, risk of network fault runaway, constraints to growth and housing, more stringent regulatory standards and compliance requirements, as well as building seismic, network and climate resilience. Work is needed on wastewater, stormwater and drinking water supply to meet climate change and population growth. Some of the other system issues are lack of scale, workforce skills and capacity, and funding. There are also concerns regarding low revenue for water relative to actual costs, household affordability, risk management, and insurance.

While not all councils have the same issues, all councils in the region have major challenges to address. About 45% of all drinking water in the metropolitan area of Wellington is lost to leaks. Across the region, about 21% of the total three water pipe infrastructure has been assessed as worn out. Wastewater is in the worst condition with about 33% of the pipes worn out. Meanwhile, many wastewater treatment plants are failing to meet compliance requirements and need large-scale replacement or investment, with immediate risks of structural failure of some wastewater interceptor pipes.

A description of current levels of service and delivery models is set out in this section of the report. There are challenges with current delivery models with compliance issues and growth not being well managed.

While councils are planning significant investment to manage these risks, combined LTP investment over the next ten years is about $4.82 billion (real), which is approximately $470 million (or about 10%) less than the estimated investment required based on the recommended investment strategy in this report over the next 10 years and 30-40% less than what will be required, on average over the next 20-25 years.

10. An agreed need for change

Much of New Zealand has significantly underinvested in water infrastructure and water services over several decades. Councils around the country and in the Wellington Region now face stark challenges to meet the investment needed for drinking water, wastewater, and stormwater infrastructure.

This is not a new issue. The need to change how water services are funded and delivered has been the subject of several major reviews, policy processes and legislative reform. In 2000, the Parliamentary Commissioner for the Environment concluded the existing model for water services had reached the end of its design life, and this is even more the case in 2024[17]. Two more recent major reviews (the Havelock North Drinking Water Inquiry 2016-2017, and the Three Waters Review 2017-2019), both concluded that councils were struggling to maintain their ageing water infrastructure.

The 2020 Wellington City Council Mayoral Taskforce declared that "***tinkering is not going to cut it. Transformational reform is required.***"

While there may be disagreement on exactly how much investment is required, or how this is best resolved, there is compelling evidence[18] and political alignment that there is a significant infrastructure investment deficit for three waters and change is urgently required.

Significant and sustained investment in water services and infrastructure is required over the coming decades to fix the network – which is at risk of critical failure in places – as well as to enable growth, provide safe drinking water, improve environmental water quality, and enhance resilience to potential future seismic and climate change events.

While some parts of the network are in much better condition currently (in particular in Kāpiti Coast District Council), these will require a significant increase in planned renewals to avoid the risks being faced in older parts of the network. To address these issues, an estimated $15-$17 billion of investment in the water network will be required over the next 20-25 years.

This level of investment is not possible for local government under current borrowing settings. In the current context, the steep increase in rates or water charges, will be unaffordable for communities. A sustained investment will also be very challenging in relation to sector capacity. There will be a need to work closely with contractors and suppliers to grow the workforce, explore new delivery models and find new and lower-cost solutions.

[17] Water NZ "How councils can steer clear of troubled waters".
[18] Water Industry Commission for Scotland, 2021; Beca DIA Three Waters Reform WIS modelling review, 2021.

"The current funding and financing approach is not sustainable in the context of complex wellbeing challenges and increasing community expectations.

Numerous previous reviews of local government funding have highlighted the problems and recommended changes to the system to ensure that councils can more sustainably fund their activities (NZPC 2019). However, central government has failed to enact these recommendations and the issues are compounding.

The Panel recommends some significant changes to the local government funding and finance system that will coincide with the new system of local government. This time, change must happen. Without it, local communities and future generations will be the ones missing out."[19]

– *Review into the Future for Local Government, He piki tūranga, he piki kotuku*

It is accepted that the region's population ultimately needs to be able to sustain the cost of delivering high-quality water services. This issue is urgent and any delay to new solutions will push a bow wave of costs and investment forwards into the future and risk council and communities' ability to ensure clean and safe water.

11. Summary of key regional challenges

Every day, millions of litres of safe drinking water are delivered to homes across the region and millions of litres of wastewater are safety treated and discharged. This relies on the hard work and dedication of more than 1,000 local people that work directly on three waters networks for councils, WWL and a range of partners, contractors and suppliers. Their day-to-day mahi and commitment to water services on behalf of the people in the region should be recognised and celebrated.

However, the Wellington Region has a significant backlog of investment needed in three waters infrastructure and an increasing number of faults and network failures. The worn-out state of the network poses significant risk of increasing major service failures.

Critical risks include:

Significant network failure: Investment is needed to replace an ageing and failing network, including addressing the impacts of failing asbestos pipes. Currently about 21% of the network is worn out leading to an increased risk of major failure. This includes more than 1,300 kilometres of asbestos concrete pipes[20]. About $4.2 billion of investment is needed to replace the worn-out parts of the network. This equates to about $200 million per annum for the next 20–25 years.

Network deterioration: In addition to replacing the most worn-out parts of the network, to avoid further deterioration and increased costs of reactive 'fixes', ongoing investment of about $250 million per annum is needed to maintain the network as an ongoing cost every year.

Risk of network fault runaway: This can occur in any network where the fault rate generated by failing assets exceeds the operational capacity to fix them. This issue is starting to be seen across the metropolitan area of Wellington in relation to water leaks. The short-term effect is that there is always a growing backlog of outstanding faults. This typically cannot be remedied

[19] He piki tūranga, he piki kōtuku – The future for local government (dia.govt.nz), 2023 page 54.
[20] Based on WWL information there are 1,392kms of AC pipes for all three waters (not including KCDC, CDC, MDC, or HDC).

without shutting down and renewing the part of the network affected. The longer-term effect is the diversion of resources and funding away from keeping the rest of the network operational.

Constraints to growth and housing: Funding and capacity for three waters infrastructure is a key constraint for greenfield and brownfield development and is already stopping some development occurring. An estimated additional 200,000 residents will live in the Wellington Region and Horowhenua by 2053, requiring about 99,000 new homes. While growth needs to pay for growth, challenges include current capacity constraints and financing infrastructure ahead of the recovery of costs.

New regulatory standards and compliance requirements: A new, more stringent regulatory environment for water services has been introduced which will require significant investment in plant, equipment, information systems and new, specialist skill sets to ensure clean and safe drinking water and improve environmental impacts of stormwater and wastewater. Currently three of the four major wastewater treatment plants in the metropolitan area are non-compliant and investment is required to ensure sufficient clean and safe drinking water and improve water quality. Further investment will also be required to meet economic regulations and focus on quality and price.

Seismic resilience: The entire region is highly sensitive to seismic activity and the 2016 Kaikōura earthquake clearly had a significant impact on the region's buildings and water infrastructure. The earthquake revealed weaknesses in the ageing network and significantly accelerated leaks with an urgent need to replace large areas of the failing water reticulation network. Serious seismic risk exposures remain for all water networks, particularly for the main trunk water supply network to Wellington running the length of the Hutt Valley beside State Highway 2.

Network resilience and redundancy: There are critical risks of summer water shortages in the metropolitan area and wastewater pipe failures. The network also has low levels of inherent resilience, particularly in storage, with a high risk of water shortages due to the current layout of water reservoirs and lack of network cross connections. For example, if the drinking water connections from the Hutt Valley to Porirua City fail, the city would only have two to three days of drinking water capacity. WWL estimates that in the event of a strong earthquake in the Wellington Region, some suburbs could be without water for 100 days and possibly longer[21].

Climate change: The biggest risks driven by climate change are increasing severe weather events and coastal inundation and drainage. This risk is shared across the region but is particularly severe for the western lowlands of Horowhenua, Kāpiti, and coastal areas of Porirua City and Hutt City. Some parts of the region such as Wairarapa are expected to experience drier weather leading to less availability of drinking water. Metropolitan issues are also growing, as both parts of the lower Hutt Valley and Wellington CBD lie close to Wellington Harbour and are slowly subsiding, relative to average tides. In Hutt City, the wastewater treatment plant at Seaview faces the combined effects of sea level rise and flooding risk from the Hutt River. The iron trunk network in the Wellington CBD, which is already past End of Service Life[22] (EoSL), is experiencing accelerated corrosion due to the ingress of saltwater from higher tides.

Wastewater: Significant and increasing inflow and infiltration into the network is resulting in more wet weather overflows from the network and treatment facilities in Wellington and the Hutt Valley. Compounded by increasing equipment failures, this reduces the ability to manage increasing loads. Treatment plants in Porirua and South Wairarapa are also reaching capacity and equipment failure risks are growing, limiting their ability to manage bigger flows. Treatment plants in Kāpiti will face challenges in consenting for discharges to meet growth. In some cases worn-out pipes are causing sea water to be ingested into the wastewater system and fed into

[21] https://www.wellingtonwater.co.nz/resources/topic/emergency-water-3/.

[22] The economic definition for 'End of Service Life' (EoSL) for an asset is when the "expected forward risk cost of asset failure exceeds the replacement cost of the asset". This means that it is more expensive to leave the asset in the network than it is to replace it. It does not necessarily mean that the asset has failed, although typically it means the asset is likely to fail.

wastewater treatment plants. This is exacerbated by the increased production of hydrogen sulfide, which is corrosive to both wastewater pipes and wastewater treatment plants.

Stormwater: More frequent and larger flooding events are expected due to climate change and urban densification. As community expectations rise, a significant increase in the need for flood mitigation initiatives is anticipated. Stormwater quality treatment and restoration of our waterbodies is also going to become increasingly important. This is already becoming evident as comprehensive consents in the Wellington Region are lodged. The stormwater system is incomplete within the Wellington Region and in some places has cross connections with the wastewater system. During high rain events, these cross connections can cause the wastewater network to overflow, spilling untreated wastewater into the environment.

Poor reliability of water supply services is challenged by worn-out pipe failures, limited storage, and limited water supply availability. This is exacerbated by nearly half of the drinking water supply being lost through leaks in the metropolitan area.

Other key water network challenges the Wellington Region needs to address include:

Lack of scale: The size and disjointed nature of councils constrain opportunities for efficiency, strategic investment and the ability to meet local challenges. It also makes it more challenging to invest in joint solutions, such as for wastewater treatment.

Workforce, skills and capacity: The capacity and capability of the water sector will need to be progressively increased to deliver on the investment needed. All councils and WWL advise that it is challenging to recruit and retain high-quality staff into the water services workforce. Reasons include lack of career paths, lack of training programmes, and better conditions in some water consulting firms. The risk is particularly acute for smaller councils that do not have the team depth to provide back-up for key skill sets or ensure cover for emergency events. New and different skills and experience will also be required to respond to economic regulation as this is phased in.

Funding and financing challenges: Councils have a diverse mix of funding challenges. Some councils are constrained in how much they can borrow, most are sensitive to affordability and face significant trade-offs with other activities or capital programs that need to be delivered. Funding for the sector is largely provided by the LGFA, at very favourable interest rates. With significant capital programmes the main constraint is in funding headroom (with flow-on challenges in serviceability). This constraint is also influenced strongly by credit ratings. It should be noted that an underpricing of water services and an overreliance on debt funding lies at the root of the funding challenge.

Low revenue for water relative to cost: Revenue from water users is significantly below what is required to fix and sustain the network, constraining both investment and borrowing. The average cost per household for three water services in the Wellington Region is about $140/month[23] relative to about $250/month for average power costs.

Household affordability: Monitoring affordability constraints on households is a key requirement with rising costs of living placing a strain on many households. This constraint will remain, with pressure on households only likely to grow where water revenue is funded by council rates.

[23] Note these figures are based on 2024 average rating costs for water at $1,711/household.

Risk management and insurance: Insurance costs and the assumed reinstatement costs have escalated significantly in recent years. This is making it challenging for councils to ensure risks are adequately managed including sufficient insurance of three water assets.

Network Failure Case Study: Dixon St Adit Tunnel, Wellington City

Failures of water infrastructure can be sudden with severe impacts, as seen in the collapse of the Dixon St adit tunnel (wastewater connector) in Wellington in late 2019.

A targeted focus on improving health and safety has led to more costs and difficulties in inspecting large, buried water pipelines and tunnels. This has sometimes led to challenges in adequately understanding the condition of these extensive critical assets, says Wellington City Council Chief Infrastructure Officer Siobhan Procter.

Although earlier inspections of the central city Dixon Street adit tunnel had noted significant deterioration, the problem areas were unable to be readily accessed. Later inspections were less detailed because of the increased difficulties and costs. As a result, the tunnel discharging into the main wastewater interceptor was not identified as being at risk of failure. Without warning, the adit tunnel collapsed in the week before Christmas 2019, leading to a significant cavity in the carriageway, potentially threatening the stability of nearby structures and health and safety in the vicinity of Dixon Street and Willis Street.

Upstream pumping stations were temporarily turned off to divert wastewater away from the collapse, while immediate repair work took place. Emergency actions were also taken to minimise the overflows, which were directed to the stormwater overflow system and then into the harbour. However, approximately 6,500m^3 of untreated wastewater was discharged over about 46 hours.

“Financial consequences of the unexpected failure far exceeded the cost of planned inspections of the adit with any subsequent rehabilitation or upgrade work prior to failure,” says Siobhan. Costs included those associated with the cleanup and provision of temporary solutions, investigations and monitoring, communications, delivery of the permanent solution in an urgent reactive manner, as well as third party loss of revenue and the risk of possible legal action. In addition to these financial consequences, there were significant:

- health and safety risks associated with both the untreated wastewater discharges as well as the road collapse,
- third party loss and significant disruption caused from closure, odour and construction activity,
- environmental risks and cultural offence to Iwi from discharge of untreated wastewater into the harbour, and
- council reputational damage.

“This incident showed that the huge impacts from unexpected failures dwarf those of planned works,” says Siobhan. “Out of sight should not mean out of mind.”

12. Summary of key issues by council

While not all councils have the same issues, all councils in the region have major challenges to address including debt constraints, network condition, resilience, climate change, compliance and growth. Some councils have immediate challenges; others have challenges to come over the coming decades.

A more detailed outline of the network and key challenges for each council, including network condition, is set out in the council profiles in Appendix D[24].

[24] At time of writing, no information on key challenges had been received from Carterton District Council.

Attachment 1 to Report 24.582

Table 5: Key challenges for each council

Council	Key issues
Horowhenua District Council	• Ageing infrastructure such as the Levin Wastewater Treatment Plant. • Securing sustainable sources of water supply for growth, especially in Levin. • Infrastructure capacity to meet future population growth demand. • Increased severe weather events and stormwater impacts on wastewater and stormwater infrastructure. • Restoring the mauri of the water at Lake Horowhenua (Punahau) as this is a culturally significant and community asset.
Kāpiti Coast District Council	• Infrastructure capacity to meet future population growth demand. • Providing water supply network to unserved rural areas. • Water supply compliance to meet regulatory requirements. • Resource consents for wastewater treatment plants and proposed upgrades to meet future consent requirements. • Address flood hazards identified in 30% of urban properties. • Stormwater pipe network under capacity (50%) for one in 10-year event. • Organisational capacity and systems to meet future regulatory regime demands.
Porirua City Council	• Significant and growing renewals backlog in water and wastewater due to age profile of pipe materials. • The speed of population growth is ahead of current water infrastructure capacity. • High per capita water demand is outstripping supply due to water loss in the network and growth. • The condition of reservoirs makes them vulnerable to contamination. • The council is reliant on landfills accepting sludge from wastewater treatment plants which constrains ability to minimise waste. • Streams, rivers and harbours contain coliforms and other contaminants such as heavy metals and microplastics.
Wellington City Council	• Significant and growing renewals backlog in water and wastewater due to age profile of pipes. • Infrastructure capacity to meet future population growth demand. • High per capita water supply demand is outstripping supply due to water loss in the network and growth. • Water reservoirs conditions vulnerable to contamination. • Moa Point Wastewater Treatment Plant condition is resulting in ongoing compliance issues. • Karori Wastewater Treatment Plant outfall compliance issue. • Streams, rivers and harbours contain coliforms.
Hutt City Council	• Ageing water infrastructure and pipes that are failing and requiring urgent investment, i.e. 109km of water supply galvanised pipes. • Investing in finding and fixing leaks and managing water loss to avoid water shortages.

	• Infrastructure capacity to meet future population growth demand. • High per capita water supply demand is outstripping supply due to water loss in the network and growth. • Reservoir conditions mean they are vulnerable to contamination. • Wastewater investment is well short of what is required to renew ageing parts of the network (estimated only 10% of what is required). • Issues with compliance and ageing parts at the Seaview Wastewater Treatment Plant, i.e. sludge dryer. • Streams, rivers and harbours contain coliforms. • A significant increase in the value of water assets is expected this year resulting in significant increases in depreciation which are currently unfunded. • Market capacity issues regionally to undertake the level of renewals required.
Upper Hutt City Council	• Significant and growing renewals backlog in water and wastewater. • New environmental quality standards require very high investment to achieve wastewater and stormwater consent compliance. • Population growth is ahead of three waters infrastructure provision. Major investment is needed, especially in the wastewater network to enable growth to occur. • High per capita water demand is outstripping supply due to water loss in the network and growth. • As a bulk water purchaser, Council is a cost and service taker with limited influence over these aspects. • Major shared assets need upgrades, including sludge dryer at Seaview Wastewater Treatment Plant nearing end of life. • Network infiltration and inflows. • Wet weather overflows. • Contamination and overflows into waterways.
South Wairarapa District Council	• An ageing network results in asset failure and requires an increase in renewals. • The speed of population growth is ahead of current water infrastructure capacity. • Emissions from three waters are not reducing. • Lack of redundancy in critical systems to provide safe drinking water in accordance with the Water Services Act. • Poor condition of assets compromising water system and wastewater resiliency. • Inability to comply with resource consents. • Treatment plants lack multi-barrier protection and have significant operational and seismic resilience challenges. • Streams and rivers contain coliforms. • Flooding. • No new wastewater connections are available in Martinborough or Greytown.

Masterton District Council	• Meeting population growth demand. • Resource consent renewals. • Climate change impacts. • Affordability of levels of service. • Network capacity. • Compliance with new regulatory requirements.
GWRC	• Ageing water network that requires increased investment in renewals. • The speed of population growth is ahead of current water infrastructure capacity. • High per capita water demand for the metropolitan councils is outstripping supply due to water loss in the network and growth. • Current demand is highlighting that GWRC may not be able to meet its duty of care obligations as an asset owner under the Water Services Act in the long term. • Seismic resilience of the bulk water assets does not meet the required earthquake resiliency standard. • Work is underway, but the system is not yet reliable to meet regulatory requirements for fluoride due to lack of redundant systems and asset reliability. • Current demand is placing at risk the existing assets due to lack of headroom to allow major assets to be taken off-line. • Significant investment is required for the Pakuratahi lakes in the near future.

13. Current state of the water services network

Current condition, lifespan, and value of the water services networks

Network asset condition (such as for a power or telecommunications network) is usually assessed at quite a granular level and is considered a core requirement for mature essential network management. For water networks, most assets are underground and not easily inspected.

The Wellington Region’s asset condition assessment is less mature than it should be. Accordingly, analysis is based on sample condition assessments of network pipes available from the latest AMPs. Key sources of information regarding asset condition, and the relatively low level of confidence in this information, are noted in the appendices.

Based on available information for most parts of the Wellington Region, three waters infrastructure is considered to be in a very poor condition (relative to a sustainable network) due to underinvestment over decades, as well as failure of asbestos pipes and impacts of the Kaikōura earthquake.

Asbestos Concrete Pipes

The Wellington Region has more than 1,300 kilometres of asbestos concrete pipes. Most of these were laid in the 1950s and 1960s and are now past their EoSL. They are susceptible to sudden collapse because over time, water flow has washed out most of the asbestos fibres[25] which make up the inside lining of the pipe and provides them with much of their strength. The residual concrete outer layer becomes porous, brittle, and liable to collapse due to vibration and earth movement in dry periods. Pipe failures are increasing rapidly and there is a high risk of wastewater pipes that remove waste for multiple streets or parts of suburbs failing.

While there is variability across the region (in particular, the asset condition of Kāpiti Coast District Council and GWRC networks are substantively better than other councils), an estimated 21% of the total three water pipe infrastructure has been assessed as worn out. This is a serious situation. Wastewater is in the worst condition with about 33% of the pipes worn out. This is a very high level for any network.

Key metrics for the three waters network are shown in the table below.

Table 6: Pipe network

	Drinking water	Wastewater	Stormwater	Total/Average
Length of pipe network[26]	3,743km	3,445km	2,165km	9,353km
% in poor or very poor condition[27]	17%	33%	15%	21%
Estimated average life	55 years	70 years	100 years	74 years

Meanwhile most treatment plants need large-scale replacement or investment. In the short term, there are immediate risks of structural failure of some wastewater interceptor pipes.

These worn-out assets (which are past the end of their 'End of Service Life') are generating faults such as water leaks, pipe failures, major road closures, inundation of wastewater with stormwater during rain events, untreated discharges and localised flooding. These events undermine the economic efficiency of the network by placing an additional cost burden on councils and diverting funds and maintenance resources away from productive activities including preventative maintenance and asset replacement.

The only way to address the deteriorating condition of the network assets is to aggressively replace worn-out assets with new ones until the risk of further major failures becomes manageable.

[25] Please note that asbestos concrete pipes do not pose a threat to human health. Refer to the background document for development of WHO Guidelines for drinking-water quality: https://www.who.int/publications/i/item/WHO-HEP-ECH-WSH-2021.4 and information is also available on the Wellington Water website: https://www.wellingtonwater.co.nz/help-desk/water-pipe-networks/.

[26] AECOM and Tonkin and Taylor, Initial Draft Asset Management Plan, Entity G Wellington Wairarapa Draft version 2.0 December 2023 and updates from individual councils – refer Appendix E.

[27] AECOM and Tonkin and Taylor, Initial Draft Asset Management Plan, Entity G Wellington Wairarapa Draft version 2.0 December 2023 and updates from individual councils – refer Appendix E.

Attachment 1 to Report 24.582

Figures 2 and 3 below show an analysis of the problem and the gap that needs to close. The condition of the wastewater network is particularly concerning, which is a key driver for investment.

Figure 2: State of the network[28]

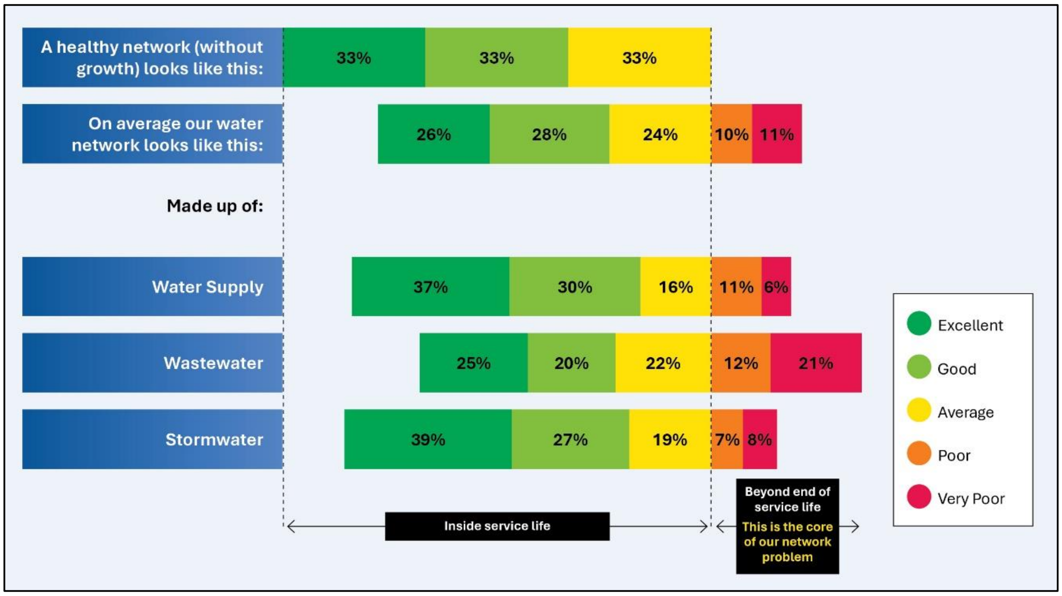
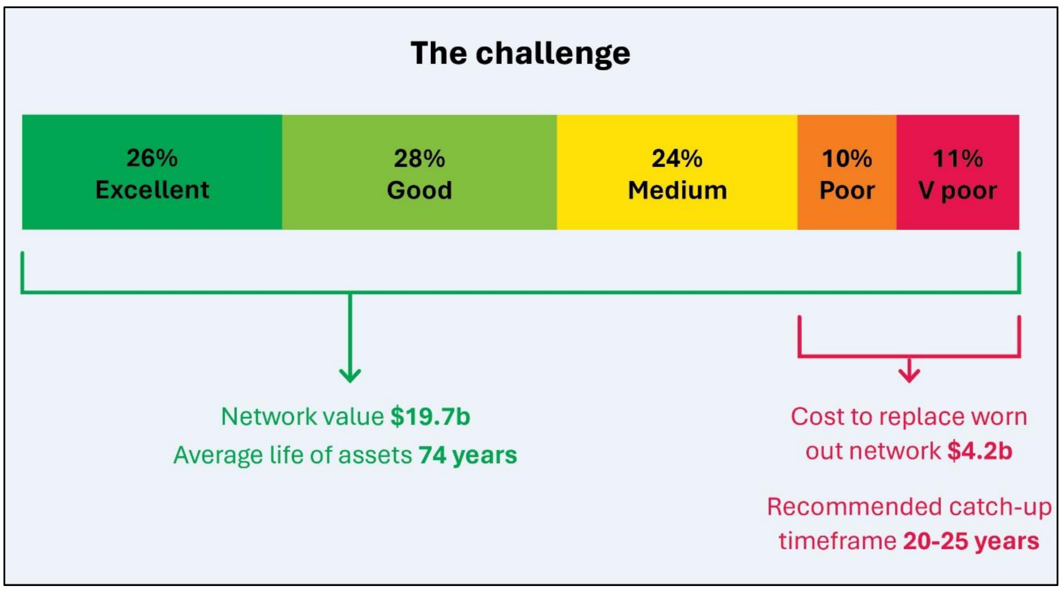


Figure 3: The challenge



[28] AECOM and Tonkin and Taylor, Initial Draft Asset Management Plan, Entity G Wellington Wairarapa Draft version 2.0 December 2023.

A note on network maintenance and renewal (catch up)

It is important to have a correct understanding of the terms 'maintenance' versus 'renewal' when applied to networks.

Once an asset has become worn out, it is often impractical and economically inefficient to continue to spend money maintaining it, if doing so no longer prevents its failure. Instead, it has to be replaced. This process is called 'network renewal' and is usually an ongoing process in large essential networks. Water networks need about 1/74th of the network on average replaced every year because the average maximum age of the assets – based on measuring when they wear out – is 74 years.

The key reason that large parts of our water networks are now suffering continual and increasing failures is not necessarily because the network has not been maintained properly, but because the worn-out assets have not been replaced or renewed sufficiently, due to underfunding. This has resulted in a large backlog of worn-out assets, which are now generating high volumes of network failures, including leaks.

This is also exacerbated at points in the 'lifecycle' of a city. For example, the region has a number of suburbs such as Naenae, Avalon and Taita which were developed over a short time period with all of those assets laid at around the same time and now due for renewal creating a large bulge of renewals over a relatively short time period.

These failures cannot be controlled by fixing the leaks themselves, because the underlying assets are worn out and just break again in a different place or way. The only way to fix the network, including getting rid of the leaks, is to replace or renew these assets. Funding both regular renewal (keep up) at the same time as renewing the backlog of worn-out assets (catch up) is what is driving the high cost required to fix our networks.

Other examples of the poor state of the water network

Loss of drinking water and leaks:

- About 45% of all drinking water in the metropolitan area of Wellington is lost to leaks[29]. This equates to approximately 30 Olympic-sized swimming pools every day.
- At 30 June 2024, WWL reported 1,601 open leak jobs and had fixed 10,160 leaks over the previous 12 months[30]. (Note: at time of writing this number has since declined, which is in line with reduced reported leaks during winter and increased council investment in leak repair).

Drinking water restrictions and drought resilience

- The metropolitan area faces ongoing severe water restrictions over summers or an acute water shortage. This includes low resilience to risk of droughts with current supply capacity only able to meet unrestricted water demand in a one in 13-year drought, as opposed to a target of one in 50 years.
- Changes in climate, water shortages during drought years and rising demand from increases in population will contribute to the network's ability to meet current and future demand.

[29] WWL reporting.
[30] WWL report to Wellington Water Committee 26 July 2024.

Network Condition Case Study: Hutt Valley

Hutt City Council has allocated about $1.6 billion over the next 10 years and is proposing a 16.9% increase to rates to address water issues, as well as increasing debt to $1 billion. Hutt City Council Strategic Advisor Bruce Hodgins says “that is still far below the estimated $2.6 billion needed for capital works. If we were to try and fund all that from rates, it would mean they would go up astronomically and unacceptably.”

But the challenges cannot go unaddressed. A recent report to Hutt City Council’s Audit and Risk Committee listed 23 major risks. These included an 18km sewerage pipe that could cost about $700 million to replace, unresolved odour issues at the Seaview Treatment Plant, and the possibility of running out of drinking water.

The report noted that wastewater and stormwater network resilience, as well as drinking water network safety, was compromised due to poor condition of assets and underinvestment in maintenance and renewals. “Hutt City Council has invested a lot in water assets already, but significantly more is needed,” says Bruce.

“We were told we need to renew 30km of pipe every year for the next 30 years to get on top of the issue. We’re doing about half of that at the moment.”

Meanwhile the wastewater treatment plant is coming to the end of its working life and requires another $225 million in investment over the next 10 years. Locals complain about the smell and the GWRC has issued many infringement notices, and an abatement notice in response to breaches of consent conditions.

Although only about 20 years old, many critical components have deteriorated with equipment failures severely limiting the plant’s ability to manage any additional flows or to realistically undertake any significant maintenance programmes. Significant renewal investment is underway to avoid further consent breaches, including an odour control upgrade, sludge dryer replacement and the UV system renewal.

“We’re talking some big money that needs to be invested and it’s going to be difficult,” says Bruce.

“There is unanimous support around the council table for investment in water service delivery and the community also understands that assets have aged, and it is part of the life cycle of the city,” he says.

“This is not something we can solve in 10 years. It will take 20 years to get to a point where we can deal with all of this under a new model.”

14. Current levels of service and delivery models

The Wellington Region includes about 224,000 residential properties. Of these, an estimated 89-90% are served by a connected public water network.

Key areas that do not receive three waters services include the rural areas of the region, while some smaller towns do not have a connected piped stormwater network.

This report does not go into detail on current levels of service for water services, which is a requirement of a WSDP, but rather provides an overview of current service delivery models.

Water services are provided through two main delivery models as detailed below.

In-house service delivery models

Of the five district councils in the region, four operate in-house delivery models while South Wairarapa District Council is part of the WWL model.

Each town in these areas typically has its own, standalone water supply and wastewater networks. There are a few instances where interconnections have been built to provide a secondary water supply as a backup to the main source of water supply (such as between Greytown and Featherston). Most of the towns are situated on flatter terrain. This makes water supply and wastewater reticulation easier but often presents greater stormwater challenges.

A brief summary of each of the in-house delivery models follows.

Horowhenua District Council

Over the last seven years, Horowhenua has run its three waters service model through the Horowhenua Alliance Agreement. In 2023, a full review of the agreement was undertaken and in May 2024, the Council approved the three waters service model be returned in house, effective from 6 November 2024.

The current Horowhenua Alliance Model employs 26 staff dedicated to operation and maintenance of reticulation, waste and water treatment plants. The Council has a small three waters team of 12 staff, who oversee asset management, engineering, projects and project planning. Two staff in the finance team perform water billing, budgeting and forecasting roles.

Horowhenua's water services charges are collected primarily from targeted rates, general rates and development contributions. Currently, Horowhenua is rolling out a 24-month project to install water meters throughout the district. This project is due to be completed by December 2025 and is currently approximately 14% completed.

Masterton District Council

Masterton District Council's water service delivery is a hybrid model of in-house and outsourcing. Revenue is derived from targeted rates, general rates and development contributions. The Council plans to introduce water meter-based charges from 1 July 2025 and is developing the policy framework to support this. The majority of residential and industrial or commercial premises are currently metered. Consumption will not be fully meter-based; there will be a threshold allowance and anything over that will attract charges.

The Council contracts the maintenance of the water, stormwater, water race and wastewater reticulation networks to City Care; the operation of the two water treatment plants and four wastewater treatment plants is carried out by in-house staff. Larger water projects are awarded through a competitive tender process under the Council's procurement policy. A number of projects are managed in-house by a small project team with specialist support.

The Council has customer service staff supporting water services and a team of technical staff managing the water infrastructure. The small team includes seven staff directly operating the treatment plants, and four people responsible for the operation of the reticulation networks, managing the service contract and planning larger water projects. Compliance and asset management functions are supported in-house by staff in the Environmental Health and Asset Management teams.

Kāpiti Coast District Council

Kāpiti Coast District Council's water service delivery is currently run in-house. This includes bulk water and wastewater treatment, network maintenance and asset management of all three waters. Water services charges are collected primarily from targeted rates, general rates and development contributions. The council rolled out water metering 10 years ago and all reticulated supplies pay for water via a volumetric charge.

The Council has developed a staged 100-year water supply strategy to ensure the district's future and has implemented an active leakage control programme and volumetric consumer charging. A 2018 Auditor-General report, "Managing the supply of and demand for drinking water", showed that Kāpiti was setting a good example with its future-focused approach to supplying drinking water. Consequentially, Kāpiti has not needed to apply summer water restrictions since the last phase of measures, which included universal metering, was introduced in 2014.

The district has a wide distribution of assets across four main communities serviced by a number of water and wastewater treatment plants. The completion of Transmission Gully and other recent transport network improvements have had a major impact on the rate of growth being experienced across the district.

The Council has a dedicated Project Management Office in-house which manages the larger water capital projects. Operations and maintenance works are carried out by in-house resources, but all large capital works are carried out by external contractors. The current service model runs well and meets water quality standards. However, there are significant future challenges. These are growth-related pressure, potential increased environmental compliance in the future and resourcing, both operationally and in the asset management area.

The Council has 51 FTE staff supporting water billing and customer services, operations and maintenance of water infrastructure and the planning, investment and management of water.

Carterton District Council

Carterton District Council delivers water services on a hybrid model consisting of an in-house operations team and contractors for delivering major projects and network renewals.

Water services charges are collected primarily from targeted rates and general rates. Almost all water users are on smart water meters which makes billing relatively easy.

The current model delivers a very high level of customer service that meets all regulatory requirements for water supply and wastewater treatment, including making good progress towards a long-term goal of 100% land discharge of treated effluent. All major water service issues are included in the AMP and funded through the LTP. The delivery of the AMP will ensure continued compliance with all regulatory requirements as well as catering for anticipated growth.

The council has a three waters operations and maintenance team of ten staff, two support staff, a project manager and an asset development engineer.

Wellington Water Limited model

WWL was established in September 2014 as a result of a merger between Capacity Infrastructure Services and GWRC's water supply group. WWL became jointly owned by the Hutt City, Porirua City, Upper Hutt City, Wellington City and Greater Wellington Regional Councils in 2015. South Wairarapa District Council joined as a shareholder in 2019.

WWL does not own any water infrastructure, or set policies or user charges, or control rates. These functions sit with the six shareholding councils.

The model primarily services the metropolitan city areas comprising 75% of the region's population. The services rely on integrated water supply, wastewater and stormwater networks. For example:

- Drinking water collected and treated in the Hutt Valley. Bulk water is collected and treated from the Waiwhetu Aquifier and Wainuiomata River in Lower Hutt as well as from the Hutt River in Upper Hutt.
- Wastewater from Upper Hutt is piped to and treated in Seaview (Lower Hutt).
- Wastewater from northern areas of Wellington City is piped to and treated in Titahi Bay (Porirua City).

The WWL councils have a history of working together to address the challenges of local water services. This includes forming WWL as the second largest CCO in the country. WWL currently employs close to 400 staff, although it has a total workforce capacity of about 1,000 people, which is procured through a combination of supplier arrangements. This includes partnerships with Fulton Hogan, Veolia, and contractor and consultancy providers[31].

WWL delivered an annual capital programme of $329.3 million for the year ended 30 June 2024.

The WWL model has been successful in many respects and provides invaluable learnings for the region:

- **Integrated network management:** The collective management of the city councils' integrated three waters network has provided opportunities to benefit from a larger scope and scale.
- **Scale:** The size of the WWL model enables it to employ a depth of water expertise and capability, which would be challenging for most of the owner councils if they operated an in-house model.

The WWL model does however have significant limitations which will constrain shareholding councils to meet the challenges going forward. These include fragmented accountabilities between WWL and its shareholding councils, constrained and uneven funding across the shareholding councils and the limited investment in critical core IT systems.

Other key limitations include:

- **Accountability:** The dispersement of accountabilities, especially of price, revenue setting and collection, investment planning, asset ownership and borrowing have been the source of many issues. As a result, WWL has to operate more than 20 different sets of accounts, such as an opex and capex account for each council. This is very time-consuming and prevents the design and execution of an investment programme which is optimised for the network as a whole. The fragmentation also inhibits the efficient and optimal operation of many other processes, such as investment planning, governance, customer service and consistency of bylaws.
- **Systems:** WWL was established on a constrained budget. There was minimal investment in providing the essential core IT systems. More than a decade on, WWL relies on Wellington City Council's financial system, third parties' maintenance management system and has no customer management system. This creates significant operational risk, impairs the ability of WWL to be effective and efficient in its performance, provide high-quality information and implement best practice financial processes.

Key aspects of the WWL model include:

- **Service provision:** WWL is contracted to provide water management, operations, maintenance services, future infrastructure and investment planning, and capital programme delivery services. It operates a mixed in-house and outsourced service model.
- **Asset ownership, revenue and debt funding:** All the water service assets, revenues (targeted rates, metering charges, development contributions etc) and debt remain with each council. As a result, WWL must agree discrete maintenance, capital works and funding programmes separately with each council. This inhibits WWL's ability to optimise investment across the network as a whole.
- **Shareholding:** WWL is 100% council owned. The councils' shareholdings approximately reflect their funding commitments (Wellington City 40%, Hutt City 20%, GWRC 15%, Porirua City 12%, Upper Hutt City 8%, South Wairarapa District 5%). Each council has an equal number of voting shares.

[31] Source WWL figures at 30 June 2024.

- **Governance:** The key governance bodies are the (i) Shareholder Committee (Wellington Water Committee); and (ii) Board of Directors.
- **Shareholder Committee:** This committee comprises a representative from each council and Iwi/Māori representatives. Its role includes providing strategic direction, formulating a Letter of Expectations, coordinating feedback on the annual Statement of Intent and monitoring performance.
- **Board of Directors:** The company is governed by an independent Board which is appointed by the Water Committee. The Board appoints the Chief Executive.

WWL has been the subject of several reviews over the past two years, which have highlighted limitations and areas for improvement, including the need for clearer accountabilities and evolution of the model.

WWL is responding to these issues through an 'Organisational Capability Plan[32]'. This includes a range of actions in response to the findings of these reviews including improvements to accountability, assurance, financial controls, responsibility to shareholders, preparation for transition from reforms and embedding organisational values and behaviours.

WWL is also investigating the potential requirements and costs for enhanced IT systems and processes which are likely to require significant investment from shareholding councils and would need to be considered in council annual planning and budgeting processes for the 2025/26 and 2026/27 financial years.

Table 7: Key findings of reviews in relation to Wellington Water Limited

Review	Key findings
Inquiry into the cessation of water fluoridation by Wellington Water, Martin Jenkins, 2022	• Fluoridation was not a priority for WWL. • Drinking water has been safe but not optimally fluoridated. • Fluoridation was stopped to ensure the safety of the drinking water and operators, with no plan to turn it back on. • There were long-standing challenges to providing fluoridation safely. • There was good awareness of these issues within the organisation at operational levels, and attempts to address them, albeit slowly. • There were organisational barriers to raising and addressing issues. • The Board did not have the technical expertise to realise that they needed to be asking questions about fluoride in relation to oral health. • Escalation and communication of the decision to stop fluoridation took too long. • The complexity of the WWL model makes service delivery challenging. • The prospect of reform appears to be challenging for WWL's performance.
Wellington Water Contract Review, FieldForce4, 2023	• Maintenance costs had increased by 71% over the last three years. This review also found that the level of reporting from WWL was insufficient for a water utility of its size. • The review suggested that efficiencies could be found if there was more focus on performance measures and cost targets. • The report findings included: suboptimal contract management between WWL and its contractors; failure to ensure the performance and financial risk is proportionately shared between Wellington City Council, WWL and contractors; and a finding that the WWL reporting

[32] WWL Committee report 27 September 2024.

	to the City Council fails to accurately capture and link network performance to the physical work programme and associated budgets.
Wellington Water Limited: capital programme estimating and budget systems, Roy Baker and Kevin Jenkins, 2024	• This noted the organisation was not as mature as reviewers would expect. • WWL is now 10 years old, but it has not evolved in step with the evolution of its functions and as an organisation has not kept pace with increased demand. • Unclear structures and accountabilities, with like functions not being grouped with like; a control environment that is loose and not fit for purpose; inadequate systems and processes; some missing competencies (including strategic leadership); underresourcing in the finance and the risk functions; and a mismatch between WWL's values and, as described, its culture. • A culture of not wanting to hear or present bad news. There is a tendency to want to manage bad news before informing stakeholders, and to try to shape their perceptions and reaction to the problem in order to minimise it. Although staff and middle management had formed good relationships with the shareholders, reviewers were told that WWL comes across as defensive to shareholders. • Problems from the 2022 fluoride review had not been addressed. • Issues in this review need to be addressed urgently, otherwise similar errors will happen again. The critical work to be done includes recovering the lost trust and confidence of WWL's shareholder councils. For the senior leadership, it also includes recovering some lost trust and confidence among their own people.

15. Enabling growth

This report does not go into detail on the future investment required to enable population growth and development capacity, which is a requirement of a WSDP. It focuses on demand for new housing growth and the extent to which this is currently being constrained due to a lack of capacity in existing infrastructure and little investment for new three waters infrastructure in areas that are set to intensify.

Planning for growth and housing demand

The Horowhenua-Wellington Region has been experiencing steady growth and development, with the population projected to reach more than 775,000 people by 2054. The Carterton and Masterton Districts' populations are expected to increase by more than 50%. In Wellington City the population may grow to more than 271,000.

The Wairarapa-Wellington-Horowhenua Future Development Strategy 2024–2054 (FDS),[33] sets out how the region plans to deliver well-functioning urban environments in existing and future towns and cities over the next 30 years. It proposes where to prioritise housing and business development, as well as investment in infrastructure to support this development. The strategy guides regional policy development, including Regional and District Plan changes in the future, as well as Land Transport Plans, infrastructure strategies, councils' budgets (LTPs) and other policies.[34]

[33] 1404-GWRC-WLRC-Future-Development-STRATEGY-2024-240223-06.pdf (wrlc.org.nz).
[34] https://wrlc.org.nz/future-development-strategy.

The Wairarapa-Wellington-Horowhenua FDS informed by the 2023 Wellington Regional Housing and Business Capacity Assessment (HBA) Update,[35] projects that an additional 200,000 residents will live in the Wellington Region by 2053, requiring 99,000 more homes to be built over that period. These additional homes are expected to be built in both new greenfield locations and redeveloped brownfield locations within existing urban areas.

Constraints on growth

The regional HBA has identified that there is sufficient plan-enabled housing development capacity up until 2053 due to either plan changes, variations, or full District Plan reviews that will enable intensification as required by the National Policy Statement – Urban Development. This is currently being updated to reflect new Government policy and direction.

However, in some cases councils have identified housing capacity which does not have accompanying LTP funding for infrastructure investment to address constraints. An example is in Porirua City for the Northern Growth Area (NGA) which is considered the Wellington Region's most important greenfield housing opportunity[36] with capacity for 5,000-7,000 new homes. Porirua City has not included all the three waters infrastructure costs to enable development in the NGA in the 2024-2034 LTP due to affordability and balance sheet constraints.

Furthermore, in some areas, critical issues exist in allowing new water connections to reservoirs, which in metropolitan areas are nearly all in Levels of Service (LOS) deficit.

Some new wastewater connections are managing LOS by using retention tanks on private property, but the lack of monitoring and compliance could result in significant environmental and health issues as these systems fail and are not maintained.

The implementation plan for the FDS[37] highlights that investment in the required three waters infrastructure is unconfirmed for some key development areas including:

- Te Aro growth corridor, Johnsonville (Wellington City) – three waters.
- Trentham priority development area, Upper Hutt strategic public transport corridor (Upper Hutt) – potable water, wastewater and stormwater.
- Te Āhuru Mōwai (Western Porirua), Kenepuru, Northern Growth Area – potable water, wastewater and stormwater.
- Hutt Central priority development area – wastewater pipeline, pump station and emergency storage.
- Featherston priority development area – potable water, wastewater and stormwater.
- Carterton – new water supply.
- Masterton - wastewater treatment upgrade.

Other examples of capacity restrictions on growth

- **Martinborough:** Significant performance and compliance issues resulted in GWRC issuing an abatement notice for the Martinborough Wastewater Treatment Plant in August 2022. The plant has also reached its design capacity as population growth and annual connections have far exceeded expectations. Due to these issues, South Wairarapa District Council is no longer issuing building consents that need new wastewater connections[38].

[35] Regional Housing & Business Development Capacity Assessment 2023 - WRLC.
[36] Northern-Growth-Area-Selection-Decision-Report.pdf (kaingaora.govt.nz).
[37] GWRC FDS Implementation Strategy June 2024.
[38] https://swdc.govt.nz/martinborough-wwtp/ and https://swdc.govt.nz/greytown-wwtp/.

- **Greytown:** In June 2024, WWL advised South Wairarapa District Council that there was not enough capacity at the Greytown Wastewater Treatment Plant to allow development of a proposed 200 lot subdivision or sufficient capacity for new connections to the wastewater network in Greytown. The plant was designed to service 2,200 connections and is currently servicing 2,700 connections[39].
- **Growth planning:** Porirua City Council, Upper Hutt City Council, Wellington City Council and Hutt City Council are all working with WWL to understand funding and constraints of current and future growth demands.
- **Water supply:** The region is approaching capacity constraints to meet current water demand in the greater Wellington metropolitan area, leading to the risk of more severe water restrictions and water shortages (see case study below). This has required a comprehensive programme of demand management (education, water restrictions and planning for water meters) and asset development (treatment plant upgrades), and potential additional storage[40].

Housing demand and projected shortfall

- Besides the very significant funding constraints facing councils, sustained growth pressures are affecting the Wellington Region including a current deficit of 9,500 - 12,000 houses and 2,400 families on the social housing register (representing an increase of more than 1,000 families since 2019).
- For the year ended 2023, a total of 2,427 new residential dwelling consents were issued, representing a 33% decrease since the end of 2021[41]. Based on current residential consenting rates for the past 10 years, it is expected there will be a housing supply deficit of 21,000 houses in the next 30 years.

Funding for growth

Along with the advantages of growth for the region comes the difficulty of funding and building sufficient infrastructure and community facilities (such as reserves and community infrastructure) to service a growing community.

Much of the cost of the infrastructure for new growth is covered by developers, particularly within property boundaries or where large-scale, comprehensive greenfield development occurs. This can include local pipe networks, stormwater detention and drinking water reservoirs.

However, development also adds pressure to existing infrastructure and the wider three waters network, which requires upgrades to add capacity. This includes water supply and reservoirs (especially where these serve multiple development areas), stormwater retention and discharge, and wastewater collection and treatment. These capacity upgrades are often very expensive and need to be integrated with other planned renewals work, which can lead to complex investment planning and long lead times.

Typically, councils recover much of the cost of these upgrades through development contributions or financial contributions[42]. These range significantly across the region in terms of costs to developers. There is however often a significant timing gap between the upfront investment to enable development and receipt of revenues. For example, a major wastewater upgrade may be required to enable development which will then repay these costs over the next

[39] https://swdc.govt.nz/news/pause-on-new-applications-to-connect-to-greytowns-wastewater-treatment-plant/.
[40] https://www.wellingtonwater.co.nz/our-wai-can-run-dry/.
[41] WRLC Housing Data.
[42] The purpose underlying development contributions as outlined in s197AA LGA2002 "is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

20 years. The gap needs to be bridged by councils using debt and this is a problem for funding-constrained councils. Where infrastructure is not provided in a timely manner this can constrain development, as evidenced by the examples above.

Case Study: Mitigating the risk of water shortages for metropolitan areas of Wellington

GWRC owns the bulk water supply network for Wellington, Porirua, Lower Hutt and Upper Hutt. This involves large water collection areas, four water treatment plants, 15 pumping stations and more than 180kms of large-diameter pipelines.

On a typical day:

- Upper Hutt, Porirua and Wellington's northern suburbs are supplied from Kaitoke.
- Lower Hutt is supplied from Waterloo.
- Wellington's CBD, southern and eastern suburbs are supplied from a combination of Waterloo and Wainuiomata.

An important feature of the bulk water supply system is the interconnection between the two main pipelines (Kaitoke to Karori and Wainuiomata to Wellington) at Ngauranga. This interconnection provides some degree of security of water supply to the cities. This bulk water supply network is managed by WWL.

WWL plans to work with shareholding councils to reduce the rising risk of more severe water restrictions and water shortages and to reduce the impact on communities as much as possible. WWL reports that, based on planned activity and the level of investment councils can afford, removing the risk of Level 3 and 4 water restrictions is not realistic. Instead, WWL is aiming to reduce the risk of entering Level 4 water restrictions for the 2024/25 summer.

WWL's approach to this work is driven by three key outcomes: keeping the water in the pipes, reducing water demand and adding more water supply.

WWL is working on behalf of shareholding councils across a range of activities to mitigate these risks:

- **Fix the network:** continue to increase investment into finding and fixing leaks, managing water loss and replacing old infrastructure.
- **Reduce demand:** continue to encourage customers to reduce water use.
- **Water metering:** investigate and plan for water metering. All metropolitan councils have indicated they will support work towards water metering and will progress this on varying timeframes (South Wairarapa District Council already have residential meters).
- **Increase supply:** in the long term, there is a need to increase the amount of bulk water supplied to the Wellington, Porirua and Hutt and Upper Hutt City Councils by building two more water storage lakes. These lakes will ensure the region has sufficient water supply in the summer to meet demand in Wellington, Porirua and the Hutt Valley. WWL will develop concept designs, and work through consenting. The cost to build the lakes will be high and as a region, there is a need to first reduce the use of water by fixing leaks in the parts of the system owned by the city councils, and by reducing demand. Construction of any new water storage lakes will be subject to community consultation and resource consent approvals.[43]

[43] GWRC LTP 2024-2034.

16. Compliance

New Zealand is in the early stages of implementing a system of water regulation. The Taumata Arowai – Water Service Regulator Act 2020 and the Water Services Act 2021 introduced a new regulatory environment for water services.

This is an evolving space and will require all water providers to have the capability, capacity and investment needed to meet regulatory and compliance standards.

Major changes to the compliance framework include:

- **Establishment of Taumata Arowai:** Taumata Arowai has established new Drinking Water Standards and is establishing Wastewater Discharge Standards. Taumata Arowai has made significant progress in developing and monitoring drinking and wastewater quality since it was established. Government announcements on 8 August 2024 signalled changes to how Taumata Arowai regulates drinking water suppliers. The changes will "...remove barriers to Taumata Arowai taking a proportionate, cost effective and efficient approach in its functions and duties.[44]"
- **Tightening of environmental compliance requirements:** Direction is set by the Government via its NPS-FM, which is currently under review. GWRC implements this through changes to the Regional Policy Statement and Natural Resources Plan and ensures compliance with environmental standards, including the allocation of water supply (take) from natural sources and for wastewater/stormwater discharge requirements. Government announcements on 8 August 2024 signalled further changes including:
  - It will require Taumata Arowai to take account of the NPS-FM, and any regional plans, prepared under the Resource Management Act, that relate to freshwater, as part of the exercise of its functions, duties and powers.
  - Development of wastewater environmental performance standards that are being developed by Taumata Arowai under the Water Services Act. The legislation will be amended so there will be a single standard, rather than a minimum or maximum.
  - These amendments would be designed to ensure regional councils implement a single standard approach in resource consents and cannot exceed the standard in consenting conditions apart from on an 'exceptions' basis.
- **Appointment of the Commerce Commission** as the consumer protection and price/quality regulator for water delivery services (with detail and legislation to be confirmed in late 2024). More details of the economic regulatory regime will be announced later this year when Bill 3 is enacted. It is expected that the Commerce Commission will regulate the economic performance of water delivery through regulation of price and delivery service quality. Government announcements on 8 August 2024 confirmed an intent to introduce economic regulation primarily based on information disclosure with additional powers of oversight. The main purpose of this regulation will be to ensure the right level of investment to ensure good quality water services at an affordable level. This is a critical part of the new water regulatory framework and will be necessary to give communities assurance that prices set for water services are fair and reasonable.

[44] https://www.dia.govt.nz/Water-Services-Policy-Future-Delivery-System.

Drinking water

Most water supply treatment plants in the region are compliant for safety and those that are not, have existing remediation plans. There are several exceptions to this where water take and bore reliability will require more detailed and high-priority planning. While water safety requires continued investment, this is at a much lower scale than that required for water supply capacity, both in terms of supply take and storage. A summary of key compliance issues for drinking water is included in Appendix F.

Water pipes failure and capacity

The impact of water pipe failure will be considered as part of the quality component of water delivery service price/quality regulation and monitored by the Commerce Commission. The absence of sufficient focus on this issue by councils, when compared to water quality and environment regulation, has left this as the highest risk with the largest consequential cost to society from network asset failure.

Pipes represent about 80-90% of the total asset value of the water network, depending on differing locations in the region. As noted above, asset condition information on the pipe networks is currently incomplete. Water pipe condition assessment, identification of existing or imminent pipe failure, and the subsequent replacement of these pipes is considered the highest priority for the network, with the obvious exception of maintaining safe drinking water.

Wastewater pipe capacity is currently seriously impacting growth for many councils in the region including the targeted high-growth rate expected in Porirua and Kāpiti.

Wastewater header and interceptor pipe failures have been the predominant form of major network failure over the last few years and represent one of the highest risks of major network failure.

Wastewater

Many of the wastewater treatment plants in the region are not currently compliant. There are also serious capacity risks in both forms of treatment plant which is currently limiting population growth of many cities and districts within the Wellington Region. Because capacity constraints are not regulatory in nature, this is becoming a lower priority issue. It will be necessary to unlock these capacity constraints as a remediation priority for the network. A summary of key compliance issues for the main wastewater treatment plants is set out in Appendix F.

The high proportion of worn-out assets, and limited storage and sourcing capacity of the network is expected to result in significant economic regulatory non-compliance and required improvements as part of regulation by the anticipated economic regulator. The low historical priority given to network fault rates, failures and renewal is likely the consequence of not having economic regulation for water to date.

As noted above, the network has a very high percentage of worn-out assets and these give rise to frequent failures, repair backlogs, and divert remediation and network maintenance funds to fixing leaks and trying to achieve environmental compliance. This also raises the cost of running the network due to the burden of high levels of faults.

In practice, it will not be possible to achieve sustained compliance to wastewater discharge standards with the network failures that are currently occurring and the current design of the stormwater network including cross connections. These will need to be fixed first, as no amount of treatment plant enhancement will be able to cope with these two upstream weak spots in the network.

Priority must be given first to fixing the pipe networks because this will:

- reduce water supply leaks to both lower cost and retain water supply capacity for our summers, and
- allow wastewater treatment plants to operate at known peak load capacity without the significant ingestion of seawater and groundwater.

17. Current and required expenditure and funding

All councils (with the exception of South Wairarapa District Council) have recently consulted their communities and confirmed proposed three waters investment (capital and operating expenditure) for 2024-2034 through the LTP process.

While councils are planning significant investment to manage network risks, combined LTP investment over the next 10 years is about $4.82 billion (real), which is approximately $470 million (or about 10%) less than the estimated investment required based on the recommended investment strategy in this report over the next 10 years and 30-40% less than what will be required, on average over the next 20-25 years.

Based on the assessment of the condition of the network, as well as investment required to enable growth and meet compliance requirements, the level of funding planned under LTPs is considered below what is needed and this will lead to further network deterioration and increasing risks. This is highlighted starkly in the WWL Statement of Intent 2024 which states that "*The likely levels of funding will exacerbate the region's critical risks and create new ones*".

Investment required versus what is affordable – increasing the risks

As part of the LTP process, WWL shareholding councils are advised on required funding by WWL. From the WWL 2024 Statement of Intent[45]:

Wellington Water advised councils that regional capital investment in the order of $10 billion is required over the next 10 years to deliver on all the region's strategic priorities. This level of investment is unaffordable and currently undeliverable.

Based on delivery to date, Wellington Water recommended that councils (excluding South Wairarapa District Council) invest $7.6 billion in capital expenditure over the 2024-34 LTP period. This level of funding is the maximum that can be delivered in the region[46].

Some councils have invested more in water infrastructure than ever before. However, the councils have been clear to Wellington Water that $7.6 billion is still unaffordable due to council debt headroom constraints and impact on ratepayers.

The capital investment programmes agreed by councils collectively totals $3.6 billion, around half of what Wellington Water recommended as being deliverable. Funding is particularly constrained in the first three years of the 2024-34 LTP period.

Wellington Water recommended a regional 10-year operating expenditure budget totalling $1.7 billion (excluding South Wairarapa District Council). Councils have provided a 10-year operating expenditure budget of approximately $1.5 billion.

The level of funding set by councils for the 2024-34 LTP period means we cannot achieve a balanced programme that delivers on all the region's strategic priorities.

$2.8 billion baseline programme – based on funding assumptions from councils' 21-31 LTPs, this is the basic level of capital investment to keep the lights on but won't improve the region's water assets to a sustainable and manageable level.

The likely levels of funding will exacerbate the region's critical risks and create new ones. Of particular concern is the ability to supply water to communities in the coming summers and the longer-term costs of deferring this investment now. Based on councils' proposed level of funding, there will be limited work to support population growth, renew infrastructure at a sustainable rate, improve water quality and resilience and reduce carbon emissions.

The risks below are key risks that all our councils across the region face. The likelihood of these risks occurring is dependent on the level of investment each council provides and some, therefore, will vary by council:

- *Severe water restrictions or an acute water shortage in future summers.*
- *Continued risk to drought resilience across the region. In the Wellington metro area, the current supply capacity is only able to meet unrestricted water demand in a 1 in 13-year drought, as opposed to 1 in 50 years.*
- *Wastewater treatment plants are not reliable and do not comply with consent conditions with limited ability to bring the wastewater treatment plants back to compliance reliably in the next three years.*
- *Environmental damage and not meeting communities' and mana whenua expectations due to wastewater overflows from network and treatment plants.*
- *Assets fail more regularly due to lack of investment in proactive activities such as renewing and replacing assets, planned maintenance, leak detection and condition assessments.*
- *Customers face more disruption and longer waits for repairs on the wastewater and stormwater networks.*
- *Disruption and repair times on the drinking water network will initially improve but begin to worsen from July 2025.*
- *Additional population growth puts pressure on the capacity of the network and treatment plants, leading to impacts on customers and the environment.*

[45] WWL Statement of Intent 2024 https://www.wellingtonwater.co.nz/.
[46] This is based on a 30% uplift of work year on year that plateaus at $1b per year. WWL Statement of Intent 2024.

Planned renewals

Another example of planned investment relative to required investment is the:

- planned length of pipe replacement (renewals) relative to the length of the network, and
- average service life (how long a pipe is expected to last - this is a proxy for actual asset condition information).

This table helps to illustrate how long it would take, at that rate, to replace a pipe network. For 2024/2025, the planned meters of pipe replacement for each council are shown in the table below.

Table 8: Planned pipe replacement for Wellington Water Shareholder Councils 2024/2025 financial year[47]

Council	Planned pipe replacement 2024/25 (km)	Total meters of pipe in network (km)	No. of years to replace pipe network at 2024/25 rate
Hutt City	4.971	1,845	371
Wellington City	0.427	2,728	6,388
Porirua City	0.200	1,065	5,325
Upper Hutt City	2.838	662	233
South Wairarapa District	0.472	209	442
GWRC	0.180	187	1,038
Total	9.088	6,696	736

[47] WWL Statement of Intent 2024 https://www.wellingtonwater.co.nz/.

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Options and recommendations for a regional delivery model

Section summary

This section outlines the process followed and key considerations and options for a joint WSDP and high-level design for a future delivery model.

The process focused on the development of 'best for region' options. This section sets out a *recommended* delivery model which needs to be endorsed and then fully developed in subsequent phases of work as part of the decision making regarding a joint WSDP and potential establishment of a WSCCO. This will require consideration of the provisions in Bill 3 when this is introduced into Parliament (expected to be December 2024).

The councils took a collaborative approach, facilitated by a joint regional team based on a series of workshops with the officers, Chief Executives and the AOG to consider options and alternatives, provide feedback and direction. This process helped confirm the key requirements and case for change.

A range of possible different models and structures for a joint delivery model were considered, informed by current models in the region including in-house delivery models; a joint CCO service delivery only; a joint CCO full-breadth, asset-owning, a joint council-owned company (COC); a consumer trust; and a private sector option, which was not explored.

Based on the analysis of options and direction from workshops, the recommended option is for a **joint council-owned company** (that is, a full breadth water utility, owning all assets, revenues and liabilities). This would have a similar structure to a CCO but with reduced council oversight, enabling the company to have greater control and certainty over investment plans. The recommended option is consistent with the Government's policy announcements on 8 August 2024 relating to a new class of financially independent water CCOs that councils will be empowered to establish under Bill 3.

The new WSCCO model will operate in a much more regulated environment, which will provide a strong focus on assurance, quality, delivery and value for money. The primary relationship of a WSCCO will be with its customers, not its shareholders (or owners). Council direction and oversight would therefore be less than under traditional CCO models. The new entity needs the independence and accountability to deliver. A skills-based Board with a clear set of competencies is at the heart of the recommended governance model.

The new WSCCO would provide all services directly to water customers and bill them for water usage and services provided. Councils are keen to ensure that any future regional WSCCO will provide a high level of local service delivery, including good compliance, response times, and supply. The new model needs to be able to meet these expectations.

18. Process to test options for a joint WSDP and joint delivery arrangements

As mentioned, the councils in the Wellington Region have agreed to work together to consider a joint approach to development of a WSDP. Dependent on decision making of councils, the key deliverable from this joint process is intended to eventually be a draft joint WSDP, including implementation plan for a delivery model.

The process for this report focused on the development of 'best for region' options and did not consider alternative council-specific or provincial options – these are being developed and evaluated in parallel to this process by councils to inform their own decision making in relation to the WSDP.

Outlined below is a recommended approach which would need to be confirmed as part of future work relating to the development and decision making of a joint WSDP and the implementation planning and establishment of a WSCCO.

The approach was informed by a series of workshops with the officers, Chief Executives and the AOG to consider options and alternatives, provide feedback and direction to guide the development of this process. The workshops were supported by analysis of information, data, options and alternatives, to support informed discussion and direction.

The key stages of the approach are set out below.

Table 9: Workshops

	Workshop 1	Workshop 2	Workshop 3	Workshop 4	Workshop 5
Overall focus	Process Key requirements for success	Network economics, funding and financing	Governance and structure options	Concept model, funding and pricing pathways	Council positions, draft report and transitional issues
Summary of options and direction	Confirmation of process Key requirements Preferred type of model	Approach to network economics and scale of the challenge Level of investment required	Governance design principles and model including role of council owners, Board and Iwi/Māori	Key elements of concept model Risks and benefits of different funding and pricing pathways to achieve financial sustainability Transition principles	Council position updates Draft regional report feedback Key activity in September and October Transitional issues and alignment
Timeline	April/May 2024	June 2024	July 2024	August 2024	September 2024

19. Type of model

A WSDP is required to identify the likely form of any joint arrangement, including whether it is anticipated to involve water services being delivered by a joint delivery model and the proposed model or arrangements for delivering water services.

In terms of different types or structures of joint delivery models, a range of options were considered. This assessment was informed by consideration of what does or does not work well in current models across the region, including council-delivered options and through WWL. Key learnings were:

- In-house delivery models can be prone to underfunding, less commercial expertise and potential lack of role clarity.
- WWL Board's power to chart strategic direction is hindered by not owning assets or controlling funding and the WWL model has led to underfunding.
- The WWL model has a practical overlap between Committee and Board.
- Wellington Water Committee (WWC) has a strong focus on operations, relative to performance oversight.
- Shareholder representatives on the WWC can focus on local issues at the expense of a regional and network-wide focus.
- Small shareholding councils of WWL can feel their voices are not heard.
- Consumers have underpaid for the full cost of services under all models and there has been little use of all potential funding and price levers.

Key options considered and recommended model

More details on the key options can be seen in Appendix G. A range of possible structures for a joint delivery model were considered, informed by current models in the region, including:

1. In-house delivery models,
2. Joint CCO – service delivery only,
3. Joint CCO - full-breadth, asset-owning,
4. Joint COC (which is a slightly modified version of number 3) [48],
5. Consumer trust, and
6. Private sector option (Note: this was not explored due to strong opposition from councils to the privatisation of water).

Recommended delivery model

Based on the analysis of options (summarised in Appendix G) and direction from workshops, the recommended delivery model is for a **joint council-owned company** (that is, a full breadth water utility, owning all assets, revenues and liabilities).

This recommended option was selected as it was the only option that met the key requirements of councils, aligned with Government policy intentions, and the anticipated requirements of the Preliminary Arrangements Act and Bill 3.

The entity would be of the type that councils will be empowered to establish under Bill 3 to be introduced in December 2024. It would have a similar structure to a CCO under the LGA, but with reduced council oversight (as provided for under Bill 3), enabling the company to have greater control and certainty over investment plans. This is one of the features necessary to enable borrowing by the new entity.

A key assumption is that Government will introduce details for a new asset-owning WSCCO through Bill 3 – in line with the announcements on 8 August 2024 – which will provide this type of organisation with the necessary purpose, powers and functions to meet the region's requirements.

The recommended model is well aligned with the guidance on delivery models announced on 8 August 2024. This includes a similar structure to the 'multi-council-owned water organisation'

[48] Since the workshops, the government has adopted the term Water Services Council-Controlled Organisation (WSCCO) in legislation to describe the new type of water services entity. This aligns with other regulations. Throughout this report therefore we also use this term as the description of the new proposed entity.

outlined in DIA guidance including a similar governance and accountability framework. The exception to this is in relation to stormwater, as discussed below.

The announcements on 8 August also support the recommended model option in that:

- this delivery model is well aligned with the minimum requirements that will be set out in Bill 3, and
- it would meet the requirements for a 'water organisation' (which refers to separate organisations that councils may establish to provide water services), which will be necessary to ensure lending from the LGFA.

Since AOG workshops on governance arrangements, the Government has provided broad details of the governance and accountability arrangements that will apply to the new class of CCOs that will be enabled under Bill 3. The three accountability documents provided for in these announcements are a Statement of Expectations, WSS and water services annual report. The Statement of Expectations is directly comparable to the Letter of Expectations considered during the council workshops. Similarly, the proposed water services annual report is as envisaged during those workshops. The workshops anticipated a Statement of Intent which is currently the primary accountability document for CCOs established under the LGA, but it seems likely that water CCOs established under Bill 3 will have a WSS in place of a Statement of Intent.

Until Bill 3 is enacted, however, there remains some (albeit a relatively low) risk that this type of WSCCO is not fit for purpose or able to meet the region's identified key requirements. This will require ongoing engagement with the legislative process.

20. Design principles and assumptions

Informed by the policy announcements on Bill 3, a number of design principles and assumptions have been identified for the recommended model. This includes the relationship between the proposed WSCCO and the other key "players" who form part of the water service delivery ecosystem.

Key relationships

- **Councils (owners):** New council-owned WSCCO delivering three waters services across the region directly to customers. This will ensure ongoing public ownership and control. Bill 3 is likely to confirm further protections against privatisation[49]. Councils will have some ability to set purpose and direction including processes to appoint and hold the Board to account through the constitution.
    - Transfer of assets and debt: Councils transfer all their water assets, liabilities and customers to create a full-breadth water utility.

[49] Protection against privatisation. Government announcements on 8 August confirmed that legislation will likely include the following statutory protections:

- Only local authorities and/or consumer trusts will be permitted to own shares in a water organisation.
- Provisions that prevent:
    - water infrastructure assets from being used as security for any purpose
    - divestment of ownership or other interest in a water service except to another local government organisation or water organisation; and
    - lose control of, sale, or other form of disposal of the significant infrastructure necessary for providing water services in its region or district, unless, in doing so, the local authority or water organisation retains its capacity to meet its obligations
- Shares in water organisations cannot give any right, title or interest in the assets, security, debts, or liabilities of the entity, and would not be able to be sold or transferred.

    - The existence of strong regulators and an independent Board leaves councils with a relatively light, residual oversight role. The shareholders provide a Statement of Expectations and the WSCCO Board, having considered the Statement of Expectations, prepares and adopts the WSS (after having provided shareholders with an opportunity to comment on a draft) and an annual report. See Section 21: Ownership and Governance.

- **Water customers:** Water consumers become customers of the WSCCO. The WSCCO provides all services directly to water customers and bills them for their water usage and services provided.
- **Iwi/Māori partners:** Embraced as partners of the WSCCO, as both parties work to achieve an aspirational vision to restore Te Mana o te Wai. See Section 21: Ownership and Governance.
- **WSCCO:** The WSCCO is 'non-profit making' in that it is not allowed to pay dividends but needs to generate a sufficient and fair surplus. 'Sufficient' means that the surplus revenue is sufficient to fund the renewals to maintain a high-quality water network and to operate the organisation with sufficient investment in people, systems and processes. 'Fair' means that there is good alignment between the generation that funds the cost of infrastructure and the generation that benefits from that investment.
- **Governance – Board:** The WSCCO is governed by a professional, independent Board with members selected for their skill sets and experience.
- **Debt funders:** The LGFA is likely to be the WSCCO's main funder at first. Government announcements on 8 August 2024 confirmed that the LGFA would immediately be able to lend to new water organisations[50]. Over the longer term, the WSCCO is likely to develop the financial strength and maturity to be investment grade in its own right.
- **Regulators – wastewater quality:** Taumata Arowai sets the three waters' standards and monitors the performance of drinking water. At a local level, the regional council applies the standards and ensures compliance for discharges and bulk water takes. Additionally, regional councils are environmental regulators under the Resource Management Act.
- **Regulators – economic efficiency:** The economic regulator role will be to regulate availability and quality of services, and to protect consumers' interest by ensuring that the WSCCO sets fair prices and drive cost efficiency.

The key operating relationships and design principles are shown in Figures 4 and 5 below.

[50] Defines '**water services provider**' means all forms of local government provider and including councils that continue with direct (in-house) delivery as well as new water organisations. The term '**water organisation**' refers only to separate organisations that councils may establish to provide water services and does not include councils with direct (in-house) delivery.

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Figure 4: WSCCO operating relationships

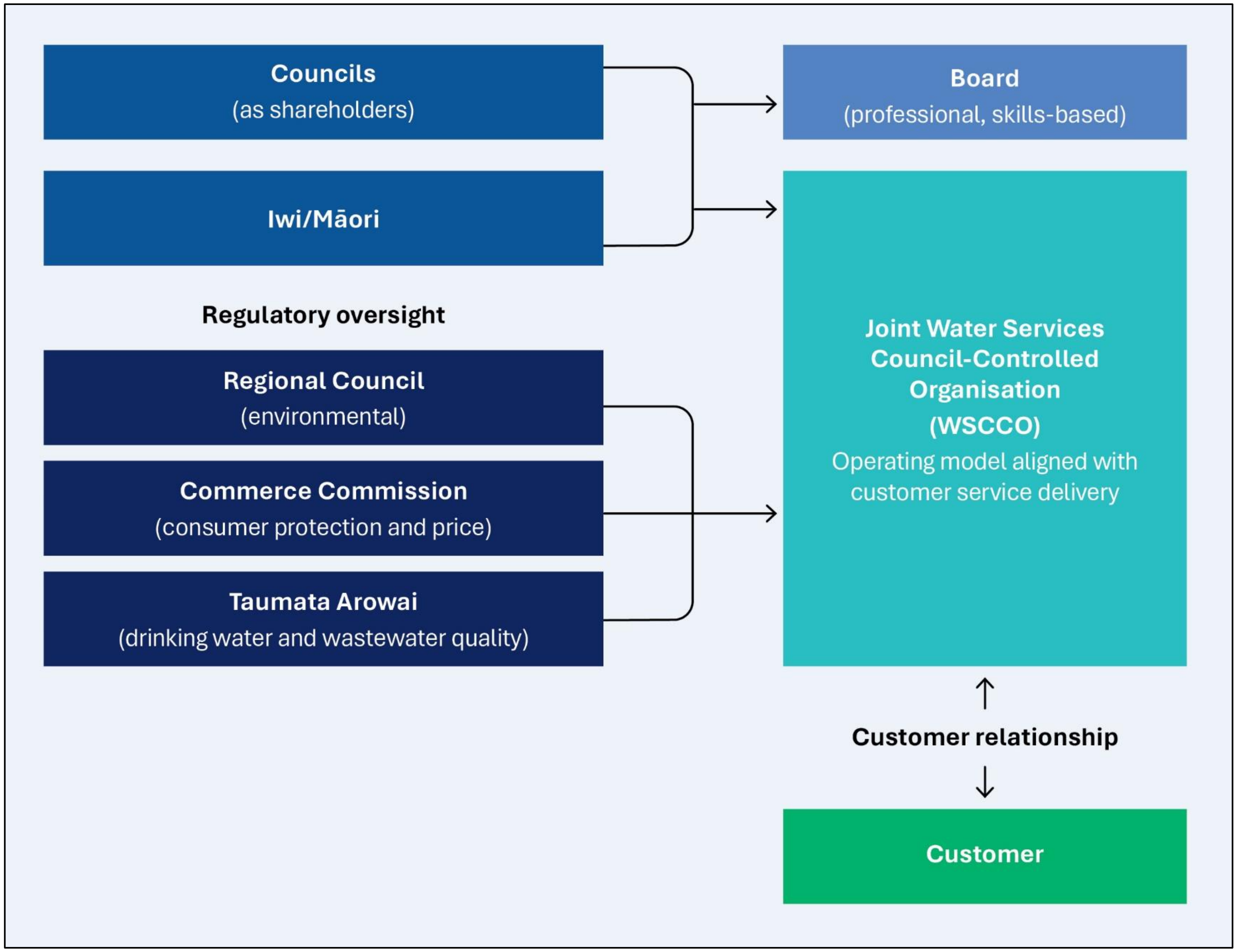

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Figure 5: WSCCO key design principles

Shareholder

1. **Role** – appoint professional board to act as stewards. Council provide oversight through water services strategy
2. **Influence** – expectations communicated via annual Statement of Expectations (non binding)
3. **Accountability** – primarily discharged by ensuring that there is a top quality board (whilst relying on effective regulators too)
4. **Spatial planners** – of location and priority of growth

Regulators

1. **Price and cost (economic) oversight** – the Commerce Commission holds the primary accountability for overseeing, monitoring and enforcing price and cost efficiency
2. **Water quality oversight** – Taumata Arowai and the Regional Council hold the primary accountability for overseeing, monitoring and enforcing water quality standards

Funding

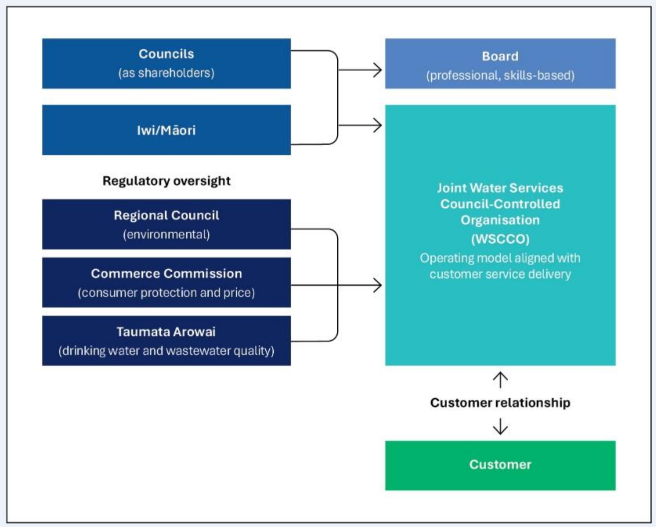
1. **Funding certainty** – Boards have confidence that they can access LGFA debt funding, on the proviso they have a credible plan for achieving financial sustainability
2. **Financial sustainability** – WSCCO Boards have to provide annual, certified evidence that they are on track to achieving financial sustainability in order to draw down LGFA funding

Iwi

1. **Role** – to be confirmed by constitution. Potential role as part of shareholder forum and appointments of Board
2. **Influence** – multiple touch points with WSCCO from governance to operational delivery confirmed through MoUs and other agreements

Board

1. **Independent** – composed of independent Directors. Empowered by constitution to act in the best interests of the company
2. **Professional** – selected for skills
3. **Nomination** – process run by independent Director search specialist
4. **Appointment** – process run by Chair and shareholder representatives



Water CCO

1. **Focus** – solely on the delivery of 3W services. Enables creation of business model which is optimised for the delivery of 3W services
2. **Full breadth utility/single point of accountability** – owns assets, liabilities (inc debt) and customer base
3. **Transparent** – partly culture, partly capabilities (systems to provide visibility of data & high-quality information)
4. **Empowered** – granted powers commensurate with accountability eg power to enact bylaws (may require legislative change)
5. **Financially sustainable** – recovers sufficient revenue to provide a financially sustainable service (apart from potentially some short term transitional credit support)

Consumer

1. **Services** – provide high-quality reliable services
2. **Affordability** – services are efficient and affordable
3. **Price basis** – reflects cost to serve
4. **Price structure** – transparent and easy to understand

Public and Community

1. **Transparent and open** – WSCCO understands that its "licence to operate" relies on a trusted relationship with its community

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21. Ownership and governance

Through the workshops, councils considered a range of options for ownership and governance of a WSCCO. These were guided by the following council requirements relating to governance and have been updated in line with the policy announcements on Bill 3:

- Public ownership – no privatisation of water assets or delivery.
- Local (shareholder) influence to ensure alignment and enable broader outcomes.
- Single point of accountability for service delivery and wider clarity of role.
- An independent, professional Board appointed based on skills, with strong commercial discipline.
- Iwi/Māori input must be meaningful.
- Board to be empowered to operate independently and innovate to achieve outcomes.
- Board has certainty to plan, fund and invest (implies limit on shareholder role).
- Board adopts a long-term planning horizon.

Other key considerations were:

- The new WSCCO model will operate in a much more regulated environment – economic, environmental, quality, so not the same as existing CCO models.
- Regulation provides a strong focus on quality, assurance, delivery and value for money. These also provide channels for customers.
- The need to recognise that the primary relationship of WSCCO will be with its customers, not its shareholders (owners).
- Role of shareholders will be less than under traditional CCO models – with direction and oversight through Board appointments, Statement of Expectations and annual plan reporting.
- In this context, there is a need for clarity on the role and influence of shareholders and focus, such as outcomes, alignment with growth and housing.
- The new entity needs independence and accountability to deliver.
- A skills-based Board with a clear set of competencies is at the heart of the proposed governance model.

Options considered focused on the role of the Board of a WSCCO and the role of shareholders.

Table 10: Appointment of the Board of Directors – recommended model and other options

	Recommended option and design principles	Other options considered
Board appointment process	• Shareholder agreement covers appointment rights • Appointment process should be apolitical • Shareholder appoints member to appointments panel which (with Board Chair) then appoints directors by unanimous vote • Appointments panel adds rigour	• Directors appointed by unanimous shareholder committee resolution (current WWL model) • Same as option above but appointment by majority vote • Same board for entity establishment and BAU operation

	• Small establishment Board can have different focus	
Board skills and membership	• Experienced professional directors given WSCCO's challenges • Director skills matrix is key to having relevant skill sets and experience on Board • No elected members or specific local representation on Board • Key skills would include commercial, asset management, network utilities, Treaty of Waitangi, customer, and local government	• Constitution could allow or prohibit elected members on Board • Iwi/Māori representation on Board

Table 11: Role of shareholders – recommended model and other options

	Recommended option and design principles	Other options considered
Shareholder role and influence	• Shareholder forum to agree Statement of expectations and comment on draft WSS • Panel to appoint/remove directors • Objectives in WSS to reflect entity's statutory purpose and responsibilities • Bill 3 may need to provide more independence especially around WSS	• Statement of Expectations only • Statement of Expectations and power to modify WSS • Individual shareholders produce Statement of Expectations and comment on draft WSS • Bill 3 may provide new options to consider
Performance monitoring	• Annual report only • Compliance burden on CCO needs to be managed • Annual report should not duplicate plans required by regulators	• Half yearly/quarterly reports • Residual monitoring
Oversight	• Two meetings in public only, and Parts 1-6 of LGOIMA (availability of information) • One additional shareholder meeting (AGM) • Regulators, Auditor-General and Ombudsman will provide oversight across all areas of activity	• All Board meetings in public • Additional shareholder meetings • Bill 3 will clarify oversight by Commerce Commission and Taumata Arowai.

Other feedback and future considerations

Specific matters will require further consideration in the detailed development of the recommended model, including alignment with the minimum requirements for delivery models under Bill 3[51]. These will need to be worked through as part of any shareholding agreement, constitution and clarification of the roles and process for appointment of the Board. Issues include:

- Details in Bill 3 – this is likely to define the purpose of a new WSCCO established under that legislation and may clarify the roles of owners and Board as well as reporting requirements.
- The importance of economic regulation in a new model – vital to ensure fair prices and sustainable investment. Economic regulation oversight and price change will need to be phased in over time, to ensure that there is sufficient capability for both the regulator and delivery models.
- Role and oversight from owner councils and Iwi/Māori partners:
    - There will be a transitional development of the new entity and significant compliance requirements in the first few years. There is a need to ensure the Board and WSCCO are not overloaded. Council oversight may change as regulators are established.
    - There will need to be some form of shareholder forum to set and agree direction, with a need to clarify membership or role of Iwi/Māori on this.
    - Key roles of councils include holding Board to account, alignment with growth, and equity.
    - Foundation documents will need to provide clarification on the role of councils and mana whenua in relation to Board appointments panel – membership, process, decision making; and shareholder forum – such as membership, role, key areas of focus, representation.
    - Councils will need to communicate the changes to their communities, including the shift in relationship from council-customer to WSCCO-customer, with the regulator as 'backup'.
- Board of WSCCO and entity:
    - It is important to have skilled people on the Board and get the setting right to make this attractive. Skills/competencies to be considered would include commercial, asset management, network utilities, Treaty of Waitangi, customer, local government, and local knowledge.
    - The Board needs to be professional and skills-based, not representative – with appointments by panel. The appointments process will need to work through challenges and options regarding the membership of the appointments panel and decision-making requirements – such as consensus or majority, and role of Iwi/Māori.
    - Unanimous decision making often does not work, and this is a learning from WWL. Particularly when appointing directors to boards, the decisions should not need unanimity.

[51] Government announcements on 8 August noted councils can design own arrangements as long as these meet minimum requirements:

- Will have to meet clear minimum requirements set out in legislation. This includes meeting regulatory standards, financial sustainability requirements such as ringfencing of water services.
- Restrictions against privatisation.
- Additional requirements for water organisations to ensure they are operated and governed effectively.

- There is potential for a transitional Board during the establishment period.
- There is a need to be clear on how to ensure effective day-to-day operations and in relation to a skills-based governance board.
- The new model must not impact on Treaty settlements.
- Following a concern that smaller councils may not get same priority as bigger councils, there should be a focus on a baseline of level of service and local delivery.

Establishment period and rights of entry and exit

A further matter for consideration in the next phase of work and the establishment documents will be rights of entry and exit as shareholders.

During the first 3–5 years of the new WSCCO it may be necessary that there is a 'lock down' period of shareholders.

This is to provide the WSCCO with sufficient certainty of accountabilities, shareholders and investment and to avoid potential significant distraction caused by shareholders joining or leaving the model while the WSCCO is developing capability.

This approach would potentially also allow for a formal review point for the WSCCO that could provide for a review of constitution, governance arrangements and shareholders.

This process would need to recognise the potential cost and resource implications for the WSCCO and shareholders of this review and for joining or leaving.

GWRC has indicated a preference to focus on their resource management regulatory role and in time may plan to exit from asset ownership and associated accountabilities related to bulk water supply.

22. Treaty obligations, principles and partnership

Two of the key design principles are to ensure that:

1. Iwi/Māori have meaningful influence and
2. Treaty of Waitangi obligations are honoured.

The role of Iwi/Māori in relation to the governance of a WSCCO is discussed above and will need to be confirmed through any foundational documents such as the constitution, shareholders' agreement and role of the Board appointment panel. This includes a potential role as part of a shareholder forum and Board appointments. The Board would also need to have suitable competencies and skills in relation to the Treaty of Waitangi.

The new WSCCO will need strong relationships with Iwi/Māori in operations and delivery. There is an opportunity to learn from the Watercare model, which has enduring MoU arrangements that set durable and long-term arrangements which go beyond the transactional.

This will need to be confirmed through the development of the WSDP to ensure that the organisational design has clear, designated roles to partner with Iwi and to give effect to any Treaty settlement obligations which transfer across from the councils.

Watercare model and partnership with Iwi/Māori

Watercare is the CCO, 100% owned by Auckland Council, that provides water supply and wastewater services in Auckland. As well as being a CCO, Watercare is an "Auckland Water Organisation (AWO)" as defined in the Local Government (Auckland Council) Act 2009 (LGACA), and as an AWO is given various rights and obligations under Part 5 of that Act.

The LGACA does not require that the Watercare Board has any particular level of mana whenua representation on it. Instead, Auckland Council appoints the directors of the Watercare Board in the normal way, and subject to ordinary LGA requirements.

These include section 57(3) of the LGA, which states that when identifying the skills, knowledge and experience required of directors of a CCO, the local authority must consider whether knowledge of tikanga Māori may be relevant to the governance of that CCO.

Auckland Council has an Appointments and Remuneration Policy for Board members of Council Organisations. One of the core competencies the Council requires on the boards of its substantive CCOs, including Watercare, is: uphold the principles of the Treaty of Waitangi, readiness to promote improved outcomes for Māori and knowledge of Te Ao Māori and established Māori networks.

In 2012, Watercare established the Mana Whenua Kaitiaki Forum (the Forum) to encourage discussion and guidance, and to share views on the management of water and wastewater. The Forum's focus has widened to all Watercare matters affecting the strategic interests of mana whenua across the Auckland Region. There are 19 tribal authorities represented on the Forum.

The Kaitiaki Schedule is regularly sent to the 19 tribal authorities on the Forum. It sets out Watercare's planned work programme, most of which requires resource consent. Representatives are invited to express interest in projects.

Watercare has also entered into relationship agreements with various Iwi and hapu in Tāmaki Makaurau (Auckland) and beyond. These include kawenata with Waikato Tainui and other 'river Iwi' that acknowledge the parties' respective interests, desired outcomes, and sets out how the parties will work together. Watercare also from time to time enters into agreements with Iwi/Māori entities relating to specific projects.

Watercare's Board is supported by the Executive Leadership Team at Watercare, including the Tumuaki Rautaki ā-Iwi me ngā Hononga (Chief, Māori Strategy and Relationships.) This officer is responsible for ensuring Watercare has the structures and resources to meet its obligations under Te Tiriti o Waitangi.

23. Joint arrangements and stormwater management

A WSDP must confirm the extent of any joint arrangements, including whether the joint arrangement will deliver all water services for all the territorial authorities that are parties to the joint arrangement, or other arrangements.

Through the workshops, councils considered the extent of joint arrangements and whether this would cover two or three waters. Councils have confirmed a preference for the recommended model to include all three water services. This would also mean the transfer of these assets and any relevant liabilities.

A three waters delivery model aligns with the current WWL service model for shareholding councils, and it would be challenging for councils to build or retain sufficient internal capacity for stormwater outside a separate WSCCO.

The identified exceptions to these recommended joint arrangements are:

- Non-piped stormwater networks in urban areas would remain under council ownership. It is likely that councils would enter into service level agreements to confirm management for these areas as part of an integrated approach to stormwater.
- GWRC intends to retain ownership of drinking water catchment areas in Kaitoke and Wainuiomata to support broader outcomes including ecosystems, recreation and climate change.
- Wairarapa councils intend to retain water races that service agriculture.

This recommended model may not fully align with the Government announcements on 8 August 2024 in relation to stormwater management and expected content of Bill 3. The announcements[52] set out that:

> *Councils will retain legal responsibilities for the management of stormwater services, but they can choose to:*
>
> - *continue to deliver stormwater services in-house and contract aspects of stormwater service delivery to a new water organisation,*
> - *transfer aspects of stormwater service delivery (this might include stormwater network assets) to a water organisation, and*
> - *contract aspects of stormwater service delivery to a third-party provider, via long-term contract or public-private partnership.*
>
> *Councils can determine the levels of service and performance targets for the delivery of stormwater management services. Water service organisations identify the costs of delivering stormwater management services that meet the expected levels of service and meet performance targets.*
>
> *Councils will continue to collect revenue through rates from residents and businesses for stormwater management services. Revenue for the delivery of stormwater management services is identified separately within council's accounts (ring fenced). Depending on the stormwater management services that are contracted or transferred, the revenue collected through rates may be allocated between councils and water service delivery vehicles to deliver stormwater service outcomes.*

The key potential issue here is for conflict of accountabilities and funding under a model where councils choose to transfer delivery and assets to a WSCCO but are legally required to collect revenue (ring-fenced) and have legal responsibility for stormwater. This is particularly challenging where there are cross connections in the network between wastewater and stormwater.

The approach to stormwater is an issue that councils will need to further consider in Phase 2 of this process and may need to submit on in relation to Bill 3 including further engagement with DIA.

Separation of stormwater and clarification of optimal arrangements for the region may be complex and key aspects to work through will be:

- legislative requirements,
- network condition and investment required to deliver outcomes including improved discharge quality,
- achieving financial sustainability, including council financial positions, pricing and financing,

[52] https://www.dia.govt.nz/Water-Services-Policy-Future-Delivery-System.

- asset ownership, debt transfer, revenue transfer,
- asset and network types and interconnections including between piped networks, overland flow paths, roading and other parts of the stormwater system,
- accountabilities and potential service delivery and resourcing options, and
- interrelationship with flood management, risks and accountabilities.

24. Customer model and local service delivery

The new WSCCO would provide all services directly to water customers and bill them for water usage and services provided. Councils are keen to ensure that any future regional WSCCO will provide a high level of local service delivery, including good compliance, response times, and supply. The new model needs to be able to meet these expectations.

Under the recommended model, water consumers would become customers of the WSCCO. The WSCCO would provide all services directly to water customers and bill them for water usage and services provided. This would require the WSCCO to have the ability to:

- proactively communicate to customers,
- receive and respond to service requests, and advice regarding leaks on private property,
- transparently bill customers based on an agreed price basis, and
- ensure service levels are met.

As reflected in the key requirements, councils have expressed a strong view that any future regional WSCCO would need to provide a high level of local service delivery and not result in a loss of service levels for communities. Typical levels of services and performance measures include:

Compliance and quality:

- compliance for drinking water supply with Taumata Arowai drinking water quality assurance rules,
- providing an efficient and effective stormwater system to minimise the impact of heavy rainfall,
- delivering stormwater services in a manner that is acceptable, safe and, where possible, enhances the environment, such as water quality at beaches,
- number of flooding events due to stormwater overflows,
- number of complaints received about water clarity, taste, odour, pressure, flow, and continuity of supply, and
- compliance with resource consents.

Response times:

- response times to a fault or unplanned interruption to the water network,
- resident satisfaction with the water supply service they receive,
- resolution of urgent callouts,
- attendance for non-urgent callouts, and
- resolution of non-urgent callouts.

Supply:

- average drinking water consumption per resident per day,

- percentage of real water loss from networked reticulation system, and
- kilometres of renewals for three waters infrastructure.

It will be important that the organisational design and operating model for a regional WSCCO is set up to meet these expectations for local service delivery. This may draw upon the benefits of scale which provides additional capacity and capability with a local focus to ensure effective customer services, including website, channels, and call centre and quality local service delivery; including local depots for service delivery to ensure local knowledge and efficient response to service requests.

Based on the Government announcements on 8 August, it is expected a WSCCO would be required to develop and implement a WSS which will likely include elements to:

- state publicly the activities and intentions of the water services provider, and the objectives and outcomes to which those activities will contribute,
- provide transparency about the regulatory requirements and other expectations that apply to the provider (including financial sustainability), how it proposes to meet those requirements and expectations, and the associated costs and levels of investment needed, and
- provide a basis for the accountability of the provider for its performance.

25. Capability and capacity development

The intended reforms represent a significant opportunity for the water industry and for local employment, and there will be a need for a national focus on capability and capacity development. Working with wider sector partners, a new WSCCO would need to have a significant focus on capability and capacity development to be able to deliver the scale of investment required, meet new regulatory requirements, service customer needs and drive efficiency gains.

While it is assumed that many of the people working in the water sector will continue to do so, this new model will also require new and different skills that are not currently part of the WWL or in-house council delivery models.

This will require a focus on:

- IT systems and processes: significant investment will be required to ensure that the WSCCO has the full end-to-end digital capability to undertake its functions effectively.
- Quality and completeness of asset data including asset condition information: greater focus on asset data, condition inspections and the management and use of this information to support effective investment decision making.
- Planning: long-term strategic network planning and investment to support financial sustainability and meet the requirements of the regulators.
- Regulation: new and enhanced capability to meet regulatory requirements, in particular for economic regulation.
- Supply chain and procurement: working with the wider sector to identify opportunities to drive efficiency and support private sector investment in new capability and capacity building.
- Training and development partnerships: working with a range of partners and stakeholders to identify and provide training and career pathways. Leveraging existing local providers where possible.
- Technology and innovation: new ways to do work more effectively, especially for pipe condition assessment and replacement work as this represents the greatest challenge.

- Customer focus and billing processes: to ensure good quality service provision, and transparent and effective service delivery.

Financial sustainability of water services

Section summary

A WSDP will need to demonstrate how financially sustainable delivery of water services will be achieved by 30 June 2028. This document does not provide this level of detail but does provide a strategic level of analysis of these matters to ensure councils to have sufficient understanding of the level of investment required and a potential pathway to financial sustainability, including opportunities to use financing arrangements to help manage cost increases.

Informed by modelling of a range of investment scenarios, the recommended investment strategy to ensure financial sustainability is based on increased debt and pricing to enable an investment programme that will **'keep up'** with network maintenance, **'catch up'** on the backlog of worn-out infrastructure, **'build up'** network capacity to enable growth and **'clean up'** wastewater and stormwater to improve discharge standards by upgrading assets as they are replaced at end-of-life.

To ensure that this strategy is affordable, careful use of long-term financing will be required to smooth and balance cost increases over time.

It is estimated that it will take about 20-25 years to replace worn-out parts of the network and ensure substantial environmental compliance. It is also possible to extend the time for this catch-up period, which may result in lower costs but is likely to result in increased risk of network failure and consequential failure and repair costs.

The actual investment and therefore financial strategy and price path will be informed by development of the WSDP and then implemented by a WSCCO. This will be done in the context of a new economic regulator that will have a strong focus on quality and price based on the actual cost to provide sustainable networks and services.

A range of scenarios has been modelled to indicate average potential price increases across the region and do not reflect the actual cost to serve a particular local area, existing prices or an agreed price transition. Under all scenarios modelled, prices will need to increase to address the backlog of investment needed. Price rises will need to be managed through the use of financing tools and effective and efficient targeting of works required. This is expected to result in a more affordable rate of increased costs to water consumers than would otherwise be possible under current local government funding arrangements.

Based on the scenarios modelled:

- Price rises could be up to 9% per annum on average across the region to address the backlog of investment in the network. This rate of price increase will need to be managed through financing arrangements and/or the level of investment undertaken.

- The average price per connection across the region in 2024 is $1,711[53]. The amount that this rises to could be up to twice current prices or a peak of about $3,000 to $4,000. However, it may be possible to reduce this peak price through financing arrangements and a sustainable price is estimated at about $2,596 when the catch-up phase is completed in about 20 years' time. This sustainable price is about 51% above the level of current charges, meaning that this level of increase could be gradually managed over time.

To manage affordable changes in prices, key assumptions include:

- Economic regulation will include a core principle that water prices must be based on the cost to provide services to the relevant group of customers.
- The WSCCO will need to develop and agree a pricing and revenue strategy working with the economic regulator that will balance price and quality.
- The WSCCO will use LGFA financing arrangements and additional debt headroom to manage the rate of cost increases.
- People across our region currently pay different amounts for water services depending on where they live and whether water use is metered. These existing price differentials will be locked in for a three-year transitional period to help ensure that consumers do not receive a major price shock.

26. Financial sustainability

A WSDP will need to demonstrate how financially sustainable delivery of water services will be achieved by 30 June 2028. This requires confirmation of:

- Investment sufficiency – the projected level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth;
- Revenue sufficiency – there is sufficient revenue to cover the costs (including servicing debt) of water services delivery; and
- Financing sufficiency - funding and financing arrangements are sufficient to meet investment requirements.

Further guidance has recently been provided by the DIA on how financial sustainability should be demonstrated within a WSDP[54].

This document does not provide this level of detail but does provide a strategic level of analysis of these matters to ensure councils have sufficient understanding of the level of investment required and a potential pathway to financial sustainability, including opportunities to use financing arrangements to help manage cost increases. This has been informed by a network economics approach (see Appendix H).

Further work will be undertaken to demonstrate financial sustainability in line with legislative requirements, departmental guidance and associated templates as investment scenarios are refined and the WSDP is developed. In particular, this will need to focus on financing arrangements to manage affordability and rate of cost increases. This work is expected to result in a more affordable rate of increased costs to water consumers than would otherwise be possible under current local government funding arrangements.

[53] Based on 2024 costs.
[54] https://www.dia.govt.nz/Water-Services-Policy-Water-Services-Delivery-Plans.

Limitations: It is important to note that this report is intended as a strategic level of analysis and investment strategy to support this phase of council decision making. This modelling is indicative only and the actual WSDP will need to demonstrate financial sustainability by 30 June 2028. The financing, pricing and investment strategy will be developed as part of the WSS by the Board of a WSCCO over some decades, with oversight from the economic and quality regulators to ensure a balance of compliance, quality and affordability.

27. Approach to modelling

This report has been informed by network economic and financial modelling to support strategic options assessment and initial consideration of financial sustainability requirements. The methodology followed is based on established best practice network economics for regulated networks (see Appendix H).

The network economic and financial modelling is multi-dimensional and can be used to test a wide range of alternative investment, price, debt and risk scenarios. These scenarios are not intended to represent planned investment or financial arrangements, but to help understand tradeoffs and potential options.

Apart from the rate of catch-up investment, the total investment required was taken as an assumed fixed quantum on the basis that it is the essential investment required to turn the network around and to meet growth and compliance standards. It is noted that this is an *estimate* only of the level of investment required and will require significant further refinement through the development of the WSDP. These estimates will continue to be reviewed and refined as part of a WSDP based on more robust bottom up analysis of the investment needed.

The variables to trade off then become a scale of capital programme (which informs the network remediation period) and the funding sources, being price and debt. In assessing financial sustainability and arriving at a recommended investment strategy, several key considerations need to be balanced including:

- addressing the critical network challenges through increased revenue from price and borrowing. The WSCCO will also need to ensure that the level of borrowing is sustainable and within covenants agreed with the LGFA,
- rates of price increase and ensuring cost increases are affordable for households. All scenarios modelled require price increases over time. Without price increases, it will not be possible to catch up and the region will face ongoing risks of significant network failure,
- balancing the risk and costs of network failures with affordability of price increases and with the level of debt that is sustainable. Taking a longer time to fix worn-out pipes will mean increased risk of critical network failures as well as carrying the faults cost burden for longer,
- financing arrangements, including how the WSCCO can utilise and structure borrowing to manage and smooth the rate of cost increases (note, only limited focus has been undertaken to date on financing opportunities and this will need to be fully explored in subsequent phases of work) and
- being deliverable based on sector capacity.

28. Scenarios

The considerations outlined above inform a two-stage logic to modelling scenario options for network remediation, price and debt. The modelled scenarios have been based on the information, assumptions and limitations as noted in Appendix C, are intended to inform strategic trade-offs only and are not the basis for investment decisions or price pathways.

The scenarios are all modelled based on FY24 real numbers (not inflated) and all scenarios assume pricing for Years 1-3 are based on LTP investment levels and rates increases.

Consideration one – scale of capital programme and network remediation period

The amount of network to be remediated is fixed (this is estimated at ~$4.2 billion based on 21% of the network being worn out with a total replacement value of $19.7 billion). Remediation of the network can be practically achieved over about 20-30 years based on sector capacity.

The slower this occurs, the lower the annual capital spend required because it spreads the $4.2 billion catch-up cost over a longer period. This means that fixing the network over a longer period may result in lower costs overall because the lower capital spend means that less borrowing is required while prices are being raised until Funds from Operations (FFO)[55] cover capital requirements.

However, the slower the network is fixed, the more investment will be required to fix faults. Also, this will lead to higher risks of both critical network failure and network fault runaway increasing, due to leaving worn-out assets in the network for longer.

These risks are assessed as already having high likelihood of occurrence with corresponding serious consequences and potentially very high associated costs which are not currently factored into the modelling. These include consequential costs from sustained or regular occurrences of lack of water supply delivery, lack of wastewater delivery and localised flooding from stormwater. Once these are factored into modelling, these may outweigh additional interest costs from lower borrowings.

Consideration two – price rise rate and debt

Until the FFO exceed capital expenditure, the balance must be borrowed in some form of debt. Use and structure of debt will be an effective way to efficiently and equitably invest in the network over time, and deliver network improvements faster.

Raising prices more quickly lowers the total debt required and reduces the overall cost to the consumer over the longer term.

Raising prices slowly is more affordable to consumers but may also raise the overall cost during network remediation due to the increased overall debt and associated interest cost burden.

Modelled scenarios

Based on the considerations above, the range of scenarios modelled include testing of the following variables (see Appendix I):

- lower and higher rates of price increases,
- slower and faster rates of network remediation,
- higher and lower construction costs,
- higher faults costs,
- higher debt, and
- investment based on LTP investment levels.

[55] Funds from operations (FFO) is the actual amount of net cash flow generated from a company's business operations. FFO Formula = Net Income + Depreciation + Amortization +/- Gains or Losses on Property Sales.

Attachment 1 to Report 24.582

29. Investment sufficiency - Level of investment required

Requirement: the projected level of investment is sufficient to meet levels of service, regulatory requirements and provide for growth.

Informed by consideration of a range of scenarios, the recommended investment strategy to ensure investment sufficiency is to **'keep up'** with network maintenance, **'catch up'** on the backlog of worn-out infrastructure, **'build up'** network capacity to enable growth and **'clean up'** wastewater and stormwater to improve discharge standards by upgrading assets as they are replaced at end-of-life, and as much as possible separate the stormwater system from the wastewater system (so that the latter can be made discharge compliant).

It is estimated that it will take about 20-25 years to replace worn-out parts of the network and ensure substantial environmental compliance. It is also possible to extend the time for this catch-up period to around 30 years, which may result in lower costs but is likely to result in increased risk of network failure and consequential failure and repair costs.

Even with an optimised investment strategy, the costs will be substantial. It will rely on a combination of price and debt. Over the next 20-25 years, the total network investment required is estimated at about $15-$17 billion at an average of approximately $700-$750 million per annum (note this will require a gradual increase in investment to ensure market capacity to deliver).

This is based on investment sufficiency to:

1. **Keep up by investing an average $250 million per year in sustaining investment.**
   This is the investment required to simply maintain the network in its current state. The $250 million is the average annual sustaining investment required for a $19.7 billion network with an average 74-year maximum asset life and a 1.3% per annum population growth over an initial 10 years.

2. **Catch up by investing an average of $200 million per year to redress the renewal backlog over 21 years.**
   Based on the $19.7 billion replacement cost, a $4.2 billion investment is required to replace the 21% of assets which are in poor or very poor condition. The rationale for selecting a 21-year recovery period is explained below.

3. **Build up capacity by investing $150 million per year in growth.**
   This is the annual growth investment required to expand the capacity of the network to support the forecast population growth of 1.3% per annum. This figure has been matched to current annual capital growth costs for the region net of development contributions.

4. **Clean up by investing $90 million per year to meet drinking and wastewater quality standards.**
   There is huge uncertainty regarding the cost and timeframe for achieving water quality standards, particularly around wastewater. In the absence of a solid fact base, it has been assumed partial compliance can be achieved by upgrading assets when they are replaced at the end of their lives. The $90 million per annum is a placeholder calculated at 5% of the replacement cost of the assets replaced each year. Once the network has been fixed, the remainder of the $2 billion allocation to compliance will be spent on remaining wastewater pipes that have not yet been replaced during the catch-up period, and on treatment plant compliance.

Attachment 1 to Report 24.582

5. Faults

The annual cost of fixing faults (including leaks) is currently estimated at more than $41 million per annum (based on the WWL Annual Report). This cost is driven largely from the fault repair cost associated with worn-out assets in the network and will reduce over time as parts of the network are fixed resulting in an average assumed cost of $25 million per annum over a 20-year period. If fault rates continue to increase (due to non-replacement of worn-out assets) then this cost burden will also increase. There is low confidence in this figure of $41 million due to leaks only being classed as faults when reported by the public (in the absence of metering), increasing fault backlogs (which do not create an accounting cost until they are repaired), and underground leaks (which are often not visible), so on review this figure may need to become much larger. Nearly all faults (particularly leaks) represent capital inefficiency in the network because they occur only at low levels when the network is functioning properly.

Figure 6: Infrastructure investment strategy (figures are indicative and subject to ongoing review and validation)

Infrastructure investment strategy

The recommended network investment strategy to fix the network and deliver compliance over a 20-25 year period will require $15-$17 billion at an average of about $700-$750 million per year, based on:

Keep up with sustaining investment $250m pa

Catch up to clear the renewal backlog $200m pa

Build up to enable growth of 1.3% pa $150m pa

Clean up to address compliance with wastewater and stormwater $90m pa

Faults $25m pa

This strategy renews 44% of the network, significantly reduces risk, and provides both growth capacity and compliance enhancements in the most efficient way.

Basis for catch-up timeframe

The current condition of the network, and the high risk and cost of major failures, highlight the need for early and significant network intervention, mainly in the form of asset renewals for pipes and plants.

However, the 'low' price being charged for water by councils does not currently allow the network to be sustained in its current state, let alone remediate a large portion of worn-out assets.

The recommended investment strategy is to complete the catch-up investment over about 20-25 years. This balances the cost of faults versus the cost of interest. It also results in the replacement of about 44% of network assets over this time, due to both sustainable asset renewal and catch-up renewal.

Through increased use of financing tools and debt, an alternative investment strategy would be to target a 12-15-year catch-up period. This would significantly lower the risk of network failure but is unlikely to be deliverable based on sector capacity. The alternative to this is to spread the costs over 30 years but would also have higher risk of network faults due to the extended period the network continues to be held in its current poor condition.

The cost of a failing asset

The cost of a failing asset depends on its position in the network because this impacts the consequential cost of its failure. An asset which is centrally located (upstream) in the water supply network (and downstream in wastewater and stormwater networks) is typically replaced earlier in its degradation process because its failure causes a larger impact on the delivery edge (downstream) of the network.

A typical example would be a low-cost rubber seal in a pump that supplies water to a reservoir. A failure of this seal causes a failure of the pump, which prevents the filling of the reservoir that may then run out of water for all the downstream connections. For highly critical network components, assets are replaced earlier in their degradation cycle. Conversely, even seriously failing assets on the edge of the network that impact only a few customers are often intentionally run to failure because this is still cheaper than replacing the asset earlier.

30. Revenue sufficiency - Revenue required and affordability

Requirement: there is sufficient revenue to cover the costs (including servicing debt) of water services delivery.

As noted above, the actual investment and therefore financial strategy and price path to deliver the investment strategy will be informed by development of the WSDP and then implemented by a WSCCO with oversight from the economic regulator. The revenue and price analysis below is intended to help illustrate how much could be funded based on a range of scenarios and is not intended as an accurate estimate of actual price increases or an investment strategy.

To understand potential trade-offs to deliver on the 'investment sufficiency' and also ensure affordability, a range of scenarios has been modelled. Further analysis of these will be required informed by financing arrangements (see Section 31: Financing sufficiency) to smooth and balance cost increases over time.

Delivering affordable water is a major challenge, not just in New Zealand but in most developed economies. A recent World Bank Study determined that the percentage of GDP spent on water infrastructure by developed economies is currently 2% and needs to rise to 4%. This is consistent with the economic analysis in this report and is a material change.

Councils are keen to ensure that any future regional WSCCO will provide a high level of local service delivery, including good compliance, quality, response times, and supply while also ensuring that these services remain affordable.

The new WSCCO would provide all services directly to water customers and bill them for water usage and services provided.

Currently the full costs of delivering water services are not fully funded by the water portion of council rates, and current council LTPs do not make an allowance for full funding of water services into the coming years.

A new water company will be required by the economic regulator to fully fund the costs of water services. Because of this, the WSCCO will need to effectively use debt and households are also going to have to pay more for water than they have been.

The scenarios have been modelled to provide an indication of average potential price increases across the region. These do not reflect the actual cost to serve a particular local area, existing prices or an agreed price transition. Under all scenarios modelled, prices will need to increase to address the backlog of investment needed. Price rises will need to be managed through use of financing tools and effective and efficient targeting of the works required. Based on the scenarios modelled:

- Price rises could be up to 9% per annum on average across the region to address the backlog of investment in the network. This rate of price increase will need to be managed through financing arrangements and/or the level of investment undertaken.
- The average price per connection across the region in 2024 is $1,711[56] . The amount that this rises to could be up to twice current prices or a peak of about $3,000 to $4,000. However, it may be possible to reduce this peak price through financing arrangements and a sustainable price is estimated at about $2,596 when the catch-up phase is completed in about 20 years' time. This sustainable price is about 51% above the level of current charges, meaning that this level of increase could be gradually managed over time.

Key assumptions in relation to pricing and ensuring a focus on affordability include:

Economic regulation:

- Legislation will confirm the Commerce Commission as the economic regulator. They will have a key role in customer protection and ensuring a focus on both price and quality.
- In particular, the Government has stated that the economic regulations will include a core principle that water prices must be based on the cost to serve the relevant group of customers.

Financing, pricing and revenue strategy:

- The WSCCO will use LGFA financing arrangements and additional debt headroom to manage the rate of cost increases.
- Actual price increases from about 2027 will be based on the actual investment required and an agreed pricing and revenue strategy that the WSCCO develops with the economic regulator.

Harmonisation of pricing structures, over time:

- People across our region currently pay different prices for water. This varies a lot depending on where they live and whether their water use is metered.

[56] Based on 2024 costs.

- The WSCCO will inherit a diverse suite of revenue sources and pricing structures from across the region. Given this, revenue and pricing will be very complex. For example, there are very diverse charging structures for non-residential services such as development contributions, although there is scope for these to be set (and continue to be set, even by a regional or sub-regional entity) on a local 'catchment' (as opposed to 'district' or 'service-area') basis. Charging structures are likely to require simplification and alignment over time, to avoid overcomplicating the new entity's systems on day one and to avoid early price shocks for consumers.
- The WSCCO will have a significant challenge to transition these into a simple set of services with fair and transparent prices. This will be a key task for the first three years of operation, which will be supported by the proposed economic regulation framework.

Transitional period:

- Until a WSCCO is fully up and running (about 2027), water prices are likely to be based on existing council rates with increases based on what councils have set through their LTPs. These levels of increase will vary from council to council.
- A key assumption is that there will be a **three-year price differential lock in period** to help ensure that consumers do not receive a major price shock on transition. This could be applied evenly to residential charges across the region, thereby maintaining existing residential price differentials. (Note: This is subject to existing revenues being sufficient to cover the full costs of water service provision, i.e. the council having set the existing revenue at a sufficient level to fully fund the costs of water service provision per the water services Financial Impact Statement).

Ability to charge customers

Based on the Government announcements on 8 August 2024, it is assumed that legislation will include provisions to enable boards of water organisations to:

- assess, set and collect water services charges, including charges for any or all of the following:
  - water supply, wastewater, and stormwater (where applicable),
  - the initial connection to one or more of the above services,
  - contributions to the capital costs of infrastructure needed to service additional demand on the network, and
  - meeting the costs that the water organisation incurs in performing and exercising its functions.
- determine how charges are assessed and invoiced, when they are due, and how they will be paid or collected.

31. Financing sufficiency - Financing and borrowing

Requirement: funding and financing arrangements are sufficient to meet investment requirements.

Actual debt required will depend on the selected investment strategy and will need to balance efficient financing of long-term assets to ensure equity. The WSCCO will need to carefully use increased levels of debt to manage the rate of price increases, balanced with the costs of servicing debt and therefore the longer-term total cost to consumers.

The Government announcements on 8 August 2024 and subsequent information from the LGFA confirmed some of the financing arrangements that will be available to support WSCCOs.

- The LGFA will support leverage for water organisations up to a level equivalent to 500% of operating revenues (around twice that of existing councils), subject to water organisations meeting prudent credit criteria.
- The LGFA has subsequently indicated that this will be based on FFO. Basing the criteria on FFO is likely to result in the WSCCO being able to borrow less than the indicated 5x revenue limit. This would be negotiated between the LGFA and WSCCO.
- LGFA will treat borrowing by water organisations as separate from borrowing by parent council or councils.
- A parent council(s) guarantee or uncalled capital (proportionate amongst shareholders) will be required.
- The additional debt funding from the LGFA is only available to water CCOs ('water organisations')[57] who must meet prudent lending criteria and have the characteristics of an investment-grade utility provider over the medium term (within 10 years).

Key points to note based on the in relation to financing and borrowing:

1. **Opening debt:** It has been assumed that the WSCCO will inherit about $2.3 billion of debt in 2027 from the councils. This is because when water assets transfer, so would the associated revenue collection powers and associated debt. *The opening debt at 1 July 2027 is currently a placeholder and subject to ongoing review will need to be confirmed as part of Phase 2 and 3.*
2. **Source of funds:** It is assumed that as a water organisation, the entity will rely on the LGFA as its lender. The LGFA is currently working on the covenant framework that will apply to WSCCOs. LGFA has indicated it will align with the covenants used by the WSCCO international peers. The primary metric being the ratio of Funds from Operation to Net Debt, where a ratio of >9% is the minimum standard setting required to maintain an investment grade rating.
3. The **long-term funding** objective is to reach a sustainable position, whereby operations and infrastructure are funded by the generation(s) that benefit. The long-term strategy for achieving this objective is to:
    - ensure today's revenues are sufficient to fund the delivery, operation and maintenance of fully compliant services/infrastructure for today's generation[58] (sustaining + catch up + growth + compliance), and
    - use debt to fund capacity growth for the benefit of future generations.
4. **Transitional funding:** For about 10 years, revenue is likely to be insufficient to cover the full delivery and investment costs of the current network and services, resulting in a potential funding shortfall. Therefore, the transitional funding strategy is to:
    - phase in the price increases necessary to correct the revenue shortfall at a rate which is acceptable to consumers,

[57] '**Water services provider**' means all forms of local government provider and including councils that continue with direct (in-house) delivery as well as new water organisations. The term '**water organisation**' refers only to separate organisations that councils may establish to provide water services and does not include councils with direct (in-house) delivery.

[58] A utility operating at a financially sustainable level would typically have an optimal gearing ratio of about 40%. Once the optimal gearing level is reached, and depending on the level of debt used to fund growth, equilibrium can likely be maintained by ensuring operating cash flows are sufficient to cover renewals expenditure and using debt to fund growth expenditure.

- spread catch-up remediation over a 20–25-year period. This is still relatively fast and would help to stabilise and prevent further deterioration of the network, and
- gear up the balance sheet to a fiscally prudent level to manage the rate of price increases and ensure efficient and equitable use of debt.

The accompanying financial projections are set out in Appendix J.

32. Potential for efficiency gains and economies of scale

Efficiency can be defined as: the act of spending less and receiving the same outcome, or of receiving a better outcome for the same level of spending. This does not mean less jobs. On the contrary, this report assumes that significantly more people will be employed in the water sector.

The scenarios modelled have not made any assumptions or allowance for efficiency gains.

It is considered that it will be challenging to deliver efficiency at a meaningful scale during the early establishment years of a WSCCO as the organisation sets in place the required capability and capacity to deliver. As the organisation then grows in maturity there will, however, be some significant opportunities for efficiency gains over time which can lead to overall lower costs for consumers and better outcomes for the community and the environment.

Key opportunities to deliver efficiency include[59] [60]:

Preconditions: Efficiency is dependent on the set-up of the organisation and the broader water services system including governance and regulation, and:

- the entities need to have effective governance arrangements and be able to attract and retain appropriately skilled management,
- regulatory compliance and enforcement with water quality and other matters is effective,
- effective economic regulation is established, and
- the entities have access to the necessary resources to fund the amalgamation and reform processes and over time make the required investment.

Economy of scale: Efficiency can be achieved through economies of scale, focused on shared consumer use of networks. This includes:

- standardisation of materials and plant and consumables,
- fit for purpose procurement and supplier management processes,
- power cost savings,
- improved systems and use of technology,
- focused design principles for network design to provide for reliability, capacity, redundancy, and growth in all planning[61],
- ensuring that the assets in the network are maintained and replaced appropriately to avoid the additional cost burden from failing assets such as leaks,
- certainty of workflow which allows the supply chain both to invest and reduce unit costs,
- a genuine commitment to benefit sharing and sharing the risks of innovative approaches, and

[59] Water Industry for Scotland, Economic analysis of water services aggregation, May 2021.
[60] Three waters reform, review of methodology and assumptions underpinning economic analysis of aggregation. May 2021, farrierswier.
[61] Cost estimate for Phase 2 and 3 is indicative only and subject to a range of risks and assumptions including the passage of legislation.

- both capital and operational savings achieved through asset rationalisation.

Capability: Scottish Water managed to retain and reward the high-quality staff, attracting talented senior management and building the required capabilities (for example, on strategic asset management and water modelling). This has, in turn, allowed it to achieve additional capital investment efficiencies through improved asset planning and strategic asset management.

Network efficiency: Optimal network efficiency requires intensive designing and planning, with focus on the in-house skills required to do this. It is a lot cheaper to change a design before it is implemented rather than after. It makes sense to make sure it is right before building it as the network will need to last for many decades. This includes:

- building for long life – this is the only way to get efficiency from capital – reworking networks destroys this,
- maintaining the network well – the network is at its most efficient when it is not ‘going wrong’, all forms of which create a cost burden, and
- ensuring a mechanism for continuously piloting innovation.

Compliance costs: Planning for and investing to make resilient networks, rather than continually undertaking reactive maintenance leads to lower compliance costs. Besides the highest priority being on safety (drinking water, wastewater containment, flooding management etc), the main focus of compliance should be on network and plant reliability and immediate capacity constraints.

Evaluation of the recommended regional delivery model

Section summary

Under the Preliminary Arrangements Act, councils need to confirm their approach to a WSDP – whether they want to develop a joint WSDP with other councils and the extent of any joint arrangements; for example, for all or only some water services.

Councils must assess in the course of the decision-making process on the WSDP, both their existing service delivery model and the option of establishing, joining or amending a WSCCO or a joint local government arrangement. If they choose, they may also consider other options for delivery of water services. The assessment of (at least two) alternatives needs to be credible with sufficient information to ensure decision-makers can reach a properly informed view.

This report does not deal with the assessment of the status quo delivery model in each district, or potential options for delivering water services other than the recommended model, as these are matters for each council to consider. However, to support councils to undertake this assessment, the recommended regional option has been evaluated here in relation to the key requirements and other key factors including cost to implement, risk, level of benefits and political acceptability.

The evaluation will help councils to undertake a comparative analysis of service delivery options, as well as the scope and approach to ongoing development of a joint WSDP and WSCCO.

33. Assessment of options

Under the provisions of the Preliminary Arrangements Act, councils need to **confirm their approach to a WSDP**: Whether to develop a joint WSDP with other councils (section 10) and the extent of joint arrangements (section 11), for example, for all or some water services.

Each council's assessment of service delivery options (at least 2 as noted above, one of which is the status quo) needs to be credible. The analysis can identify a preferred option but must also ensure that decision-makers have sufficient information to reach a properly informed view and make their own assessment of advantages and disadvantages of the different options, including by reference to the matters set out Part 3 of the Act.

Making this decision should enable the council to commit to the development of a joint WSDP, or to take another approach. This will then inform the scope, approach and timeline for this work.

34. Evaluation of recommended model

The recommended model is for a full-breadth water utility vested with ownership of all regional water assets, revenues and liabilities; with a similar structure to a CCO but with reduced council oversight, to ensure sufficient financial and decision-making separation from council owners.

An *initial* evaluation of the recommended model has been undertaken in relation to the key requirements and other key factors, including the ability to meet new regulatory requirements, alignment with Government announcements on 8 August 2024 (including minimum requirements), cost to implement, risk, level of benefits, and political acceptability.

For each factor, the relevant benefits, risks and challenges and key assumptions have been identified. This evaluation is subjective and has been informed by the current state case for change as outlined above.

The evaluation is intended to help support and inform:

- councils to undertake a comparative analysis of the recommended model and the status quo, and
- the scope and approach to ongoing development of a joint WSDP and WSCCO.

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Table 13: Evaluation of recommended regional model - benefits, risks and challenges, assumptions

Key requirements identified by councils	Alignment with council requirements	Benefits	Risks and challenges	Assumptions and details to work through
Water consumers	Good alignment	• Council ownership ensures ongoing public ownership and protection from privatisation. • More affordable and transparent pathway for water services than may be possible under current local government funding constraints. • Customer focus and local delivery model part of design. • Compliant services through increased investment and capability. • Scale of organisation enables continuous improvement. • Higher rates of investment deliver better network outcomes and levels of service.	• Assurance of no loss of service and local delivery. • Ability to meet environmental compliance requirements in the short term will be challenging. • Will require price increases under all scenarios. • Transitional pricing arrangements. • Understanding that key relationship will be with WSCCO not with councils.	• Establishment of the economic regulator to support consumer protections. • Role of Taumata Arowai and GWRC as environmental regulators. • Organisational design and operating model for a regional WSCCO is set up to meet these expectations for local service delivery. • Overall impact of change (increased and separate water services charges, impacts on rates) to be understood.
Councils	Good alignment	• Financial separation from councils will result in improved council financial metrics including revenue to debt for most councils. • Council governance role enables alignment of investment and outcomes. • Clarity of accountability between WSCCO and councils. • Long-term approach to planning and investment. • Scale to enable efficiency and capability. • Three waters model.	• Financial impacts on councils post reform to be confirmed. • Confidence of alignment on outcomes given financial pressure on WSCCO.	• Confirmation of principles and process for transfer of debt, revenue and liabilities. • Assessment of alternative options. • Public acceptability of need for change and preferred model. • Approach to stormwater in relation to Bill 3.
Iwi/Māori	Good alignment	• Meaningful role and influence through governance and operations. • WSCCO to embrace Te Mana o te Wai. • Improvement to water quality.	• Time to address water quality issues.	• Confirmation of role and influence through foundational documents. • Establishment of meaningful operational relationships and structures.

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Future water entity	Excellent alignment	• Empowered to operate independently. • Skills-based Board. • Long-term planning and investment. • Full service and good quality systems. • Depth and breadth of people.	• Time to establish and reach full organisational maturity. • High consumer expectations with high price rises. • Establishment costs.	• Sufficient investment to 'set up right'. • Establishment process and timeframes. • Ability to retain and grow capability and capacity.
Central Government	Good alignment	• Alignment with minimum requirements for delivery models. • Financially sustainable model by 30 June 2028. • Scale to deliver. • Increased compliance with regulation and ability to comply with economic regulation. • Enables housing growth.	• Alignment on stormwater policy settings.	• Public acceptability of need for change and preferred model.
Transition	Reasonable alignment	• Equitable and fair process for transfer. • A focus on people with clear pathways. • Seamless change.	• Time and cost to agree preferred model and implementation. • Costs to establish. • Risks of disruption during establishment phase – delivery, people, networks. • Lack of certainty of which councils are part of a future WSCCO / WSDP	• Confirmation of principles and process for transfer of debt, revenue and liabilities. • Confirmation of principles for transfer of people. • Alignment with requirements of Bill 3. • Sufficient resourcing to plan and deliver change process.

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Table 14: Other key factors

Other key factors	Alignment with other key factors	Comment
Ability to meet new regulatory requirements	Good alignment	• Scale and level of investment, capacity and capability of the WSCCO will enable alignment with compliance including economic regulation and improved water quality. • Will be some ongoing challenges to deliver full compliance in the shorter term with environmental compliance due to costs and level of investment required.
Alignment with Government announcements 8 August 2024	Good alignment	• Recommended model aligns very well with Government announcements on 8 August 2024 including minimum requirements for delivery models. This includes protection against privatisation and a similar structure to the 'multi-council owner water organisation' outlined in DIA guidance including similar governance and accountability framework. • Recommended model well aligned with the proposed funding arrangements from the LGFA including meeting requirements for a 'water organisation'. It is important to note that LGFA will only lend to WSCCOs that are financial supported by their parent council(s). This means that either a guarantee or uncalled capital will be required from councils to match the liabilities of the water CCO. • Potential area of misalignment is in relation to urban stormwater and policy requirement that councils retain legal responsibility for stormwater including revenue, even if service delivery and assets are transferred to a water organisation. This will require further consideration. It appears workable but may pose challenges in relation to ensuring sufficient revenue for stormwater and alignment of broader investment by a WSCCO.
Cost to implement	Some challenges	• Costs to complete detailed work required to complete a joint WSDP and an implementation plan will be high and are not currently budgeted for by councils. • Implementation costs for a full service WSCCO are expected to be high, in part driven be the need for fit for purpose IT processes and systems. This will need to be funded by way of an establishment fund against the balance sheet of the new WSCCO.
Risk	Some challenges	• Shorter term: Coordination of planning and delivery of a joint WSDP and joint WSCCO will be challenging with multiple risks of time, cost and scope. See list of risks and assumptions below. • Longer term: The scale of a joint WSCCO will have significant ability to manage network and investment risks due to scale, capacity and capability.
Level of benefits	Excellent alignment	Investment in water is critical to the health, well-being and economic sustainability of our region and will enable significant regional benefits. A large, full-service, asset-owning WSCCO is considered to provide opportunity to deliver on a range of benefits based on effective leadership, depth of expertise, influence with government, easier integration with regional spatial planning, digital capability and financial scale to tackle network challenges. Key potential benefits include: • New homes: The investment will better enable planned growth and new housing of both greenfield and brownfield for the region.

		• More jobs: The investment will require growing the capability and capacity of the water industry to deliver the required works. • Resilience: Over the next 20 years, an estimated 44% of the network could be replaced, building significant resilience for future events. Investment will also address the region's critical water shortage challenges through meters, increased water storage and fixing leaks. • Scale and efficiency: Addressing these issues at scale and coordinating efforts across council boundaries offers significant opportunities for efficiency and reduced long-term costs. • Focus on affordability: Household costs for water services will increase. Under the proposed regional model, there is an opportunity to ensure that affordability remains a key focus for delivery with lower total costs in the long run through effective use of funding and financing arrangements than are currently available to councils. • Potential efficiency gains over time through strategic investment decisions, supply chain management and reduction in duplication of roles. • More expertise and capacity. • Better able to respond to regulators.
Political acceptability	Good alignment	• Recommended model aligned with expected direction in Bill 3 for asset-owning WSCCO as outlined by Government announcements on 8 August 2024. • The level of political acceptability across multiple councils is still to be confirmed through council decision-making processes.
Position of councils	Good alignment	• The recommended regional model was developed with considerable input from councils from the AOG, Chief Executives and officers through workshops and feedback. • At time of writing and based on feedback from councils on the draft version of this report, no significant issues with the recommended model have identified and the model is considered to be the 'best for region'. This is not the same as 'best for council' and each council will need to undertake its own evaluation and decision-making process in line with the requirements of legislation.

35. Other key assumptions

Other relevant assumptions include:

- Bill 3 policy parameters as expressed in the 8 August 2024 announcements, are given effect in the Bill introduced in December 2024.
- Bill 3 is introduced into the House in December 2024 and will introduce details for a new asset-owning WSCCO, that will provide this type of organisation with the necessary purpose, powers and functions to meet the region's requirements.
- Councils have sufficient information to confirm a preferred approach to water services delivery by the end of October 2024 in order that detailed development of a WSDP can get underway from November 2024.
- Councils are able to undertake stakeholder and community engagement as required by legislation. Councils have sufficient information to undertake annual plan reviews and amend their LTPs as required.

36. Other key risks and challenges

Other relevant key risks and challenges include:

- **Mandate and support**
  - political support, including due to timing of local government elections,
  - lack of alignment on decision making by councils,
  - lack of support or loss of confidence in the process by councils,
  - lack of support from Government, including required legislative changes,
  - lack of buy-in or understanding from community, and
  - lack of support or loss of confidence in the process by Iwi/Māori partners.
- **Decision making** – process and requirements for council decision making is unclear or not understood resulting in rework and/or challenges to decision making (such as judicial review).
- **Model** – future models are not financially viable.
- **Resourcing** – lack of effective resourcing for the process by councils, including capacity of senior staff, or funding for future phases.
- **Scope** – balancing expectations of detail vs progress.
- **Quality** – analysis and outputs do not support effective decision making.
- **Timing**
  - ability to be agile and respond to changing needs,
  - ability of councils to make decisions on a timely basis,
  - alignment of process and consultation to LTP amendment process, and
  - ability of councils to make decisions ahead of local government elections in 2025.
- **Legislation** – misalignment with legislation or legislation does not enable the preferred model.
- **Engagement** – lack of clarity on engagement and consultation requirements of new legislation or these are unworkable.

- **Impacts on existing delivery models** and productivity due to uncertainty of the potential change process.
- **Impact on councils' ability to enable and deliver on growth**. The decisions, priorities and capacity of a water services organisation will have significant impact on a range of council activities. It will be challenging to ensure close coordination between councils and the water organisation to ensure councils are able to drive and deliver on directions without an added layer of complexity or being at the mercy of another organisation's priorities. This is especially important for housing growth where the water organisation will be a growth plan taker rather than a plan maker.

Implementation considerations

Section summary

Decisions on subsequent phases of work to consider a joint WSDP and WSCCO are expected to be made on an in-principle basis by late 2024 in order that these can be further developed.

Phase 2 will need to include development and delivery of the WSDP. This will support councils to make decisions in relation to the development and adoption of a regional WSDP that meets councils' legislative obligations, as well as establishing joint arrangements for the delivery of water services and preparing for the subsequent implementation of the preferred approach in Phase 3.

Phase 2 includes the need to undertake consultation and engagement on at least part of the WSDP relating to the proposed service delivery model, and the implementation planning required for Phase 3. This will involve significant decision making in relation to early establishment resources, accountabilities and funding.

The draft regional WSDP will need to be aligned with requirements of Part 2 of the Preliminary Arrangements Act including:

- asset condition information and a related AMP,
- funding, financing and revenue requirements to achieve financial sustainability,
- the anticipated or proposed model or arrangements for delivering water services, including how these will meet compliance requirements, and
- an implementation plan for the WSDP including timeframes and milestones, and how a future delivery model would be established in Phase 3.

Implementation planning will consider the potential establishment of a large, full-service, multi-council-owned WSCCO.

Details regarding the structure, accountabilities, decision-making rights and resourcing will need to be finalised. Decisions will need to be made on a high-level operating model and organisational design, with a service delivery model, change process and strategy, entry and exit rights, as well as requirements for information systems, legal, procurement, and costs, budget and funding.

The strategy, processes and principles will also need to be established for debt and asset transfer, pricing, contract transfer, people transition, customer experience and billing.

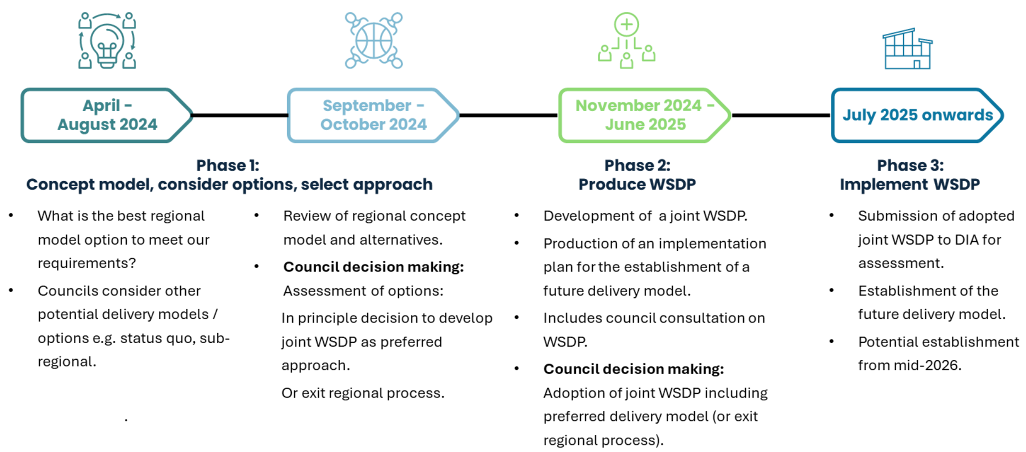
Councils will need to undertake communications, engagement and formal consultation during Phase 2. It is assumed that councils will confirm a regionally coordinated approach to this with the process still based on individual decision making by each council.

An indicative timeline and costs are shown below. Key transition principles will need to be followed to complete the transition in a fair and equitable manner.

37. Next phases of work

Subsequent phases of work to consider a joint WSDP and WSCCO will be informed by the decisions councils make in relation to a joint WSDP and joint arrangements. It is expected that these will be made on an in-principle basis by late 2024. This is on the assumption that some or all councils commit to an ongoing process to develop a joint WSDP.

Figure 10: Phases of work



Phase 2 will include development and delivery of the WSDP. This will support councils to make decisions in relation to:

- the development and adoption of a regional WSDP that meets councils' legislative obligations, and
- establishing joint arrangements for the delivery of water services as described in the WSDP and preparing for the subsequent implementation of the preferred approach in Phase 3.

Phase 2 includes the need to undertake consultation and engagement on at least part of the WSDP relating to the delivery model and the implementation planning required for Phase 3. This will involve some significant decision making in relation to early establishment resources, accountabilities and funding.

The two key outputs from Phase 2 are:

- a draft regional WSDP, and
- an implementation plan for the establishment of the selected future delivery model.

Scope of a regional WSDP

The draft regional WSDP will need to be aligned with requirements of Part 2 of the Preliminary Arrangements Act. Guidance and templates provided by the DIA in September 2024 have helped to clarify requirements but, in general, the WSDP can be conceived as having four parts:

- asset condition information and a related AMP,
- funding, financing and revenue requirements to achieve financial sustainability,
- the anticipated or proposed model or arrangements for delivering water services, including how these will meet compliance requirements, and
- an implementation plan for the WSDP including timeframes and milestones.

38. Implementation plan

The implementation plan is also to be aligned with the requirements of Part 2 of the Preliminary Arrangements Act and will need to comprise the plan for how a future delivery model would be established in Phase 3. The detail of the plan will be driven by the delivery model selected by councils. Initial planning will need to be on the assumption that the selected model will be a WSCCO as outlined in DIA guidance in August 2024. The details of what this entails, its powers and funding arrangements will not be known until the Bill 3 is released in late 2024. Pending this, it is expected that the implementation plan will include:

- The preconditions that need to be met before the establishment of the entity can commence.
- Governance arrangements during both the establishment period and steady state, including arrangements for establishing an appointments panel, the role of Iwi/Māori, a Board constitution, shareholder agreements, and clear timelines and decision points for the establishment and transfer of decision-making rights to the establishment Board and Chief Executive.
- Entry and exit rights of shareholders and the timing and process for this including potential review point after 3-5 years.
- The structure, accountabilities, decision-making rights and resourcing for an establishment entity (potentially comprising a Chief Executive, selected functional leads and specialist support). This would include clear handover points between the project team and the establishment entity.
- The strategy, processes and principles for:
    - debt and asset transfer
    - financing for new WSCCO
    - pricing
    - contract transfer
    - people transition
    - customer experience and billing.
- A high-level operating model and organisational design.
- Service delivery model and local service locations.
- Change process and strategy.
- Information systems requirements.
- Legal requirements, including merger and acquisition, incorporation, banking and tax.
- Costs, budget and funding.
- Procurement strategy.

39. Engagement and consultation

To meet legislative requirements, and understand the position of partners, stakeholders and the community, it is assumed that councils will undertake communications, engagement and formal consultation on at least part of the WSDP (relating to the proposed service delivery model) during Phase 2.

Further details on required public consultation are set out in the Preliminary Arrangements Act, including a simplified consultation and decision-making process. It is assumed that councils will confirm a regionally coordinated approach to consultation and engagement and a key question for Phase 2 is the optimal timing for consultation. Any consultation process will still be based on individual decision making by each council.

The scope and approach of this will be confirmed as part of the establishment of Phase 2 based on the legislative requirements of the LGA and the Preliminary Arrangements Act.

This process is likely to include:

- early engagement with key partners and stakeholders – from September 2024,
- confirmation of consultation approach and alignment with LTP amendment processes – by March 2024, and
- formal consultation process on the WSDP and WSCCO linked to consultation on an amendment to the LTP - April/May 2024.

40. Indicative time and cost for Phase 2

The issues considered during Phase 2 are significant, relating to investment planning for billions of dollars of investment in water assets and operations. Implementation planning will consider the potential establishment of a large, full-service, multi-council-owned WSCCO. This will have a significant impact on councils, including future role, operating model, financial arrangements and scale.

This is a challenging, complex and highly political process in the context of evolving legislation and is made more challenging due to the need to work across multiple councils, Iwi/Māori partners, central government, statutory consultation with the public and input from other stakeholders.

This will be challenging to complete in the 12-month period required by Bill 3 and is highly contingent upon the timing of Bill 3 and ability of councils to align consultation processes with LTP amendments.

Indicative costs to complete this work will depend on a range of factors including number of councils, timeline, consultation requirements, and guidelines from DIA. At this point the indicative cost range to complete Phase 2 for all ten councils on the timeline above is in the order of $2-$3 million[62]. This cost would need to be split across participating councils on an agreed basis.

The indicative timeline and key workstreams to enable delivery of a joint WSDP by September 2025 is shown below. This is a work in progress and will continue to be refined and confirmed by late 2024 informed by decisions by councils on whether to remain part of the regional WSDP process.

[62] This is an indicative cost estimate and will be further refined and confirmed by the end of October 2024.

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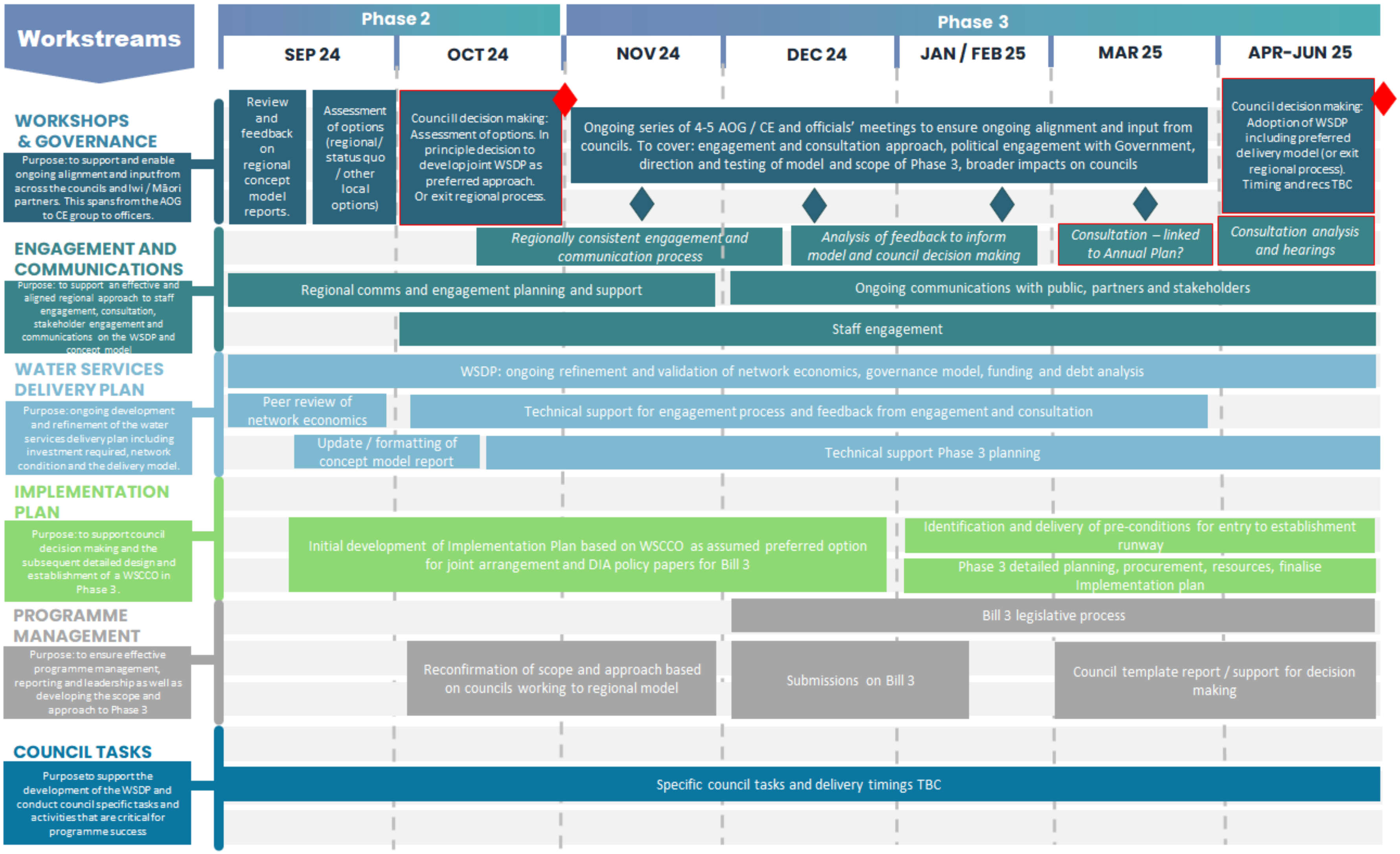
Figure 11: Workstream phases



41. Indicative timeline and cost for Phase 3 – establishment of a WSCCO

Implementation costs and timeline will be developed during Phase 2 and are highly contingent on the model, scale, and day one requirements of a WSCCO.

It is assumed at this point that the best-case scenario for time required to fully establish a WSCCO once councils adopt a WSDP is 12 months. This is based on the modelling and timeline developed by DIA to establish the proposed 10-entity structure. A tentative 'go live' date for a new WSCCO is therefore assumed to be by early 2026 with some ongoing transitional handover from councils to the WSCCO through to 2027. This may include a staged process to manage resourcing and risks.

Phase 3 costs are expected to increase markedly, as this phase involves establishment of a new entity, including set up of systems and processes. This will require a larger and more dedicated team and budget.

During Phase 2, the potential option of an early drawdown on the new WSCCO funding facilities to cover the costs of Phase 3 will be explored. It is anticipated that the entity's funding facilities would be provided by the LGFA with any early drawdown guaranteed by the owner councils.

Phase 3 establishment of a large regional WSCCO entity is estimated to cost somewhere in the order of $75 million to more than $125 million. The wide range is due to the costs for establishment of a new delivery model depending on many factors (scale, timing, resourcing model etc). These costs would need to be staged over time and in large part are driven by the costs of fit for purpose IT systems and processes.

42. Key transition principles

The transition process from existing delivery models to a new delivery model will be very challenging. Through the key requirements, councils have identified some issues that will need to be successfully navigated during the transition phase. These will help complete the transition in a fair and equitable manner and have been captured as key transitional principles. These will need to be reviewed and reconfirmed as part of the next phase of work to develop a WSDP and implementation plan.

People

- **People are at the heart:** The region has a team of highly committed people with irreplaceable expertise who deliver the region's water services and who have remained dedicated through an extended period of uncertainty within the water sector. The region has a values-based duty to water service teams and people to resolve the uncertainty, establish a high-quality future entity and make the staff transition as smooth and seamless as possible.
- From an operational perspective, the region cannot deliver high-quality water services without the support of these teams and people. The water sector currently has a **significant skills deficit,** and the region can ill-afford to lose valuable staff due to a poorly executed transition.
- **Job guarantee and pathway:** An intention to provide water services staff with certainty as quickly as possible. Accordingly, the new WSCCO would need to consider putting in place a job guarantee and pathway for all water staff from Level 3 down (Level 1 and 2 being Chief Executive and senior executive levels respectively).

- **Clear communication and dialogue:** There is a need to open clear communications and dialogue channels with all affected employees as soon as there is a way forward.

Financial transition principles

- **Equitable debt transfer:** The amount of debt that each council transfers to the new water entity will have a major bearing on the financial health of both the water service entity and each council. Agreeing a fair and equitable debt figure with each council will be a complex exercise.
- **Independent expert:** The standard practice for this type of 'merger transaction' is to appoint an independent financial expert to establish the accounting principles for preparing the settlement accounts, including the debt figure.
- **Review of accounts:** The external financial expert reviews each party's settlement accounts to ensure that they have been prepared in accordance with the specified principles. If the expert deems that the accounting principles have not been equitably and consistently applied, then they are empowered to issue a determination as to the final figures to appear in the settlement accounts. This approach provides all parties with confidence that the debt figures will be determined on a fair, consistent and equitable basis.
- **Equitable asset transfer:** A number of councils have experienced very large changes in their water asset valuations in recent years (for example, Wellington City Council saw an 88% uplift in 2022 and Hutt City Council approximately 300% in 2024). The valuation of assets is likely to be less contentious than debt, but accounting standards require a consistent and current valuation at the date of transfer. Accordingly, an independent valuer will be retained to provide a consistent and up-to-date valuation at the date of transfer.
- **Primary purpose:** Assets whose primary purpose is to enable the provision of water services will transfer to the new entity. During the transition phase, a principle-based framework will be designed and applied to determine the treatment of shared assets.
- **GWRC:** It is noted that GWRC has stated that the Hutt and Wainuiomata conservation/catchment land will not be transferring, and that the new entity will be granted the necessary rights to continue using and accessing the catchments and land identified for future storage, for water supply purposes.
- **Share allocation:** The shareholdings will be allocated between councils. A potential approach is based on pro rata of the value of net assets transferred. This would ensure that the value of shares received by a council matches the net asset value of the water services balance sheet it transfers. As a result, the transfer should have a neutral impact on a council's P&L account (i.e. it should not generate a profit or loss for the transferring council).

Consumer transition principles

- **Three-year price differential lock in period:** A common concern raised by councils in workshops was the need to ensure that ratepayers did not receive a major price shock on joining a regional entity, as a result of price harmonisation or price rises to cross subsidization of adjacent regions. To alleviate this concern, during the first three years, the potential price rises outlined in the section above on local delivery, customer service and price will be applied evenly to residential charges across the region, thereby maintaining existing residential price differentials. (Note: This is subject to existing revenues being sufficient to cover the full costs of water service provision, i.e. the council having set the existing revenue at a sufficient level to fully fund the costs of water service provision per the water services Financial Impact Statement).

- **Revenue and pricing** will be a very complex area given the diverse pricing structures that exist across the region. For example, there are very diverse charging structures for non-residential services such as developer contributions. These are likely to require simplification and alignment to avoid over complicating the new entity's systems on day one. This is the reason for applying the "differential lock in" principle to residential charges only.

Contract and relationship transition principles

- **Contract transfer:** To smooth the transition and continuity of service provision, the baseline principle will be to roll over existing contracts and relationship agreements, by way of novation or assignment to the new entity. A clear detailed framework and rules for shared contracts or unusual contracts will be developed during the detailed design phase.
- **Te Tiriti obligations:** The transition will pay particular care to ensure that any Te Tiriti undertakings are not only legally transferred, but that Iwi/Māori have a clearly identified relationship structure to work with the new entity. The aim is to ensure that both the legal agreement and personal relationships are seamlessly transitioned (noting that it will take time to nurture new relationships and trust).

43. Next steps

Based on the requirements of legislation, councils will each need to make decisions on whether to develop a joint WSDP with other councils in the region with joint delivery arrangements, for example, across drinking water, wastewater and stormwater services; and whether to establish a joint delivery model.

It is expected that councils will make this in-principle decision by late 2024 in order that work can be progressed. Councils may choose to continue to develop other options in parallel.

The evidence in this report confirms the need for change. The status quo cannot continue and, under the requirements for developing a WSDP, councils will need to make some difficult choices about how to fund and deliver the urgent work needed on the three waters network.

The recommended regional model is considered well aligned with the key requirements set by councils and the emerging legislative framework that gives effect to Local Water Done Well. This recommended model will need to be assessed in relation to the status quo and any alternative arrangements that councils might choose to identify and assess.

Significant aspects of the recommended model will require further development and decision making in line with the requirements of Bill 3. This will require ongoing input and discussions with DIA to ensure that there is alignment.

Completion and decision making in relation to a joint WSDP and WSCCO in the 12 months required by the Preliminary Arrangements Act across multiple councils will be challenging. This will be a complex process in the context of evolving legislation working across multiple councils, Iwi/Māori partners, central government, statutory consultation with the public and input from other stakeholders. It will therefore be imperative that councils work effectively together and with the Government to maintain momentum and ensure analysis and further phases of work support effective decision making.

Councils can maintain momentum by:

- considering the recommended regional model and deciding to whether to develop a joint WSDP with other councils and the extent of any joint arrangements,
- assessing the status quo, alternative CCO model (may or may not be the recommended model) and, if they choose, other service delivery options,
- making in-principle decisions on the proposed model by late 2024 in order that this can be further developed,
- consulting on the draft WSDP (at least the part containing the proposed model) from late 2024 and into 2025,
- considering the implications for council, including the need to amend the LTP,
- adopting the WSDP (and any LTP amendment that may be required), and
- planning for implementation of the WSDP in 2025 (especially if a new model is to be adopted).

Appendices

Note: A separate document containing detailed appendices is available, including:

Appendix A: Clarification of the alignment with the requirements of a WSDP

Appendix B: Detailed key requirements

Appendix C: Key assumptions, sources of information and levels of confidence

Appendix D: Council profile summaries (separate document)

Appendix E: Network condition information

Appendix F: Key compliance issues

Appendix G: Types of entity model options

Appendix H: Network economics approach

Appendix I: Investment, price and debt scenarios

Appendix J: Financial projections

Attachment 1 to Report 24.582

Wellington Region Water Services Delivery Planning

Appendices to report on Recommended regional approach to a joint Water Services Delivery Plan and delivery model

October 2024

Attachment 1 to Report 24.582

LIMITATIONS AND DISCLAIMER:

Purpose

These appendices support the report titled "Recommended regional approach to a joint Water Services Delivery Plan and delivery model" dated 4 October 2024.

That report aims to provide sufficient information to support decision making by councils on whether to develop a joint Water Services Delivery Plan (WSDP), and joint delivery model with other councils in the region.

The report does not represent the position of any of the councils involved in this process but rather outlines a recommended 'best for region', concept-level delivery model for a regional Water Services Council Controlled Organisation (WSCCO) to deliver water services in the region, should councils decide to adopt this approach. It follows the requirements of Government policy and legislation and provides a robust strategic-level analysis of the case for change and investment required.

The report is not intended to fulfil the statutory requirements for a WSDP nor to be a basis for investment decisions. A full WSDP along with further development and decisions on the proposed delivery model, will need to be developed by councils later, based on the confirmed approach. Councils will need to separately consider and evaluate alternative options in relation to the recommended model to inform decision making.

Limitations of information and analysis

The information in these appendices has been based on best available information and is intended as a strategic and directional-level analysis to inform decision making on an approach to a WSDP, rather than the level required of a complete WSDP or to inform investment decisions. Where possible, the sources and limitations have been noted. As new or more robust information becomes available, this will be used to further inform and refine the analysis. Key assumptions, sources of information and levels of confidence are set out in Appendix C. This includes how information has been verified where possible, including through discussions with council officers and Wellington Water (WWL) staff to ensure accuracy and correct interpretation. There are a number of documents referenced in this report, (such as the draft Entity G Asset Management Plan) that were developed by the Department of Internal Affairs (DIA) but never finalised. These have been relied upon in the absence of other information in order to significantly reduce the time and costs of this process. As noted, reasonable efforts have been made to cross-check such information with other sources.

It should be noted that:

- Forecasts almost always turn out incorrect, especially over a 30-year horizon.
- There is great difficulty in estimating investment requirements over the next 30 years given poor information on asset condition, lack of detailed engineering assessment of what is required to address water quality to match the proposed water quality standards, and uncertain growth investment.
- Choices need to be made over a myriad of modelling approaches, inputs, and assumptions that reasonable minds may disagree with over some decades.
- There is a range of decisions yet to be made and legislation to be enacted to give effect to reform of water services.
- All modelled network economics figures should assume to have a +/-20% accuracy such as in relation to revenue, investment and debt over the 30-year period, which is considered a sufficient level of accuracy for strategy decision-making purposes at this stage. Some of these, such as the available asset condition metrics, are known to be weak.
- However, based on the analysis of information and cross-checking, there is a relatively high level of confidence that the analysis is directionally correct and sufficiently robust to support the strategic level of analysis in this report and the decision making that it is intended to support.
- As noted, the detail will be subject to ongoing refinement and change as more accurate, specific information is identified and councils complete the required detail in a WSDP.

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Prepared by:	Scott Consulting Ltd
Prepared for:	Councils in the Wellington Region and Horowhenua District
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Appendix A: Clarification of the alignment with the requirements of a WSDP

Table 1: Alignment of the report with requirements of a WSDP (as described in Section 13 of the Local Government (Water Services Preliminary Arrangements) Act 2024)

Contents of Water Services Delivery Plan: A territorial authority's Water Services Delivery Plan must contain the following information in relation to the water services delivered in the authority's district:

Section 13(1)	Relevant section of this report	Notes and limitations
(a) a description of the current state of the water services network:	Sections 10 -17	
(b) a description of the current levels of service relating to water services provided:	Section 14	High-level delivery models only
(c) a description of — (i) the areas in the district that receive water services (including a description of any areas in the district that do not receive water services); and (ii) the water services infrastructure associated with providing for population growth and development capacity:	n/a	
(d) whether and to what extent water services — (i) comply with current regulatory requirements: (ii) will comply with any anticipated future regulatory requirements	Section 16 Appendix F	High-level overview only
(e) if any water services do not comply with current regulatory requirements or will not comply with any anticipated future regulatory requirements — (i) a description of the non-compliance; and (ii) a description of how the anticipated or proposed model or arrangements provided under paragraph (j) will assist to ensure water services will comply	Section 16 Appendix F	High-level overview only
(f) details of the capital and operational expenditure required — (i) to deliver the water services; and (ii) to ensure that water services comply with regulatory requirements	Sections 17, 26-32	High-level overview only
(g) financial projections for delivering water services over the period covered by the plan, including —	Section 29 Appendix I	High-level overview only

	(i) the operating costs and revenue required to deliver water services; and (ii) projected capital expenditure on water services infrastructure; and (iii) projected borrowing to deliver water services:	Appendix J	
(h)	an assessment of the current condition, lifespan, and value of the water services networks:	Section 13	High-level overview only
(i)	a description of the asset management approach being used, including capital, maintenance, and operational programmes for delivering water services:	n/a	
(j)	a description of any issues, constraints, and risks that impact on delivering water services:	Sections 10-17	High-level overview only
(k)	the anticipated or proposed model or arrangements for delivering water services (including whether the territorial authority is likely to enter into a joint arrangement under section 9 or will continue to deliver water services in its district alone):	Sections 18-25	High-level overview only
(l)	an explanation of how the revenue from, and delivery of, water services will be separated from the territorial authority's other functions and activities:	n/a	
(m)	a summary of any consultation undertaken as part of developing the information required to be included in the plan under paragraph (j):	n/a	
(n)	an explanation of what the territorial authority proposes to do to ensure that the delivery of water services will be financially sustainable by 30 June 2028:	n/a	
(o)	an implementation plan — (i) for delivering the proposed model or arrangements described under paragraph (j); and (ii) if a territorial authority is proposing to deliver water services itself and not as part of a joint arrangement for delivering water services, that sets out the action that the territorial authority will take to ensure its delivery of water services will be financially sustainable by 30 June 2028:	Sections 37-43	High-level overview only
(p)	any other information prescribed in rules made by the Secretary under section 14.	n/a	

Section 13 (2)
For the purposes of subsection (1)(o), an implementation plan must include the following: (a) a process for delivering the proposed model or arrangements: (b) a commitment to give effect to the proposed model or arrangements once the plan is accepted: (c) the name of each territorial authority that commits to delivering the proposed model or arrangements: (d) the time frames and milestones for delivering the proposed model or arrangements.

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Section 14
Contents of joint water services delivery plan (1) A joint water services delivery plan must contain the following: (a) information that clearly identifies each territorial authority that is proposed to be a party to the joint arrangement: (b) information as to whether the joint arrangement will deliver— (i) all water services for all of the territorial authorities that are parties to the joint arrangement; or (ii) all water services except for some or all services in relation to all of the territorial authorities' stormwater networks; or (iii) all water services for some of the territorial authorities, and all water services except for some or all services in relation to stormwater networks for the other territorial authorities: (c) all of the information listed in **section 13**: (d) information on the likely form of the joint arrangement, including whether it is anticipated it will involve water services being delivered by— (i) a joint WSCCO; or (ii) an arrangement described in section 137 of the LGA2002; or (iii) another organisation or arrangement that the territorial authorities are considering. (2) To the extent that further information about the joint arrangement is available when the plan is submitted to the Secretary under **section 18**, a joint water services delivery plan may also contain that information, including— (a) the ownership structure; and (b) the governance structure; and (c) the control and financial rights of each territorial authority in the joint arrangement. (3) For the purposes of **subsection (1)(c)**, a joint plan must contain the information required under **section 13** in relation to— (a) each territorial authority that is a party to the joint arrangement; and (b) all water services delivered in the joint service area (including services relating to each territorial authority's stormwater network). (4) **Subsection (1)(c)** applies to a territorial authority's delivery of water services relating to its stormwater network even if the delivery of those services is not part of the joint arrangement. (5) A joint plan must also comply with any requirements prescribed in rules made by the Secretary under **section 16.**

Appendix B: Detailed key requirements

As part of the development of a recommended 'best for region' approach, councils identified a number of issues that will need to be addressed as part of the development of a WSDP and WSCCO and these have been captured as key requirements. It is recognised that the categorisation used here for different organisations and groups is subjective and that some requirements relate to multiple groups (for example, water is a taonga for all, not just for Iwi/Māori).

These will need to be reviewed and reconfirmed as part of the next phase of work to develop a WSDP and implementation plan based on the outline below, as well as the minimum requirements for delivery models expected to be set out in Bill 3.

Consumer requirements

Public ownership: All councils in the region have expressed an absolute commitment to ensure that the provision of water services remains under public ownership. This is consistent with the model adopted by most countries around the globe with many examples of the model working successfully (for example Australia).

Affordable water; fair, equitable and transparent pricing: Delivering affordable water is a major challenge, not just in New Zealand but in most developed economies. A recent World Bank Study ("Funding a Water Secure Future") determined that the percentage of GDP spent on water infrastructure by developed economies was currently 0.5% and needed to rise 2.7-3 times current levels in order to achieve Sustainable Development Goal targets. This is consistent with the economic analysis in this report and is a material change from current price levels.

Increases to price and ensuring affordability will need to be managed very carefully and will require ongoing engagement with communities and careful use of financial tools to manage the rate of cost increases.

Recent consultation by councils through LTP processes has identified that ratepayers are prepared to spend more on fixing the water infrastructure if there are demonstrable improvements. Implementing an efficient and effective model will be essential to secure consumer support.

Price setting and price increases will ultimately need to be determined by a new WSCCO. This will be done in the context of new economic regulation, which will have a strong focus on price and quality based on actual cost to provide sustainable networks and services.

The new entity will inherit a diverse suite of revenue sources and pricing structures. It will be very challenging for the entity to transition these into a simple set of services with fair and transparent prices. This will be a key task for the first five years of operation. The transition principles in the main report are designed to provide councils with confidence that their residential ratepayers will not experience any major rebalancing of prices in the early years of the entity and that any subsequent rebalancing of charges will be phased in over time.

High-quality, seamless, environmentally compliant services: As noted, ratepayers (water consumers) have indicated a willingness to pay more for water services if they experience demonstrable improvements in service quality (reliability, reduced leaks, improved discharge quality etc).

Customer focus: This is a key requirement, particularly for smaller councils such as Kāpiti Coast and the Wairarapa councils, where there is a strong concern about loss of service levels to a larger regional model. Councils have expressed a strong view that any future regional WSCCO would need to provide a high level of local service delivery and not result in a loss of service quality levels for communities.

Continuous improvement: The extent of the challenges faced means that the creation of a new model and delivery entity will be merely the start of a continuous drive to optimise services and delivery processes. The range of services and processes to be optimised is extremely wide. For example, from the optimisation of pipe replacements in the field to the streamlining of data collation and reporting for regulatory purposes.

Iwi/Māori requirements

Aspirational vision and water treated as taonga: The most important requirement expressed by Iwi/Māori is that the entity shares an aspirational vision to restore te mana o te wai. This should be at the heart of a new entity's vision and DNA.

Meaningful influence: Iwi/Māori feedback has been supportive of a skills-based Board where treaty and cultural awareness are two of the key skills required. Iwi/Māori also want to see a genuine commitment to local/Māori procurement.

Water & environmental quality improvement: Iwi/Māori are looking for a major, ongoing commitment to improvement of water quality.

Future water entity

Empowered to operate independently: The entity will inherit a wide range of services, assets, systems, investment requirements and billing arrangements. This includes assets and systems which are beyond the end of their life. The entity will require mandate to prioritise investments if it is to resolve the challenges in a cost-effective and optimal manner.

Independent, skills-based Board: Following on from the previous requirement, the magnitude of the challenges will require not only the mandate to optimise but also the appointment of an exceptionally skilled Board. These skills will need to include commercial, cultural, people and transformational expertise. The Board will need to appoint an exceptional executive leadership team.

Certainty to plan, fund and invest optimally: This is firstly about independence so that the entity can commit to a long-term investment plan without the plan being "chopped and changed" by short-term funding and political shifts. Secondly, given the potential funding shortfall, the entity will also need to have confidence that it has committed debt funding lines, albeit that they may be linked to the entity demonstrating that it is on track to achieve its key business plan milestones.

Full breadth, integrated utility: One of the major learnings from the current WWL model is that there needs to be a single entity accountable for the effective delivery of water services. In particular, the entity needs to own, and have full control over the assets, revenue streams and funding facilities, if it is to resolve the challenges and provide seamless services to water consumers.

High-quality systems and staff: High-quality people and system capabilities will be essential for the entity to meet the challenges it inherits. The new regulatory environment will also require a quantum shift in the data collection, analysis and reporting capabilities of all water delivery services.

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Councils

Sustainable funding and financing (prior to the Government's policy announcements made in August 2024 around new financing options for councils via the LGFA, this was noted as 'balance sheet separation'): Local councils and central government require water services revenue, costs and borrowings to be financially sustainable in line with legislative requirements by 30 June 2028.

Local influence to ensure alignment of accountabilities, particularly for growth: While recognising that the entity has to be independent, councils also require the entity to support urban growth and deliver broader community outcomes. Historically, councils have found it challenging to fully fund new growth from Development Contributions or Financial Contributions. Councils have had to fund growth infrastructure from general rates, debt or defer growth infrastructure. Councils have a requirement that the new entity must support housing growth and also plan and invest to ensure the entity supports broader outcomes of the community.

Single point of accountability for service delivery: One of the learnings from the Wellington Water model is that all parties (including consumers, councils and entity staff) require a single point of accountability who is responsible and takes ownership for the delivery of water services.

Water delivery entity has strong processes, systems and data: As noted, the lack of investment in WWL's foundational systems, and associated high-quality information has inhibited the performance of WWL and has also been a perpetual source of frustration for councils. Councils require a new entity that has high-quality core systems.

Long-term planning horizon: Councils need to work with utilities (electricity, water, telecommunications) that take a long-term approach and can be meaningful partners with councils in planning the long-term development of the region.

Economies of scale & integration: All councils require a regional entity to deliver economies of scale, both financial and depth of operating model capabilities. In addition, the city councils require a single entity to manage the highly integrated city water services network.

Three waters (for all?): Further consideration will be required in relation to urban stormwater. WWL currently manages the delivery of all three water services for the metropolitan councils and South Wairarapa District Council. This includes responsibility for the reticulated stormwater network. Over the past decade, this definition of the scope of the stormwater responsibilities delivered by WWL has worked well. It provides a relatively simple delineation point and suits the metropolitan area, which has legacy waste and stormwater networks that were designed with a high number of integration and interconnection points. Accordingly, the metropolitan councils will require a future, regional entity to provide a similar scope of stormwater services. The situation in the semi-urban or rural council areas is different. The network topography has a lower level of integration between the wastewater and stormwater networks. In addition, these areas make greater use of open, as opposed to reticulated, stormwater drains.

Council financial sustainability: The demerger of each council's water services creates two potential issues for each council in respect of their residual activities:

i. Stranded costs: i.e. overheads which a council will still incur, that were previously recovered from the water services. Examples include the fixed cost of support services and fixed software licence costs;

ii. Reduced debt capacity: the LGFA typically sets a council's maximum debt limit at 3 times revenue. If a council's water-related debt:revenue ratio is less than the council's current average ratio then the demerger of the water services will leave the residual council with a higher debt:revenue ratio and reduced debt capacity than it has today.

These two issues are likely to affect all councils. They may even create financial sustainability issues for some councils.

Central Government

The Government has several requirements for delivery models, with further details of these expected as part of Bill 3. The Government has stated that councils can design their own arrangements as long as they meet clear, minimum requirements set out in legislation including meeting regulatory standards and financial sustainability requirements. There will be restrictions against privatisation and there will be additional requirements for water organisations to ensure they are operated and governed effectively.

Financially independent and sustainable: Central Government requires water service entities to be financially sustainable.

Compliant with regulation: Central Government requires water service entities to be able to "meet all regulatory standards and requirements for delivering water services". This requirement will be very challenging for the region's wastewater discharges and will depend on how the changes to the National Policy Statement for Freshwater Management flow down into the Taumata Arowai wastewater standards and then into the Regional Councils' plan and resource consent process. The timeframe for achieving standard compliance will be particularly important.

Enables housing growth: The Government has simply stated that a water services entity is required to demonstrate how it will "unlock housing growth".

Scale: The legislation supports regional collaboration and the creation of regional water services delivery entities.

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Appendix C: Key assumptions, sources of information and levels of confidence

Table 2: Key assumptions – Economic Model

Item	Assumption	Sources of information	Confidence/Limitations
Network condition	21% of regional network in poor or very poor condition	• AECOM Entity C Working Draft Asset Management Plan 2024 – 35 (draft, not finalised). • AECOM Entity G Wellington/Wairarapa Initial Draft Asset Management Plan 2024 – 35 Version 1.1 October 2023 (draft, not finalised). • AECOM and Tonkin and Taylor, Entity G Wellington Wairarapa Initial Draft Asset Management Plan Version 2.0 December 2023. • Feedback and clarifications from councils on asset condition information • Interviews with council staff. • Interviews with WWL staff. • Council staff review and feedback.	• Network pipe condition assessment by approximately 10% sampling. • Pipe condition assessment extrapolated to treatment plant condition assessment due to lack of specific data. • Low-medium data accuracy confidence. • Confidence in impact of asset condition assessment on required funding is considered acceptable.
Network valuation	Network replacement value $19.7 billion	The valuation is based on the triangulation of the following valuations: • $21.2 billion WICS Entity G valuation produced for DIA ($20.4 billion plus $0.8 billion for Horowhenua). • $21 billion indicative valuation provided by WWL for WWL Councils to Entity G team, plus the replacement cost asset values for Horowhenua, Kāpiti, Carterton and Masterton.	• Reasonable level of confidence that the value of the network is between $19 - $21 billion. The latest council asset valuations indicate $19 billion, but majority of these are still in draft and not yet final. • Asset replacement valuations in water networks fluctuate due to changes in available civil contracting costs.

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		• $19.2 billion latest three water asset valuations from WWL Councils (but with latest WCC, HCC and UHCC valuations and associated uplifts yet to be added in). Plus, the replacement cost asset values for Horowhenua, Kāpiti, Carterton and Masterton. https://www.dia.govt.nz/diawebsite.nsf/Files/Water-Services-Reform/$file/Entity-G-(Wellington)-2054-projected-household-costs.xlsx	
Levels of service		• WWL Quarterly reporting to the Wellington Water Committee. • WWL Statement of Intent. • Council LTP information. • Council feedback on challenges and issues.	Low confidence in reported fault rates for councils without metering due to: • increasing faults backlog not included in fault costing. • historical financial reporting of leak cost means costs are at least one year behind actual. • leaks require public reporting. • underground leaks are not visible and not included in reporting in areas without metering.
Compliance		• WWL reporting. • Council reporting. • Council feedback on compliance issues.	• Drinking water compliance is well specified. • Wastewater discharge compliance standards are still fluctuating. • Economic compliance (waters delivery price & quality) is yet to be introduced.
Operational expenditure		• Council LTP information.	• High confidence in the draft LTP numbers and detailed budgets for strategic modelling purposes. • The draft LTP information will be updated with the final council approved

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			LTP budgets for the next version of the model. • The detailed budget and assumptions could be refined further at a later stage once the entity setup is confirmed, and more detailed information is available from councils.
Capital expenditure			• 2024 LTP 10 yr forecast intentionally does not contain all capital required to maintain the water network or to support growth over the 10 years. • Many of the large capital expenditure items required sit outside of the 10 yr LTP process and are not yet allocated to water by councils.

Table 3: Key assumptions – Financial Model

Item	Assumption	Sources of information	Confidence / Limitations
Revenue – price change	9% real pa after growth and inflation	• Base case assumption per economic modelling chapter. • Range of different price scenarios are able to be modelled.	• This is a placeholder based on average price. Further work is required to conclude the price affordability vs financial sustainability challenge. • This is not an indication of actual price or charging.
Revenue – population growth	Average 1.3% pa	• Local council projections for the 2024 LTP, including forecast information from the 2023 Wellington Regional Housing and Business Capacity Assessment (HBA) Update report prepared for the Wairarapa-Wellington-Horowhenua region in September 2023.	• Reasonably reliable noting has been ongoing fluctuations in population growth and immigration / emigration.

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		https://wrlc.org.nz/wp-content/uploads/2024/04/HBA3-Draft-full-report-with-COVER-updated-16.02.24.pdf	
Revenue & Expenses – water consumption volumes	No change to current consumption		• This will become important if meters and volumetric charges are rolled out. • Typically, meters lead to a ~30% reduction in water required.
Revenue & Expense Inflation – staff, maintenance, operations & capital expenses	2.6% 27/28 2.5% 28/29 2.3% 29/30 2.2% average pa thereafter	• Sourced from the *'Cost adjusters 2023 interim update'* produced by BERL for 2024-34 Long Term Planning purposes. The water and environmental management adjustor have been used.	• Accurate at date of estimate. • Likely to reduce based on slowing economy. • Reduction in expense inflation will be counterbalanced by reduction in revenue inflation.
Staff Expense – vacancy rate	8%	• Expense based on costed organisation design reduced by 8% assumed level of vacancies.	• Reasonable confidence as this is based on Wellington Water Limited's historical vacancy rate.
Staff Expenses – capitalisation of labour	40% of personnel costs	• Capitalised labour is a conservative assumption based on Wellington Water Limited's 23/24 labour recharge to projects budget scaled up for the regional entity.	• This is a conservative assumption. e.g. Watercare capitalise almost 80% of staff costs.
Consequential Operating & Maintenance Expenses – from new capital expenditure	0% except $5.4 million for sludge minimisation	• The one material growth investment is the Wellington Sludge Minimisation Facility. • A $5.4 million pa uplift in operating costs has been factored in from 27/28 based on information provided by Wellington City Council.	• 80%+ of capital expenditure is renewal or improvement to existing infrastructure. • This should lead to a longer-term reduction in repair costs - hence the assumed 0%. • The one material growth investment is the Wellington Sludge Minimisation Facility.

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			• A $5.4 million pa uplift in operating costs has been factored in from 27/28 based on information provided by Wellington City Council.
Interest Rates	5.47% 27/28 5.47% 28/29 5.47% 30/31 6.01% average pa thereafter	• Years 1-4 based on LGFA borrowing yield for an unrated guarantor plus a credit rating adjustment of 5 basis points pa for a regional water entity.	• Accurate at date of estimate. • Likely to reduce based on slowing economy. • Any reduction in interest rates likely to be accompanied by reduction in inflation and hence offset reduction in revenue inflation assumption.
Depreciation (useful lives on **existing** assets) • Drinking Water • Wastewater • Stormwater	31 years 37 years 61 years	• Average remaining useful lives on existing assets were calculated based on depreciation budgets and asset book values provided by Councils.	• High level of confidence for strategic modelling purposes. • Actual useful lives of individual assets may vary and can be refined at a later stage once detailed asset information is available from councils.
Depreciation (useful lives on **new** assets) ➢ Drinking Water ➢ Wastewater ➢ Stormwater	55 years 70 years 100 years	• A weighted average useful life of 74 years has been used across the 3 water assets based on the book value information provided by councils.	• There is a reasonable level of confidence on the weighted average useful life for strategic modelling purposes. Actual useful lives of individual assets maybe higher or lower than forecasted. • This information can be further refined at a later stage once the detailed investment is confirmed for the new water entity.
Opening debt	The opening debt of $2.3 billion at 1 July 2027 is a placeholder at this stage. The final will	• The opening debt for 1 July 2027 is based on the forecasted opening debt figure for 2025 provided by Councils, which have been rolled forward based	• The debt figures for the 10 councils are placeholders only and will need to be agreed during Phase 2 and the Establishment Phase.

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	be based on figures agreed with councils.	on the final adopted 2024 LTP income and expenditure.	
Forecast opening asset book value	$9.5 billion for 24/25	• The forecast opening asset book value for 24/25 is based on council forecast 24/25 opening asset book value of $7.4 billion plus the impact of recent draft valuations on Optimised Depreciated Replacement Cost (ODRC) of $2.1 billion.	• There is a reasonable level of confidence in the draft valuation figures. The assumptions can be refined once the current valuations are finalised, and when a full valuation is undertaken prior to transition to the new entity.
27/28 Opening revenues	$697 million	For the first 3 years of the plan, the forecast uses the councils' 2024 final adopted LTP operating revenue as a base after adjusting for known revenue that will no longer exist under the new entity such as the GWRC Levy. The revenue is then projected out from year 4 based on the following assumptions: • Adjusting for known one-off revenue and other revenue that will no longer exist under the new entity such as the Wastewater Joint Venture revenue. • It is also assumed that IFF levies on the new Sludge Minimisation Facility will remain with Council. • Rates revenue – the real price path 9% per annum assumption (after allowing for inflation and growth). • Non-rates revenue – BERL inflation adjustor (after growth has been applied to customer base where applicable). Note: Other income may include some interest income which should be netted off against interest expense. The amount is not material.	• There is a high level of confidence in the final adopted LTP information, but the forecast price increase of 9% is a placeholder at this stage. Further work is required to conclude the price affordability vs financial sustainability challenge.

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27/28 Staff (net of capitalised labour) Expense	$64 million	• Staff costs ($109 million) are based on the Entity G detailed organisational design and estimated job-sizing for roles, including other employment costs. • Any potential savings from governance arrangements are offset by additional staff transferred from Horowhenua. • A vacancy factor of 8% has been applied, and 40% of the remaining total personnel costs is assumed to be capitalised.	• There is a reasonable level of confidence in the estimates as it is based on best available information at the time. • The forecast assumes that all roles are full-time equivalents, but some roles may potentially be part time. The cost would reduce accordingly. This can be refined further at a later stage once the entity setup is confirmed.
27/28 Maintenance Expense	$71 million	• Maintenance costs largely consist of planned/routine and reactive maintenance. • The forecast spend is based on WWL's maintenance budget forecast for Year 1 of the 2024 LTP for WWL shareholding councils with a 15% uplift for Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the councils.	• There is a reasonable level of confidence in the estimates as it is based on best available information at the time. • The detailed budget and assumptions can be refined further at a later stage once the entity setup is confirmed, and more detailed information is available from councils.
27/28 Operations Expense	$80 million	• Operations costs mainly consist of operation technology, disposal, general treatment plant operations, and compliance costs. • The forecast spend is based on WWL's operations budget forecast for Year 1 of the 2024 LTP for WWL shareholding Councils with a 15% uplift for Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the Councils, plus provision for power costs of $16 million that is currently paid by the Councils (not included in WWL forecasts).	• There is a reasonable level of confidence in the estimates as it is based on best available information at the time. • The detailed budget and assumptions can be refined further at a later stage once the entity setup is confirmed, and more detailed information is available from councils.
27/28 Planning & investigations	$41 million	• The forecast spend is based on WWL's budget forecast for Year 1 of the 2024 LTP for WWL shareholding Councils with a 15% uplift for	• There is a reasonable level of confidence in the estimates as it is

		Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the Councils.	based on best available information at the time. • The detailed budget and assumptions can be refined further at a later stage once the entity setup is confirmed, and more detailed information is available from councils.
27/28 Other Operating Expenses	$78 million	• Digital costs - $19 million budget based on a pro-rata of Watercare's digital costs (e.g. IaaS, software licensing etc). 7 FTEs for technology staff have been budgeted under personnel costs. • Rates expense - $15 million based on the national forecast from the Three Waters programme allocated on population. • It assumes 70% of three waters related land will transfer to the entity. • Insurance - $15 million based on 2022 council premiums with an uplift applied for impact of asset valuations and inflation increase based on analysis done through the Three Waters programme. • Other costs of $29 million including administration, consultancy, motor vehicles, telecommunications, bad and doubtful debts, Taumata Arowai regulatory costs – based on a combination of pro-rating Watercare's costs or based on forecast from the Three Waters programme as appropriate. • The Data and Digital costs were a placeholder until the impact of the actual system solution and costs are known, therefore the related costs may be higher or lower than forecasted.	• There is a reasonable level of confidence in the estimates as it is based on best available information at the time. • The detailed budget and assumptions can be refined further at a later stage once the entity setup is confirmed, and more detailed information is available from councils.

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		• The Rates Expense costs were based on high-level estimates from the Three Waters programme and require detailed information from Councils to understand actual costs which may be higher or lower than forecast. • Insurance costs were a placeholder until an insurance strategy is worked through for the new entity.	
27/28 Depreciation	$277 million	• Depreciation is based on assumed asset lives rather than actual asset lives and calculated on the projected capital investment profile with an allowance for the impact of asset revaluations. • Actual useful lives may be shorter or longer than the assumptions used, therefore the depreciation cost maybe higher or lower than forecasted.	• Reasonable level of confidence based on assumed average useful lives. Actual useful lives may be shorter or longer than the assumptions used and can be refined at a later stage.
27/28 Capital	$522 million	• For Years 1-3, the capital investment profile is taken from councils' final adopted 2024 LTPs. • For Years 4 onwards, the capital investment total is taken from the Network Economic Analysis and inflation adjusted. • The resulting value of the total envelope should more than encompass the existing Year 4-10 LTP. • However, the new entity will almost certainly recast the capital plan for this period. • At this stage, the capital expenditure figures exclude establishment, transition and set up costs. These will be significant. • $20 million pa has been allowed for ongoing property, vehicles, digital and sundry capital expenditure. This is based on a pro-rata of Watercare and Wellington Water Ltd budgets.	• There is a high level of confidence in the final adopted LTP information. • The capital investment plan from Year 4 onwards will likely be recast by the new entity. Provisions for establishment and transition setup costs need to be made at a later stage.

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Table 4: Other key documents and sources

Documents and sources
• Review into the Future for Local Government (2023) He piki tūranga, he piki kōtuku, Wellington: New Zealand.
• Wellington Regional Leadership Committee Regional Dashboard, https://wrlc.org.nz/reports/housing-data
• The Mayoral Taskforce on the Three Waters Report (2020)
• Wellington Water Limited Statement of Intent (2024)
• Water Industry Commission of Scotland (WICS) Reports (2021)
• DIA Three Waters Reform – WICS Modelling Phase 2. Beca Ltd (April 2021)
• Three Waters Review: Release of second stage evidence base. DIA briefing to Government (20 May 2021)
• Report of the Havelock North Drinking Water Inquiry: Stage 2 (2017)
• Three waters reform. Review of methodology and assumptions underpinning economic analysis of aggregation. farrierswier (May 2021)
• Water Industry for Scotland, Economic analysis of water services aggregation (May 2021)
• Wellington Water Limited: capital programme estimating and budget systems. Roy Baker and Kevin Jenkins (2024)
• Contract Optimisation review conducted by FieldForce4. (2023)
• Inquiry into the cessation of water fluoridation by Wellington Water. MartinJenkins (2022)

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Appendix D: Council profiles

See separate document – Appendix D[1]

[1] At time of writing, no information for the profile had been received from Carterton District Council.

Appendix E: Network condition information

Overall network asset condition assessment

Information below uses the calculations as follows:

1. Each of the asset measurements is normalised (total set to 100%) from raw data as wastewater adds to 99%, and stormwater has 11% of the network as "not assessed".
2. Weight average asset conditions are calculated weighted by pipe length.
3. Pipe condition was extrapolated to include other asset classes (only treatment plants are material) as there are no individual condition assessment of other asset types, and pipes make up 80-90% of asset replacement value (dependent on council district) and so is likely materially accurate.

Note: This approach is less than ideal but is the only reasonable approach given the scarcity of good asset condition assessment.

Table 5: Overall network asset condition assessment

Asset	Condition	As reported	Normalised
Water supply			
	Excellent	37%	37%
	Good	30%	30%
	Medium	16%	16%
	Poor	11%	11%
	Very Poor	6%	6%
	Not assessed	0%	
Total		100%	100%
Wastewater			
	Excellent	24%	24%
	Good	20%	20%
	Medium	22%	22%
	Poor	12%	12%
	Very Poor	21%	21%
	Not assessed	0%	
Total		99%	99%
Stormwater			
	Excellent	33%	38%
	Good	25%	28%
	Medium	17%	19%
	Poor	6%	7%
	Very Poor	7%	8%
	Not assessed	11%	
Total		99%	100%

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Reticulation (km)			
	Water supply	3,310	
	Wastewater	3,090	
	Stormwater	1,930	
Total		8,330	
Weighted Average Condition			
	Excellent		26%
	Good		28%
	Medium		24%
	Poor		**10%**
	Very Poor		**11%**
Total			99%

Source: Base information is AECOM Asset Management Plan V2.0 figure 11, page 34.

Original information was taken from AECOM Asset Management Plan V1.1 figure 11, which did not contain asset class values or regional breakdowns.

This asset condition information has been checked by councils and WWL and further updates on asset condition information have been received from councils.

Note: There appears to be an arithmetic error in AECOM Asset Management Plan V2.0 page 35 which incorrectly states:

"Around 15% of the pipe network has been assessed as in poor or very poor condition, representing more than 1,200 km of pipe that will be requiring increasing maintenance and renewal in the short term. This is described further in Section 9 - Asset Renewals Needs"

The 15% appears to be calculated incorrectly but only in this version of the report. The raw figures provided are the same as per version 1.1 and correctly add to 22% as per version 1.1 and calculations as per Table 6 and Table 7 below which have also been adjusted with further updates from councils.

Combining the 10% Poor and 11% Very Poor results in **21%** of the network past the end of service life (EoSL).

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Asset condition assessment by council

Table 6: Summary of asset condition assessment by council

Weighted Average Condition	Greater Wellington Regional Council	Carterton District Council	Horowhenua District Council	Hutt City Council	Kāpiti Coast District Council*	Masterton District Council	Porirua City Council	South Wairarapa District Council	Upper Hutt City Council	Wellington City Council	Weighted
Network Length (km)	187	159	961	1845	1065	444	1065	209	662	2,728	~9,325
Reticulation											
Excellent	16%	12%	22%	26%	22%	38%	38%	6%	54%	35%	31%
Good	39%	23%	51%	39%	33%	14%	20%	18%	20%	24%	30%
Medium	39%	36%	10%	16%	10%	14%	10%	46%	11%	15%	15%
Poor	5%	22%	3%	10%	11%	14%	11%	11%	9%	10%	10%
Very Poor	0%	7%	5%	8%	23%	19%	20%	17%	7%	16%	14%
Not Assessed	1%		9%	1%	1%	1%	1%	2%			
Total	100%	100%	100%	100%	100%	100%	100%	100%	101%	100%	100%
Beyond EoSL	5%	29%	20%	24%	2%	34%	23%	14%	15%	26%	21%

Table 7: Detailed asset condition assessment by Council

			Greater Wellington Regional Council	Carterton District Council	Horowhenua District Council	Hutt City Council	Kāpiti Coast District Council	Masterton District Council	Porirua City Council	South Wairarapa District Council	Upper Hutt City Council	Wellington City Council	
Asset Condition													
	Water supply												
		Excellent	16%	10%	25%	38%	6%	31%	7%	8%	50%	43%	
		Good	39%	23%	53%	32%	42%	17%	16%	25%	25%	38%	
		Medium	39%	36%	10%	3%	50%	13%	33%	53%	10%	9%	
		Poor	5%	26%	2%	7%	2%	16%	16%	10%	11%	7%	
		Very Poor	0%	5%	2%	20%	1%	8%	18%	2%	4%	4%	
		Not assessed	1%	0%	8%	0%	0%	16%	10%	2%	0%	0%	
			100%	100%	100%	100%	100%	100%	99%	100%	100%	101%	
	Wastewater												
		Excellent		13%	5%	11%	0%	47%	10%	3%	53%	29%	
		Good		23%	69%	37%	23%	6%	15%	12%	17%	16%	
		Medium		32%	6%	23%	77%	10%	46%	45%	13%	12%	
		Poor		22%	5%	12%	0%	12%	23%	15%	8%	17%	
		Very Poor		11%	1%	17%	0%	10%	4%	23%	9%	26%	
		Not assessed			14%	0%	0%	14%	1%	2%	0%	0%	
				101%	100%	100%	100%	100%	100%	100%	100%	100%	
	Stormwater												
		Excellent		18%	49%	23%	5%	9%	10%	0%	61%	35%	
		Good		25%	11%	47%	1%	10%	18%	0%	16%	18%	
		Medium		53%	16%	17%	1%	13%	70%	0%	8%	27%	
		Poor		3%	2%	12%	2%	8%	1%	0%	5%	4%	
		Very Poor		1%	22%	1%	2%	2%	1%	100%	9%	15%	
		Not assessed					90%	58%					
				100%	100%	100%	100%	100%	100%	100%	99%	99%	

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			Greater Wellington Regional Council	Carterton District Council	Horowhenua District Council	Hutt City Council	Kāpiti Coast District Council	Masterton District Council	Porirua City Council	South Wairarapa District Council	Upper Hutt City Council	Wellington City Council	Weighted
Asset Sizing													
	Reticulation (km)												
		Water supply	187	75	428	711	478	218	344	118	281	922	
		Wastewater		66	351	680	354	214	427	75	226	1077	
		Stormwater		18	182	454	233	55	294	16	155	729	
		Total	187	159	961	1,845	1,065	487	1,065	209	662	2,728	~9,325
	Treatment Plants												
		Water supply	4	2	5	0	5	2		4			
		Wastewater		1	6	1	2	4	1	4		2	
		Stormwater		0	1	5	0	3					
	Pump Stations												
		Water supply	15	1	1	13	9	1	15		9	34	
		Wastewater		17	53	48	153	13	67	11	17	69	
		Stormwater			19	12	18				7	2	
	Replacement Value ($m)												
		Reticulation	507	38	234	314	553	128	181	70	200	1,904	4,129
		Treatment Plants	429	36	321	688	390	211	400	43	222	2,973	5,713
		Pump Stations	364	11	80	531	189	57	323	9	232	2,309	4,105
		Total	1,300	85	635	1,533	1,132	396	904	122	654	7,186	13,947

Source: Base information is AECOM Asset Management Plan V2.0 Appendix 2. This asset condition information has been checked by councils and WWL and further updates on asset condition information has been received from councils including KCDC, PCC, MDC and HCC.

Calculations are as follows:

1. Each of the asset measurements is not normalised (total set to 100%) because of the risk of high uncertainty when raw data is inflated by high proportions of unassessed network, in particular stormwater for:
   - Horowhenua District Council 22%,
   - Kāpiti Coast District Council 90%,
   - South Wairarapa District Council 100%
2. Weighted average asset conditions are calculated weighted by asset class value, as this metric was provided in V2.0 for regions.
3. It is likely the pipe condition asset assessment (V1.1) has been used to calculate asset class condition (V2.0) as the figures line up well. This is likely the same approximation that was made for the whole network condition assessment above, but this is not explicit in the V2.0 report.

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Appendix F: Key compliance issues

Disclaimer: Compliance information changes from month to month and the material in the table below is based on best available information at the time of this report. For the facilities managed by Wellington Water this information has been taken from the Wellington Water Operations Report to the Wellington Water Committee dated 12 September 2024. For other councils, the information is as supplied in response to the draft of this report in September 2024.

Table 8: Drinking water compliance status

Area / Plant	Compliance	Comment
Waterloo	**x Non-compliant**	Due to changes in the assurance rules, the capability of the existing Waterloo treatment plant facilities, and the layout of the network, a significant treatment plant upgrade and/or additional network infrastructure is needed to achieve compliance with the rules as written.
Wainuiomata	**✓ Compliant**	Wainuiomata water treatment plant is compliant with the Water Services Authority bacterial and protozoal compliance rules.
Te Marua	**✓ Compliant**	Te Marua water treatment plant is compliant with the Water Services Authority bacterial and protozoal compliance rules.
Gear Island	**✓ Compliant**	Gear Island water treatment plant is compliant with the Water Services Authority bacterial and protozoal compliance rules.
Waiohine	**✓ Compliant**	The Waiohine water treatment plant is compliant against new bacterial and protozoal Rules. However further work is required to meet process assurance rules e.g. development of standard operating procedures, operators completing qualification requirements, and implementation of an asset maintenance recording system.
Memorial Park	**✓ Compliant**	The Memorial Park water treatment plant is compliant against new bacterial and protozoal Rules. However further work is required to meet process assurance rules e.g. development of standard operating procedures, operators completing qualification requirements, and implementation of an asset maintenance recording system.
Martinborough	**✓ Compliant**	The Martinborough water treatment plant is compliant against new bacterial and protozoal Rules. However further work is required to meet process assurance rules e.g. development of standard operating procedures, operators completing qualification requirements, and implementation of an asset maintenance recording system.
Pirinoa	**✓ Compliant**	Pirinoa is compliant against new bacterial and protozoal rules. However further work is required to meet process assurance rules, such as development of standard operating procedures, and implementation of an asset maintenance recording system.
Ōtaki (KCDC)	**✓ Compliant**	
Hautere/Te Horo (KCDC)	**✓ Compliant**	

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Waikanae Paraparaumu Raumati (KCDC)	✓ Compliant	
Paekākāriki (KCDC)	✓ Compliant	
Horowhenua District Council	No information supplied	
Masterton District Council	✓ Compliant	Masterton District Council have two drinking water treatment plants, both of which are compliant.
Carterton District Council	No information supplied	

Table 9: Wastewater treatment compliance status

Area / Plant	Compliance	Comment
Moa Point	x Non-compliant	The plant remains non-compliant for suspended solids and faecal coliforms. Steps to fix this are being undertaken. However, breakdowns and planned maintenance work have delayed a return to compliance.
Porirua	✓ Compliant (with noted issues)	The plant is compliant for effluent quality. The treatment plant has higher levels of solids in the process than normal. This can cause partially treated discharges especially during heavy rain. Steps are being taken to address this. There are UV performance issues. Changes made to date have improved UV performance during high volume flows, but occasional faults are still occurring. The system will continue to be closely monitored.
Seaview	x Non-compliant	The plant remains non-compliant for faecal coliforms. Improvements have been observed in the biological process.
Western	✓ Compliant	The plant is compliant for effluent quality.
Greytown	x Non-compliant	Current plant design and processes are inadequate for the connected population, resulting in non-compliance (specifically related to ammonia concentration in the effluent) which is affected by seasonal weather patterns. In 2023, Greater Wellington Regional Council (GWRC) requested explanations of non-compliance. Wellington Water is implementing the required corrective actions where possible within plant and resource constraints. Major investment is required, and current approved funding levels do not meet this. A compliance upgrade project is underway (excluding growth). The plant is already operating beyond its design loading capacity and so new connections have been paused. Funding has been approved to complete a Growth-Capacity Study in conjunction with Martinborough's study. The degree of desludging that will be achieved at Greytown is

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		not yet determined.
Featherston	**x Non-compliant**	Major investment is required to achieve a new consent. Renewal of the consent is being managed as a major project and plant is currently operating on an extension of the old consent. The consent approval process will better inform the required capacity of the plant to cater for growth in Featherston beyond 2032. A significant effluent non-compliance occurred in May-June. This was due to the high volume of septic tank discharges (from Lake Ferry wastewater treatment plant) being pumped into the pond via a nearby manhole. Operational mitigation of this event continues; other septic tank discharges have been stopped until the plant recovers adequately. Plant continues to require ongoing management of resources, focused on effluent quality, to achieve compliance with consent requirements.
Lake Ferry	**✓/x Partially compliant**	Further investment is required to achieve a management plan and consent compliance into the future. Stantec has been commissioned to prepare and develop a new resource consent application by 30 March 2025. Early conversations suggest that the current scheme will require capital works because of consenting requirements. More funding is required for the consent 2024-25 renewal project than currently allocated. The extra funding is required to prepare an adequate application and undertake community consultation. The source of current high inflow and infiltration is still not funded for investigation. Peak loads are near the plant's hydraulic capacity. Septic tank cleanouts and filter cleaning has been completed. The effect on effluent compliance will be assessed in coming months. The treatment process is being tested and assessed for optimised operation. Plant valving automation is required to better comply with consent discharge requirements; however, this is not funded. Projects underway include sodium bicarbonate dosing improvements and optioneering dripline leaks – some repaired, more require repair.
Martinborough	**x Non-compliant**	In June 2024, a new 'To Do Abatement Notice' was issued for Martinborough wastewater treatment plant with a deadline of May 2025 to complete desludging This superseded the May 2024 and August 2023 'To Do Abatement Notices', which in turn replaced the Abatement Notice issued in 2022, although the WWTP still remains non-compliant. WWL and SWDC are working together to address the items raised in the new Notice, as part of the compliance upgrade project underway. Major investment is required, and current approved funding levels do not meet this requirement. Current plant design is insufficient to avoid non-compliance. Effluent discharge rate and quality to land continues to exceed current consent limits. Effluent volume discharged to river continues to exceed the annual average consent limit. GWRC has issued an updated To Do Abatement notice, with a deadline of May 2025 to complete desludging. Progress is being made on the desludging geobag laydown area consenting and tendering process, as well as UV optimisation.

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Paraparaumu Wastewater Treatment Plant (KCDC)	✓ Compliant	Operating on expired consent conditions. Securing new consent for the Paraparaumu Wastewater Treatment Plant.
Ōtaki Wastewater Treatment Plant (KCDC)	✓ Substantively compliant	Increasing nitrogen levels in the discharge from the Otaki Wastewater Treatment Plant.
Tokomaru Wastewater Working Party (HDC)	x Non-compliant	An abatement notice has been issued regarding the Tokomaru Wastewater Working Party. Capacity to meet consenting conditions is limited.
Masterton District Council	✓/x Partially compliant	Masterton District Council have four wastewater treatment plants, and all have a high level of compliance and environmental sampling does not show any adverse effects on the environment.
Carterton District Council	No information supplied	

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Appendix G: Types of entity model options

NOTE: This report focuses on the assessment of regional models and is intended to support councils to undertake an assessment of other options, including those focusing on council alone or provincial options. There will be many sub-variants that councils could identify. A range of these sub-variants has been identified in the table below, but there are others, such as:

- whether joint arrangements cover 2 or 3 waters,
- number of councils or mix of councils in joint options e.g. 3 or 4 councils,
- staging and timing,
- asset and debt transfer arrangements, noting the detail of which would need to be considered as part of the WSDP (Phase 2); and,
- transition – there are a range of options for transition that need to be considered through Phase 2 and 3.

Table 10: Delivery models considered

Option	Description	Comments
1. Council alone, in-house delivery	Delivery of water services in house, e.g., as per the current Masterton, Carterton, Kāpiti Coast, and Horowhenua models. No joint WSDP or arrangements. Sub-variants include: • Resourcing, procurement and contracting models • Deliver in house in a financially ring-fenced Business Unit • Deliver in house as a single council CCO	**NOT RECOMMENDED AS BEST FOR REGION** *Councils will each evaluate an in-house option as an alternative option to a regional model.*
2. Joint CCO – service delivery only	Joint WSDP and arrangements. Multiple council-owned CCO. CCO role: • Plans, designs, operates and maintains as per the current WWL model. • Assets, liabilities and debt remain on council balance sheets.	**NOT RECOMMENDED AS BEST FOR REGION** *The current WWL model has struggled with a number of structural challenges which inhibit its effectiveness. Therefore, a narrow CCO option is not considered to meet regional requirements.*
3. Joint CCO – full breadth	Joint WSDP and arrangements. Multiple council-owned CCO. CCO role: • Full-breadth water utility vested with ownership of all water assets, revenues & liabilities. • Debt is transferred from councils. • Owned by local councils through shares. • Bills users directly for charges. • Must enable sufficient borrowing.	**RECOMMENDED FOR CONSIDERATION** *This option is likely to be a modified form of a CCO which should achieve balance sheet separation. (Note: Bill 3 will clarify the nature of the powers of this new type of entity).*

4. Joint council-owned company (COC)	Joint WSDP and arrangements. Multiple council-owned COC COC role: • Full breadth water utility vested with ownership of all water assets, revenues and liabilities. • Similar structure to a Council Controlled Organisation but with reduced Council oversight provisions thereby enabling the company to have greater control and certainty over its investment plans.	**RECOMMENDED FOR CONSIDERATION** *This option is likely to be a modified form of a CCO which should achieve balance sheet separation. (Note: Bill 3 will clarify the nature of the powers of this new type of entity). This is the option underlying the design set out in this report. It mirrors the structure now referred to as a joint water services council-controlled organisation (WSCCO) in the Local Government (Water Services Preliminary Arrangements) Act 2024.*
5. Consumer trust	Trust role: • Full breadth water utility but owned by a trust. • Overseen by independent trustees appointed by consumers. See detail below on variants and issues. Variants: • Council alone or joint model. • Council alone or joint WSDP and arrangements.	**NOT RECOMMENDED AS BEST FOR REGION** *This would require councils to transfer their water assets to a consumer-owned trust. The trust would also have challenges accessing the necessary funding. In particular, it would not be able to access LGFA funding as the LGFA's current constitution limits lending to councils and CCOs only.*
6. Private sector	Transfer or sale or assets, liabilities and revenue to private sector investor. Variants: • Transfer in whole. • Transfer in part e.g. JV type model.	**NOT RECOMMENDED AS BEST FOR REGION** *This was not explored. The councils held strong views that this was not an acceptable option.*

Other possible model options

Below is a summary of other technically possible model options which were not considered to be practical options for further development.

Trust (Potential CCO)

This would be an independent legal entity, established through its trust deed. The trust would have the power to hold and operate the relevant assets, which would be owned by the trust. Some or all trustees could be appointed by the councils. If the councils had the right to appoint 50% or more of the trustees, the trust would be a CCO (meaning LGA accountability measures like the statement of expectations and statement of intent would apply). The trust deed would set out the basis on which the trust would operate, and the powers of its trustees. This model would allow some council control over the entity if the trust were a CCO. However, the model is unlikely to be suitable because councils would have to transfer their water assets to a trust, which is not owned by the councils. Also, for international capital and insurance markets a corporate structure is a more "vanilla" structure.

Non-CCTO Charitable Trust

Another option is a charitable trust (with an incorporated board of trustees or a company trustee), which should be tax-exempt provided that the trust is not a council-controlled trading organisation (CCTO) under the Local Government Act 2002 and is registered under the Charities Act 2005 (such registration being a

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prerequisite for income tax exemptions for charities). A not-for-profit public water services trust (reinvesting funds in its assets/services) should be able to be structured as a charity and non-CCTO.

While this option is theoretically possible, charitable status would place significant governance restrictions on the new entity, would involve ongoing regulatory oversight by DIA Charities Services and mean that the assets would be locked up for exclusively charitable purposes in perpetuity. In addition, a non-corporate trust model, even with a corporate trustee, would not enable council ownership of the entity. This option is therefore not recommended, especially if income tax exemption for the new entity can be achieved via legislation (see above).

Limited Partnership

Limited partnerships are legal entities governed by a limited partnership agreement (which the entity must have) and the Limited Partnerships Act 2008. Councils could be the limited partners in a limited partnership; the Limited Partnerships Act requires them to not be involved in management of the limited partnership, in order to maintain the limited liability protection that this model provides. A limited partnership is managed by a general partner. In this instance it would need to be a company that has responsibility for managing the limited partnership. The councils could be shareholders in the company that is the general partner. Another possible option would be for the councils to contribute the assets to, and be limited partners in, a limited partnership that is not a CCTO (as above), which would not be taxed in its own right as its income would be attributed to its limited partners (the councils) and tax-exempt at council level.

While theoretically possible, a limited partnership structure is likely to be unsuitable. It may not achieve the desired balance sheet separation from councils, while from a governance and management perspective it would be desirable for the general partner to not be controlled by the councils. While this model does enable council ownership of water services assets, it is complex and does not result in any material benefits as against using a CCO or COC.

Port company/energy company model

The current definition of “council-controlled organisation” in s6 of the Local Government Act 2002 excludes a port company within the meaning of the Port Companies Act 1988, and an energy company within the meaning of the Energy Companies Act 1992. In both the cases, the apparent policy rationale for these companies not being CCOs, and (notwithstanding that a port company or energy company might otherwise qualify as a CCO, if a local authority owns shares carrying 50% or more of voting rights) is that they are subject to their own regulatory regimes, which require accountability documents such as a statement of corporate intent. Those regimes are inconsistent with, and would to some extent duplicate, the regime for CCOs in the Local Government Act 2002. It is possible that when the Government prepares legislation providing for a new type of COC/CCO (i.e. Bill 3 expected late-2024), it takes guidance from the Port Companies Act 1988 and Energy Companies Act 1992. Accordingly, there may be some similarities between a new COC model and the existing Port and Energy Company models.

Appendix H: Network economics approach

Purpose

The purpose of network economic analysis is to provide transparency to the cause/effect relationships that exist in both technical and economic views of networks. This technique is useful to examine the trade-offs between decisions that include pricing, growth support, network reliability and risk, capital allocation, debt, compliance, network remediation pace, fault rates and costs, and debt requirements. It is a high-level view of making the primary cost structures, constraints, and decision levers visible to governance and other decision makers. It is primarily used for choosing scenarios and focusses on differing effects of capital investment distribution.

This helps to provide simple and clear answers to the following critical questions:

1. What is the **problem**? How big is the **gap**?
2. What is the **best investment strategy**? What is the **risk** of severe network failures? How **quickly** do we need to do it? What will it **cost**?
3. How much can be funded from **price**?
4. What is the residual that will need to fund from **debt**?
5. Where will the **debt** come from? What **credit support** is required?

The network model enabled analysis to:

- assess the cost of remediation and ongoing investment for maintenance and renewal,
- support analysis of different scenarios and remediation pathways,
- consider remediation investment, time, efficiency, price, and debt,
- consider decision drivers of risk and cost,
- model a range of investment scenarios, including price, debt and risk, and
- recommend a practical scenario to support strategic understanding of:
  - high-level capital requirements and associated timing, and
  - the impact on price, debt, risk, and cost and timing.

It is common practice that once these scenarios including capital distribution are chosen, then an investment grade cash-flow analysis is provided using the key decision metrics of the economic analysis.

There are two frameworks commonly used for the network economic analysis of capital efficiency. These are:

- "Bathtub Failure Rate Curve" (an engineering concept at the heart of reliability estimation), and
- "Sustainable Replacement Cost" (a microeconomic concept used extensively in asset management).

The modelling used these two frameworks individually to cost the minimum continual investment in the network to maintain its current state (sustaining "keep-up" investment). These were then used together to cost some of the consequential failures generated by worn-out assets, including estimating the cost of network leaks.

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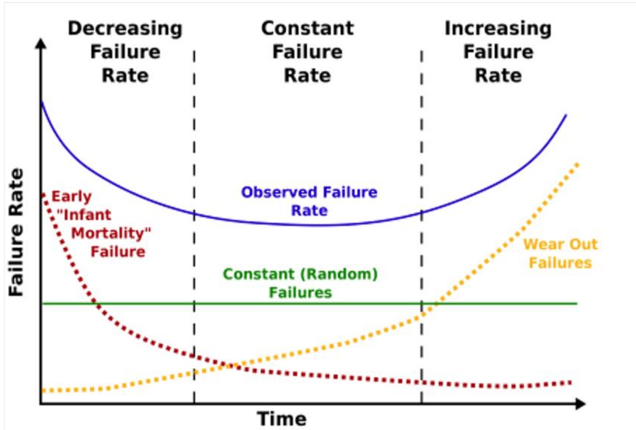
Concept 1 – Asset failure rate ("Bathtub") curve

Figure 1: The asset failure rate ("Bathtub") curve



Key points of the asset failure rate curve:

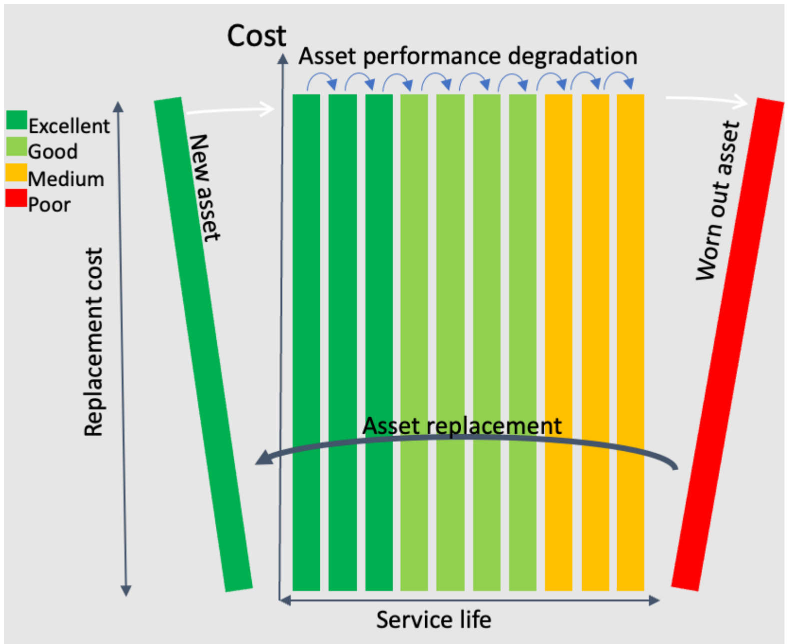
> When the network starts to fail, costs increase exponentially. Fixing faults does not fix the network unless you replace the assets.

- The ability of all assets to meet their service function declines with use or age.
- Ageing assets start to generate faults due to their reduced condition. In a network, these faults may occur with an asset itself, but also may occur elsewhere in the network due to the interaction between connected assets. This is known as the 'Network Effect'.
- The more worn-out an asset is, the more faults it generates, and the rate of fault generation often increases exponential as an asset's condition reduces (ages).
- There is a natural point at which the expected network fault costs caused by asset deterioration exceed the cost of replacing the asset. This point of asset deterioration is known as the End of Service Life (EoSL) of the asset and is often described in 'years in service', although the actual measurement to determine this metric is measurement of the asset condition. When an asset condition reaches the end of its service life, it is economically sensible to replace it.
- This means that for every asset in a network there is an optimum service life; so, the whole network also has an optimum service life. In practice, this is calculated from assessing the condition of costly and critical assets in the network.
- This means that the optimal use of capital to maintain a network of assets occurs at the maximum average age of the assets. If the assets in a network are used beyond their EoSL, then the cost of the network increases, due to the increased cost of faults from assets that fail. Conversely, if assets are replaced too quickly, then the network also costs more to support because the capital involved is unnecessarily high.
- There is a 'sweet spot' for the efficient use of capital in any network. How far off the actual condition of the network assets are from this sweet spot allows assessment of how much additional cost is being generated by the network.

Concept 2 - Sustainable network renewal costs

Once a network is operating in its economic sweet spot, it is relatively simple to determine its sustainable capital replacement cost.

Figure 2: Determining sustainable capital replacement cost



Worn-out assets should be replaced with new ones at the same rate as the old ones are wearing out. This annual cost is known as the sustainable (capital) cost of the network ('keep up' investment). It is worth noting that replacing assets at this rate does not improve the condition of the network overall – it simply keeps it at the same condition it is already at.

Replacing assets more slowly than this rate degrades the network and generates an additional cost burden from faults. Conversely replacing assets faster than the sustainable rate improves this condition of the network and lowers consequential costs until the network is back to its economic sweet spot.

It is useful to distinguish between network replacement costs and network fault costs. Network replacement costs are an inherent part of maintaining the network and are not discretionary if network efficiency is to be maintained.

Faults costs (including leaks) are generated mainly by worn-out assets and are one of the consequential costs of network failure. Investing in mitigating consequential costs is not the same as investing in the network itself and, in practice, often diverts investment in network maintenance which further accelerates network degradation.

> **Asset Life**
>
> The 'End of Service Life' (EoSL) for an asset means that its condition has deteriorated sufficiently and that it is economically sensible to replace it with a new one. While the asset age is measured in years of life, it is not its age that determines when it should be replaced – it is its condition.

In the absence of intervention, the increasing and continuous cost of fixing leaks diverts investment from replacing the worn-out pipes that are the root cause of most of the leaks and so the network generates more leaks. This is a network cost 'runaway' situation – and this is the situation potentially facing much of Wellington's regional water networks.

Network risk analysis is often a major component of network economic analysis and is performed using the trend information on faults, condition assessments and a view of the current fault/expected baseline fault information. Probability of critical major network failures can be determined if a base probability of failure from a good condition network is provided.

The condition of much of the Wellington regional water networks with its current high rate of leaks and other asset failures means that the chance of a critical network failure event is currently high (estimated as 10 times that of a remediated network). The long timeframes involved in remediating the network (18-30 years) mean that this high risk of critical network failure remains for some time and any extension to the remediation process increases this risk of network failure.

Appendix I: Investment, price and debt scenarios

The network economic modelling is multi-dimensional and can be used to test a wide range of alternative investment, price, debt and risk scenarios. These scenarios are not intended to represent planned investment, but to help understand tradeoffs.

Apart from the rate of catch-up investment, the total investment required was taken as an assumed fixed quantum on the basis that it is the essential investment required to turn the network around and to meet growth and compliance standards. It is noted that this is an *estimate* only of the level of investment required and will require significant further refinement through the development of the WSDP.

Notes:

- Further analysis of financing arrangements, including how the WSCCO can utilise and structure borrowing to manage and smooth the rate of cost increases will need to be fully explored in subsequent phases of work.
- The versions of modelling scenarios have been based on the information, assumptions and limitations as noted in Appendix C.

Table 11: Scenario Modelling

Scenario Name	Scenario Purpose	Comments and key Insights
Main price and debt scenarios		
Optimised base scenario	Based on consideration and testing of a range of variables, including price, debt, cost and risk, this outlines an overall optimised scenario to remediate the network in 21 years and deliver substantial compliance in 23 years. The scenario can then be used to compare and contrast other scenarios.	There is further optimisation that can be achieved through further refinement of this scenario, but it gives an indication of an optimal and affordable investment pathway based on assumed average of 9% increase in prices.
1. Higher early price of 25% and then 9%	This scenario is based on the impact of a higher Year 4 price increase in order to reduce total debt and interest costs and achieve an investment-grade FFO:Debt Ratio >9% earlier.	A higher price increase may be considered unaffordable to water consumers. However, this results in lower peak debt and therefore lower costs to service debt and peak prices than the base scenario.
2. Lower and longer price rise - 5% pa	This scenario takes the investment required to turn around the network as a given and models a lower price rise. It calculates debt as the balancing variable.	This scenario results in a lower average peak price but would result in the network remediation taking 5 years longer. The scenario may also result in the WSCCO exceeding FFO debt limits in early years.
Main speed of catch up (Backlog Renewal Scenarios)		
3. Go slower – 30-year remediation period with 9% price rise	This scenario looks at remediating the renewal backlog and compliance issues over a longer period. This spreads the capital remediation impact.	This scenario results in a lower average peak price. However, it would also have higher risk of network faults due to the extended period the network continues to be held in its current poor condition.
Alternative investment scenarios		

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Scenario Name	Scenario Purpose	Comments and key Insights
4. Investment if 20% increase in construction costs	This scenario models a 20% increase in construction/capex costs and allows for demand inflation due to many national water networks needing to be remediated at the same time.	Results in higher prices to customers – peak and long term and longer term to fix network.
5. Investment if 20% decrease in construction costs	This scenario models a 20% decrease in construction/capex costs, recognising that high interest rates and a downturn in the economy have led to some reduced construction costs.	Results in lower prices to customers – peak and long term and shorter term to fix network.
6. Faults cost increase	This scenario models $120 million of faults costs pa.	Results in higher prices to customers – peak and long term and longer term to fix network.
7. Increased opening debt	This scenario models if the WSCCO has an opening debt of an additional $500m or total of $2.8b. This helps to understand potential impacts of additional financing arrangements.	Results in a potential credit shortfall in 2028 which could be managed based on actual year of borrowing. Results in higher peak and sustainable price.
8. Investment level set at LTP levels	This scenario models what the faults costs, risk, price and debt impacts are if the investment level is set at the aggregate of the 10 councils' LTP capital spends for the next 10 years.	This level of investment continues to degrade the network, increases costs to the consumer and results in a continually increasing consequential cost from network failure. This level of investment makes the eventual remediation of the network more expensive and costs to the consumer rise.

Table 12: Financial modelling and analysis – refer also to the diagrams below that explain the linkage from economic modelling to financial modelling.

Aspect	Economic model is:	Economic model is not:
Purpose	To enable rapid exploration of different strategic options and scenarios to support strategic decision making (this aims to enable councils to evaluate the merits of a strategic, "regional water delivery entity" option).	Designed to support more detailed tactical decisions. For example, detailed, accurate pricing of specific services or detailed investment plan (this level of modelling detail would be undertaken in the establishment phase of a WSCCO).
Level	Strategic, macro model.	Tactical, micro model.
Timeframe	30+ years.	Short-term financial model (noting that a financial accounting perspective of the first 10-year horizon is included in Appendix J.)
Inflation	Using real numbers. This makes comparisons clearer and underlying trends more transparent.	Using nominal, inflated numbers (but the report provides a set of 10-year financial projections which incorporate inflation in Appendix J.)
Accuracy	Targeting +/-20% around revenue, investment, debt etc over the 30-year period, i.e. a sufficient level of accuracy for strategy decision-making purposes (note modelling used the "best available data and assumptions". Some of these,	Not intended as the basis for investment decisions but is intended to inform scenarios that investment planning can be based upon.

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	such as the available asset condition metrics, are known to be weak[2]).	
Investment	Calculating top-down investment “envelope” required by main category (sustaining, catch up, growth, compliance).	Bottom-up project by project build-up of a detailed Investment or Asset Management Plan.
Price	Calculating aggregate “Revenue Requirement” and revenue path (rather than price for a specific service).	Designed to calculate prices for specific services, specific regions etc.
Averaging	Averaging costs over long-term timeframes, e.g. 20 - 30 years for sustaining or catch-up period.	Designed to provide finely phased figures that factor in ramp-up periods and inconsistent levels of investment for major projects.

[2] Refer to Appendix C for assumptions

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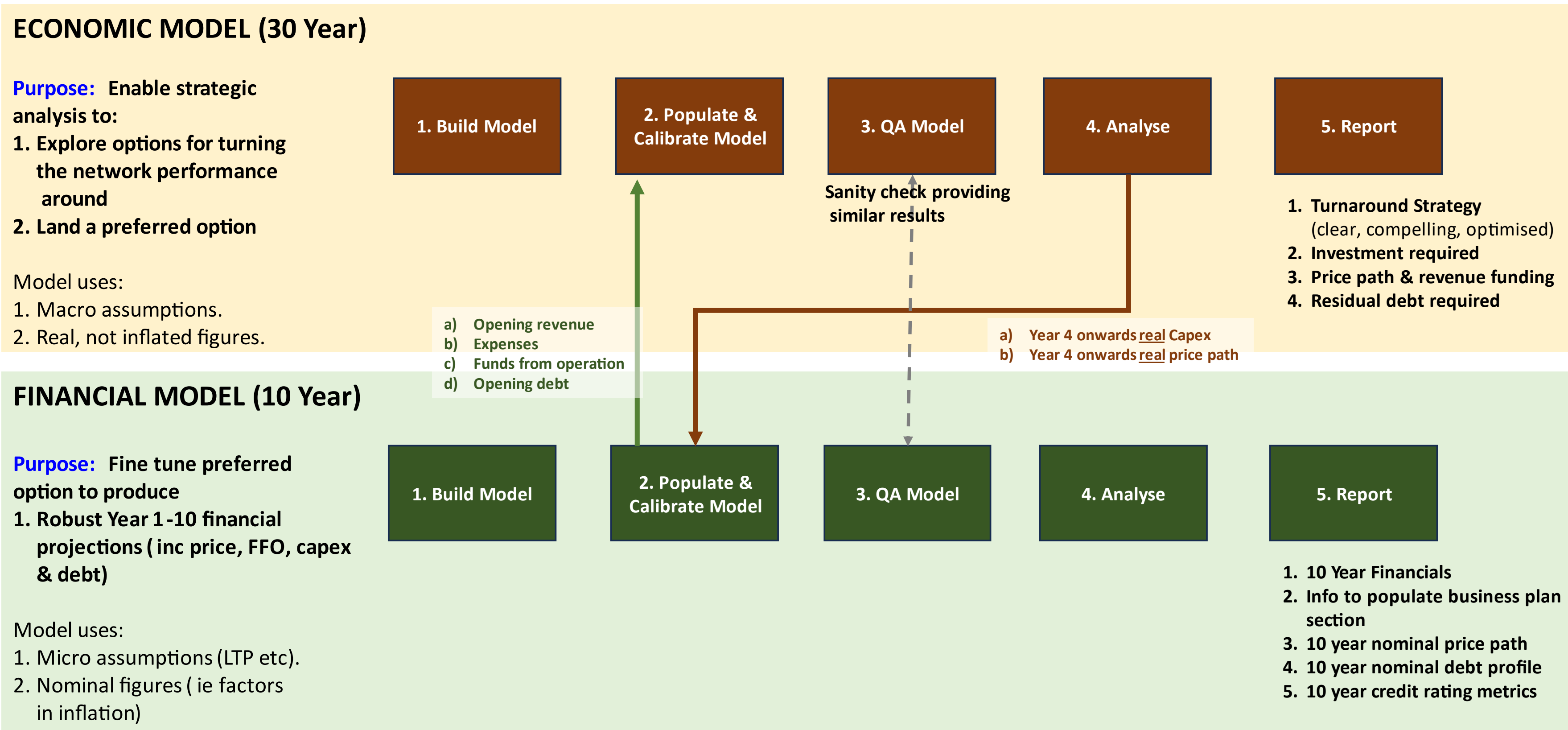
Economic & Financial Modelling - Approach



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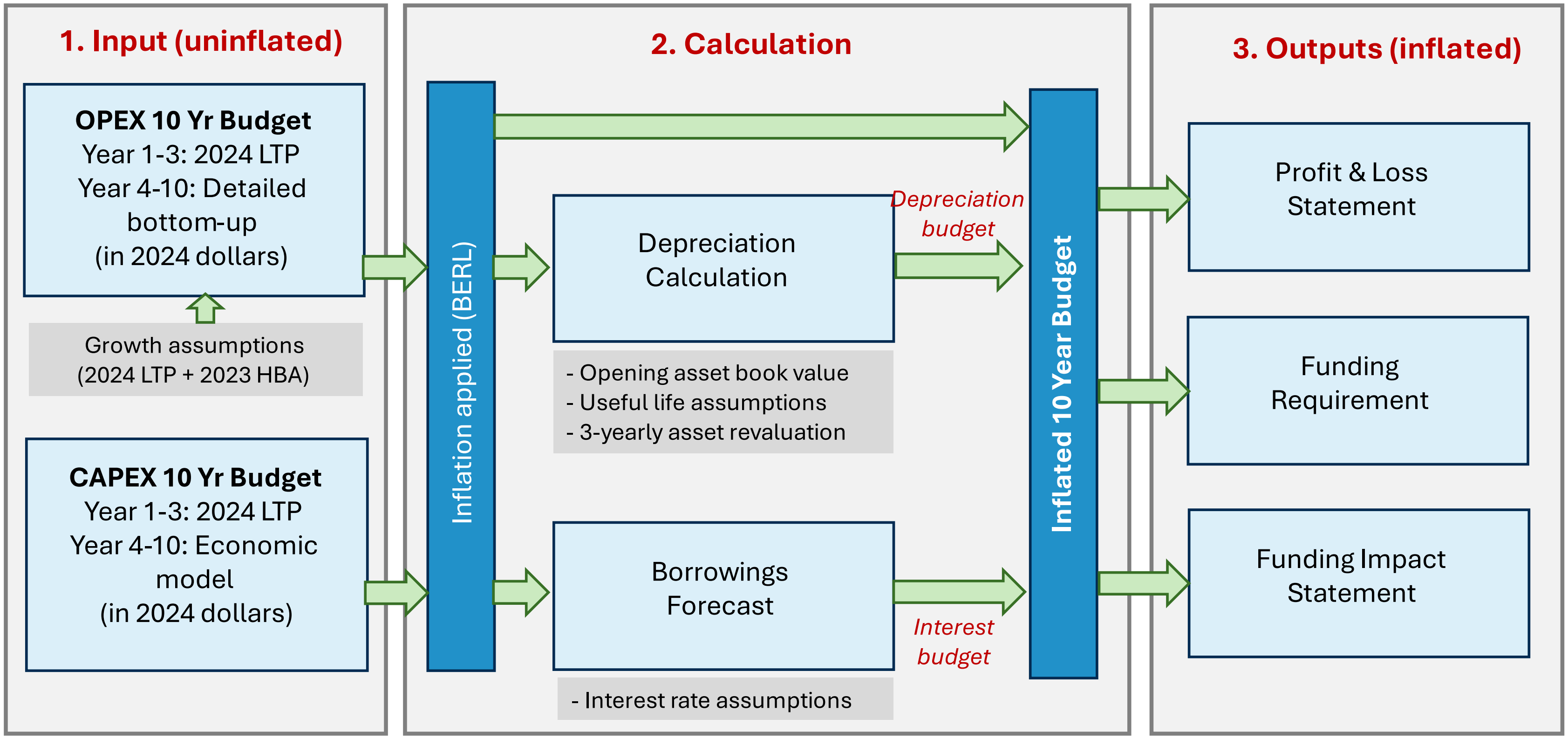
Model Overview – 10 Year Financial Projection Model



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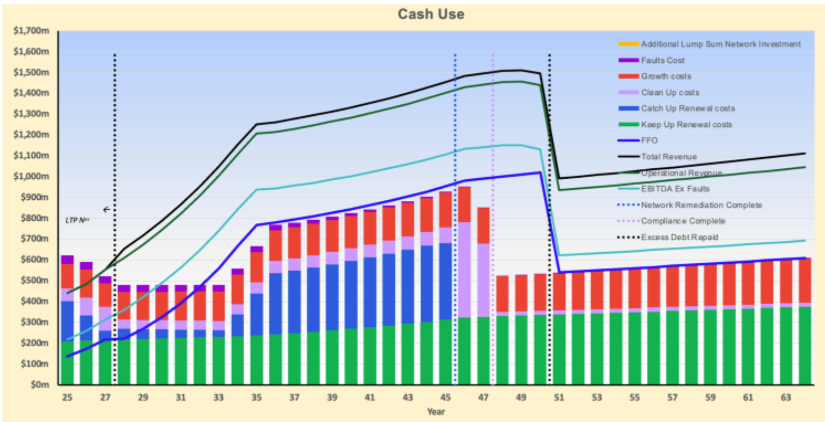
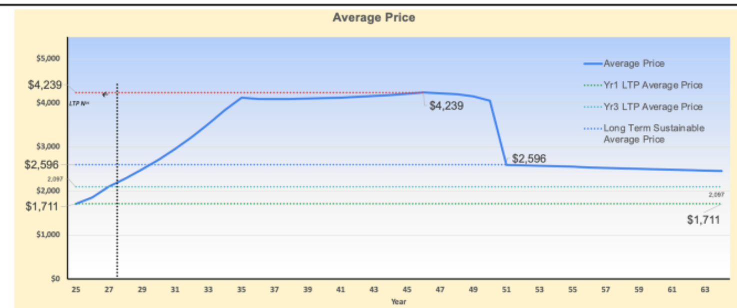
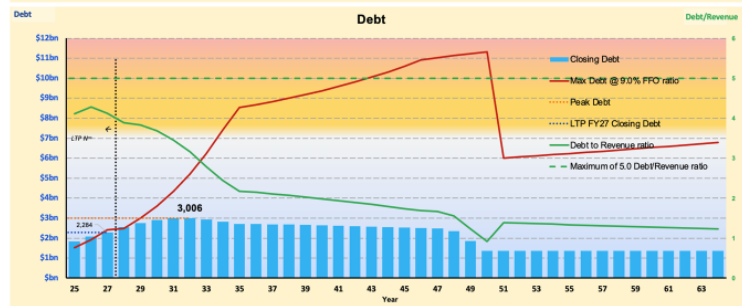
Scenario Baseline: 9% pa *(all values are in $FY24)*

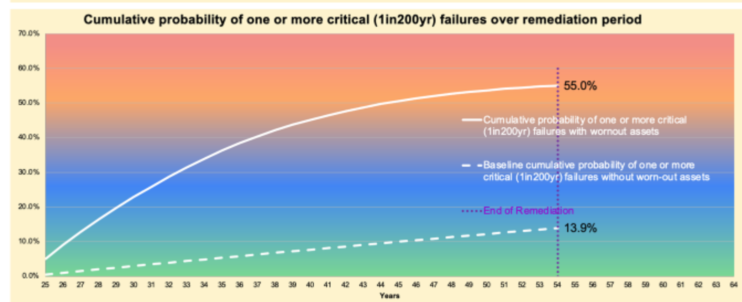
Headline Metrics



Long-term average sustainable price	$2,596	in 2051
Peak average price	$4,239	~2035-2050
Peak debt	$3.0bn	2032
Peak credit limit shortfall	$0.0bn	
Network fixed	2045	
Network self funding	2033	
Debt repaid	2050	
Network investment costs	74%	
Interest costs	23%	
Faults costs	3%	
Network critical failure risk increase	55% vs 13.9%	







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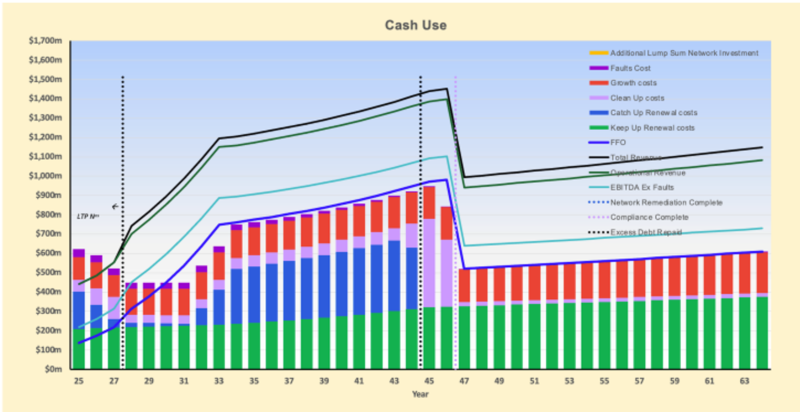
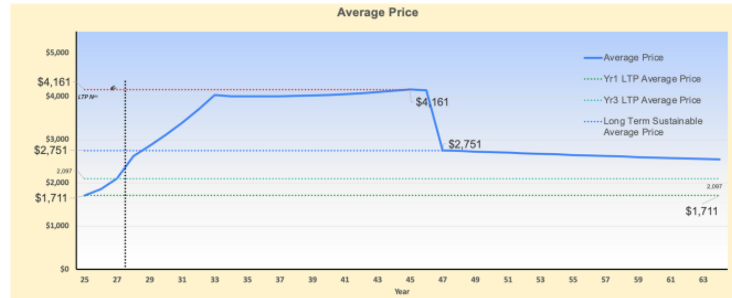
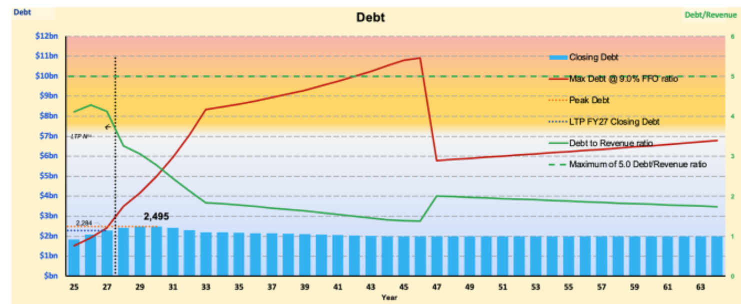
Scenario 1: 25% yr4 price rise, then 9% pa *(all values are in $FY24)*

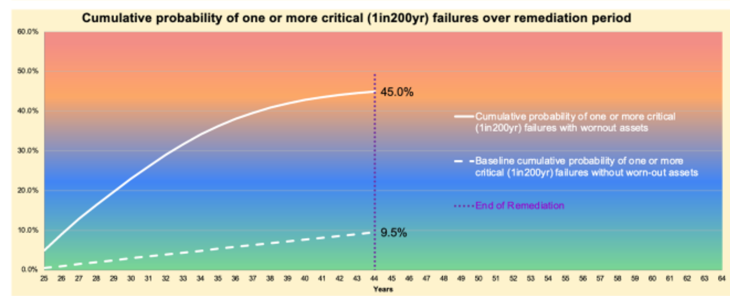
Headline Metrics



Long-term average sustainable price	$2,751	in 2047
Peak average price	$4,161	~2033-2046
Peak debt	$2.5bn	2030
Peak credit limit shortfall	$0.0bn	
Network fixed	2044	
Network self funding	2030	
Debt repaid	2043	
Network investment costs	81%	
Interest costs	16%	
Faults costs	3%	
Network critical failure risk increase	45% vs 9.5%	







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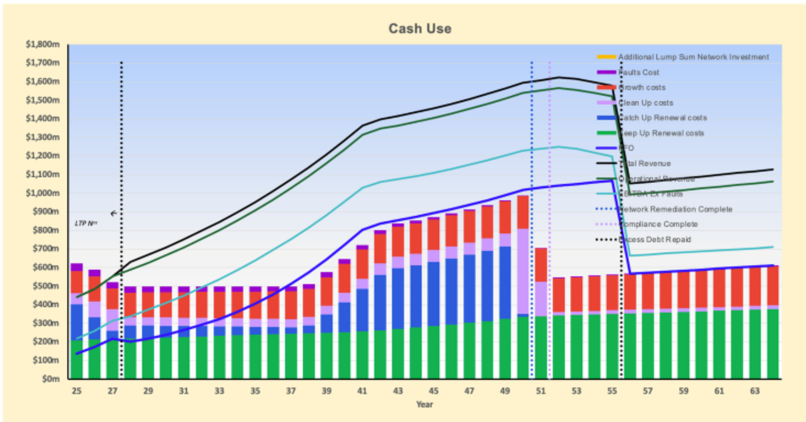
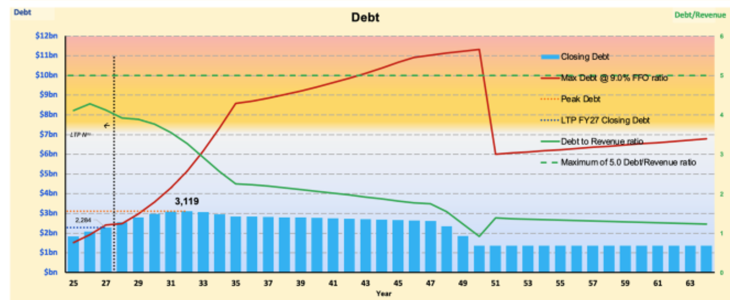
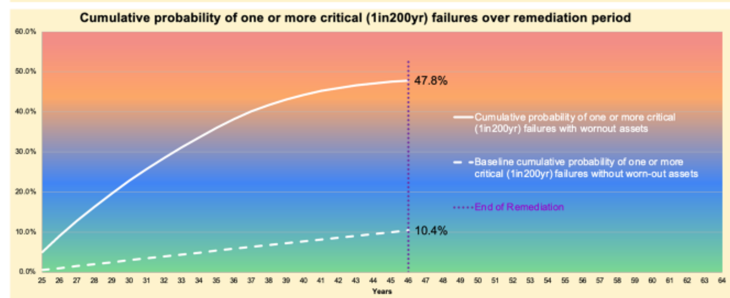
Scenario 2: 5% pa price rise *(all values are in $FY24)*

Headline Metrics



Long-term average sustainable price	$2,584	in 2056
Peak average price	$4,330	~2041-2055
Peak debt	$3.1bn	2032
Peak credit limit shortfall	$0.5bn	2030
Network fixed	2050	
Network self funding	2037	
Debt repaid	2055	
Network investment costs	70%	
Interest costs	27%	
Faults costs	3%	
Network critical failure risk increase	47.8% vs 10.4%	





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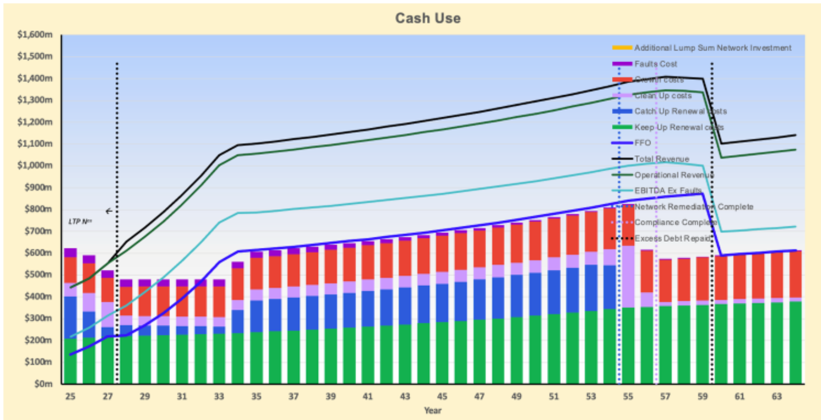
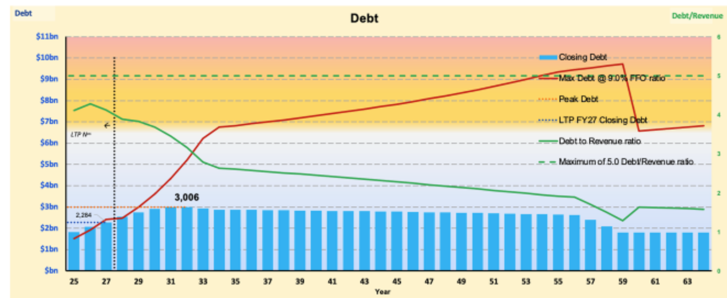
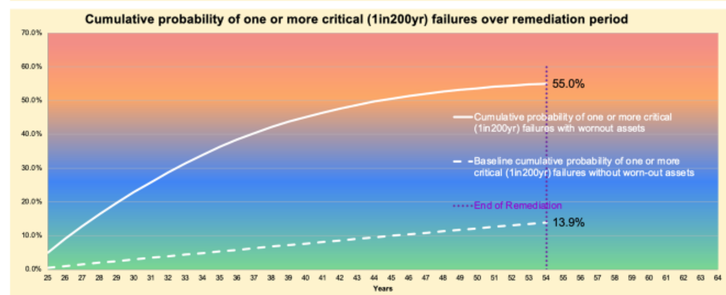
Scenario 3: 30yr network recovery, 9% pa price rise, reduced peak funds (85%) to lengthen remediation period *(all values are in $FY24)*

Headline Metrics



Long-term average sustainable price	$2,567	in 2060
Peak average price	$3,628	~2034-2059
Peak debt	$3bn	2032
Peak credit limit shortfall	$0.0bn	
Network fixed	2054	
Network self funding	2033	
Debt repaid	2059	
Network investment costs	73%	
Interest costs	24%	
Faults costs	3%	
Network critical failure risk increase	55% vs 13.9%	

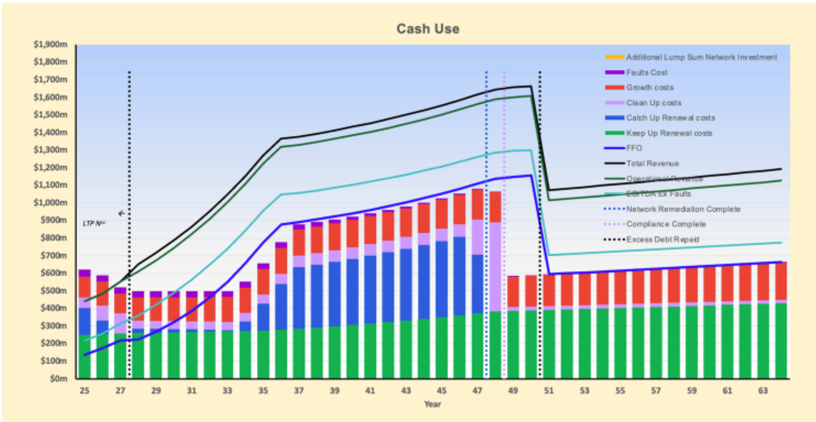




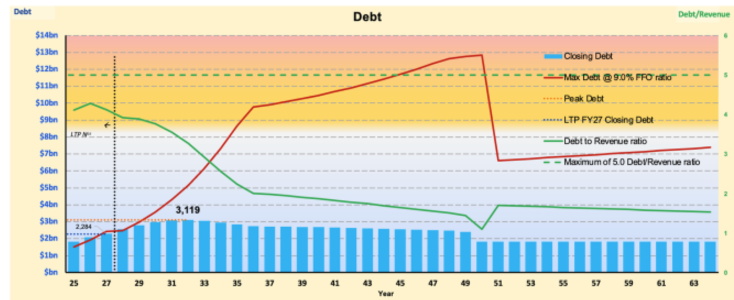
Attachment 1 to Report 24.582

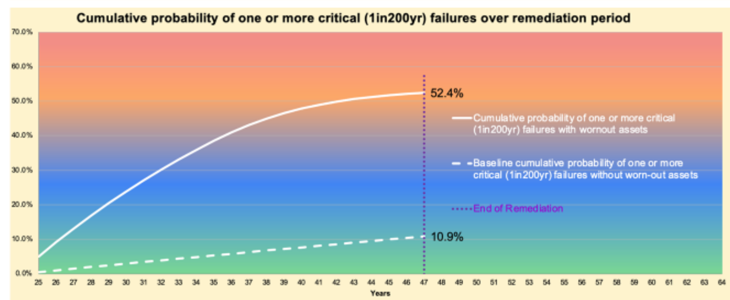
Scenario 4: 20% increase in cost, +9% pa price rise *(all values are in $FY24)*

Headline Metrics



Long-term average sustainable price	$2,824	in 2051
Peak average price	$4,592	~2036-2050
Peak debt	$3.1bn	2032
Peak credit limit shortfall	$0.0bn	
Network fixed	2047	
Network self funding	2033	
Debt repaid	2050	
Network investment costs	77%	
Interest costs	20%	
Faults costs	3%	
Network critical failure risk increase	52.4% vs 10.9%	





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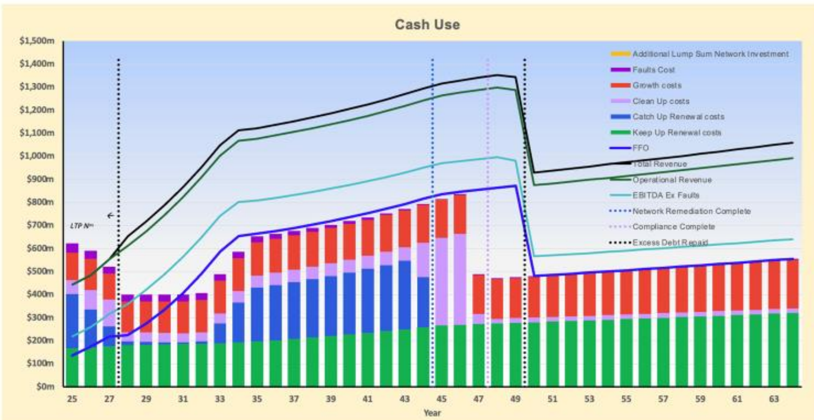
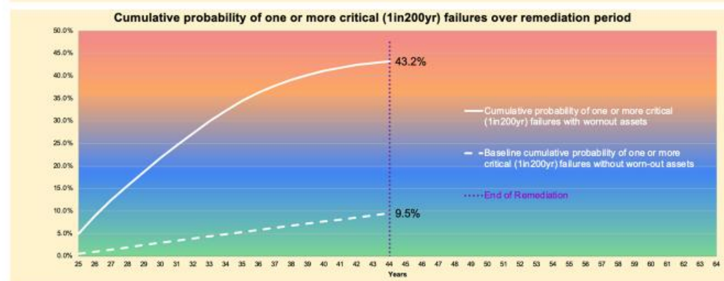
Scenario 5: 20% decrease in cost, +9% pa price rise *(all values are in $FY24)*

Headline Metrics



Long-term average sustainable price	$2,461	in 2050
Peak average price	$3,796	~2034-2049
Peak debt	$2.7bn	2030
Peak credit limit Shortfall	$0.0bn	
Network fixed	2044	
Network self funding	2031	
Debt repaid	2049	
Network investment costs	74%	
Interest costs	23%	
Faults costs	3%	
Network critical failure risk increase	43.2% vs 9.5%	



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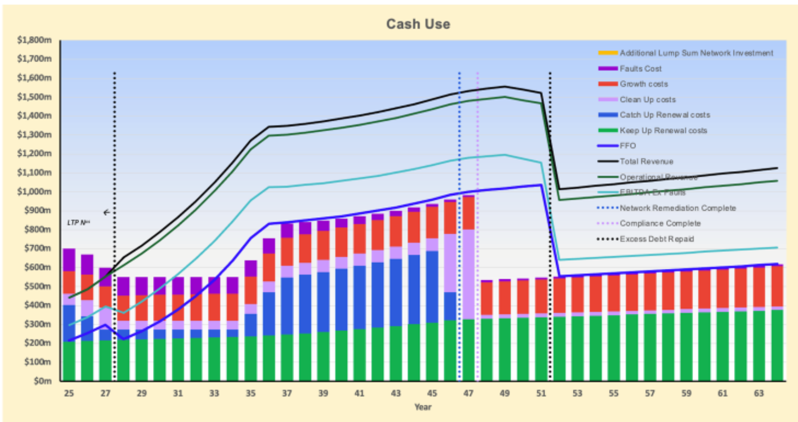
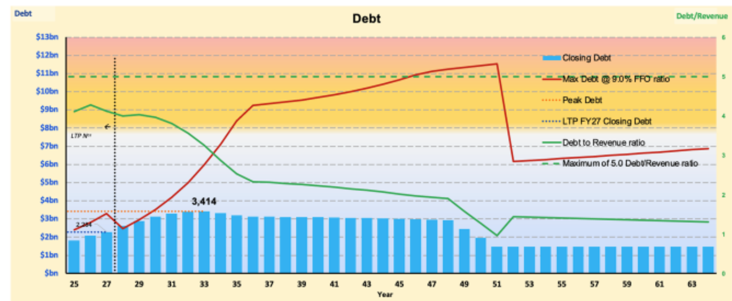
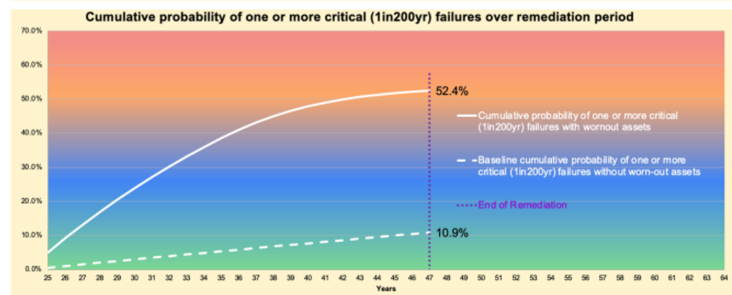
Scenario 6: $120m fault cost, 9% pa price rise *(all values are in $FY24)*

Headline Metrics



Long-term average sustainable price	$2,623	in 2052
Peak average price	$4,368	~2036-2051
Peak debt	$3.4bn	2033
Peak credit limit shortfall	$0.1bn	2028
Network fixed	2046	
Network self funding	2034	
Debt repaid	2051	
Network investment costs	69%	
Interest costs	23%	
Faults costs	8%	
Network critical failure risk increase	52.4% vs 10.9%	





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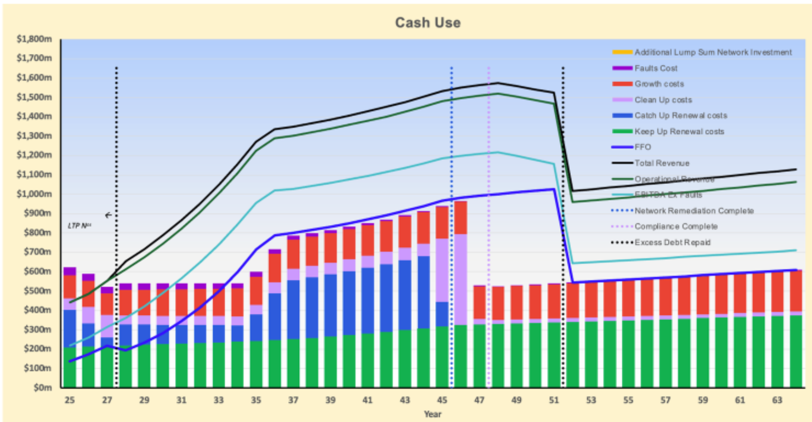
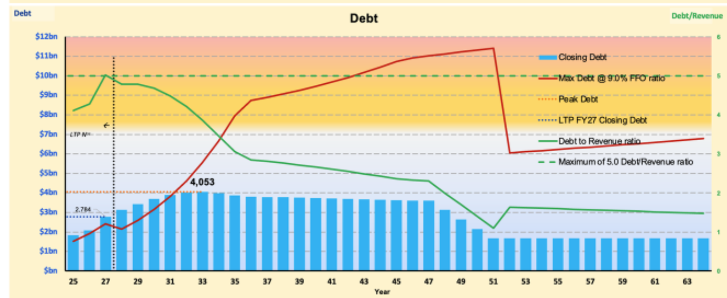
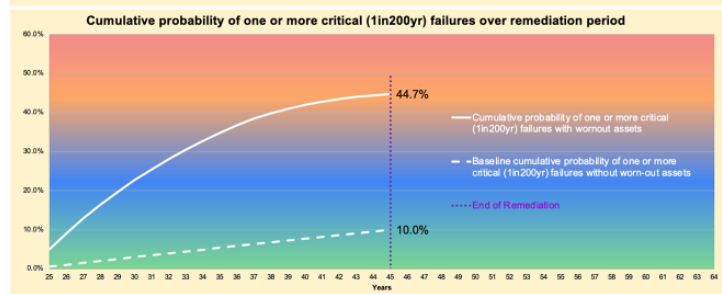
Scenario 7: Increased opening Debt (+$500M), 9% pa price rise *(all values are in $FY24)*

Headline Metrics







Long-term average sustainable price	$2,632	in 2052
Peak average price	$4,441	~2036-2051
Peak debt	$4.0bn	2033
Peak credit limit shortfall	$1.0bn	2028
Network fixed	2045	
Network self funding	2034	
Debt repaid	2051	
Network investment costs	70%	
Interest costs	28%	
Faults costs	2%	
Network critical failure risk increase	44.7% vs 10%	

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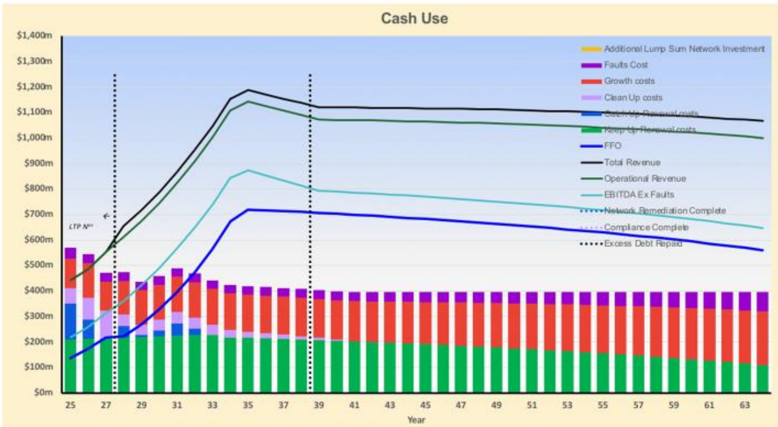
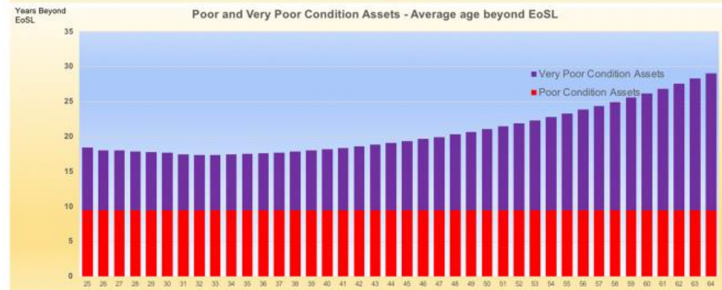
Scenario 8: Consolidated Council LTPs: 9% price rise (*all values are in $FY24*)

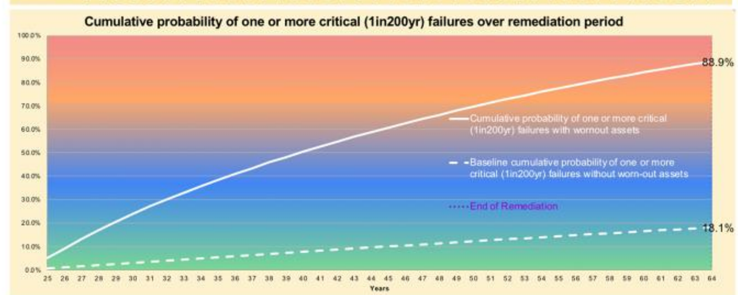
Headline Metrics



Long-term average sustainable price	is not able to be achieved	
Peak average price	$3,899	~2035 onwards
Peak debt	$3.0bn	2031
Peak credit limit shortfall	$0.0bn	

Network fixed never
Network self funding 2031
Debt repaid 2038
Network investment costs: - are increasingly used to meet increasing faults and growth costs, removing the ability to fund Network Renewal with continued decline in asset condition
Network critical failure risk increase: 88.9% vs 18.1%





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Appendix J: Financial projections

This section outlines the 10-Year financial projections. The financial projections assume that the new entity comes into operation on 1 July 2027 (start of Year 4). As noted in the body of the report, this may in fact be earlier, from early 2026 with a staged implementation approach.

The first three years of the financial projections are taken from councils' final adopted 2024 Long-term Plans (LTPs). The following seven-year figures are the financial projections for the new entity based on the 9% pa price scenario set out in the Financial Sustainability section.

Forecast Profit & Loss Account (P&L)

Table 8 sets out the forecast 10-Year Profit & Loss account. This is based on the Key Financial Assumptions detailed in below. The salient points to note are:

1. **Nominal** - the figures in the Profit & Loss account are shown in nominal (inflated) dollars.
2. **Revenue** – is based on the revenue levels set in the final adopted 2024 LTP for the first three years and an average annual price increase of 9% is applied from Year 4 (2027/28) onwards (after adjusting for growth and inflation).
3. **Expenses** – we have not factored in any efficiency savings. Rather, the assumptions are that (i) any efficiency savings will be sufficient to fund the continuous improvement projects one would expect a business to invest in each year and (ii) any efficiency savings above that will be used to accelerate the speed of rectifying the renewals backlog.
4. **Funds from operation (FFO) and surplus** – as discussed in the Financial Sustainability section, with the 9% pa steady price rise it takes until 2033 for FFO to be sufficient to cover the c$550 million pa capital investment ($ quoted in real terms here). The surplus reflects this situation.
5. **Explanation for dynamic** – the shortfall is the result of the inherited revenue streams being significantly short of the amount required to fund the required level of investment. Hence, the rise in revenue needs to be sufficient to close the gap and to fund the rapidly increasing interest burden arising from the debt used to fund the gap until the price path catches up.
6. **Establishment costs** – at this stage, we have not factored in any of the operational or capital investment required to establish a new entity. The Transition section below provides a rough indication of potential establishment costs.

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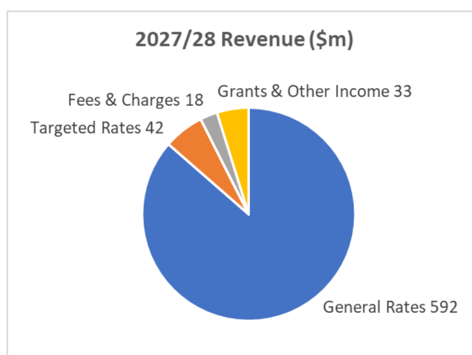
Table 13 – Profit and Loss Account, 3- and 10-Year Summary

Profit and Loss Account, 3- and 10-Year Summary ($m)	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Revenue[3]	**460**	**518**	**620**	**697**	**782**	**875**	**982**	**1,098**	**1,227**	**1,372**
Expenses	**364**	**378**	**426**	**465**	**488**	**507**	**521**	**560**	**561**	**559**
Staff[4]	-	-	-	*109*	*112*	*114*	*117*	*120*	*122*	*125*
less Capitalised labour	-	-	-	*(45)*	*(46)*	*(47)*	*(48)*	*(49)*	*(50)*	*(51)*
Maintenance	-	-	-	71	73	75	77	78	79	81
Operations	241	246	272	80	82	84	86	88	87	89
Monitoring & Investigations	-	-	-	41	42	44	46	48	49	50
Other – *digital, insurance, property, admin etc*	38	42	50	78	82	84	86	88	90	92
Integration & Efficiency Initiatives	-	-	-							
Interest	85	90	105	131	143	153	158	188	183	174
Funds from Operations	**96**	**140**	**194**	**232**	**293**	**369**	**461**	**538**	**666**	**813**
Depreciation	241	249	270	277	288	313	324	336	363	371
Net Surplus/(Deficit)	**(145)**	**(109)**	**(76)**	**(45)**	**6**	**56**	**137**	**202**	**303**	**442**

An explanation of each of the line items follows below. The explanations focus on the composition of the Year 4 figures, being the first year of the new regional entity's operation. Given the stable nature of the business, the composition of the subsequent years figures is very similar with inflation being the main reason for the year-on-year change.

Revenue ($685 million): The revenue figures comprise a blend of rate and service fees (refer to the chart below). The water rating revenues equate to a cost of approximately $2,003 per residential household and $5,025 per business (excluding GST) based on current council rating differentials. The core targeted rates, general rates and fee revenues streams are relatively stable. Grants are more volatile.

Underlying the revenue streams are a very diverse and fragmented range of service and pricing structures inherited from the 10 legacy councils. A key task for the new entity will be to simplify and rationalise the service, pricing & tariff structures. This will be an essential foundation for enabling customer transparency and rebalancing revenues to sustainable levels which reflect the cost to serve.



Staff expenses ($109 million): The staff expenses are based on the detailed organisation structure which was designed for the regional entity during the Three Waters programme (Entity G). The design has been adjusted to back out roles no longer required under the new legislation and to add in roles from Horowhenua District Council. The total headcount of the new organisation design is 727. This is an increase of 143 (11%) new roles on the roles transferring in from councils and WWL. The main drivers behind the increase are roles to furnish new capabilities for: (i) the new regulatory regime; (ii) retail customer billing/support; and (iii) additional corporate support capacity. The additional corporate

[3] Revenue excludes capital contributions (e.g. development contributions). These are accounted for and discussed in the Capital and Funding sections below.
[4] Staff costs of temporary people ($0.8m) employed to work on initiatives are included in the initiative costs line, not the staff cost line.

support capacity is required because, while significant operational staff would transfer from councils, hardly any corporate/customer staff would transfer.

Some parts of the organisational structure are driven by the need for some extra support in the "frenetic" early years. Accordingly, there will be opportunities to streamline some areas of the organisation structure as the organisation matures and staff turnover.

Maintenance expenses ($71 million): The main components are planned maintenance ($22m), reactive maintenance ($46m) and general maintenance such as plant & equipment maintenance ($3m). The high level of reactive maintenance reflects the ageing network. This is a significant opportunity to improve efficiency as the entity ramps up sustaining maintenance and remediates backlog renewals.

Operations expenses ($80 million): The major components of these expenses are general operations costs ($55m); consisting of work such as leak detection, backflow prevention, land disposal, costs associated with the new sludge minimisation facility operations, power ($17m), compliance costs, chemicals ($6m) and operating technology ($2m).

Monitoring and investigation expenses ($41 million): The main components here are: investigations ($11m), asset management improvements ($9m), strategic planning ($2m), sampling and monitoring ($5m) and other general operational planning and investigation work ($14m) such as carbon management, hydraulic modelling, universal water meters business case, growth planning and modelling, seismic and resilience assessments, water conservation, and facility management plans.

Efficiency: The cost base included in the P&L is high compared with comparative water businesses (refer Appendix J). There are a number of areas which should be targeted for efficiency improvement as the organisation stabilises. As noted above, we have not factored in any efficiency costs at this stage. Rather, we assume that any efficiency savings will be reinvested in continuous improvement initiatives and to accelerate the remediation of the renewals backlog.

Other expenses ($78 million): The main components of other expenses are professional services ($12m), insurance ($15m), rates expense ($15m), digital services ($19m), telecommunications ($1m), other operating costs such as rent, doubtful debts, security, vehicle costs, community engagement ($10m), and administration costs ($6m), including Commerce Commission and Taumata Arowai levies.

Interest expense ($131 million): The interest expense rises steeply as a result of higher interest rates and high debt driven by:

- $2,273 million inherited from Councils on 1 July 2027
- $536 million pa debt required to fund average capital expenditure in first three years of the new entity.

Note: Watercare does not capitalise interest and it is assumed that the WSCCO would also adopt this stance.

Operating cashflow ($240 million): The funds from operations improve significantly driven by the increase in revenue.

Depreciation expense ($232 million): Depreciation is currently based on assumed asset lives and the latest council revaluations. A full revaluation will be undertaken on acquisition. The actual asset lives will also be available on acquisition. Both of these actions will result in some change to the asset and depreciation figures.

Net surplus/deficit ($45 million): The deficit primarily reflects the revenue shortfall as previously discussed, along with the "full" costs resulting from the entity being a standalone, fully-fledged utility (for example, having its own billing systems, finance systems, paying regulator fees, paying rates etc).

Sensitivity and risks: There is still a relatively high level of uncertainty surrounding a number of the assumptions and figures. The main uncertainties are summarised in Table 14 below. The key assumptions are set out in Appendix C.

Attachment 1 to Report 24.582

Table 14 – Risks and sensitivities

Risks and sensitivities ($m)		
Item	Level of Uncertainty	Comment on major risks
Revenue		
Operating Income	High *(>$10m)*	May be a rationale for choosing a different % price increase than the 9% placeholder.
Capital Income	Med *(<$10m)*	Forecast prices for DCs may change depending on final capex profile and population growth forecasts.
Expenses		
Staff	Low *(<$4m)*	The forecast assumes that all roles are full-time equivalents. Potentially, some roles may be part-time. The cost would reduce accordingly.
Maintenance	Low *(<$4m)*	The forecast is based on WWL's forecast budget for Year 1 of the 2024 LTP for WWL shareholding councils with a 15% uplift for Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the councils. The final costs may be less than forecast.
Operations	Med *(<$10m)*	The forecast is based on WWL's forecast budget for Year 1 of the 2024 LTP for WWL shareholding councils with a 15% uplift for Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the councils, plus provision for power costs of $16 million that are currently paid by councils (not included in WWL forecasts). The final costs may be less than forecasted. The only consequential opex costs factored in are for the new Sludge Minimisation Facility.
Planning & Investigations	Med *(<$10m)*	The forecast is based on WWL's forecast budget for Year 1 of the 2024 LTP for WWL shareholding councils with a 15% uplift for Carterton, Kāpiti Coast, Masterton and Horowhenua based on historical portion of spend between the councils. The final costs may be less than forecasted.
Other	Med *(<$10m)*	Uncertainty about $15 million rates expense forecast. Have budgeted based on the CV-forecast from the Three Waters programme. It assumes that only 70% of land will transfer (Watercare %), but actual costs may be higher or lower.
Interest	Med *(<$10m)*	Uncertainty is low for interest rate, but medium for quantum of debt. Approx $5.47 million interest per $100 million of capex/debt.
Depreciation	Med *(<$10m)*	Dependent on capex profile and still based on estimated useful lives for assets rather than actual.

Attachment 1 to Report 24.582

Forecast 10-Year capital investment and funding requirements

The forecast 10-Year capital investment, funding requirements and associated funding metrics are shown in Table 15 & Figure 3 below. They reflect the proposed investment and funding strategy set out in the Financial Sustainability section. As noted earlier, they (1) are based on nominal, inflated figures; and (2) exclude the capital investment costs required to establish a new entity.

Table 15 – Summary 3- and 10-Year Investment Plan and Funding Requirement

Summary 3- & 10-year investment plan and funding requirement ($m)	25	26	27	28	29	30	31	32	33	34
Current Infrastructure Projects										
Renewals	201	220	222	-	-	-	-	-	-	-
Keep up				246	255	264	274	283	292	302
Catch up				77	75	73	70	67	63	139
Clean up				30	31	32	32	33	34	39
Levels of Service	268	242	161	-	-	-	-	-	-	-
Digital	-	-	-	18	19	19	20	20	21	21
Sundry (e.g. property)	-	-	-	2	2	2	2	2	2	2
Total Current	469	462	383	374	382	390	398	405	412	503
Growth Projects	121	117	136	148	154	160	165	171	177	183
Total Capital Spend	590	579	518	522	536	549	563	576	589	686
Funded By:										
Capital income	166	208	105	56	31	40	50	47	59	31
Funds from Operations	96	140	194	232	293	369	461	538	666	813
Debt	328	231	220	234	211	140	52	(8)	(136)	(158)
	590	579	518	522	536	549	563	576	589	686

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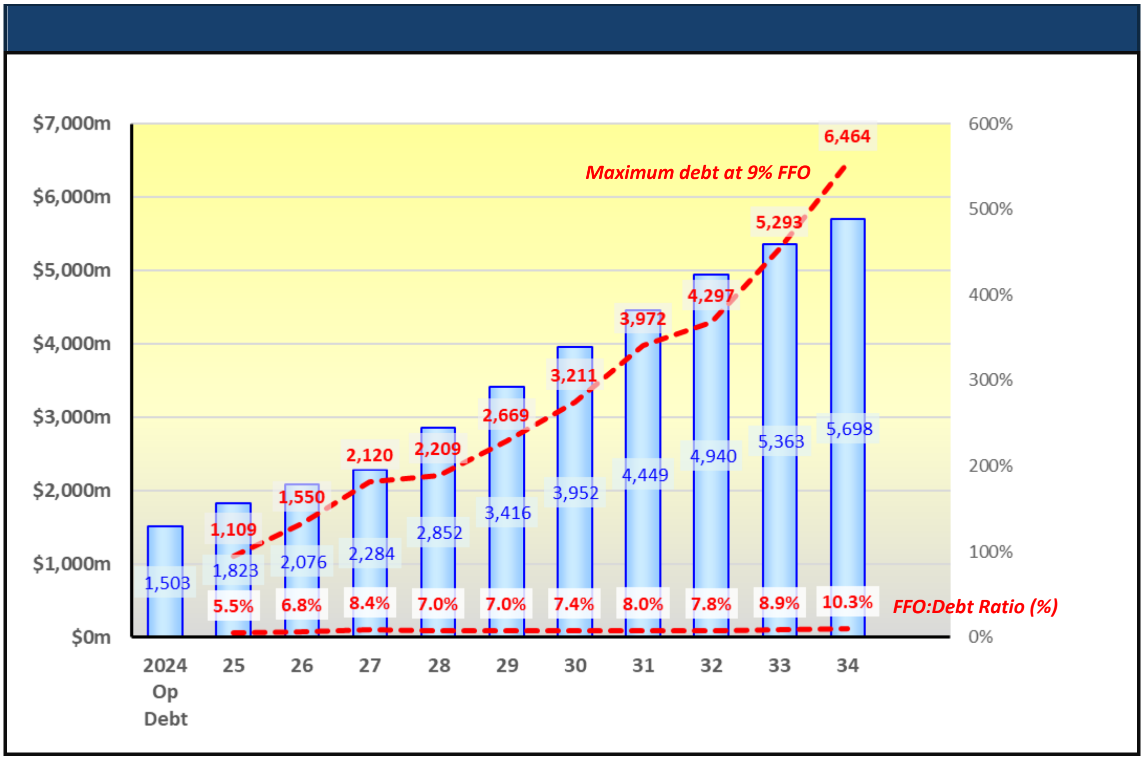
Figure 3 – Summary of debt level vs investment vs price



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Appendix D: Council profiles

The following pages provide an overview of water service delivery for each council. These overviews were initially prepopulated with information from the Entity C working draft asset management plan appendix A, the AECOM Asset Management Plans, council websites, and the Long-term Plans. Councils reviewed the prepopulated information and corrected or updated where possible*. The table below summarises the sources of information for each section.

Section	Information source	Notes
Council overview	• Council websites, reviewed and adjusted by council staff • ArcGIS, Statistics NZ • WWL Stormwater Management Strategy	
Population	• The Wellington Regional Leadership Committee regional dashboard • Census 2023	
Projected population for 2054	• The Wellington Regional Leadership Committee regional dashboard: WRLC Housing Data	
Water asset information	• AECOM Asset Management Plan V1.0	• Note that Kāpiti Coast District Council provided updated information from 2024 Asset Management Plan.
Water asset condition	• AECOM Asset Management Plan V2.0 • WWL Addendum supplied as part of the MVP Asset Management Plan material for the 2024-34 LTP	• Note that Kāpiti Coast District, Hutt City, Masterton District and Greater Wellington Regional Councils provided updated asset condition information.
Water challenges and projects	• Largely from AECOM Asset Management Plan V1.0, some councils provided additional information out of LTPs	• Note that Kāpiti Coast District Council provided updated information from 2024 Asset Management Plan.
Compliance issues	• Entity C working draft AMP council summaries were used as the base with updates provided by councils	
Planned pipe replacement	• All information provided by councils • 2024-34 Investment Planning and Advice, Porirua City Council	

* Note – no information was received from Carterton District Council.

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Attachment 1 to Report 24.582

Water service delivery overview – Horowhenua District Council

Horowhenua DISTRICT COUNCIL

Council overview

- The Horowhenua District offers a stunning natural environment on the lower west coast of the North Island. Kilometres of unspoilt beaches, forest walks and a hinterland that is rich in both Māori and European history. Bound by the Tasman Sea to the west and the bush-clad Tararua Ranges to the east, Horowhenua is blessed with superb natural assets, treasured historical heritage and a thriving cultural life, all within easy reach of New Zealand's capital city Wellington.
- Horowhenua encompasses an area of **106,400 hectares**.
- **Major waterways** are Ōhau and Manawatū rivers, Lake Horowhenua, Koputaroa Stream, Tokomaru River, Mangahao River.

POPULATION
36,693 (Census 2023).

- Projected population of **65,589** for **2054**.

Water asset information (current state)

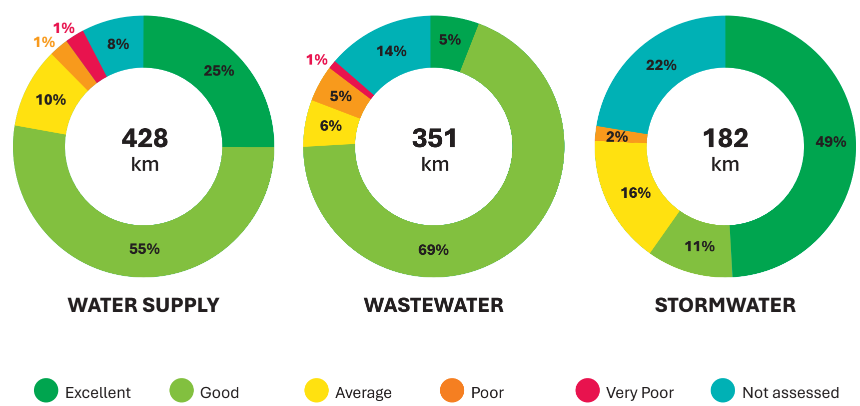
RETICULATION
428km of water supply pipes
351km of wastewater pipes
182km of stormwater pipes

TREATMENT ASSETS
5 water treatment plants
6 wastewater treatment plants

STATIONS
1 water supply
53 wastewater
19 stormwater pump stations

REPLACEMENT VALUE
Combined replacement value **$635m**

Water asset condition (current state)



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Water service delivery overview – Horowhenua District Council

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years
3W general	• Ageing infrastructure – treatment plants like the Levin Wastewater Treatment Plant. • Resilience in managing aging infrastructure during a natural disaster. • Growth predictions impact infrastructure capacity. • Climate change – increased weather events and stormwater impacts on wastewater infrastructure. • Data quality and reliability, including assumed condition.
Water services	• Ageing infrastructure of water supply assets. • A major challenge Council faces is securing a sustainable source of water supply for growth, specifically in Levin. There are quantity issues that need addressing to ensure Council can secure water supply to existing and future communities.
Wastewater	• A major challenge is the increasing age of Council's wastewater assets especially within the Levin reticulation and treatment plant. Poor pipe condition is a major cause of groundwater infiltration which adds unnecessary volume to the amount of wastewater collected during wet weather events. • Meeting with growth demand. Anticipated growth is leading to increased residential, commercial and industrial demand. • Sludge treatment and disposal over recent years been challenging for Council including the increased cost for disposal. • Resource consent process and complying with consent conditions can be expensive, particularly with increased expectations from the public and stakeholder groups.
Stormwater	• Localised flooding and drainage issues. • Stormwater quality issues especially around Lake Horowhenua (Punahau). • Another challenge faced by Council is that the quality of freshwater in streams, river systems, and water catchments in general is affected by water runoff, erosion, and contaminants (whether chemical or solid waste) which can be present in stormwater.

Type	Top priority projects / key planned investments in water for the next ten years
3W general	• Any activities concerning Lake Horowhenua (Punahau). This is a community asset and culturally significant. An unwavering commitment has been made with iwi and stakeholders to restore the mauri of the wai.
Water services	**Levin** • Installation of state of the art Water Demand Management system. **Foxton** • Installation of steel reservoir (500m³) in 2018 at the Foxton Water Treatment Plant. • Removal of manganese in sand filters at the Foxton Water Treatment Plant in early 2017 to supply aesthetically acceptable water to consumers. **Foxton Beach** • Installation of green sand filters in Foxton Beach water treatment plant in 2017. **Tokomaru** • Construction of new timber reservoir (200m³) in 2017 to increase the total storage capacity of the treated water to 677m³. **Other** • Further improvement work on Water Demand Management in Levin, Shannon, and Foxton areas, but not Foxton Beach. • Increasing water storage capacity in Levin. • Finding an alternative water supply source for Levin, including a supplementary sustainable water supply. • The requirements for a reticulated water supply to growing smaller settlements, such as Waitārere Beach and Ōhau, which will only be considered once a long-term water source for Levin has been secured. • Strategic upgrade of the Levin Water Treatment Plant to increase capacity of the clarifiers, filters, and chemical dosing plant, increase treated water storage capacity and to improve the backwash water process and re-use. • The Levin (Poads Road) Water Supply Reservoir – build a new large-scale water reservoir. • Roll out the water meters project.
Wastewater	• Levin Wastewater Treatment Plant upgrades. • Plant Inlet and Headworks. This is required to increase hydraulic capacity at the head of plant, reduce grit carryover to downstream systems, prepare for future upgrades, and tie in with planned work such as the septage screening facility and new inlet line. • Sludge Dewatering Plant. This is required due to lack of capacity, resiliency, and excessive operating demands. • Sludge Balance Tank. The sludge balance tank has been identified as structurally unsound. • Extension and reconsenting of irrigation of treated effluent.
Stormwater	• District wide stormwater improvement works. Including: – Foxton Drainage Resilience Project – Foxton Beach Global Consenting Program – Lake Horowhenua Master Plan – Levin Stormwater Consents projects – Makerua Drainage Scheme

Planned pipe replacement
To be confirmed

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

- Abatement Notice 1428 – Tokomaru Wastewater Working Party – non-compliance.
- Capacity to meet consenting conditions is limited.

STORMWATER STANDARDS

Attachment 1 to Report 24.582

Water service delivery overview – Kāpiti Coast District Council

Council overview

- Kāpiti Coast District has an area of **731.52km²** of which **76.7km²** is urban and **654.8km²** is rural. It is **50kms** north of Wellington City. The population of the district is concentrated in the chain of coastal settlements along SH1: Ōtaki, Te Horo, Waikanae, Paraparaumu, Raumati Beach, Raumati South and Paekākāriki. Paraparaumu is the most populous of these towns and the commercial and administrative centre for the district.
- Kāpiti Coast encompasses an area of **731,520 hectares**.
- **4 major waterways** Waikanae, Ōtaki, Waimeha, Mangaone which all to the Tasman Sea.

POPULATION
58,744 (2024).

- Projected population of **80,924** for **2054**.

Water asset information (current state)

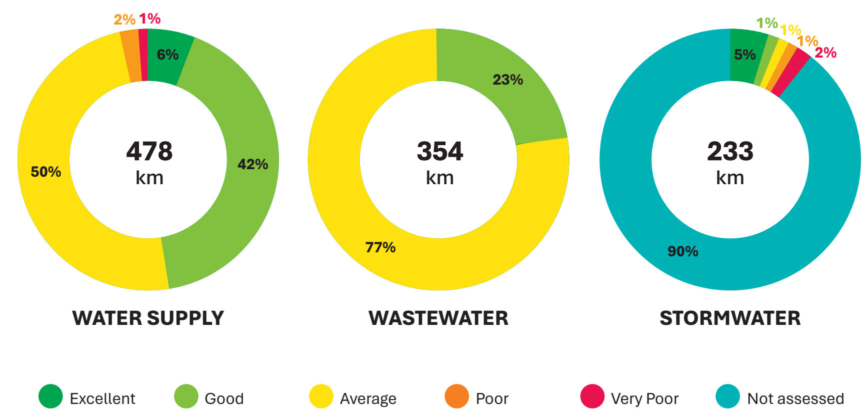
RETICULATION
588km of water supply pipes, including **110km** of service laterals
18 water supply service reservoir sites
354km of wastewater pipes
5 wastewater storage ponds
233km of stormwater pipes
52km of open waterways

TREATMENT ASSETS
17 water bores
2 surface water intakes
5 water treatment plants
2 wastewater treatment plants

STATIONS
9 water supply pumping stations
153 wastewater pumping stations
18 stormwater pumping stations

REPLACEMENT VALUE
Combined replacement value
$1,132m

Water asset condition (current state)



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Water service delivery overview – Kāpiti Coast District Council

Kāpiti Coast DISTRICT COUNCIL

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• Meeting population growth demand - growth – capacity. • Climate change impacts. • Affordability of levels of service – funding. • Seismic hazards. • Government changes to three waters services. • Regulatory changes.	• Developing long term solutions with Iwi partners. • Water treatment plant resilience programme. • Strategic water supply network and storage upgrades. • Wastewater treatment plant consent renewal and treatment plant upgrades. • Wastewater septage reception facility and strategic network upgrades. • Prioritised stormwater network upgrades programme.
Water services	• Extension of existing water supply network to unserved rural areas. • Compliance to meet new regulatory requirements. • Waitua Recommendations (Impacts on Water Allocation).	• Treatment plant resilience upgrades – Waikanae, Ōtaki and Hautere. • Ōtaki reservoirs. • Strategic Network Upgrades.
Wastewater	• Resource consents for Paraparaumu wastewater treatment plants expired in 2022. Application for renewal of consent submitted in Dec 2021. • Proposed upgrades likely to meet future consent requirements. • Iwi partners' support for developing long-term, sustainable delivery. • The rise of the water table. • Condition data for linear network assets. • Waitua Recommendations (Impacts on Wastewater discharges).	• Wastewater consent renewals. • Proposed treatment plant upgrades both at Ōtaki and Paraparaumu. • Wastewater network emergency storage pond lining completed. • Inlet works upgrade, concept design complete. • To develop long-term sustainable solutions with iwi partners. • Septage collection facility. • Strategic Network Upgrades
Stormwater	• Flood hazards in 30% of urban properties. • 50% of piped network is under capacity for a 1:10 year event. • 30-40% cost increases impacting on what can be delivered. • Inflow infiltration issues. • Privately owned SW assets (ponds, soak pits, down pipes etc.) not maintained. • Increased urbanisation (Intensification). • Emergency response. • Open drain/stream maintenance. • Waitua recommendations.	• Major projects assets upgrades and renewals programme. • Minor projects assets upgrades and renewals programme. • IAF Ōtaki Growth Project – ANZAC Road stormwater upgrades. • IAF Ōtaki Growth Project – Rangiuru Road stormwater upgrades.

Planned pipe replacement

1km/year is adequate over the next 10 years for potable water

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

- Securing new consent for the Paraparaumu Wastewater Treatment Plant
- Increasing nitrogen levels in the discharge from the Otaki Wastewater Treatment Plant

STORMWATER STANDARDS

- Securing the renewal of the global stormwater discharge consent

Attachment 1 to Report 24.582

Water service delivery overview – Porirua City Council

poriruacity

Council overview

- The Porirua District covers about **175km²** and is formed around the two arms of Te Awarua-o-Porirua Harbour and the coastline. The Porirua City Centre was developed in the 1960s, and much of the residential areas were developed between the 1940s and 1960s.
- Porirua is centrally located in the Wellington Region and is connected to Kāpiti Coast and Wellington City via commuter rail, to the Hutt Valley by SH58, and to the rest of the North Island by SH1.
- Porirua encompasses an area of **175km²**, with about **61km²** being urban and **114km²** classed as urban rural.
- The city is built around Te Awarua-o-Porirua Harbour, with many waterways flowing into it. There are seven sub-catchments and over **275km** of streams in Te Awarua-o-Porirua Whaitua.

POPULATION
59,445 (Census 2023).

- Projected population of **83,000** for **2054**.

Water asset information (current state)

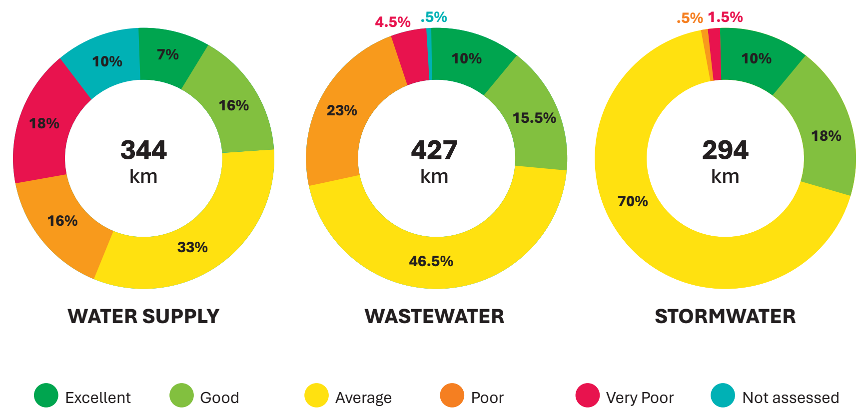
RETICULATION
344km of water supply mains
427km of wastewater pipes
294km of stormwater pipes

TREATMENT ASSETS
1 wastewater treatment plant
Water is supplied via a bulk water main from treatment facilities owned by the Greater Wellington Regional Council.

STATIONS
15 water supply
67 wastewater pump stations

REPLACEMENT VALUE
Combined replacement value **$906m**

Water asset condition (current state)



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Water service delivery in the Wellington region – Porirua City Council

poriruacity

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• Significant and growing renewals backlog in water and wastewater due to age profile of pipe materials. • Population growth is ahead of three waters infrastructure.	• For drinking water, we will continue with our plan to install residential water meters. This will help identify where our major leaks are, so they can be fixed. It will also help raise awareness around water usage. • For wastewater, we will continue to support Kāinga Ora's significant Bothamley Park project. We will also continue the Central City Storage Tank and the Know Your Pipes initiatives (where we help identify wastewater leaks – mostly on private pipes). These initiatives will lead to better sanitation and environmental outcomes, particularly for the health of our harbour. • There is limited capacity for investment in stormwater. So, our approach here is to improve our modelling and identify where to invest our limited resources, to combat the more intense flooding and slips we anticipate from more intensive weather events. • Projects that improve the health of Te Awarua-o-Porirua Harbour are a priority for Te Rūnanga O Toa Rangatira and Porirua City Council.
Water services	• Water demand for Porirua City is outstripping supply due to water loss in the network and growth. Networks are not optimised in accordance with Te Mana o te Wai. • The condition of our reservoirs makes them vulnerable to contamination.	• Universal metering (smart network). • Low level (Aotea) reservoir. • Whitby high-level trunk water main.
Wastewater	• The Council is reliant on landfills accepting sludge from wastewater treatment plants.	• Wastewater network overflow consents. • Wastewater treatment plant consent renewal. • Paremata Wastewater Trunk Upgrade Stage 2. • Porirua Central City wastewater storage tank.
Stormwater	• Streams, rivers and harbours contain coliforms and other contaminants e.g. heavy metals and microplastics.	• Stormwater consents. • Taupo Stream stormwater catchment improvements. • Karehana stormwater catchment. • Commit to the health of Te Awarua-o-Porirua Harbour and its catchment through investment, advocacy and regulation.

Planned pipe replacement

15km of pipe renewals are required per year for 30 years to address the current backlog

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

- Some overflows during storm events

STORMWATER STANDARDS

- None (some overflows during storm events)

Water service delivery overview – Wellington City Council

Attachment 1 to Report 24.582

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

Council overview

- Wellington is New Zealand's centre of government and the world's southernmost capital city. It is also the country's cultural capital and the third most populous urban area in New Zealand. The city is situated alongside Wellington Harbour and surrounded by natural beauty, including Zealandia, an award-winning eco-attraction just minutes from the central business district.
- Wellington City encompasses an area of **44,400 hectares**.
- **9 major waterways** (Karori, Mākara, Ohariu, Opau, Oteranga, Owhiro, Kaiwharawhara, Ngauranga and Porirua Streams).

POPULATION
213,269 (2024).

- Projected population of **271,288** for **2054**.

Water asset information (current state)

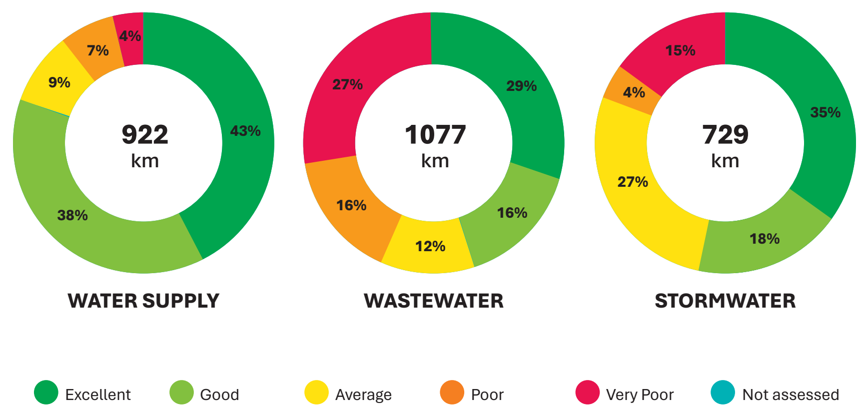
RETICULATION
922kms of water supply mains
1077kms of wastewater pipes
729kms of stormwater pipes

TREATMENT ASSETS
2 wastewater treatment plants
Water is supplied via a bulk water main from treatment facilities owned by the Greater Wellington Regional Council.

STATIONS
34 water supply stations
69 wastewater stations
2 stormwater pump stations

REPLACEMENT VALUE
Combined replacement value
$7,186m

Water asset condition (current state)



Water service delivery overview – Wellington City Council

Attachment 1 to Report 24.582

Absolutely Positively Wellington City Council
Me Heke Ki Pōneke

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• Significant and growing renewals backlog in water and wastewater due to age profile of pipe materials. • Population growth is ahead of three waters infrastructure.	• Fix water infrastructure and improve health of waterways.
Water services	• Water demand for Wellington City is outstripping supply due to water loss in the network and growth. • Reservoirs condition means they are vulnerable to contamination.	• Seismic improvements at Wrights Hill drinking water reservoir. • Critical assets reservoir water quality renewals (all 64 water reservoirs identified as very high criticality assets). • Investigate and install water meters. • Reactive maintenance to clear the backlog of leak repairs in Wellington before summer 2024/2025.
Wastewater	• Moa Point condition is leading to ongoing compliance issues.	• Renewals of critical wastewater assets at Moa Point and Western Wastewater Treatment Plants. • Remedial work on Karori effluent pipelines. • Eastern Trunk Wastewater Main, stage 1 cargo area pipe. • Airport wastewater interceptor contingency pipe. • CBD Pump Station 01-07 rising main replacement including Taranaki Street Pump Station.
Stormwater	• Our streams, rivers and harbours contain coliforms. • Coastal stormwater outfalls experiencing sea level risk resulting in increased sedimentation and need for more frequent clearing.	• Prioritise investment in stormwater filtration and flood protection in conjunction with or ahead of transport infrastructure investment.

Planned pipe replacement

194kms of pipes to be replaced over the next 10 years

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

- Moa Point condition is leading to ongoing compliance issues.

STORMWATER STANDARDS

Attachment 1 to Report 24.582

Water service delivery overview – Hutt City Council

Council overview

- Hutt City is located approximately 15kms north-east of Wellington CBD. It is also adjacent to Wellington, Porirua, Upper Hutt and the South Wairarapa District. The city stretches from Petone in the west, Stokes Valley in the north, and down to Cape Palliser in the south.
- The floor of the Hutt Valley is the most densely populated flood plain in New Zealand and the central area of Hutt City serves as the main urban centre of the Hutt Valley.
- Hutt City encompasses an area of **37,600 hectares**.
- **3 major waterways** (Orongorongo River, Hutt River and Wainuiomata River).

POPULATION
114,006 (2024).

- Projected population of **150,237** for **2054**.

Water asset information (current state)

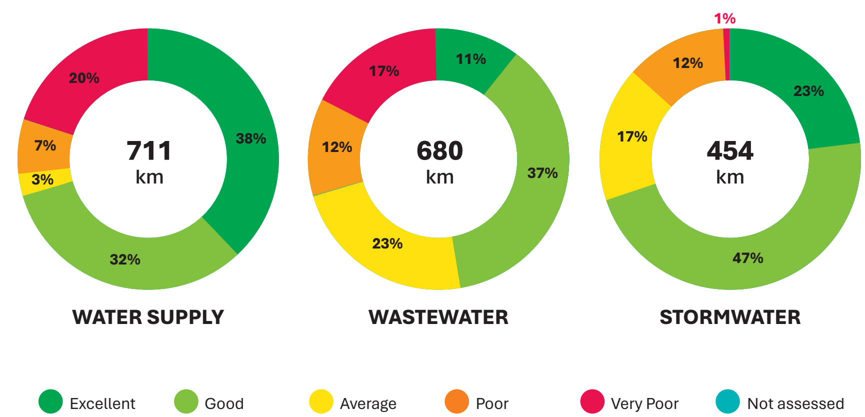
RETICULATION
711km of water supply mains
680km of wastewater pipes
454km of stormwater pipes

TREATMENT ASSETS
13 water supply stations
48 wastewater stations
12 stormwater pump stations

STATIONS
1 wastewater treatment plant
5 stormwater detention dams
Water is supplied via a bulk water main from treatment facilities owned by the Greater Wellington Regional Council.

REPLACEMENT VALUE
Combined replacement value **$6-7b**

Water asset condition (current state)



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Water service delivery overview – Hutt City Council

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	In summary, despite the increasing investment Council has and will make in water network renewal, current water storage constraints as well as capacity constraints in the regional water infrastructure workforce will impact the level of increased system and network capacity that can be achieved in the short to medium term. In combination with the need for Council to operate with fiscal prudence, this means there are two potentially unavoidable future risks: • The likelihood of ongoing and potentially increasing water shortages across the Wellington Region. • Council will be unable to provide infrastructure support in all areas of housing development or renew ageing water infrastructure on a lifecycle basis in Te Awa Kairangi ki Tai. Our greatest water infrastructure challenge is a rapidly ageing water network. Council's strategic approach to investing in water infrastructure, namely: • Keeping the water in the pipes by investing in finding and fixing leaks, managing water loss, and replacing ageing infrastructure. • Minimising the future cost of water infrastructure by exploring ways of reducing the demand for water and influencing water use behaviour. • Building additional water storage capacity.	1. **Address ageing water infrastructure:** • Three waters network renewals. • Seaview Wastewater Treatment Plant renewals. • Petone Stormwater improvements. • Petone Collecting Sewer renewal. 2. **Meeting growth demand** • Eastern Hills Reservoir and outlet main. • Implementing universal smart meters. 3. **Building network resilience** • Black creek stormwater improvements.
Water services	• Water supply reliability over summer is at risk and a new water supply is needed. • Reservoirs condition means they are vulnerable to contamination. • Water demand for Hutt City is outstripping supply due to water loss in the network and growth. • Current 10-year LTP investment is well short of what is required to renew ageing parts of the network (estimated that only 50% of what is required). • 109kms of galvanized water pipe that is failing and requires urgent replacement along with significant amount of AC pipe that is failing earlier than expected.	• Approximately 60km of pipe renewal has been planned for the next 10 years in the LTP. • New water reservoir on Eastern Hills planned to meet growth and improve resilience.
Wastewater	• Current 10-year LTP investment is well short of what is required to renew ageing parts of the network (estimated that only 10% of what is required). • Main outfall pipe working at around 50% capacity needs renewing or upgrading with no budget provision for physical works expected to be around $700m. • Erosion occurring on the Hutt River potentially undermining 825mm bulk wastewater pipeline adjacent Taita rock. • Sludge dryer at Seaview WWTP is nearing end of life. • The redundancy of Seaview WWTP is inadequate for major maintenance while ensuring compliance can be met.	• Investment of over $200m is earmarked for renewing much of the working plant and equipment at the Seaview Wastewater Treatment Plant over the next 1-5 years. The sludge dryer is the most significant of these expected to cost $85m.
Stormwater	• Streams, rivers and harbours contain coliforms. • Coastal stormwater outfalls experiencing sea level rise resulting in increased sedimentation and need for more frequent clearing. • Growth Study notes that approximately $800m of investment is required to upgrade stormwater across the City to meet growth and achieve target standards. This is not currently funded.	• Approximately 10km of pipe renewal has been planned for the next 10 years in the LTP.

Planned pipe replacement

Renew approximately **175kms** of pipe network over the next 10 years

Compliance issues

DRINKING WATER STANDARDS

The Waterloo Water Treatment Plant is non-compliant with bacterial compliance rules around chlorine contact time, which affects around 700 households. While this issue does not affect drinking water safety, work is currently underway to achieve compliance by reconfiguring the network.

WASTEWATER STANDARDS

The Seaview Wastewater Treatment Plant has had recent issues with a failure to comply with both water effluent and air quality consent requirements, largely due to ageing plant and equipment. A major capital renewals programme over the next three years has been included in the LTP to overcome these issues.

STORMWATER STANDARDS

Water service delivery overview – Upper Hutt City Council

Council overview

- Upper Hutt enjoys the character of a small city, while having the second largest land area of a city council in New Zealand. Easy access to an expansive natural environment featuring Te Awa Kairangi/Hutt River, regional parks and hills surrounding the city is part of our identity.
- Upper Hutt is a family-oriented city, with spacious suburban housing development occupying around 3.24% of the land area, encompassed by treasured open spaces. Traditionally a commuter city with over half of the people working outside the city, the local economy is growing and diversifying including new commercial developments and niche industry hubs.
- Upper Hutt encompasses an area of **54,000 hectares**
- **5 major waterways** The Whakatikei, Akatārawa, Pākuratahi and Mangaroa rivers feed Te Awa Kairangi/Hutt River, which flows into Te Whanganui-a-tara Wellington Harbour.

POPULATION
48,240 (2024).

- Projected population of **64,238** for **2054**.

Water asset information (current state)

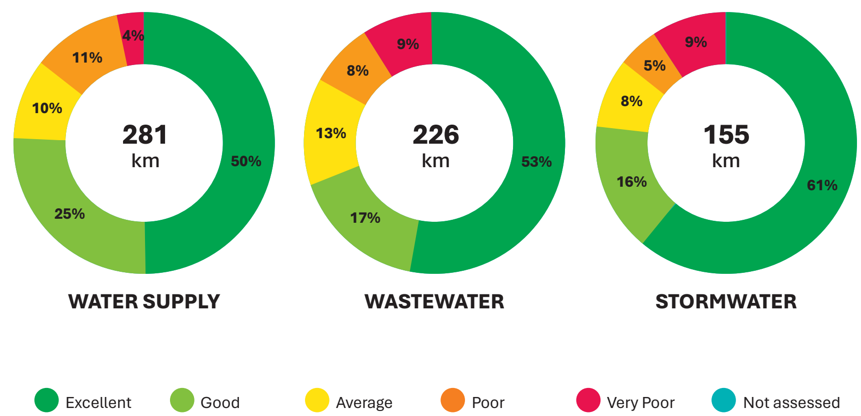
RETICULATION
281km of water supply mains
226km of wastewater pipes
155km of stormwater pipes

STATIONS
9 water supply pipes
17 wastewater pipes
7 stormwater pump stations

TREATMENT ASSETS
- All wastewater is collected and treated via the Hutt Valley joint venture system.
- Water is supplied via a bulk water main from treatment facilities owned by the Greater Wellington Regional Council

REPLACEMENT VALUE
Combined replacement value
$1.464b ORC (30 June 2024)

Water asset condition (current state)



Attachment 1 to Report 24.582

Te Kaunihera o Te Awa Kairangi ki Uta Upper Hutt City Council

Water service delivery overview – Upper Hutt City Council

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• Significant and growing renewals backlog in drinking water and wastewater. • New environmental quality standards require very high investment to achieve wastewater and stormwater consent compliance. • Population growth is ahead of three waters infrastructure provision. Major investment is needed, especially in the wastewater network to enable growth to occur.	**Critical assets:** 7 pump stations • Our pipes are critical assets in the three waters network – approximately 661,700 metres of which around 40% (by length) need replacing in the next 30 years to keep the network operating. Due to the size, type and age of pipes, the wastewater pipe network renewals are the most critical focus area.
Water services	• Water demand and use is outstripping supply due to water loss in the network and growth. • As a bulk water purchaser, Council is a cost and service taker with limited influence over these aspects.	**Critical assets:** All 16 reservoirs have been identified as high criticality assets and based on condition some require a level of short-term remedial works. • All planned water reservoir upgrades and renewals. • New storage to address level of service deficits and to enable growth. • Pipe renewals.
Wastewater	• Major shared assets need upgrades, including sludge dryer at Seaview WWTP nearing end of life. • Network infiltration and inflows. • Wet weather overflows.	**Critical assets:** 2km wastewater pipes • Wastewater network overflow consents and subsequent improvements. • Hutt Valley shared asset projects including bulk sewer interceptor improvements (at Petone) and Seaview WWTP and outfall upgrade. • Pipe renewals
Stormwater	• Contamination and overflows into waterways.	**Critical assets:** 24km stormwater • The Pinehaven Stream Improvements Project. • Global stormwater consents and subsequent improvements.

Planned pipe replacement
To be confirmed

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

STORMWATER STANDARDS

Attachment 1 to Report 24.582

SOUTH WAIRARAPA DISTRICT COUNCIL
Kia Reretahi Tātau

Water service delivery overview – South Wairarapa District Council

Council overview

- The South Wairarapa District is situated at the southernmost corner of the North Island and has an area of approximately 248,455 hectares (2,484km^2). In the south, the district boundary follows the coastline from the western end of Palliser Bay in Cook Strait to Honeycomb Rock, east of Martinborough. The western boundary follows the main divide of the Remutaka and Tararua Ranges to Mount Hector, from which the boundary runs south-east across the Wairarapa Plains to the coast. The district includes the towns of Featherston, Greytown and Martinborough, which are the main population centres.
- The South Wairarapa District encompasses an area of **248,455 hectares**
- **4 major waterways** (Ruamāhanga, Huangarua, Tauwharenīkau, and Waiohine Rivers) and Wairarapa Moana which has been handed back to iwi under a settlement agreement and is Ramsar protected.

POPULATION
11,811 (Census 2023).

- Projected population of **16,606** for **2054**.

Water asset information (current state)

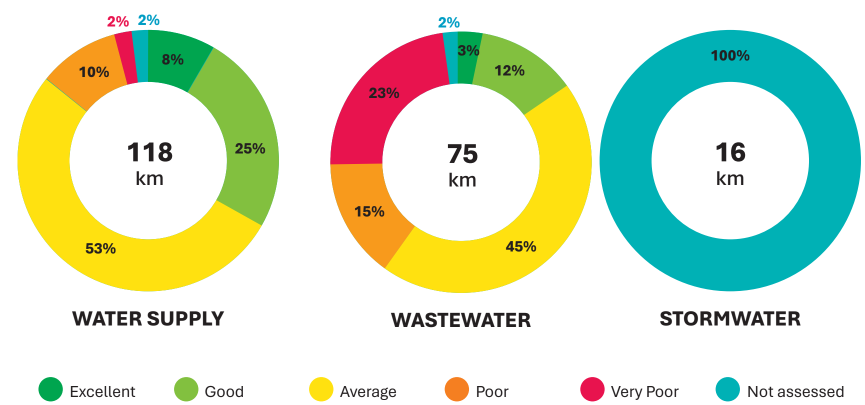
RETICULATION
118km of water supply mains
75km of wastewater pipes
15km of stormwater pipes

TREATMENT ASSETS
4 water treatment plants
4 wastewater treatment plants

STATIONS
11 wastewater pump stations

REPLACEMENT VALUE
Combined replacement value **$133m**

Water asset condition (current state)



Attachment 1 to Report 24.582

Water service delivery overview – South Wairarapa District Council

SOUTH WAIRARAPA DISTRICT COUNCIL
Kia Reretahi Tātau

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• An ageing network results in asset failure and requires an increase in renewal. • Population growth is ahead of three waters infrastructure. • Emissions from three waters are not reducing.	
Water services	• There is a lack of redundancy in critical systems (source, treatment, network) to provide safe drinking water in accordance with the Water Services Act. • Featherston / Greytown / Martinborough water system resiliency is compromised due to poor condition of assets. • Boar Bush Gulley Road and Boar Bush reservoir and inlet/outline pipe scour damage.	• Featherston security of supply – single compromised pipeline (Tauherenikau). • Featherston Waiohine WTP Stage 3 upgrades. • Martinborough Water Treatment Plant – New water source upgrade.
Wastewater	• Inability to comply with resource consents. • Condition and resiliency of the Martinborough / Featherston wastewater networks is deteriorating. Featherston wastewater network has very high inflow of groundwater. • No new wastewater connections are available in Martinborough or Greytown.	• Martinborough WWTP compliance upgrade programme. • Featherston WWTP – Major plant upgrade - Stage 2. • Greytown WWTP stage 2 of land disposal programme upgrades. • Featherston pipe renewals – rising main.
Stormwater	• Streams and rivers contain coliforms. • Flooding.	• Stage 1 global stormwater consents. • Stormwater flood modelling. • Infiltration and Inflow modelling and investigations, particularly Featherston.

Planned pipe replacement
To be confirmed

Compliance issues

DRINKING WATER STANDARDS

WASTEWATER STANDARDS

STORMWATER STANDARDS

Attachment 1 to Report 24.582

Water service delivery overview – Masterton District Council

Council overview

- Masterton District has an area of **2,295km²**. It is located between the Tararua Range to the west and the Pacific Ocean to the east. The main urban area is Masterton located on the Wairarapa valley between the Ruamāhanga, Waipoua and Waingawa Rivers.
- Masterton encompasses an area of **229,500 hectares**
- **5 major waterways** Waipoua, Waingawa, Tauweru all flow into the Ruamāhanga that flows down the valley to the south coast. The Whareama is the largest of the rivers flowing from the eastern hill country to the east coast.

POPULATION
29,894 (2024)

- Projected population of **42,984** for **2054**

Water asset information (current state)

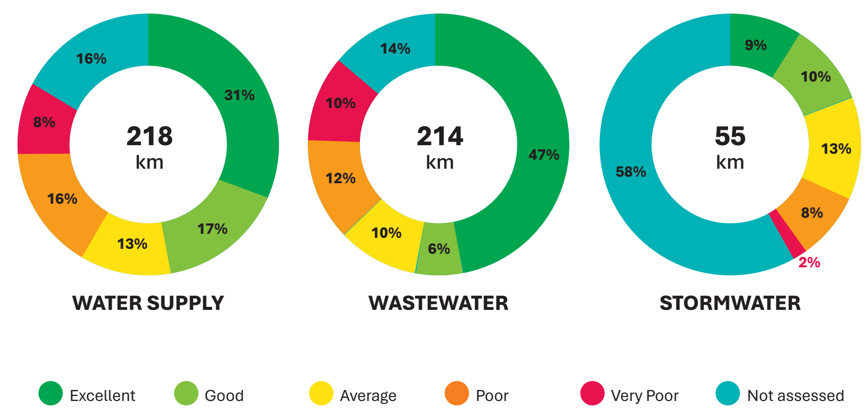
RETICULATION
218km water supply pipes
214km wastewater pipes
55km stormwater pipes

TREATMENT ASSETS
2 water treatment plants (1 is a small plant supplying 20 properties in Tinui)
4 wastewater treatment plants (Homebush, Riversdale, Castlepoint, Tinui)
Localised stormwater assets (Masterton, Riversdale, Castlepoint)
3 rock weirs at Waipoua river

STATIONS
1 water supply boost pump station
13 wastewater pump stations

REPLACEMENT VALUE
Combined replacement value **$390m**

Water asset condition (current state)



Attachment 1 to Report 24.582

Water service delivery overview – Masterton District Council

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• Meeting population growth demand. • Resource consent renewals. • Climate change impacts. • Affordability of levels of service.	
Water services	• Raw water storage dam construction. • Trunk main renewals. • Meet compliance with new regulatory requirements. • Improve supply pressure in some suburbs. • Increase treated water storage. • Transition to charging by metered usage.	• Water storage dam (raw water) and additional reservoir. • Water Trunk Main replacement. • Reticulation renewal programme.
Wastewater	• Understanding current state. • Resource consents for Masterton Wastewater Treatment Plant expire in 2034. • Upgrades will need to meet new consent requirements as per NPS Freshwater – which are uncertain. • Network capacity, ingress and infiltration reduction.	• Sewer reticulation renewals (ingress and infiltration reduction). • Homebush land-based irrigation system upgrade.
Stormwater	• Areas of flooding across the district. History of extreme weather events. • Consideration of increasing design standards to meet climate change challenges.	• Enhanced operations and maintenence for stormwater to prevent localised flooding.

Planned pipe replacement

Stormwater 6km in 10 years (0.6km/year) (new and renewals)
Note – there is very low confidence in the long term spend profile and needs relating to stormwater.
The expenditure required is expected to be significantly higher than reflected in LTP.
Work is under way at present to attempt to quantify this but it will take some time.

Water 24km in 10 years (2.4km/year)

Wastewater 20km to 30km in 10 years (2km to 3km/year)

Compliance issues

DRINKING WATER STANDARDS

Treatment plant monitoring regime in place.

WASTEWATER STANDARDS

Significant compliance requirements relating to wastewater treatment, land disposal and discharge to river (Homebush).

STORMWATER STANDARDS

Global stormwater consent. Compliance with to be determined.

Attachment 1 to Report 24.582

Water service delivery overview – Greater Wellington Regional Council

Greater Wellington
Te Pane Matua Taiao

Council overview

The region makes up the southern reaches of the North Island comprising the Kāpiti Coast, Porirua-Tawa, Wairarapa South, Te Awa Kairangi ki Uta/Upper Hutt, Te Awa Kairangi ki Tai/Lower Hutt, and Pōneke/Wellington councils. Its northern boundary extends from north of Ōtaki on the west coast across to north of Castlepoint on the east coast. The nonurban environment comprises approximately 80% of the region, with 320km of rivers and waterways, and a coastal marine area of 7,867km^2. Wellington is the most populated city, however over 50% of our regional population lives outside of the capital in cities and smaller towns.

The Greater Wellington Regional Council (GWRC) drinking water network supplies water to four surrounding cities: Lower Hutt, Porirua, Upper Hutt and Wellington. The water provided by GWRC goes to reservoirs owned by each city. From there, city council infrastructure conveys the drinking water from the reservoirs to local residents and businesses.

- Wellington Region encompasses 811,100ha. 16,000ha are managed as Water Collection Areas.
- 5 regional catchment areas, known as Whaitua: Kāpiti Coast, Te Awarua-o-Porirua, Te Whanganui a Tara, Ruamāhanga, and Eastern Wairarapa.

POPULATION
549,841 (2024).

- Projected population of **724,906** for **2054**.

Water asset information (current state)

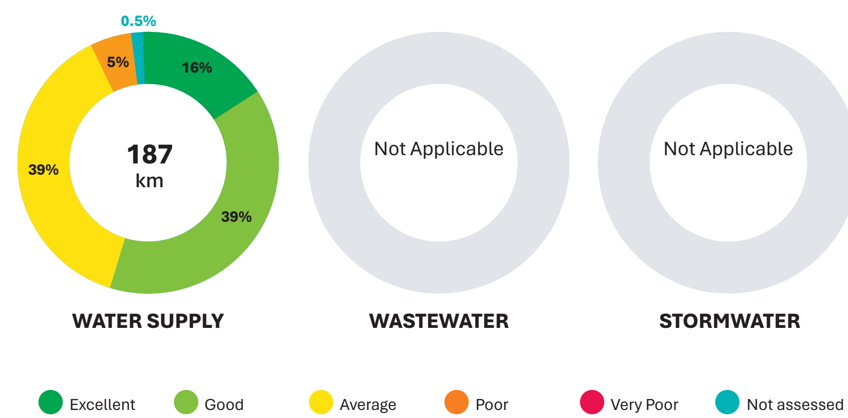
RETICULATION
187km of water supply pipes
3 water supply reservoirs and tanks (total volume of 40 million litres)

TREATMENT ASSETS
15 water supply pump stations

STATIONS
4 water treatment plants

REPLACEMENT VALUE
Combined replacement value @ 2021
$1,300m

Water asset condition (current state)



Attachment 1 to Report 24.582

Water service delivery overview – Greater Wellington Regional Council

Water challenges and projects

Type	Key water risks, issues and challenges for the next ten years	Top priority projects / key planned investments in water for the next ten years
3W general	• An ageing network results in asset failure and requires an increase in renewal. • Population growth is ahead of water infrastructure. • Water demand for the metropolitan councils is outstripping supply due to water loss in the network. • Current demand is highlighting that GWRC may not be able to meet its duty of care obligations as an asset owner under the Water Services Act in the long term. • Waterloo Treatment Plant is subject to liquefaction in the event of high ground shaking.	
Water services	• Current demand is placing the existing assets at risk due to lack of headroom to allow major assets to be taken off-line, compromising the resilience of the bulk water supply. Maintenance and replacement of bulk water meters, treatment plant clarifiers and reservoirs are examples of the issues. • Seismic resilience of the bulk water assets does not meet the required earthquake resiliency standard for ensuring provision of safe drinking water following a significant earthquake event. • The system is not yet able to reliably meet regulatory requirements for fluoride due to lack of redundant systems and asset reliability. • Waste stream at Wainuiomata Water Treatment Plant lacks redundancy and capacity. A failure of the plant, prior to completion of Wash Plant Capacity and Quality Upgrade in 2031/32, would impact the performance of the Water Treatment Plant and would eventually cause failure of provision of water.	• Kaitoke main on Silverstream Bridge. • Te Marua WTP Capacity optimisation. • Kaitoke Flume Bridge. • New Gear Island and Waterloo Wells – Part 2+3. • Water Storage Lakes (Te Marua Water Treatment Plant Scheme Expansion Stage 1 (Pakuratahi Lakes 1 and 2) – Pre-construction). • Regional Fluoridation Improvement Stage 2. • Relocation of Te Marua/Ngauranga pipeline. • Wainuiomata Water Treatment Plant – Washplant Capacity and Quality Upgrade. • Wellington Metro Water Treatment Plant Planned Renewals (Continuous programme). • Water Supply Pump Station Renewals.
Wastewater	Not Applicable.	Not Applicable.
Stormwater	Not Applicable.	Not Applicable.

Planned pipe replacement

30kms of pipes being replaced (based on 40% of 180kms needed to be replaced in the next 30 years)

Compliance issues

DRINKING WATER STANDARDS

Currently, water supplied from the Waterloo Treatment Plant is not compliant for up to 800 Lower Hutt households.

WASTEWATER STANDARDS

Not Applicable.

STORMWATER STANDARDS

Not Applicable.

Council
31 October 2024
Report 24.473

For Decision

FINAL REPRESENTATION PROPOSAL FOR THE 2025 TRIENNIAL LOCAL ELECTIONS

Te take mō te pūrongo
Purpose

1. To advise Council on the proposed final representation proposal for the 2025 triennial local elections.

He tūtohu
Recommendations

That Council:

1 **Adopts** the reasons for rejection of the submissions on Council's initial representation proposal, as follows:

Alternative proposal	Description of alternative proposal	Reason for rejection of alternative proposal
1	That a total of 11 members should be elected, being one member from the Māori Constituency, and 10 members from six general constituencies whose boundaries align with the current territorial authority boundaries (constituencies covering the areas of Kapiti Coast District; Porirua City; Wellington City; Lower Hutt City; Upper Hutt City; and Wairarapa districts).	Rejected. This alternative proposal would not enable effective representation for communities of interest in the regional context, taking into account the: • Geographic size and diversity of the Wellington Region with its urban and rural areas • Diversity of Council's statutory functions • Need for efficient and effective governance of the Wellington Region • Enabling of community access to members and vice versa.
2A	That Council's initial representation proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Pōneke/Wellington General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.

Alternative proposal	Description of alternative proposal	Reason for rejection of alternative proposal
2B	That Council's initial representation proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Te Awa Kairangi ki Tai/Lower Hutt General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.

2 **Confirms** its initial representation proposal as its final representation proposal for the 2025 triennial local elections.

3 **Adopts** the final representation proposal for the 2025 triennial local elections that provides for a Council of 14 members elected from seven constituencies as follows:

Māori constituency name	Number of members	Community of interest represented by the Māori constituency	Māori Electoral Population represented by the member
Te Upoko o te Ika a Māui Māori Constituency	1	The area of the Wellington Region	45,000

General constituency name	Number of members	Community of interest represented by the general constituency	General Electoral Population represented by each member (Regional average population: 38,869) (+/-10% range from the average: 34,982 to 42,756)
Pōneke/Wellington General Constituency`	5	The area of Wellington City, excluding the area of the Tawa Community	38,420
Te Awa Kairangi ki Tai/Lower Hutt General Constituency	3	The area of Lower Hutt City	33,767
Porirua-Tawa General Constituency	2	The area of Porirua City, and the area of the Tawa Community of Wellington City	34,050
Kāpiti Coast General Constituency	1	The area of the Kapiti Coast District	53,400

Te Awa Kairangi ki Uta/Upper Hutt General Constituency	1	The area of Upper Hutt City	44,400
Wairarapa General Constituency	1	The area of South Wairarapa District, Carterton District and Masterton District, and that part of Tararua District that falls within the Wellington Region	46,000

Consideration by Committee

2. The Representation Review Committee (the Committee) considered, on 10 October 2024, the two submissions on Council's initial representation proposal for the 2025 triennial local elections (Report 24.472 – Consideration of submissions received on the initial representation proposal for the 2025 triennial local elections). The Committee's recommendations to Council on the proposed final representation proposal are included in this report.

Te tāhū kōrero
Background

Initial representation proposal

3. On 27 August 2024, Council resolved its initial representation proposal for the 2025 triennial local elections.

4. The initial representation proposal provided for a Council comprising 14 members elected from seven constituencies, as follows:

Māori constituency name	Number of members	Community of interest represented by the Māori constituency	Māori Electoral Population represented by the member
Te Upoko o te Ika a Māui Māori Constituency	1	The area of the Wellington Region	45,000

General constituency name	Number of members	Community of interest represented by the general constituency	General Electoral Population represented by each member (Regional average population : 38,869) (+/-10% range from the average: 34,982 to 42,756)
Pōneke/Wellington General Constituency	5	The area of Wellington City, excluding the area of the Tawa Community	38,420
Te Awa Kairangi ki Tai/Lower Hutt General Constituency	3	The area of Lower Hutt City	33,767
Porirua-Tawa General Constituency	2	The area of Porirua City, and the area of the Tawa Community of Wellington City	34,050
Kāpiti Coast General Constituency	1	The area of the Kapiti Coast District	53,400
Te Awa Kairangi ki Uta/Upper Hutt General Constituency	1	The area of Upper Hutt City	44,400
Wairarapa General Constituency	1	The area of South Wairarapa District, Carterton District and Masterton District, and that part of Tararua District that falls within the Wellington Region	46,000

Consideration of submissions

5. Council’s initial representation proposal was publicly notified on 28 August 2024, and additionally promoted. The submission period closed on 24 September 2024. Two written submissions were received.

6. The Committee met on 10 October 2024 to consider these written submissions and heard from one submitter.

7. After considering the submissions received, the Committee resolved to recommend to Council that it adopts the following reasons for rejection of the submissions:

Alternative proposal	Description of alternative proposal	Reason for rejection of alternative proposal
1	That a total of 11 members should be elected, being one member from the Māori Constituency, and 10 members from six general constituencies whose boundaries align with the current territorial authority boundaries (constituencies covering the areas of Kapiti Coast District; Porirua City; Wellington City; Lower Hutt City; Upper Hutt City; and Wairarapa districts).	Rejected. This alternative proposal would not enable effective representation for communities of interest in the regional context, taking into account the: • Geographic size and diversity of the Wellington Region with its urban and rural areas • Diversity of Council's statutory functions • Need for efficient and effective governance of the Wellington Region • Enabling of community access to members and vice versa.
2A	That the Council's initial proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Pōneke/ Wellington General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.
2B	That the Council's initial proposal should be amended to provide a second member for the Kāpiti Coast General Constituency, through a reduction in one member from the Te Awa Kairangi ki Tai/Lower Hutt General Constituency.	Rejected. This alternative proposal would not provide effective representation for communities of interest in the regional context and fair representation for electors.

8. The Committee also recommended that Council confirms its initial representation proposal as its final representation proposal for the 2025 triennial local elections.

Comment

9. Council is now required to consider the Committee's recommendations and resolve its final representation proposal for the 2025 triennial local elections.

10. The Local Electoral Act 2001 requires that any amendments to Council's initial representation proposal must be made in response to submissions. Both the Local Electoral Act 2001 and the Local Government Commission's *Guidelines for local authorities undertaking representation reviews* (9th edition, July 2023) provide that a council must be able to demonstrate that:

    a It has considered all the submissions received on its initial representation proposal by providing reasons for the acceptance or rejection of related proposals

    b Its final representation proposal is made in light of those submissions. This means that either:

i Any amendments to Council's initial representation proposal are based on consideration of issues raised in the submissions; or

ii Council's initial representation proposal is adopted as its final representation proposal.

11. If Council adopts amendments not raised in the submissions, then:

    a The community has not had an opportunity to give feedback on all aspects of Council's initial representation proposal

    b Community members may have grounds to submit appeals and/or objections against Council's final representation proposal.

12. The Local Electoral Act 2001 (as modified by the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Act 2024) requires that Council must adopt and publicly notify its final representation proposal within six weeks of the close of public submissions on its initial representation proposal (i.e., by 5 November 2024). This meeting is within that timeframe.

Ngā hua ahumoni
Financial implications

13. There are no financial implications arising from the matters for decision.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

14. There are no implications for Māori arising from Council's consideration of the Committee's recommendations on Council's initial representation proposal.

Ngā tikanga whakatau
Decision-making process

15. The Local Electoral Act 2001 and the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Act 2024 set out the decision-making process for Council's representation review for the 2025 triennial local elections.

16. The matters requiring decision in this report have been considered by officers against the requirements of the Local Electoral Act 2001 and Part 6 of the Local Government Act 2002.

Te hiranga
Significance

17. It is considered that the matters for decision to be of low significance in terms of Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*.

Te whakatūtakitaki
Engagement

18. This report reflects the public consultation required under the Local Electoral Act 2001. Engagement on Council's final representation proposal will be undertaken in accordance with the process set out in the Local Electoral Act 2001.

Ngā tūāoma e whai ake nei
Next steps

19. Once Council resolves its final representation proposal , the Local Electoral Act 2001 (as modified by the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Act 2024) provides that the final representation proposal must be:

    a Publicly notified within six weeks of the close of public submissions on the initial representation proposal (i.e., by 5 November 2024)

    b Provided to the Local Government Commission, Government Statistician, Remuneration Authority, Surveyor-General, and all territorial authorities in the Wellington Region.

20. If Council adopts the Committee's recommendations, then only the two submitters can appeal the final representation proposal. On this basis, the public notice must set out Council's final representation proposal and the right to appeal to the final representation proposal. The public notice must provide a period of at least three weeks for the receipt of appeals and close no later than 13 December 2024.

21. Any appeals received by Greater Wellington will be referred to the Local Government Commission by 23 December 2024, which will then determine the Council's representation arrangements for the 2025 triennial local elections.

22. Regardless of whether any appeals are received, Council's final proposal representation must be referred to the Local Government Commission for determination if the proposal does not comply with the '+/- 10 percent' rule for fair determination set out in section 19V of the Local Electoral Act 2001. This will be the case if Council adopts the Committee's recommendations.

23. Any determination by the Local Government Commission is required by 10 April 2025.

24. Officers will provide each submitter with a copy of the public notice of Council's final representation proposal and inform them of their right to appeal.

Ngā kaiwaitohu
Signatory

Writer	Cr Daran Ponter – Chair, Representation Review Committee

He whakarāpopoto i ngā huritaonga Summary of considerations
Fit with Council's roles or with Committee's terms of reference Council has statutory responsibilities under the Local Electoral Act 2001 and the Local Government (Electoral Legislation and Māori Wards and Māori Constituencies) Amendment Act 2024 for decisions on its representation arrangements.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies The decisions in the report do not contribute to Council's or Greater Wellington's key strategies, policies and plans.
Internal consultation Democratic Services was consulted in drafting this report.
Risks and impacts - legal / health and safety etc. There are no known risks arising from the decisions in this report.

Council
31 October 2024
Report 24.491

For Decision

NATIONAL LAND TRANSPORT PLAN FUNDING - IMPLICATIONS

Te take mō te pūrongo
Purpose

1. To set out the implications of the recently announced National Land Transport Plan funding.
2. To adjust timing and scope of work programmes to reflect National Land Transport Funding received.

He tūtohu
Recommendations

That Council:

1 **Notes** a $134.5 million shortfall in future investment funding across the current triennium, created by declined funding applications from the National Land Transport Fund (NLTF) (in the Significant Investment Programme and Low Cost Low Risk funding classes).

2 **Notes** that the NZ Transport Agency Waka Kotahi decision to decline NLTF funding on Council's $268m three year PT infrastructure plan will have a material negative impact on public transport in the Wellington Region.

3 **Notes** that ongoing funding envelopes for most existing operational costs, which fall under the 'Continuous Programme' funding class were close to Long Term Plan 2024-2034 budgets and that most unfunded projects relate to investments programmes and specific enhancement and renewal projects.

4 **Notes** that Council has indicated to officers that total investment budgets should remain within existing Long Term Plan 2024-2034 cost envelopes, which equates to 49% of the original Long Term Plan 2024-2034 budgets or the 'local share' for underfunded projects.

5 **Notes** that officers have undertaken a series of prioritisation sessions, which have looked at managing the investment shortfall while minimising the impact on activities critical to public services.

6 **Notes** that in developing the revised investment programme, officers have prioritised projects that deliver safety and accessibility improvements, and key enabling projects that unlock future network growth and value.

7 **Approves** the changes to the 'Significant Investment Programme' and 'Low Cost Low Risk Programme' as detailed below and financially summarised in Attachment 1 to this report.

Te tāhū kōrero
Background

Strategic context

National Land Transport Programme

3. The National Land Transport Programme (NLTP) sets out how NZ Transport Agency Waka Kotahi (NZTA) plans to invest the National Land Transport Fund (NLTF).
4. Under the Land Transport Management Act 2003 (LTMA), every three years, the NLTP must be adopted by the NZTA Board by 31 August.
5. Each region submits a list of prioritised activities to be considered for funding in the NLTP in the form of a Regional Land Transport Plan.
6. Allocation of NLTP funding is directed by the priorities set out in the current Government Policy Statement on Land Transport (GPS). The GPS provides the Government's overall strategic direction for the land transport system.
7. The current GPS, released 27 June 2024, focuses on achieving four key priorities: economic growth and productivity, increased maintenance and resilience, safety, and value for money.
8. The current GPS priorities have shifted from the 2021 GPS priorities (better travel options, climate change, improving freight connections, and safety). Consequentially, some reprioritisation was therefore required for proposed land transport activities in the Wellington Region.

Regional Land Transport Plans

9. Regional Land Transport Plans (RLTPs) are developed and endorsed by Regional Transport Committees and approved by the related Regional Councils. RLTPs set out each region's transport priorities and list the activities and projects Authorised Organisations (i.e. councils, NZTA State Highways, and KiwiRail) have submitted as bids for NLTP funding for the next three year period.
10. All activities and project proposals submitted in RLTPs are prioritised for funding on a national basis by NZTA, using a NZTA Investment Prioritisation Method (IPM), designed to make investment decisions that support the aims of the GPS.
11. Our Wellington RLTP, which was approved by Council on 30 July 2024 (Report 24.380 -Approval of the Wellington Regional Land Transport Plan 2021: 2024 Mid-Term Review) included a list of 30 programmes made up of 62 significant activities, as well as listing additional activities where funding had already been committed, or where funding came from sources other than the NLTF.
12. Collectively, the Wellington Region bid for the 2024-27 RLTP was for $5.7 billion, consisting of local and central government share. The 2024 NLTP allocated $3.3 billion of forecast total investment to the Wellington Region, made up of $337

million forecast maintenance operations, $331 million forecast pothole removal, $1.1 billion forecast improvements and $1.3 billion forecast public transport.

National Land Transport Plan Funding received

13. In September, NZTA announced its NLTP Funding decisions, which resulted in a significant shortfall in Metlink's Significant Investment Programme (SIP) and Low Cost Low Risk (LCLR) categories of projects and programmes.
14. SIP and LCLR projects and programmes provide for improvements to public transport services or infrastructure to match the growth our region is experiencing and is forecast to experience.
15. Apart from Lower North Island Rail Integrated Mobility (LNIRIM), Real Time Information Upgrade Project (RTI 2.0) and National Ticketing Solution, $243.4 million worth of SIP projects were unfunded leaving a $118.6m shortfall. Of the $33.4 million LCLR projects, only a budget of $2.2 million was allocated, leaving a $15.9 million shortfall. In total, there is a shortfall of $134.5 million over the 2024-2027 triennium. Note the bid is total cost; the NLTF declined the FAR portion; the remaining funding available is the Greater Wellington rates funded contribution (Local Share 49%).

Summary of programmes and projects not funded

16. A full list of the projects and programmes which did not receive NZTA FAR funding from the National Land Transport Plan follows:
    - a **Asset Control Strategy programme: D**evelopment of bus depots, layovers, charging and supporting infrastructure required for sustained network growth and competitive tending of bus services. Includes the intended purchase of WCC assets to enable cost effective asset investment, maintenance, planning and renewal.
    - b **Rapid Transit Bus Corridor programme:** Funding to work with WCC, PCC and HCC to develop high frequency, bus prioritisation. Variety of programmes of work looking at short term interventions (e.g. traffic signalling) through to investigating longer term Bus Rapid Transit solutions
    - c **Waterloo Station programme:** Replacing the end-of-life station (including roof), development of a bus interchange, significant upgrades to station amenity and accessibility.
    - d **Accessibility Action Plan programme:** Programme of work that includes Infrastructure upgrades / changes to bus stops and stations, navigation aids for the blind, driver accessibility training and audio announcements at all stations. Also includes a variety of Bus Replacing Train stop enhancements as well as a 'Ride Wise' system replacement for end-of-life Total Mobility management systems and app.
    - e **Metlink technology programme:** A variety of small to mid-sized improvement projects modernising and providing additional customer information, on network wayfinding and onboard amenities (e.g. Wi-Fi)

f **Golden Mile Infrastructure:** Bus shelters and real time information infrastructure along the new Golden Mile redevelopment.

g **New bus stop facilities:** Introduction of new shelters, seating and directional signage for customer access, comfort, security and wayfinding. Includes Thorndon Quay and other WCC led initiatives requiring infrastructure (but not the Golden Mile).

h **Porirua Bus Hub:** New bus interchange infrastructure and accessways.

i **New Metro rolling stock:** Business casing, planning and early works for additional 'Matangi style trains' to increase frequency of train services on the electrified network.

j **Railway station upgrades:** Upgrades interior/exterior rebuild to variety of railway stations including Woburn and Paraparaumu. Basic improvements to stations across the network including signage, accessways and seating / lighting.

k **Tawa On-Demand:** Continuation of the on-demand services Tawa trial.

l **New bus route:** Including, between Cambourne, Plimmerton and Pukerua Bay.

m **Park and Ride facility upgrades:** Providing cycle parking facilities, roading changes, more spaces in some areas including Plimmerton, etc.

n **Seismic Strengthening:** Upgrades to a variety of infrastructure including Ngauranga Railway Station, Porirua underpass and some railway stations.

o **National Ticketing Solution (NTS) regional upgrades:** Using the NTS to leverage other Metlink booking and ticketing systems (e.g. park and ride payments, business targeted products etc).

p **Bus and rail operational technology:** Upgrades and replacements of operation hardware and software (mainly rolling stock) systems.

q **Queensgate Interchange:** Improvements to the Central Hutt Interchange for customer security and amenity.

r **Network Signage:** Upgrades to and introduction of additional signage to the network to improve wayfinding.

s **No. 2 Bus route:** Roading and infrastructure upgrades to Route 2 to allow higher capacity Articulated Electric Buses (particularly out of Karori which is at maximum bus capacity).

t **Driver facilities:** Additional toilets at key layovers across the city.

u **Park and Ride ‘Charge and Ride’ pilot:** To allow EV vehicle drivers to charge their EV at Park and Ride facilities when they take the train.

v **Porirua Station Bus Shelter Upgrades:** Upgrades to key Porirua sheltering around Porirua railway station.

w **Johnsonville Stop D:** To provide sufficient bus shelter capacity and parking capacity to meet current demand for additional bus services.

x **Johnsonville Transport Hub:** Redevelopment feasibility, business casing, and design for a new Johnsonville Transport Hub and Interchange.

y **Riverlink:** NZTA claim for previous land purchase for new station site.

z **Wellington Bus Layovers:** Development for a CBD bus parking spaces required for bus charging and network growth.

Large investment programmes of work impacted – further background

Asset Control Strategy: Bus Depots and Lambton Bus Interchange

17. On 27 June 2024, Council adopted the Strategic Public Transport Asset Control Strategy (the Strategy) following consultation as part of the Long Term Plan. 2024 – 2034. (Report 24.315 - Adoption of Strategic Public Transport Asset Control Strategy). The Strategy received 84% public support during the consultation process.

18. The Strategy aims to:

    a Improve long-term network planning, investment and resilience by securing key public transport assets such as depots and layovers in areas of significant land constraint.

    b Decrease barriers to entry to for new operators by ensuring all future public transport assets (fleet, depots, charging infrastructure) are transferring assets.

    c Improve value for money and decrease total operating cost by cheaper Greater Wellington debt funded asset purchase and development (verified through a commissioned Deloitte report).

19. As part of the Strategy, Greater Wellington needed to develop Southern and Northern bus depots, and the Lambton Bus Interchange during the first three years of the Long Term Plan 2024-2034.

20. In addition, the Plan envisaged other depot locations across the region. However, timing around the development or acquisition of these sites was not consider critical for the current bus contracting procurement timelines

*Wellington Rapid Transit Bus Corridors Programm*e

21. Council budgeted $82 million (over 10 years) within the Draft Long Term Plan 2024-2034 to the Wellington Rapid Transit Bus Corridors programme. This included some elements of projects previously included in the former Let's Get Wellington Moving (LGWM) programme.

22. At its meeting on 30 May 2024, Council was provided with a report setting out the indicative scope of the Wellington Rapid Transit Bus Corridors Programme (Report 24.229 - Wellington Rapid Transit Bus Corridors). The Wellington Rapid Transit Bus Corridors programme includes in part, a joint programme of work with Wellington City Council and other roading authorities to deliver bus prioritisation across the city. The funding bid included:

    a A programme of work led by Greater Wellington to develop and implement a regional rapid transit bus prioritisation strategic plan b Harbour Quays (Second Spine) Bus Corridor - Stage 1 (with Wellington City Council (WCC) as part of the Joint Programme)

c Harbour Quays - Stage 2 Rapid Transit Bus Corridor – Business case and early design work

d Eastern Bus Corridor to Miramar and the Airport - Stage 1 (with WCC as part of the Joint Programme)

e Eastern Corridor – Stage 2 Rapid Transit Bus Corridor – Business case and early design work

f Wider WCC Bus Network Improvements including city to Karori, Johnsonville, Taranaki, Wallace and John Streets, and South West CBD – funded for year 1 of 7 (with WCC as part of the Joint Programme)

g Non WCC Roading corridor changes (that would be identified in the strategic plan).

23. The Wellington Rapid Transit Bus Corridors programme has a total indicative cost of $117.8 million over the first four years (24/25-28/29) which was to be paid for by various funding contributions from Greater Wellington, WCC and NTZTA

24. Greater Wellington's share of the Wellington Rapid Transit Bus Corridors programme cost over the next four financial years (24/25-28/29), was estimated to be $36.8 million with up to $46.1m potentially available from previous budgets.

Key Railway Stations: Waterloo, Woburn, Paraparaumu

Waterloo Station

25. Greater Wellington's Transit Oriented Development (TOD) programme commenced in November 2021 (refer Report 21.501 - Initiating Transit Oriented Development in The Wellington Region). Waterloo Station was selected as the first TOD focus location due to:

a A need by Greater Wellington to address major and pending end-of-financial-life infrastructure issues in the train station.

b Greater Wellington's ownership of prime commercially developable land in the wider station precinct which is currently under-utilised from a land use perspective.

c The station precinct's strategic location in the Hutt Valley and the significant physical 'footprint' of the site (approximately 18,865m2 of developable land), currently dominated by free-to-use carparks.

d The opportunity to redevelop Waterloo as an integrated transport hub for the Hutt Valley linking with RiverLink, Hutt City CBD and connections to and from Wellington Central, Upper Hutt and the Wairarapa

e The precinct's potential to contribute to Wellington Regional Growth Framework objectives and goals in the Hutt Valley through a project that contributes to, and enables urban intensification and enhancement in Lower Hutt City f The precinct's potential to facilitate urban intensification in the wider catchment (particularly for Crown Partner Kāinga Ora) as a site for employment (e.g. anchor tenant office space) and social services provision (i.e. health, education and social services provision).

26. Since inception, the project has seen completion of its first two exploratory phases which have demonstrated the viability of the project from a development and transport planning perspective.

27. Long Term Plan 2024-34 has budgeted a $110 million allocation over the project's six-year life with $22 million for the current 24-27 triennium.

Initiatives to implement Accessibility Action Plan

28. On 9 September 2021, the Transport Committee adopted the Metlink Accessibility Charter (Report 21.361 - Adoption of Metlink Accessibility Charter).

29. In 2023 the 2024 Accessibility Action Plan was developed as part of Greater Wellington's commitment in the Metlink Accessibility Charter (including priorities in the 2024 Accessibility Action Plan and their funding requirements as part of the 2024 Long Term Plan and Regional Land Transport Plan).

30. The following initiatives had been identified for funding as part of the Long Term Plan 2024-2024 development:

    a Accessibility training for operator staff

    b Improving rail network accessibility programme – regional hubs

    c BRT stop accessibility improvements

    d Replacement of the end of life Total Mobility systems 'Ridewise'

    e Dedicated in-person accessibility support at the contact centre and main stations

    f Fully accessible Public Transport corridors (Planning)

    g Subsidise wheelchair accessible vehicles

    h Improve wayfinding technology for accessibility

    i Bus and rail (fleet) technology enhancements

31. The funding allocated for these projects in the Long Term Plan 2024-2034 was $20 million with the majority of initiatives $18.7 million coming from a variety SIP and LCLR bids.

Metlink technology programme

32. The Metlink technology programme looked at on the ground technology enhancements as well improvement to online systems and information

33. A variety of new technologies and existing upgrades were under consideration including, Wi-Fi on all buses and Trains, LED strip lighting and navigating aids at Train Station, Bicycle Notification Systems for trains, CCTV AI analysis for antisocial behaviour / vandalism across the network.

34. The funding allocated for this programme in the Long Term Plan 2024-2034 was $13.6 million

Strategic prioritisation approach to deal with impact on shortfall on work programme and projects

35. Metlink has taken the following strategic prioritisation approach to help determine how to deal with the funding shortfall using the following principles:

    a **Keeping the lights on**: Focus on maximising value so we can maintain existing service levels, legislative requirements and continue to do the basics well

    b **Focus on safety critical work:** Safety of our public transport network is non-negotiable regardless of funding

    c **Maintain momentum on accessibility:** Maintain all high priority items as identified in the Accessibility Action Plan

    d **Preserving strategic direction:** Keep funding for key business casing and planning to ensure we are ready for the next funding round on key high value strategic projects

    e **Keep some low cost innovation**: Scale back some ambitions but ensure we still have work programmes for customer centric technology and innovation

36. Metlink undertook a budget reprioritisation using the 'MoSCoW' methodology (Must, Could, Should, Won't).

37. The projects were first prioritised blind (excluding financial figures), based on the following criteria:

    a **Must:** Critical to service delivery or safety. Already committed project with significant financial or reputational risk associated if it is stopped. Significant investment or sunk cost already with no other viable alternatives.

    b **Should:** Essential to service delivery and core business. Potential for significant increased cost if deferred or risk to service delivery, safety, or reputation. Could be rescoped to fit within budget.

    c **Could:** Service improvement or preferred maintenance. May lead to an increased whole of life cost, but manageable. Not an issue if deferred, but still important to do if funding is available.

    d **Won't:** Can be cut with little to no impact in this triennium.

38. Following the prioritisation exercise, officers undertook a budget and impact analysis and rephasing exercise aligned with:

    a Possible savings through descoping, deferring various programmes

    b Possible consequences of deferring, cancelling or descoping work on related work programmes

    c Ability to seek alternate funding or find alternate funding mechanisms.

Workshops with Councillors

39. Workshops were held with Councillors on 19 September 2024 and 15 October 2024 to discuss the approach taken by officers to identify potential cost savings.

40. The workshop on 19 September 2024 provided a general overview of all projects and direction was sought on a variety of small projects.

41. The workshop on 15 October 2024 focused on large investment programmes of work impacted; namely:

    a Asset Control Strategy: Bus Depots and Lambton Bus Interchange

    b Wellington Rapid Transit Bus Corridors Programme

    c Key Railway Stations: Waterloo, Woburn, Paraparaumu

    d Initiatives as part of the Accessibility Action Plan.

Proposed changes to programmes and projects

42. The paragraphs below set out proposed changes to programmes and projects, which have been identified by officers following Metlink's strategic prioritisation of programmes and projects, along with the two workshops held with Councillors

43. **Attachment 1** to this report summarises proposed changes to programmes of work and projects including financial implications.

Large investment programmes of work

Asset Control Strategy: Bus Depots and Lambton Bus Interchange

Bus Depots

44. Officers consider that the development of these sites is crucial for both strategic control but also the competitive tendering of future buses services, a process which needs to be materially finalised in the current triennium.

45. Officers have reforecast budgets and believe that through a combination of deferrals, cost savings through the new Kauri Street site for the southern depots and different commercial approaches to other potential assets. Officers consider that the asset control strategy budget should be reduced from $116.9 million to $69.3 million over the coming triennium. While it may slow to overall delivery of the strategy is will still be achievable in the long termer term

Lambton Bus Interchange

46. Officers consider that the purchase development of the Interchange is crucial for both value and strategic control of a key public transport asset.

47. The valuation report has indicated potential savings to budget estimates; however, these figures have not been provided in this report as they are commercially sensitive due to ongoing negotiations with WCC.

Wellington Rapid Transit Bus Corridors Programme

48. Given funding uncertainty, this work programme is proposed to be reduced from $46.1 million (available) to $21.8 million over the next four years.

49. The proposed scope of this project includes:

    a The finalisation of a regional bus priority action strategic plan and business case for the Wellington Region which will be 100% funded by Greater Wellington

    b The development of the harbour quays / second spine route through the CBD – which is expected to be joint funded with WCC

    c Changes to the east west corridor to enable articulated buses which is expected to be joint funded with WCC

50. Provision for low cost bus prioritisation interventions on other corridors across the region, the extent of which will be determined by the availability of Territorial Authority funding contributions.

51. More high cost intervention 'rapid transit' like work packages (as described above) will be deferred until the next triennium

Key Railway Stations: Waterloo, Woburn, Paraparaumu

<u>Waterloo</u>

52. In light of the NLTF shortfall, there are two broad options for our approach to Waterloo; revert to a maintenance-only approach to the station or to continue project trajectory with a rescoped and rephased development.

53. A maintenance-only approach, spread over the whole of asset (canopy, tiling, subway etc.), will require $20 million+ (CAPEX and OPEX) over the coming 10 to 15 years (refer Report 24.131- Waterloo Priority Development Area) and will not address underlying accessibility and customer experience issues.

54. In the 15 October 2024 workshop, Council direction was to commence the development of a solution to upgrade or replace within the triennium. As a consequence, officers have allocated $5m for the commenced of a replacement solution over and above maintenance costs (noting that a commercial funding model is yet to be investigated)

55. Total proposed funding for Waterloo Station has been reduced from $23.5 million to $8.5 million.

56. The 30 May 2024 Council resolutions, which agreed on the approach for Phase III Reference Design, allow for a rescoped and rephased approach to the development. Proceeding over the current triennium with Phase III will enable Greater Wellington to go-to-market in this current triennium with a whole-of-development package for market consideration (refer Report 24.131 - Waterloo Priority Development Area).

<u>Woburn Station and Paraparaumu Station</u>

57. At the 15 October 2024 workshop, Councillors indicated the continuation of these project to be maintained at 100% local share. Officers will reconfirm development options and costings.

Initiatives to implement Accessibility Action Plan

58. Officers propose that the follow programmes, which have been assessed to be 'high impact' programmes are materially maintained:

    a Accessibility training for operator staff

    b BRT stop accessibility improvements

    c Dedicated in-person accessibility support at the contact centre and main stations

    d Fully accessible PT corridors (Planning)

    e Ridewise Total Mobility system update.

59. Officers propose that the remaining programmes are deferred or scope is materially reduced:

    a Reducing the speed at which high cost infrastructure is replaced and looking for efficiency by coinciding replacements / upgrades with existing station and bus stop replacements.

    b Subsidising providers of wheelchair accessible vehicles

    c Reducing the scope to low cost technology improvements (wayfinding, etc).

60. Even with these changes funding for the proposed overall programme is expected to be above Greater Wellington local share allocation with $12.0 million of the $18.7 million original NLTF budget still allocated.

Metlink technology programme

61. Metlink had ambitious plans to upgrade and enhance both online, back-office and on network technology applications and infrastructure.

62. Most on network technology applications including the rollout out of on board Wi-Fi for trains and buses, LED navigations aids and CCTV upgrades are unlikely to occur.

63. These ambitions have been rationalised to mostly business-critical activities and renewals required for systems nearing obsolescence. Funding has been reduced from $13.6 million to $2.5 million.

Smaller investment programmes of work

64. The following items are recommended to be funded by Greater Wellington at 100% local share (see **Attachment 1** for budgeted cost and savings):

    a **Golden Mile Infrastructure**: *Some value engineering, half of the budget has been naturally deferred through planned delays to the Lambton Quay section of the Golden Mile*

    b **New bus stop facilities:** *Some value engineering but all high priority projects and necessary replacements* remain

    c **Porirua Bus Hub:** *Project deferred. Business case only*

    d **New Metro rolling stock:** *Project budget maintained, alternate funding will be considered through the LNIRIM procurement project* e **Railway station upgrades** *Project budget maintained*

65. **Tawa On-Demand:** *Project reduced to a fixed route service*

66. **New bus route infrastructure:** *Project budget maintained*

67. **Park and Ride facility upgrades:** *Project de-scoped to only include Plimmerton station expansion (required for strategic growth area)*

68. **Seismic Strengthening.** *Project budget maintained*

69. **National Ticketing Solution (NTS) regional leverages / upgrades:** *Project budget descoped to enable only minor improvements.*

70. **Bus and rail operational technology.** *Project budget maintained – safety requirements.*

71. **Queensgate Interchange:** *Project deferred. Business case only*

72. **Network Signage:** *Project budget maintained*

73. **No. 2 Bus route:** *Project budget maintained, however is now part of the wider Rapid Transit Bus Corridor Programme*

74. **Driver facilities:** *Alternate funding be sought via NZTA driver fund.*

75. **Park and Ride 'EV Charge and Ride' pilot:** *Project deferred*

76. **Porirua Station Bus Shelter Upgrades:** *Project deferred*

77. **Johnsonville Stop D:** *Project budget maintained*

78. **Johnsonville Transport Hub:** *Project budget maintained (business case only).*

79. **Riverlink:** *Not progressed.*

80. **Wellington Bus Layovers:** *Project maintained with some value engineering.*

Te tātaritanga
Analysis

Impacts of funding shortfall

81. Potential impacts from the shortfall in funding have been identified by officers and are set out below:

Inability to achieve Patronage Growth / Meet Targets

82. Continuous investment in a modern, well-maintained and growing Public Transport network will drive patronage. Failing to invest will do the opposite and will:

    a Impact patronage and fares forecasts

    b Impact the Council's ability to reach strategic priorities, levels of service, and key performance measures set out in its recently adopted Long Term Plan 2024-2034.

Impact on emissions and decarbonisation

83. Officers consider that there will be some moderate emission impacts through deferred projects reducing overall patronage and potentially rate of bus fleet electrification

Loss of value through increased barriers to entry reducing competitive tension and higher 'whole of life' costs for assets

84. Not funding the asset control strategy, is like to result in:

    a Significantly higher barriers to entry for any new bus Operator through large upfront depot and electrical infrastructure costs required in building a depot.

    b Less timely investment in bus depoting and charging infrastructure through Operator uncertainty / risk of sunk assets beyond confirmed contract end dates

    c Increased whole of life costs from considerably lower borrowing rates for Greater Wellington vs private Operator margins required on any asset investment.

Deferral driving higher future cost

85. Projects are 'pushed out' of the current triennium to balance the Long Term Plan 2024-2034 budget. Fiscal and capacity 'cliff' may form in the next triennium from deferred projects.

86. Deferred repairs, maintenance and replacement (RMR) also tends to increase whole of life cost, while increasing risk to service performance. Officers have attempted to minimise these impacts through prioritising end of life and safety related maintenance.

Loss of Innovation

87. Technology and Innovation are the easiest projects to cut due to little immediate impact. Services may start to feel antiquated compared to other Public Transport Authorities. Lack of continuous improvement organisational capacity / culture also becomes a risk.

Inability to meet competing central government targets

88. A significant policy position of the current government is on increasing the 'private share' portion of public transport revenue. NZTA draft policy counts all central government funding and subsidies like that for SuperGold, Community Connect etc. as 'public share', with passenger revenue (i.e. fares) and 'third-party revenue' (e.g. advertising, rental income) making up 'private share'.

89. The government has signaled through NZTA that revenue targets for private share will be set for all public transport authorities in the coming quarter with particular focus on increasing the third-party revenue component of private share.

90. Greater Wellington's ability to materially increase third-party revenue is dependent on secure investment funding to grow the quality and commercial utility of our asset base through projects like Waterloo Transit Oriented Development (TOD),

bus shelter upgrades for advertising as well as ticketing solution for park and ride. All of these budgets were non funded.

91. While Greater Wellington, through projects like Waterloo TOD, was proactively working to increase third-party revenue prior to this becoming government policy, the deficit of secure central government funding for these projects make it unlikely that we are able to develop the asset base to be able to grow the third-party revenue government is expecting us to.

Nga kōwhiringa
Options

92. Due to the large number of significant work programmes and the relative immaturity of these programmes (most being pre-business case) there is significant additional optionality across a variety of projects that should be further considered by Council.

93. Officers will return to Council with a variety of options for all major workstreams, particularly after business cases and further value analysis has been undertaken.

94. At this stage Officers are seeking confirmation around remaining budget envelopes and projects and programmes identified as delayed or materially descoped.

Ngā hua ahumoni
Financial implications

95. Financial implications have been assessed in the body of this report. Recommendation in this report have balanced cost to existing local share allocation ($134.5 million cost reductions over the current triennium).

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

96. Access to reliable public transport is essential for connectivity to places such as employment, social services, education facilities, marae, and community events.

97. Public Transport allows Māori to travel affordably to places such as employment, social services, education, and culturally significant events.

98. Public Transport also aims to decrease the amount of greenhouse gas emissions in the environment which appeals to the protection of the environment which is important in te ao Māori given a special connection to the whenua (land).

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

99. The matter requiring decision in this report was considered by officers in accordance with the process set out in Greater Wellington’s Climate Change Consideration Guide.

100. Addressing Climate Change is a key feature of Long Term Plan 2024-2034, which is where the projects set out in the report came from. It continues to be one of Greater Wellington's key focus areas, reflected in our updated work programmes (to the extent we are able, within financial constraints).

101. Officers consider that there will be some moderate emission impacts through deferred project reducing overall patronage and potentially rate of bus fleet and depot electrification

102. These impacts will be reforecast as part of the Council 25/26 Annual Planning Process.

Ngā tikanga whakatau
Decision-making process

103. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government 2002.

Te hiranga
Significance

104. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*.

105. Officers consider that the decisions being sought in this report (approving the changes to the significant work programme and approving the changes to the more minor work programme classified as "low cost low risk") are of high significance. While these decisions are of high significance, they implement matters (to the extent possible) which were recently considered as part of the budget setting and consulted on through the Long Term Plan 2024-2034.

106. Once decisions sought in this report have been made, a further assessment of the significance of any changes against the Long Term Plan 2024-2034 will need to be carried out as part of the Annual Plan process to determine if an amendment is required to the Long Term Plan 2024-2034.

107. Officers have taken into account the principles set out in section 14 of the Act and the need to manage the Council's resources prudently.

108. Officers have also considered the need to take account of the community's views and preferences in relation to the matter. Officers will prepare a proactive media release on the proposed changes to the future bus contracts following market engagement.

Te whakatūtakitaki
Engagement

109. Greater Wellington has worked with all key stakeholders and partners on the impacts of, and responses to the NZTA funding decisions covered in this report.

Ngā tūāoma e whai ake nei
Next steps

110. Following Council decision on this matter:

a Officers will reprioritise work programmes and incorporate changes in the 25/26 Annual Plan as well as amendments to Transport Information Online (TIO) NZTA funding systems.

b The draft Regional Public Transport Plan 2025-35 will be amended to reflect Council decisions prior to being adopted by Transport Committee in February 2025 for public consultation.

c All partners and key stakeholders for the individual projects will be notified of Council decisions.

Ngā āpitihanga
Attachment

Number	Title
1	Proposed changes to programmes of work and projects including financial implications.

Ngā kaiwaitohu
Signatories

Writers	Tim Shackleton – Senior Manager Commercial, Strategy & Investments, Metlink Grant Fletcher – Head Regional Transport, Strategy>
Approvers	Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru | Group Manager, Finance and Risk Luke Troy – Kaiwhakahaere Matua, Rautaki | Group Manager, Strategy Samantha Gain – Kaiwhakahaere Matua, Waka-ā-atea | Group Manager, Metlink

He whakarāpopoto i ngā huritaonga Summary of considerations
Fit with Council's roles or with Committee's terms of reference Decisions relating to the projects covered in this report rest with Council.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies This report relates directly to projects funded through the Long Term Plan 2024-2034 and will inform planning for the Annual Plan 2025.
Internal consultation Internal consultation on the matters covered in this report have been had with functions across the Metlink Group, and with Regional Transport and Finance.
Risks and impacts - legal / health and safety etc. Risks and impacts are covered in the body of the report.

Attachment 1 to Report 24.491

Attachment 1: Significant Investment Programme and Low Cost Low Risk - Budget Changes

Key

No signficant change
Aspects of scope reduced and/ or deferred
Programme Stopped and /or deferred outside triennium

Projects and Programme Not Receiving NZTA Funding (Melink specific)	Old LTP Budget $m triennium	Recommended $m triennium	Reduction $m triennium
Asset Control Strategy - Includes Bus Depots and Lambton Interchange	$116.9	$69.3	$47.6
Rapid Transit Bus Corridors programme	$46.1	$20.1	$26.0
Waterloo development (including canopy removal)	$23.0	$8.5	$14.5
Accessibility Programme	$18.7	$12.0	$6.7
Metlink Technology and innovation programme	$13.6	$2.5	$11.1
Golden Mile Bus Shelters	$11.1	$4.3	$6.8
New bus stop facilities (Capex and Opex also includes Hutt road / TQ)	$7.7	$5.6	$2.1
Porirua bus Hub	$7.0	$0.5	$6.5
New Metro Rolling Stock	$5.8	$5.8	$0.0
Rail Station Infrastructure Improvements (excl Waterloo)	$3.7	$3.6	$0.1
Tawa Public Transport on Demand	$3.7	$1.5	$2.2
New Bus Routes	$2.8	$2.8	$0.0
Park & Ride Development and Enhancements	$2.8	$0.8	$2.0
Seismic Strengthing of Buildings (Paraparaumu/underpasses)	$2.6	$2.6	$0.0
NTS Enabled Solutions (including park and ride integration)	$2.5	$0.5	$2.0
Bus & Rail necessary tech upgrades / enhancement	$2.0	$2.0	$0.0
Queensgate Interchange Improvement	$1.5	$0.2	$1.3
New Network Signage	$1.4	$1.4	$0.0
Route 2 Capacity Increase (now in RTBC programme)	$1.2	$0.0	$1.2
Riverlink land purchase (for new station)	$1.0	$0.0	$1.0
Driver Facilities	$1.0	$0.0	$1.0
Park and Ride Charging Trial	$1.0	$0.5	$0.5
Porirua Stn bus shelter upgrade	$0.9	$0.0	$0.9
Johnsonville Transport Hub Upgrades	$0.8	$0.8	$0.0
Wellington bus layovers / EV charging	$0.8	$0.6	$0.2
Other miscellaneous projects (some no longer required)	$2.0	$1.3	$0.7
TOTAL	**$281.6**	**$147.1**	**$134.5**

Less NTZA CERF Funding * Successfully allocated to Asset Control Strategy**	**$10.8**
New GWRC Local Share Budget (with CERF)	**$136.3**

Council
31 October 2024
Report 24.566

For Decision

APPOINTMENT OF CARTERTON DISTRICT COUNCIL MEMBERS TO COMMITTEES

Te take mō te pūrongo
Purpose

1. To advise Council of changes in appointments of Carterton District Council members to committees.

He tūtohu
Recommendations

That Council:

1 **Revokes** the appointment of Councillor Dale Williams as alternate member for Carterton District Council on the Regional Transport Committee and the Wairarapa Committee.

2 **Appoints** Deputy Mayor Steve Cretney as alternate member for Carterton District Council on the Regional Transport Committee and the Wairarapa Committee.

Te horopaki
Context

2. The Terms of Reference for the Regional Transport Committee provide each territorial authority in the Wellington Region with a member and alternate.

3. The Terms of Reference for the Wairarapa Committee provides for the Mayor of Carterton District Council and an alternate.

4. Carterton District Council (CDC) has changed its alternate member for both committees.

Te tātaritanga
Analysis

5. In May 2024 Councillor Dale Williams stood down as Deputy Mayor of CDC. Subsequently, Steve Cretney was appointed as Deputy Mayor.

6. At its meeting on 31 July 2024 CDC agreed that Deputy Mayor Steve Cretney be appointed as the alternate member for the two committees.

7. As these are Council committees, Council is required to make these appointments.

Ngā hua ahumoni
Financial implications

8. There are no financial implications arising from this report.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

9. There are no implications for Māori arising from this report.

Ngā tikanga whakatau
Decision-making process

10. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2001.

Te hiranga
Significance

11. Officers considered the significance (as defined by Part 6 of the Local Government Act 2001) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers consider that these matters are of low significance due to their administrative nature.

Te whakatūtakitaki
Engagement

12. Due to the low significance of the decision, community engagement was not necessary.

Ngā tūāoma e whai ake nei
Next steps

13. Officers will advise CDC of the appointments, and the appointed member will receive notification of relevant scheduled meetings and workshops for the remainder of the 2022-25 triennium.

Ngā kaiwaitohu
Signatories

Writers	Lucas Stevenson – Kaitohutohu Ratonga Manapori | Democratic Services Advisor Renee Coffey – Kaitohutohu Ratonga Manapori | Democratic Services Advisor
Approvers	Elizabeth Woolcott – Kaiwhakahaere Matua Ratonga Manapori | Manager, Democratic Services Francis Ryan – Kaiwhakahaere Mana Urungi, Manapori | Head of Governance and Democracy Luke Troy – Kaiwhakahaere Matua Rautaki | Group Manager Strategy

He whakarāpopoto i ngā huritaonga Summary of considerations
Fit with Council's roles or with Committee's terms of reference Council is responsible for making appointments to its committees.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies Making the appointment of an alternate member will enable CDC to be represented at Committee meetings and workshops, should the appointed member not be able to attend.
Internal consultation No internal consultation was needed on this report.
Risks and impacts - legal / health and safety etc. There are no known risks or impacts in making the proposed appointment.

Council
31 October 2024
Report 24.587

For Decision

SHAREHOLDER RESOLUTIONS IN LIEU OF ANNUAL GENERAL MEETING: WRC HOLDINGS LIMITED

Te take mō te pūrongo
Purpose

1. For the Council, as sole shareholder, to consider whether to hold an Annual General Meeting (AGM) for WRC Holdings Limited relating to the financial year ending 30 June 2024.

He tūtohu
Recommendations

That Council:

1 **Agrees**, as sole shareholder of WRC Holdings Limited, that the company is not required to hold an Annual General Meeting relating to the financial year ending 30 June 2024.

2 **Resolves** the written resolutions contained in Attachment 1 (Shareholder resolutions for WRC Holdings Limited).

3 **Authorises** the Council Chair to sign the resolutions of the sole shareholder contained in Attachment 1.

Te horopaki
Context

2. The Companies Act 1993 requires the board of a company to hold an AGM of shareholders within six months of the balance date of the company. The balance date of WRC Holdings Limited is 30 June.

3. The purpose of the AGM is to approve and adopt the Annual Report (**Attachment 2**), appoint an auditor, and agree the process for resolving the auditor's fees and expenses.

4. The Companies Act 1993 and WRC Holdings Limited's constitution allow for the meeting to not be held if a resolution in lieu is passed.

Te tātaritanga
Analysis

5. The sole shareholder of WRC Holdings Limited is the Council. It is not necessary to formally hold a separate AGM if everything that is required to be done at that meeting is done by written resolution of the shareholders, passed in accordance with section 122 of the Companies Act 1993.

6. Related resolutions, including for the approval and adoption of the company's Annual Report, are included as **Attachment 1** (Shareholder resolutions for WRC Holdings Limited).

7. An authorised person is required to sign the resolutions on behalf of the shareholder, and it is recommended that this be the Council Chair.

Nga kōwhiringa
Options

Option One – Pass resolutions in lieu of the AGM (recommended)

8. Pass the resolutions contained in **Attachment 1** in line with section 122 of the Companies Act 1993.

9. The procedural matters of the company's AGM are dealt with swiftly and without the need to hold an additional meeting as the shareholder. It does not preclude holding an AGM in future years, if requested. WRC Holdings Limited's accountability remains in place through quarterly updates, the Half Year Report and the Annual Report.

10. As the necessary resolutions of the shareholder can be passed by written resolution then it is recommended that Council resolves not to hold an AGM for WRC Holdings in respect of the financial year ending 30 June 2024.

Option Two– Do not pass these resolutions and hold an AGM

11. If held, the AGM needs to take place no later than six months after balance date, so would need to be held by 31 December 2024.

12. This option would provide a formal opportunity to meet as shareholder, separately to a meeting as Council. However, this process has a time cost and some mileage involved for Councillors (and WRC Holdings directors) in attending a further meeting for a largely procedural matter.

Ngā hua ahumoni
Financial implications

13. The financial implications are discussed in the Options section above.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

14. The matters addressed in this report are of a procedural nature, and there are no known impacts for Māori.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

15. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's Climate Change Consideration Guide.
16. The matters addressed in this report are of a procedural nature, and there is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

17. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.
18. The process for deciding these matters is explicitly prescribed by the Companies Act 1993, and is outlined in paragraph 5 above.

Te hiranga
Significance

19. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters dealt with in this report, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines*. Officers recommend that the matter is of low significance.

Te whakatūtakitaki
Engagement

20. Given the low significance of the matters for decision, no external engagement was undertaken.

Ngā tūāoma e whai ake nei
Next steps

21. If Council agrees to pass resolutions in lieu of holding the AGM, then we will notify WRC Holdings Limited, and it will ensure the annual return of the company is filed with the Companies Office.

Ngā āpitihanga
Attachments

Number	Title
1	Shareholder resolutions for WRC Holdings Limited
2	WRC Holdings Limited Annual Report 2023-2024

Ngā kaiwaitohu
Signatories

Writer	Sarah Allen - Kaiwhakahaere Matua| Head of Company Portfolio and Economic Development
Approver	Luke Troy – Kaiwhakahaere Matua, Rautaki | Group Manager, Strategy

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or with Committee's terms of reference Council, as the sole shareholder of WRC Holdings Limited, has the statutory power to pass the resolutions (section 122 of the Companies Act 1993).
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies No implications for Council plans or other key strategies and policies.
Internal consultation Strategy and Finance were consulted.
Risks and impacts - legal / health and safety etc. No risks were identified.

Attachment 1 to Report 24.587

Shareholder resolutions for WRC Holdings Limited

WELLINGTON REGIONAL COUNCIL
(the Shareholder)

WRC HOLDINGS LIMITED
(the Company)

Written resolution of the sole shareholder of the Company pursuant to section 122 of the Companies Act 1993 (the *Act*) and clause 18 of the Company's constitution (the *Constitution*) and dated 31 October 2024

Introduction

Under the Companies Act 1993 (the Act), the Board of the Company must call an annual meeting of shareholders to be held within a time specified by the Act. However, it is not necessary for the Company to hold a meeting of shareholders if everything required to be done at that meeting is done by written resolution passed under section 122 of the Act.

Resolutions

Wellington Regional Council, being the sole shareholder and entitled person of the Company, resolves and agrees:

1. That the audited financial statements of the Company for the accounting period ended 30 June 2024 and the Annual Report be approved and adopted.
2. To appoint Audit New Zealand (as required by section 70 of the Local Government Act 2002) as the auditor of the Company to:
   (a) Hold office from the date of this resolution until the conclusion of the Company's next annual meeting; and
   (b) Audit the Company's financial statements and the group financial statements for the accounting period after the date of this resolution.
3. That the auditor's fees and expenses are to be determined by the directors of the company (or their appointed officers) in consultation with the auditor.
4. Not to hold an Annual General Meeting.

Signed by the sole shareholder
WELLINGTON REGIONAL COUNCIL

____
Authorised Person

Attachment 2 to Report 24.587

WRC Holdings Limited
Financial Statements
for the year ended 30 June 2024

Attachment 2 to Report 24.587

Contents

Attachment 2 to Report 24.587

Directory

Directors	**Appointed**
C Kirk Burnnand (Chairperson)	20 November 2019
D Lee	24 November 2022
T Nash	24 November 2022
D Bassett	24 November 2022
L E Elwood	01 October 2023
R M Evans	01 October 2023
A J Hare	01 October 2023
H K Modlik	01 October 2023
N S W Ward	24 June 2019 (ceased 1 October 2023)
N O Leggett	12 October 2017(ceased 1 October 2023)
H M Mexted	24 June 2019 (ceased 1 October 2023)

Registered office
100 Cuba Street
Te Aro, Wellington 6011

Auditor
Clint Ramoo
Audit New Zealand
on behalf of the Auditor-General

Bankers
ANZ Bank New Zealand Ltd

Directors' report

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2024.

Principal Activities

WRC Holdings Limited (the Parent Company) is the investment holding company of Greater Wellington Regional Council. The WRC Holdings Limited Group (the Group) consists of WRC Holdings Limited, its wholly owned subsidiary Greater Wellington Rail Limited, and is a 76.9% owner of CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview.

Greater Wellington Rail Limited owns and manages rail rolling stock and rail infrastructural assets.

The Group's primary objectives

The primary objectives of WRC Holdings Limited are to support Council's strategic priorities and operate a successful, sustainable, and responsible business while managing its assets prudently. This is achieved by separating Council's investment and commercial assets from its public good assets. The core role of WRC Holdings is to impose commercial discipline on the Group's activities and generate a commercial rate of return (where appropriate) and manage within agreed levels of debt to equity.

WRC Holdings owns Greater Wellington Regional Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

In relation to Greater Wellington Rail Limited (GWRL), the key objectives are to prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets).

Corporate Governance

WRC Holdings Limited is governed by a board of eight directors all of whom are appointed by the shareholder, with four independent external directors with commercial backgrounds to provide advice and expertise at the governance level. Directors meet regularly to direct and control the Group's proceedings. Helen Mexted, Nick Leggett and Nancy Ward completed their respective terms on the Board in late 2023 and we wish to acknowledge the benefit the Board has received over the years from their expertise and extend our appreciation for their contributions. The WRC Holdings Board met a scheduled eight times during the year.

The Board has close liaison with its partners, Wellington Regional Council who manage the Rail operations in conjunction with Transdev Wellington, and CentrePort who manage the Port operations. These bodies regularly report and meet with the respective Boards of the WRC Holdings Group.

In addition to the obligations of the Local Government Act 2002, WRC Holdings is also subject to the requirements of the Companies Act 1993 and all other applicable legislative requirements.

Results

The WRC Holdings Group largely met all its objectives as set out in the 2023-24 Statement of Intent.

The nature and scope of activities undertaken by the group are consistent with those set in the 2023-24 Statement of Intent and Wellington Regional Council's Long Term Plan.

Attachment 2 to Report 24.587

Statement of Service Performance

WRC HOLDINGS - FINANCIAL PERFORMANCE TARGETS

Financial WRC Holdings Group results compared with Statement of Intent (SOI) Targets:

	Actual 2024 $'000	**Target 2024 $'000**	Actual 2023 $'000
Net (deficit) / surplus before tax	**(225)**	**(30,500)**	(20,902)
Net (deficit) / surplus after tax	**3,401**	**(29,733)**	(16,513)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**34,617**	**25,121**	17,738
Return on Shareholder's equity	**(0.31)%**	**(3.50)%**	(2.50)%
Return on total assets	**(0.37)%**	**(3.10)%**	(2.00)%
Shareholders equity to total assets	**81.00%**	**80.00%**	80.00%
Dividends	**2,400**	**2,300**	2,400

The above 2024 financial results are calculated on the same basis as previous year.

Net (deficit) / surplus before tax

The Group posted net deficit before tax of $225,000 (2023: deficit of $20.90 million) compared to a budget deficit before tax of $30.50 million for the year.

The main driver for the variance to budget is the reduced depreciation charged due to a higher valuation being used when finalising the depreciation budget.

Net (deficit) / surplus after tax

The net surplus after tax was $3.40 million (2023: deficit of $16.50 million), compared to a budget deficit after tax of $29.70 million. This is in line with the increased depreciation in GWRL following the increase in assets fair value.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA was $34.62 million (2023: $17.74 million) compared to a budget of $25.12 million.

This variance is related to the same factors as in the net deficit before tax above.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. As at 30 June 2024, return on total assets was (0.37%) (2023: 2.00%) compared to a budget of (3.10%).

The variance to target is mainly due to small surplus for EBIT.

Return on shareholder's equity

This target is calculated as net surplus/ (deficit) after tax as a percentage of average shareholder equity (excluding minority interest). As at 30 June 2024, the return on shareholders' equity was (0.31%) (2023: 2.50%), compared to a budget of (3.50%).

Shareholder's equity to total assets

As at 30 June 2024 the ratio of shareholders equity to total assets stood at 81% (2023: 80%) and compared to a budget of 80%.

Dividends paid (or payable to the shareholders)

A dividend of $2.4 million was paid to the shareholders during the year (2023: $2.4 million).

Attachment 2 to Report 24.587

WRC HOLDINGS - OPERATIONAL PERFORMANCE MEASURES

OBJECTIVE	ACTIVITY	Target 2024	Actual 2024
Support Council's strategic priorities	Review and approve WRC Holdings Group Statement of Intent (SOI) for consistency with Council's strategic direction	Review draft Holdings SOI by 1 March each year	**Achieved** – delivered to shareholder before 1 March 2024.
		Approve Holdings SOI by 30 June each year	**Achieved** – Holdings SOI was approved prior to 30 June 2024
	Review and provide comments on the draft CentrePort Statement of Corporate Intent (SCI) to ensure consistency with Council's strategic direction	Review draft SCI and provide comments by 1 May each year	**Achieved** – draft SCI reviewed and comments provided to CentrePort before 1 May 2024
	Set expectations through annual Statement of Expectations letter to Centreport	Send Statement of Expectations to CentrePort by 31 December each year	**Achieved** – Statement of Expectations was sent to CentrePort prior to 31 December 2023.
	Consult with the shareholder in a timely manner on Holdings Group strategic or operational matters which could compromise Council's community outcomes	All such matters escalated to Council in a timely manner	**Achieved –** All matters requiring consultation with, or escalation to, Council were provided in a timely manner.
		Holdings to provide briefings to Councillors on matters of significance as required	**Achieved –** Briefings on matters of significance and quarterly updates have been provided to Council.
	Substantive matters, including those likely to generate media coverage, are reported to Council	Matters of this nature should be reported to Council by the Holdings Board as soon as practicable	**Achieved –** Matters of this nature have been reported to Council as soon as practicable
Operate a successful, sustainable, and responsible business	Monitor performance of WRC Holdings Group companies to ensure financial returns are optimised	WRC Holdings Board monitor Holdings Group companies' progress against their SOI targets quarterly	**Achieved –** Quarterly monitoring of WRC Holdings Group companies has been completed.
		WRC Holdings receives a quarterly report from CentrePort on its financial and non-financial performance	**Achieved** – Quarterly reporting from CentrePort has been provided to WRC Holdings.
Prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets)	Monitor the management of rail assets and risk to ensure GWRL's assets are fit-for-purpose	WRC Holdings Board review quarterly risk reporting for GWRL	**Achieved** – Quarterly risk reporting for GWRL has been provided to WRC Holdings Board.
		WRC Holdings Board receives the GWRL Annual Business Plan by 30 June each year	**Achieved** – GWRL Annual Business Plan completed and received prior to 30 June 2024.
		WRC Holdings Board received the GWRL Asset Management Plan by 30 September each year	**Achieved** – GWRL Asset Management Plan completed and provided to WRC Holdings Board prior to 30 September 2023.

The performance measures and results for Greater Wellington Rail Limited are set out within the separate Greater Wellington Rail Limited Annual Report (including the financial statements) for the year ended 30 June 2024.

Attachment 2 to Report 24.587

CENTREPORT LIMITED - PERFORMANCE TARGETS

	Actual 2024 $'000	Target 2024 $'000	Actual 2023 $'000
CentrePort Limited			
Net profit before tax	**31,920**	**16,421**	**15,500**
Net profit after tax (1)	**28,891**	**12,019**	**12,000**
Return on total assets (2)	**5.85%**	**3.31%**	**2.1%**
Return on equity (3)	**6.54%**	**3.51%**	**2.5%**
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	**24.23%**	**54.08%**	**50.3%**
Dividend	**7,000**	**6,500**	**6,000**

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items.
(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non current assets.
(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2024 to 2026 which was approved for issue in June 2023.

Attachment 2 to Report 24.587

CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our People	A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	0.97	≤ 2.5	1.7
		Lost Time Injury Severity (per 200,000 hours worked)	1.44[1]	≤ 7.95	6.17
		bSafe reports (incidents and near miss reports) involving injury	3%[2]	≤ 4.95%	4.3%
		Standard operating procedures (SOPs) reviewed and updated	99.4%[3]	≥ 92.5%	100%
	Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)	Achieved	Improvement on FY21 result	Improvement on FY21 result
	Increase gender diversity	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)	17%/83% All; 14%/86% ELT; 37%/67% Board.	Improve on 2023	18%/82% All; 14%/86% ELT; 40%/60% Board.
Our Customers	Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)	29.1[4]	30.0	29.6
	Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	Achieved	100% compliance	100% compliance
		100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	Achieved	100% compliance	100% compliance

[1] The Lost Time Injury Severity Rate and Lost Time Injury Frequency Rate reduced notably over the last twelve months with CentrePort's performance dropping into the range of good practice according to ILO standards for injury severity and incident rates highlighting the value of the Te Whare Tapa Whã programme and return to work rehabilitation programmes implemented three years ago.

[2] bSafe's raised resulting from injury were below the upper KPI threshold and showed continued reduction in the number of physical harm events to people over the past 12 months, emphasising the importance of the work CentrePort has done in encouraging early reporting of minor workplace incidents and hazards.

[3] Close to 100% of the SOPs reviewed on time with one non-critical SOP left to review by the end of June and completed in July 2024. It is noted that overall, the year results observed 100% achievement of SOP with the defined timelines. This is a significant achievement on the previous year's results and reflects the work done by CentrePort to ensure procedures and systems supporting this process have been streamlined and applied consistently with regular monitoring and reporting across the business.

[4] Note that for Q4 CentrePort were the third for Crane Rate in New Zealand following Lyttleton and Tauranga.

Attachment 2 to Report 24.587

CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our Environment	Operate in a sustainable manner	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	FY24 scope 1 and 2 emissions slightly higher than FY23 but remain 37% below FY19 baseline. Emission Reduction Plan update deferred to FY25.	Complete an update to CPL's Emission Reduction Plan to drive alignment	30.6% reduction
		Low Emission Infrastructure and Energy to drive lower Scope 3 emissions	The fuel bunker barge is now operating. Embedded solar energy on Shed 39 complete. Business Planning complete for remainder of Stage 1 and initial work gone into further stages.	Begin procurement for Stage 1 Kings Wharf Microgrid. Start Bunker Barge operation Overall energy investment Business Planning to drive low emission supply chain	N/A
	Improve biodiversity	Create further partnerships to drive enhanced biodiversity with key stakeholders	New relationships with VUW and Mountains to Sea underway including support for marine biodiversity research. Existing partnership with Zealandia and Sanctuary to Sea enhanced.	Partnership agreed to improve harbour biodiversity	N/A
Our Community	Urban and City Integration	Inner Harbour Precinct	Achieved Achieved	Precinct master plan stakeholder engagement Interim opportunities engagement	Start Inner Harbour Precinct development, stakeholder engagement.
Our Finances	Financial performance	Group EBITDA	$25.9m	$26.0m	$22.3
		Underlying Net Profit After Tax	$28.9m	$13.0m	$11.9
		Underlying NPAT Return on Group Equity	3.0%	2.7%	2.5%
		Dividend	$7m	$6.5m	$6.0m

Attachment 2 to Report 24.587

CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our Infrastructure	Infrastructure Investments	Seaview Wharf Renewal	Project continues with main wharf and dolphin piling completed, structural elements separated, and gravity clamps installed. These elements immediately contribute to improved resilience to the fuel manifold. New mooring and berthing dolphins' construction continues. Resilience work is due for completion in late 2025 to provide a resilient fuel berth and transfer facility.	Continue Seaview Wharf Renewal seismic resilience and start berthing improvements	Seaview Wharf Renewal continued, with pilling now completed on Phase 1A and 1A+, which are the Main Wharf head and main wharf extension. Progress made Phase 1B and construction due to start this year. Progress with the fuel industry is still slower than expected due to changes in the industry
		Ground Resilience and AQ 2/3 Seawall Resilience	Ground Resilience works complete. Over 10,000 stone columns have been installed to the port perimeter along with transitional paving to minimise potential effect of differential settlement following an earthquake. AQ 2/3 deferred.	Complete Ground Resilience and detailed planning of AQ 2/3 seawall repairs	Ground Resilience of Main Thorndon Reclamation progression in line with expectations. Area 5 completed and remainder progressing in line with expectations.
		Underground infrastructure and Pavements strategy	CentrePort continues early engagement with regulators and specialists to prepare for its 2028 consent changes. Information gathering is complete, and monitoring continues to provide the baseline conditions against which stormwater solutions can be measured.	Continue and increase the information gathering which will inform detailed planning for stormwater debris management.	CentrePort have partnered with Cheal consultants who successfully delivered the stormwater treatment plant for Eastland Port, which is considered as the gold standard of stormwater treatment plants for New Zealand Ports.

Attachment 2 to Report 24.587

CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
		KiwiRail Single User Terminal (SUT)	Note that in December 2023 the Government declined to provide further funding to KiwiRail for their Single User Terminal (SUT). As a result, KiwiRail cancelled their SUT project citing a lack of funding. CentrePort continues to work with KiwiRail, the government and other key stakeholders to determine a pathway forward for Cook Strait ferry operations and associated port infrastructure.	Finalise and sign detailed transaction documents, (subject to KiwiRail project funding.) Work with KiwiRail to progress development of Single User Terminal.	Multi User Ferry Terminal Precinct preferred option developed and ongoing monitoring of KiwiRail SUT design and possible impacts on preferred solution. Key Commercial Terms with KiwiRail signed in December 2022. Working to develop and sign detailed transaction documents. Progress slowed by KiwiRail's funding challenges. CentrePort continue to support KiwiRail with design development and construction procurement.

Directors Information

Directors holding office for the Parent and its 100% owned subsidiaries during the year were:

C Kirk-Burnnand (Chairperson)
D Lee
T Nash
D Bassett
L E Elwood
R M Evans
A J Hare
H K Modlik
H M Mexted (until 1 October 2023)
N S W Ward (until 1 October 2023)
N O Leggett (until 1 October 2023)

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	2024 $'000	2023 $'000
L E Elwood	**21**	-
R M Evans	**21**	-
A J Hare	**21**	-
H K Modlik	**21**	-
N O Leggett (until 1 October 2023)	**6**	17
H M Mexted (until 1 October 2023)	**6**	17
N S W Ward (until 1 October 2023)	**6**	17
Total	**102**	51

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2024:

C Kirk Burnnand

Ashcroft Pine Forest GP Limited (Shareholder)

Autostop Holdings Limited (Shareholder & Director)

Autostop Tasman Limited (Director)

Autostop Caspian Limited (Director)

Autostop Baltic Limited (Director)

Autostop Pacific Limited (Director)

Autostop Arctic Limited (Director)

Autostop Group Limited (Director)

Autostop Motors Limited (Director)

Patricia Mcdonnell Trustee Company Limited (Shareholder & Director)

Pinedale Forest GP Limited (Shareholder)

Pl North Limited (Director)

Pl Ross Limited (Director)

PL Tia Limited (Director)

Porirua Foundation Administration Limited (Director)

Property Logic Limited (Shareholder & Director))

Te Karaka Forest GP Limited (Shareholder)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

D Bassett

H2O New Zealand Limited (shareholder & Director)

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

The Terrace – Martinborough Limited (shareholder & Director)

D Lee

CoGo Connecting Good Limited (shareholder)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

Aureon Limited (shareholder)

T Nash

Shelter New Zealand Limited (shareholder & Director)

Portable Hospitality Limited (shareholder & Director)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

E-Bike Subscription Limited (shareholder & Director)

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L Elwood

Greater Wellington Rail Limited (Director)

Unison Networks Limited (Director)

RPS Switchgear Limited (Director)

Whanganui District Council Holdings Limited (Director)

Electra Limited (Director)

Te Toi Mahana Trust (Trustee)

R Evans

Greater Wellington Rail Limited (Director)

Television New Zealand Limited (Director)

Ngapuhi Investment Fund Limited (Director)

A Hare

Greater Wellington Rail Limited (Director)

Wellington Water Limited (Director)

Generational Limited (Director)

Engineering New Zealand Foundation (Trustee)

Audit and Risk Committee Ministry for the Environment (Independent Member)

Rotary Club of Wellington EurekaTrust (Trustee)

H Modlik

Greater Wellington Rail Limited (Director)

AEGIS Retirement Living Limited (Director)

AEGIS Silverstream Limited (Director)

ARIJIT Residential Limited (Director)

Conporto Health Limited (Director)

HKM Consulting Limited (Director)

Kenepuru Developments Limited (Director)

Kimihia Number 1 Limited (Director)

Kimihia Number 2 Limited (Director)

Raranga Limited (Director)

Toa Kainga Limited (Director)

Toa Building Supplies Limited (Director)

Te Kainga Ururua Limited (Director)

Te Tumu Whakatipu Limited (Director)

Toa Kenepuru SP Limited (Director)

Toa Kenepuru Transition Limited (Director)

Toa Rangatira Retirement Villages Limited (Director)

Whitby Village (2009) Limited (Director)

Te Aka Whai Ora (Director)

N O Leggett (ceased 1 October 2023)

Greater Wellington Rail Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Infrastructure New Zealand (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

Wellington Water Limited (Director)

H M Mexted (ceased 1 October 2023)

Greater Wellington Rail Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward (ceased 1 October 2023)

St John of God Hauora Trust (Board Member)

McIntosh Ward & Associates Limited (Shareholder & Director)

Youth Hostel Association New Zealand (Board Member)

Greater Wellington Rail Limited (Director)

Directors' Interest Register

Directors have had no interest in any transaction or proposed transactions with the Group.

Directors’ Insurance

The Company has arranged Directors’ and Officers’ Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors’ Use of Company Information

The board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

The Parent Company and all its 100% owned subsidiaries have no employees. The 76.9% owned subsidiary, CentrePort Limited and its group of subsidiaries who received remuneration and other benefits in excess of $100,000 are tabulated below:

	Number of current employees
$100,001 - $110,000	**19**
$110,001 - $120,000	**21**
$120,001 - $130,000	**23**
$130,001 - $140,000	**17**
$140,001 - $150,000	**10**
$150,001 - $160,000	**8**
$160,001 - $170,000	**13**
$170,001 - $180,000	**13**
$180,001 - $190,000	**7**
$190,001 - $200,000	**2**
$200,001 - $210,000	**2**
$210,001 - $220,000	**9**
$220,001 - $230,000	**1**
$240,001 - $250,000	**1**
$250,001 - $260,000	**1**
$260,001 - $270,000	**4**
$270,001 - $280,000	**5**
$350,001 - $360,000	**1**
$360,001 - $370,000	**4**
$400,001 - $410,000	**1**
$700,001 - $710,000	**1**
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Auditor

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Clint Ramoo of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director

30 September 2024

Director

30 September 2024

Attachment 2 to Report 24.587

Financial Statements

WRC Holdings Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2024

	Notes	Group 2024 $'000	Group 2023 $'000
REVENUE			
Operating revenue	3	**128,664**	121,395
Share of associate profit accounted for using the equity method	11	**1,295**	1,642
Finance income	3	**7,733**	6,198
Total revenue		**137,692**	129,235
Gain / (loss) in fair value movements:			
Net gain on disposal of property , plant and equipment	3	**336**	(281)
Fair value of investment properties - CentrePort	3	**10,525**	(1,509)
Demolition costs		**(17)**	(531)
EXPENDITURE			
Expenses, excluding finance costs	3	**(144,711)**	(144,594)
Finance costs	3	**(4,050)**	(3,222)
(Deficit) / surplus before taxation and subvention payment		**(225)**	(20,902)
Income tax benefit / (expense)	4	**3,626**	4,389
Profit / (Loss) from continuing operations		**3,401**	(16,513)
Net (deficit) / surplus after tax for the year		**3,401**	(16,513)
Other comprehensive revenue and expenditure			
Estimated Increase/(Decrease) in fair value of Rail and Public Transport assets		**-**	(14,594)
Deferred tax impact of estimated fair value movement		**-**	4,084
Increase/(Decrease) in value of CentrePort port land		**-**	9,636
Adjustment to Fair value for Land resilience Impact		**8,705**	-
Movement in fair value reserve after tax		**50**	-
		8,755	(874)
Other comprehensive income for the year, net of tax		**8,755**	(874)
Total comprehensive income for the year		**12,156**	(17,387)
Total comprehensive revenue and expenditure for the year is attributable to:			
Owner of WRC Holdings Limited		**4,168**	(21,738)
Non-controlling interest		**7,988**	4,351
		12,156	(17,387)

The accompanying notes form part of these financial statements.

Attachment 2 to Report 24.587

WRC Holdings Limited
Statement of Changes in Equity
For the year ended 30 June 2024

Group	Notes	Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2022	16	316,945	130,798	286,362	106,640	840,749
Total Comprehensive Income for the Year		-	-	(18,638)	2,125	(16,513)
Contributed Equity		20,200	-	-	-	20,200
Increase / (Decrease) in Revaluation reserve		-	(3,100)	-	2,226	(874)
Dividends		-	-	(2,400)	(1,385)	(3,785)
Balance as at 30 June 2023		337,145	127,699	265,325	109,606	839,775

Group	Notes	Share Capital $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2023	16	337,145	127,699	265,325	109,606	839,775
Total Comprehensive Income for the Year		-	-	(2,565)	5,966	3,401
Contributed Equity		18,100	-	-	-	18,100
Increase / (Decrease) in Revaluation reserve		-	6,733	-	2,022	8,750
Dividends		-	-	(2,400)	(1,615)	(4,015)
Balance as at 30 June 2024		**355,245**	**134,440**	**260,360**	**115,974**	**866,011**

The accompanying notes form part of these financial statements.

Attachment 2 to Report 24.587

WRC Holdings Limited
Statement of Financial Position
As at 30 June 2024

	Notes	Group 2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	14	**80,469**	114,630
Trade and other receivables	5	**13,927**	12,313
Other financial assets	18	**-**	18,960
Inventories	6	**2,834**	2,711
Current accounts - GWRC		**5,938**	6,232
Total current assets		**103,168**	154,846
Non-current assets			
Property, plant and equipment	7	**782,831**	759,205
Intangible assets	8	**24**	168
Investments in joint venture	11	**12,552**	13,210
Loans and Advances to Joint Venture		**9,786**	9,934
Investments Securities at Fair Value through OCI		**20,826**	-
Investments Securities at Amortised Cost		**14,584**	-
Investment properties	10	**96,650**	86,125
Deferred tax assets	12	**26,033**	23,203
Right of use assets		**-**	-
Total non-current assets		**963,286**	891,845
Total assets		**1,066,454**	1,046,691
LIABILITIES			
Current liabilities			
Trade and other payables		**12,167**	14,459
Interest bearing liabilities	13	**56,000**	12,000
Taxation payable	4	**4,748**	2,725
Provisions for employee entitlements	15	**4,154**	3,953
Total current liabilities		**77,069**	33,137
Non-current liabilities			
Interest bearing liabilities	13	**-**	44,000
Provision for employee entitlements	15	**137**	123
Deferred tax liabilities	12	**123,237**	129,656
Total non-current liabilities		**123,374**	173,779
Total liabilities		**200,443**	206,916
Net assets		**866,011**	839,775
EQUITY			
Contributed equity	16	**355,245**	337,145
Reserves		**134,432**	127,699
Retained earnings		**260,360**	265,325
Non-controlling interest		**115,974**	109,606
Total equity		**866,011**	839,775

The accompanying notes form part of these financial statements.

For, and on behalf of, the Board of Directors.

Director
30 September 2024

Director
30 September 2024

Attachment 2 to Report 24.587

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2024

	Notes	Group 2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		**103,766**	99,397
Rental income		**7,612**	7,125
Interest income received		**8,924**	5,137
Subsidies		**14,500**	15,359
		134,802	127,018
Cash was disbursed to:			
Payments to suppliers and employees		**(106,587)**	(101,520)
Income taxation refunded / (paid)		**564**	(823)
Interest expense paid		**(3,949)**	(3,145)
Subvention payment		**(4,181)**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**20,649**	21,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of Property, Plant & Equipment		**608**	3
Proceeds from matured investments		**18,965**	19,461
Cash was applied to:			
Purchase of Property, Plant & Equipment		**(55,361)**	(65,798)
Development of Investment Properties		**-**	(97)
Purchase of subsidiary company shares		**-**	-
Loan to Joint Venture		**(25)**	(2,400)
Other transfers		**-**	-
Dividends received		**1,955**	1,250
Purchase of investments		**(35,351)**	(18,960)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(69,209)**	(66,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings		**-**	1,000
Issue of ordinary shares		**18,100**	20,200
Cash was applied to:			
Movement in current account		**314**	602
Dividends paid to shareholders		**(4,015)**	(3,785)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**14,399**	18,017
Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end		**(34,161)**	(26,994)
Add opening cash, cash equivalents / (overdraft) brought forward		**114,630**	141,624
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	14	**80,469**	114,630

The accompanying notes form part of these financial statements

1 Statement of compliance

The "Group" consists of WRC Holdings Limited, its wholly owned subsidiaries, Greater Wellington Rail Limited and its 76.9% subsidiary CentrePort Limited, together with its subsidiaries, as disclosed in note 9. WRC Holdings principal address is 100 Cuba Street, Te Aro, Wellington, New Zealand.

WRC Holdings provides transport, infrastructure, buildings and port facility and operations to the Greater Wellington region via its subsidiaries, for community and social benefit, rather than to make a financial return. Accordingly, WRC Holdings has designated itself as public benefit entity (PBE) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

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

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

The Financial Statements were authorised for issue by WRC Holdings Limited on 30 September 2024.

2 Statement of accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

For the purposes of financial reporting, WRC Holdings is designated as a public benefit entity. The subsidiary companies comprise Greater Wellington Rail Limited and CentrePort Limited. CentrePort Limited is designated as a profit-oriented entity and Greater Wellington Rail is designated as a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Specific accounting policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive revenue and expenditure, statement of movements in equity, balance sheet and cash flows are set out below:

(b) Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

Income tax calculations (note 4)

The fair value of Rolling Stock and Rail Infrastructure (note 7)

Fair value of Port land (note 7)

Impairment of Port assets held at cost (note 7)

Recognition of deferred tax assets and liabilities (note 12)

(c) Basis of consolidation

The Group financial statements include WRC Holdings Limited (the Parent) and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in revenue and expenditure and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any returned interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive revenue and expenditure and accumulated in equity, the amounts previously recognised in other comprehensive revenue and expenditure and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to revenue and expenditure or transferred directly to retained earnings as specified by applicable PBE Accounting Standards).

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent gains control until the date when the Parent ceased to control the subsidiary. Refer to note 9

All intra-group transactions are eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(d) Statement of cash flow

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

(i) Cash and cash equivalents comprise cash on hand, cash in banks and investment in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(ii) Investing activities are those activities relating to the acquisition and disposal of property, plant and equipment, investment property, intangible assets and joint ventures. Investments include securities not falling within the definition of cash.

(iii) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(iv) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(e) Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective and not early adopted are:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

The group has not yet assessed the impact of these amendments and the new standard in detail. These amendments and the new standard are not expected to have a significant impact.

3 Operating surplus / (deficit) before subvention and taxation

Accounting policies

Applicable accounting policies are explained below:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Rendering of services

Revenues from services are recognised in the accounting period in which the services have been rendered.

(ii) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iii) Dividend and interest revenue

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Grant revenue

Revenues from non-exchange grants is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- It is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably and
- The transfer is free from conditions that require the asset to be refunded or returned to the grantor if the conditions are not fulfilled.

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3 Operating surplus / (deficit) before subvention and taxation (continued)

	Group	
	2024 **$'000**	2023 $'000
Other revenue		
Rental income (exchange revenue)	**32,820**	26,074
Operating Revenue	**77,647**	74,938
CentrePort income (exchange revenue)	**3,352**	4,745
Interest (exchange revenue)	**340**	279
Operational grants from GWRC (non-exchange revenue)	**14,505**	15,359
	128,664	121,395
Fair value movements and other gains and losses:		
Net Gain/(Loss) on Sale of Property plant and equipment	**336**	(281)
Fair value (loss) gain on CentrePort investment property	**10,525**	(1,509)
Demolition costs	**(17)**	(531)
	10,844	(2,321)
Expenses, excluding finance costs		
Changes in inventories of finished goods and work in progress	**115**	185
Employee benefits expense	**30,959**	28,599
Depreciation and amortisation expense	**38,525**	41,431
Audit services	**431**	412
Directors fees and expenses	**679**	610
Management fees	**324**	235
Repairs and maintenance	**24,002**	21,954
Rates and Insurance	**9,042**	8,066
Other operating expenses	**39,678**	42,225
Tax services	**63**	56
Consultants - legal	**18**	58
Rental and lease expenses	**875**	763
	144,711	144,594
Finance costs		
Interest costs	**(4,050)**	(3,222)
Interest received	**7,733**	6,198
Net finance costs	**3,683**	2,976
Operating surplus/(deficit) before subvention, taxation	**(225)**	(20,902)

Fee paid to audit
The audit fee is for the annual audit of the financial statements.

Other assurance services provided by the Auditor include: A reasonable assurance engagement in connection with the CentrePort Captive Insurance Limited annual solvency return to the Reserve Bank of New Zealand at a cost of $5,000 (2023: $5,000).

4 Taxation

Accounting policy

The tax expense for the period comprises current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Recognition and measurement

Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

	Group	
	2024 **$'000**	2023 $'000
(a) Income tax recognised in profit or loss		
Tax expense / (benefit) comprises:		
Current tax expense / (income)	**5,628**	4,026
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(9,254)**	(8,415)
Adjustments recognised in current period in relation to deferred tax in prior periods	**-**	-
Tax loss recognised	**-**	-
Total current tax	**(3,626)**	(4,389)
Total Tax (benefit) / expense	**(3,626)**	(4,389)
Income Tax Receivable / (Payable)		
Opening Balance	**(2,725)**	475
Income tax paid / (refunded)	**(564)**	823
Prior Year Subvention / Loss Offset	**4,181**	-
Prior Year Adjustment	**(52)**	106
Current Year Tax (Liability) / Benefit	**(5,588)**	(4,129)
	(4,748)	(2,725)

	Group	
	2024 **$'000**	2023 $'000
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
(Deficit) / Surplus from operations	**(225)**	(20,902)
	(225)	(20,902)
Income tax (benefit) / expense calculated at 28%	**(63)**	(5,853)
Non-deductible expenses	**4,153**	4,362
Non-assessable income	**(8,146)**	(4,889)
(Increase) / decrease in value of developed investment property land	**(2,946)**	422
Recognition of deferred tax on buildings	**1,812**	76
Insurance Proceeds on non-depreciable assets	**112**	(85)
Permanent differences	**1,453**	1,680
	(3,626)	(4,287)
(Over) / under provision of income tax in previous period	**-**	(103)
Income tax expense	**(3,626)**	(4,390)
(c) Imputation credit account balances		
Balance at end of the period	**13,868**	13,668

5 Trade & other receivables

Accounting policy

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at amortised cost, less provision for expected credit losses. Trade and other receivables measured at amortised cost approximates fair value. Expected credit losses are determined using a lifetime expect credit loss provision for Trade and Other Receivables. The Expected Credit Loss rates are based on the Group's historical credit losses experienced over the prior three year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers

As at 30 June 2024 the Group expects negligible credit losses (2023: negligible).

	Group	
	2024 **$'000**	2023 $'000
Trade receivables	**7,671**	7,596
Less Expected Credit Losses	**-**	-
Trade receivable	**7,671**	7,596
Other receivable	**5,591**	4,106
Prepayments	**665**	611
	13,927	12,313

6 Current Assets – Inventory

Accounting policy

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.

Cost of crushed concrete and spare parts are calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

No inventories are held as security for liabilities as at 30 June 2024 (2022: Nil).

	Group	
	2024	2023
	$'000	$'000
Seaview crushed concrete	**548**	465
Spares stock control	**2,080**	2,042
Fuel and stock control	**206**	204
	2,834	2,711

7 Property, plant and equipment

Accounting policy

The Group has seven classes of property, plant and equipment:

Operational port freehold land
Buildings
Wharves and paving
Plant and equipment
Rail Infrastructure
Rail rolling stock
Work in progress

Operational Port Land is stated at fair value. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022, adjusted for the estimated land resilience costs. Operation Port Land which was transferred to Investment Property during 2022/23 was valued by Colliers International at the date of transfer.

The Group's Policy is to get a formal valuation every 3 to 5 years, but this has been brought forward due to the current market conditions. When there is no formal valuation performed the fair value of Operational Port Land is reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in Other Comprehensive Income and accumulated as a separate component of equity in the properties Revaluation Reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in Profit or Loss, in which case the increase is credited to Profit or Loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the Profit or Loss to the extent that it exceeds the balance, if any, held in the property's Revaluation Reserve relating to a previous revaluation.

Property and Equipment (other than Operational Port Land, Rolling Stock and Transport Infrastructure) 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.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property and Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation, an undetermined purpose, or to derive rental income has been classed as Investment property.

Rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every three to five years. GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

There is no depreciation on capital works in progress and on land or investment properties. Depreciation on all other property, plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

- Buildings	5 to 50 years
- Wharves, Paving and Seawalls	2 to 100 years
- Plant and equipment	2 to 50 years
- Rail rolling stock	20 to 30 years
- Rail Infrastructure	3 to 150 years

The useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Impairment

No impairment adjustment has been made in the year ended 30 June 2024 (2023: Nil).

Attachment 2 to Report 24.587

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Plant and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2023							
Opening net book amount	115,312	9,924	85,792	43,109	365,974	146,678	766,789
Additions	13,339	-	-	8	-	-	13,347
Transfer	23	2,387	15,219	8,955	2,533	16,737	45,854
Depreciation charge	-	(767)	(5,508)	(5,302)	(24,207)	(5,644)	(41,428)
Disposals / written off	-	-	(293)	(18)	-	(962)	(1,273)
Reclassification	(24,925)	-	(3,078)	3,078	-	-	(24,925)
Revaluation gain / (loss)	9,636	-	-	-	13,981	(28,575)	(4,958)
Work in progress movement	-	30	6,904	(943)	1,500	(1,692)	5,799
Closing net book amount	113,385	11,574	99,036	48,887	359,781	126,542	759,205
As at 30 June 2023							
Cost/Revaluation	127,811	22,370	159,673	110,445	359,781	126,542	906,622
Accumulated impairment/Resilience provision	(14,426)	-	-	-	-	-	(14,426)
Accumulated depreciation	-	(10,796)	(60,637)	(61,558)	-	-	(132,991)
Closing Balance 30 June 2023	113,385	11,574	99,036	48,887	359,781	126,542	759,205
Work in Progress							
Opening balance 1 July 2022	-	721	22,248	2,186	2,348	14,913	42,416
Transfers	-	(1,847)	(17,383)	(7,463)	(2,536)	(16,738)	(45,967)
Additions	-	1,876	24,287	6,520	4,040	15,046	51,769
Closing Balance 30 June 2023	-	750	29,152	1,243	3,852	13,221	48,218

Attachment 2 to Report 24.587

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Plant and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2024							
Net book amount							
Opening net book amount	113,385	11,574	99,036	48,887	359,781	126,542	759,205
Additions	6,166	-	-	-	-	-	6,166
Transfers	-	-	6,179	4,280	538	10,883	21,880
Depreciation charge	-	(701)	(6,495)	(5,513)	(19,249)	(6,567)	(38,525)
Disposals / written off	-	(151)	-	(28)	-	-	(179)
Reclassification	(448)	-	42	406	-	-	-
Revaluation gain / (loss)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Decrease in Fair Value	-	-	-	-	-	-	-
Working in progress	-	278	16,443	1,206	9,462	(1,811)	25,578
Provision for Resilience	8,706	-	-	-	-	-	8,706
Closing net book amount	127,809	11,000	115,205	49,238	350,532	129,047	782,831
As at 30 June 2024							
Cost or Valuation	127,809	21,115	182,337	115,463	369,781	135,614	952,119
Accumulated depreciation	-	(10,115)	(67,132)	(66,225)	(19,249)	(6,567)	(169,228)
Closing Balance 30 June 2024	127,809	11,000	115,205	49,238	350,532	129,047	782,831
Work in Progress							
Opening balance 1 July 2023	-	750	29,152	1,243	3,852	13,221	48,218
Transfers	-	-	(6,179)	(4,280)	(538)	(10,883)	(21,880)
Additions	-	304	22,001	5,942	11,011	8,060	47,906
Closing Balance 30 June 2024	-	1,054	44,974	3,493	14,325	10,398	74,244

7 Property, plant and equipment (continued)

Valuation Approach for Fixed Assets measured at Fair Value

Operational Port Land has been valued in accordance to the relevant Valuation Guidance and PBE IPSAS 17 Property Plant and Equipment. Operational Port Land was valued on 30 June 2022 by independent registered valuers of the firm Colliers International.

For the year ended 30 June 2024 management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the reduction in provision for land resilience following the conclusion of the land resilience works.

Operational Port Land comprises Industrial Zoned Land and Other Port Land (2023: Industrial Zoned Land and Other Port Land) and the fair values have been determined in accordance with International Valuation Standards and Australia and New Zealand Valuation and Property Standards NZVTIP 2 - Valuations for Real Property, Plant & Equipment for Use in New Zealand Financial Reports and PBE IPSAS 17 Property, Plant and Equipment.

Operational Port Land

(a) Industrial Zoned Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties (“Leasehold Land”) as part of port operations.

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 including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, 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. Significant 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; and
- 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.

Other key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient 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 below.

7 Property, plant and equipment (continued)

The following table summarises the valuation approach used by the valuers in 2022 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged since 2022, other than an adjustment for transfers to investment property in the 2024 financial year and movements in the provision for land resilience:

Industrial Zoned Land	Assessed Value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Freehold Land	$ 86.8m (2023: $86.6m)	Direct Sales Comparison approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm (2023: $50psqm to $1,650psqm)	+-5% $4.4m (2023: +-5% $4.4m)
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property sustainable net income to derive value. The rate selected was 6.25% (2023: 6.25%)	+-0.25% $0.1m (2023: +-0.25% $0.1m)
		Discounted Cash Flow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2023: 7.5%)	+-0.25% $0.1m (2023: +-0.25% $0.1m)
Leasehold Land	$11.5m (2023: $11.5m)	Capitalised Net Rental approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $1,500psqm to $1,750psqm (2023: $1,500psqm to $1,750psqm)	+-5% $0.6m (2023: +-5% $0.6m)
Assessed Value	**$98.2m (2023: $98.2m)**			
Provision for Land Resilience	$Nil (2023: ($14.4m))	Cost estimates	Estimated cost of completing land resilience work.	+-15% $2.2m (2023: +-15% $2.2m)
Total Fair Value	**$98.2m (2023: $83.8m)**			

7 Property, plant and equipment (continued)

Operational Port Land Resilience
During the period the remaining land resilience provision has been reduced to nil (2023: $14.4m) following the completion of the work that was needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The reduction is comprised of $6.2m of work undertaken during the year less $0.4m of incurred costs reclassified to Property, Plant and Equipment, and $8.7m of adjustment through Other Comprehensive Income.

(b) Other Port Land

Other Port Land is made up of Freehold land and land leased out to third parties (“Leasehold Land”). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach - this is 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.
- Market Capitalisation approach - This is where fair value is determined by assessing the property's market ground rent and then capitalising this using an appropriate yield.
- 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.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

7 Property, plant and equipment (continued)

The following table summarises the key inputs and assumptions used by the valuer to arrive at an assessed value and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged since 2022, other than an adjustment for transfers to investment property in the 2024 financial year:

Other Port Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Leasehold Land	$24.5m (2023: $24.5m)	Capitalised Net Market Rental	Weighted average land value -the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm (2023: $150psqm to $750psqm)	+-5% $1.3m (2023: +-5% $1.2m)
Freehold Land	$5m (2023: $5.0m)	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 8.25% (2023: 8.25%)	+-0.25% $0.3m (2023: +-0.25% $0.3m)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2023: 8.75%)	+-0.25% $0.2m (2023: +-0.25% $0.2m)
Total Fair Value	**$29.6m (2023: $29.6m)**			

8 Intangible assets

Accounting policy

(i) Computer software
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.

The amortisation expense is included in operating expenses in the statement of comprehensive revenue and expenditure.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with Software as a Service arrangements are expensed and capitalised only when configuration and customisation expenses create an intangible asset, that is separate to the software. The Group must be able to control the intangible asset and to restrict other's access to the benefits.

8 Intangible assets (continued)

Group	Computer software $'000	Total $'000
Year ended 30 June 2023		
Opening net book amount	355	355
Impairment loss	-	-
Amortisation charge	(187)	(187)
Closing net book amount	168	168
Cost	3,326	3,326
Accumulated amortisation and impairment	(3,158)	(3,158)
Net book amount	168	168

Group	Computer software $'000	Total $'000
Year ended 30 June 2024		
Opening net book amount	168	168
Disposals	(21)	(21)
Amortisation charge	(123)	(123)
Closing net book amount	24	24
Cost	2,545	2,545
Accumulated amortisation and impairment	(2,521)	(2,521)
Net book amount	24	24

9 Investments in subsidiaries

Accounting policy

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive revenue and expenditure.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity	Place of incorporation and operation	Proportion of ownership interest held by the Group 2024	2023
Greater Wellington Rail Limited	Rail rolling stock owner	New Zealand	**100%**	100%
Harbour Quays D4 Limited	Commercial rental property	New Zealand	**100%**	100%
CentrePort Cook Strait Ferry Terminals Limited*	Inactive	New Zealand	**76.9%**	76.9%
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
CentrePort Captive Insurance Limited**	Captive Insurance Company	New Zealand	**76.9%**	76.9%

*During the year ended 30 June 2023, Wellington Port Coldstores Limited changed its name to CentrePort Cook Strait Ferry Terminals Limited.

**On 14 October 2022, the Reserve Bank of New Zealand granted a licence under The Insurance (Prudential Supervision) Act 2010 for CentrePort Captive Insurance Limited to operate as a captive insurance company. On 1 July 2023, CentrePort Captive Insurance Limited issued its first insurance contract, insuring $20m of Material Damage and Business Interruption exposure to earthquake risk for CentrePort Ltd without any reinsurance contract purchased (2023: nil).

10 Investment Properties

Investment Property

Investment Property, which is property held to earn rentals 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 Investment Property:

- Developed Investment Property
- Land Available for Development

	Group	
	2024 $'000	2023 $'000
Developed Investment Properties	**28,000**	30,500
Land Available for Development	**68,650**	55,625
	96,650	86,125
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Developed Investment Property as at 1 July	**30,500**	31,767
Additions	**-**	155
Increase / (decrease) in fair value	**(2,500)**	(1,252)
Disposals	**-**	(169)
	28,000	30,500
Land Available for Development	**55,625**	30,850
Additions	**-**	106
Transfer from / (to) Developed Investment Property	**-**	24,925
Increase / (decrease) in fair value	**13,025**	(256)
	68,650	55,625

Valuation Approach

(a) Developed Investment Property

The Developed Investment Property consists of the Customhouse building. This property is leased to a third party.

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

- Market Capitalisation approach - This is where fair value is determined by capitalising the property's market rental at an appropriate yield, 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 10 year period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

(b) Land Available for Development

Land Available for Development consists of the Harbour Quays Development Land and the Northern Reclamation (2023: Harbour Quays Development Land and the Northern Reclamation).

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Land Available for Development is valued using a 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, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

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 maintain the sea wall along the reclamation edge. All costs associated with the annual maintenance of the sea wall have been excluded from the valuation.
- 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 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. The key valuation assumptions have been revised as at 30 June 2024, including movements in the estimated cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works.

Class of Property	Fair Value $'000	Valuation Approach	Key Valuation Assumption	Range of significant input
Developed Investment Property	$28.0m (2023: $30.5m)	Market Capitalisation	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 7.13% (2023: 7.0%)	+0.13% $0.5m -0.13% $1.0m (2023: +0.25% $1.5m -0.25% $1.0m)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cashflows. The rate selected was 8.25% (2023: 8.25%)	+-0.25% $0.6m (2023: +-0.25% $0.6m)
Land Available for Development	$68.7m (2023: $64.6m)	Direct Sales Comparison	Weighted average land value - the rate per sqm applied to the subject property. The rates applied ranged from $150 - $2,750 per sqm (2023: $125 - $2,625 per sqm)	+-5.0% $3.6m (2023: +-5.0% $3.4m)
Assessed Value	**$96.7m (2023: $95.1m)**			

Class of Property	Fair Value $'000	Valuation Approach	Key Valuation Assumption	Range of significant input
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	$nil (2023: ($9.0m)	Cost estimates	Estimated cost of completing works on Land Available for Development.	+-10% $nil (2023: +-10% $0.9m)
Total Fair Value	**$96.7m (2023: $86.1m)**			

11 Joint Venture Information

Accounting policy

Interests in Joint Ventures

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

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

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

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets to the extent that the recoverable amount of the investment subsequently increases.

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

Name of entity	Principal activities	Proportion of interest	
		2024	2023
Direct Connect Container Services Limited	Warehousing and transportation	50%	50%
Marlborough Inland Hub Limited	Logistics services	50%	50%
Dixon & Dunlop Limited	Earthmoving, groundworks and equipment hire	50%	50%

Direct Connect Container Services Limited

CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum. Income from the loan for the year ended 30 June 2024 was $491k (2023: $490k). The loan is repayable on

29 November 2029.

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $1.9m. Interest is payable on the principal of 7.0% per annum. Income from the loan for the year ended 30 June 2024 was $134k (2023: $93k). The loan is repayable on 4 August 2025.

CentrePort has also provided unsecured advances of $1.1m (2023: $1.1m) to Direct Connect Container Services Limited. There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $742k (2023: $534k).

Marlborough Inland Hub Limited

On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture holds land and assets used to fulfil a Grape Supply Agreement in Marlborough valued at $14.2m. The land component of the property was revalued at 30 June 2022 from $10.6m to $12.3m. For the year ended 30 June 2024 management have obtained a desktop assessment of the land which has concluded that the lands carrying value is not materially different to the fair value as at that date.

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of $500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2024 was $35k (30 June 2023: $18k). The loan is repayable on demand.

Dixon & Dunlop Limited

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2024, CentrePort received cash dividends of $1.95m (2023: $1.25m).

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11 Joint Venture Information (continued)

Summarised financial information

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Current								
Cash and cash equivalents	**130**	331	**1,146**	2,147	**876**	971	**2,152**	3,449
Other current assets (excluding cash)	**260**	364	**1,257**	1,598	**-**	-	**1,517**	1,962
Total current assets	**390**	695	**2,403**	3,745	**876**	971	**3,669**	5,411
Other current liabilities (including trade payables)	**(183)**	(321)	**(1,130)**	(1,395)	**(36)**	(117)	**(1,349)**	(1,833)
Total current liabilities	**(183)**	(321)	**(1,130)**	(1,395)	**(36)**	(117)	**(1,349)**	(1,833)
Non-current								
Non-current assets	**16,390**	16,544	**5,976**	6,404	**15,368**	15,373	**37,734**	38,321
Total non-current assets	**16,390**	16,544	**5,976**	6,404	**15,368**	15,373	**37,734**	38,321
Financial liabilities	**(18,085)**	(18,060)	**-**	-	**(1,000)**	(1,000)	**(19,085)**	(19,060)
Other liabilities	**-**	-	**(1,479)**	(1,701)	**(60)**	(45)	**(1,539)**	(1,746)
Total non-current liabilities	**(18,085)**	(18,060)	**(1,479)**	(1,701)	**(1,060)**	(1,045)	**(20,624)**	(20,806)
Net assets	**(1,488)**	(1,142)	**5,770**	7,053	**15,148**	15,182	**19,430**	21,093

Summarised statement of comprehensive income

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Revenue	**3,055**	3,538	12,418	14,751	**1,027**	1,293	**16,500**	19,582
Operating expenses	**(3,401)**	(3,821)	(9,800)	(11,485)	**(1,061)**	(1,236)	**(14,262)**	(16,542)
Net finance cost	**-**	-	-	-	**-**	-	**-**	-
	(346)	(283)	2,618	3,266	**(34)**	57	**2,238**	3,040

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Opening net assets	**-**	-	5,619	5,255	**7,591**	7,563	**13,210**	12,818
Profit/(loss) for the year	**(173)**	(141)	1,309	1,633	**(17)**	29	**1,119**	1,521
Adjustments	**-**	-	-	(19)	**-**	-	**-**	(19)
Dividends	**-**	-	(1,950)	(1,250)	**-**	-	**(1,950)**	(1,250)
Applied against loan	**173**	141	-	-	**-**	-	**173**	141
Carrying value	**-**	-	4,978	5,619	**7,574**	7,592	**12,552**	13,211

	Group	
	2024 $'000	2023 $'000
Share of profit / (loss) of joint ventures	**1,119**	1,521
Applied against loan advances	**176**	121
Total current assets	**1,295**	1,642

12 Deferred tax

Accounting policy

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Recognition and Measurement

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

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	Group 2024 $'000	2023 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**26,033**	23,203
Temporary differences	**(123,237)**	(129,663)
Net Deferred Tax	**(97,204)**	(106,460)

Movements - Group	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Other $'000	Total $'000
At 1 July 2023	(113,194)	914	23,203	(16,890)	(492)	(106,460)
Charged to income	802	(384)	2,830	6,104	(97)	9,255
Charged to equity	-	-	-	-	-	-
At 30 June 2024	(112,393)	530	26,033	(10,786)	(589)	(97,204)

Movements - Group	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Other financial liabilities $'000	Total $'000
At 1 July 2022	(119,564)	989	20,260	(20,250)	(393)	(118,958)
Charged to income	2,286	(75)	2,943	3,360	(99)	8,414
Charged to equity	4,084	-	-	-	-	4,084
At 30 June 2023	(113,194)	914	23,203	(16,890)	(492)	(106,460)

13 Interest bearing liabilities

	Group 2024 $'000	2023 $'000
Current		
NZ Green Investment Finance	**12,000**	12,000
Borrowings	**44,000**	-
Total current interest bearing borrowings	**56,000**	12,000
Non-current		
Borrowings	**-**	44,000
NZ Green Investment Finance	**-**	-
Total non-current interest bearing liabilities	**-**	44,000
Total interest bearing liabilities	**56,000**	56,000

Loan from Greater Wellington Regional Council

WRC Holdings Limited has a loan of $44.0m (2023: $44.0m) received from its parent entity Greater Wellington Regional Council. The interest rate at 30 June 2024 is 6.1175% (2023: 6.1075%) and is reset quarterly.

NZ Green Investment Finance

CentrePort has a $15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $12.0m of this facility at balance date (2023: $12.0m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The Lender has first ranking security over all current and future assets held by the Group. The facility will mature on 11 July 2024.

14 Cash and cash equivalents

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

Although cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

	Group	
	2024 **$'000**	2023 $'000
Cash at bank and in hand	**80,469**	114,630
Cash and cash equivalents	**80,469**	114,630

15 Employee entitlements

Accounting policy

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.

	Group	
	2023 **$'000**	2023 $'000
Current		
Employee benefits	**4,154**	3,953
Non-current		
Employee benefits	**137**	123
Total Provisions	**4,291**	4,076

The rate used for discounting the provision for future payments is 4.7% (2023: 4.6%).

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16 Equity

	Group	
	2024 **$'000**	2023 $'000
(a) Share capital		
Ordinary shares		
34,541,100 $1 shares, fully paid	**34,541**	34,541
22,170,000 $1 shares, fully paid	**22,170**	22,170
5,309,283 $1 shares fully paid	**5,309**	5,309
170,200,000 $1 shares, fully paid	**170,200**	170,200
8,000,000 $1 shares, fully paid	**8,000**	8,000
11,250,000 $1 shares, fully paid	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100**	10,100
19,000,000 $1 shares, fully paid	**19,000**	19,000
3,500,000 $1 shares fully paid	**3,500**	3,500
12,100,000 $1 shares fully paid	**12,100**	12,100
17,300,000 $1 shares full paid	**17,300**	17,300
17,800,000 $1 shares full paid	**17,800**	16,975
25,200,000 $1 shares partly paid	**17,275**	-
Redeemable Preference Share Capital		
25,000 $1000 shares, paid to 1 cent	**-**	-
Total share capital	**355,245**	337,145

17 Reconciliation of surplus for the year with cash flows from operating activities

	Group	
	2024 **$'000**	2023 $'000
Net (deficit) / surplus after tax	**3,401**	(16,513)
Add / (less) non-cash items:		
Depreciation	**38,640**	41,616
Gain / (Loss) on disposal of fixed asset	**(341)**	1,243
Write down / (up) of investment properties	**(10,525)**	1,509
Deferred tax liability	**(3,355)**	(1,343)
Equity Accounted earnings	**(1,119)**	(1,501)
Add / (less) movements in working capital:		
Accounts receivable	**(1,614)**	(867)
Accounts payable	**(2,318)**	(1,171)
Inventory	**(123)**	606
Taxation - refund/payable	**(3,878)**	(3,873)
Employee entitlements	**215**	255
Add / (less) items classified as investing and financing activities:		
Accounts payable related to property, plant and equipment	**1,666**	1,563
Accounts payable related to investment property	**-**	6
Net cash inflow from operating activities	**20,649**	21,530

Reconciliation of movements in liabilities arising from financing activities

	Borrowings $'000	**Issue of ordinary shares $'000**	**Movement in the current account $'000**	**Dividends paid to shareholders $'000**
Balance 1 July 2022	11,000	316,944	6,833	(5,185)
Issue of ordinary shares	-	20,200	-	-
Loan drawdown	1,000	-	-	-
Dividend paid – by WRC Holdings Ltd	-	-	-	(2,400)
CentrePort Dividend paid – non-controlling	-	-	-	(1,385)
Interest paid	-	-	(602)	-
Balance 30 June 2023	12,000	337,144	6,232	(8,970)
Issue of ordinary shares	-	18,100	-	-
Loan drawdown	-	-	-	-
Dividend paid – by WRC Holdings Ltd	-	-	-	(2,400)
CentrePort Dividend paid – non-controlling	-	-	-	(1,615)
Interest paid	-	-	(314)	-
Balance 30 June 2024	12,000	355,244	5,918	(12,985)

18 Financial instruments and risk management

Accounting policies

(1) Financial Instruments

Financial Instruments Issued by the companies

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit or loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

Estimation of Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Borrowings

Borrowings are recorded initially at amortised cost.

(2) Financial risk management

Nature of activities and management policies with respect to financial instruments:

Capital risk management

WRC Holdings manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings - disclosed in note 13 - cash reserves and retained earnings.

Externally imposed capital requirements

CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported monthly to the CentrePort Board and semi-annually to the WRC Holdings Group Board. All externally imposed covenants have been complied with during the period.

(a) Market risk

(i) Interest rate risk
The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Interest rate sensitivity

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's net profit would increase / decrease by $36,830 (2023: +/- $1,403,000).

Maturity profile of financial instruments

The table below summarises the Group's exposure to interest rate risk at 30 June 2024 and 30 June 2023.

Group	Weighted average effective interest rate	Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	Non interest bearing	Total
30 June 2024	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	12,167	12,167
Payables to employees	-	-	-	-	-	-	4,291	4,291
Debt	6.67	56,000	-	-	-	-	-	56,000
		56,000	-	-	-	-	16,458	72,458
30 June 2023	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	14,459	14,459
Payables to employees	-	-	-	-	-	-	4,076	4,076
Debt	5.14	12,000	44,000	-	-	-	-	56,000
		12,000	44,000	-	-	-	18,535	74,535

(b) Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the statement of financial position.

Commercial Paper Investment credit risk

The group has invested in a commercial paper valued at $nil (2023: $18.960 million) issued by Greater Wellington Regional Council. The Council has been rated as AA+/A-1+ by Standard & Poor's in their latest ratings as at February 2024

Expected credit losses (ECL)

Trade and other receivables include amounts that are not impaired but are considered past due as at the balance date. ECL are calculated on a lifetime basis for Trade Receivables. Please see Note 5 for more information.

Lifetime ECL for commercial paper (based on 12-month ECL) and for Greater Wellington Regional Council current account balances (based on the ECL simplified approach for receivables) are nil due to the Council's high credit rating and historical credit compliance.

Concentrations of credit risk

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency Risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

As at 30 June 2024, the Group had not entered into any significant forward contracts. (2023: nil).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group holds cash and cash equivalents (refer to note 14) and has a bank overdraft facility of $2.0m through a set off arrangement (2023: $2.0m).

The following tables detail the groups liquidity profile based on undiscounted cash outflows at 30 June 2024 and 30 June 2023.

Group	**Less than One Year**	**1-2 Years**	**2-5 Years**	**5+ Years**	**Total**
30 June 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Trade and other payables	12,167	-	-	-	12,167
Payables to employees	4,154	137	-	-	4,291
Borrowings	56,000	-	-	-	56,000
Total	72,321	137	-	-	72,458
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Trade and other payables	14,459	-	-	-	14,459
Payables to employees	3,953	123	-	-	4,076
Borrowings	12,000	44,000	-	-	56,000
Total	30,412	44,123	-	-	74,535

(d) Financial instruments by category

Assets	**Financial assets at amortised cost $'000**	**Financial assets at FV through OCI $'000**	**Mandatorily measured at FVTSD $'000**	**Total $'000**
Group				
At 30 June 2024				
Cash and cash equivalents	80,469	-	-	80,469
Trade and other receivables	13,927	-	-	13,927
Current account - Wellington Regional Council	5,938	-	-	5,938
Other financial assets	14,584	20,826	-	35,410
Total	114,918	20,826	-	135,744

	Financial assets at amortised cost $'000	**Financial assets at FV through OCI $'000**	**Mandatorily measured at FVTSD $'000**	**Total $'000**
At 30 June 2023				
Cash and cash equivalents	114,630	-	-	114,630
Trade and other receivables	12,314	-	-	12,314
Current account - Wellington Regional Council	6,232	-	-	6,232
Other financial assets	18,960	-	-	18,960
Total	152,136	-	-	152,136

Fair Value estimates

Certain financial instruments are carried on the statement of financial performance at fair value. The best evidence is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. The determination of fair value for financial assets and liabilities for which there is no market price requires the use of valuation techniques.

The table below shows the fair value of the Group’s financial instruments measured at fair value on a recurring basis according to the fair value 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2024				
Financial assets:				
Investment Securities at FVOCI	20,448	378	-	20,826
As at 30 June 2023				
Financial assets:				
Investment Securities at FVOCI	-	-	-	-

Liabilities	Financial liabilities at amortised cost $'000	Total $'000
Group		
At 30 June 2024		
Trade and other payables	12,167	12,167
Borrowings	56,000	56,000
	68,167	68,167
At 30 June 2023		
Trade and other payables	14,459	14,459
Borrowings	56,000	56,000
	70,459	70,459

19 Commitments

Capital commitments

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of $nil (2023: $322k)

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $45.0 million (2023: $48.2 million). This relates to the heavy maintenance of the rolling stock.

Leases

Operating Leases as a Lessee

Disclosure for Lessees

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2024 $'000	2023 $'000
Not longer than 1 Year	**303**	333
Longer than 1 Year and not longer than 5 Years	**1,212**	1,168
Longer than 5 Years	**2,527**	2,710
	4,042	4,211

Operating Leases as a Lessor

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group	
	2024 **$'000**	2023 $'000
Not later than 1 Year	**30,759**	20,847
Later than 1 Year and not later than 5 Years	**70,984**	53,257
Later than 5 Years	**196,701**	155,299
	298,444	229,403

20 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the WRCH Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below:

	Group	
	2024 **$'000**	2023 $'000
Directors' remuneration	**102**	581
Key management personnel compensation	**3,470**	2,975
Total key management personnel compensation	**3,572**	3,556

The group employs 11 full time key management personnel with additional key management personnel services provided by Council employed personnel.

At year end the group advanced $5,938 million to Wellington Regional Council (2023: $6,232 million).

The Group has a tax loss share arrangement with the Wellington Regional Council that allows the Group to purchase tax losses. During the 2024 financial year the group transferred $4.2m to GWRC under the Group's tax loss share arrangement, reducing 2023 tax liability.

21 Explanation of major variances against budget

Statement of comprehensive revenue and expenses	Group Actual 2024 $'000	Group Budget 2024 $'000
Revenue		
Operating revenue	**128,664**	134,681
Finance income	**7,733**	5,206
Share of associate profit	**1,295**	(2,774)
Gain (loss)on disposal of property, plant and equipment	**336**	-
Fair value movements	**10,525**	-
Total revenue	**148,553**	137,113
Expenditure		
Finance costs	**(4,050)**	(3,434)
Operational Expenditure	**(144,728)**	(166,953)
Surplus / (deficit) for the year before tax	**(225)**	(33,274)
Income tax expense/(credit)	**3,626**	(767)
Surplus / (deficit) after tax	**3,401**	(32,507)
Other comprehensive income	**8,755**	-
Total comprehensive income / (deficit) for the year	**12,156**	(32,507)
Statement of financial position		
Assets		
- Current	**103,168**	119,300
- Non-current	**963,286**	912,158
Total assets	**1,066,454**	1,031,458
Liabilities		
- Equity	**866,011**	839,698
- Current liabilities	**77,069**	66,240
- Non-current liabilities	**123,374**	125,520
Total equity and liabilities	**1,066,454**	1,031,458
Statement of cash flows		
Cashflows from operating activities	**20,649**	22,453
Cashflows from investing activities	**(69,209)**	(71,987)
Cashflows from financing activities	**14,399**	22,441
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**(34,161)**	(27,093)
Cash and cash equivalents at the beginning of the year	**114,630**	100,428
Cash and cash equivalents at the end of the year	**80,469**	73,335

Significant components of this variance are:

1. Revenue and expenses

- Operating revenue was lower than budget, mainly due to reduced grants from Greater Wellington Regional Council to Greater Wellington Rail Limited (GWRL) due to lower operating and capital expenditure, resulting in lower recovery of costs.
- Operating expenditure was lower than budget due to lower depreciation charge for GWRL due to a higher desktop valuation being used when finalising the depreciation budget, while the actual full valuation of the assets resulted in lower values with lower depreciation.

- Other comprehensive income relates to the Centerport's valuation movement in assets. These movements are not budgeted.

2. Assets and liabilities

- Total assets were higher than budget due to increase in the fair value movement of investment property than anticipated.
- Equity was higher than budget due to the actual surplus achieved compared to the budgeted deficit.

3. Cash flows

- Cash and cash equivalents were higher than budget mainly due to lower financing activities due to reduced shares being issued by GWRL to fund capital expenditure.

22 Contingencies

Contingent Liabilities

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concerned Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. During the 2024 financial year, CentrePort settled the remaining claim against CentrePort Properties Limited and this matter is therefore no longer a Contingent Liability.

Contingent Asset
The parent company has uncalled capital with its owner Greater Wellington Regional Council of $57.9 million (2023: $50.8 million)

Following a shipping incident, during the year ended 30 June 2023, CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward.

23 Subsequent events

On 11 July 2024, the NZGIF facility matured and was fully repaid.

Horizons District Council's Long Term Plan 2024 - 2034 is considering to cash in its shareholding (23.08 percent) in Centreport. GWRC and WRC Holding Group is viewing options to meet the change.

On 11 July 2024, CentrePort entered in to a Committed Cash Advance Facility Agreement with BNZ. The facility has a $50m limit and matures 11 July 2026. As at the date of signing these financial statements, $19.95m was drawn down on the facility.

On 28 August 2024, CentrePort declared a final dividend of $0.5m (2023: nil), in respect of the year ended 30 June 2024.

No dividend was declared post balance date by WRC Holdings (2023: Nil).

There have been no other subsequent events up to the date of signing these financial statements which would affect the amounts or disclosures in the financial statements.

Attachment 2 to Report 24.587

Statement of Compliance and Responsibility

Compliance

The Directors and management of the Group confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual financial statements and the statement of service performance and the judgements used in them.

The Directors have authority to sign these financial statements.

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

In the opinion of the Directors and management of the Group, the annual financial statements and the statement of service performance for the year ended 30 June 2024 fairly reflect the financial position and operations of the Group.

Director	Director	Group Manager Finance and Risk
30 September 2024	30 September 2024	30 September 2024

Attachment 2 to Report 24.587

WRC Holdings Limited
Auditors' report
30 June 2024

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Wellington Regional Council Holdings Limited's Group financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Wellington Regional Council Holdings Limited (the Group). The Auditor- General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 16 to 51, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 4 to 5.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 3, 6 to 15 and 52 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the 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 (including International Independence Standards) (New Zealand) (PES 1) issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

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

Council
31 October 2024
Report 24.568

For Information

CCO ANNUAL REPORTS 2023/24

Te take mō te pūrongo
Purpose

1. To provide Council with the 2023/24 annual reports submitted by Council-Controlled Organisations (CCOs) for consideration in accordance with the requirements of the Local Government Act 2002.

Te tāhū kōrero
Background

2. Council-Controlled Organisations (CCOs) is applied as an umbrella term for the purpose of this report to include WRC Holdings Limited, Greater Wellington Rail Limited, Wellington Regional Economic Development Agency (trading as WellingtonNZ) and Wellington Regional Stadium Trust (trading as Sky Stadium).

3. WRST was established under the Wellington Regional Council (Stadium Empowering) Act 1996 and is a self-contained statutory body. It is not a CCO under the Local Government Act 2002 (the Act), but in recognition of the Council's original investment in the Wellington Regional Stadium Trust and the non-recourse loan from Council to the Trust that was fundamental in the establishment of the Trust and the building of the stadium, the relationship operates as if the Trust was a CCO. This approach is consistent with the Wellington City Council's relationship with the Trust. As agreed between the Councils, the Trust reports on a six-monthly basis.

4. WRC Holdings is 100% owned by Greater Wellington Regional Council. WRC Holdings in turn wholly owns its subsidiary Greater Wellington Rail Limited and 76.9% of CentrePort Limited. Wellington Regional Economic Development Agency Limited is jointly owned by the Wellington City Council (80%) and the Greater Wellington Regional Council (20%).

Te tātaritanga
Analysis

5. Audited annual reports have been received from the following entities for consideration by Council:

   - WRC Holdings Limited (**Attachment 1**)
   - Greater Wellington Rail Limited (**Attachment 2**)

- Wellington Regional Economic Development Agency Limited (WellingtonNZ). (**Attachment 3**)
- Wellington Regional Stadium Trust (**Attachment 4**).

6. The annual reports have been reviewed by officers to assess any risks or issues, and no significant risks or issues were identified.
7. Summaries of financial and non-financial performance of each entity are noted below.

WRC Holdings Limited

8. Non-financial performance measure targets for WRC Holdings Limited were all met during the 2023/24 year.
9. WRCHL's financial statements include both parent company and consolidated financial information for the subsidiary companies – Greater Wellington Rail Limited (GWRL) and CentrePort Limited (CPL).
10. The WRCHL Group has a surplus after tax of $3.4 million compared to last year's deficit after tax of $16.5 million. The change to a surplus is due to an increase in revenue and a significant fair value gain on investment property, both CPL related.
11. Operating revenue is $7.2 million higher than last year mainly due to CPL achieving increased revenue from new lease agreements, new carpark revenue and increased revenue from the StraitNZ lease extension.
12. Cash and cash equivalents has reduced significantly mainly due to use of longer term investments.
13. Equity has increased by $26.2 million, which is comprised of $18.1 million of equity contributed by Greater Wellington to purchase infrastructure assets in GWRL, a surplus of $3.4 million, $8.7 million increase in revaluation reserve and by dividends paid of $4 million.

Greater Wellington Rail Limited

14. Most performance targets related to asset management (for both rail fixed assets and rolling stock) were met during the 2023/24 year, and five out of the nine customer satisfaction performance targets were also met.
15. All costs, except depreciation, asset revaluations, interest and the like are met from grants from Greater Wellington Regional Council and other revenue.
16. The financial result before tax is showing a deficit of $26.26 million compared to a deficit before tax of $31.27 million last year. The deficit is due to non-funded and a non-cash expenditure of depreciation.
17. The income tax benefit has decreased from $7.07 million in 2023 to $5.9 million in 2024 resulting in a lower after tax deficit in the current year. This relates to timing differences between accounting and tax depreciation.
18. Equity has decreased by $2.26 million, which is comprised of $18.1 million of equity contributed by WRC Holdings Limited to purchase infrastructure assets offset by an operating deficit after tax of $20.36 million.

Wellington Regional Economic Development Agency Limited (WellingtonNZ)

19. The direct economic impact of WellingtonNZ activities during the 2023/24 year was $230 million (54% above target).
20. WellingtonNZ refreshed the Regional Economic Development Plan (originally launched in August 2022) in June 2024, to reflect the latest context, data, and initiative information. The second year of implementation has seen many initiatives reach the delivery stage, and further detail on the initiatives is available in the Regional Economic Development Plan annual summary for 2023/24.
21. WellingtonNZ did not achieve its performance measure target relating to funding diversification (% of revenue from commercial/non council funding and commercial activity). This was due to a combination of Covid-19 recovery funds coming to an end, commercial partnerships being constrained due to economic conditions and a reduction in commercial revenue generated from CreativeHQ during the year compared to budget.
22. WellingtonNZ's financial statements include both parent company and consolidated financial information for the subsidiary company CreativeHQ Limited.
23. Similar to prior year, WellingtonNZ received a qualified opinion on the carrying value of the Group's investment ($1.7 million) in incubator and accelerator companies. CreativeHQ invests in unlisted early-stage companies. These unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination for a fair value will be obtained in the market or that there will be a market for the unlisted investment.
24. Total Revenue is below budget by $3 million due to lower domestic and international work and changes in timing of work programmes and events.
25. Total Expenditure is also below budget by $3.3 million due to the loss of revenue resulting in reduced staff costs and contractors.
26. Non-current assets are higher than budget due to unbudgeted office fitout costs associated with downsizing office space on expiry of the lease.

Wellington Regional Stadium Trust

27. Sky Stadium hosted a total of 49 major event days for the 2023/24 year, plus several community event days. Over 500,000 fans attended events during the year (an increase from 358,000 fans in the previous year).
28. The increased event revenues during the 2023/24 year were largely driven by the FIFA Women's World Cup 2023. The Wellington Regional Stadium Trust received the NZ Events Association Award for Best Venue for the delivery of this event.
29. Total comprehensive revenue and expense is showing a surplus of $3.7 million compared to a surplus of $3.9 million last year.
30. Exchange revenue increased by approximately $3.5 million when compared to prior year due to an increased event revenue. This increase was off-set by a decrease in non-exchange revenue of $3.5 million due to reduced grant funding compared with

2023. There was one grant for 2024 from Greater Wellington for seismic resilience work.

Ngā hua ahumoni
Financial implications

31. There are no financial implications arising from this report.

Ngā Take e hāngai ana te iwi Māori
Implications for Māori

32. There are no known implications for Māori arising from Council receiving the annual reports.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

33. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's Climate Change Consideration Guide.
34. The matters addressed in this report are of an administrative nature, and there is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

35. The matters requiring decision in this report was considered by officers against the decision-making requirements of Part 6 of the Act.

Te hiranga
Significance

36. Officers considered the significance of the matter, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making guidelines*. Officers recommend that the matter is of low significance due to its administrative nature.

Te whakatūtakitaki
Engagement

37. Given the low significance of this matter, community engagement was not considered necessary.

Ngā tūāoma e whai ake nei
Next steps

38. No further actions are required.

Ngā āpitihanga
Attachments

Number	Title
1	WRC Holdings Limited Annual Report 2023/24
2	Greater Wellington Rail Limited Annual Report 2023/24
3	WellingtonNZ Annual Report 2023/24
4	Wellington Regional Stadium Trust Annual Report 2023/24

Ngā kaiwaitohu
Signatories

Writers	Sarah Allen – Kaiwhakahaere Matua | Head of Company Portfolio and Economic Development Rajesh J Ratanjee – Kaikaute Pūtea | Financial Controller
Approvers	Luke Troy – Kaiwhakahaere Matua Rautaki | Group Manager Strategy Ashwin Pai – Kaiwhakahaere Matua | Head of Finance Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru | Group Manager, Finance & Risk

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or with Committee's terms of reference Council needs to receive the annual reports as shareholder under the Local Government Act 2002.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies None.
Internal consultation None for the compilation of this report. The annual reports of WRC Holdings Limited and Greater Wellington Rail Limited were compiled by members of Strategy, Finance and Risk, and Metlink, and with the respective approvals of the WRC Holdings Limited Board and Greater Wellington Rail Limited Board.
***Risks and impacts - legal / health and safety etc*.** There are no known risks or impacts arising from this report.

Attachment 1 to Report 24.568

WRC Holdings Limited
Financial Statements
for the year ended 30 June 2024

Contents

Directory

Directors	**Appointed**
C Kirk Burnnand (Chairperson)	20 November 2019
D Lee	24 November 2022
T Nash	24 November 2022
D Bassett	24 November 2022
L E Elwood	01 October 2023
R M Evans	01 October 2023
A J Hare	01 October 2023
H K Modlik	01 October 2023
N S W Ward	24 June 2019 (ceased 1 October 2023)
N O Leggett	12 October 2017(ceased 1 October 2023)
H M Mexted	24 June 2019 (ceased 1 October 2023)

Registered office
100 Cuba Street
Te Aro, Wellington 6011

Auditor
Clint Ramoo
Audit New Zealand
on behalf of the Auditor-General

Bankers
ANZ Bank New Zealand Ltd

Directors' report

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2024.

Principal Activities

WRC Holdings Limited (the Parent Company) is the investment holding company of Greater Wellington Regional Council. The WRC Holdings Limited Group (the Group) consists of WRC Holdings Limited, its wholly owned subsidiary Greater Wellington Rail Limited, and is a 76.9% owner of CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview.

Greater Wellington Rail Limited owns and manages rail rolling stock and rail infrastructural assets.

The Group's primary objectives

The primary objectives of WRC Holdings Limited are to support Council’s strategic priorities and operate a successful, sustainable, and responsible business while managing its assets prudently. This is achieved by separating Council’s investment and commercial assets from its public good assets. The core role of WRC Holdings is to impose commercial discipline on the Group’s activities and generate a commercial rate of return (where appropriate) and manage within agreed levels of debt to equity.

WRC Holdings owns Greater Wellington Regional Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

In relation to Greater Wellington Rail Limited (GWRL), the key objectives are to prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets).

Corporate Governance

WRC Holdings Limited is governed by a board of eight directors all of whom are appointed by the shareholder, with four independent external directors with commercial backgrounds to provide advice and expertise at the governance level. Directors meet regularly to direct and control the Group's proceedings. Helen Mexted, Nick Leggett and Nancy Ward completed their respective terms on the Board in late 2023 and we wish to acknowledge the benefit the Board has received over the years from their expertise and extend our appreciation for their contributions. The WRC Holdings Board met a scheduled eight times during the year.

The Board has close liaison with its partners, Wellington Regional Council who manage the Rail operations in conjunction with Transdev Wellington, and CentrePort who manage the Port operations. These bodies regularly report and meet with the respective Boards of the WRC Holdings Group.

In addition to the obligations of the Local Government Act 2002, WRC Holdings is also subject to the requirements of the Companies Act 1993 and all other applicable legislative requirements.

Results

The WRC Holdings Group largely met all its objectives as set out in the 2023-24 Statement of Intent.

The nature and scope of activities undertaken by the group are consistent with those set in the 2023-24 Statement of Intent and Wellington Regional Council's Long Term Plan.

Statement of Service Performance

WRC HOLDINGS - FINANCIAL PERFORMANCE TARGETS

Financial WRC Holdings Group results compared with Statement of Intent (SOI) Targets:

	Actual 2024 $'000	Target 2024 $'000	Actual 2023 $'000
Net (deficit) / surplus before tax	**(225)**	**(30,500)**	(20,902)
Net (deficit) / surplus after tax	**3,401**	**(29,733)**	(16,513)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**34,617**	**25,121**	17,738
Return on Shareholder's equity	**(0.31)%**	**(3.50)%**	(2.50)%
Return on total assets	**(0.37)%**	**(3.10)%**	(2.00)%
Shareholders equity to total assets	**81.00%**	**80.00%**	80.00%
Dividends	**2,400**	**2,300**	2,400

The above 2024 financial results are calculated on the same basis as previous year.

Net (deficit) / surplus before tax

The Group posted net deficit before tax of $225,000 (2023: deficit of $20.90 million) compared to a budget deficit before tax of $30.50 million for the year.

The main driver for the variance to budget is the reduced depreciation charged due to a higher valuation being used when finalising the depreciation budget.

Net (deficit) / surplus after tax

The net surplus after tax was $3.40 million (2023: deficit of $16.50 million), compared to a budget deficit after tax of $29.70 million. This is in line with the increased depreciation in GWRL following the increase in assets fair value.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA was $34.62 million (2023: $17.74 million) compared to a budget of $25.12 million.

This variance is related to the same factors as in the net deficit before tax above.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. As at 30 June 2024, return on total assets was (0.37%) (2023: 2.00%) compared to a budget of (3.10%).

The variance to target is mainly due to small surplus for EBIT.

Return on shareholder's equity

This target is calculated as net surplus/ (deficit) after tax as a percentage of average shareholder equity (excluding minority interest). As at 30 June 2024, the return on shareholders' equity was (0.31%) (2023: 2.50%), compared to a budget of (3.50%).

Shareholder's equity to total assets

As at 30 June 2024 the ratio of shareholders equity to total assets stood at 81% (2023: 80%) and compared to a budget of 80%.

Dividends paid (or payable to the shareholders)

A dividend of $2.4 million was paid to the shareholders during the year (2023: $2.4 million).

Attachment 1 to Report 24.568

WRC HOLDINGS - OPERATIONAL PERFORMANCE MEASURES

OBJECTIVE	ACTIVITY	Target 2024	Actual 2024
Support Council's strategic priorities	Review and approve WRC Holdings Group Statement of Intent (SOI) for consistency with Council's strategic direction	Review draft Holdings SOI by 1 March each year	**Achieved** – delivered to shareholder before 1 March 2024.
		Approve Holdings SOI by 30 June each year	**Achieved** – Holdings SOI was approved prior to 30 June 2024
	Review and provide comments on the draft CentrePort Statement of Corporate Intent (SCI) to ensure consistency with Council's strategic direction	Review draft SCI and provide comments by 1 May each year	**Achieved** – draft SCI reviewed and comments provided to CentrePort before 1 May 2024
	Set expectations through annual Statement of Expectations letter to Centreport	Send Statement of Expectations to CentrePort by 31 December each year	**Achieved** – Statement of Expectations was sent to CentrePort prior to 31 December 2023.
	Consult with the shareholder in a timely manner on Holdings Group strategic or operational matters which could compromise Council's community outcomes	All such matters escalated to Council in a timely manner	**Achieved –** All matters requiring consultation with, or escalation to, Council were provided in a timely manner.
		Holdings to provide briefings to Councillors on matters of significance as required	**Achieved –** Briefings on matters of significance and quarterly updates have been provided to Council.
	Substantive matters, including those likely to generate media coverage, are reported to Council	Matters of this nature should be reported to Council by the Holdings Board as soon as practicable	**Achieved –** Matters of this nature have been reported to Council as soon as practicable
Operate a successful, sustainable, and responsible business	Monitor performance of WRC Holdings Group companies to ensure financial returns are optimised	WRC Holdings Board monitor Holdings Group companies' progress against their SOI targets quarterly	**Achieved –** Quarterly monitoring of WRC Holdings Group companies has been completed.
		WRC Holdings receives a quarterly report from CentrePort on its financial and non-financial performance	**Achieved** – Quarterly reporting from CentrePort has been provided to WRC Holdings.
Prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets)	Monitor the management of rail assets and risk to ensure GWRL's assets are fit-for-purpose	WRC Holdings Board review quarterly risk reporting for GWRL	**Achieved** – Quarterly risk reporting for GWRL has been provided to WRC Holdings Board.
		WRC Holdings Board receives the GWRL Annual Business Plan by 30 June each year	**Achieved** – GWRL Annual Business Plan completed and received prior to 30 June 2024.
		WRC Holdings Board received the GWRL Asset Management Plan by 30 September each year	**Achieved** – GWRL Asset Management Plan completed and provided to WRC Holdings Board prior to 30 September 2023.

The performance measures and results for Greater Wellington Rail Limited are set out within the separate Greater Wellington Rail Limited Annual Report (including the financial statements) for the year ended 30 June 2024.

Attachment 1 to Report 24.568

CENTREPORT LIMITED - PERFORMANCE TARGETS

	Actual 2024 $'000	Target 2024 $'000	Actual 2023 $'000
CentrePort Limited			
Net profit before tax	**31,920**	**16,421**	**15,500**
Net profit after tax (1)	**28,891**	**12,019**	**12,000**
Return on total assets (2)	**5.85%**	**3.31%**	**2.1%**
Return on equity (3)	**6.54%**	**3.51%**	**2.5%**
Dividend as a % of underlying net profit after tax before earthquake impacts and changes in fair value	**24.23%**	**54.08%**	**50.3%**
Dividend	**7,000**	**6,500**	**6,000**

(1) Underlying net profit after tax before earthquake impacts and changes in fair value includes abnormal Items.
(2) Return on assets = earnings before interest, tax, earthquake impacts, and changes in fair value divided by the average opening and closing non current assets.
(3) Return on equity = underlying net profit after tax before earthquake impacts and changes in fair value divided by the average opening and closing total equity.

The Statement of Corporate Intent (SCI) targets are from the SCI for the financial years ended 30 June 2024 to 2026 which was approved for issue in June 2023.

Attachment 1 to Report 24.568

CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our People	A zero-harm workplace	Lost Time Injury Frequency (per 200,000 hours worked)	0.97	≤ 2.5	1.7
		Lost Time Injury Severity (per 200,000 hours worked)	1.44[1]	≤ 7.95	6.17
		bSafe reports (incidents and near miss reports) involving injury	3%[2]	≤ 4.95%	4.3%
		Standard operating procedures (SOPs) reviewed and updated	99.4%[3]	≥ 92.5%	100%
	Improve health and safety, staff wellbeing and engagement at work	Health & Safety and employee engagement culture surveys – score improving every survey (18 months)	Achieved	Improvement on FY21 result	Improvement on FY21 result
	Increase gender diversity	Overall gender balance (F/M); ELT gender balance (F/M); Board gender balance (F/M)	17%/83% All; 14%/86% ELT; 37%/67% Board.	Improve on 2023	18%/82% All; 14%/86% ELT; 40%/60% Board.
Our Customers	Improved productivity across port	Gross crane rate (as measured by Ministry of Transport)	29.1[4]	30.0	29.6
	Manage the safety of marine activities	Marine activities conducted in accordance with the current Port and Harbour Marine Safety Code (PHSC)	Achieved	100% compliance	100% compliance
		100% of new tasks or newly identified hazards risk assessed in collaboration with the Wellington Harbourmaster team	Achieved	100% compliance	100% compliance

[1] The Lost Time Injury Severity Rate and Lost Time Injury Frequency Rate reduced notably over the last twelve months with CentrePort's performance dropping into the range of good practice according to ILO standards for injury severity and incident rates highlighting the value of the Te Whare Tapa Whã programme and return to work rehabilitation programmes implemented three years ago.

[2] bSafe's raised resulting from injury were below the upper KPI threshold and showed continued reduction in the number of physical harm events to people over the past 12 months, emphasising the importance of the work CentrePort has done in encouraging early reporting of minor workplace incidents and hazards.

[3] Close to 100% of the SOPs reviewed on time with one non-critical SOP left to review by the end of June and completed in July 2024. It is noted that overall, the year results observed 100% achievement of SOP with the defined timelines. This is a significant achievement on the previous year's results and reflects the work done by CentrePort to ensure procedures and systems supporting this process have been streamlined and applied consistently with regular monitoring and reporting across the business.

[4] Note that for Q4 CentrePort were the third for Crane Rate in New Zealand following Lyttleton and Tauranga.

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CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our Environment	Operate in a sustainable manner	Net zero emissions by 2040. 30% emission reduction by 2030 relative to 2019 (excluding growth)	FY24 scope 1 and 2 emissions slightly higher than FY23 but remain 37% below FY19 baseline. Emission Reduction Plan update deferred to FY25.	Complete an update to CPL's Emission Reduction Plan to drive alignment	30.6% reduction
		Low Emission Infrastructure and Energy to drive lower Scope 3 emissions	The fuel bunker barge is now operating. Embedded solar energy on Shed 39 complete. Business Planning complete for remainder of Stage 1 and initial work gone into further stages.	Begin procurement for Stage 1 Kings Wharf Microgrid. Start Bunker Barge operation Overall energy investment Business Planning to drive low emission supply chain	N/A
	Improve biodiversity	Create further partnerships to drive enhanced biodiversity with key stakeholders	New relationships with VUW and Mountains to Sea underway including support for marine biodiversity research. Existing partnership with Zealandia and Sanctuary to Sea enhanced.	Partnership agreed to improve harbour biodiversity	N/A
Our Community	Urban and City Integration	Inner Harbour Precinct	Achieved Achieved	Precinct master plan stakeholder engagement Interim opportunities engagement	Start Inner Harbour Precinct development, stakeholder engagement.
Our Finances	Financial performance	Group EBITDA	$25.9m	$26.0m	$22.3
		Underlying Net Profit After Tax	$28.9m	$13.0m	$11.9
		Underlying NPAT Return on Group Equity	3.0%	2.7%	2.5%
		Dividend	$7m	$6.5m	$6.0m

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CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
Our Infrastructure	Infrastructure Investments	Seaview Wharf Renewal	Project continues with main wharf and dolphin piling completed, structural elements separated, and gravity clamps installed. These elements immediately contribute to improved resilience to the fuel manifold. New mooring and berthing dolphins' construction continues. Resilience work is due for completion in late 2025 to provide a resilient fuel berth and transfer facility.	Continue Seaview Wharf Renewal seismic resilience and start berthing improvements	Seaview Wharf Renewal continued, with pilling now completed on Phase 1A and 1A+, which are the Main Wharf head and main wharf extension. Progress made Phase 1B and construction due to start this year. Progress with the fuel industry is still slower than expected due to changes in the industry
		Ground Resilience and AQ 2/3 Seawall Resilience	Ground Resilience works complete. Over 10,000 stone columns have been installed to the port perimeter along with transitional paving to minimise potential effect of differential settlement following an earthquake. AQ 2/3 deferred.	Complete Ground Resilience and detailed planning of AQ 2/3 seawall repairs	Ground Resilience of Main Thorndon Reclamation progression in line with expectations. Area 5 completed and remainder progressing in line with expectations.
		Underground infrastructure and Pavements strategy	CentrePort continues early engagement with regulators and specialists to prepare for its 2028 consent changes. Information gathering is complete, and monitoring continues to provide the baseline conditions against which stormwater solutions can be measured.	Continue and increase the information gathering which will inform detailed planning for stormwater debris management.	CentrePort have partnered with Cheal consultants who successfully delivered the stormwater treatment plant for Eastland Port, which is considered as the gold standard of stormwater treatment plants for New Zealand Ports.

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CENTREPORT LIMITED - PERFORMANCE TARGETS					
	Objective	**Performance measure**	**Actual 2024**	**Target 2024**	**Actual 2023**
		KiwiRail Single User Terminal (SUT)	Note that in December 2023 the Government declined to provide further funding to KiwiRail for their Single User Terminal (SUT). As a result, KiwiRail cancelled their SUT project citing a lack of funding. CentrePort continues to work with KiwiRail, the government and other key stakeholders to determine a pathway forward for Cook Strait ferry operations and associated port infrastructure.	Finalise and sign detailed transaction documents, (subject to KiwiRail project funding.) Work with KiwiRail to progress development of Single User Terminal.	Multi User Ferry Terminal Precinct preferred option developed and ongoing monitoring of KiwiRail SUT design and possible impacts on preferred solution. Key Commercial Terms with KiwiRail signed in December 2022. Working to develop and sign detailed transaction documents. Progress slowed by KiwiRail's funding challenges. CentrePort continue to support KiwiRail with design development and construction procurement.

Directors Information

Directors holding office for the Parent and its 100% owned subsidiaries during the year were:

C Kirk-Burnnand (Chairperson)
D Lee
T Nash
D Bassett
L E Elwood
R M Evans
A J Hare
H K Modlik
H M Mexted (until 1 October 2023)
N S W Ward (until 1 October 2023)
N O Leggett (until 1 October 2023)

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	2024 $'000	2023 $'000
L E Elwood	**21**	-
R M Evans	**21**	-
A J Hare	**21**	-
H K Modlik	**21**	-
N O Leggett (until 1 October 2023)	**6**	17
H M Mexted (until 1 October 2023)	**6**	17
N S W Ward (until 1 October 2023)	**6**	17
Total	**102**	51

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2024:

C Kirk Burnnand

Ashcroft Pine Forest GP Limited (Shareholder)

Autostop Holdings Limited (Shareholder & Director)

Autostop Tasman Limited (Director)

Autostop Caspian Limited (Director)

Autostop Baltic Limited (Director)

Autostop Pacific Limited (Director)

Autostop Arctic Limited (Director)

Autostop Group Limited (Director)

Autostop Motors Limited (Director)

Patricia Mcdonnell Trustee Company Limited (Shareholder & Director)

Pinedale Forest GP Limited (Shareholder)

Pl North Limited (Director)

Pl Ross Limited (Director)

PL Tia Limited (Director)

Porirua Foundation Administration Limited (Director)

Property Logic Limited (Shareholder & Director))

Te Karaka Forest GP Limited (Shareholder)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

D Bassett

H2O New Zealand Limited (shareholder & Director)

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

The Terrace – Martinborough Limited (shareholder & Director)

D Lee

CoGo Connecting Good Limited (shareholder)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

Aureon Limited (shareholder)

T Nash

Shelter New Zealand Limited (shareholder & Director)

Portable Hospitality Limited (shareholder & Director)

Greater Wellington Rail Limited (Director)

Wellington Regional Council (Councillor)

E-Bike Subscription Limited (shareholder & Director)

L Elwood

Greater Wellington Rail Limited (Director)

Unison Networks Limited (Director)

RPS Switchgear Limited (Director)

Whanganui District Council Holdings Limited (Director)

Electra Limited (Director)

Te Toi Mahana Trust (Trustee)

R Evans

Greater Wellington Rail Limited (Director)

Television New Zealand Limited (Director)

Ngapuhi Investment Fund Limited (Director)

A Hare

Greater Wellington Rail Limited (Director)

Wellington Water Limited (Director)

Generational Limited (Director)

Engineering New Zealand Foundation (Trustee)

Audit and Risk Committee Ministry for the Environment (Independent Member)

Rotary Club of Wellington EurekaTrust (Trustee)

H Modlik

Greater Wellington Rail Limited (Director)

AEGIS Retirement Living Limited (Director)

AEGIS Silverstream Limited (Director)

ARIJIT Residential Limited (Director)

Conporto Health Limited (Director)

HKM Consulting Limited (Director)

Kenepuru Developments Limited (Director)

Kimihia Number 1 Limited (Director)

Kimihia Number 2 Limited (Director)

Raranga Limited (Director)

Toa Kainga Limited (Director)

Toa Building Supplies Limited (Director)

Te Kainga Ururua Limited (Director)

Te Tumu Whakatipu Limited (Director)

Toa Kenepuru SP Limited (Director)

Toa Kenepuru Transition Limited (Director)

Toa Rangatira Retirement Villages Limited (Director)

Whitby Village (2009) Limited (Director)

Te Aka Whai Ora (Director)

N O Leggett (ceased 1 October 2023)

Greater Wellington Rail Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Infrastructure New Zealand (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

Wellington Water Limited (Director)

H M Mexted (ceased 1 October 2023)

Greater Wellington Rail Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward (ceased 1 October 2023)

St John of God Hauora Trust (Board Member)

McIntosh Ward & Associates Limited (Shareholder & Director)

Youth Hostel Association New Zealand (Board Member)

Greater Wellington Rail Limited (Director)

Directors' Interest Register

Directors have had no interest in any transaction or proposed transactions with the Group.

Directors' Insurance

The Company has arranged Directors' and Officers' Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors' Use of Company Information

The board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

The Parent Company and all its 100% owned subsidiaries have no employees. The 76.9% owned subsidiary, CentrePort Limited and its group of subsidiaries who received remuneration and other benefits in excess of $100,000 are tabulated below:

	Number of current employees
$100,001 - $110,000	**19**
$110,001 - $120,000	**21**
$120,001 - $130,000	**23**
$130,001 - $140,000	**17**
$140,001 - $150,000	**10**
$150,001 - $160,000	**8**
$160,001 - $170,000	**13**
$170,001 - $180,000	**13**
$180,001 - $190,000	**7**
$190,001 - $200,000	**2**
$200,001 - $210,000	**2**
$210,001 - $220,000	**9**
$220,001 - $230,000	**1**
$240,001 - $250,000	**1**
$250,001 - $260,000	**1**
$260,001 - $270,000	**4**
$270,001 - $280,000	**5**
$350,001 - $360,000	**1**
$360,001 - $370,000	**4**
$400,001 - $410,000	**1**
$700,001 - $710,000	**1**
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Auditor

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Clint Ramoo of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director

30 September 2024

Director

30 September 2024

Financial Statements

WRC Holdings Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2024

		Group	
	Notes	**2024 $'000**	2023 $'000
REVENUE			
Operating revenue	3	**128,664**	121,395
Share of associate profit accounted for using the equity method	11	**1,295**	1,642
Finance income	3	**7,733**	6,198
Total revenue		**137,692**	129,235
Gain / (loss) in fair value movements:			
Net gain on disposal of property , plant and equipment	3	**336**	(281)
Fair value of investment properties - CentrePort	3	**10,525**	(1,509)
Demolition costs		**(17)**	(531)
EXPENDITURE			
Expenses, excluding finance costs	3	**(144,711)**	(144,594)
Finance costs	3	**(4,050)**	(3,222)
(Deficit) / surplus before taxation and subvention payment		**(225)**	(20,902)
Income tax benefit / (expense)	4	**3,626**	4,389
Profit / (Loss) from continuing operations		**3,401**	(16,513)
Net (deficit) / surplus after tax for the year		**3,401**	(16,513)
Other comprehensive revenue and expenditure			
Estimated Increase/(Decrease) in fair value of Rail and Public Transport assets		**-**	(14,594)
Deferred tax impact of estimated fair value movement		**-**	4,084
Increase/(Decrease) in value of CentrePort port land		**-**	9,636
Adjustment to Fair value for Land resilience Impact		**8,705**	-
Movement in fair value reserve after tax		**50**	-
		8,755	(874)
Other comprehensive income for the year, net of tax		**8,755**	(874)
Total comprehensive income for the year		**12,156**	(17,387)
Total comprehensive revenue and expenditure for the year is attributable to:			
Owner of WRC Holdings Limited		**4,168**	(21,738)
Non-controlling interest		**7,988**	4,351
		12,156	(17,387)

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Changes in Equity
For the year ended 30 June 2024

Group	Notes	Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2022	16	316,945	130,798	286,362	106,640	840,749
Total Comprehensive Income for the Year		-	-	(18,638)	2,125	(16,513)
Contributed Equity		20,200	-	-	-	20,200
Increase / (Decrease) in Revaluation reserve		-	(3,100)	-	2,226	(874)
Dividends		-	-	(2,400)	(1,385)	(3,785)
Balance as at 30 June 2023		337,145	127,699	265,325	109,606	839,775

Group	Notes	Share Capital $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2023	16	337,145	127,699	265,325	109,606	839,775
Total Comprehensive Income for the Year		-	-	(2,565)	5,966	3,401
Contributed Equity		18,100	-	-	-	18,100
Increase / (Decrease) in Revaluation reserve		-	6,733	-	2,022	8,750
Dividends		-	-	(2,400)	(1,615)	(4,015)
Balance as at 30 June 2024		**355,245**	**134,440**	**260,360**	**115,974**	**866,011**

The accompanying notes form part of these financial statements.

Attachment 1 to Report 24.568

WRC Holdings Limited
Statement of Financial Position
As at 30 June 2024

	Notes	Group 2024 $'000	Group 2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	14	**80,469**	114,630
Trade and other receivables	5	**13,927**	12,313
Other financial assets	18	**-**	18,960
Inventories	6	**2,834**	2,711
Current accounts - GWRC		**5,938**	6,232
Total current assets		**103,168**	154,846
Non-current assets			
Property, plant and equipment	7	**782,831**	759,205
Intangible assets	8	**24**	168
Investments in joint venture	11	**12,552**	13,210
Loans and Advances to Joint Venture		**9,786**	9,934
Investments Securities at Fair Value through OCI		**20,826**	-
Investments Securities at Amortised Cost		**14,584**	-
Investment properties	10	**96,650**	86,125
Deferred tax assets	12	**26,033**	23,203
Right of use assets		**-**	-
Total non-current assets		**963,286**	891,845
Total assets		**1,066,454**	1,046,691
LIABILITIES			
Current liabilities			
Trade and other payables		**12,167**	14,459
Interest bearing liabilities	13	**56,000**	12,000
Taxation payable	4	**4,748**	2,725
Provisions for employee entitlements	15	**4,154**	3,953
Total current liabilities		**77,069**	33,137
Non-current liabilities			
Interest bearing liabilities	13	**-**	44,000
Provision for employee entitlements	15	**137**	123
Deferred tax liabilities	12	**123,237**	129,656
Total non-current liabilities		**123,374**	173,779
Total liabilities		**200,443**	206,916
Net assets		**866,011**	839,775
EQUITY			
Contributed equity	16	**355,245**	337,145
Reserves		**134,432**	127,699
Retained earnings		**260,360**	265,325
Non-controlling interest		**115,974**	109,606
Total equity		**866,011**	839,775

The accompanying notes form part of these financial statements.

For, and on behalf of, the Board of Directors.

Director
30 September 2024

Director
30 September 2024

Attachment 1 to Report 24.568

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2024

	Notes	Group 2024 $'000	Group 2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		**103,766**	99,397
Rental income		**7,612**	7,125
Interest income received		**8,924**	5,137
Subsidies		**14,500**	15,359
		134,802	127,018
Cash was disbursed to:			
Payments to suppliers and employees		**(106,587)**	(101,520)
Income taxation refunded / (paid)		**564**	(823)
Interest expense paid		**(3,949)**	(3,145)
Subvention payment		**(4,181)**	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	**20,649**	21,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of Property, Plant & Equipment		**608**	3
Proceeds from matured investments		**18,965**	19,461
Cash was applied to:			
Purchase of Property, Plant & Equipment		**(55,361)**	(65,798)
Development of Investment Properties		**-**	(97)
Purchase of subsidiary company shares		**-**	-
Loan to Joint Venture		**(25)**	(2,400)
Other transfers		**-**	-
Dividends received		**1,955**	1,250
Purchase of investments		**(35,351)**	(18,960)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(69,209)**	(66,541)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings		**-**	1,000
Issue of ordinary shares		**18,100**	20,200
Cash was applied to:			
Movement in current account		**314**	602
Dividends paid to shareholders		**(4,015)**	(3,785)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**14,399**	18,017
Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end		**(34,161)**	(26,994)
Add opening cash, cash equivalents / (overdraft) brought forward		**114,630**	141,624
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	14	**80,469**	114,630

The accompanying notes form part of these financial statements

1 Statement of compliance

The "Group" consists of WRC Holdings Limited, its wholly owned subsidiaries, Greater Wellington Rail Limited and its 76.9% subsidiary CentrePort Limited, together with its subsidiaries, as disclosed in note 9. WRC Holdings principal address is 100 Cuba Street, Te Aro, Wellington, New Zealand.

WRC Holdings provides transport, infrastructure, buildings and port facility and operations to the Greater Wellington region via its subsidiaries, for community and social benefit, rather than to make a financial return. Accordingly, WRC Holdings has designated itself as public benefit entity (PBE) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

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

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

The Financial Statements were authorised for issue by WRC Holdings Limited on 30 September 2024.

2 Statement of accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

For the purposes of financial reporting, WRC Holdings is designated as a public benefit entity. The subsidiary companies comprise Greater Wellington Rail Limited and CentrePort Limited. CentrePort Limited is designated as a profit-oriented entity and Greater Wellington Rail is designated as a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

Specific accounting policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive revenue and expenditure, statement of movements in equity, balance sheet and cash flows are set out below:

(b) Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

Income tax calculations (note 4)

The fair value of Rolling Stock and Rail Infrastructure (note 7)

Fair value of Port land (note 7)

Impairment of Port assets held at cost (note 7)

Recognition of deferred tax assets and liabilities (note 12)

(c) Basis of consolidation

The Group financial statements include WRC Holdings Limited (the Parent) and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee

The results, assets, and liabilities of joint ventures are incorporated into these financial statements using the equity method.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the Group loses control of a subsidiary, a gain or loss is recognised in revenue and expenditure and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any returned interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive revenue and expenditure and accumulated in equity, the amounts previously recognised in other comprehensive revenue and expenditure and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to revenue and expenditure or transferred directly to retained earnings as specified by applicable PBE Accounting Standards).

Consolidation of a subsidiary begins when the Parent obtains control over the subsidiary and ceases when the Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Parent gains control until the date when the Parent ceased to control the subsidiary. Refer to note 9

All intra-group transactions are eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(d) Statement of cash flow

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

(i) Cash and cash equivalents comprise cash on hand, cash in banks and investment in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(ii) Investing activities are those activities relating to the acquisition and disposal of property, plant and equipment, investment property, intangible assets and joint ventures. Investments include securities not falling within the definition of cash.

(iii) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(iv) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(e) Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective and not early adopted are:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

The group has not yet assessed the impact of these amendments and the new standard in detail. These amendments and the new standard are not expected to have a significant impact.

3 Operating surplus / (deficit) before subvention and taxation

Accounting policies

Applicable accounting policies are explained below:

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Rendering of services

Revenues from services are recognised in the accounting period in which the services have been rendered.

(ii) Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(iii) Dividend and interest revenue

Dividends are recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(iv) Grant revenue

Revenues from non-exchange grants is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- It is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably and
- The transfer is free from conditions that require the asset to be refunded or returned to the grantor if the conditions are not fulfilled.

3 Operating surplus / (deficit) before subvention and taxation (continued)

	Group	
	2024 $'000	2023 $'000
Other revenue		
Rental income (exchange revenue)	**32,820**	26,074
Operating Revenue	**77,647**	74,938
CentrePort income (exchange revenue)	**3,352**	4,745
Interest (exchange revenue)	**340**	279
Operational grants from GWRC (non-exchange revenue)	**14,505**	15,359
	128,664	121,395
Fair value movements and other gains and losses:		
Net Gain/(Loss) on Sale of Property plant and equipment	**336**	(281)
Fair value (loss) gain on CentrePort investment property	**10,525**	(1,509)
Demolition costs	**(17)**	(531)
	10,844	(2,321)
Expenses, excluding finance costs		
Changes in inventories of finished goods and work in progress	**115**	185
Employee benefits expense	**30,959**	28,599
Depreciation and amortisation expense	**38,525**	41,431
Audit services	**431**	412
Directors fees and expenses	**679**	610
Management fees	**324**	235
Repairs and maintenance	**24,002**	21,954
Rates and Insurance	**9,042**	8,066
Other operating expenses	**39,678**	42,225
Tax services	**63**	56
Consultants - legal	**18**	58
Rental and lease expenses	**875**	763
	144,711	144,594
Finance costs		
Interest costs	**(4,050)**	(3,222)
Interest received	**7,733**	6,198
Net finance costs	**3,683**	2,976
Operating surplus/(deficit) before subvention, taxation	**(225)**	(20,902)

Fee paid to audit
The audit fee is for the annual audit of the financial statements.

Other assurance services provided by the Auditor include: A reasonable assurance engagement in connection with the CentrePort Captive Insurance Limited annual solvency return to the Reserve Bank of New Zealand at a cost of $5,000 (2023: $5,000).

4 Taxation

Accounting policy

The tax expense for the period comprises current and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Recognition and measurement

Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

	Group	
	2024 **$'000**	2023 $'000
(a) Income tax recognised in profit or loss		
Tax expense / (benefit) comprises:		
Current tax expense / (income)	**5,628**	4,026
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(9,254)**	(8,415)
Adjustments recognised in current period in relation to deferred tax in prior periods	**-**	-
Tax loss recognised	**-**	-
Total current tax	**(3,626)**	(4,389)
Total Tax (benefit) / expense	**(3,626)**	(4,389)
Income Tax Receivable / (Payable)		
Opening Balance	**(2,725)**	475
Income tax paid / (refunded)	**(564)**	823
Prior Year Subvention / Loss Offset	**4,181**	-
Prior Year Adjustment	**(52)**	106
Current Year Tax (Liability) / Benefit	**(5,588)**	(4,129)
	(4,748)	(2,725)

	Group 2024 $'000	Group 2023 $'000
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
(Deficit) / Surplus from operations	**(225)**	(20,902)
	(225)	(20,902)
Income tax (benefit) / expense calculated at 28%	**(63)**	(5,853)
Non-deductible expenses	**4,153**	4,362
Non-assessable income	**(8,146)**	(4,889)
(Increase) / decrease in value of developed investment property land	**(2,946)**	422
Recognition of deferred tax on buildings	**1,812**	76
Insurance Proceeds on non-depreciable assets	**112**	(85)
Permanent differences	**1,453**	1,680
	(3,626)	(4,287)
(Over) / under provision of income tax in previous period	**-**	(103)
Income tax expense	**(3,626)**	(4,390)
(c) Imputation credit account balances		
Balance at end of the period	**13,868**	13,668

5 Trade & other receivables

Accounting policy

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised at amortised cost, less provision for expected credit losses. Trade and other receivables measured at amortised cost approximates fair value. Expected credit losses are determined using a lifetime expect credit loss provision for Trade and Other Receivables. The Expected Credit Loss rates are based on the Group's historical credit losses experienced over the prior three year period. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers

As at 30 June 2024 the Group expects negligible credit losses (2023: negligible).

	Group 2024 $'000	Group 2023 $'000
Trade receivables	**7,671**	7,596
Less Expected Credit Losses	**-**	-
Trade receivable	**7,671**	7,596
Other receivable	**5,591**	4,106
Prepayments	**665**	611
	13,927	12,313

6 Current Assets – Inventory

Accounting policy

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.

Cost of crushed concrete and spare parts are calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

No inventories are held as security for liabilities as at 30 June 2024 (2022: Nil).

	Group	
	2024	2023
	$'000	$'000
Seaview crushed concrete	**548**	465
Spares stock control	**2,080**	2,042
Fuel and stock control	**206**	204
	2,834	2,711

7 Property, plant and equipment

Accounting policy

The Group has seven classes of property, plant and equipment:

Operational port freehold land
Buildings
Wharves and paving
Plant and equipment
Rail Infrastructure
Rail rolling stock
Work in progress

Operational Port Land is stated at fair value. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022, adjusted for the estimated land resilience costs. Operation Port Land which was transferred to Investment Property during 2022/23 was valued by Colliers International at the date of transfer.

The Group's Policy is to get a formal valuation every 3 to 5 years, but this has been brought forward due to the current market conditions. When there is no formal valuation performed the fair value of Operational Port Land is reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in Other Comprehensive Income and accumulated as a separate component of equity in the properties Revaluation Reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in Profit or Loss, in which case the increase is credited to Profit or Loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the Profit or Loss to the extent that it exceeds the balance, if any, held in the property's Revaluation Reserve relating to a previous revaluation.

Property and Equipment (other than Operational Port Land, Rolling Stock and Transport Infrastructure) 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.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property and Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation, an undetermined purpose, or to derive rental income has been classed as Investment property.

Rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every three to five years. GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

There is no depreciation on capital works in progress and on land or investment properties. Depreciation on all other property, plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

- Buildings	5 to 50 years
- Wharves, Paving and Seawalls	2 to 100 years
- Plant and equipment	2 to 50 years
- Rail rolling stock	20 to 30 years
- Rail Infrastructure	3 to 150 years

The useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Impairment

No impairment adjustment has been made in the year ended 30 June 2024 (2023: Nil).

Attachment 1 to Report 24.568

WRC Holdings Limited
Notes to the Financial Statements
30 June 2024
(continued)

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Plant and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2023							
Opening net book amount	115,312	9,924	85,792	43,109	365,974	146,678	766,789
Additions	13,339	-	-	8	-	-	13,347
Transfer	23	2,387	15,219	8,955	2,533	16,737	45,854
Depreciation charge	-	(767)	(5,508)	(5,302)	(24,207)	(5,644)	(41,428)
Disposals / written off	-	-	(293)	(18)	-	(962)	(1,273)
Reclassification	(24,925)	-	(3,078)	3,078	-	-	(24,925)
Revaluation gain / (loss)	9,636	-	-	-	13,981	(28,575)	(4,958)
Work in progress movement	-	30	6,904	(943)	1,500	(1,692)	5,799
Closing net book amount	113,385	11,574	99,036	48,887	359,781	126,542	759,205
As at 30 June 2023							
Cost/Revaluation	127,811	22,370	159,673	110,445	359,781	126,542	906,622
Accumulated impairment/Resilience provision	(14,426)	-	-	-	-	-	(14,426)
Accumulated depreciation	-	(10,796)	(60,637)	(61,558)	-	-	(132,991)
Closing Balance 30 June 2023	113,385	11,574	99,036	48,887	359,781	126,542	759,205
Work in Progress							
Opening balance 1 July 2022	-	721	22,248	2,186	2,348	14,913	42,416
Transfers	-	(1,847)	(17,383)	(7,463)	(2,536)	(16,738)	(45,967)
Additions	-	1,876	24,287	6,520	4,040	15,046	51,769
Closing Balance 30 June 2023	-	750	29,152	1,243	3,852	13,221	48,218

Attachment 1 to Report 24.568

7 Property, plant and equipment (continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Plant and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Year ended 30 June 2024							
Net book amount							
Opening net book amount	113,385	11,574	99,036	48,887	359,781	126,542	759,205
Additions	6,166	-	-	-	-	-	6,166
Transfers	-	-	6,179	4,280	538	10,883	21,880
Depreciation charge	-	(701)	(6,495)	(5,513)	(19,249)	(6,567)	(38,525)
Disposals / written off	-	(151)	-	(28)	-	-	(179)
Reclassification	(448)	-	42	406	-	-	-
Revaluation gain / (loss)	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Decrease in Fair Value	-	-	-	-	-	-	-
Working in progress	-	278	16,443	1,206	9,462	(1,811)	25,578
Provision for Resilience	8,706	-	-	-	-	-	8,706
Closing net book amount	127,809	11,000	115,205	49,238	350,532	129,047	782,831
As at 30 June 2024							
Cost or Valuation	127,809	21,115	182,337	115,463	369,781	135,614	952,119
Accumulated depreciation	-	(10,115)	(67,132)	(66,225)	(19,249)	(6,567)	(169,228)
Closing Balance 30 June 2024	127,809	11,000	115,205	49,238	350,532	129,047	782,831

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Plant and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Total $'000
Work in Progress							
Opening balance 1 July 2023	-	750	29,152	1,243	3,852	13,221	48,218
Transfers	-	-	(6,179)	(4,280)	(538)	(10,883)	(21,880)
Additions	-	304	22,001	5,942	11,011	8,060	47,906
Closing Balance 30 June 2024	-	1,054	44,974	3,493	14,325	10,398	74,244

7 Property, plant and equipment (continued)

Valuation Approach for Fixed Assets measured at Fair Value

Operational Port Land has been valued in accordance to the relevant Valuation Guidance and PBE IPSAS 17 Property Plant and Equipment. Operational Port Land was valued on 30 June 2022 by independent registered valuers of the firm Colliers International.

For the year ended 30 June 2024 management in conjunction with Colliers International have performed a desktop assessment of port operational land which has concluded that the carrying values are not materially different to their fair values as at that date. On that basis there are no changes to the assessed values or assumptions other than the reduction in provision for land resilience following the conclusion of the land resilience works.

Operational Port Land comprises Industrial Zoned Land and Other Port Land (2023: Industrial Zoned Land and Other Port Land) and the fair values have been determined in accordance with International Valuation Standards and Australia and New Zealand Valuation and Property Standards NZVTIP 2 - Valuations for Real Property, Plant & Equipment for Use in New Zealand Financial Reports and PBE IPSAS 17 Property, Plant and Equipment.

Operational Port Land

(a) Industrial Zoned Land

The fair value of Industrial Zoned Land is on a vacant basis, reflecting the land in its current state, however ignoring any and all operational buildings, structures and improvements involved in the day to day operation of port related activities. Industrial Zoned Land is made up of Freehold land and Land leased out to third parties (“Leasehold Land”) as part of port operations.

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 including road frontage, exposure to vehicles, allowable height, and density of use
- the current state of the Wellington and wider New Zealand economy
- the current state of Wellington property markets including the office, industrial, large format retail, residential accommodation, and hotel accommodation markets

Each leasehold parcel of land is valued using a Capitalised Net Rental approach, 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. Significant 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; and
- 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.

Other key assumptions underlying the valuation are set out below:

- It is assumed that there is a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with ensuring the land is resilient 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 below.

7 Property, plant and equipment (continued)

The following table summarises the valuation approach used by the valuers in 2022 to arrive at an assessed value together with the Provision for Land Resilience and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged since 2022, other than an adjustment for transfers to investment property in the 2024 financial year and movements in the provision for land resilience:

Industrial Zoned Land	Assessed Value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Freehold Land	$ 86.8m (2023: $86.6m)	Direct Sales Comparison approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $50psqm to $1,650psqm (2023: $50psqm to $1,650psqm)	+-5% $4.4m (2023: +-5% $4.4m)
		Market Capitalisation	Capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property sustainable net income to derive value. The rate selected was 6.25% (2023: 6.25%)	+-0.25% $0.1m (2023: +-0.25% $0.1m)
		Discounted Cash Flow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2023: 7.5%)	+-0.25% $0.1m (2023: +-0.25% $0.1m)
Leasehold Land	$11.5m (2023: $11.5m)	Capitalised Net Rental approach	Weighted average land value - the rate per sqm applied to the subject property. This ranges from $1,500psqm to $1,750psqm (2023: $1,500psqm to $1,750psqm)	+-5% $0.6m (2023: +-5% $0.6m)
Assessed Value	**$98.2m (2023: $98.2m)**			
Provision for Land Resilience	$Nil (2023: ($14.4m))	Cost estimates	Estimated cost of completing land resilience work.	+-15% $2.2m (2023: +-15% $2.2m)
Total Fair Value	**$98.2m (2023: $83.8m)**			

7 Property, plant and equipment (continued)

Operational Port Land Resilience
During the period the remaining land resilience provision has been reduced to nil (2023: $14.4m) following the completion of the work that was needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The reduction is comprised of $6.2m of work undertaken during the year less $0.4m of incurred costs reclassified to Property, Plant and Equipment, and $8.7m of adjustment through Other Comprehensive Income.

(b) Other Port Land

Other Port Land is made up of Freehold land and land leased out to third parties ("Leasehold Land"). Significant ancillary services are provided to these third parties. Leasehold Land is valued using a combination of the following approaches:

- Capitalised Net Market Rental approach - this is 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.
- Market Capitalisation approach - This is where fair value is determined by assessing the property's market ground rent and then capitalising this using an appropriate yield.
- 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.

Significant inputs into these valuation approaches are:

- comparable recent rental settlements on a rate per square metre of land;
- perpetually renewable or terminating lease;
- rental review periods; and
- forecast trends for interest rates and market based property yields.

Market ground rental is assessed using the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

7 Property, plant and equipment (continued)

The following table summarises the key inputs and assumptions used by the valuer to arrive at an assessed value and the sensitivity of the valuation to movements in unobservable inputs. Given the desktop exercise completed at 30 June 2024 the value and assumptions remain unchanged since 2022, other than an adjustment for transfers to investment property in the 2024 financial year:

Other Port Land	Assessed Value	Valuation Approach	Key Valuation Assumptions	Valuation Impact
Leasehold Land	$24.5m (2023: $24.5m)	Capitalised Net Market Rental	Weighted average land value -the rate per sqm applied to the subject property. This ranges from $150psqm to $750psqm (2023: $150psqm to $750psqm)	+-5% $1.3m (2023: +-5% $1.2m)
Freehold Land	$5m (2023: $5.0m)	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 8.25% (2023: 8.25%)	+-0.25% $0.3m (2023: +-0.25% $0.3m)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2023: 8.75%)	+-0.25% $0.2m (2023: +-0.25% $0.2m)
Total Fair Value	**$29.6m (2023: $29.6m)**			

8 Intangible assets

Accounting policy

(i) Computer software
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.

The amortisation expense is included in operating expenses in the statement of comprehensive revenue and expenditure.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with Software as a Service arrangements are expensed and capitalised only when configuration and customisation expenses create an intangible asset, that is separate to the software. The Group must be able to control the intangible asset and to restrict other's access to the benefits.

8 Intangible assets (continued)

Group	Computer software $'000	Total $'000
Year ended 30 June 2023		
Opening net book amount	355	355
Impairment loss	-	-
Amortisation charge	(187)	(187)
Closing net book amount	168	168
Cost	3,326	3,326
Accumulated amortisation and impairment	(3,158)	(3,158)
Net book amount	168	168

Group	Computer software $'000	Total $'000
Year ended 30 June 2024		
Opening net book amount	168	168
Disposals	(21)	(21)
Amortisation charge	(123)	(123)
Closing net book amount	24	24
Cost	2,545	2,545
Accumulated amortisation and impairment	(2,521)	(2,521)
Net book amount	24	24

9 Investments in subsidiaries

Accounting policy

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive revenue and expenditure.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name	Principal activity	Place of incorporation and operation	Proportion of ownership interest held by the Group 2024	2023
Greater Wellington Rail Limited	Rail rolling stock owner	New Zealand	**100%**	100%
Harbour Quays D4 Limited	Commercial rental property	New Zealand	**100%**	100%
CentrePort Cook Strait Ferry Terminals Limited*	Inactive	New Zealand	**76.9%**	76.9%
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
CentrePort Captive Insurance Limited**	Captive Insurance Company	New Zealand	**76.9%**	76.9%

*During the year ended 30 June 2023, Wellington Port Coldstores Limited changed its name to CentrePort Cook Strait Ferry Terminals Limited.

**On 14 October 2022, the Reserve Bank of New Zealand granted a licence under The Insurance (Prudential Supervision) Act 2010 for CentrePort Captive Insurance Limited to operate as a captive insurance company. On 1 July 2023, CentrePort Captive Insurance Limited issued its first insurance contract, insuring $20m of Material Damage and Business Interruption exposure to earthquake risk for CentrePort Ltd without any reinsurance contract purchased (2023: nil).

10 Investment Properties

Investment Property

Investment Property, which is property held to earn rentals 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 Investment Property:
- Developed Investment Property
- Land Available for Development

	Group	
	2024 $'000	2023 $'000
Developed Investment Properties	**28,000**	30,500
Land Available for Development	**68,650**	55,625
	96,650	86,125
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Developed Investment Property as at 1 July	**30,500**	31,767
Additions	**-**	155
Increase / (decrease) in fair value	**(2,500)**	(1,252)
Disposals	**-**	(169)
	28,000	30,500
Land Available for Development	**55,625**	30,850
Additions	**-**	106
Transfer from / (to) Developed Investment Property	**-**	24,925
Increase / (decrease) in fair value	**13,025**	(256)
	68,650	55,625

Valuation Approach

(a) Developed Investment Property

The Developed Investment Property consists of the Customhouse building. This property is leased to a third party.

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

- Market Capitalisation approach - This is where fair value is determined by capitalising the property's market rental at an appropriate yield, 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 10 year period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

(b) Land Available for Development

Land Available for Development consists of the Harbour Quays Development Land and the Northern Reclamation (2023: Harbour Quays Development Land and the Northern Reclamation).

Land Available for Development is valued using a 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, along with adjustments for factors such as the size, shape, location, access to services including road frontage, exposure to vehicles, allowable height, and density of use of the property.

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 maintain the sea wall along the reclamation edge. All costs associated with the annual maintenance of the sea wall have been excluded from the valuation.
- 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 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. The key valuation assumptions have been revised as at 30 June 2024, including movements in the estimated cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works.

Class of Property	Fair Value $'000	Valuation Approach	Key Valuation Assumption	Range of significant input
Developed Investment Property	$28.0m (2023: $30.5m)	Market Capitalisation	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 7.13% (2023: 7.0%)	+0.13% $0.5m -0.13% $1.0m (2023: +0.25% $1.5m -0.25% $1.0m)
		Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cashflows. The rate selected was 8.25% (2023: 8.25%)	+-0.25% $0.6m (2023: +-0.25% $0.6m)
Land Available for Development	$68.7m (2023: $64.6m)	Direct Sales Comparison	Weighted average land value - the rate per sqm applied to the subject property. The rates applied ranged from $150 - $2,750 per sqm (2023: $125 - $2,625 per sqm)	+-5.0% $3.6m (2023: +-5.0% $3.4m)
Assessed Value	**$96.7m (2023: $95.1m)**			

Class of Property	Fair Value $'000	Valuation Approach	Key Valuation Assumption	Range of significant input
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	$nil (2023: ($9.0m)	Cost estimates	Estimated cost of completing works on Land Available for Development.	+-10% $nil (2023: +-10% $0.9m)
Total Fair Value	**$96.7m (2023: $86.1m)**			

11 Joint Venture Information

Accounting policy

Interests in Joint Ventures

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

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

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

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 Impairment of Cash-Generating Assets to the extent that the recoverable amount of the investment subsequently increases.

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

Name of entity	Principal activities	Proportion of interest	
		2024	2023
Direct Connect Container Services Limited	Warehousing and transportation	50%	50%
Marlborough Inland Hub Limited	Logistics services	50%	50%
Dixon & Dunlop Limited	Earthmoving, groundworks and equipment hire	50%	50%

Direct Connect Container Services Limited

CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $7.0m, in October 2021. Interest is payable on the principal of 7.0% per annum. Income from the loan for the year ended 30 June 2024 was $491k (2023: $490k). The loan is repayable on

29 November 2029.

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long-term shareholder advance to Direct Connect Container Services Ltd of $1.9m. Interest is payable on the principal of 7.0% per annum. Income from the loan for the year ended 30 June 2024 was $134k (2023: $93k). The loan is repayable on 4 August 2025.

CentrePort has also provided unsecured advances of $1.1m (2023: $1.1m) to Direct Connect Container Services Limited. There is no interest charged on these advances and they are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort's share of losses, $742k (2023: $534k).

Marlborough Inland Hub Limited

On 29 June 2022, Marlborough Inland Hub Limited was established as a joint venture between the Group and Port of Marlborough New Zealand Limited. The joint venture holds land and assets used to fulfil a Grape Supply Agreement in Marlborough valued at $14.2m. The land component of the property was revalued at 30 June 2022 from $10.6m to $12.3m. For the year ended 30 June 2024 management have obtained a desktop assessment of the land which has concluded that the lands carrying value is not materially different to the fair value as at that date.

During the year ended 30 June 2023, CentrePort provided a secured and interest bearing long-term shareholder loan to Marlborough Inland Hub Limited of $500k. Interest is payable on the 30th of June each year or as otherwise provided by agreement at an interest rate of the OCR from time to time plus a margin of 1.5%. Income from the loan for the year ended 30 June 2024 was $35k (30 June 2023: $18k). The loan is repayable on demand.

Dixon & Dunlop Limited

On 31 August 2021, CentrePort Limited purchased 50% of the shares in Dixon & Dunlop Limited for $4.1m. CentrePort's interest in Dixon & Dunlop has been accounted for using the equity method. During the year ended 30 June 2024, CentrePort received cash dividends of $1.95m (2023: $1.25m).

11 Joint Venture Information (continued)

Summarised financial information

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Current								
Cash and cash equivalents	**130**	331	**1,146**	2,147	**876**	971	**2,152**	3,449
Other current assets (excluding cash)	**260**	364	**1,257**	1,598	**-**	-	**1,517**	1,962
Total current assets	**390**	695	**2,403**	3,745	**876**	971	**3,669**	5,411
Other current liabilities (including trade payables)	**(183)**	(321)	**(1,130)**	(1,395)	**(36)**	(117)	**(1,349)**	(1,833)
Total current liabilities	**(183)**	(321)	**(1,130)**	(1,395)	**(36)**	(117)	**(1,349)**	(1,833)
Non-current								
Non-current assets	**16,390**	16,544	**5,976**	6,404	**15,368**	15,373	**37,734**	38,321
Total non-current assets	**16,390**	16,544	**5,976**	6,404	**15,368**	15,373	**37,734**	38,321
Financial liabilities	**(18,085)**	(18,060)	**-**	-	**(1,000)**	(1,000)	**(19,085)**	(19,060)
Other liabilities	**-**	-	**(1,479)**	(1,701)	**(60)**	(45)	**(1,539)**	(1,746)
Total non-current liabilities	**(18,085)**	(18,060)	**(1,479)**	(1,701)	**(1,060)**	(1,045)	**(20,624)**	(20,806)
Net assets	**(1,488)**	(1,142)	**5,770**	7,053	**15,148**	15,182	**19,430**	21,093

Summarised statement of comprehensive income

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Revenue	**3,055**	3,538	12,418	14,751	**1,027**	1,293	**16,500**	19,582
Operating expenses	**(3,401)**	(3,821)	(9,800)	(11,485)	**(1,061)**	(1,236)	**(14,262)**	(16,542)
Net finance cost	**-**	-	-	-	**-**	-	**-**	-
	(346)	(283)	2,618	3,266	**(34)**	57	**2,238**	3,040

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Direct Connect Container Services Limited		Dixon & Dunlop Limited		Marlborough Inland Hub Limited		Total	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
Opening net assets	**-**	-	5,619	5,255	**7,591**	7,563	**13,210**	12,818
Profit/(loss) for the year	**(173)**	(141)	1,309	1,633	**(17)**	29	**1,119**	1,521
Adjustments	**-**	-	-	(19)	**-**	-	**-**	(19)
Dividends	**-**	-	(1,950)	(1,250)	**-**	-	**(1,950)**	(1,250)
Applied against loan	**173**	141	-	-	**-**	-	**173**	141
Carrying value	**-**	-	4,978	5,619	**7,574**	7,592	**12,552**	13,211

	Group	
	2024 $'000	2023 $'000
Share of profit / (loss) of joint ventures	**1,119**	1,521
Applied against loan advances	**176**	121
Total current assets	**1,295**	1,642

12 Deferred tax

Accounting policy

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Recognition and Measurement

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

	Group 2024 $'000	2023 $'000
The balance comprises temporary differences attributable to:		
Tax losses	**26,033**	23,203
Temporary differences	**(123,237)**	(129,663)
Net Deferred Tax	**(97,204)**	(106,460)

Movements - Group	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Other $'000	Total $'000
At 1 July 2023	(113,194)	914	23,203	(16,890)	(492)	(106,460)
Charged to income	802	(384)	2,830	6,104	(97)	9,255
Charged to equity	-	-	-	-	-	-
At 30 June 2024	(112,393)	530	26,033	(10,786)	(589)	(97,204)

Movements - Group	Property, plant and equipment $'000	Trade and other payables $'000	Tax losses $'000	Insurance recoverable $'000	Other financial liabilities $'000	Total $'000
At 1 July 2022	(119,564)	989	20,260	(20,250)	(393)	(118,958)
Charged to income	2,286	(75)	2,943	3,360	(99)	8,414
Charged to equity	4,084	-	-	-	-	4,084
At 30 June 2023	(113,194)	914	23,203	(16,890)	(492)	(106,460)

13 Interest bearing liabilities

	Group 2024 $'000	2023 $'000
Current		
NZ Green Investment Finance	**12,000**	12,000
Borrowings	**44,000**	-
Total current interest bearing borrowings	**56,000**	12,000
Non-current		
Borrowings	**-**	44,000
NZ Green Investment Finance	**-**	-
Total non-current interest bearing liabilities	**-**	44,000
Total interest bearing liabilities	**56,000**	56,000

Loan from Greater Wellington Regional Council

WRC Holdings Limited has a loan of $44.0m (2023: $44.0m) received from its parent entity Greater Wellington Regional Council. The interest rate at 30 June 2024 is 6.1175% (2023: 6.1075%) and is reset quarterly.

NZ Green Investment Finance

CentrePort has a $15.0m debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down $12.0m of this facility at balance date (2023: $12.0m). The interest rate is based on BKBM (bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The Lender has first ranking security over all current and future assets held by the Group. The facility will mature on 11 July 2024.

14 Cash and cash equivalents

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

Although cash and cash equivalents at 30 June 2024 are subject to the expected credit loss requirements of PBE IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

	Group	
	2024 $'000	2023 $'000
Cash at bank and in hand	**80,469**	114,630
Cash and cash equivalents	**80,469**	114,630

15 Employee entitlements

Accounting policy

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.

	Group	
	2023 $'000	2023 $'000
Current		
Employee benefits	**4,154**	3,953
Non-current		
Employee benefits	**137**	123
Total Provisions	**4,291**	4,076

The rate used for discounting the provision for future payments is 4.7% (2023: 4.6%).

16 Equity

	Group	
	2024 **$'000**	2023 $'000
(a) Share capital		
Ordinary shares		
34,541,100 $1 shares, fully paid	**34,541**	34,541
22,170,000 $1 shares, fully paid	**22,170**	22,170
5,309,283 $1 shares fully paid	**5,309**	5,309
170,200,000 $1 shares, fully paid	**170,200**	170,200
8,000,000 $1 shares, fully paid	**8,000**	8,000
11,250,000 $1 shares, fully paid	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100**	10,100
19,000,000 $1 shares, fully paid	**19,000**	19,000
3,500,000 $1 shares fully paid	**3,500**	3,500
12,100,000 $1 shares fully paid	**12,100**	12,100
17,300,000 $1 shares full paid	**17,300**	17,300
17,800,000 $1 shares full paid	**17,800**	16,975
25,200,000 $1 shares partly paid	**17,275**	-
Redeemable Preference Share Capital		
25,000 $1000 shares, paid to 1 cent	**-**	-
Total share capital	**355,245**	337,145

17 Reconciliation of surplus for the year with cash flows from operating activities

	Group	
	2024 **$'000**	2023 $'000
Net (deficit) / surplus after tax	**3,401**	(16,513)
Add / (less) non-cash items:		
Depreciation	**38,640**	41,616
Gain / (Loss) on disposal of fixed asset	**(341)**	1,243
Write down / (up) of investment properties	**(10,525)**	1,509
Deferred tax liability	**(3,355)**	(1,343)
Equity Accounted earnings	**(1,119)**	(1,501)
Add / (less) movements in working capital:		
Accounts receivable	**(1,614)**	(867)
Accounts payable	**(2,318)**	(1,171)
Inventory	**(123)**	606
Taxation - refund/payable	**(3,878)**	(3,873)
Employee entitlements	**215**	255
Add / (less) items classified as investing and financing activities:		
Accounts payable related to property, plant and equipment	**1,666**	1,563
Accounts payable related to investment property	**-**	6
Net cash inflow from operating activities	**20,649**	21,530

Reconciliation of movements in liabilities arising from financing activities

	Borrowings $'000	**Issue of ordinary shares $'000**	**Movement in the current account $'000**	**Dividends paid to shareholders $'000**
Balance 1 July 2022	11,000	316,944	6,833	(5,185)
Issue of ordinary shares	-	20,200	-	-
Loan drawdown	1,000	-	-	-
Dividend paid – by WRC Holdings Ltd	-	-	-	(2,400)
CentrePort Dividend paid – non-controlling	-	-	-	(1,385)
Interest paid	-	-	(602)	-
Balance 30 June 2023	12,000	337,144	6,232	(8,970)
Issue of ordinary shares	-	18,100	-	-
Loan drawdown	-	-	-	-
Dividend paid – by WRC Holdings Ltd	-	-	-	(2,400)
CentrePort Dividend paid – non-controlling	-	-	-	(1,615)
Interest paid	-	-	(314)	-
Balance 30 June 2024	12,000	355,244	5,918	(12,985)

18 Financial instruments and risk management

Accounting policies

(1) Financial Instruments

Financial Instruments Issued by the companies

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit or loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of initial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

Estimation of Fair Value of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Borrowings

Borrowings are recorded initially at amortised cost.

(2) Financial risk management

Nature of activities and management policies with respect to financial instruments:

Capital risk management

WRC Holdings manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings - disclosed in note 13 - cash reserves and retained earnings.

Externally imposed capital requirements

CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported monthly to the CentrePort Board and semi-annually to the WRC Holdings Group Board. All externally imposed covenants have been complied with during the period.

(a) Market risk

(i) Interest rate risk
The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Interest rate sensitivity

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's net profit would increase / decrease by $36,830 (2023: +/- $1,403,000).

Maturity profile of financial instruments

The table below summarises the Group's exposure to interest rate risk at 30 June 2024 and 30 June 2023.

Group	**Weighted average effective interest rate**	**Less than one year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Non interest bearing**	**Total**
30 June 2024	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	12,167	12,167
Payables to employees	-	-	-	-	-	-	4,291	4,291
Debt	6.67	56,000	-	-	-	-	-	56,000
		56,000	-	-	-	-	16,458	72,458
30 June 2023	**%**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities								
Trade and other payables	-	-	-	-	-	-	14,459	14,459
Payables to employees	-	-	-	-	-	-	4,076	4,076
Debt	5.14	12,000	44,000	-	-	-	-	56,000
		12,000	44,000	-	-	-	18,535	74,535

(b) Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the statement of financial position.

Commercial Paper Investment credit risk

The group has invested in a commercial paper valued at $nil (2023: $18.960 million) issued by Greater Wellington Regional Council. The Council has been rated as AA+/A-1+ by Standard & Poor's in their latest ratings as at February 2024

Expected credit losses (ECL)

Trade and other receivables include amounts that are not impaired but are considered past due as at the balance date. ECL are calculated on a lifetime basis for Trade Receivables. Please see Note 5 for more information.

Lifetime ECL for commercial paper (based on 12-month ECL) and for Greater Wellington Regional Council current account balances (based on the ECL simplified approach for receivables) are nil due to the Council's high credit rating and historical credit compliance.

Concentrations of credit risk

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency Risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

As at 30 June 2024, the Group had not entered into any significant forward contracts. (2023: nil).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group holds cash and cash equivalents (refer to note 14) and has a bank overdraft facility of $2.0m through a set off arrangement (2023: $2.0m).

The following tables detail the groups liquidity profile based on undiscounted cash outflows at 30 June 2024 and 30 June 2023.

Group	**Less than One Year**	**1-2 Years**	**2-5 Years**	**5+ Years**	**Total**
30 June 2024	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Trade and other payables	12,167	-	-	-	12,167
Payables to employees	4,154	137	-	-	4,291
Borrowings	56,000	-	-	-	56,000
Total	72,321	137	-	-	72,458
30 June 2023	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial liabilities					
Trade and other payables	14,459	-	-	-	14,459
Payables to employees	3,953	123	-	-	4,076
Borrowings	12,000	44,000	-	-	56,000
Total	30,412	44,123	-	-	74,535

(d) Financial instruments by category

Assets	**Financial assets at amortised cost $'000**	**Financial assets at FV through OCI $'000**	**Mandatorily measured at FVTSD $'000**	**Total $'000**
Group				
At 30 June 2024				
Cash and cash equivalents	80,469	-	-	80,469
Trade and other receivables	13,927	-	-	13,927
Current account - Wellington Regional Council	5,938	-	-	5,938
Other financial assets	14,584	20,826	-	35,410
Total	114,918	20,826	-	135,744

	Financial assets at amortised cost $'000	**Financial assets at FV through OCI $'000**	**Mandatorily measured at FVTSD $'000**	**Total $'000**
At 30 June 2023				
Cash and cash equivalents	114,630	-	-	114,630
Trade and other receivables	12,314	-	-	12,314
Current account - Wellington Regional Council	6,232	-	-	6,232
Other financial assets	18,960	-	-	18,960
Total	152,136	-	-	152,136

Fair Value estimates

Certain financial instruments are carried on the statement of financial performance at fair value. The best evidence is a quoted market price in an active market. Therefore, where possible, fair value is based on quoted market prices. The determination of fair value for financial assets and liabilities for which there is no market price requires the use of valuation techniques.

The table below shows the fair value of the Group's financial instruments measured at fair value on a recurring basis according to the fair value 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2024				
Financial assets:				
Investment Securities at FVOCI	20,448	378	-	20,826
As at 30 June 2023				
Financial assets:				
Investment Securities at FVOCI	-	-	-	-

Liabilities	Financial liabilities at amortised cost $'000	Total $'000
Group		
At 30 June 2024		
Trade and other payables	12,167	12,167
Borrowings	56,000	56,000
	68,167	68,167
At 30 June 2023		
Trade and other payables	14,459	14,459
Borrowings	56,000	56,000
	70,459	70,459

19 Commitments

Capital commitments

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of $nil (2023: $322k)

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $45.0 million (2023: $48.2 million). This relates to the heavy maintenance of the rolling stock.

Leases

Operating Leases as a Lessee

Disclosure for Lessees

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2024 $'000	2023 $'000
Not longer than 1 Year	**303**	333
Longer than 1 Year and not longer than 5 Years	**1,212**	1,168
Longer than 5 Years	**2,527**	2,710
	4,042	4,211

Operating Leases as a Lessor

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group	
	2024 **$'000**	2023 $'000
Not later than 1 Year	**30,759**	20,847
Later than 1 Year and not later than 5 Years	**70,984**	53,257
Later than 5 Years	**196,701**	155,299
	298,444	229,403

20 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the WRCH Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Key management personnel compensation

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below:

	Group	
	2024 **$'000**	2023 $'000
Directors' remuneration	**102**	581
Key management personnel compensation	**3,470**	2,975
Total key management personnel compensation	**3,572**	3,556

The group employs 11 full time key management personnel with additional key management personnel services provided by Council employed personnel.

At year end the group advanced $5,938 million to Wellington Regional Council (2023: $6,232 million).

The Group has a tax loss share arrangement with the Wellington Regional Council that allows the Group to purchase tax losses. During the 2024 financial year the group transferred $4.2m to GWRC under the Group's tax loss share arrangement, reducing 2023 tax liability.

21 Explanation of major variances against budget

Statement of comprehensive revenue and expenses	Group Actual 2024 $'000	Group Budget 2024 $'000
Revenue		
Operating revenue	**128,664**	134,681
Finance income	**7,733**	5,206
Share of associate profit	**1,295**	(2,774)
Gain (loss)on disposal of property, plant and equipment	**336**	-
Fair value movements	**10,525**	-
Total revenue	**148,553**	137,113
Expenditure		
Finance costs	**(4,050)**	(3,434)
Operational Expenditure	**(144,728)**	(166,953)
Surplus / (deficit) for the year before tax	**(225)**	(33,274)
Income tax expense/(credit)	**3,626**	(767)
Surplus / (deficit) after tax	**3,401**	(32,507)
Other comprehensive income	**8,755**	-
Total comprehensive income / (deficit) for the year	**12,156**	(32,507)
Statement of financial position		
Assets		
- Current	**103,168**	119,300
- Non-current	**963,286**	912,158
Total assets	**1,066,454**	1,031,458
Liabilities		
- Equity	**866,011**	839,698
- Current liabilities	**77,069**	66,240
- Non-current liabilities	**123,374**	125,520
Total equity and liabilities	**1,066,454**	1,031,458
Statement of cash flows		
Cashflows from operating activities	**20,649**	22,453
Cashflows from investing activities	**(69,209)**	(71,987)
Cashflows from financing activities	**14,399**	22,441
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**(34,161)**	(27,093)
Cash and cash equivalents at the beginning of the year	**114,630**	100,428
Cash and cash equivalents at the end of the year	**80,469**	73,335

Significant components of this variance are:

1. Revenue and expenses

- Operating revenue was lower than budget, mainly due to reduced grants from Greater Wellington Regional Council to Greater Wellington Rail Limited (GWRL) due to lower operating and capital expenditure, resulting in lower recovery of costs.
- Operating expenditure was lower than budget due to lower depreciation charge for GWRL due to a higher desktop valuation being used when finalising the depreciation budget, while the actual full valuation of the assets resulted in lower values with lower depreciation.

- Other comprehensive income relates to the Centerport's valuation movement in assets. These movements are not budgeted.

2. Assets and liabilities

- Total assets were higher than budget due to increase in the fair value movement of investment property than anticipated.
- Equity was higher than budget due to the actual surplus achieved compared to the budgeted deficit.

3. Cash flows

- Cash and cash equivalents were higher than budget mainly due to lower financing activities due to reduced shares being issued by GWRL to fund capital expenditure.

22 Contingencies

Contingent Liabilities

CentrePort Limited and CentrePort Properties Limited were added as defendants on 27 April 2021 to proceedings commenced by Statistics New Zealand against Beca Limited and Dunning Thornton Consultants Limited. The proceedings concerned Statistics House which sustained damage and was subsequently demolished following the Kaikoura earthquake in November 2016. During the 2024 financial year, CentrePort settled the remaining claim against CentrePort Properties Limited and this matter is therefore no longer a Contingent Liability.

Contingent Asset
The parent company has uncalled capital with its owner Greater Wellington Regional Council of $57.9 million (2023: $50.8 million)

Following a shipping incident, during the year ended 30 June 2023, CentrePort has made a claim for salvage services in respect of the assistance rendered by the CentrePort tugs Tapuhi and Tiaki and the pilot launch Te Haa. CentrePort's salvage claim is guided by the Maritime Transport Act 1994, the International Convention on Salvage and relevant salvage awards published by Lloyds. CentrePort is working with the ship owner to agree an appropriate salvage reward.

23 Subsequent events

On 11 July 2024, the NZGIF facility matured and was fully repaid.

Horizons District Council's Long Term Plan 2024 - 2034 is considering to cash in its shareholding (23.08 percent) in Centreport. GWRC and WRC Holding Group is viewing options to meet the change.

On 11 July 2024, CentrePort entered in to a Committed Cash Advance Facility Agreement with BNZ. The facility has a $50m limit and matures 11 July 2026. As at the date of signing these financial statements, $19.95m was drawn down on the facility.

On 28 August 2024, CentrePort declared a final dividend of $0.5m (2023: nil), in respect of the year ended 30 June 2024.

No dividend was declared post balance date by WRC Holdings (2023: Nil).

There have been no other subsequent events up to the date of signing these financial statements which would affect the amounts or disclosures in the financial statements.

Statement of Compliance and Responsibility

Compliance

The Directors and management of the Group confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual financial statements and the statement of service performance and the judgements used in them.

The Directors have authority to sign these financial statements.

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

In the opinion of the Directors and management of the Group, the annual financial statements and the statement of service performance for the year ended 30 June 2024 fairly reflect the financial position and operations of the Group.

Director	Director	Group Manager Finance and Risk
30 September 2024	30 September 2024	30 September 2024

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Wellington Regional Council Holdings Limited's Group financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Wellington Regional Council Holdings Limited (the Group). The Auditor- General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 16 to 51, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 4 to 5.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 3, 6 to 15 and 52 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the 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 (including International Independence Standards) (New Zealand) (PES 1) issued by New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Group.

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

Attachment 2 to Report 24.568

Greater Wellington Rail Limited Financial Statements for the year ended 30 June 2024

Contents

Directory

Directors	**Appointed**
C Kirk-Burnnand (Chairperson)	20 November 2019 (Chairperson from 24 November 2022)
D Lee	24 November 2022
T Nash	24 November 2022
D Bassett	24 November 2022
L E Elwood	01 October 2023
R M Evans	01 October 2023
A J Hare	01 October 2023
H K Modlik	01 October 2023
H M Mexted	24 June 2019 (ceased 1 October 2023)
N S W Ward	24 June 2019 (ceased 1 October 2023)
N O Leggett	24 June 2019 (ceased 1 October 2023)

Registered office

100 Cuba Street
Te Aro, Wellington, 6011

Auditor

Clint Ramoo
Audit New Zealand
on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

Directors' Report

The Directors have pleasure in submitting their 2024 Annual Report and Financial Statements.

Principal Activities

Greater Wellington Rail Limited's (GWRL) principal activities during the period were the ownership and management of its rail rolling stock and rail infrastructure assets. The objectives of GWRL are to prudently manage and maintain the rail rolling stock and rail infrastructure and to make these available for lease to a commercial rail operator.

GWRL was incorporated on 3rd August 2006.

Corporate Governance

GWRL is governed by a board of eight directors all of whom are appointed by the shareholder, with four independent external directors with commercial backgrounds to provide advice and expertise at the governance level. Directors meet regularly to direct and control GWRL's proceedings. Helen Mexted, Nick Leggett and Nancy Ward completed their respective terms on the GWRL Board in late 2023 and we wish to acknowledge the benefit the Board has received over the years from their expertise and extend our appreciation for their contributions.

In addition to the obligations of the Local Government Act 2002, GWRL is also subject to the requirements of the Companies Act 1993 and all other applicable legislative requirements.

Results and Distributions

	2024 **$'000**	2023 $'000
Net surplus / (deficit) after tax for the financial year	**(20,359)**	(24,194)

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Statement of Service Performance

Operational Performance Targets

Operational performance targets for GWRL were set within the context of the strategic targets and objectives of GWRC's Long Term Plan 2021-2031 and associated GWRL Asset Management Plan. Most asset management performance targets (for both rail fixed assets and rolling stock) were met during the 2023-24 year, and five out of the nine customer satisfaction performance targets were also met. While one customer satisfaction performance result was notably below target (related to satisfaction with receiving information about delays and disruptions in time to be useful for customers), this compared favourably to the 2022-23 year's result and represented an improvement of seven percent.

Level of Service	2023/24 Result	2023/24 Target	2022/23 Result
Percentage of passengers who are satisfied with their current trip	92%	≥ 93%	94%
Percentage of customers who are satisfied with the condition of the station	92%	94%	90%
Percentage of customers who are satisfied with the inside temperature of vehicles	95%	≥ 93%	93%
Percentage of passengers who are satisfied with the condition of the vehicle fleet	95%	94%	96%
Percentage of passengers who are satisfied with the overall station	95%	≥ 92%	94%
Percentage of customers who are satisfied with the cleanliness of the trains	91%	≥ 91%	89%
Percentage of passengers who are satisfied with provision of shelter from weather at shelter/station	84%	≥ 84%	84%
Percentage of customers who are satisfied with their personal safety at station	92%	≥ 93%	91%
Percentage of passengers who are satisfied with 'Information about delays, disruptions received in time to be useful.'	60%[1]	≥ 73%	53%
Matangi Mean Distance between failure[2]	64,045 km	≥ 40,000 km	66,529 km
Carriage - Mean distance between failure[2]	124,489 km	≥ 80,000 km	95,446 km
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	30% (Reports available for 7 out of 23 assets)[3]	100%	79%
Percentage of stations with CCTV coverage	96%	96%	96%
Average condition grade[4] of:			
Station buildings and shelter	2.2	≤ 2.5	1.5
Structures (subways & bridges)	1.9	≤ 2.5	2.4
Park & Ride	2.0	≤ 2.5	2.1
Percentage of assets in condition grade 4 (Poor) or worse			
Station buildings and shelters	10.8%[5]	≤ 5.0%	1.0%
Structures (subways & bridges)	8.0%[6]	≤ 8.0%	5.4%
Park & Ride	4.2%	≤ 8.0%	5.0%

1. 2022/23 survey question was 'Satisfaction with information about delays, disruptions'
2. Failure is defined as 'an event requiring unplanned maintenance' and the mean distance is based on a 12 Month Rolling Average
3. Whilst we are confident that the majority of pedestrian bridges and subways meet at least 67% of NBS and we have done work to strengthen these assets, we are in the process of locating the post-project documentation that would confirm this. As such, the 30% reflects only the number of structures for which we have reports (7 out of 23 assets). We expect to have updated information for 2024-25.
4. Conditional grade score – 1: Is very good condition and, 5: very poor condition requiring replacement.
5. The actual result is above target due to the current condition of Waterloo station.
6. Petone and Taita Subways are both under construction and schedule to be completed in September 2024.

Financial performance targets

	Actual 2024	**Target 2024**	Actual 2023
Operating expenditure ($ million)	**48.3**	**67.5**	53.7
Capital expenditure ($ million)	**19.0**	**26.0**	19.1
Shareholder funds to total asset*	**82.6%**	**81.9%**	80.4%

* Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and capital reserves.

* Total Assets are defined as all the recorded current and non-current assets of GWRL at their current value as determined by GWRL's Accounting Policies.

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Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2024:

C Kirk-Burnnand

Ashcroft Pine Forest GP Limited (Shareholder)

Autostop Holdings Limited (Shareholder & Director)

Autostop Tasman Limited (Director)

Autostop Caspian Limited (Director)

Autostop Baltic Limited (Director)

Autostop Pacific Limited (Director)

Autostop Arctic Limited (Director)

Autostop Group Limited (Director)

Autostop Motors Limited (Director)

Patricia Mcdonnell Trustee Company Limited (Shareholder & Director)

Pinedale Forest GP Limited (Shareholder)

Pl North Limited (Director)

Pl Ross Limited (Director)

PL Tia Limited (Director)

Porirua Foundation Administration Limited (Director)

Property Logic Limited (Shareholder & Director)

Te Karaka Forest GP Limited (Shareholder)

WRC Holdings Limited (Director)

Wellington Regional Council (Councillor)

D Bassett

Wellington Regional Council (Councillor)

WRC Holdings Limited (Director)

H2O New Zealand Limited (shareholder & Director)

The Terrace – Martinborough Limited (shareholder & Director)

D Lee

Wellington Regional Council (Councillor)

CoGo Connecting Good Limited (shareholder)

WRC Holdings Limited (Director)

Aureon Limited (shareholder)

T Nash

Wellington Regional Council (Councillor)

Shelter New Zealand Limited (shareholder & Director)

Portable Hospitality Limited (shareholder & Director)

WRC Holdings Limited (Director)

E-Bike Subscription Limited (shareholder & Director)

L Elwood

WRC Holdings Limited (Director)

Unison Networks Limited (Director)

RPS Switchgear Limited (Director)

Whanganui District Council Holdings Limited (Director)

Electra Limited (Director)

Te Toi Mahana Trust (Trustee)

R Evans

WRC Holdings Limited (Director)

Television New Zealand Limited (Director)

Ngapuhi Investment Fund Limited (Director)

A Hare

WRC Holdings Limited (Director)

Wellington Water Limited (Director)

Generational Limited (Director)

Engineering New Zealand Foundation (Trustee)

Audit and Risk Committee Ministry for the Environment (Independent Member)

Rotary Club of Wellington Eureka! Trust (Trustee)

H Modlik

WRC Holdings Limited (Director)

AEGIS Retirement Living Limited (Director)

AEGIS Silverstream Limited (Director)

ARIJIT Residential Limited (Director)

Conporto Health Limited (Director)

HKM Consulting Limited (Director)

Kenepuru Developments Limited (Director)

Kimihia Number 1 Limited (Director)

Kimihia Number 2 Limited (Director)

Raranga Limited (Director)

Toa Kainga Limited (Director)

Toa Building Supplies Limited (Director)

Te Kainga Ururua Limited (Director)

Te Tumu Whakatipu Limited (Director)

Toa Kenepuru SP Limited (Director)

Toa Kenepuru Transition Limited (Director)

Toa Rangatira Retirement Villages Limited (Director)

Whitby Village (2009) Limited (Director)

Te Aka Whai Ora (Director)

N O Leggett (ceased 1 October 2023)

WRC Holdings Limited (Director)

Hutt Mana Charitable Trust (Trustee)

Infrastructure New Zealand (Chief Executive)

Bulterant Trust (Trustee & Beneficiary)

Wellington Water Limited (Director)

H M Mexted (ceased 1 October 2023)

WRC Holdings Limited (Director)

New Zealand Walking Access Commission (Board Member)

Glenora Limited (Shareholder)

N S W Ward (ceased 1 October 2023)

WRC Holdings Limited (Director)

St John of God Hauora Trust (Board Member)

McIntosh Ward & Associates Limited (Shareholder & Director)

Youth Hostel Association New Zealand (Board Member)

Directors' Interest Register

Directors have had no interest in any transaction or proposed transaction of the Company.

Directors' Use of Company Information

There were no notices from Directors requesting use of Company information received in their capacity as Directors which would not have otherwise been available to them.

Directors' Indemnity and Insurance

Insurance is in place to indemnify the Directors from any liability resulting from any act or omission in their capacity as Directors.

Auditor

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Clint Ramoo of Audit New Zealand to undertake the audit.

For and on behalf of the Board.

Director
30 September 2024

Director
30 September 2024

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Financial Statements

Greater Wellington Rail Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2024

	Notes	2024 $'000	2023 $'000
Revenue			
Total revenue	2	**22,112**	22,485
Expenditure			
Depreciation and amortisation	6,7	**25,818**	29,854
Audit Fees	3	**70**	65
Directors Fees	4	**-**	25
Repairs and Maintenance		**17,184**	14,852
Rates and Insurance		**1,318**	1,081
Other Operating Expenses		**3,497**	6,380
Tax services		**38**	35
Legal Fees		**7**	53
Loss on disposal of asset		**-**	961
Interest Expense		**438**	447
Total operating expenses		**48,370**	53,753
Net surplus / (deficit) before tax		**(26,258)**	(31,268)
Income tax benefit / (expense)	5	**5,899**	7,074
Net surplus / (deficit) after tax		**(20,359)**	(24,194)
Other comprehensive revenue and expenditure			
Revaluation reserve movement		**-**	(14,594)
Deferred tax recognised in reserves	8	**-**	4,084
		-	(10,510)
Total comprehensive income for the year		**(20,359)**	(34,704)

The accompanying notes and accounting policies form part of these financial statements

Attachment 2 to Report 24.568

Greater Wellington Rail Limited
Statement of Changes in Equity
For the year ended 30 June 2024

	Share capital $'000	Other reserves $'000	Retained earnings $'000	Total attributable to equity holders $'000
Equity as at 1 July 2023	302,603	88,676	8,648	399,927
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(20,359)	(20,359)
- Revaluation reserve movement	-	-	-	-
Deferred tax on other comprehensive revenue	-	-	-	-
Equity contribution by the owners during the year	18,100	-	-	18,100
Equity as at 30 June 2024	320,703	88,676	(11,711)	397,668
Equity as at 1 July 2022	282,403	99,186	32,842	414,431
Total comprehensive revenue and expenditure				
- Net surplus / (deficit) after tax	-	-	(24,194)	(24,191)
- Revaluation reserve movement	-	(14,594)	-	(14,594)
Deferred tax on other comprehensive revenue	-	4,084	-	4,084
Equity contribution by the owners during the year	20,200	-	-	20,200
Equity as at 30 June 2023	302,603	88,676	8,648	399,927

The accompanying notes and accounting policies form part of these financial statements

Attachment 2 to Report 24.568

Greater Wellington Rail Limited
Statement of Financial Position
As at 30 June 2024

	Notes	2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**2**	2
Total current assets		**2**	2
Non-current assets			
Property, plant and equipment	6	**479,579**	486,323
Intangible assets	7	**-**	4
Total non-current assets		**479,579**	486,327
Total assets		**479,581**	486,329
LIABILITIES			
Current liabilities			
Accrued expenses and payables		**2,436**	1,462
Current account Wellington Regional Council		**865**	429
Total current liabilities		**3,301**	1,891
Non-current liabilities			
Deferred taxation liability	8	**78,612**	84,511
Total non-current liabilities		**78,612**	84,511
Total liabilities		**81,913**	86,402
Net assets		**397,668**	399,927
EQUITY			
Ordinary share capital	9	**320,703**	302,603
Reserves		**88,676**	88,676
Retained earnings		**(11,711)**	8,648
Total equity		**397,668**	399,927

For, and on behalf of, the Board of Directors.

Director
30 September, 2024

Director
30 September, 2024

The accompanying notes and accounting policies form part of these financial statements

Attachment 2 to Report 24.568

Greater Wellington Rail Limited
Statement of Cash Flows
For the year ended 30 June 2024

	Notes	**2024 $'000**	2023 $'000
Cash flows from operating activities			
Rent income		**7,607**	7,125
Interest received		**-**	1
Subsidies revenue		**14,505**	15,359
		22,112	22,485
Cash was applied to:			
Payments to suppliers		**(21,140)**	(24,145)
Interest paid		**(438)**	(447)
Net cash flow from operating activities	10	**534**	(2,107)
Cash flows from investing activities			
Purchase of property, plant & equipment		**(19,070)**	(19,081)
Net cashflow from investing activities		**(19,070)**	(19,081)
Cash flow from financing activities			
Cash was provided from:			
Movement in current account Wellington Regional Council		**436**	990
Issue of ordinary share capital		**18,100**	20,200
Net cash flow from financing activities		**18,536**	21,190
Net increase (decrease) in cash, cash equivalents & bank overdraft		**-**	2
Add opening balance in cash, cash equivalents & bank overdraft		**2**	-
Cash, cash equivalents & bank overdraft at year end		**2**	2

The accompanying notes and accounting policies form part of these financial statements

1 Summary of significant accounting policies

(a) Basis of preparation

REPORTING ENTITY

Greater Wellington Rail Ltd (GWRL) is registered under the Companies Act 1993 and is a wholly owned subsidiary of WRC Holdings Ltd, which in turn is a wholly owned subsidiary of the Wellington Regional Council. GWRL principal address is 100 Cuba Street, Wellington, New Zealand.

GWRL is a council-controlled trading organisation (CCTO) as defined in section 6 of the Local Government Act 2002.

GWRL provides rail rolling stock and infrastructure assets to the Greater Wellington Region Council for community and social benefits through a rail operator, rather than to make a financial return. Accordingly, GWRL has designated itself as public benefit entity (PBE) and applies New Zealand Tier 1 Public Sector Public Benefit accounting standards (PBE Accounting Standards).

The financial statements have been prepared on the going concern basis. Accounting policies have been applied consistently throughout the period.

The directors are in receipt of a letter of ongoing support from its ultimate controlling entity the Greater Wellington Regional Council. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

STATEMENT OF COMPLIANCE

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

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

MEASUREMENT BASE

The general accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by GWRL.

The financial Statements are presented in New Zealand dollars and all amounts are rounded to nearest thousand dollars ($'000) unless otherwise stated.

ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective and not early adopted are:

Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1)

Amendments to PBE IPSAS 1 Presentation of Financial Reports change the required disclosures for fees relating to services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. The amendments to PBE IPSAS 1 aim to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. The enhanced disclosures are expected to improve the transparency and consistency of disclosures about fees paid to an entity's audit or review firm. This is effective for the year ended 30 June 2025.

PBE IFRS 17 Insurance Contracts

This new standard sets out accounting requirements for insurers and other entities that issue insurance contracts and applies to financial reports covering periods beginning on or after 1 January 2026.

GWRL has not yet assessed the impact of these amendments and the new standard in detail. These amendments and the new standard are not expected to have a significant impact.

(b) Significant Assumptions and Estimates

In preparing these financial statements, we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

In the process of applying the accounting policies, we have made judgements or estimates relating to the estimated useful life of property, plant and equipment. The judgements are disclosed in the notes to the Financial Statements. Rolling stock and rail infrastructure are estimated at fair value.

(c) Goods and Services Tax (GST)

GWRL is part of the Wellington Regional Council GST Group. All items in the financial statements are exclusive of GST.

Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

2 Revenue from exchange and non-exchange transactions

Accounting policy

Revenue is recognised when billed or earned on an accrual basis. Grants are recognised in the statement of comprehensive revenue and expenses when eligibility has been established by the grantor.

	2024 $'000	2023 $'000
Rental - Trains (exchange)	**7,607**	7,125
Grants & subsidies revenue (non-exchange)	**14,505**	15,359
Interest received (exchange)	**-**	1
	22,112	22,485

3 Audit fees

	2024 $'000	2023 $'000
Audit New Zealand - audit services	**70**	65

4 Related party transactions

100% of the grants revenue was provided by Wellington Regional Council, the ultimate parent company. At year end GWRL owed $865,000 to Wellington Regional Council (2023: $429,000). Interest is calculated on the outstanding balances utilising a monthly floating 30-day rate bill rate. The net interest paid to Wellington Regional Council during the year is $438,223 (2023: $446,723)

The company pays a management fee of $57,536 (2023: $55,736) to Wellington Regional Council for administrative and management services, meeting expenses and travel reimbursement.

All other transactions with related parties have been carried out on normal commercial terms.

D Lee, T Nash, D Bassett and C Kirk-Burnnand received councillor remuneration from Wellington Regional Council in accordance with the Local Government Elected Members Determination of 2023 and 2024, any out of pocket expenses incurred are set out in Wellington Regional Council's policy on elected members' allowances and expenses.

Directors' fees for the current year have not been paid by GWRL (2023: $25,000). WRC Holdings Limited will take responsibility for all directors' fees going forward.

Directors fees

	2024 $'000	2023 $'000
N O Leggett	-	8
H M Mexted	-	8
N S W Ward	-	8
	-	24

5 Income tax

Accounting policy

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when GWRL has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which GWRL expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and GWRL intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

	2024 $'000	2023 $'000
(a) Tax (benefit) / expense comprises:		
Current tax expense / (income)	**-**	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(5,899)**	(7,074)
Adjustments recognised in the current period in relation to the deferred tax of prior periods	**-**	-
Total income tax (benefit) / expense	**(5,899)**	(7,074)
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
(Deficit) / surplus from operations before tax	**(26,258)**	(31,268)
Income tax (benefit) / expense calculated at 28%	**(7,352)**	(8,754)
Non-deductible expenses	**4,060**	4,299
Non assessable income	**(4,060)**	(4,299)
Temporary differences	**1,453**	1,680
Income tax expense	**(5,899)**	(7,074)

The 2024 financial statements do not include any loss offsets received from other group companies (2023: Nil).

6 Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by GWRL. Each asset class includes all items that are required for the network to function. For example, Rail infrastructure includes subways and carparks. Rail Rolling Stock includes carriages, luggage vans and Matangi trains

Revaluation

Rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every three to five years. GWRL public transport rail station infrastructural assets and rolling stock were independently valued by Mike Morales, FPINZ, FNZIV, PINZ Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2023 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Revaluation movements are accounted for on a class of asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Rolling stock and rail infrastructure are estimated at fair value.

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 company 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 the company and the cost of the item can be measured reliably. The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

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

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than capital works in progress, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

- Rail Rolling Stock	20-30 years
- Rail Infrastructure	3-150 years
- Capital work in progress	Not depreciated

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment of property, plant, and equipment

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

For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Non Cash Generating Assets

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.

Cash Generating Assets

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.

6 Property, plant and equipment (continued)

	Rolling stock $'000	Rail infrastructure $'000	Total $'000
Year ended 30 June 2024			
Opening net book amount	359,781	126,542	486,323
Additions/ transfers	538	10,883	11,421
Written Off	-	-	-
Work in progress movement	9,462	(1,811)	7,651
Movement in fair value	-	-	-
Net depreciation expense	(19,249)	(6,567)	(25,816)
Closing net book amount	350,532	129,047	479,579
At 30 June 2024			
Cost	369,781	135,614	505,395
Accumulated depreciation	(19,249)	(6,567)	(25,816)
Net book amount	350,532	129,047	479,579
Year ended 30 June 2023			
Opening net book amount	365,970	146,677	512,647
Additions/transfers	2,533	16,738	19,271
Loss on disposal asset	-	(962)	(962)
Working in Progress movement	1,504	(1,692)	(188)
Movement in fair value	13,981	(28,575)	(14,594)
Net depreciation expense	(24,207)	(5,644)	(29,851)
Closing net book amount	359,781	126,542	486,323
As 30 June 2023			
Cost	359,781	126,542	486,323
Accumulated depreciation	-	-	-
Net book amount	359,781	126,542	486,323

	Rolling stock $'000	Rail infrastructure $'000	Total $'000
As 30 June 2024			
Working in Progress			
Opening balance 1 July 2023	4,072	13,221	17,293
Additions	11,011	8,060	19,071
Transfer	(538)	(10,883)	(11,421)
Closing balance 30 June 2024	14,545	10,398	24,943
At 30 June 2023			
Opening balance 1 July 2022	2,568	14,913	17,481
Additions	4,040	15,046	19,086
Transfer	(2,536)	(16,738)	(19,274)
Closing balance 30 June 2023	4,072	13,221	17,293

7 Intangible assets

Accounting policy

Software acquisition and development

Computer software with a finite useful life is capitalised and recorded at cost less amortisation. Costs that are directly attributable to the development of this software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the company's website are recognised as an expense when incurred.

Costs associated with Software as a Service arrangements are generally expensed and capitalised only customisation is performed on the Company's infrastructure and applications, is controlled by the Company and the Company can restrict others' access to the benefits.

Staff training costs are recognised in the surplus or deficit when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer Software	5 years

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

	Computer software $'000
Year ended 30 June 2024	
Opening net book amount	4
Amortisation charge	(4)
Closing net book amount	-
At 30 June 2024	
Cost	17
Accumulated amortisation and impairment	(17)
Net book amount	-
Year ended 30 June 2023	
Opening net book amount	7
Amortisation charge	(3)
Closing net book amount	4
At 30 June 2023	
Cost	17
Accumulated amortisation and impairment	(13)
Net book amount	4

8 Deferred tax

	2024 $'000	2023 $'000
Deferred tax assets comprise:		
Tax losses	**22,291**	20,231
Total deferred tax assets	**22,291**	20,231
Deferred tax liabilities comprise:		
Temporary differences	**(100,903)**	(104,742)
Total deferred tax liabilities	**(100,903)**	(104,742)

	Property, plant and equipment $'000	**Tax losses $'000**	**Total $'000**
At 1 July 2022	(113,569)	17,901	(95,668)
Charged to income	4,743	2,330	7,073
Charged/(credited) to other comprehensive income	4,084	-	4,084
At 30 June 2023	(104,742)	20,231	(84,511)
At 1 July 2023	(104,742)	20,231	(84,511)
Charged to income	3,839	2,060	5,899
At 30 June 2024	**(100,903)**	**22,291**	**(78,612)**

GWRL does not have any unrecognised tax losses or deductible temporary differences (2023: Nil).

GWRL has no imputation credits at the balance date (2023: Nil)

9 Share capital

(a) Share capital Ordinary shares	**2024 Shares**	2023 Shares	**2024 $'000**	2023 $'000
10,000 shares unpaid	10,000	10,000	-	-
22,170,000 $1 shares, fully paid	22,170,000	22,170,000	22,170	22,170
5,309,283 $1 shares, fully paid	5,309,283	5,309,283	5,309	5,309
8,000,000 $1 shares, fully paid	8,000,000	8,000,000	8,000	8,000
170,200,000 $1 shares, fully paid	170,200,000	170,200,000	170,200	170,200
11,250,000 $1 shares, fully paid	11,250,000	11,250,000	11,250	11,250
6,700,000 $1 shares, fully paid	6,700,000	6,700,000	6,700	6,700
10,100,000 $1 shares fully paid	10,100,000	10,100,000	10,100	10,100
19,000,000 $1 shares fully paid	19,000,000	19,000,000	19,000	19,000
3,500,000 $1 shares fully paid	3,500,000	3,500,000	3,500	3,500
12,100,000 $1 shares fully paid	12,100,000	12,100,000	12,100	12,100
14,800,000 $1 shares fully paid	14,800,000	14,800,000	14,800	14,800
17,300,000 $1 shares fully paid	17,300,000	17,300,000	17,300	17,300
3,000,000 $1 shares fully paid	3,000,000	3,000,000	3,000	2,174
25,200,000 $1 shares partly paid	25,200,000	-	17,274	-
	328,639,283	**303,439,283**	**320,703**	**302,603**

10 Reconciliation of cash flows from operating activities to net surplus / (deficit) after tax

	2024 $'000	2023 $'000
Net surplus (deficit) after taxation	**(20,359)**	(24,194)
Add back non-cash items:		
Depreciation	**25,818**	29,854
(Gain)/loss on sale of fixed asset	**-**	961
Deferred tax	**(5,899)**	(7,074)
Add /(less) movement in working capital:		
(Increase) / decrease in accrued expenditure	**974**	(1,654)
Add/(less) items classified as investing or financing activities		
Increase in share capital	**-**	-
Net cash inflow from operating activities	**534**	(2,106)

11 Contingent asset and liabilities

The contingent liabilities of GWRL on 30 June 2024 were nil (2023: $Nil).

At balance date there was uncalled capital of $7,925,976 relating to 7,925,976 $1 shares uncalled (2023: uncalled capital of $825,976 relating to 825,976 $1 shares uncalled).

12 Commitments

(a) Capital commitments

The amount of contractual commitments is as follows:

	2024 $'000	2023 $'000
Rail rolling stock - heavy maintenance	**45,020**	48,207
	45,020	48,207

b) Leases

Accounting policy

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Operating leases as lessee

GWRL lease buildings and plant and equipment in the normal course of its business. These leases have a non-cancellable term of between 1 to 25 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2024 $'000	2023 $'000
Not later than one year	**43**	39
Later than one year and not later than five years	**138**	118
Later than five years	**474**	428
	655	585

Operating leases as lessor

GWRL leases its trains and buildings under operating leases. These leases have a non-cancellable term of between 1 to 25 years The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2024 $'000	2023 $'000
Not later than one year	**8,178**	7,319
Later than one year and not later than five years	**98**	7,599
Later than five years	**16**	24
	8,292	14,942

13 Financial risk management

(a) Market risk

The interest rate risk is limited to the bank balance.

(b) Currency risk

GWRL has no currency risk. Contracts are denominated in New Zealand dollars. Any currency risk is managed by the Wellington Regional Council on the Company's behalf. Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(c) 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.

(d) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The bank account is at a variable interest rate. The Company has no investments or borrowings exposed to market interest rate risk.

(e) Credit risk

Credit risk is the risk that a third party will default on its obligation causing a loss to occur.
GWRL is exposed to credit risk only on the current account balance owed by its ultimate parent - Greater Wellington Regional Council (GWRC). Lifetime expected credit losses on this balance have been assessed as nil.

(f) Liquidity risk

Liquidity risk represents GWRL's lability to meet its contractual obligations. GWRL evaluates its liquidity requirements on an ongoing basis. In general, GWRL generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. The Greater Wellington Regional Council provides funds as and when commitments fall due. GWRL also has an ongoing Letter of Support from the Council undertaking to provide financial support to GWRL for any unforeseen expenditure that could place GWRL into a cash deficit position.

14 Events occurring after the reporting date

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.

Attachment 2 to Report 24.568

Statement of Compliance and Responsibility

Compliance

The Directors and management of GWRL confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Company accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Directors have authority to sign these financial statements.

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

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2024 fairly reflect the financial position and operations of the Company.

Director	Director	Group Manager Finance & Risk
30 September, 2024	30 September, 2024	30 September, 2024

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Greater Wellington Rail Limited's financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Greater Wellington Rail Limited (the company). The Auditor-General has appointed me, Clint Ramoo, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 9 to 23, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 4 to 5.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information of the company presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the company’s statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General’s Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the company’s framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor’s report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 3, 6 to 8 and 24, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company 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 (including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.

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

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Attachment 3

ANNUAL REPORT

2023/24

WellingtonNZ

Contents

FROM THE CHAIR AND CEO

Tēnā koutou katoa,

We are writing this as spring reaches Wellington. It's more welcome than ever this year – longer days, better weather, and a promise of better times ahead. One of the events that ushers in spring in the capital each year is the World of WearableArt Show.

WOW is one of Wellington's iconic events – world class, unique and able to attract visitors in their tens of thousands from around the country and offshore, every year.

Last year, the three-week event contributed more than $30 million to the region, with 60 per cent of its audience coming from outside Wellington. That $30 million is made up of money spent by visitors on attending the event itself, on accommodation at our hotels, on food and beverages throughout our city, and in our retail outlets. It constitutes vitality for our business sector, and vibrancy for our city.

It's also a shining star in our galaxy of stand-out events that WellingtonNZ helps make happen every year.

As the region's economic development agency, we are part of a broad and varied eco-system of individuals and organisations that play a role in bringing economic wellbeing to our region – from individual businesses and their customers, to iwi, and local and central government, to sector groups and business networks.

In challenging times, it's important to think carefully about our role, and where our contribution can make the biggest difference.

For this reason, our strategy is focused firmly around a few big "rocks": attracting and supporting major events; attracting tourists and visitors to our region; supporting our growing, high value tech sector (including screen and gaming); and contributing to business growth through our Māori economic development strategy, through the Regional Economic Development Plan, and through our innovation and start-up engine, Creative HQ.

A few highlights from the year

- In the 2023/24 financial year WellingtonNZ delivered 28 major event partnerships generating $73.8 million in out of region visitor spend into our local economy, and with an average of 90% satisfaction for event attendees.
- We hosted more than 360 performances and business events in our venues, bringing thousands of people into the city. The out of region spend for these attendees was a further $33.5 million.

- Our Escape to Wellington marketing campaign targeted the high value North American market, generated 1.26+ billion earned media impressions and over 70,000 positive sentiments towards Wellington on social media. Following the campaign we have seen visitors from the US overtake Australian visitors as our highest spending travellers, bringing a significant contribution into our local economy.
- Our new You Would in Wellington campaign has resulted in 2.7 million completed video views and 39% of respondents having seen the video indicating they would probably visit Wellington in winter and spring.
- We issued 257 screen permits for productions which have contributed more than $48 million of economic impact into the region.
- With our team's support, a tech hub, with nine inaugural businesses, has opened at Te Herenga Waka Victoria University of Wellington to foster collaboration and growth.
- Our subsidiary Creative HQ celebrated 20 years as a leader of innovation. In the year in review alone, CHQ supported more than 1000 organisations through its programmes. CHQ's significant contribution to the Wellington business scene was recognised when it received The Post Supreme Gold Award.

WellingtonNZ has this year welcomed new board members John Apanowicz from Wellington City Council, and Janet Holborow from Kāpiti Coast District Council. We sincerely thank outgoing members Wayne Mulligan and Kylie Archer for their exceptional service, their insights and their commitment to our region's success, over many years.

Spring always brings with it strong winds, and we know that this season's headwinds may last a little longer than usual. Infrastructure development brings disruption, but progress is vital. In the meantime, WellingtonNZ continues to act within (and sometimes beyond) our remit to support businesses affected by disruption and to advocate for the prosperity of our capital city.

At WellingtonNZ we regard it as our role to be positive and optimistic for our city and our region, while providing pragmatic support where we can. And in the vein of optimism, it's worth noting that the summer events pipeline is strong, our technology sector is continuing to grow, delivering jobs and weightless exports, and world class experiences like Zealandia Te Māra a Tāne and Te Papa continue to draw people to our region. We can do even more, but in a challenging national and global context we are holding our own.

Inherent in the message of our You Would in Wellington campaign is a reminder that this region is a place where we **do**; where anything is possible, where we achieve, dream, thrive and change.

Tracey Bridges
Chair

John Allen
Chief Executive

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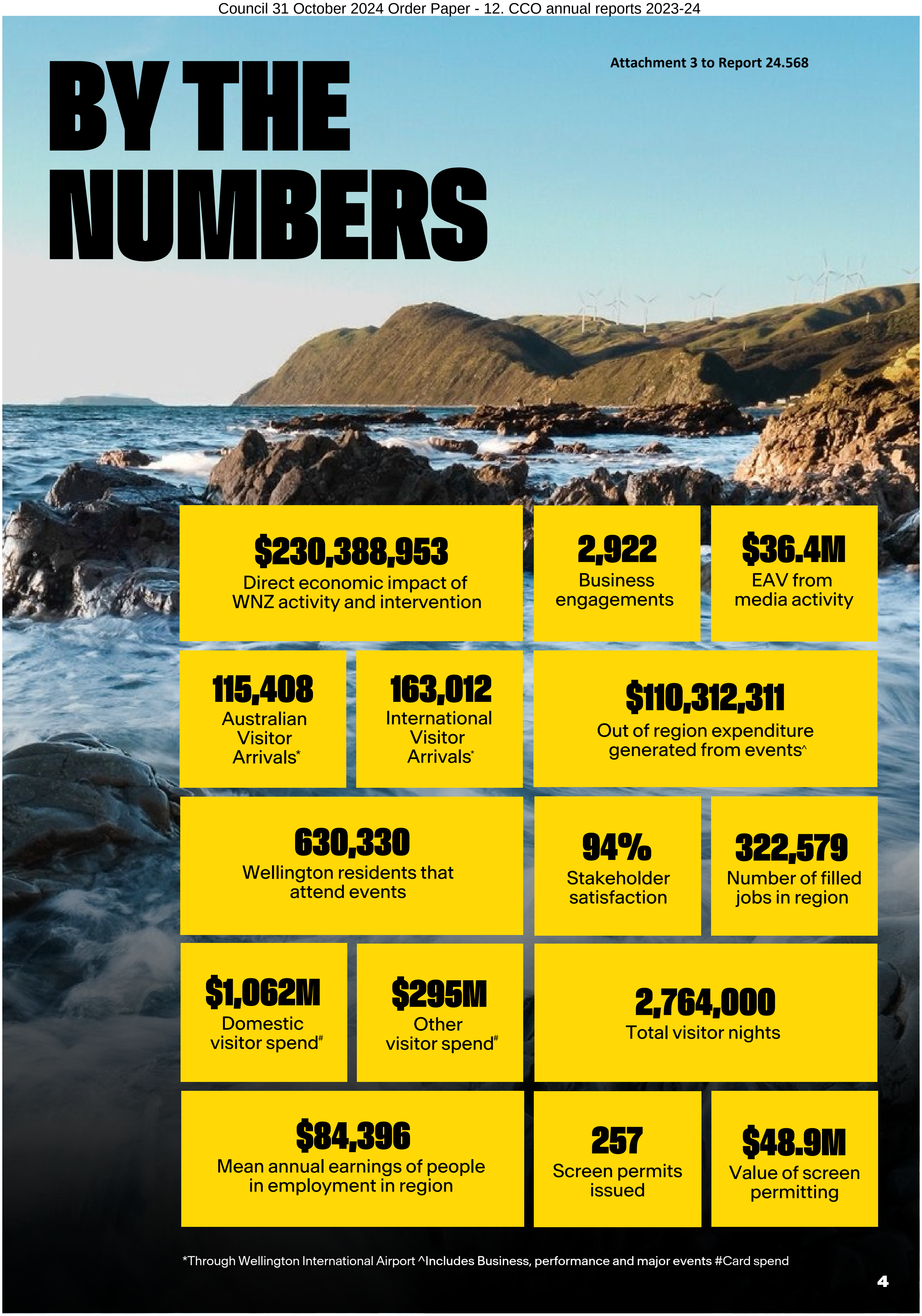
BY THE NUMBERS



$230,388,953
Direct economic impact of WNZ activity and intervention

2,922
Business engagements

$36.4M
EAV from media activity

115,408
Australian Visitor Arrivals*

163,012
International Visitor Arrivals*

$110,312,311
Out of region expenditure generated from events^

630,330
Wellington residents that attend events

94%
Stakeholder satisfaction

322,579
Number of filled jobs in region

$1,062M
Domestic visitor spend#

$295M
Other visitor spend#

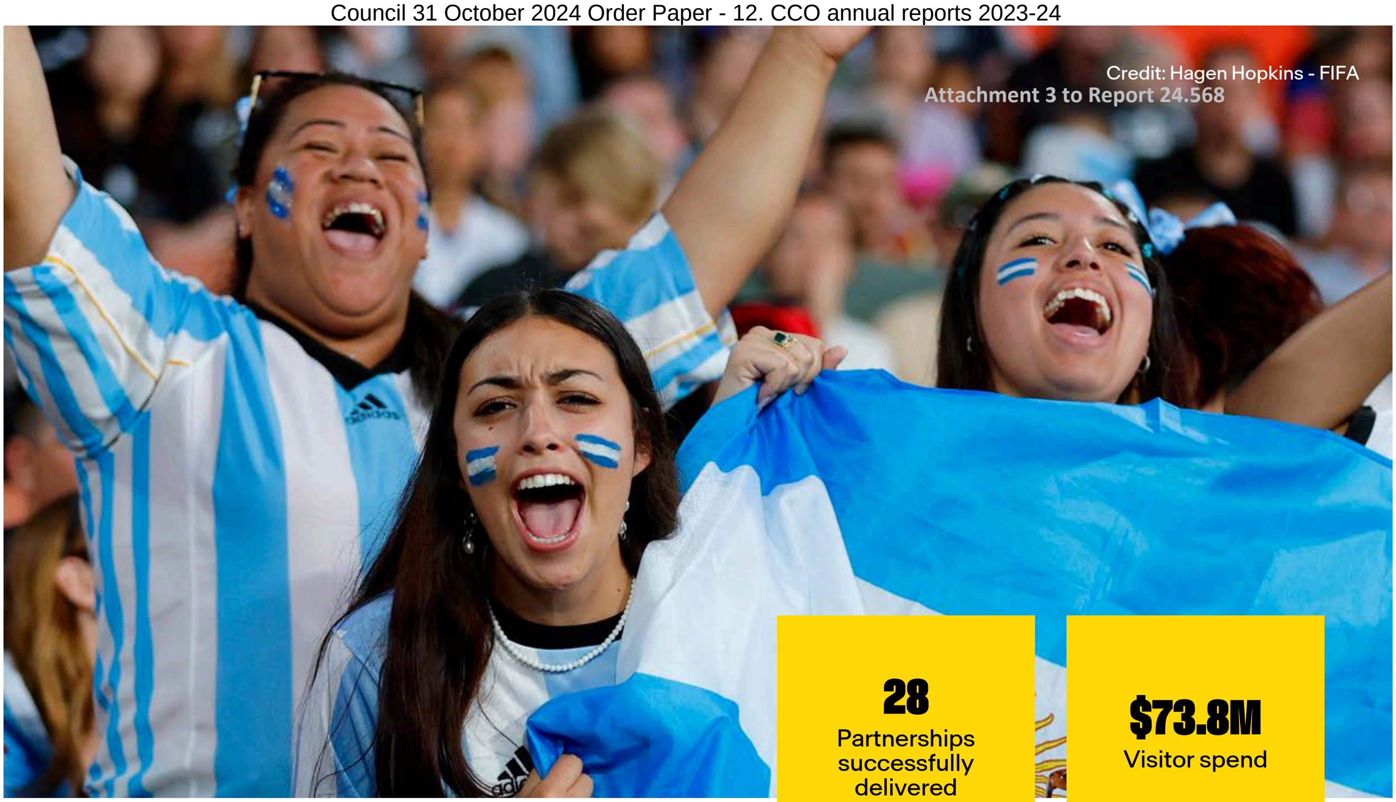
2,764,000
Total visitor nights

$84,396
Mean annual earnings of people in employment in region

257
Screen permits issued

$48.9M
Value of screen permitting

*Through Wellington International Airport ^Includes Business, performance and major events #Card spend



Credit: Hagen Hopkins - FIFA

28
Partnerships successfully delivered

$73.8M
Visitor spend

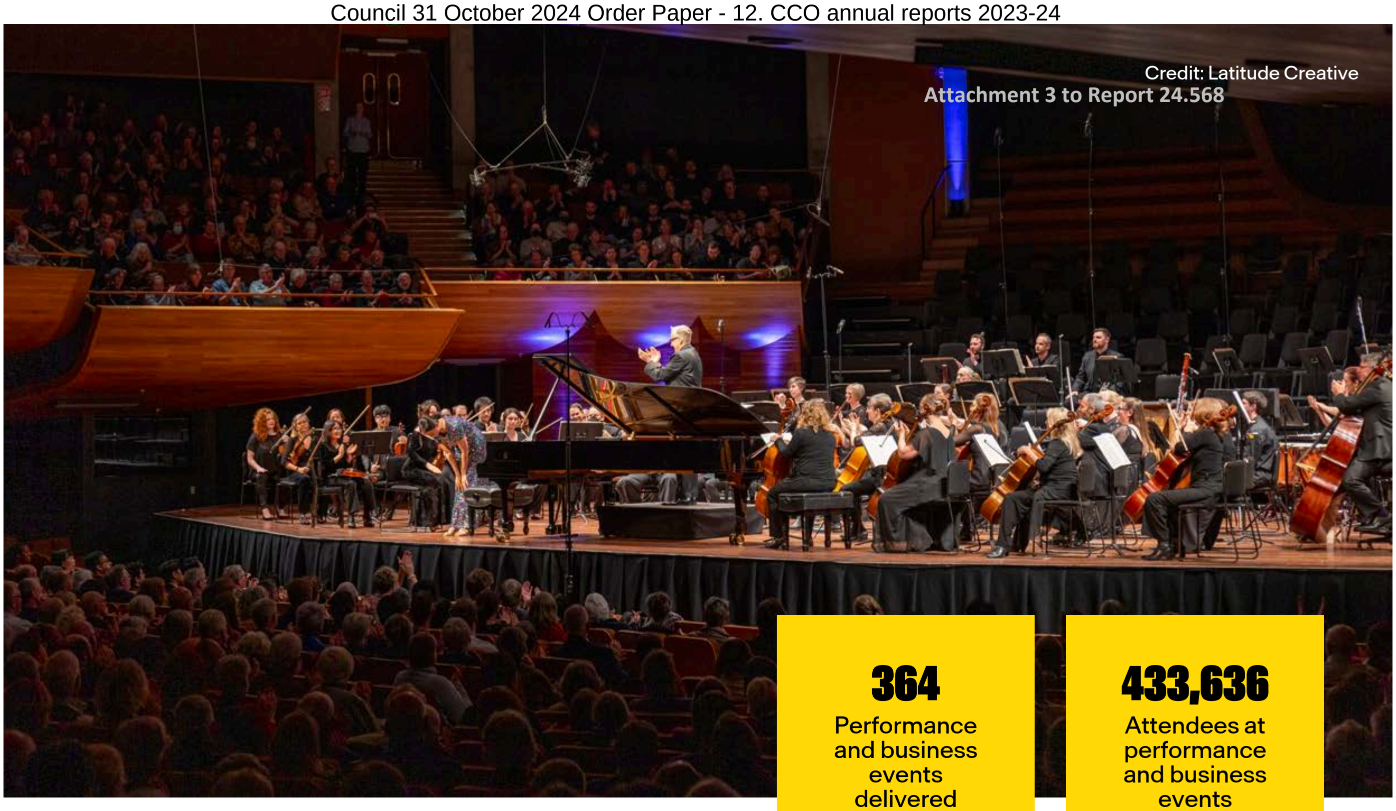
MAJOR EVENTS

It was a standout year for WellingtonNZ's Major Events team with 28 major and regional event partnerships successfully delivered across arts and culture, sports, food and beverage, concerts and festivals.

One of the highlights was the FIFA Women's World Cup which delivered more than $22.5 million in visitor spend to the region and attracted 243,000 people to matches in July and August – 100,000 of those came from outside the region further boosting bed nights for the accommodation sector.

In total, major events injected more than $73 million into the Wellington region and hosted 1.08 million attendees – a gratifying result in a challenging year for business. In addition to the economic benefit, research revealed 92% of Wellingtonians said hosting events made the city a great place to live.

The broad range of events and results achieved endorse the capital's major events strategic framework delivered by WellingtonNZ working in partnership with the events sector to maximise the economic, reputational and social outcomes to the region.



Credit: Latitude Creative

364
Performance and business events delivered

433,636
Attendees at performance and business events

VENUES WELLINGTON

With the St James Theatre back in full swing after a major upgrade, WellingtonNZ's venues have been humming over the past year.

In total, the Venues Wellington team delivered 364 events which equated to more than 430,000 people through the doors of the St James Theatre, The Opera House, TSB Arena and Michael Fowler Centre.

Musicals Kinky Boots and Wicked sold 16,000 and 28,000 tickets respectively while US rockers Queens of the Stone Age sold out the TSB Arena in March, a feat matched by singer-songwriter James Taylor and rapper Macklemore in May.

The Michael Fowler Centre was at capacity for three nights featuring UK comedian Dawn French and the ever-popular New Zealand Art Show celebrated its 20th anniversary at TSB Arena.

Performance events continue to be an important part of Wellington's economy, generating an average 2.35 visitor nights in the city for domestic attendees and 4.14 visitor nights for international attendees. They are also well-enjoyed by Wellingtonians with a quarter of a million locals attending a performance event during this period.

43%
Awareness increase with international buyers

$2.97M
Spent in Wellington by TRENZ delegates

TRENZ

In a first for Wellington, New Zealand's biggest international tourism business event took place at the city's new convention centre.

More than 1,000 delegates attended TRENZ 2024 at the Tākina Wellington Convention & Exhibition Centre in May, including 300 travel buyers from 25 countries and 313 tourism businesses from across Aotearoa showcasing their services and products.

Over two days there were 15,000 appointments scheduled between buyers and sellers where contracts for accommodation, transport and activities for the coming holiday seasons were negotiated, generating millions of dollars for the New Zealand economy.

TRENZ also provided the opportunity to promote the capital with WellingtonNZ organising nearly 50 familiarisation tours to show buyers some of the region's key attractions, with a focus on creative and natural features.

The impact from TRENZ has already begun to be felt with two high-end US companies adding an extra night to its New Zealand itineraries to be spent in Wellington.

31
REDP initiatives in implementation

$4.2M
Additional funding secured

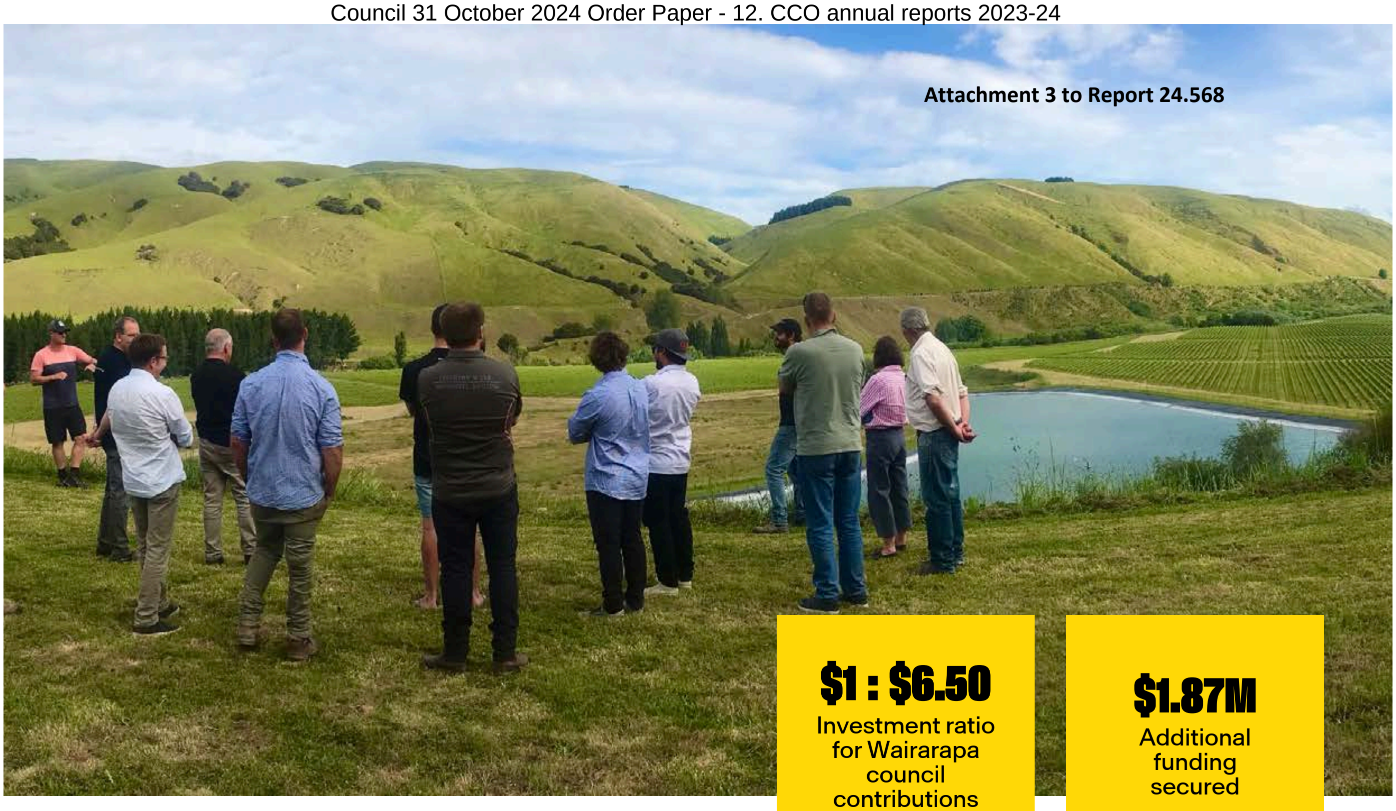
REGIONAL ECONOMIC DEVELOPMENT PLAN

Despite a global economic slowdown, the 2023/24 financial year has produced job growth and new spending opportunities for the Wellington region.

Launched in 2022, the Wellington Regional Economic Development Plan (REDP) guides the long-term direction of the regional economy in Wellington, Wairarapa and Horowhenua. It includes initiatives focusing on screen, STEM, food and fibre, tourism, and enablers including Māori economic development, skills, water security, and resilient infrastructure.

Highlights from FY24 include:

- At least 300 screen sector jobs created through Wolfman, Red Rocks, and Time Bandits productions.
- 18 Screen Accelerator participants developed unscripted show ideas to pitch to buyers.
- 16 internships provided through the Summer of Engineering programme.
- 45% increase in the reach of House of Science kits in schools in Wellington city and Porirua.
- 22 students participating in the E2E Centre STEAMM programme.
- 17 Tech leadership series events completed with over 600 attendees.
- 65 hospitality business engaged in LoCarb sustainability programme.
- More than 120 attendees at Pasifika networking series for students and businesses.
- Identified a need for 700 more hectares of industrial land for growth over the next 30 years and started analysis of potential sites.



$1 : $6.50
Investment ratio for Wairarapa council contributions

$1.87M
Additional funding secured

WAIRARAPA ECONOMIC DEVELOPMENT STRATEGY

Small to medium businesses are the backbone of Wairarapa's economy and identity – something embodied in the Wairarapa Economic Development Strategy (WEDS) that WellingtonNZ manages the delivery of.

Highlights from FY24 include:

- Supporting the Waingawa Industrial Park Water Security Project by securing $1.75 million from Kanoa and prioritising WEDS resources.
- Developing and delivering a water education series to encourage collective opportunities for managing water on-farm.
- Delivering the first Rangatahi Hustle in partnership with Rebel Business School to inspire 35 graduates to become future entrepreneurs.
- Supporting 21 businesses build their management capability through the Regional Business Partners Programme.
- 88 individuals engaged in Good 2 Great, a communication and leadership programme designed by the primary sector workforce group to increase workforce development and retention.
- Establishing Tū Hauoranga Trust and launching a New Zealand first programme to bolster Wairarapa's healthcare workforce.
- Supporting delivery of the Wairarapa Water Resilience Strategy.

PROCUREMENT STRATEGY
Developed and launched

49
Māori businesses and projects supported

MĀORI ECONOMIC DEVELOPMENT

During the 2023/24 year there was a deliberate shift towards the direct enablement of Māori in business within the regional economy.

This approach was informed by a seminal report commissioned by WellingtonNZ: Opportunities for Impact Through Procurement.

This current state assessment used insights from industry experts and buyers and suppliers of products and services to identify a set of actionable opportunities for impact across some key themes.

In response, WellingtonNZ was able to deploy resources to progress actions focused on capability building, collaboration, support and action.

The total value of contracts was $208,100 of which $195,600 was awarded to businesses who self-identified as Māori. The value to the wider economy, both in terms of financial and non-financial benefits, is an important accountability metric. This is being progressed with agencies and social enterprises to identify a suitable framework for future reporting.

Two new Māori-centric KPIs were added to WellingtonNZ's SOI this year, to track the number of Māori businesses and projects supported, and their level of satisfaction. The intent is to grow from the base line that has been established.

TECH HUB
Launched with nine companies on board

FIRST
Climate Tech Summit held in Wellington

TECH SECTOR

Wellington's reputation as a technology hub was enhanced over the year through a number of initiatives for founders, leaders and investors.

One of the key achievements was the opening of a startup hub at Te Herenga Waka Victoria University to promote a culture of ambition and collaboration. The hub is now the workplace of 61 tech sector workers from 17 companies including Cogo and Tourwriter. The aim is to grow the hub to three levels and to continue to embed startup culture and education in the business school.

Meanwhile, work continues to support existing scale-up companies with workshops to upskill leaders in growth strategy, pricing, technology leadership, business strengthening and job creation.

There have also been a number of events to raise the profile of entrepreneurship and support the tech sector to collaborate and grow. Among those was the Electrify conference for women founders which attracted 600 people and a Climate Tech Summit with climate-focused investors from New Zealand and Australia attended by 520 people.

In addition there has been an investor breakfast, monthly sessions with different investment fund representatives and two scouting days where companies are directly introduced to funders. Next Work raised $2.3m as a result of meeting an investor at one of the events and now employs 11 people in a Te Aro office.

679
Start-up sessions

SUPREME WINNER
Wellington Gold Awards

CREATIVE HQ

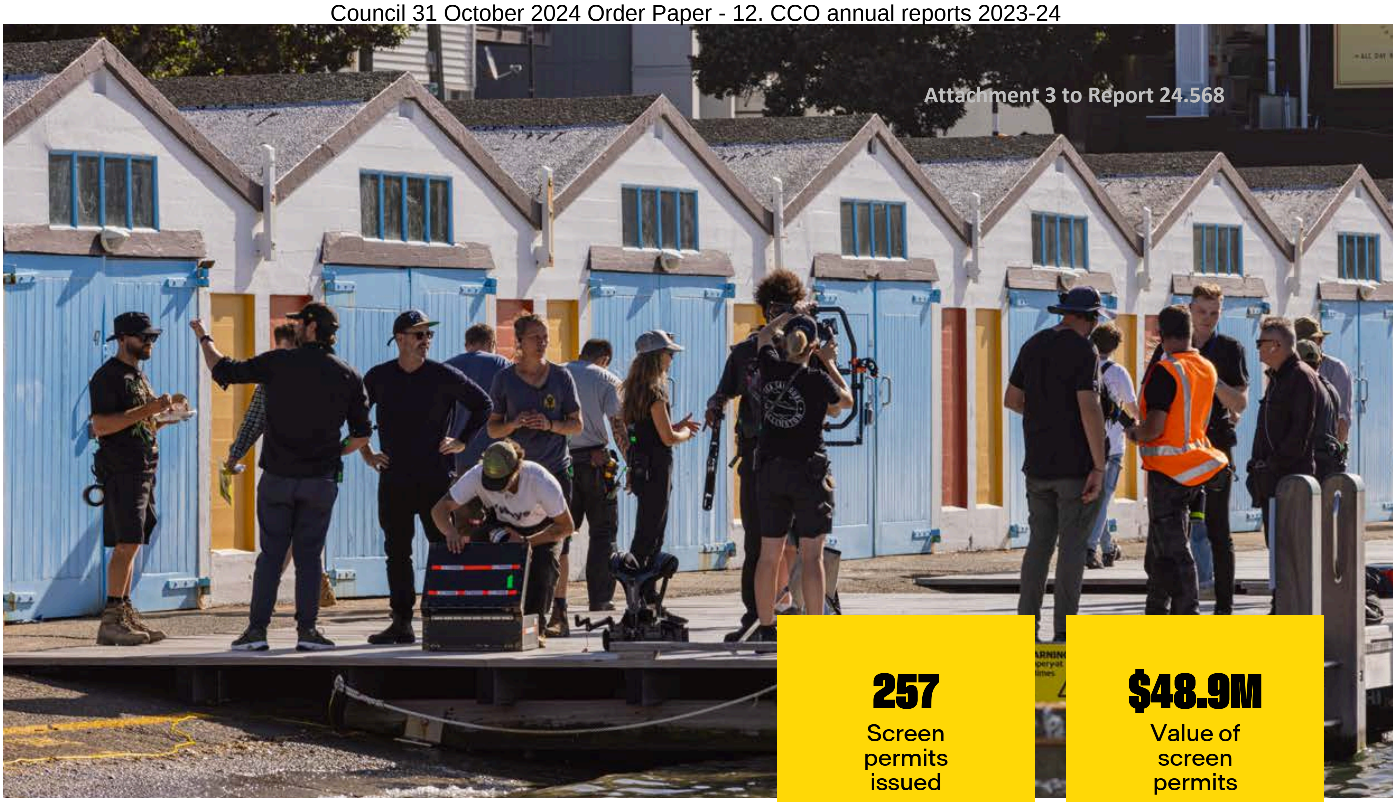
Over the past year, Creative HQ has demonstrated remarkable resilience and impact amidst challenging conditions for businesses in Aotearoa.

Their strategic reset aligns with the national goal of 5,000 startups by 2030, with Creative HQ committed to fostering 400 thriving companies by then.

It has significantly expanded support for early-stage founders through initiatives like Startup Aotearoa, which provides free coaching and vital connections nationwide, and their 50Up programme, empowering entrepreneurs over 50.

The third Climate Response Accelerator excelled, facilitating substantial investment and media exposure for innovative climate startups. They introduced 'On The Business' workshops, offering targeted, hands-on support to founders, while the Youth Innovation Hack engaged young talent in real-world projects. CHQ also hosted the 2023 Innovation Election Debate, spotlighting political support for Kiwi innovation.

Celebrating their 20th birthday, they reflected on two decades of impactful work, earning accolades such as the Hi-Tech Award for Best Contribution to the Tech Sector. Looking ahead, CHQ is committed to placemaking Wellington as a region where entrepreneurs and innovators can thrive, and where high-growth companies can accelerate their growth, create jobs, and attract investment.



257
Screen permits issued

$48.9M
Value of screen permits

SCREEN WELLINGTON

Wellington's iconic coast and scenery have been in demand by filmmakers making a beeline for the region.

Time Bandits, Red Rocks and Wolfman were all filmed on location here while the Avatar sequels have been happening at Stone Street Studios and Lane Street Studios had its first major long-term studio production.

Kāpiti-born Hollywood director Andrew Nichol chose Wellington for his first New Zealand-based film project I, Object. Filming came just ahead of a Canada-New Zealand co-production summit, the first to take place in Wellington with 90 film producers attending.

The capital's VFX, animation and post-production sector continues to grow and there were Academy Awards for work on War is Over, and Avatar.

Screen Wellington supported film workshops for year 7-10 Pasifika students, the Alofa Awards recognising Pacific excellence in short films, industry events and youth programmes at Māoriland and facilitated internships on locally made te reo film Kōkā.

Wellington continues to leverage its UNESCO Creative City of Film status, hosting the inaugural Wellington Animation Film Festival in partnership with the Annecy International Animation Film Festival, and attending the UNESCO Creative Cities AGM in Portugal.

1.9M
Visitors to WellingtonNZ website

288,000
Advent vouchers downloaded

DIGITAL CHANNELS

In just 12 months, the new WellingtonNZ website had just shy of 2 million visitors accounting for more than 3.3 million page views across the site.

The visit section alone accounted for almost 800,000 visitors with time on site doubling to an average of 6 minutes.

Content has been a large draw card for Wellington visitors with the homepage receiving more than 195,000 page views by itself.

Organic search makes up 44% of the audience, with 22.5% coming from direct traffic (newsletters) and 21.9% from organic social. Direct traffic is up 68% on last year with social jumping 14%.

Facebook reached more than 9.4 million people, growing almost 21,000 follows in a year to more than 191,000 followers. Instagram reached more than 3.7 million people, growing almost 19,000 follows to 127,000 followers.

The new WellingtonNZ website has become Wellington's biggest billboard, receiving finalist nominations in both the Webby Awards and the Best Design Awards.

This year's Advent Calendar was the biggest yet with more than $660,000 generated for local businesses. There were 288,000 vouchers downloaded from 173,000 users who generated close to 4 million page views across the months of December and January.

5M
Video views

$15M+
Equivalent Advertising Value

ESC CAMPAIGN

An off-shore PR and marketing campaign in the high-value trade market of North America sought to raise awareness and drive consideration of Wellington as a desirable place to live and work.

The Escape campaign was launched in August with the installation of a large yellow Esc key activation in a central Manhattan square, asking New Yorkers to reflect on their work-life balance and imagine a new life in Wellington.

Passersby interacted with the key, and received real and personalised job advertisements displayed on a large digital billboard. The intention was to drive media, publicity and discussion of work-life balance and the content captured during the activation was used across August in a multi-channel digital campaign.

The Escape campaign generated more than $15 million in Equivalent Advertising Value against a pre-campaign objective of $2-3 million. More than 10,000 people submitted expressions of interest in moving to or visiting Wellington on the campaign landing page.

Across paid and organic digital media there have been close to 5 million video views and it has reached more than 7 million people on digital channels.

OUR PEOPLE

The team at WellingtonNZ is the cornerstone of its success. This year, WellingtonNZ transitioned from a brief engagement pulse survey to a comprehensive engagement survey.

Although this shift led to a decrease in engagement score from 76% to 66%, it has provided deeper insights, supported by a strong participation rate of 78%.

The survey results highlight that 85% of employees are proud to work for WellingtonNZ, 83% believe their managers genuinely care about their wellbeing, and 82% understand what they need to succeed in their roles. Despite these positive indicators, there are key areas for improvement, including concerns about remuneration fairness compared to other organisations, a need for more learning and development opportunities, and clarity around career progression.

WellingtonNZ is committed to addressing these concerns through a clear action plan and the development of a new people strategy.

Importantly, a low turnover rate this year underscores the team's dedication to the organisation's goals and their vital role in making the Wellington region thrive. WellingtonNZ is grateful for their commitment and is focused on building an even more supportive and rewarding work environment.

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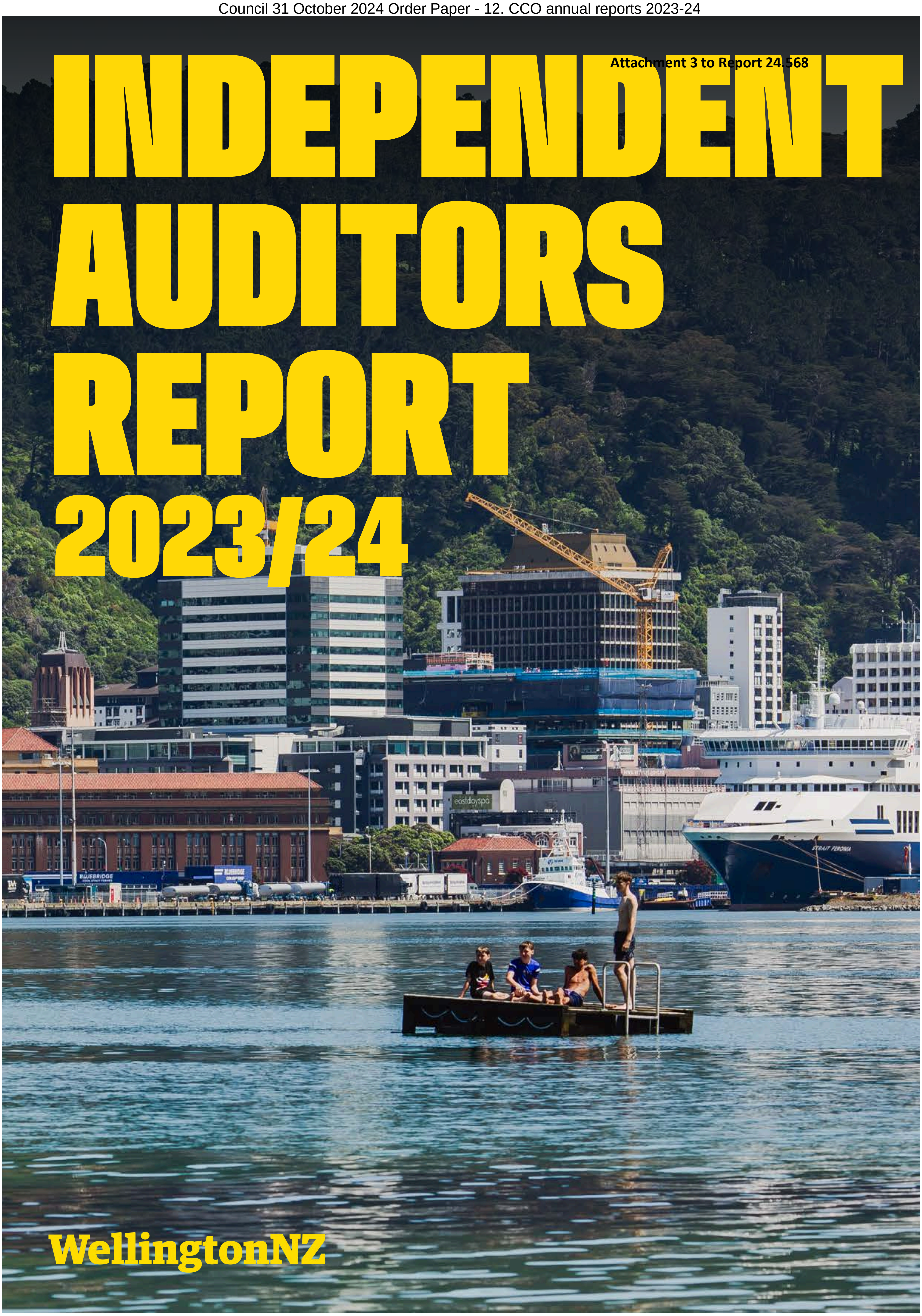
NGĀ MIHI

Cover image credit: Grace Gemuhluoglu

INDEPENDENT AUDITORS REPORT 2023/24



WellingtonNZ

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WellingtonNZ

Wellington Regional Economic Development Agency Limited

Consolidated Financial Statements

For the year ended 30 June 2024

Attachment 3 to Report 24.568

Wellington Regional Economic Development Agency Limited

For the year ended 30 June 2024

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Wellington Regional Economic Development Agency Limited

For the year ended 30 June 2024

Statement of compliance and responsibility

Statement of compliance

The Board and management of the Wellington Regional Economic Development Agency Limited (WREDA) the "Company" and its subsidiaries the "Group" confirm that all statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002 and the Companies Act 1993, have been met.

Statement of responsibility

The Board and management accept responsibility for:

- The preparation of WREDA's consolidated financial statements and the judgements used in them.
- Having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and service performance reporting.

The Board and management accept responsibility for:

- The financial statements fairly reflect the financial position of WREDA as at 30 June 2024 and its operations for the year ended on that date.
- The service performance statements fairly reflect the performance achievements for WREDA for the year reported.

Tracey Bridges CHAIR	7 October 2024 Date
Jill Hatchwell CHAIR, RISK AND AUDIT COMMITTEE	7 October 2024 Date

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Wellington Regional Economic Development Agency Limited

For the year ended 30 June 2024

Directory

Date of incorporation	10 Jan 2011
Nature of business	To promote and support the Wellington region's economy.
Incorporation number	3237332
Registered Office	175 Victoria Street, Te Aro Wellington 6011 New Zealand
Shareholders	Wellington City Council 800 shares (80%) 113 The Terrace Wellington 6011 New Zealand Greater Wellington Regional Council 200 shares (20%) 100 Cuba Street, Te Aro Wellington 6011 New Zealand
Directors	Tracey Bridges (Chair) Joanne Marie Healey Daphne Luke David Wilks Jill Hatchwell Paul Retimanu John Apanowicz
Chief Executive	John Allen
Independent Auditor	Grant Thornton New Zealand Audit Limited (on behalf of the Auditor-General) Level 15, 215 Lambton Quay Wellington 6143 New Zealand
Bankers	ANZ New Zealand Ltd 22 Willis Street Wellington 6011 New Zealand
Solicitors	Quigg Partners Level 7, 36 Brandon Street Wellington 6011 New Zealand DLA Piper Level 4, 20 Customhouse Quay Wellington 6011 New Zealand
Tax Accountants	Deloitte Ltd Level 12, 20 Customhouse Quay Wellington 6011 New Zealand

Attachment 3 to Report 24.568

GrantThornton

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Wellington Regional Economic Development Agency Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Brent Kennerley, using the staff and resources of Grant Thornton New Zealand Audit Limited, to carry out the audit of the financial statements and performance information of the Group, on his behalf.

We have audited:

- the financial statements of the Group on pages 7 to 30, that comprise the consolidated statement of financial position as at 30 June 2024, the Consolidated statement of comprehensive revenue and expenses, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 31, and pages 33 to 34.

Qualified Opinion on the financial statements and the performance information

In our opinion, except for the possible effects of the matters described in the *Basis for our Qualified opinion* section of our report:

- the financial statements of the Group on pages 7 to 30:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards Reduced Disclosure Regime.
- the performance information of the Group on pages 31, and pages 33 to 34:
  - presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2024.

Our audit was completed on 07 October 2024. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our Qualified opinion

Financial Statements: our work over the carrying value of the Group's investments in incubator and accelerator companies was limited

As outlined in Note 9, the Group has accounted for the fair value of its investments in incubator and accelerator companies using a variety of metrics, including the price of the most recent investment made by external investors.

We were unable to obtain sufficient appropriate evidence to support the carrying value of these investments because there was no recent share transaction activity for some of the investments in the portfolio, and the Group could not always support key judgements made about:

- *Reliance on convertible notes to determine fair value for some investments, as largely, these won't involve new external investors, and also may not be converted into equity;*
- *No determined change to valuation for the year as the Group only based to no changes to capital, shareholdings, or funds raised;*
- *Some key judgements are not sufficiently supported;*
- *Several different valuation approaches have been taken without sufficient justification;*
- *Lack of information from portfolio companies.*

We were therefore unable to determine whether the carrying value of $1,741,445 (2023: $1,695,904) and associated fair value movement of $53,974 (2023: ($183,567) decrease) required any adjustment. There were no satisfactory audit procedures that we could adopt to determine the effect of these limitations in scope.

Performance Information:

Our work over the 'Direct Economic Impact of WellingtonNZ's activities and interventions' performance measure was limited

The Group's performance information includes a performance measure on the direct economic impact of WellingtonNZ's activities and interventions. The carrying value of the Group's share investments in incubator and accelerator companies is reported within this performance measure. For the same reason as outlined above we were unable to obtain assurance that the direct economic impact of WellingtoNZ's activities and interventions is materially accurate.

Our work over the 'Number of different business engagements in WellingtonNZ programmes' measure was limited

We were unable to obtain sufficient appropriate evidence over the Group's 'Building Startups – Number of Pre-incubation founders' performance measure. The Group did not maintain adequate supporting documents for all pre-incubation founders that registered with the Group for the Startup Sessions.

Our work over these performance measures was therefore limited, and there were no satisfactory audit procedures that we could perform to verify the information reported for these two measures.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's Statement of Intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on page 1 and 2, page 32, and pages 35 to 36, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the 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.

Other than the audit, we have no relationship with, or interests in, the Group.

Brent Kennerley

Brent Kennerley
Grant Thornton New Zealand Audit Limited
On behalf of the Auditor-General
Wellington, New Zealand

Attachment 3 to Report 24.568

Wellington Regional Economic Development Agency Limited

Consolidated Statement Of Comprehensive Revenue And Expenses

For the year ended 30 June 2024

	Note	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Revenue				
Non-exchange transactions	3	28,045,322		26,433,442
Exchange transactions	3	2,804,842		4,147,251
Interest revenue		484,022		346,721
Total revenue		**31,334,186**	**34,343,643**	30,927,414
Expenses				
Personnel costs	4	(14,667,264)		(14,870,088)
Directors' fees and expenses	21	(255,636)		(292,083)
Depreciation and amortisation	10,11	(429,955)		(277,074)
Administrative and other expenses	5	(16,129,834)		(16,207,616)
Total expenses		**(31,482,689)**	**(34,843,643)**	(31,646,861)
Deficit before income tax		**(148,503)**	**(500,000)**	(719,447)
Income tax expense	6	41,467		65,699
Deficit for the year		**(107,036)**	**(500,000)**	(653,748)
Other comprehensive revenue and expenses				
Fair value movement of investment	9	53,974		(183,567)
Total other comprehensive revenue and expenses		**53,974**	**-**	(183,567)
Total comprehensive revenue and expenses		**(53,062)**	**(500,000)**	(837,315)

The accompanying notes form part of these consolidated financial statements.
Explanation of major variances against the original 2023/2024 budget are provided in note 25.

Grant Thornton New Zealand Audit Limited
Marked for identification purposes

Attachment 3 to Report 24.568

Wellington Regional Economic Development Agency Limited

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Assets				
Current assets				
Cash and cash equivalents	7	6,944,390		8,174,856
Trade and other receivables	8	1,584,363		4,703,682
Prepayments		108,185		117,501
Other financial assets	9 (ii)	1,700		1,400
Inventories		7,181		7,102
Taxes receivable / (payable)	15	416,809		(91,557)
Total current assets		**9,062,628**	**7,400,000**	12,912,984
Non-current assets				
Property, plant and equipment	10	452,194		587,048
Intangible assets	11	441,359		538,142
Investments in incubator and accelerator companies	9 (i)	1,741,445		1,695,904
Deferred tax assets	6	242,067		199,683
Total non-current assets		**2,877,065**	**2,000,000**	3,020,777
Total assets		**11,939,693**	**9,400,000**	15,933,761
Liabilities				
Current liabilities				
Trade payables	12	756,409		2,241,168
Sundry creditors and accruals	13	959,265		470,956
Employee entitlements	14	760,993		824,422
Deferred revenue	3 (i)	**6,304,310**		**9,185,437**
Total current liabilities		**8,780,977**	**7,000,000**	12,721,983
Total liabilities		**8,780,977**	**7,000,000**	12,721,983
Net assets		**3,158,716**	**2,400,000**	3,211,778
Equity				
Contributed equity		1,000		1,000
Accumulated funds		687,535		794,571
Other reserves		893,044		839,070
Capital injection from shareholder		1,577,137		1,577,137
Total equity		**3,158,716**	**2,400,000**	3,211,778

The accompanying notes form part of these consolidated financial statements.
Explanation of major variances against the original 2023/2024 budget are provided in note 25.

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Attachment 3 to Report 24.568

Wellington Regional Economic Development Agency Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Balance at 1 July	3,211,778	2,900,000	4,049,093
Deficit for the year	(107,036)	(500,000)	(653,748)
Movement in investment reserve	53,974	-	(183,567)
Balance at 30 June	**3,158,716**	**2,400,000**	3,211,778

	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Accumulated funds			
Balance at 1 July	794,571	794,571	1,448,319
Deficit for the year	(107,036)	(500,000)	(653,748)
Balance at 30 June	**687,535**	**294,571**	794,571

	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Other reserves			
Balance at 1 July	839,070	-	1,022,637
Movement in fair value reserve	53,974	-	(183,567)
Balance at 30 June	**893,044**	**-**	839,070

The accompanying notes form part of these consolidated financial statements.
Explanation of major variances against the original 2023/2024 budget are provided in note 25.

Grant Thornton New Zealand Audit Limited
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Attachment 3 to Report 24.568

Wellington Regional Economic Development Agency Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Group Actual 2024 $	Unaudited Group Budget 2024 $	Group Actual 2023 $
Cash flows from operating activities			
Receipts from other revenue	7,215,590		5,944,260
Receipts from grants	23,869,565		27,824,682
Payments to suppliers / employees	(32,215,474)		(31,722,664)
Goods and services tax received / (paid)	(387,722)		(332,086)
Payment of performance bond	750		-
Income tax from / (used)	(917)		(243,513)
Net cash used in operating activities	**(1,518,208)**	**(1,000,000)**	1,470,679
Cash flows from investing activities			
Interest received	484,022		346,721
Net receipts from sale of investments and other financial assets	8,133		3,600
Proceeds from sale of property, plant and equipment	18,687		5,101
Proceeds from term deposits	-		802,402
Purchases of property, plant and equipment	(128,200)		(131,625)
Purchases of intangible assets	(94,900)		(536,000)
Net cash used in investing activities	**287,742**	**-**	490,199
Cash flows from financing activities			
Interest paid on borrowings	-		(65)
Net cash from financing activities	**-**	**-**	(65)
Net increase/(decrease) in cash and cash equivalents	**(1,230,466)**	**(1,000,000)**	1,960,813
Opening cash and cash equivalents at beginning of the year	8,174,856	5,000,000	6,214,043
Cash and cash equivalents at year end	**6,944,390**	**4,000,000**	8,174,856

The accompanying notes form part of these consolidated financial statements.
Explanation of major variances against the original 2023/2024 budget are provided in note 25.

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Wellington Regional Economic Development Agency Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

1 Reporting entity

Wellington Regional Economic Development Agency Limited (WREDA or WellingtonNZ), the controlling entity and 'Parent', is a council-controlled organisation as defined under section 6 of the Local Government Act 2002 and domiciled in New Zealand. WREDA is a public benefit entity for the purposes of financial reporting.

The controlling entities registered office is 175 Victoria Street, Wellington and its principal place of business is both 175 Victoria Street and 111 Wakefield Street, Wellington.

WREDA combines activities, functions and funding of particular business units previously under the control of the Wellington City Council and the Greater Wellington Regional Council. WREDA is the 100% shareholder of CreativeHQ Limited ('controlled entity'), the regions business incubator and accelerator, which also has a reporting date for the year ended 30 June 2024. WREDA Limited is owned 80% by Wellington City Council and 20% by Greater Wellington Regional Council.

These consolidated financial statements for the year ended 30 June 2024 comprise the controlling entity and its controlled entity, together referred to as the 'Group' and individually as 'Group Entities'.

WREDA's purpose in the 2024 financial year is that the Wellington regional economy is thriving with more people participating in the benefits. This purpose reflects our central role in placemaking and storytelling and in attracting people to our region, as the best place in New Zealand to visit, host an event, start and sustain a business, make a film, study, migrate or invest in.

2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP'). The financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied. WREDA meets the requirement for Tier 2 PBE accounting standards as its expenses are less than $33 million but greater than $5 million and is not defined as publicly accountable in accordance with the PBE accounting standards. The accounting policies have also been applied consistently throughout the year.

These financial statements have been prepared on a going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

These financial statements were authorised for issue by the Board of Directors on 7 October 2024.

Basis of measurement

The consolidated financial statements have been prepared on the historical basis except for the following material items in the statement of financial position, which are measured at fair value:

- Investment in incubator and accelerator companies
- Other financial assets

Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars ($) which is the controlling entity's functional and Group's presentation currency. Figures are rounded to the nearest dollar unless otherwise stated.

There has been no change in the functional currency of the Group during the year.

Changes in accounting policies

Standard issued and not yet effective that have been early adopted

The Group has early adopted the following Accounting Standards that are issued but not yet effective.

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2 Basis of preparation (continued)

Disclosure of fees for audit firms' services (amendment to PBE IPSAS 1- presentation of financial reports)

During the year, the Group adopted the amendments to PBE IPSAS 1 Presentation of Financial Reports with an effective date of 1 January 2024. The amendments require an entity to describe the services provided by its audit or review firm and to disclose the fees incurred by the entity for those services. Such services provided by its audit or review firm include.

(a) the audit or review of the entity's financial report; and

(b) other types of service provided by the entity's audit or review firm.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

(a) Judgements

Judgements made in applying accounting policies that have had the most significant effects on the amounts recognised in the consolidated financial statements including the following:

- Intangible assets are considered to have finite lives. Refer to Note 11.
- The parent's subsidiary is considered to be 100% under the parent's control. Refer to Note 1.
- The loan issued to subsidiary is assumed to be repayable in full. Refer to Note 9.

(b) Estimation and assumption uncertainties

Estimation and uncertainties that have a significant risk of resulting in a material adjustment in the year ended 30 June 2024 including the following:

- Uncertainties are inherent in estimating fair value of the investments in incubator, accelerator companies and investment in associate and care has been made in exercising judgement and making the necessary estimates. Accounting standards require a gain or loss on fair value of these investments to be recognised in other comprehensive revenue and expenses, but there is no certainty that any gain or loss based on the estimate of fair value will be realised if a sale was completed.

(c) Budget figures

The budget figures are those approved by the Board in the 2023-26 Statement of Intent. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Group in preparing these consolidated financial statements.

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3 Revenue

Accounting policy

Revenue is recognised when the amount of revenue can be measured reliably, and it is probable that economic benefits will flow to the Group and measured at the fair value of considerations received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Revenue from non-exchange transactions

Non-exchange transactions are only those where the Group receives an inflow of resources (i.e. cash and other tangible or non-tangible items) but provides no (or nominal) direct consideration in return. The Group considers its revenue received for core funding from shareholders, government grants and management fees from its shareholder to be non-exchange revenue.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Group provides goods or services to another entity or individual and receives approximately equal value or greater in a willing arm's length transaction between a willing buyer and willing seller.

Types of revenue

(i) Grants and service revenue

Grants are mainly received from shareholders Wellington City Council and Greater Wellington Regional Council, but also from some central Government organisations and private sector organisations. Grants are used to cover core expenditure and to further economic development in the Wellington Region. Grants are recognised when received and all the conditions associated with the grants have been met. Where grants have been given for specific services, income will be recognised in the same period in which the specific service is provided. At financial year end any unexpended specific funding is treated as a liability (deferred revenue).

(ii) Management fees

The Group manages the Wellington City Council (WCC) performance venues and receives Management fee revenue for those services. The venues currently managed on behalf of the Wellington City Council include the Michael Fowler Centre, Opera House, St James Theatre, TSB Bank Arena and Conference Centre (Shed 6). Management fee revenue is recognised in the accounting period in which the services are rendered.

Fees are chargeable at a value equivalent to the aggregate of employee and directors' costs contained within the Parent's venue management division and fluctuate year on year depending on those costs.

(iii) Sponsorship

Sponsorships are received from third parties to partly cover the costs of running the subsidiary programmes and projects. Sponsors were linked to the programme and recognised in all promotions associated with the activity they sponsored. Sponsorships are recognised when measurable and probable of future economic benefits being received.

(iv) Other revenue

Other revenue received includes fees revenue, capital rising success fees and sponsorships. Fees revenue received from incubator residents partly offsets the costs of running the incubator and is recognised when the future economic revenue is measurable and probable of future economic revenue being received.

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Wellington Regional Economic Development Agency Limited
Notes to the consolidated financial statements
For the year ended 30 June 2024

3 Revenue (continued)

	Group Actual 2024 $	Group Actual 2023 $
Revenue from non-exchange transactions		
Shareholders	23,567,715	23,456,843
Central government	3,260,958	2,145,527
Other	1,216,649	831,072
Total revenue from non-exchange transactions	**28,045,322**	26,433,442
Revenue from exchange transactions		
Service revenue	1,643,341	2,809,045
Sponsorship	537,035	413,267
Other	624,466	924,939
Total revenue from exchange transactions	**2,804,842**	4,147,251

4 Personnel costs

Accounting policy

Salaries and wages are recognised as an expense as employees provide services.

(a) Short term benefits

Short-term employee entitlements are those that the Group expects, to be settled within 12 months of the date of financial year end and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned, but not yet taken at balance date.

(b) Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

	Group Actual 2024 $	Group Actual 2023 $
Salaries and wages	14,233,068	14,313,301
KiwiSaver contributions	414,864	409,049
Increase/(decrease) in employee entitlements/liabilities	(63,429)	37,504
Other personnel costs	82,761	110,234
Total personnel costs	**14,667,264**	14,870,088

5 Administrative and other expenses

Accounting policy

Administrative and other expenses that are "point in time" transactions are recognised as an expense when the good or service is received. Administrative and other expenses that are "over time" transactions are recognised as an expense when the good or service is consumed.

	Group 2024 $	Group 2023 $
Event sponsorship and activation, including Major Events	7,321,017	6,243,285
Marketing, advertising and printing costs of delivering programmes of work	4,729,722	5,663,574
Information and communication technology	1,093,844	835,148
Contractors	640,360	769,470
Rent	551,365	586,705
Other expenses	224,947	464,177
Travel	450,495	387,077
Recruitment, training and development	188,403	325,205
Consultants and legal fees	222,144	295,275
Direct costs - i-Site	274,403	278,188
Audit fees	151,272	99,033
Conferences and catering	69,639	65,620
Cleaning	61,942	55,859
Membership fees	54,643	48,083
Repairs and maintenance	37,415	37,297
Stationery and office printing	14,995	23,611
Utilities	29,868	23,117
Leased copier and office equipment	4,065	6,569
Loss on disposal of asset	9,295	323
Total other expenses	**16,129,834**	16,207,616

During the financial year ended 30 June 2024 the Group incurred fees of $151k from its auditor relating to the audit of its consolidated financial statements (2023: $99k).

During this same period the auditor didn't perform any other services or agreed-upon procedures for the Group. No fees were incurred by the Group from its auditor in respect of such matters (2023: $nil).

6 Income and deferred tax

Accounting policy

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

Income tax is recognised in the statement of comprehensive revenue and expenses except when it relates to items recognised directly in equity (in which case the income tax is recognised in equity). Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is recognised in respect of temporary differences between the carrying amount of asset and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the asset can be utilised.

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Wellington Regional Economic Development Agency Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

6 Income and deferred tax (continued)

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 is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

	Group Actual 2024 $	Group Actual 2023 $
Tax recognised in consolidated statement of profit or loss		
NZ corporate income tax on profits/(losses) in the period		
Overseas income tax on profits/(losses) in the period	917	31,807
Adjustments to current tax in prior years	-	(59,214)
Total current tax expense / (benefit)	**917**	(27,407)
Deferred tax expense	(33,014)	(37,413)
Adjustments to deferred tax in prior years	(9,370)	(879)
Total deferred tax (benefit)	**(42,384)**	(38,292)
Total income tax (benefit)	**(41,467)**	(65,699)
Relationship between tax expense and accounting profit		
Net deficit before tax	**(148,503)**	(719,447)
Tax at 28%	(41,581)	(201,445)
Plus / (Less) tax effect of:		
Non-deductible expenditure	6,695,194	7,283,940
Non-assessable income	(6,686,627)	(7,119,216)
Overseas withholding tax non-claimable	**917**	**31,807**
Prior period adjustment	(9,370)	(60,093)
Deferred tax adjustment	-	(692)
Total income tax (benefit)	**(41,467)**	(65,699)

Deferred tax asset/(liability) Group	**Property, plant and equipment $**	**Intangible assets $**	**Employee entitlements $**	**Other provisions $**	**Tax losses $**	**Total $**
Balance at 30 June 2022	(118,545)	(3,765)	161,277	5,714	116,710	161,391
Charged to surplus or deficit	22,060	(146,915)	20,389	7,116	135,642	38,292
Charged to other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2023	(96,485)	(150,680)	181,666	12,830	252,352	199,683
Charged to surplus or deficit	22,521	38,299	(9,644)	20,891	(29,683)	42,384
Charged to other comprehensive income	-	-	-	-	-	-
Balance at 30 June 2024	**(73,964)**	**(112,381)**	**172,022**	**33,721**	**222,669**	**242,067**

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Wellington Regional Economic Development Agency Limited
Notes to the consolidated financial statements
For the year ended 30 June 2024

7 Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand and balances at the bank. There are no restrictions over cash.

	Group Actual 2024 $	Group Actual 2023 $
Cash at bank and on hand	6,944,390	8,174,856
Total cash and cash equivalents	**6,944,390**	8,174,856

The Group holds call and chequing accounts with ANZ Bank for day to day cash flow management. These accounts carries interest as per the applicable daily bank rates.

8 Trade and other receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for collectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected. The Group does not currently have any receivables considered to be impaired.

	Group Actual 2024 $	Group Actual 2023 $
Receivables from non-exchange transactions		
Trade receivables	972,594	3,126,976
Management fee receivable	208,601	258,060
Sundry receivables	267,442	665,931
Total receivables non-exchange transactions	**1,448,637**	4,050,967
Receivables from exchange transactions		
Trade receivables	101,739	641,335
Sundry receivables	33,987	11,380
Total receivables exchange transactions	**135,726**	652,715
Total receivables	**1,584,363**	4,703,682

Receivables are non-interest bearing and are generally on terms of 30 days. Therefore, the carrying value of receivables approximates their fair value.

	Group Actual 2024 $	Group Actual 2023 $
Gross receivables	**1,584,363**	4,703,682
Ageing profile		
Not past due	1,515,866	4,453,232
Past due 0-3 months	61,514	167,459
Past due 3-6 months	550	39,517
Past due more than 6 months	6,433	43,474
Total ageing profile	**1,584,363**	4,703,682

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9 Investments in incubator, accelerator companies and other financial assets

Accounting policy

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD)

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance.

Financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

i) Investments in incubator and accelerator companies

CreativeHQ receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CreativeHQ and the Lightning Lab to the client. The shares represent a small proportion of the total equity of the client company. These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as FVTOCRE.

CreativeHQ recognises the initial investment in the companies according to the programme the company is involved in – incubator programme or accelerator programme. Companies in the incubator do not have a value on initial recognition as no external investment has yet occurred and therefore the fair value of the initial investment is valued at nil. Companies in the accelerator programme have initial recognition at FVTOCRE.

The valuation of these investments is undertaken by CreativeHQ using accepted industry guidelines. The International Private Equity and Venture Capital Valuation Guidelines (IPEV) have been accepted as industry standard guidelines base of the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices. The IPEV Guidelines provide a framework for private equity and venture capital investors to arrive at fair value for their investments. The IPEV are of the view that compliance with PBE accounting standards can be achieved by following the guidelines.

Wellington Regional Economic Development Agency Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

9 Investments in incubator, accelerator companies and other financial assets (continued)

IPEV Guidelines recommend that for early-stage investments, where it is difficult to assess the future profitability of the company, fair value is generally determined by the price of the most recent investment. This methodology is appropriate until the circumstances of the company change such that an alternative valuation methodology (such as, but not limited to price/earnings analysis or discounted cash flow) is appropriate or there is evidence that the value of the investment should be adjusted. An adjustment is considered necessary where the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. The level of the adjustment can range from nil to 100% of the value.

A significant or prolonged decline in fair value of the investment below its cost is considered to be objective evidence of impairment. Where the asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is reclassified from equity to profit or loss as a reclassification or adjustment. Any increase in fair value after an impairment loss is recognised in other comprehensive revenue and accumulated as a separate component of equity in the fair value reserve.

As at 30 June 2024 the valuation of CreativeHQ's investments is based on the price of the most recent investment made by external investors, unless there is evidence that the value of the investment should be adjusted as the performance of the investment is significantly below the expectations on which the investment was based, leading to a diminution in value. CreativeHQ is reliant on receiving recent investment information from incubator and accelerator companies directly through yearly information requests.

	Group Actual 2024 $	Group Actual 2023 $
Opening Balance	1,695,904	1,879,471
Disposals	(8,433)	-
Movement in fair value of accelerator and incubator companies	53,974	(183,567)
Total	**1,741,445**	1,695,904

CreativeHQ invests in unlisted early-stage companies. Unlisted investments are generally not publicly traded. As there may be no open market to establish an independent value for certain unlisted investments, there can be no assurance that a determination for fair value for an unlisted investment will be obtainable in the market or that there will be a market for the unlisted investment.

The accounting policy is to recognise such investments both initially and subsequently at fair value following accounting standards. This will be based on information provided by each company.

At year end the fair value of its investments has been determined at $1,741,445 (2023: $1,695,904). Notwithstanding the uncertainty of the valuation of the investment, the CreativeHQ board is of the view that the fair values of unlisted investment in these financial statements represent the best available information and the WREDA board has accepted this view.

CreativeHQ's exposure to changes in the investment value could be material to the financial statements. As CreativeHQ is not reliant on the cash flows from the investments, changes in value do not impact the underlying viability of CreativeHQ or the Group. The CreativeHQ board reviews regular reports from the companies.

In the event that an investment will be considered to be impaired, it will have a non-cash effect on the surplus / (deficit) of CreativeHQ and the Group.

ii) Other financial assets

In the current year, CreativeHQ loaned $300 (2023: $400) to cover administrative expenses to its wholly owned subsidiary, Venture Studio Limited (VSL). The total value loaned at the end of current reporting period is $1,700. VSL is currently non-trading. Due to immateriality the financials of VSL have not been consolidated into the Group's consolidated financial statements.

	Group Actual 2024 $	Group Actual 2023 $
Loan to subsidiary	1,700	1,400
Total other financial assets	**1,700**	1,400

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10 Property, Plant & Equipment

Accounting policy

Property, plant and equipment consists of the following types of assets:

Furniture and equipment – included within the office environment that the Group operates, including but not limited to desks, chairs, cupboards etc.

Property improvements – within the buildings that the Group leases or operate within, including but not limited to decoration, carpet etc.

Computer hardware – computers for employees including laptops, printers etc.

a. *Recognition and measurement*

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

b. *Subsequent measurement*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

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

c. *Depreciation*

Depreciation is recognised in surplus or deficit on a straight-line basis on all property, plant and equipment over the estimated useful life.

The estimated useful lives:

Computer hardware	2-3 years
Property improvement	2-8 years
Furniture and equipment	**3-10 years**

d. *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 Group and the cost of the item can be measured reliably.

e. *Disposal*

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

f. *Impairment*

Property, plant and equipment with a finite useful life are reviewed for impairment at each balance sheet 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 assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets 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. The reversal of an impairment loss is recognised in the surplus or deficit.

g. *Restrictions of titles*

There are no restrictions on titles nor have any property, plant or equipment been pledged as security for liabilities.

h. *Work in progress*

$3k of work in progress assets are currently held.

i. *Capital commitments*

The Group holds no contractual commitments for acquisition of assets.

Wellington Regional Economic Development Agency Limited

Notes to the consolidated financial statements

For the year ended 30 June 2024

10 Property, Plant & Equipment (continued)

As at 30 June 2024	**Furniture and Equipment $**	**Property Improvement $**	**Computer Hardware $**	**Work in Progress $**	**Total $**
Cost					
Balance at 1 July 2023	1,032,117	347,702	300,884	-	1,680,703
Additions	95,222	-	29,811	3,167	128,200
Disposals	(104,425)	-	(31,577)	-	(136,002)
Balance at 30 June 2024	**1,022,914**	**347,702**	**299,118**	**3,167**	**1,672,901**
Accumulated depreciation					
Balance at 1 July 2023	(599,845)	(293,201)	(200,609)	-	(1,093,655)
Depreciation	(126,597)	(52,667)	(59,008)	-	(238,272)
Depreciation written back on disposal	82,140	-	29,080	-	111,220
Balance at 30 June 2024	(644,302)	(345,868)	(230,537)	-	(1,220,707)
Carrying amount as at 30 June 2024	**378,612**	**1,834**	**68,581**	**3,167**	**452,194**

As at 30 June 2023	**Furniture and Equipment $**	**Property Improvement $**	**Computer Hardware $**	**Work in Progress $**	**Total $**
Cost					
Balance at 1 July 2022	957,701	347,702	335,053	-	1,640,456
Additions	79,022	-	52,626	-	131,648
Disposals	(4,606)	-	(86,795)	-	(91,401)
Balance at 30 June 2023	1,032,117	347,702	300,884	-	1,680,703
Accumulated depreciation					
Balance at 1 July 2022	(478,599)	(221,705)	(214,633)	-	(914,937)
Additions	(124,287)	(71,496)	(69,985)	-	(265,768)
Disposals	3,041	-	84,009	-	87,050
Balance at 30 June 2023	(599,845)	(293,201)	(200,609)	-	(1,093,655)
Carrying amount as at 30 June 2023	432,272	54,501	100,275	-	587,048

Wellington Regional Economic Development Agency Limited
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11 Intangible assets

Accounting policy

Intangible assets that are acquired and which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the consolidated statement of comprehensive revenue and expenses on a straight-line basis over the estimated useful lives of the intangible assets. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. There is $40k of work in progress intangible assets currently held.

Intangible assets consist of computer software and websites. The useful lives of these intangible assets are estimated at 3 years with amortisation being recognised on a straightline basis over this estimated useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

Costs associated with developing websites are recognised as an intangible asset where it can be demonstrated that the asset will generate probable future economic benefits or service potential. Costs associated with maintaining websites are recognised as an expense when incurred.

There are no internally generated intangible assets. There are no contractual commitments for acquisition of any intangible assets nor any restriction on titles. No intangible assets have been pledged as security for liabilities or have any restrictions on titles. No critical assumptions have been applied to intangible assets held.

Management review intangible assets on a periodic basis and are currently of the view that there is no impairment to these assets.

	Website $	Software $	Work in Progress $	Total $
Cost				
Balance at 1 July 2023	536,000	166,767	-	702,767
Additions	-	54,900	40,000	94,900
Balance at 30 June 2024	**536,000**	**221,667**	**40,000**	**797,667**
Accumulated amortisation				
Balance at 1 July 2023	-	(164,625)	-	(164,625)
Amortisation for the period	(176,880)	(14,803)	-	(191,683)
Balance at 30 June 2024	**(176,880)**	**(179,428)**	**-**	**(356,308)**
Net book value at 30 June 2024	**359,120**	**42,239**	**40,000**	**441,359**

	Website $	Software $	Work in Progress $	Total $
Cost				
Balance at 1 July 2022	-	166,767	-	166,767
Additions	536,000	-	-	536,000
Balance at 30 June 2023	536,000	166,767	-	702,767
Accumulated amortisation				
Balance at 1 July 2022	-	(153,319)	-	(153,319)
Amortisation for the period	-	(11,306)	-	(11,306)
Balance at 30 June 2023	-	(164,625)	-	(164,625)
Net book value at 30 June 2023	536,000	2,142	-	538,142

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12 Trade payables

Accounting policy

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are recorded at their face value. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade payables are non-interest bearing and are normally settled on 20th of month following terms. All payables are current and recorded at amounts payable.

	Group Actual 2024 $	Group Actual 2023 $
Total trade payables - exchange transactions	**756,409**	2,241,168

13 Sundry creditors and accruals

	Group Actual 2024 $	Group Actual 2023 $
Expense accrual	893,022	200,432
Audit fee accrual	37,914	172,945
ACC payable	25,579	29,432
Other payables	2,750	68,147
Total sundry creditors and accruals	**959,265**	470,956

14 Employee entitlements

Accounting policy

Employee entitlements are all due to be settled within 12 months after the end of the year in which the employee provides the related service and are measured based on accrual entitlements at current rates of pay. These include salaries and wages accrued up to the date of financial year end and annual leave earned but not yet taken at the date of financial year end. The Group holds no liability for employee entitlements greater than 12 months. A liability and an expense are recognised for bonuses where the Group has a contractual obligation or where there is a past practice that has created a constructive obligation, and a reliable estimate of the obligation can be made. No accruals are made for sick leave as the probability of any requirement cannot be accurately recorded.

	Group Actual 2024 $	Group Actual 2023 $
Annual leave	688,067	754,886
Accrued salaries and wages	72,926	69,536
Total employee benefits	**760,993**	824,422

15 Taxes receivable / (payable)

	Group Actual 2024 $	Group Actual 2023 $
GST receivable / (payable)	296,165	(183,669)
Income tax receivable	120,644	92,112
Total taxes receivable / (payable)	**416,809**	(91,557)

16 Equity and share capital

Accounting policy

Equity is Wellington City Council and Greater Wellington Regional Council's interest in WREDA, being a council-controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes.

17 Operating and finance leases

Accounting policy

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total expenses of the lease expense, over the term of the lease. The Group currently holds only operating leases. No finance leases are held.

Operating leases as lessee

The Group leases buildings, plant and equipment in the normal course of its business. The Group can renew leases at its own discretion at current market rates. There are no restrictions placed on the Group by any of the leasing arrangements.

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group Actual 2024 $	Group Actual 2023 $
No later than one year	543,080	455,075
Later than one year but not later than five years	1,538,303	1,388,635
Later than five years	-	241,371
Total non-cancellable operating leases	**2,081,383**	2,085,081

18 Contingent liabilities and guarantees

Unquantified Contingent Liability - Holiday Pay remediation

Several of New Zealand's public and private organisations have identified issues with the calculation of leave entitlements under the Holidays Act 2003 ("The Act"). WellingtonNZ, the parent company, utilised Wellington City Council ("Council") to perform payroll calculations for permanent staff who worked within WellingtonNZ's Venues business up until 1 June 2019. During 2019/20 Council completed its own review of payroll processes which identified instances of non-compliance with the Act. During 2020/21 Council has established a project team to better understand the areas of non-compliance with the Act. The work is split into two phases, rectification of known system configuration and business process issues initially, while phase two will be the remediation.

Council have agreed that they will cover costs on Group behalf of any remediation that needs to occur. The Group therefore do not expect to have a liability to cover. The Group will continue to monitor Council's response in case that changes.

No other contingent assets or liabilities existed and the Group have not entered into any guarantees (2023: Nil).

19 Financial instruments

Accounting policy

Financial instruments include financial assets (cash and cash equivalents, trade and other receivables and other financial assets) and financial liabilities (trade payables and sundry creditors and accruals). Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

	Group Actual 2024 $	Group Actual 2023 $
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	6,944,390	8,174,856
Trade and other receivables	1,584,363	4,703,682
Other financial assets	1,700	1,400
Total financial assets at amortised cost	**8,530,453**	12,879,938
Financial assets at FVTOCRE		
Investments in incubator and accelerator companies	1,741,445	1,695,904
Total financial assets at FVTOCRE	**1,741,445**	1,695,904
Total financial assets	**10,271,898**	14,575,842
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	756,409	2,241,168
Sundry creditors and accruals	959,265	470,956
Total financial liabilities at amortised cost	**1,715,674**	2,712,124
Total financial liabilities	**1,715,674**	2,712,124

Fair value

The fair value of all financial instruments equates or are approximate to the carrying amount recognised in the consolidated statement of financial position.

Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments depends on the classification determined by the Group.

20 Related party transactions

Accounting policy

WREDA is a council-controlled organisation that is controlled by a Board of Directors appointed by its shareholders. The shareholders of WREDA are Wellington City Council, which owns 80% of WREDA shares, and Greater Wellington Regional Council, which owns the remaining 20%.

Related party means parties that are related if one party has the ability to either control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Group and the Group's shareholders (such as funding and financing flows) where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the Chief Executive of WREDA and CreativeHQ Ltd and the senior leadership team of WREDA, all of whom are employed as employees of the Group on normal employment terms.

CreativeHQ loan from parent

During the period the parent has continued to provide CreativeHQ with a $400,000 loan. Interest is charged and paid monthly at the official cash rate plus 1.5%. The loan has been eliminated upon consolidation. The loan was due to repayment in 2022. In 2023 repayment was deferred and both parties agreed to review repayment annually. The next review will be undertaken on 1 July 2024.

21 Directors' fees

Accounting policy

The parent has 7 full time equivalents based on the length of service of the board (2023: 8) and the subsidiary has 1 full time equivalents on the same basis (2023:6).

It was agreed that having shareholder representation on its Board, WREDA will not pay any remuneration to these directors during the time they serve on the Board.

The total value of remuneration paid or payable to each board member during the year was:

	Group Actual 2024 $	Group Actual 2023 $
Parent WREDA Limited		
Tracey Bridges (Chair)	50,000	50,000
Wayne Mulligan (resigned 31 December 2023)	12,500	25,000
Kylie Archer (resigned 31 December 2023)	12,500	25,000
Matthew Clarke (resigned 31 December 2022)	-	12,500
Steven Maharey (resigned 30 September 2022)	-	6,250
Jill Hatchwell	25,000	25,000
Joanne Healey	25,000	25,000
Paul Retimanu	25,000	18,750
David Wilks	25,000	18,750
Daphne Luke	25,000	20,833
John Apanowicz (WCC appointment; appointed 26 June 2024)	-	-
Total WREDA directors' fees	200,000	227,083

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21 Directors' fees (continued)

	Group Actual 2024 $	Group Actual 2023 $
Subsidiary CreativeHQ Limited		
Lance Walker (Chair) (resigned 31 May 2024)	18,333	20,000
Susan Reynolds (resigned 31 December 2023)	5,000	10,000
Wayne Mulligan (resigned 14 June 2024)	9,555	10,000
Diana Siew (resigned 3 May 2024)	9,555	10,000
Trent Mankelow (resigned 14 June 2024)	8,416	10,000
Tracey Bridges	-	-
John Allen, CEO WellingtonNZ (resigned 14 June 2024)	4,777	5,000
Total subsidiary directors' fees	55,636	65,000
Total directors' fees	255,636	292,083

22 Remuneration

Accounting policy

Total remuneration includes any non-financial benefits provided to employees.

As at 30 June 2024 the Group employed 132 full-time equivalent employees (2023: 127). The Group also employs a similar number of casual employees in its Venues Wellington division; however, this number fluctuates based on available work.

Termination and severance payments

During the year the Group has made termination payments totalling $10,644 to one employee (2023: $nil). The Group has made no severance payments during this period (2023: $nil).

Key management personnel

Key management personnel of the Group for 2024 and 2023 were the Chief Executives of WREDA and CreativeHQ Limited, the senior leadership team of WREDA and the Boards of both entities.

The total remuneration and the number of individuals, on full time equivalent basis (excluding directors), considered key management personnel receiving remuneration are:

	Group Actual 2024	Group Actual 2023
Key management personnel		
Directors' remuneration	$255,636	$292,083
WREDA Limited directors	7	8
CreativeHQ directors	1	6
Key management personnel remuneration - non-directors	$2,584,635	$3,197,275
Management full-time equivalents	11	15

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22 Remuneration (continued)

Due to the difficulty in determining full-time equivalents for directors, the number of directors serving on the boards of WREDA Limited and CreativeHQ Limited as at 30 June 2024 is disclosed above.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2023: nil). The Group did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2023: nil). The Group did not provide any loans to key management personnel or their close family members (2023: nil). Key management personnel from a Group perspective are the senior leadership team of WellingtonNZ (7) and CreativeHQ (4). One member of WellingtonNZ's SLT is currently on secondment to WCC. Their salary is included in the above, however, approximately 80% of their salary is reimbursed from WCC.

	Group Actual 2024	Group Actual 2023
Number of current employees		
$100,000 - $109,999	7	10
$110,000 - $119,999	8	1
$120,000 - $129,999	2	7
$130,000 - $139,999	4	4
$140,000 - $149,999	5	5
$150,000 - $159,999	5	8
$160,000 - $169,000	2	2
$170,000 - $179,999	2	3
$180,000 - $189,999	1	1
$190,000 - $199,999	1	-
$200,000 - $209,999	1	1
$210,000 - $219,999	1	-
$230,000 - $239,999	-	1
$240,000 - $249,999	1	2
$260,000 - $269,999	1	1
$270,000 -$279,999	1	-
$280,000 - $289,999	1	1
$400,000 - $409,999	-	1
$410,000 - $419,999	1	-
Total employees	**44**	48

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Notes to the consolidated financial statements

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23 Events after the balance date

There were no events occurring after the balance date which required adjustment to or disclosure in the consolidated financial statements.

24 Operating funds

WREDA is reliant for a large part of its revenue from its shareholders, Wellington City Council and Greater Wellington Regional Council (the Councils).

The Councils have accepted the Group's Statement of Intent, which includes funding for the Group and its activities for the next three years.

25 Explanation of significant variances to the budget

Statement of Comprehensive Revenue and Expense

Revenue
CreativeHQ did not run a significant international accelerator programme that was budgeted for along with lower domestic and international work from both the private sector and government, resulting in revenue being $1.7m lower than budget, partially offset by $275k additional funding from Callaghan Innovation to run the newly created start up programme.
Within WellingtonNZ, non-exchange revenue released was $1.5m below budget due to expenditure on specific programmes not incurred as quickly as budgeted and changes in timing of work programmes and events to the 2024/25 financial year. Revenue matches project expenditure.

Expenses

CreativeHQ reduced its expenditure due to the loss of revenue by reducing both staff costs and contractors associated with the lower project work. WellingtonNZ project expenditure is lower than budget due to spending on specific programmes not occuring as anticipated and changes in timing of work programmes and events to the 2024/25 financial year.

Statement of financial position

Current Liabilities are higher than budgeted due to higher deferred revenue being held at year end than anticipated during budgeting. This included money from Central and Local Government and other commercial arrangements where funds were not expended as quickly as anticipated or programmes of work are occurring in FY25 rather than FY24. This has resulted in our cash holdings within Current Assets being higher than budgeted.
Non-current assets are higher than budget due to CreativeHQ incurring unbudgeted office fitout costs from downsizing their office space upon expiry of lease and an increase in year end valuations of their incubator and accelorator assets. They take a conservative approach by budgeting for no changes in valuations. Deferred tax has also increased which is outlined in Note 6 Income and deferred tax.

26 Other significant accounting policies

Significant accounting policies are included within the notes below to which they relate. Other significant accounting policies that do not relate to a particular note are disclosed below.

(a) Basis of consolidation

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

All subsidiaries have a reporting date of 30 June. All intra-group balances and transactions, and unrealised profits and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(b) Statement of Cash Flows

The cash flow statement is prepared exclusive of GST, which is consistent with the method used in the statement of profit or loss and comprehensive income. Definitions of the terms used in the cash flow statements:

- *Operating activities* are the principal revenue-producing activities of the Group and includes all transactions and other events that are not investing or financing activities.
- *Investing activities* are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
- *Financing activities* are those activities relating to changes in the size and composition of the contributed equity and borrowings of the Group.

(c) Fair value estimation

The Group measures certain balances and transactions at fair value either at initial recognition or subsequently. In order to determine these fair values, valuation techniques are utilised. To provide an indication about the reliability of the inputs used in determining fair value, the Group has identified what level of input is utilised in the valuation in the note for each

- Level 1 The fair value of the asset, liability or instrument is traded in active markets and is based on quoted market prices at the end of the reporting period.
- Level 2 The fair value of the asset, liability or instrument which is not traded in an active market and is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates.
- Level 3 If one or more of the significant inputs is not based on observable market data, the asset, liability, or instrument is included in Level 3.

(d) Provisions

The Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) because of a past event. It is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessments of the time value of the money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a financial cost.

A provision for onerous contracts is recognised when the expected benefits to be derived by the parent from a contract are lower than the unavoidable cost of meeting its obligation under the contract.

(e) Goods and Services Tax (GST)

All items in the consolidated financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the Consolidated statement of financial position.

Commitments and contingencies are disclosed exclusive of GST.

Attachment 3 to Report 24.568

Statement of Service Performance Year ended 30 June 2024

Measure	2023/24 Actual	2023/24 Target	2022/23 Actual
Direct Economic Impact of WellingtonNZ's activities and interventions	$230.39million[i]	$150million	$321.46
Number of different business engagements in WellingtonNZ programmes	2,922[ii]	2,300	3,302
Equivalent Advertising Value (EAV) from media activity	$36.46million[iii]	$30million	$20.79m
Value of expenditure generated from events (including business, performance and major events)	$110.31million[iv]	$110million	$103.34m
The number of Wellington Region Residents that attend events.	630,330[v]	550,000	615,181
Number of Māori Businesses and Projects supported across WNZ.	49[vi]	Develop a baseline	NA
Satisfaction of Māori businesses receiving support	100%[vii]	Develop a baseline	NA
Number of Pasifika Businesses and Projects supported across WNZ.	5[viii]	Develop a baseline	NA
Satisfaction of Pasifika businesses receiving support	100%[ix]	Develop a baseline	NA
Financial Management	To Target	To Target	To Target
Funding Diversification	27.4%[x]	34%	25%
Employee Engagement	66%[xi]	78%	76%
Stakeholder Satisfaction	94%[xii]	90%	92%

Grant Thornton New Zealand Audit Limited
Marked for identification purposes

Indirect Measures of Impact

Measure	2023/24 Actual	2023/24 Target	2022/23 Actual
International visitor arrivals through WIA	163,012[xiii]	120,000	151,232
Australian visitor arrivals through WIA	115,408[xiv]	100,000	109,738
Visitor Spend: Domestic	$1,062m[xv]	$1200m	$1,084m
Visitor Spend: Other	$295m[xvi]	$250m	$262m
Total Visitor nights to our Wellington Region	2,764,000[xvii]	2,500,000	2,598,000
Share of NZ multi-day conference in Region	21.8%[xviii]	25%	27.6%
Population Growth due to Migration to Wellington Region	TBC[xix]	2,500	5,210
Wellington Region GDP Growth	0%[xx]	2.0%	2.0%
Wellington Region GDP per capita	$91,143.00[xxi]	$76,891	NA
Number of Filled Jobs in our Region	322,579[xxii] 262,115	310,000	260,236
Number of Jobseeker Support benefits – Work Ready	11,050[xxiii]	11,000	9,877
Mean Annual Earnings in Wellington region	$84,396[xxiv]	$82,000	$82,680
Labour force unemployment by ethnicity	3.7% average for region, 6.9% for Māori, 6.8% for Pasifika[xxv]	4.5% average for Region 7.9% for Māori & 7.5% for Pasifika	NA
Overall satisfaction with life	88%[xxvi]	88% of population	NA
Ability of income to meet everyday needs	59%[xxvii]	59% have enough or more than enough	NA

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[i] **Direct Economic Impact of WellingtonNZ's activities and interventions**
Notes: This is a measure introduced in 2019/2020. It is designed to provide a dollar value indication of the impact of WellingtonNZ activities by collating the value of those activities that WellingtonNZ directly influences and impact (where we have evidence to support this.) This FY there are 21 measures which feed into this overall result.
Exposition: This is a strong result that exceeds the target.

[ii] **Number of different business engagements in WellingtonNZ programmes**
Notes: This is a measure we introduced in 2019/20. It is designed to provide an indication of the number of businesses that we have directly impacted on by either being part of a WellingtonNZ programme or a direct WellingtonNZ activity or intervention. This FY 22 measures feed into this overall result.
Exposition: This is a strong result that exceeds the target.

[iii] **Equivalent Advertising Value (EAV) from media activity**
Notes: This measure is segmented by market, domestic through Insentia, international through Tourism New Zealand and campaign specific through agency reports.
Exposition: This was a strong result against industry headwinds – the media landscape has further retrenched in the past few months with some new outlets closing and others cutting staff. This has led to a reduction in the number of media opportunities available. We have adjusted our coming year's KPI accordingly. While we are expecting further changes to the media landscape, we are optimistic they will slow down in the coming year.

[iv] **Value of expenditure generated from events (including business, performance and major events)**
Notes: These include major events, regional events, performance events that are hosted in Venues Wellington, and business events hosted in Venues Wellington, this year TRENZ hosted in Takina was also included as it was a major event conducted by the tourism trade team.
Exposition: There has been a methodological change in the determination of delegate and performance attendance origins which has resulted in underreporting of total OOR for business events, less than 50% of business events had origin data confirmed by clients.

[v] **The number of Wellington Region Residents that attend events**
Notes: These include major events, regional events, performance events that are hosted in Venues Wellington, and business events hosted in Venues Wellington.
Exposition: This is a strong result based on a full calendar of events and a particularly strong season of major events.

[vi] **Number of Māori Businesses and Projects supported across WNZ**
Notes: The intent of 2023/2024 is to develop a baseline from which to ascertain our current service levels for Māori Businesses and Projects.
Exposition: Result pertains to both Māori businesses and Projects in the development of a baseline level.

[vii] **Satisfaction of Māori businesses receiving support**
Notes: The intent of 2023/2024 is to develop a baseline from which to ascertain our current service levels for Māori Businesses and Projects. The purpose of this measure is to provide trend data on stakeholders' satisfaction regarding the engagement. Insights from this measure will be used to better inform WellingtonNZ's engagement plan.
Exposition: Result pertains to both Māori businesses and Projects in the development of a baseline level.

[viii] **Number of Pasifika Businesses and Projects supported across WNZ**
Notes: The intent of 2023/2024 is to develop a baseline from which to ascertain our current service levels for Pasifika Businesses and Projects.
Exposition: Result pertains to Pasifika Projects, businesses have not been captured during the development of the baseline.

ix **Satisfaction of Pasifika businesses receiving support**
Notes: The intent of 2023/2024 is to develop a baseline from which to ascertain our current service levels for Pasifika Businesses and Projects. The purpose of this measure is to provide trend data on stakeholders' satisfaction regarding the engagement. Insights from this measure will be used to better inform WellingtonNZ's engagement plan.
Exposition: Result pertains to Pasifika Projects, businesses have not been captured during the development of the baseline.

[x] **Funding Diversification**
Notes: This is a measure of the percentage of revenue/income that comes from non-council shareholder funding across WellingtonNZ and Creative HQ.

Exposition: WellingtonNZ has aspirational goals to increase its non-shareholder revenue. A combination of Covid19 recovery funds coming to an end, Commercial partnerships being constrained due to economic conditions and a reduction in Commercial revenue generated from CreativeHQ in the period compared to budget means we have not met our KPI this period. WellingtonNZ remains committed to continue to increase non-Shareholder revenue.

[xi] **Employee Engagement**

Notes: A companywide survey was conducted through Culture Amp which went to 120 employees was open over February 2024 and had 93 responses. The survey contained several questions with five specific questions feeding into the derivation of 'employee engagement' culture amp then averaged these five results to obtain the overall engagement figure.

Exposition: Coming below target and previous years can be explained by a methodological change from a pulse survey to a full survey. The previous FY and the target setting for this measure was based on an engagement pulse survey score. This year a full engagement survey rather than an abbreviated pulse survey was run which resulted in multiple questions feeding into the resultant engagement figure. When compared like for like (same source questions) with the previous results the figure was 76% the same as the previous FY result. By completing a full engagement survey there is a greater opportunity for insights in priority areas for the 24/25 year these are identified as 'Recognition & Remuneration' and 'Collaboration'.

[xii] **Stakeholder Satisfaction**

Notes: This is a service performance measure which reports on service improvement objectives from agreed levels of service via self-reported survey data. A survey of stakeholders was conducted through Formstack and Audience Republic.

Exposition: This strong result ahead of target and previous years demonstrates WellingtonNZ's effective service improvement. Over the coming financial year we plan to operate this survey biannually.

Indirect Measures of Impact:

[xiii] **International Visitors Arrival**

Source: StatsNZ Dataset International Travel and Migration

Period: 1 July 2023 – 30 June 2024

Notes: This is a proxy for visitor numbers but is not a complete picture as only a portion of international visitors to the region go directly through Wellington International Airport. In the SOI these figures were transposed as targets – Australian arrivals were a greater figure than total international including Australia.

Exposition: This figure is both above target and above the previous years results this is as expected with the post-pandemic recovery trajectory.

[xiv] **Australian Visitors Arrival - as above**

[xv] **Domestic Visitor Spend**

Source: MBIE TECT Dataset

Period: 1 July 2023 – 30 June 2024

Notes: This dataset has persisted in being obtained via MBIE however consistency in the methodology applied by MBIE has been variable. In the space of the last four years there have been as many iterations of measurement of tourism spend. The data pulled here is Tourism Electronic Card Transactions, this is a figure of card spend only and does not measure the entire value of tourism expenditure, as MRTEs did available for a portion of the financial year only.

Exposition: This figure is below the target and previous year results for domestic spend. This is expected due to the high levels of inflation and consequential cost of living crisis experienced nationally. This has reduced the capacity of New Zealanders to participate in domestic leisure travel. Additionally, there was pent up demand for New Zealanders to travel internationally after border closures persisted until mid-2022.

[xvi] **International Visitor Spend - as above**

[xvii] **Total Visitor nights to our Wellington Region**

Source: Accommodation Data Programme

Period: 1 July 2023 – 30 June 2024

Notes: This dataset is obtained through the Fresh Info Accommodation Data programme, it is segmented by TA, refers to all accommodation provider types and the specific measure is "Total Guest Nights". This

is a proxy figure as it does not cover all accommodation providers – rather those that have opted in to provide this data monthly, it is the best available cover of this data.
Exposition: This figure is both above target and above the previous year's results this is as expected with the post-pandemic recovery trajectory.

[xviii] **Share of NZ multi-day conference in Region**
Source: Business Events Data Programme
Period: 1 July 2023 – 30 June 2024
Notes: This dataset is obtained through the Fresh Info Business Events Data programme; it is segmented by region and the specific measure is "Market share of multi-day conferences". This is a proxy figure as it does not cover all venues providers – rather those that have opted in to provide this data quarterly, it is the best available cover of this data and is commissioned by the peak body Business Events Industry Aotearoa.
Exposition: This figure is below the target and previous year results; this is partially due to a greater uptake of venues in other areas opting in to provide this data thus reducing the market share reported by Wellington who has held the same number of providers. It is also partially due to a reduced government business event calendar post-election.

[xix] **Population Growth due to Migration to Wellington Region**
Source: Subnational population estimates StatsNZ
Period: 1 July 2023 – 30 June 2024
Notes: This dataset is available annually at a regional level and in 12 months to June format. This is specifically relating to migration induced growth. This is not available until the end of October each year so is not currently included in the SOSP.

[xx] **Wellington Region GDP Growth**
Source: Infometrics
Period: 1 July 2023 – 30 June 2024
Notes: This dataset is available quarterly at a regional level through Infometrics Quarterly Economic Report, this figure is supplied as an estimate until 12 months post period.
Exposition: GDP growth was below previous years and the target this is unsurprising with difficult economic headwinds. It has remained marginally ahead of national figures which have seen annual growth shrink to -0.2%.

[xxi] **Wellington Region GDP per capita**
Source: Infometrics
Period: 12 months to March 2023
Notes: This is available in January for the year to March previous. This relies on the confirmed (not estimated GDP figures) and the subnational population estimates.
Exposition: There is no comparison to previous year as this was added to the SOI in 2023 however it is above the target figure. This is likely due to the post-pandemic productivity surge combined with a flat migration/population growth over the same pandemic period – bearing in mind this relates to the April 2022 – March 2023.

[xxii] **Number of Filled Jobs in our Region**
Source: StatsNZ Main Employment Indicators
Period: 1 July 2023 – 30 June 2024
Notes: Two figures are reported this year, they represent two different measures – the larger of the two figures represents total employment and is the figure the target in the SOI was based on. It is a figure provided annually by infometrics modelling both filled jobs and self-employment, this has a delay in being produced, is available in January for the year to March previous. The intention is to change this measure to the StatsNZ Main Employment Indicators which are available on a monthly basis ensuring they pertain to the correct period and in sufficient time to be reported within the SOSP. As such both figures are available in this SOSP.
Exposition: These figures have met target and have grown from previous years. This is expected due to an extraordinarily tight job market persisting over the last year in combination with strong international migration.

[xxiii] **Number of Jobseeker Support benefits – Work Ready**
Source: MSD benefit data series
Period: 1 July 2023 – 30 June 2024
Notes: This figure pertains to specifically 'work ready' job seekers. It should also be noted the MSD Wellington Region is slightly different to the StatsNZ definition.

Exposition: This figure is above previous years and slightly above the target. This is largely due to the last few months of the financial year experiencing a drop in the pipeline of available jobs, this combine with high migration means there has been more competition for available roles.

[xxiv] **Mean Annual Earnings in Wellington region**
Source: StatsNZ
Period: 1 July 2023 – 30 June 2024
Notes: This figure is an average of weekly wages applied across a year. In between pulling this result and the completion of the Audit the method for obtaining this data may change as the nz.stats data platform is retired.
Exposition: This figure is above previous years and above the target. As a result of the competitive job market coming out of the pandemic and closed borders wage inflation was high. We expect this to stabilise over the next year results.

[xxv] **Labour force unemployment by ethnicity**
Source: StatsNZ Household Labourforce Survey
Period: 1 July 2023 – 30 June 2024
Notes: This is a single measure but three specific figures are collected – average regional unemployment, average Māori unemployment, average Pasifika unemployment.
Exposition: This figure is positively below target. This is a symptom of a competitive job market however equally Wellington has over performed other regions on this measure.

[xxvi] **Overall satisfaction with life**
Source: Neilsen Biennial Quality Life Survey
Period: 2022
Notes: This is a biennial survey a 2024 volume has been completed but results but are not available until the end of October. The Wellington region is approximated in this survey as only a portion of TAs participate.

[xxvii] **Ability of income to meet everyday needs**
Source: Neilsen Biennial Quality Life Survey
Period: 2022
Notes: This is a biennial survey a 2024 volume has been completed but results but are not available until the end of October. The Wellington region is approximated in this survey as only a portion of TAs participate.

Attachment 4 to Report 24.568

Wellington Regional Stadium Trust

Annual Report 2024

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TRUST PARTICULARS

Settlors: Wellington City Council
Greater Wellington Regional Council

Registered Charity: CC10754

Web: www.skystadium.co.nz

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CHAIR AND CHIEF EXECUTIVE'S REPORT

It was another great year for Sky Stadium in 2023-2024 as we welcomed over 500,000 fans to the Stadium for a full year of events, including one of the biggest global events we have ever held.

Some highlights of the year:

- The FIFA Women's World Cup 2023, where we successfully delivered nine matches in 22 days, with attendances of more than 230,000.
- Being the inaugural host of the World Rugby WXV tournament.
- An epic Foo Fighters concert.
- The return of international cricket, with the dramatic Blackcaps vs Australia T20 international, which went down to the last delivery.
- The Wellington Phoenix men's most successful season to date, including hosting the home semi-final with a record crowd.
- The Hurricanes run into the finals, hosting home quarter and semi-finals.

The financial year began with the FIFA Women's World Cup 2023, where we hosted nine matches in just 22 days. This was the culmination of around four years of planning. The event produced record breaking attendance and contributed to a watershed in the public perception of women's sports across New Zealand. It was amazing to see so many people attend, many of whom would not have visited Sky Stadium before. In terms of the global broadcast and media reach, FIFA WWC 2023 may have been the most watched event we have ever hosted.

We were delighted to host the inaugural round of the new WXV1 competition with three matches across two days. This new international women's rugby tournament has been developed to enhance competition, experience, and skill level between Rugby World Cups and create a bigger and brighter future for women's rugby. The Wellington schedule included a game between the Black Ferns and France, in effect a rematch of the 2021 World Cup semi-final, with the Black Ferns winning by a single point.

FIFA WWC 2023 was the start of big year for football as we saw the Wellington Phoenix have their most successful season to date, including the incredible home form they showed with just one defeat and two draws at home as they racked up eight wins at Sky Stadium. This form was rewarded with a home semi-final, which turned out to be one of the most dramatic matches we have hosted. The atmosphere was electric throughout but was lifted to another level when the Phoenix scored in added time to take the match into extra time.

The Hurricanes followed up on the Phoenix's final run with one of their own. After a strong season, finishing top of the table, we hosted the quarter final win over the Melbourne Rebels and then the semi-final against the Chiefs, this being the first semi-final hosted at Sky Stadium since 2016.

We continued our recent run of hosting concerts with the Foo Fighters playing at the Stadium for the first time. The concert went off without a hitch and the audience were treated to a 2 hour 45 min set that showed why the Foo Fighters are considered one of the great rock bands of the past 20 years.

The eagerly awaited Black Caps v Australia T20 match saw the return of international cricket. With over 400 runs scored and the match going down to the last delivery, the match demonstrated that Sky Stadium remains a great venue for international cricket.

Attachment 4 to Report 24.568

We hosted another season of NPC rugby, with the Wellington Lions season ending with a nail biting loss to Hawkes Bay in the semi-final. We also hosted the Poua vs Matatū Super Rugby Aupiki game and welcomed back the Phoenix women's team for three matches.

Making the Stadium available for community use is important to the Trust. This year we were able to host both Eid Al Fitr and Eid Al Adha, with these events being a testament to Wellington's diversity and inclusivity.

We look forward to welcoming the All Blacks back in 2024 when they play two tests here in Wellington. The scheduling constraints of test matches in a Rugby World Cup year and the exclusive use window of FIFA WWC 2023 meant there were no All Blacks matches at Sky Stadium this financial year.

Thanks to the Board of Trustees for their ongoing support and guidance and to the staff whose hard work and commitment contributes directly to the success of the Stadium. And thank you to our event partners who choose Sky Stadium to host their events and to the fans and attendees who make these events so special.

EVENTS

Sky Stadium hosted a total of 49 major event days for the year, plus several community event days. 512,112 fans attended events during the 12 months, making the year the biggest in terms of attendance since 2016.

FOOTBALL

FIFA WOMEN'S WORLD CUP 2023

The Stadium's delivery of its FIFA Women's World Cup commitments, in conjunction with Wellington NZ and the City and Regional Councils was extremely successful. Attendance, atmosphere and fan engagement were excellent.

It was a very busy time for the team and our contractors. Wellington and Sky Stadium hosted nine games in 22 days. Seven group matches took place over just thirteen days. We are the first venue in world cup history (senior women's or men's) to have seven standalone group matches. We hosted the eventual champions Spain for three matches, including their quarter-final victory over Netherlands.

The required upgrades (retrofitting all pitch lighting with LED lights, upgrades of changerooms to gender neutral specifications and replacement of the turf on the football field) were all completed in time and performed well. The Tournament made use of the entertainment features of the new lights (for example synchronisation to music) which was well received by the crowd. The Trust had also replaced its turnstiles in the lead up to the tournament, and these performed very well.

One of the challenges identified in the lead up to the tournament was obtaining sufficient catering staff for the weekday afternoon games that were expected to attract large crowds (with two of these played at 1pm). The Trust and its caterers developed a volunteering programme with schools, corporates and community groups. Over 500 shifts were filled, and more than $120,000 donated to charities and schools (used to fund their sports teams' away trips). Overall feedback from the volunteer groups was extremely positive with many commenting on the positive energy, and friendliness of the crowd. And the charities were very grateful for the donations received.

Positive feedback on the delivery of the tournament in Wellington was received from many sources, including senior FIFA officials. In September 2024, the Trust was delighted to receive the NZ Events Association Award for Best Venue, for the delivery of this event.

FIFA WWC 2023	
Spain v Costa Rica	3-0
Sweden v South Africa	2-1
New Zealand v Philippines	0-1
USA v Netherlands	1-1
Sweden v Italy	5-0
Japan v Spain	4-0
South Africa v Italy	3-2
Japan v Norway (Round of 16)	3-1
Spain v Netherlands (Quarter Final)	2-1

WELLINGTON PHOENIX

The Wellington Phoenix men's side had their most successful A-League season in their history, finishing the regular season second in the league and qualifying directly to host a home semi-final. In front of record crowd, the Phoenix went tantalising close to making the Grand Final, going down to the Melbourne Victory after extra time. The Phoenix had a great home record, recording eight wins, two draws and a solitary loss during the regular season.

Phoenix FC - Men		
v Perth Glory	Win	2-1
v Brisbane Roar	Win	5-2
v Newcastle Jets	Loss	0-3
v Western Sydney Wanderers	Win	2-0
v Melbourne Victory	Draw	1-1
v Central Coast Mariners	Draw	0-0
v Western United	Win	2-0
v Adelaide United	Win	3-2
v Brisbane Roar	Win	1-0
v Melbourne Victory	Win	1-0
v Macarthur	Win	3-0
v Melbourne Victory (Semi Final)	Loss	1-2 (Extra Time)

And we welcomed the Phoenix women's team back to Sky Stadium for three matches, including two wins over Brisbane and Newcastle. It was a season that delivered much promise for a young Phoenix team and saw the team finish just outside the play-offs.

Phoenix FC - Women		
v Melbourne City	Loss	0-1
v Brisbane Roar	Win	2-1
v Newcastle Jets	Win	2-0

The Trust is delighted that the Professional Footballers Australia voted the Sky Stadium pitch as the best in the A-League Men 23-24 season. Stadium ratings are based on pitch hardness, smoothness, pace and overall quality, with a separate rating provided by players for stadium atmosphere.
Sky Stadium's pitch rated a perfect 5/5 rating and had the second best average for atmosphere at 3.8 out of 5. This is a fantastic effort by our turf team after a long season with multiple double headers and back to back matches.

RUGBY

SUPER RUGBY

The Hurricanes hosted a full season of matches of Super Rugby Pacific, and we saw the return of finals matches as we hosted both a quarter and semi-final. The Hurricanes had a great season, topping the table at the end of the regular season, beat the Rebels in the quarter final, but unfortunately fell just short in semi-final against the Chiefs.

Hurricanes 2024		
v Blues	Win	29-21
v Chiefs	Win	36-23
v Waratahs	Win	41-12
v Moana Pasifika	Win	32-24
v Highlanders	Win	41-14
v Rebels (Quarter Final)	Win	47-20
v Rebels (Semi Final)	Loss	19-30

We again hosted Super Rugby Aupiki with the Poua defeating the Matatū 36-29 in a thrilling match.

BUNNINGS NPC

The Wellington Lions, the defending NPC champions, played three round robin games, and hosted a quarter final and semi-final match but were ultimately unsuccessful in retaining the trophy. going down to Hawkes Bay in a nail biting semi-final.

Wellington Lions 2023		
v Tasman	Win	7-0
v Counties	Win	56-25
v Hawkes Bay	Loss	18-20
v Waikato (Quarter Final)	Win	32-28
v Hawkes Bay (Semi Final)	Loss	24-25

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Attachment 4 to Report 24.568

INTERNATIONAL RUGBY

Sky Stadium hosted the inaugural round of the new WXV1 competition with three matches across two days. The WXV is a new women's rugby tournament, run by World Rugby, which has 18 international teams playing each other across three divisions – WXV 1, WXV 2 and WXV 3.

WXV Rugby		
England v Australia		42-7
Canada v Wales		42-22
France v New Zealand		17-18

CONCERTS

The Stadium hosted one concert with over 30,000 fans enjoying the epic set by the Foo Fighters in January. This was the band's first appearance at the Stadium, and their first concert in Wellington since 2005.

EXHIBITIONS

We hosted a total of 10 exhibition days with over 33,000 patrons attending. These events continue to enhance Sky Stadium's reputation as a multi-purpose venue and as a convenient location for large scale exhibitions. Armageddon, Beervana, Better Home & Living Show, and the Home & Garden Show were all well attended and provide an enormous variety of content for Wellingtonians.

The delivery of Beervana just a week after our final FIFA WWC 2023 match demonstrated our team's commitment to our partners and delivering great events for Wellington. The Food Show moved their dates meaning it did not take place during the 2023/24 year, however we look forward to seeing them back in August 2024.

FREESTYLE KINGS

The thrills of Freestyle Kings made its debut at the Stadium, with a great put on a great show delivered by the world-renowned Australian Freestyle Motocross team.

COMMUNITY EVENTS

The Trust is proud to be able to give back to the regional community through making the Stadium available for a variety of community uses.

We hosted Eid Al Fitr in April and Eid Al Adha in June of 2024. It was a pleasure to welcome the Eid celebrations in the Stadium for the second time, bringing together the Wellington Muslim community. We again hosted the Spirit to Cure step challenge fundraising for the Leukaemia & Blood Foundation, and provided the base for the Wellington Marathon/Half/10k events, with the events starting and finishing at the Stadium

And throughout the year we provided the venue to groups such as the Police, Corrections and Fire & Emergency for training exercises.

FINANCIAL PERFORMANCE

The financial result for the year to 30 June 2024 is a net surplus of $3.7 million. This result is inclusive of grant income. Excluding the grant income received, the net surplus is $1.3 million.

During the year, the Trust received $2.33 million from the Wellington City Council as a grant towards the seismic resilience works which will commence in the next financial year. The same amount will be received from Greater Wellington in the next financial year. Our cash balance at 30 June 2024 is higher than usual as we prepare for these works.

A full calendar of events, including the nine games in the FIFA Women's World Cup generated a net event surplus of $6.3 million, compared to $2.7 million in the prior year.

Operating cash flows were positive at $7.3 million, inclusive of the grant income referred to above.

BASIN RESERVE

The Trust's turf team also provides turf management services to the Basin Reserve Trust, and it was another busy year at this venue. Events included the T20 Super Smash competitions, Ford Trophy, Hally-Burton Shield and Plunket Shield cricket. International cricket returned to Wellington from early March and through to the end of the season with the Cello Basin Reserve hosting the Blackcaps v Australia test match and three matches of the White Ferns v England T20 / ODI series. The Basin also hosted the annual Beers at the Basin festival in challenging weather conditions for the organisers, but the event still proved to be popular.

	Days
Cricket match days	55
Cricket practice days	108
Junior Sports (Rugby/Football)	16
Other Events	1
Total	**180**

ACKNOWLEDGEMENTS

Sky Stadium is proud of its position as an iconic venue for the Wellington region. The diverse range of events that we provide each year is possible thanks to the support of our key stakeholders, the Greater Wellington Regional Council and Wellington City Council, along with WellingtonNZ.

We particularly acknowledge and thank our naming right partner Sky for their ongoing support. And we continue to be very grateful for the ongoing support of our Stadium members, and corporate box holders, including those who have joined us over the year.

We achieve such a diverse and successful calendar of events only with the support of our event partners. We thank the following for working with us over the last year:

Hurricanes Rugby
Wellington Rugby Union
New Zealand Rugby / World Rugby
Cricket Wellington
New Zealand Cricket
Wellington Phoenix Football Club
FIFA

Armageddon
Jade Promotions
Xpo Exhibitions
Wellington Culinary Events Trust
Frontier Touring
TEG Live

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This year we pay tribute to Shane Harmon, who finished up as Chief Executive in December 2023 after 10.5 years at the helm of the Trust. It's fair to say Shane will be part of our Stadium fabric for years to come, such was his contribution. He not only built on a fantastic team, he saw us through major events, earthquakes, and the pandemic with strength and resilience. His commitment to ensuring we remain event ready through lock down meant we were able to welcome people back to Sky Stadium as soon as regulations allowed. This was pivotal in our ability to move forward positively and at pace. We wish Shane and his whānau the very best on their next chapter.

Nicki Crauford finished her term as Trustee in June 2024, and we thank her for her service over the last four years.

We would like to recognise and thank our team, who worked tirelessly over the year to deliver great events for Wellington. We are supported by several key suppliers and contractors, including Delaware North, Red Badge and ISS, all of whom go above and beyond in working with us to meet the challenges and continue to deliver for our event partners and the Wellington community.

Finally, we offer our sincere thanks to the fans, members, and corporate box holders for all your support of our events throughout the year.

Rachel Taulelei
Chair

Warrick Dent
Chief Executive

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	EVENTS HELD DURING THE YEAR	
Date	**Event**	**Attendance**
21-Jul-23	FIFA WWC 2023: Spain v Costa Rica	20,052
23-Jul-23	FIFA WWC 2023: Sweden v South Africa	15,685
25-Jul-23	FIFA WWC 2023: New Zealand v Philippines	29,541
27-Jul-23	FIFA WWC 2023: USA v Netherlands	22,601
29-Jul-23	FIFA WWC 2023: Sweden v Italy	25,627
31-Jul-23	FIFA WWC 2023: Spain v Japan	16,939
2-Aug-23	FIFA WWC 2023: South Africa v Italy	10,225
5-Aug-23	FIFA WWC 2023: Japan v Norway	29,649
11-Aug-23	FIFA WWC 2023: Spain v Netherlands	27,356
18-19-Aug 23	Beervana	11,650
23-Aug-23	Rugby NPC: Wellington Lions v Tasman	1,793
2-Sep-23	Rugby NPC: Wellington Lions v Counties	1,911
15-17 Sep 23	Home & Garden Show	7,044
30-Sep-23	Rugby NPC: Wellington Lions v Hawkes Bay	2,325
7-Oct-23	Rugby NPC: Wellington Lions v Waikato (QF)	1,595
14-Oct-23	Rugby NPC: Wellington Lions v Hawkes Bay (SF)	2,240
15-Oct-23	A League: Phoenix Women v Melbourne City	1,771
20-Oct-23	Rugby WXV 1: England v Australia	1,278
21-Oct-23	Rugby WXV 1: Canada V Wales Rugby WXV 1: France v New Zealand	5,829
28-Oct-23	A League: Phoenix FC v Perth Glory	3,828
4-Nov-23	A League: Phoenix FC Women v Brisbane Roar A League: Phoenix FC v Brisbane Roar	4,807
25-Nov-23	Freestyle Kings	5,285
9-Dec-23	A League: Phoenix v Newcastle Jets	4,379
23-Dec-23	A League: Phoenix FC Women v Newcastle Jets A League: Phoenix FC v Western Sydney Wanderers	6,722

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sky STADIUM

	EVENTS HELD DURING THE YEAR	
Date	**Event**	**Attendance**
19-Jan-24	A League: Phoenix FC v Melbourne Victory	8,813
27-Jan-24	Foo Fighters Concert	30,154
6-Feb-24	A League: Phoenix FC v Central Coast Mariners	11,307
10-Feb-24	A League: Phoenix FC v Western United	5,936
21-Feb-24	Cricket T20: Blackcaps v Australia	17,122
3-Mar-24	A League: Phoenix FC v Adelaide United	6,710
9-Mar-24	Super Rugby: Hurricanes Poua v Matatu Women Super Rugby: Hurricanes v Blues	11,180
31-Mar-24	A League: Phoenix FC v Brisbane Roar	7,697
6-7 Apr 24	Armageddon Expo	10,253
12-Apr-24	A League: Phoenix FC v Melbourne Victory	5,844
13- Apr-24	Super Rugby: Hurricanes v Chiefs Hurricanes Hunters v Chiefs Development Team	14,961
27-Apr 24	A League: Phoenix v Macarthur	14,527
3-May-24	Super Rugby: Hurricanes v Waratahs	11,286
10-12 May 24	Better Home & Living Show	4,983
17-May-24	Super Rugby: Hurricanes v Moana Pasifika	7,293
18-May-24	A League: Phoenix FC v Melbourne Victory (SF)	31,535
1-Jun-24	Super Rugby: Hurricanes v Highlanders	14,963
8-Jun-24	Super Rugby: Hurricanes v Rebels (QF)	13,853
15-Jun-24	Super Rugby: Hurricanes v Chiefs (SF)	23,563
	Total Attendance	**512,112**

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Wellington Regional Stadium Trust Incorporated
Statement of Comprehensive Revenue & Expense
For the Year Ended 30 June 2024

	Notes	2024 $000	2023 $000 *(Restated)*
Revenues			
From Exchange Transactions			
Event Revenues		11,980	8,269
Corporate Box, Membership & Sponsorship Revenues		4,059	4,074
Sundry income	1	2,925	3,148
		18,964	15,491
From Non-Exchange Transactions			
Grant income	2	2,330	5,805
Total Revenue		21,294	21,296
Less Operating Expenses	3	13,519	13,654
Operating Surplus/(Deficit) before Depreciation & Finance costs		**7,775**	**7,642**
Less:			
Depreciation	10	3,877	3,581
Finance costs	4	227	165
Total comprehensive revenue & expense		**3,671**	**3,896**

Wellington Regional Stadium Trust (Incorporated)
Statement of Changes in Net Assets
For the Year Ended 30 June 2024

	Notes	2024 $000	2023 $000
Balance at 1 July		89,769	85,873
Total comprehensive revenue & expense for the year		3,671	3,896
Balance at 30 June		**93,440**	**89,769**

The accompanying accounting policies and notes form part of these financial statements

Attachment 4 to Report 24.568

Wellington Regional Stadium Trust Incorporated
Statement of Financial Position
As at 30 June 2024

	Notes	2024 $000	2023 $000
TRUST FUNDS			
Accumulated Surplus		53,045	49,375
Limited Recourse Loans			
Greater Wellington Regional Council	5	25,000	25,000
Wellington City Council	5	15,395	15,395
Total Trust Funds & Limited Recourse Loans		93,440	89,770
NON-CURRENT LIABILITIES			
Borrowings	6	4,700	4,700
Finance Leases	7	113	116
Revenue in Advance		47	75
Total Non-Current Liabilities		4,860	4,891
CURRENT LIABILITIES			
Revenue in Advance	8	2,024	2,351
Payables	9	1,821	2,336
Total Current Liabilities		3,845	4,687
TOTAL FUNDING		**102,145**	**99,348**
Represented by:			
NON-CURRENT ASSETS			
Property Plant & Equipment	10	91,190	93,596
Total Non-Current Assets		91,190	93,596
CURRENT ASSETS			
Cash and cash equivalents		9,227	3,766
Receivables & Prepayments	11	1,728	1,986
Total Current Assets		10,955	5,752
TOTAL ASSETS		**102,145**	**99,348**

On behalf of the Trustees:

Trustee

Trustee

Date: 30 September 2024

The accompanying accounting policies and notes form part of these financial statements

Wellington Regional Stadium Trust Incorporated
Statement of Cash Flows
For the Year Ended 30 June 2024

	Note	2024 $000	2023 $000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Cash was provided from:			
Event and operating income		11,165	8,614
Corporate box, membership and sponsorship income		4,203	3,132
Grant income		2,330	5,805
Interest income		143	64
Goods and services tax	18	334	110
Sundry income		2,608	3,016
		20,783	20,741
Cash was applied to:			
Payments to suppliers and employees		(13,239)	(13,724)
Interest paid		(227)	(157)
		(13,466)	(13,881)
Net cash inflow from operating activities		7,317	6,860
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Cash was provided from:			
Disposal of property, plant & equipment		-	4
Cash was applied to:			
Purchase of property, plant & equipment		(1,853)	(6,627)
Net cash (outflow) from investing activities		(1,853)	(6,623)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Cash was applied to:			
Finance lease repayments		(3)	
Net cash inflow from financing activities		(3)	-
NET INCREASE/(DECREASE) IN CASH HELD		5,461	237
Cash at beginning of the period		3,766	3,529
CASH AT END OF THE PERIOD		9,227	3,766

The accompanying accounting policies and notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

1. SUNDRY INCOME

	Note	2024	2023
		$000	$000
			(Restated)
Carpark income		1,856	1,922
Tenancy income		192	443
Interest income		143	64
Other sundry income		734	719
Total sundry income		2,925	3,148

2. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	Note	2024	2023
		$000	$000
			(Restated)
Grant income	14	-	
GWRC for seismic resilience works		2,330	
GWRC for Covid support			1,500
Ministry of Business & Innovation for tower light upgrade		-	3,500
NZ Football for change room upgrade		-	765
GWRC Low Carbon Acceleration Fund		-	40
Total revenue from non-exchange transactions		2,330	5,805

The 2024 grant income from the Greater Wellington Regional Council is a contribution towards seismic resilience works that will commence in the next financial year. The same amount is due to be received from the Wellington City Council in the next financial year.

In 2023, $1.5 million was received from the Greater Wellington Regional Council to assist the Trust in managing the impacts of the Covid 19 pandemic. The same amount was received from Wellington City Council in the 2022 financial year.

The grants from the Ministry of Business & Innovation and New Zealand Football were to assist with capital projects to upgrade the venue prior to the FIFA Women's World Cup 2023 tournament. Along with the GWRC Low Carbon Acceleration grant, these amounts were shown as Exchange Revenue in the 2023 Financial Statements, but have now been correctly reclassified as Non-Exchange Revenue.

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3. OPERATING EXPENSES

	Note	2024	2023
		$000	$000
Event operating expenses		5,708	5,562
Maintenance and facility operation		3,142	3,479
Insurance		1,107	1,317
Personnel *	14	2,765	2,558
Loss on disposal of assets		13	40
Audit Fee - annual audit		57	51
Rental expense on operating leases		3	4
Bad debt expense		41	-
Other operating expenses		683	643
Total operating expenses		13,519	13,654

*Personnel expense includes Kiwisaver employer contributions of $76,735 (2023: $67,426).

4. FINANCE COSTS

	2024	2023
	$000	$000
Interest and line fee on bank loan	100	93
Interest on GWRC loan	63	35
Interest on WCC loan	63	35
Other financing charges	1	2
Total finance costs	227	165

5. LIMITED RECOURSE LOANS

The development of the stadium was partially funded by the Wellington City Council ($15 million) and the Greater Wellington Regional Council ($25 million). The funding was by way of unsecured limited recourse loans. No interest has been charged on these loans by the Councils.

The Wellington City Council loan includes an amount for accrued interest (face value $394,893) which arose under a membership underwrite agreement. The interest component is not payable until both of the original Council limited recourse loans have been repaid. The underwrite was fully repaid in a previous financial year and no further interest will accrue.

The Trust is required to pay surplus funds to the Wellington City Council and the Greater Wellington Regional Council in reduction of their loans after meeting costs, liabilities, and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves. No surplus funds are available for repayment in the current year (2023: Nil).

To maintain the Stadium asset to a suitable standard will require ongoing investment in the asset. This will be funded either from accumulated earnings or borrowings and/or possible further investment from the settlors. Until the borrowings detailed in Note 6 are extinguished, the Trust is not required to make any repayments of the limited recourse loans.

6. BORROWINGS

	2024	2023
	$000	$000
Westpac New Zealand Ltd	500	500
Greater Wellington Regional Council	2,100	2,100
Wellington City Council	2,100	2,100
Total borrowings	4,700	4,700

The Westpac borrowing is secured by a Composite General Security Agreement and a registered first mortgage over the Stadium property.

At balance date the Westpac loan limit is $10 million, and therefore $9.5 million remains available for drawdown if required. The facility expires on 31 December 2026 and is expected to be extended prior to that date. The interest rate that applied to the balance at 30 June is 7.61% (2023: 7.64%).

Since 30 June 2020, the two settlors of the Trust have jointly provided the Trust with a credit facility of up to $4.2 million (combined) to assist the Trust in managing the impact of Covid-19 on its operations. The term of the facility is 10 years, with an annual interest rate of 3% that applies from December 2023. No repayment is due until December 2030.

7. FINANCE LEASES

The Trust is party to a finance lease for some equipment. The net carrying amount of the equipment held under finance lease is $69,571 (2023: $88,987). The fair value of finance leases is $113,037 (2023: $116,490). Fair value has been determined using contractual cash flows discounted using the interest rate implicit in the lease of 0.492%. Rental payments under this lease commenced in March 2024.

The term of the lease is 60 months (it commenced in February 2022). Upon expiry, it can be renewed on a monthly basis at the Trust's option, on the same terms and conditions as the initial rental period. There are no restrictions placed on the Trust by the finance leasing arrangements.

8. REVENUE IN ADVANCE (CURRENT)

This balance represents the portion of funds received from corporate box holders, stadium members and signage and sponsorship agreements that will be recognised as revenue in the next 12 months, as the services deliverable under the contracts are delivered to those clients.

9. PAYABLES

	Note	2024	2023
		$000	$000
Trade payables		1,418	1,788
Accrued expenses		231	336
Employee entitlements		171	212
		1,821	2,336

All payables are from exchange transactions. There are no payables from non-exchange transactions (2023: Nil).

10. PROPERTY PLANT & EQUIPMENT

	1-Jul-22		30-Jun-23	Additions	Disposals & impairment		30-Jun-24
	$000		$000	$000	$000		$000
Cost							
Land	4,225		4,225	-	-		4,225
Pitch	3,397		3,397	-	-		3,397
Stadium Buildings	92,736		93,862	34	(19)		93,877
Fitout	21,121		21,509	195	(43)		21,660
Replay Screen & Production equipment	3,739		3,750	7	(8)		3,748
Fittings	2,144		2,220	82	(252)		2,049
Plant, machinery & equipment	33,257		37,265	502	(1,038)		36,730
Leased equipment	116		116	-	-		116
Work in progress	400		315	684		*	998
	161,135		166,658	1,503	(1,360)		166,802
Depreciation	1-Jul-22	Charge for year	30-Jun-23	Charge for year	Disposals		30-Jun-24
Land	-	-	-	-	-		-
Pitch	(1,473)	(229)	(1,703)	(229)	-		(1,932)
Stadium Buildings	(34,666)	(1,470)	(36,136)	(1,490)	9		(37,616)
Fitout	(10,641)	(621)	(11,262)	(717)	43		(11,935)
Replay Screen & Production equipment	(3,596)	(57)	(3,653)	(24)	8		(3,669)
Fittings	(1,680)	(55)	(1,735)	(59)	252		(1,542)
Plant, machinery & equipment	(18,913)	366	(18,547)	(1,338)	1,015		(18,871)
Leased equipment	(8)	(19)	(27)	(19)	-		(47)
Work in progress	-	-	-	-			-
	(70,977)	(2,086)	(73,063)	(3,877)	1,328		(75,612)

Carrying value	1-Jul-22		30-Jun-23				30-Jun-24
Land	4,225		4,225				4,225
Pitch	1,924		1,694				1,465
Stadium Buildings	58,070		57,726				56,261
Fitout	10,480		10,247				9,725
Replay Screen & Production equipment	143		97				79
Fittings	464		484				507
Plant, machinery & equipment	14,344		18,718				17,859
Leased equipment	108		89				70
Work in progress	400		315				998
	90,158		93,596				91,190

*The disposals column of Work in Progress shows the net transfer into Additions from this category over the year.

There is no evidence of impairment in the carrying amount of any Property Plant and Equipment at balance date.

For details of the security held by Westpac over the stadium land and buildings refer to Note 6.

11. RECEIVABLES

	2024	2023
	$000	$000
Trade receivables from exchange transactions	1,022	1,126
Expected credit loss provision	-	-
Net trade receivables from exchange transactions	1,022	1,126
Provision for doubtful debts	(40)	-
Prepayments	746	860
	1,728	1,986

There is a nil expected credit loss provision as most invoices are issued and paid for in advance of services being delivered.

All receivables are from exchange transactions. There are no receivables from non-exchange transactions (2023: Nil).

12. FINANCIAL INSTRUMENTS RISK

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Trust uses interest rate swaps to manage the interest rate risk on its borrowings. The interest rates on the Trust's borrowings are disclosed in Note 6. Any interest rate swaps are recorded at fair value and classified as held for trading. There are no interest rate swaps in place at balance date.

Credit risk
Financial instruments which potentially expose the Trust to credit risk consist of bank deposits, short term investments, accounts receivable and interest rate swaps. The Trust invests with high credit quality financial institutions. Accordingly, the Trust does not require any collateral or security to support financial instruments with organisations it deals with. There is no concentration of credit risk with respect to accounts receivable. Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Currency Risk
The Trust has no exposure to currency risk.

13. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities.

	2024	2023
	$000	$000
Financial assets		
Financial assets at fair value through surplus or deficit	-	-
Financial assets at amortised cost		
Cash and cash equivalents	9,227	3,766
Receivables from exchange transactions	982	1,126
Receivables from non-exchange transactions	-	-
	10,209	4,892
Financial liabilities		
At amortised cost		
Trade and other creditors	1,418	1,788
Employee entitlements	171	212
Finance leases	113	116
Loans and borrowings	4,700	4,700
	6,402	6,816

14. RELATED PARTY TRANSACTIONS

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include the settlors of the Trust, the governing body and key management personnel.

Related party disclosures have not been made for transactions with related parties that are within normal supplier relationships on terms and conditions no more or less favourable than those it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Settlors of the Trust

Wellington City Council

Councillor Diane Calvert is Wellington City Council's representative on the Board of Trustees. Trustee Fees for the Council representative are paid directly to the Council.

Details of the Advance from the Wellington City Council are given in Note 5 and details of the loan made available for Covid-19 support are given in Note 6. Note 4 details the interest paid on the borrowings.

The Basin Reserve Trust is a Council Controlled Organisation of the Wellington City Council. During the year the Trust received income from the provision of turf management services to the Basin Reserve Trust, of $525,137 (2023: $460,848). The receivables balance outstanding is $139,940 (2023: $158,449).

Greater Wellington Regional Council
Councillor Penny Gaylor is the Greater Wellington Regional Council's representative on the Board of Trustees. Trustee Fees for the Council representative are paid directly to the Council.

Details of the Advance from the Greater Wellington Regional Council are given in Note 5 and details of the loan made available for Covid-19 support are given in Note 6. Note 2 details grant income received and Note 4 details the interest paid on the borrowings.

Key management personnel compensation	2024	2023
	$000's	$000's
Board members		
Trustee Fees	171	171
Full time equivalents based on number of Trustees	8	8
Management team		
Remuneration	1,172	1,113
Full time equivalent members	5	5

15. COMMITMENTS

The following amounts have been committed to by the Trust, but not recognised in the financial statements:

	2024	2023
	$000	$000
Operating leases		
Non cancellable operating lease commitments		
Within one year	3	3
Between one and five years	3	6
More than five years	-	-
	6	9
Capital expenditure		
Amounts committed to capital expenditure	415	22

16. CONTINGENCIES

The Trust has no contingent liabilities or assets at 30 June 2024 (2023: Nil).

17. EVENTS AFTER BALANCE DATE

There were no events subsequent to balance date that require adjustment of amounts in the financial statements or additional disclosures.

18. GOODS & SERVICES TAX IN CASH FLOW STATEMENT

In the Statement of Cash Flows, the GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

19. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Sky Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The Trust was incorporated under the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

The financial statements of the Trust are for the year ended 30 June 2024. The financial statements were authorised for issue by the Trustees on 30 September 2024

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Trust Deed which requires compliance with generally accepted accounting practice in New Zealand.

As the primary purpose of the Trust is to provide a community and social benefit, it is a public benefit entity for financial reporting purposes.

The financial statements of the Trust comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Trust meets the requirements for Tier 2 reporting as it does not have public accountability and is not large (as defined by XRB A1).

The financial statements have been prepared on an historical cost basis, except for interest rate swaps.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (000) unless otherwise stated.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliability measured. It is recognised at the fair value of the consideration received. Specific recognition criteria apply to the following income streams as noted below.

Revenue from Exchange transactions

Event Revenues
Where income is received in advance relating to events, such as for hospitality packages, the income is recognised once the event has occurred.

Corporate Box, Memberships & Sponsorship Revenues
Licenses for Corporate boxes are issued for terms of between one and six years. Signage and sponsorship properties are sold for a range of terms of between one and six years. The related license fees/revenues are paid annually and initially recorded as Revenue in Advance with the revenue recognised on a straight-line basis throughout the term.

Stadium memberships have been sold for terms ranging between two and three years. Payment may be made upfront or in a series of instalments. The payments received are recorded as Revenue in Advance and recognised on a straight-line basis over the term of the membership.

Rental income
Rents are recognised on a straight-line basis over the term of the lease.

Revenue from Non-Exchange transactions

Grant income
Grants are recognised as income once the conditions of the grant are met. If there are no conditions attached to the grant, it as recognised as income on receipt.

Expenses

Expenses are recognised on an accrual basis when the goods or services have been received.

Interest
Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

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

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables and finance leases.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. After initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets in the ordinary course of business are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.

Financial Assets
Cash and cash equivalents comprise cash balances and call deposits with up to three months' maturity. These are recorded at their nominal value.

Trade and other receivables are stated at their cost less impairment losses.

Financial Liabilities
Financial liabilities comprise trade and other payables, finance leases, and borrowings and are all classified as other financial liabilities. Financial liabilities with a duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Statement of Comprehensive Revenue & Expense as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Revenue & Expense. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue & Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue & Expense on a straight-line basis over the term of the lease.

Finance leases transfer to the Trust as lessee substantially all the risks and rewards incident on the ownership of a leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments. The capitalised values are depreciated over the period in which the Trust expects to receive benefits from their use.

Property, Plant and Equipment

Recognition
Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement
Items of property, plant and equipment are initially recorded at cost.

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. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. Borrowing costs are not capitalised.

Impairment
The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue & Expense.

Disposal
Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Revenue & Expense in the period in which the transaction occurs.

Depreciation
Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years
Leased equipment	6 years

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress
The cost of projects within work in progress is transferred to the relevant asset class when the project is completed, and then depreciated.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment
At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by regular physical inspection of assets, including periodic independent review, and a planned preventative maintenance and asset replacement programme.

Statement of Service Performance
The measures included in the Statement of Service Performance have been selected based on their relevance to the core purpose of the Trust.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust, record cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to the funding structure of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies in the year ended 30 June 2024.

Attachment 4 to Report 24.568

Wellington Regional Stadium Trust Incorporated
Statement of Service Performance
For year ending 30 June 2024

The core purposes of the Stadium Trust, as set out in its Trust Deed are:

- To own, operate and maintain the Stadium as a high-quality multi-purpose sporting and cultural venue.
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural, and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region; and
- To administer the Trust's assets on a prudent commercial basis so that the Stadium is a successful, financially autonomous community asset. *

In essence, it is to provide a high-quality venue that attracts a range of events that are well attended, for the benefit of the public of the Wellington region. How this achieved is set out below.

RANGE OF EVENTS PROVIDED		
Performance Measures	**Results FY24**	**Results FY23**
At least three different sporting codes represented in annual event calendar	Achieved Rugby Union, Football, and Cricket	Achieved Rugby Union, Rugby League, Football, and Cricket
At least four exhibition events held covering a range of interests	Achieved – four exhibitions, 10 days, covering Beer, Pop Culture and Home and Garden services.	Achieved – six exhibitions, 15 days, covering Beer, Food, Pop Culture and Home and Garden services.
At least one concert or non-sporting event per year	Achieved – one concert and one non sporting event held.	Achieved – three concerts held
Annual attendance of at least 400.000 (Attendance is based on patrons who attend the event on paid or complimentary tickets and may differ from the total tickets issued for events)	Achieved – annual attendance was 512,112	Not achieved – annual attendance was 358,193
Annual event days of at least 45 (excluding community events)	49	48
At least one community event held with attendance or participation of 500 or more	Achieved – three held that exceeded this level of attendance – Eid Al Adha (x2), and the Wellington Marathon.	Achieved – four held that exceeded this level of attendance – Eid Al Adha (x2), the Philippines Independence Day and the Wellington Marathon.

*The Trust does not receive annual operating grants from settlors and aims to generate operating surpluses year on year. Major capital expenditures and upgrades are beyond the means of the Trust alone. Performance against the financial autonomy requirement is primarily reported on through the financial statements on pages 10 to 23.

Attachment 4 to Report 24.568

GrantThornton

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited
L15, Grant Thornton House
215 Lambton Quay
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Wellington 6143

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www.grantthornton.co.nz

To the readers of the Wellington Regional Stadium Trust Incorporated's financial statements and statement of service performance for the year ended 30 June 2024

The Auditor General is the auditor of the Wellington Regional Stadium Trust Incorporated (the 'Trust'). The Auditor-General has appointed me, Jacques Du Toit, using the staff and resources of Grant Thornton New Zealand Audit Limited, to carry out the audit of the financial statements and statement of service performance of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 10 to 23, which comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information; and
- the statement of service performance of the Trust on page 24.

In our opinion:

- the financial statements of the Trust:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2024; and
        - its financial performance and cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime; and
- the statement of service performance of the Trust presents fairly, in all material respects, the Trust's achievements measured against the performance targets adopted for the year ended 30 June 2024.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the statement of service performance, we comment on other information, and we explain our independence.

Basis for Opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Attachment 4 to Report 24.568

Responsibilities of the Trustees for the financial statements and statement of service performance

The Trustees are responsible on behalf of the Trust for preparing the financial statements and statement of service performance that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as it determines is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Wellington Regional Council (Stadium Empowering) Act 1996 as well as clause 15 of the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and the statement of service performance.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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 risk of material misstatement of the financial statements and the statement of service performance, 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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported service performance within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and statement of service performance, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

Attachment 4 to Report 24.568

We communicate with the Trustees 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.

Our responsibilities to audit the financial statements arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 9 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Restriction on use of our report

We are independent of the Trust 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.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Trust.

Jacques Du Toit
Grant Thornton New Zealand Audit Limited
On behalf of the Auditor-General
Wellington, New Zealand

Council
31 October 2024
Report 24.585

For Information

FINANCE UPDATE – SEPTEMBER 2024

Te take mō te pūrongo
Purpose

1. To provide Council with Greater Wellington Regional Council's (Greater Wellington) summary financial reports for the period ended 30 September 2024.

Te tāhū kōrero
Background

2. The Council is responsible for overseeing and evaluating Greater Wellington's performance.

3. Regular review of financial results is needed for effective management enabling informed decision making, performance evaluation, and for compliance and accountability while highlighting potential risks to assets and services.

4. The full year forecast has been incorporated in this report based on first quarterly update.

Te tātaritanga
Analysis

5. The result to September 2024 is a $1 million operating surplus. Greater Wellington had budgeted for an operating surplus of $12 million. The main drivers for the variance have been outlined below.

Total Operating Revenue is $28 million lower than budgeted, materially driven by the following items:

6. Grants and subsidies revenue is lower than budgeted by $26 million, mainly due to delays in Lower North Island Rail Integrated Mobility (LNIRIM) procurement, as well as the National Land Transport Plan (NLTP) decision on Significant and Low-Cost Low Risk Project approval. Full year forecasts have been updated to reflect this, resulting in a variance of $39 million - $21 million relating to the NLTP, $2 million due to lower OPEX spend and $14 million relating to LNIRIM spending delays.

7. Other revenue is lower by $2 million, due to Farebox Revenue being lower than anticipated by $3 million and reduced revenue for environment, $0.5 million. This has been offset by higher interest revenue by $2 million. Metlink is currently

reviewing the farebox revenue trend. The forecasted year end number will be available in the next financial report.

Total Operating Expenditure is $17 million lower than budgeted, materially driven by the following items:

8. Grants and subsidies expenditure is under by $10 million largely due to changes in the accounting treatment for the NTS project moving from an expense to a Prepaid Asset and delays in bus shelter projects. The change in NTS accounting treatment is expected to result in $27 million variance by the end of June with the expenditure still expected to be incurred but recorded on the balance sheet.

9. Consultants, Contractors and Suppliers are lower than budget by $9 million, primarily due to underspends across Environment and ICT strategies activities and delays in getting approval for Metlink funding. As such, a total of $13 million underspend is expected across the groups.

10. Finance costs are $3 million higher than budgeted, primarily due to pre-funding. This is offset by additional interest revenue.

Capital Delivery

11. Capital expenditure is currently tracking below budget. Metlink initiatives are pending Council's decision on the future spending strategy. Additionally, the Riverlink property acquisitions are facing delays, contributing further to the budget deficit. This is offset by early expenditure on the Silverstream Pipe Bridge due to on-site delivery of remaining project materials.

12. The forecast is indicating $42 million underspend reduced by the unapproved funding from Waka Kotahi on Asset control Strategy and Low-Cost Low Risk projects of $21 million. Water capital projects are also being reviewed by Wellington Water and expecting $13 million underspend, while Riverlink and Wairarapa flood implementation is expecting to be $8 million underspent, subject to the progress of climate resilience programme.

WRC Holdings Loan Renewal

13. In October 2018, Greater Wellington provided a loan of $44 million to WRC Holdings Limited, associated with the investment in CentrePort Limited. In 2021, the original loan facility was extended for an additional three-year term, maturing in October 2024. The loan has now been renewed for a further three-year term, extending the maturity date to October 2027.

Ngā tūāoma e whai ake nei
Next steps

14. The next financial report will be presented on 5 December 2024.

Ngā āpitihanga
Attachment

Number	Title
1	Council Financial Report – 30 September 2024

Ngā kaiwaitohu
Signatories

Writer	Darryl Joyce – Kaiwhakahaere Matua | Manager Accounting Services
Approvers	Ashwin Pai - Kaiwhakahaere Matua |Head of Finance Alison Trustrum-Rainey – Kaiwhakahaere Matua, Pūtea me ngā Tūraru | Group Manager Finance and Risk

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or with Committee's terms of reference The Council has governance oversight of the robustness of the organisation's financial performance.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies The report reviews performance against the budget set in the first year of 2024-34 Long Term Plan.
Internal consultation This report has been drafted following contributions from Finance Business Partners of Metlink, Environment and Corporate Services.
Risks and impacts - legal / health and safety etc. There are no risks arising from this report.

Attachment 1 to Report 24.585

Council Report September 2024

This report provides the financials for the period ended 30 September 2024 with

1. Comparisons are to the budget set in the first year of 2024/2034 Long Term Plan and includes re-budgets approved by Council.
2. Projected variance for the full-year compares the approved full year budgets to the current forecast updated in October 2024.

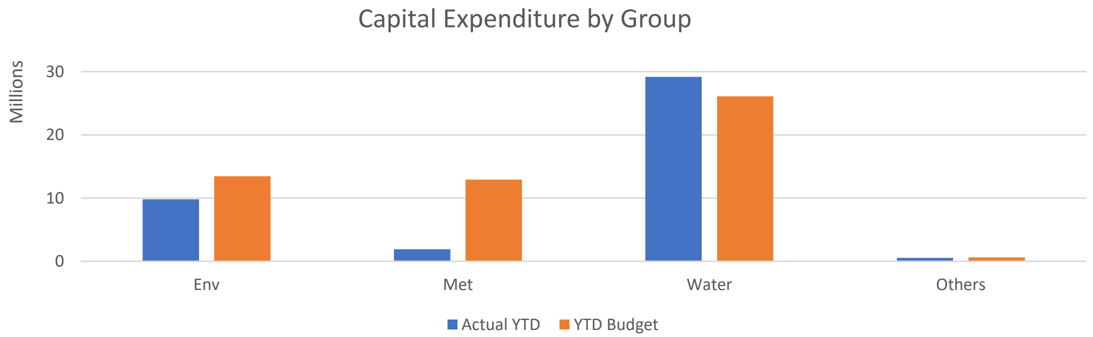
Greater Wellington
Te Pane Matua Taiao

Summarised Profit and Loss as at September 2024

Attachment 1 to Report 24.585

	Year to date				Full Year			
	Actual	Revised Budget	Variance		Forecast	Revised Budget	Variance	
Operating Revenue	**$000s**	**$000s**	**$000s**		**$000s**	**$000s**	**$000s**	
Rates and Levies	80,672	80,434	238	0%	321,821	321,531	290	0%
Grants and Subsidies	38,887	64,915	(26,028)	-40%	220,563	259,515	(38,951)	-15%
Other Revenue	33,891	36,125	(2,234)	-6%	152,516	147,866	4,650	3%
Total Operating Revenue	**153,450**	**181,475**	**(28,025)**	**-15%**	**694,900**	**728,912**	**(34,012)**	-5%
Operating Expenditure								
Personnel	24,666	25,290	(624)	-2%	100,858	101,168	(310)	0%
Grants and Subsidies	69,593	79,800	(10,207)	-13%	288,826	319,708	(30,882)	-10%
Consultants, Contractors and Suppliers	33,680	42,428	(8,749)	-21%	149,933	162,739	(12,805)	-8%
Finance Costs	15,552	13,049	2,503	19%	62,081	56,154	5,927	11%
Depreciation	8,563	8,452	111	1%	34,257	34,149	108	0%
Total Operating Expenditure	**152,054**	**169,019**	**(16,965)**	**-10%**	**635,956**	**673,918**	**(37,962)**	-6%
Operating Surplus/(Deficit) before other items	**1,396**	**12,456**	**(11,060)**	**-89%**	**58,944**	**54,994**	**3,950**	7%
Fair Value Movements	(174)	-	(174)	0%	(174)	-	(174)	0%
Operating Surplus/(Deficit)	**1,222**	**12,456**	**(11,234)**	**-90%**	**58,770**	**54,994**	**3,777**	7%
Capital Expenditure	**41,418**	**53,113**	**(11,695)**	**-22%**	**173,887**	**216,370**	**(42,483)**	-20%
Investment in Greater Wellington Rail	**3,660**	**19,579**	**(15,919)**	**-81%**	**62,339**	**78,315**	**(15,976)**	**-20%**

** Revised budget is budget set in the 2023-24 Annual Plan plus re-budgets approved by Council



GM of Finance and Risk Overview

The first forecast for the year has been incorporated into the full year reporting and gives an early indication of how Greater Wellington is expecting to end the 24/25 financial year.

Revenue remains below budget, from lower rail fare income ($3 million) and a reduction in Grants and Subsidies related to capital programmes. Notably, NZTA has reduced NLTP capital funding, with $35 million affecting this year, and delays in the LNRIM programme are also contributing. While this weakens the revenue outlook, it is offset by corresponding reductions in capital expenditure and will not impact BAU operations or disrupt the balanced budget.

Not yet included in the reforecast is a revised fare revenue. This will be available in the next report for November month end. This will be the critical factor determining if further planned Public Transport operating expenditure reductions are required.

Operating costs continue to be under budget, though this is partly due to timing differences and slower starts to a number of projects ($12 million) and in the case of the National Ticketing Project $5 million from changes in accounting treatment. As we continue to monitor the revenue shortfall, managing our operating costs remains a key focus throughout the year.

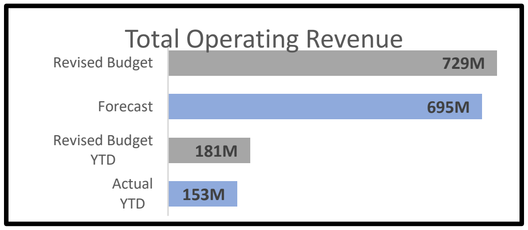
Regarding capital expenditure, the reduction in NZTA funding for NLTP has a significant impact on the year end forecast **$21 million**, as well as delays in the LNRIM programme **$15 million**. Riverlink and Water are also forecasting to be behind budget, with **$8 million** and $**13 million** respectively**.**

Other Items of Interest:

- Council currently holds investments (excluding subsidiaries) of $420m up from a starting balance of $315m on 1 July 2024. This includes water contingency investments of $50m, and pre-funding of $191 million.
- Existing loan to WRC Holdings has been approved for renewal on 14 October 2024.

Key Variance Commentary

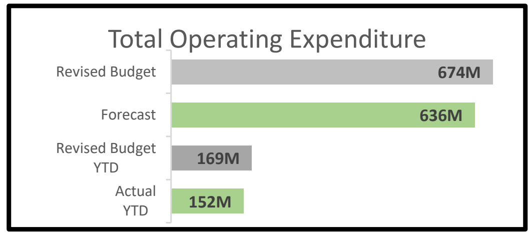
Attachment 1 to Report 24.585



Metlink PT – Current grants and subsidies are below budget mainly due to delays in LNIRIM procurement and the NLTP decision surrounding Significant and Low Cost Low Risk Project approval, **$27 million.** Full year forecasts have been updated to reflect this resulting in a variance of $39 million - $21 million relating to the NLTP, $2 million due to lower OPEX spend and $14 million relating to LNIRIM spending delays.

The current farebox revenue is under budget partly due to School and Public holidays in July. Changing travel patterns for longer distance customers have also lowered the average ticket prices and patronage for rail revenues compared to the forecasted assumptions, **$3 million**. Metlink is currently reviewing the farebox revenue trend. The updated forecasted year end number will be available in the next financial report.

Investment management – YTD Additional financing and interest revenue, **$2 million.** This is offset by additional financing costs. A net favourable variance of **$3 million** for the full year is forecast due to the prefunding, of maturing LGFA debt and re-investing the funds in favourable rates once the additional revenue has been offset with the additional financing costs associated with generating this revenue.

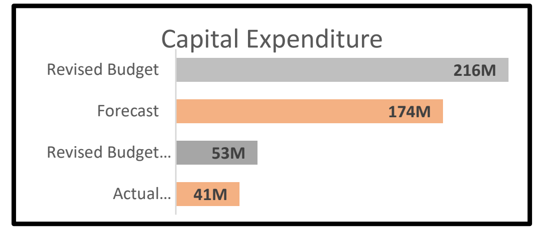


Metlink PT – Year-to date grants and subsidies are lower than budgeted primarily due to a change in accounting treatment for the NTS project moving from an expense to a Prepaid Asset and delays in bus shelter projects**, $10 million.** The change in NTS accounting treatment is expected to result in **$27 million** variance by the end of June. The expenditure is expected to be incurred and recorded on the balance sheet.

Government decision on the NLTP funding has also impacted the year-to-date spending for Metlink projects**, $4 million.** The forecast incorporates the permanent difference and will be adjusted once a council decision has been made.

Environment – Underspend across Knowledge & Insights, Policy Natural Resources Plan, Catchment Management, Sustainable land use fund, Resource Consents, Cracked Willows, and Predator Free Wellington, **$4 million.** By year end, we are forecasting **$7 million** underspend for Pinehaven (under review), FMP planning, Policy and Sustainable Land Use projects.

Investment – External interest cost is higher than budgeted, primarily due to prefunding**, $3 million.** This trend flows into the full year forecast number with **$6 million** variance higher than budgeted.



Metlink PT – Delays in significant projects (Asset Control Strategy and Low Cost Low Risk), awaiting decisions from Council regarding the strategy going forward, **$11 million.**

Environment – RiverLink implementation and property purchases are behind budget due to timing of negotiations, **$4 million. $8 million** underspend is forecasted for the full year due to RiverLink and Wairarapa flood implementation. The forecast is dependent on Before the Deluge program progress.

Water Supply – Overspend in Silverstream Pipe Bridge due to on-site delivery of remaining project materials**, $3 million.** Water capital projects are currently being reviewed by Wellington Water and expecting **$13 million** underspend in the full year.

Council
31 October 2024
Report 24.590

For Decision

RESOLUTION TO EXCLUDE THE PUBLIC

That the Council excludes the public from the following parts of the proceedings of this meeting, namely:

Confirmation of the Public Excluded minutes of the Council meeting on Thursday 26 September 2024 – Report PE24.541

Appointment of member to the Wellington Regional Leadership Committee – Report PE24.559

Bus services procurement - Confirming the draft commercial terms for operator and market engagement – Report RPE24.563

Confirmation of the Restricted Public Excluded minutes of the Council meeting on Thursday 26 September 2024 - Report RPE24.542

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

Confirmation of the Public Excluded minutes of the Council meeting on Thursday 26 September 2024 – Report PE24.541	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in these minutes relates to a proposed land purchase and a lease arrangement, with each upon terms and conditions that are yet to be negotiated and agreed. Having this part of the meeting open to the public would disadvantage Greater Wellington Regional Council in its negotiations as it would reveal Greater Wellington Regional Council's negotiation strategy (Section 7(2)(i)).	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in and has determined that there is no public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	
Appointment of member to the Wellington Regional Leadership Committee – Report PE24.559	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in this report includes personal and identifying information about a candidate for appointment to the Wellington Regional Leadership Committee. Release of this information is likely to prejudice the privacy of natural persons (section 7(2)(a) of the Act) as releasing this information would disclose their consideration for appointment as a Committee member. Greater Wellington has considered whether the public interest outweighs the need to withhold the information and has determined that there is no public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(a) of the Act in order to protect the privacy of natural persons, including that of deceased natural persons.
Bus services procurement - Confirming the draft commercial terms for operator and market engagement – Report RPE24.563	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Certain information contained in this report relates to future bus service procurement and contracting in the Wellington Region. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations and may affect the probity of the bus services	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

procurement process (section 7(2)(i) of the Act). Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	
Confirmation of the Restricted Public Excluded minutes of the Council meeting on Thursday 26 September 2024 – Report RPE24.542	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in these minutes relates to future bus service procurement and contracting in the Wellington Region. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations, and may affect the probity of the bus services procurement process (section 7(2)(i) of the Act). Greater Wellington has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act in order enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

This resolution is made in reliance on section 48(1)(a) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.