

submission period
5 April – 7 May

Proposed 2007/08 Annual Plan

Incorporating a proposed amendment to the *2006–16 Ten-Year Plan (LTCCP)*

Quality for Life



greater WELLINGTON
REGIONAL COUNCIL

	Environment
	Transport
	Water supply
	Parks
	Safety and flood protection
	Land
	Community



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This document contains Greater Wellington Regional Council's *Proposed 2007/08 Annual Plan*, which also incorporates a proposed amendment to *Section 2.1 of the Revenue and Financing Policy in the 2006–16 Ten-Year Plan (LTCCP)* on pages 5-8.

The Annual Plan is a requirement of the *Local Government Act 2002* and contains information about Greater Wellington's key projects for the 2007/08 financial year. The work programmes in the *Proposed 2007/08 Annual Plan* will contribute to the agreed community outcomes detailed on page 9.

To give us your views or comments and make a submission

- See our website www.gw.govt.nz
- Email us annualplan@gw.govt.nz
- Phone us 0800-496-734
- Visit our Wellington office: 142 Wakefield Street
– next to the James Smith carpark by the Duxton Hotel
- Visit our Masterton office: 34 Chapel Street
– opposite the Departmental building

To obtain more information

- Contact your regional Councillors See back page for details
- Attend a public meeting Details to be advertised

SUBMISSIONS CLOSE 4PM MONDAY 7 MAY

Annual Plan / LTCCP consultation process

5 April – 7 May 2007

Period for receiving written submissions on the *Proposed 2007/08 Annual Plan (incorporating the proposed amendment to Section 2.1 of the Revenue and Financing Policy in the 2006-16 Ten-Year Plan / LTCCP)*

- Some public meetings will be held – details to be advertised

23 May – 25 May 2007

Submissions scheduled to be heard by Greater Wellington Regional Council



Message from the chairman

Greater Wellington is committed to working co-operatively and collaboratively with our partners. We realise that this Annual Plan can only be delivered if we work closely with other councils, central government agencies, private-sector businesses and communities.

This Annual Plan contains a wide range of services. Three areas particularly require your attention.



Please give us your views and comments on our work (refer to page 1). Your input will help us to deliver services that better meet your needs.

Public transport network

The Wellington region is fortunate to have a well developed and well used public transport network. Unfortunately, under-investment in rail infrastructure by previous asset owners over many years, combined with a significant and rapid increase in users, has put considerable strain on the network. The resulting capacity and reliability issues have frustrated network users. Greater Wellington fully understands these frustrations, and is working hard to improve the situation.

Greater Wellington has only recently been legally permitted to own public transport assets, such as trains. Since then we have built strong partnerships to improve public transport infrastructure.

As a result, central government, through Land Transport New Zealand, is funding a significant proportion of the capital investment required for network improvements, with Greater Wellington ratepayers funding the balance.

Acquiring new trains takes time. By international standards we are a small player in the market. There are also constraints created by the peculiarities of our network, such as the rail gauge and tunnel sizes. However, new carriages will be in place on the Wairarapa line by the end of the year and we are currently ordering 70 new trains for the metropolitan area. These should be ready in about three years' time.

Meanwhile we are being careful to temper public expectations and are not promising services or facilities in this Annual Plan that cannot be delivered.



Rural and urban flood protection

Greater Wellington Regional Council is committed to investigating a long-term approach to integrating our land and river programmes. We want to work closely with the community to improve the quality of our river catchments.

Last year we were told that flood protection work was a priority for Hutt Valley and Wairarapa residents. Consequently, we brought forward planned flood protection work in these areas – which means that the costs have been brought forward too. This year we will be working hard to deliver the new programmes. Details of our flood protection work are contained in this Annual Plan.


Wellington Regional Strategy

Greater Wellington, at the request of most of the city and district councils in the region, has agreed to adopt a new rate to fund a regional economic development agency (EDA). This agency will implement the Wellington Regional Strategy developed over the past three years by the region's councils, central government, businesses and community groups.

Sustainable economic development is pivotal to the success of the Wellington region. Greater Wellington believes that the strategy produced is realistic, pragmatic and a sound way for all councils, central government agencies, academic institutions and private sector businesses in the region to move forward in partnership.

Establishing a new regional EDA will require an increase in Greater Wellington Regional Council rates of \$4.5 million (incl GST). Offsetting this, up to \$3.9 million currently collected by city and district councils in the region for economic development purposes will be deducted from rates. Greater Wellington's agreement to fund the regional EDA is contingent on that rate reduction. The net increase in rates funding for this activity in the region will therefore be \$600,000.

Please note however, that the proposed governance and funding for the Wellington Regional Strategy is currently subject to an objection process initiated by Upper Hutt City Council. We anticipate that this will be resolved before the final 2007/08 Annual Plan is approved by Greater Wellington.

 **Ian Buchanan** — Chairman







Summary information

Now that we have a much clearer position on the nature, ownership and funding of our rail infrastructure, we are proposing to amend *section 2.1* of our *Revenue and Financing Policy* in the *2006–16 Ten-Year Plan (LTCCP)* to provide greater equity between current and future ratepayers in relation to funding certain rail infrastructure.

Although there are no significant financial consequences, we are required by the *Local Government Act 2002* to propose a formal amendment to the *2006–16 Ten-Year Plan (LTCCP)* for public consultation.

The proposed amendment

This LTCCP amendment will allow us to debt fund certain operating expenditure on rail infrastructure assets over a longer time period than the five years of the current policy, for up to 75% of the expected life of the asset. Debt funding allows us to spread the rates impact of the expenditure over the term of the loan.

This particular debt funding only applies to circumstances where Greater Wellington is unable to obtain an ownership interest in the asset, for example upgrading the station platforms to ensure they are at the same height and length as the new passenger trains.

Section 2.1 of the *Revenue and Financing Policy* provides for circumstances where Greater Wellington will consider funding operating expenditure from sources other than its operating revenue. **The proposed amendment (in bold on the next page)** replaces the last bullet point in the existing policy which is as follows.

2006–16 Ten-Year Plan (LTCCP) Revenue and Financing Policy

2.1 Funding of operating expenditure ⁽¹⁾

Section 100 of the Act requires Greater Wellington to ensure that projected operating revenues are set at a level sufficient to meet that year's operating expenditure and therefore achieve a balanced budget. Greater Wellington may vary from this requirement but only where it believes it is financially prudent to do so.

Greater Wellington intends to fund its operating expenditure from its operating revenue, except as noted below. For the avoidance of doubt, operating expenditure includes interest on debt and depreciation on assets.

Circumstances where Greater Wellington will consider funding operating expenditure from sources other than its operating revenue are:

- *Where Greater Wellington plans to use surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves that is undertaken as part of the annual reporting and planning process.*
- *Where a deficit is incurred in any one year in either the plantation or reserve forestry areas, the deficit will be debt funded to ensure that at no time are these activities a drain on regional rates. Debt funding for forestry is considered appropriate because the forestry activity has historically carried a low level of debt relative to the underlying value of the investment. It also ensures intergenerational fairness.*

(1) Refer to page 25 of the *2006–16 Ten-Year Plan (LTCCP) Policies document*.



Proposed amendment to the 2006–16 Ten-Year Plan (LTCCP) Greater Wellington Regional Council's Statement of Proposal

2006–16 Ten-Year Plan (LTCCP) Revenue and Financing Policy

2.1 Funding of operating expenditure *(continued)*

- *For a group of activities, where planned depreciation is higher than the sum of revenue funded capital expenditure, investment movements and debt repayment. In this situation Greater Wellington may feel it could be financially prudent not to fully fund depreciation and may plan for a small funding deficit within that group of activities. The major example of this is rail rolling stock where Greater Wellington is not intending to fund depreciation on these assets.*
- **Where the expenditure relates to the provision of passenger rail services, benefits of that expenditure extend beyond one year, and Greater Wellington is unable to obtain an ownership interest in the asset created; in this situation, Greater Wellington may loan fund the expenditure over a period not exceeding 75% of the expected useful life of that asset.**

Financial impacts

The proposed amendment to the *Revenue and Financing Policy* does not have a significant impact on the financial information contained in the 2006–16 *Ten-Year Plan (LTCCP)* and therefore the financial and rating information remains unchanged.

The *Local Government Act 2002* requires all LTCCP amendments to be audited; an unqualified audit opinion has been obtained (refer to pages 7-8).

REPORT TO THE READERS OF GREATER WELLINGTON REGIONAL COUNCIL'S PROPOSED AMENDMENT TO THE LONG-TERM COUNCIL COMMUNITY PLAN STATEMENT OF PROPOSAL FOR PUBLIC CONSULTATION FOR THE TEN YEARS COMMENCING 1 JULY 2006

The Auditor-General is the auditor of the Regional Council. The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to report on the Statement of Proposal for adoption of the proposed amendment to the Long Term Council Community Plan (the Statement of Proposal) on his behalf.

The Greater Wellington Regional Council (the Regional Council) adopted its Long Term Council Community Plan (LTCCP) for the ten years commencing 1 July 2006 on 29 June 2006.

We expressed an unqualified opinion on the Regional Council's LTCCP for the ten years commencing 1 July 2006 in our audit report dated 29 June 2006. We considered that the LTCCP provided a reasonable basis for long term integrated decision-making by the Regional Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the Regional Council.

The Regional Council is now proposing to amend its LTCCP for the ten years commencing 1 July 2006 to:

- make amendments to the Revenue and Financing Policy

The Statement of Proposal provides information about the proposed amendment to the Regional Council's LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

Opinion

Overall opinion

In our opinion, the information within the Statement of Proposal on pages 5 to 6, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, is

fairly presented and the Regional Council has complied with the applicable requirements of the Local Government Act 2002 (the Act) in preparing the Statement of Proposal.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal.

In forming our overall opinion, we considered our opinion on specific matters required by the Act, which is set out below.

Opinion on specific matters required by the Act

The Auditor-General is required by section 84(4) of the Act to report on:

- the extent to which the Statement of Proposal complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

In terms of our obligation to report on the matters outlined in section 84(4) of the Act, as it applies to the proposed amendment to the LTCCP, in our opinion:

- the Regional Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information used to prepare the Statement of Proposal provides a reasonable basis for the preparation of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the Regional Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information within the Statement of Proposal has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information is presented in accordance with generally accepted accounting practice in New Zealand;

- the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 13 March 2007, and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the *International Standard on Assurance Engagements 3000 (revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the *International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the information within the Statement of Proposal, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, does not contain material misstatements.

Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the Statement of Proposal, determining compliance with the requirements of the Act, and evaluating the overall adequacy of the presentation of information.

We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Council and the Auditor

The Regional Council is responsible for preparing a LTCCP under the Act, by applying the Regional Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Regional Council's responsibilities arise from Section 93 of the Act.

Section 84 of the Act requires the Regional Council, when considering amendments to the LTCCP, to prepare a Statement of Proposal. The Regional Council must include a draft of the parts of the LTCCP that are proposed to be amended, and an accompanying draft of any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

We are responsible for expressing an independent opinion on the Statement of Proposal and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

Independence

When reporting on the Statement of Proposal we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

During the period we provided assurance on the probity of the Regional Council's tender process for the purchase of new electric multiple unit vehicles, which is compatible with those independence requirements.

Other than this report, the assurance assignment and in conducting the audit of the LTCCP and the annual audit, we have no relationship with or interests in the Regional Council.



R L Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

2006–16 Ten-Year Plan (LTCCP) community outcomes



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The work programmes in our *Proposed 2007/08 Annual Plan* will contribute to these agreed community outcomes:

Healthy environment

We have clean water, fresh air and healthy soils. Well-functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution.

Quality lifestyle

Living in the Wellington region is enjoyable and people feel safe. A variety of lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members – and attract visitors.

Sense of place

We have a deep sense of pride in the Wellington region. We value its unique characteristics – its rural, urban and harbour landscapes, its climate, its central location, and its capital city.

Prosperous community

All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce.

Prepared community

We can cope with emergency events. Individuals and businesses are able to take responsibility for their own wellbeing. Effective emergency-management systems are in place.

Connected community

Access is quick and easy – locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems enable us to link well with others, both within and outside the region.

Entrepreneurial and innovative region

Innovation and new endeavours are welcomed and encouraged. Ideas are exchanged across all sectors, resulting in a creative business culture. We have excellent education and research institutions, and benefit from being the seat of government.

Essential services

High-quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region, now and in the future.

Healthy community

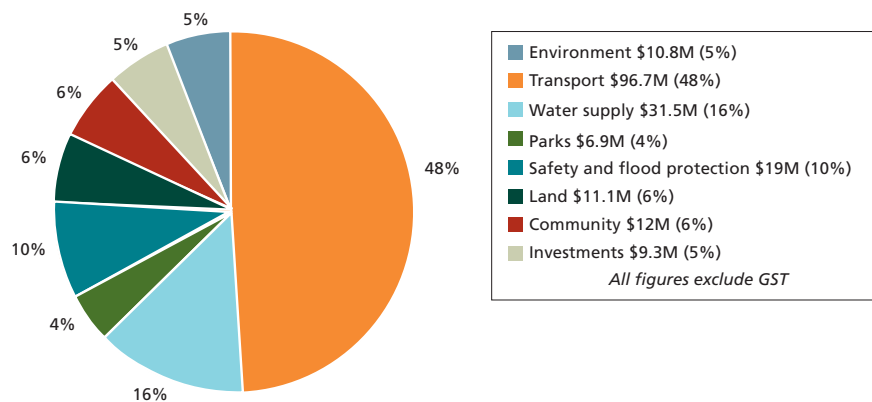
Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and provide for good health.

Strong and tolerant community

People are important. All members of our community are empowered to participate in decision-making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.

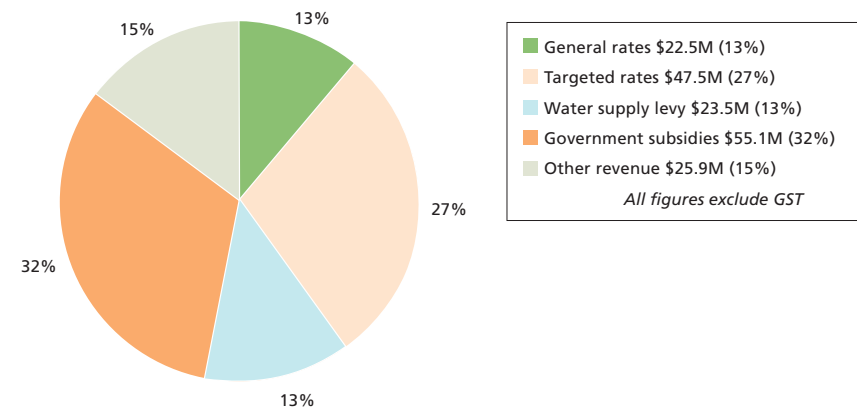
2007/08 Expenditure and Revenue

Categories of Expenditure



Next year Greater Wellington plans to spend over \$28 million on capital expenditure and transport investments. Our operating expenditure will be over \$162 million. The above pie chart shows the total cost of delivering Greater Wellington's services broken down by our groups of activities. The most significant area of our expenditure is transport, accountable for 48% of the total work programme for 2007/08.

Sources of Revenue



Our work programmes will be funded by a mix of rates, levies, government subsidies and other revenue. Regional rates, comprising general rates and targeted rates, make up 40% of Greater Wellington's total revenue. Government subsidies (primarily for funding public transport) make up a further 32% and the water supply levy (charged to Wellington, Porirua, Hutt and Upper Hutt city councils) makes up 13%. The remaining 15% of revenue is from other external sources.

Summary of rates and levies



By Rate and Levy type:

	2006/07 Budget \$000s	2007/08 Plan \$000s	Change \$000s	Change %
General rates	24,626	25,301	675	2.75%
Targeted rates:				
River management rates	3,571	3,789	218	6.10%
Regional transport rates	36,921	40,388	3,467	9.39%
Stadium rates	3,010	3,010	0	0.00%
Bovine Tb rates	160	160	0	0.00%
South Wairarapa District – river rates	198	205	7	3.54%
Wairarapa scheme and stopbank rates	1,206	1,331	125	10.36%
Total targeted rates	45,066	48,883	3,817	8.47%
Total Rates excluding economic development agency rate (EDA)	69,692	74,184	4,492	6.45%
EDA	0	4,500	4,500	n/a
Total regional rates	69,692	78,684	8,992	12.91%
Water levy	25,623	26,392	769	3.00%
Total rates and levies	95,315	105,076	9,761	10.24%

Note:

Figures labelled “2006/07 Budget” are sourced from Greater Wellington’s 2006/07 Annual Plan, and those labelled “2007/08 Plan” are those proposed in this 2007/08 Annual Plan.

The proposed EDA rate is allocated on a fixed amount basis for residential and rural ratepayers, and capital value for businesses. We welcome your views on alternate allocation options for this rate, including any transitional arrangements from the current allocations rated by the city and district councils for funding economic development.

This table shows the rates and levies that Greater Wellington proposes to collect in 2007/08, together with the changes from 2006/07. Rates comprise the general rate and various targeted rates. Greater Wellington also charges a water supply levy directly to the four metropolitan city councils in the region. The city councils then rate accordingly for this levy.

It is proposed to increase the general rate by 2.75%. Additional capital investment in flood protection and transport means that the overall rate increase is 6.45%.

It is also proposed to increase the water supply levy by 3% which is half the increase signalled in our 2006–16 Ten-Year Plan (LTCCP).

This year, an additional rate, the economic development agency rate (EDA), is proposed to fund a new Economic Development Agency for the Wellington region. Although it is proposed to rate regionally for \$4.5 million (including GST), up to \$3.9 million of this (the sum currently collected for economic development across the region) will come off city and district council rates, leaving Greater Wellington to collect an additional \$600,000.

Therefore, the total increase in regional rates (including the EDA) proposed for 2007/08 is 12.91%. When the water supply levy is included, the increase is 10.24%.

Rates increases vary between city and district councils because of differing capital values (equalised). Further, some of Greater Wellington’s work programmes impact differently across the region, e.g. flood protection.



Summary of rates and levies

By Area:

	2006/07 Budget \$000s	2007/08 Plan excl. EDA rate \$000s	Change \$000s	Change %	EDA rate \$000s	2007/08 Plan incl. EDA rate \$000s	Change %
Wellington City	37,017	38,690	1,673	4.52%	2,030	40,720	10.00%
Lower Hutt City	12,680	14,082	1,402	11.06%	893	14,975	18.10%
Upper Hutt City	4,305	4,684	379	8.80%	334	5,018	16.56%
Porirua City	5,391	5,845	454	8.42%	351	6,196	14.93%
Kapiti Coast District	5,443	5,829	386	7.09%	449	6,278	15.34%
Masterton District	1,553	1,580	27	1.74%	247	1,827	17.64%
Carterton District	631	666	35	5.55%	80	746	18.23%
South Wairarapa District	1,105	1,109	4	0.36%	116	1,225	10.86%
Tararua District	3	3	0	0.00%	0	3	0.00%
District-wide rates	68,128	72,488	4,360	6.40%	4,500	76,988	13.01%
Bovine Tb Rate	160	160	0	0.00%	0	160	0.00%
South Wairarapa District – river rates	198	205	7	3.54%	0	205	3.54%
Wairarapa scheme and stopbank rates	1,206	1,331	125	10.36%	0	1,331	10.36%
Total regional rates	69,692	74,184	4,492	6.45%	4,500	78,684	12.91%
Water supply levy	25,623	26,392	769	3.00%	0	26,392	3.00%
Total rates and levies	95,315	100,576	5,261	5.52%	4,500	105,076	10.24%

Note:

Figures labelled “2006/07 Budget” are sourced from Greater Wellington’s 2006/07 Annual Plan, and those labelled “2007/08 Plan” are those proposed in this 2007/08 Annual Plan.

The proposed EDA rate is allocated on a fixed amount basis for residential and rural ratepayers, and capital value for businesses. We welcome your views on alternate allocation options for this rate, including any transitional arrangements from the current allocations rated by the city and district councils for funding economic development.

Rates and levies

What is the impact on your area?



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District-wide rates are rates which are levied across all the rating units within a city or district. They comprise the general rate, river management rate, regional transport rate, stadium purposes rate and the proposed new economic development agency rate (EDA). Some other rates, e.g. Bovine Tb rate, are levied only on certain rating units within the region. These rates together make up regional rates.

Changes in district-wide rates due to equalised capital value (ECV) movements and apportionment from 2006/07 to 2007/08

	ECV movements		General rate		River management rate		Regional transport rate		Stadium purposes rate		Total district-wide rates excl. EDA rate	
	Change \$000s	Change %	Change \$000s	Change %	Change \$000s	Change %	Change \$000s	Change %	Change \$000s	Change %	Change \$000s	Change %
Wellington City	(396)	-1.07%	315	0.85%	0	0.00%	1,754	4.74%	0	0.00%	1,673	4.52%
Lower Hutt City	250	1.97%	121	0.95%	131	1.03%	900	7.10%	0	0.00%	1,402	11.05%
Upper Hutt City	89	2.07%	44	1.02%	(7)	-0.16%	253	5.88%	0	0.00%	379	8.81%
Porirua City	83	1.54%	53	0.98%	(3)	-0.06%	321	5.95%	0	0.00%	454	8.41%
Kapiti Coast District	93	1.71%	71	1.30%	95	1.75%	127	2.33%	0	0.00%	386	7.09%
Masterton District	(17)	-1.09%	35	2.19%	0	0.00%	9	0.58%	0	0.00%	27	1.68%
Carterton District	(10)	-1.58%	13	2.06%	2	0.32%	30	4.75%	0	0.00%	35	5.55%
South Wairarapa District	(92)	-8.33%	23	2.08%	0	0.00%	73	6.61%	0	0.00%	4	0.36%
Tararua District	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
District-wide rates	0	0.00%	675	0.99%	218	0.32%	3,467	5.09%	0	0.00%	4,360	6.40%

	Total district-wide rates excl. EDA rate		EDA rate	Total district-wide rates incl. EDA rate	
	Change \$000s	Change %	Change \$000s	Change \$000s	Change %
Wellington City	1,673	4.52%	2,030	3,703	10.00%
Lower Hutt City	1,402	11.05%	893	2,295	18.10%
Upper Hutt City	379	8.81%	334	713	16.56%
Porirua City	454	8.41%	351	805	14.93%
Kapiti Coast District	386	7.09%	449	835	15.34%
Masterton District	27	1.68%	247	274	17.64%
Carterton District	35	5.55%	80	115	18.23%
South Wairarapa District	4	0.36%	116	120	10.86%
Tararua District	0	0.00%	0	0	0.00%
District-wide rates	4,360	6.40%	4,500	8,860	13.01%

Water supply levy

	2006/07 Budget \$000s	2007/08 Plan \$000s	Change \$000s	Change %
	Wellington City Council	13,895	14,545	650
Hutt City Council	6,393	6,504	111	1.74%
Upper Hutt City Council	2,468	2,937	469	19.00%
Porirua City Council	2,867	2,406	(461)	-16.08%
Water supply levy	25,623	26,392	769	3.00%

This table shows that the total water supply levy is proposed to increase by 3% from the 2006/07 level. The amounts charged to each of the four cities may change when the full year's water consumption results are known.

This information should be read in conjunction with the Funding Impact Statement on pages 75-85 and the *Revenue and Financing Policy* in the 2006-16 Ten-Year Plan (LTCCP) Policies document at page 22. Please note that on pages 11-16, all figures include GST.



Rates and levies

What is the impact on your area?

Percentage changes in each rate type which together make up district-wide rates from 2006/07 to 2007/08

	General rate			River management rate			Regional transport rate			Stadium purposes rate			Total district-wide rates excl. EDA rate		
	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %
Wellington City	11,991	11,910	-0.68%	141	141	0.00%	23,097	24,851	7.59%	1,788	1,788	0.00%	37,017	38,690	4.52%
Lower Hutt City	4,162	4,533	8.91%	1,465	1,596	8.94%	6,465	7,365	13.92%	588	588	0.00%	12,680	14,082	11.06%
Upper Hutt City	1,494	1,627	8.90%	543	536	-1.29%	2,110	2,363	11.99%	158	158	0.00%	4,305	4,684	8.80%
Porirua City	1,816	1,952	7.49%	90	87	-3.33%	3,269	3,590	9.82%	216	216	0.00%	5,391	5,845	8.42%
Kapiti Coast District	2,483	2,647	6.60%	1,312	1,407	7.24%	1,502	1,629	8.46%	146	146	0.00%	5,443	5,829	7.09%
Masterton District	1,270	1,288	1.42%	0	0	0.00%	223	232	4.04%	60	60	0.00%	1,553	1,580	1.74%
Carterton District	496	499	0.60%	20	22	10.00%	94	124	31.91%	21	21	0.00%	631	666	5.55%
South Wairarapa District	911	842	-7.57%	0	0	0.00%	161	234	45.34%	33	33	0.00%	1,105	1,109	0.36%
Tararua District	3	3	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%	3	3	0.00%
District-wide rates	24,626	25,301	2.75%	3,571	3,789	6.10%	36,921	40,388	9.39%	3,010	3,010	0.00%	68,128	72,488	6.40%

	Total district-wide rates excl. EDA rate			EDA rate ⁽¹⁾	Total district-wide rates incl. EDA rate		
	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %	2007/08 Plan \$000s	2006/07 Budget \$000s	2007/08 Plan \$000s	Change %
Wellington City	37,017	38,690	4.52%	2,030	37,017	40,720	10.00%
Lower Hutt City	12,680	14,082	11.06%	893	12,680	14,975	18.10%
Upper Hutt City	4,305	4,684	8.80%	334	4,305	5,018	16.56%
Porirua City	5,391	5,845	8.42%	351	5,391	6,196	14.93%
Kapiti Coast District	5,443	5,829	7.09%	449	5,443	6,278	15.34%
Masterton District	1,553	1,580	1.74%	247	1,553	1,827	17.64%
Carterton District	631	666	5.55%	80	631	746	18.23%
South Wairarapa District	1,105	1,109	0.36%	116	1,105	1,225	10.86%
Tararua District	3	3	0.400%	0	3	3	0.00%
District-wide rates	68,128	72,488	6.40%	4,500	68,128	76,988	13.01%

Note:

- (1) The proposed economic development agency rate (EDA) for residential properties is \$14.06.

The proposed EDA rate is allocated on a fixed amount basis for residential and rural ratepayers, and capital value for businesses. We welcome your views on alternate allocation options for this rate, including any transitional arrangements from the current allocations rated by the city and district councils for funding economic development.

The proposed economic development agency rate (EDA) is not consistent with our 2006–16 Ten-Year Plan (LTCCP) as a proposed amendment to the LTCCP has not yet been adopted by Greater Wellington. This is because the proposed governance and funding for the Wellington Regional Strategy is currently subject to a section 16 Local Government Act 2002 objection process initiated by Upper Hutt City Council, which has deferred the adoption of the LTCCP amendment. Please see the “Wellington Regional Strategy” section of the Chairman’s message on page 3 for further information.

Rates and levies

What is the impact on your area?



2007/08 Residential rates by rate type and average residential property

	General rate per \$100,000 of capital value		River management rate per \$100,000 of capital value		Regional transport rate per \$100,000 of capital value		Stadium purposes rate per \$100,000 of capital value		Total residential rates per \$100,000 of capital value excl. EDA rate	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Wellington City	\$33.83	\$30.32	\$0.40	\$0.36	\$33.31	\$31.84	\$4.32	\$3.92	\$71.86	\$66.44
Lower Hutt City	\$37.56	\$40.75	\$13.22	\$14.35	\$59.01	\$66.99	\$4.88	\$4.87	\$114.67	\$126.96
Upper Hutt City	\$37.93	\$40.78	\$13.78	\$13.43	\$57.51	\$63.66	\$4.38	\$4.32	\$113.60	\$122.19
Porirua City	\$36.67	\$39.01	\$1.81	\$1.74	\$69.93	\$76.05	\$4.50	\$4.45	\$112.91	\$121.25
Kapiti Coast District	\$32.78	\$34.50	\$17.33	\$18.34	\$22.31	\$23.94	\$2.09	\$2.06	\$74.51	\$78.84
Masterton District	\$32.79	\$33.10	\$0.00	\$0.00	\$9.14	\$9.73	\$2.66	\$2.65	\$44.59	\$45.48
Carterton District	\$41.68	\$29.14	\$1.71	\$1.26	\$16.07	\$14.86	\$3.79	\$2.46	\$63.25	\$47.72
South Wairarapa District ⁽²⁾	\$45.61	\$29.35	\$0.00	\$0.00	\$16.98	\$17.24	\$4.42	\$2.80	\$67.01	\$49.39

	Total residential rates per average residential property excl. EDA rate		EDA rate ⁽¹⁾ per residential property	Total residential rates per average residential property incl. EDA rate	
	2006/07	2007/08	2007/08	2006/07	2007/08
Wellington City	\$302.80	\$306.47	\$14.06	\$302.80	\$320.53
Lower Hutt City	\$288.63	\$320.18	\$14.06	\$288.63	\$334.24
Upper Hutt City	\$246.17	\$268.03	\$14.06	\$246.17	\$282.09
Porirua City	\$287.94	\$309.46	\$14.06	\$287.94	\$323.52
Kapiti Coast District	\$215.60	\$229.59	\$14.06	\$215.60	\$243.65
Masterton District	\$83.04	\$84.69	\$14.06	\$83.04	\$98.75
Carterton District	\$93.14	\$104.70	\$14.06	\$93.14	\$118.76
South Wairarapa District ⁽²⁾	\$111.20	\$127.62	\$14.06	\$111.20	\$141.68

Notes:

(1) The proposed economic development agency rate (EDA) for residential properties is \$14.06.

The proposed EDA rate is allocated on a fixed amount basis for residential and rural ratepayers, and capital value for businesses. We welcome your views on alternate allocation options for this rate, including any transitional arrangements from the current allocations rated by the city and district councils for funding economic development.

The proposed economic development agency rate (EDA) is not consistent with our 2006–16 Ten-Year Plan (LTCCP) as a proposed amendment to the LTCCP has not yet been adopted by Greater Wellington. This is because the proposed governance and funding for the Wellington Regional Strategy is currently subject to a section 16 Local Government Act 2002 objection process initiated by Upper Hutt City Council, which has deferred the adoption of the LTCCP amendment. Please see the “Wellington Regional Strategy” section of the Chairman’s message on page 3 for further information.

(2) Excludes river rates charged on Greytown and Featherston urban properties.



Rates and levies

Rates calculator for residential properties

The table below shows how you can calculate your own indicative residential regional rates for 2007/08. For example, if you live in Porirua City and have a property with a capital value of \$250,000 your indicative regional rates are \$317.19.

	2007/08 proposed rates per \$100,00 of capital value excluding the EDA rate		Enter the capital value of your property		Proposed EDA rate	Proposed rates on your property for 2007/08	
Wellington City	\$66.44	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Lower Hutt City	\$126.96	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Upper Hutt City	\$122.19	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Porirua City	\$121.25	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Kapiti Coast District	\$78.84	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Masterton District	\$45.48	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
Carterton District	\$47.72	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>
South Wairarapa District ⁽¹⁾	\$49.39	x	<input type="text"/>	÷	100,000	+ \$14.06	<input type="text"/>

Note: (1) Excludes river rates charged on Greytown and Featherston urban properties

Porirua City example	\$121.25	x	\$250,000	÷	100,000	+ 14.06	\$317.19
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Please note: the above calculation does not include rates set by your local city or district council.

Greater Wellington Regional Council rates are set and assessed by Greater Wellington but are invoiced and collected by the relevant city or district council in the Wellington region. Such combined collection arrangements are cost effective and more convenient for ratepayers.



Contribution to community outcomes

Healthy environment

Develop and implement the Regional Policy Statement (RPS) and regional plans.

Sense of place

Process and monitor resource consents.

Healthy community

Investigate and clean up pollution incidents.

Research key environmental issues and threats.

Measure the quality and quantity of our natural resources e.g. river flows, air quality, soil health.

Report to the public on the state of the environment.

Help children, businesses and the community to look after and restore the environment.



Key projects for 2007/08

Activity: Manage resources

- Complete the review of our Regional Policy Statement – the principal document for setting policies and methods to achieve integrated management of the region’s natural and physical resources. This will be approved by the Council for public consultation.
- Maintain our core functions, such as consents processing, compliance monitoring and enforcement, and provide a 24-hour pollution-response service for the community.
- Carry out a review of our resource management charging policy.
- Enhance our Take Charge business pollution-prevention programme. Using a combination of education and enforcement tools, and focusing on our commercial and industrial areas, the programme manages non-compliance with regional rules and promotes best practice.
- Enhance our Muddy Waters programme – a focused set of initiatives targeted at local authorities, contractors and consultants to improve environmental performance on earthworks sites.

Activity: Monitor the state of the environment

- Enhance our air-monitoring programme, in compliance with the National Environmental Standard for Air Quality, which requires that we monitor and analyse air quality in the eight air sheds in our region.
- Enhance the flood-warning systems in the Wairarapa’s eastern hills, following a review of our hydrological monitoring network.

- Further develop the Wairarapa conceptual groundwater model to increase our understanding of the geology and hydrology of the Wairarapa groundwater system. This will support the sustainable management of Wairarapa’s water resources.
- Investigate water quality in the Wellington Harbour. This will involve analysing sediment samples to gain a detailed understanding of the state of the harbour, and assessing the effects of discharges into the harbour.

Activity: Environmental education

- Continue with our Take Care and Take Action programmes. Take Care supports community groups, businesses and landowners to restore wetlands, streams, dunes and estuaries. Take Action is a programme for schools which helps both students and teachers to make an environmental difference.
- Promote the Greater Wellington Environmental Awards, which will be run for the first time this year. These will reward groups who have a working relationship with Greater Wellington and who have made a significant contribution to enhancing sustainability in the region.



Key changes from the *2006–16 Ten-Year Plan (LTCCP)*

- An additional \$54,000 has been provided to increase policy input for the review of the Regional Policy Statement (RPS), as we work closely with city and district councils and iwi to develop a new RPS.
- \$100,000 has been transferred from our communications budget to expand the Take Charge business pollution-prevention programme. This will improve coverage for industrial and commercial businesses across the region.
- We have projected additional revenue of \$300,000 from resource consent fees.
- A total of \$30,000 has been included for the new Greater Wellington Environmental Awards, and for formalising support for the Get Sustainable Challenge (business awards).



Short term targets – by 30 June 2008

Activity & Levels of service: Manage resources

1 Develop and implement the Regional Policy Statement (RPS) and regional plans

Target	Performance Indicators
A proposed Regional Policy Statement will be released for public consultation in September 2007, within a budget of \$404,000	The Regional Policy Statement will be approved for public release by the Council in September 2007
The following programmes and plans will be implemented and a progress report approved by Council, within a budget of \$602,000: <ul style="list-style-type: none"> • Wetland Action Plan • Queen Elizabeth II Trust private land protection programme • Freshwater ecosystems programme • Kaiwharawhara Stream Plan • Waiwhetu Stream Action Plan • Pauatahanui Inlet Action Plan • Coastal and marine ecosystem programme Action Plan 	Implementation of the following plans and programmes will be reported to Council by June 2008: <ul style="list-style-type: none"> • Wetland Action Plan • Queen Elizabeth II Trust private land protection programme • Freshwater ecosystems programme • Kaiwharawhara Stream Plan • Waiwhetu Stream Action Plan • Pauatahanui Inlet Action Plan • Coastal and marine ecosystem programme Action Plan
The Stormwater Action Plan will be implemented in association with our city and district councils, within a budget of \$86,000	Progress with implementing the Stormwater Action Plan will be reported to Council

2 Process and monitor resource consents

Target	Performance Indicators
100% of resource consents will be processed within statutory timeframes (20 working days for non-notified consents) and within a budget of \$577,000	All resource consents will be processed within statutory timeframes and regular reports will be provided to Council
100% of resource consents will be monitored for compliance with resource consent conditions, within a budget of \$468,000	All resource consents will be monitored and a compliance summary report will be provided to Council
At least two workshops will be conducted for customers on how they can obtain best value from the resource consent process, within a budget of \$60,000	Two workshops will be held
An independent customer satisfaction survey will show (within a budget of \$40,000) that over 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents process service as excellent or very good	A customer satisfaction survey will be completed



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Manage resources *(continued)*

3 Research key environmental issues and threats

Target	Performance Indicators
Targeted investigations will be completed and a progress report approved by the Council, within a budget of \$323,000	Environmental problems will be investigated and identified to enable appropriate remedial action to be undertaken to Council's satisfaction
The Selected Land Use Register will be maintained and public enquiries responded to within a week	The Selected Land Use Register will be maintained and public enquiries responded to within a week

4 Investigate and clean up pollution incidents

Target	Performance Indicators
An annual report card that provides a summary of pollution control activities will be approved by Council	An annual report card will be produced within budget, and to Council's satisfaction
All reported pollution response incidents will be responded to in accordance with the following timeframes, within a budget of \$305,000: <ul style="list-style-type: none"> • Log only – no action required • Red – serious adverse environmental effect requiring immediate action: 60 minutes • Yellow – serious environmental effect where no benefit will be gained by an immediate response: 24 hours • Blue – minor environmental effect requiring no immediate response: 7 days 	All response timeframes will be reported to Council



Environment

Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Monitor the state of the environment

1 Measure the quality and quantity of our natural resources e.g. river flows, air quality, soil health

2 Report to the public on the state of the environment

Target	Performance Indicators
Greater Wellington's flood managers will be notified within 30 minutes when any river or rainfall trigger levels are reached	An annual report card will be produced within budget, and to the satisfaction of the Council
Greater Wellington's water and consents managers will be notified within one working day of low groundwater levels in the Waiwhetu aquifer	Managers will be advised of low groundwater levels in the Waiwhetu aquifer within one working day
Water samples will be taken weekly throughout the bathing season (1 November to 31 March) and tested for the presence of bacteria, within a budget of \$119,000	Water samples will be taken weekly throughout the bathing season (1 November to 31 March) and tested for the presence of bacteria The results will be put on Greater Wellington's website as they are received from the testing laboratory
A traffic light warning framework will be implemented as follows: <ul style="list-style-type: none"> • Green – low or no public health risk • Amber – alert mode requiring follow-up monitoring • Red – beach closed 	
Real-time environmental data available on Greater Wellington's website	Real-time environmental data will be available on Greater Wellington's website
An annual report card containing summary information for the following resources will be approved by Council within a budget of \$102,000: <ul style="list-style-type: none"> • Hydrology • Groundwater • Freshwater quality • Coastal water quality • Recreational water quality • Air quality • Soil quality 	Annual report cards for the preceding year will be reported to the Council by June 2008



Short term targets – by 30 June 2008 *(continued)*

Activity & Level of service: Environmental education

1 Help children, businesses and the community to look after and restore the environment

Target	Performance Indicators
Through the Take Care community environmental education programme, five new Care Groups will be established and assisted to care for degraded local ecosystems and existing Care Groups will be maintained, within a budget of \$225,000	Through the Take Care community environmental education programme, five new Care Groups will be established (or existing groups renewed) and assisted to care for degraded local ecosystems and existing Care Groups will be maintained
20 schools will participate in the Take Action environment education programme, within a budget of \$237,000	20 schools and 2000 students will participate in the Take Action environment education programme, establishing systems for promoting change in students' environmental behaviour or undertaking re-vegetation projects to improve the local environment
20 small to medium sized businesses will be given advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment, within a budget of \$89,000	20 small to medium sized businesses will be provided with advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment



Environment

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	8,922	9,275
Targeted rate	0	0
Government subsidies	10	10
Interest and dividends	21	18
Other operating revenue	1,448	1,323
Operating revenue	10,401	10,626
Direct operating expenditure	10,161	10,410
Finance costs	27	26
Depreciation	289	273
Operating expenditure	10,477	10,709
Operating surplus/(deficit)	(76)	(83)
Less:		
Capital expenditure	301	275
Proceeds from asset sales	(23)	(13)
Loan funding	(150)	(155)
Rates-funded capital expenditure	128	107
Debt repayment	64	65
Investment additions	0	0
Operational reserve movements	21	18
Working capital movements	0	0
Non-cash items	(289)	(273)
Net funding required	0	0

OPERATING REVENUE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Manage resources	5,488	5,381
Monitor the state of the environment	3,831	4,252
Environment education	1,082	993
Total operating revenue	10,401	10,626

OPERATING EXPENDITURE

Manage resources	5,507	5,436
Monitor the state of the environment	3,860	4,252
Environment education	1,110	1,021
Total operating expenditure	10,477	10,709

CAPITAL EXPENDITURE

Environment monitoring equipment	150	155
Capital project expenditure	150	155
Land and buildings	0	0
Plant and equipment	80	72
Vehicles	71	48
Total capital expenditure	301	275



Contribution to community outcomes

Prosperous community

Fund rail, bus and local harbour ferry passenger services.

Connected community

Provide passenger service information through a call centre, website and paper timetables.

Essential services

Provide and maintain urban passenger trains, "Park and Ride" facilities, train stations, bus-rail interchanges, bus lanes and bus shelters.

Develop an affordable Regional Land Transport Strategy and monitor its implementation.

Healthy environment

Encourage people to use public transport.

Healthy community

Quality lifestyle

Part fund taxi services for people with disabilities.



Key projects for 2007/08

Activity: Plan and monitor the transport network

Ngauranga-to-airport transport corridor plan

- Carry out a consultation process on a new transport corridor plan, following Transit New Zealand's options study of the corridor. The plan will become part of the Regional Land Transport Strategy.

Wairarapa transport corridor plan review

- Carry out a review of the Wairarapa Corridor Plan (part of the Regional Land Transport Strategy) and consultation on the outcomes of the review. This Plan covers the transport network from Masterton to Upper Hutt.

Hutt transport corridor plan review

- Initiate a review of the Hutt Corridor Plan (part of the Regional Land Transport Strategy). This Plan covers the transport network from Upper Hutt to the Ngauranga merge.

Travel plan programme

- Continue to proactively facilitate the development of work and school travel plans around the region. A minimum of 4 workplace and 6 school plans will be completed, with actual numbers likely to be significantly higher.
- The community-based travel behaviour change project in Lower Hutt will continue, with the overall aim of fewer single-occupancy private car journeys for short trips.
- A travel awareness campaign will be implemented, with a range of activities undertaken to raise people's awareness of alternative travel options to the private car.
- The Capital and Coast District Health Board travel plan project will be completed, with the Health Board assuming full responsibility for its ongoing implementation.

Active transport co-ordination

- Continue to promote active transport modes, including walking and cycling, in conjunction with city and district councils.

Wairarapa log freight rail project

- Support a project that will enable logs to be moved by rail from the Wairarapa to CentrePort (see below).

Greater Wellington has applied to Land Transport New Zealand (LTNZ) for funding to support a proposal by Central Log Rail Ltd (CLRL) to provide for the movement of logs from Masterton (Waingawa) to CentrePort by rail. CLRL is not able to apply directly for this funding due to Land Transport New Zealand rules. Once operating the proposal will generate benefits to road users by reducing road maintenance costs and traffic delays, primarily on State Highway Two and particularly over Rimutaka Hill Road. LTNZ has accepted evidence that each tonne of logs carted by this project generates nearly \$2 in benefits for every \$1 in subsidy paid. LTNZ has previously agreed to fund fully the start-up operating subsidy needed to allow this project to proceed, although we are advised that the LTNZ Board may need to consider this application further. The following subsidy is required but will be subject to the actual volume of logs moved:

Year 1 (2007/08)	Year 2 (2008/09)	Year 3 (2009/10)	Total
\$585,000	\$440,000	\$245,000	\$1,270,000

Greater Wellington supports this proposal as it is consistent with current policy in the Regional Land Transport Strategy, particularly in the Wairarapa Corridor Plan. No rates or other Greater Wellington funding is required for this project.



Key projects for 2007/08 *(continued)*

Activity: Provide the infrastructure for public transport

Rail rolling stock

- Complete work on the new Wairarapa train carriages so they can be in service by the end of 2007
- Complete the tender process and sign the supply contract for 70 new trains for the Johnsonville, Paraparaumu, Melling and Hutt Valley lines
- Commence an investigation of the work required to upgrade the Ganz Mavag fleet of passenger trains

Rail network

- Commence work on upgrading signalling and traction systems to ensure that the new passenger trains will operate efficiently
- Begin the design work for the western corridor rail network double tracking from Mackays Crossing to Lindale

Rail strategy

- Commence investigation and scoping of the suite of western corridor rail projects to maximise and hasten improved reliability and capacity for population growth

Rail stations

- Install 10 new cycle lockers at various rail stations throughout the region, based on demand
- Replace the Perspex roof which covers the ramp area at Waterloo Station
- Investigate upgrades to platform heights and lengths

Park and ride car parks

- Provide an extra 40 park and ride spaces at the Plimmerton Domain after the initial extension of the pedestrian subway linking the Domain through to Steyne Ave (to be completed in the 2006/07 financial year)
- Provide an extra 75 park and ride spaces at the Porirua station car park subject to the availability of Transit land; upgrades to the lighting and security CCTV will also be undertaken
- Provide an extra 45 park and ride spaces on the Hutt Road at Petone which will help ease the loss of parking when the widening of SH2 takes place
- Provide an extra 20 car park spaces at Woodside station in the Wairarapa following the upgrade of the platforms for the new Wairarapa carriages
- Provide an extra 10 extra car park spaces at Raroa station, currently there are only eight spaces and this station has had particularly high usage in the last few years
- Review car park security patrols, with a view to reducing manned patrols and introducing better CCTV coverage at more stations
- Extend CCTV coverage at Waterloo Station to the car parking areas (currently coverage is of the platform and concourse areas only)

Trolley bus overheads

- Take ownership of the overhead wire network and let a maintenance contract



Key projects for 2007/08 *(continued)*

Activity: Fund and promote public transport services

- Continue to fund rail, bus and local harbour ferry passenger services
- Complete a review of diesel bus and local harbour ferry services and produce a bus procurement strategy and plan to guide future tendering
- Review Wellington diesel bus services and the Melling rail line
- Investigate electronic integrated ticketing and real time information
- Continue to provide a 24/7 service centre and website to provide customers with information on public transport services
- Conduct the annual public transport customer satisfaction monitoring survey

Activity: Fund total mobility

- Continue to fund and administer the Total Mobility scheme which allows for people with disabilities to travel by taxi for half the normal taxi fare



Key changes from the 2006–16 Ten-Year Plan (LTCCP)

Activity: Plan and monitor the transport network

- Additional expenditure of \$370,000 has been included for the travel demand management programme following confirmation of additional funding from Central Government (the project is 75% funded by Land Transport NZ).
- Additional expenditure of \$585,000 has been included to support a proposal by Central Log Rail Ltd to provide for the movement of logs from Masterton to CentrePort by rail. This project is contingent on receiving 100% funding from Land Transport NZ.

Activity: Provide the infrastructure for public transport

- The budget of \$6.4 million in 2007/08 for passenger trains heavy maintenance has been removed. This work is now covered by the new rail operating contract and will be charged to Greater Wellington in accordance with that contract.
- Increased provision of \$870,000 has been included for passenger trains maintenance and insurance.
- The operating expenditure budget for traction, signals and minor track upgrades required for the new passenger trains has been adjusted based on current estimates of expenditure, timing and method of payment. As a result, the *Proposed 2007/08 Annual Plan* includes payments to Ontrack of \$5.0 million for this work, an increase of \$3.2 million.

- An additional budget of \$400,000 for the Western Rail Corridor concept design has been included in 2007/08 to enable design of the rail corridor infrastructure upgrade to commence.
- Additional expenditure of \$325,000 is required to move the rail strategy forward and address rolling stock and passenger rail infrastructure issues.
- An additional budget of \$250,000 has been included for investigation of real time information, integrated ticketing, total mobility and public transport service reviews (including a review of the Melling line).
- A delay in the timing of capital expenditure on new passenger trains and other infrastructure (see explanation below) has reduced financial costs by \$1.0 million and depreciation by \$380,000.
- The delay in timing of capital expenditure has also delayed the associated revenue from Land Transport NZ, reducing revenue by \$36.5 million in 2007/08 (an assumption in the draft 2007/08 Annual Plan is that Land Transport NZ funds 50% to 100% of capital expenditure on public transport infrastructure improvements; accounting rules require that this revenue is recognised in the year of receipt).



Key changes from the 2006–16 Ten-Year Plan (LTCCP) *(continued)*

Activity: Fund and promote public transport services

- In 2007/08 bus and ferry contract prices are projected to be \$4.7 million above the amount signalled in the LTCCP. This increase incorporates some bus service improvements but most of it relates to the significant increase in fuel prices in 2006. The budget for future bus service improvements has been reduced by \$2.2 million.
- The operating expenditure budget for the integrated ticketing project has been reduced by \$1.8 million for the 2007/08 financial year. A study has been included in 2007/08 to examine the scope and timing of this project.
- An additional provision of \$110,000 has been made to complete the review of the procurement processes that we use when we contract public transport services from private operators.

Activity: Fund total mobility

- The operating expenditure budget for an extension to the total mobility scheme of \$1.0 million for 2007/08 has been removed as no agreement has been reached with Central Government regarding additional funding that would be required to progress this.

Capital expenditure – rail

- The budget of \$174 million for the purchase of the new passenger trains has been adjusted to reflect current estimates for the timing of construction. The impact for 2007/08 is a \$25.7 million reduction in capital expenditure, but there is no change to the estimated time of delivery.
- The 2007/08 capital budget for integrated ticketing of \$2.2 million has been delayed one year. A study has been included in 2007/08 to examine the scope and timing of this project.

Capital expenditure – other

- The budget of \$10 million for capital expenditure to meet Human Rights Commission requirements has been removed for 2007/08 as Central Government has not yet advised its response or specified funding arrangements.
- The Johnsonville Mall capital expenditure project budget of \$1.0 million included in 2006/07 has been deferred until 2007/08. It is clear that this will not proceed prior to 30 June 2007.



Short term targets – by 30 June 2008

Activity & Level of service: Plan and monitor the transport network

1 Develop an affordable Regional Land Transport Strategy and monitor its implementation

Target	Performance Indicators
An annual report on the Regional Land Transport Strategy will be approved by Council within a budget of \$61,000	A report will be approved by the Regional Land Transport Committee
A travel plan programme will continue to be implemented within a budget of \$869,000	At least 4 workplace plans and 6 school travel plans will be completed
Parts of the Regional Land Transport Strategy will be reviewed, within a budget of \$163,000	The Ngauranga-to-Airport, Hutt and Wairarapa Corridor Plan consultation processes will be undertaken to meet the requirements of the <i>Local Government Act 2002</i> and adopted as part of the Regional Land Transport Strategy by 1 June 2008
The Wellington Transport Strategic Model will be maintained within a budget of \$100,000	The model will be updated with all relevant Census information

Activity & Level of service: Public transport infrastructure

1 Provide and maintain urban passenger trains, "Park and Ride" facilities, train stations, bus-rail interchanges, bus lanes and bus shelters

Target	Performance Indicators
All current and future public transport user facilities will be maintained in accordance with Greater Wellington's asset management plans and within a budget of \$6,931,000. This includes maintenance of public transport user facilities and provision of bus lanes and bus priority systems, as well as the improvement of signage at the region's 53 rail stations.	An annual review of maintenance activities against standards specified in the relevant asset management plan will be undertaken



Transport

Short term targets – by 30 June 2008 *(continued)*

Activity & Level of service: Fund and promote public transport services

1 Fund rail, bus and local harbour ferry passenger services

Target	Performance Indicators
More than 95% of calls to the Metlink Service Centre will be answered and customers given the necessary travel information within a budget of \$709,000	Incoming calls will be monitored and customer satisfaction will be measured by annual market research
Journey to work trips using public transport will increase by 4%	Annual patronage statistics provided by public transport operators
All rail, bus and harbour ferry service contracts will meet the requirements of Land Transport NZ (as required by the <i>Land Transport Management Act</i>)	A clear audit from Land Transport NZ
Complete the review of Wellington City services within a budget of \$250,000	The review will be reported to the Regional Passenger Transport Committee

Activity & Level of service: Fund total mobility

1 Part fund taxi services for people with disabilities

Target	Performance Indicators
The Total Mobility scheme will be administered to the satisfaction of Land Transport NZ within a budget of \$1,785,000	A clear audit from Land Transport NZ

Transport

Prospective funding impact statement



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FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	0	0
Targeted rate	35,900	37,437
Government subsidies	54,920	92,551
Interest and dividends	(7)	85
Other operating revenue	247	254
Operating revenue	91,060	130,327
Direct operating expenditure	81,200	82,309
Finance costs	428	1,450
Investment impairment	1,430	1,693
Depreciation	528	761
Operating expenditure	83,586	86,213
Operating surplus/(deficit)	7,474	44,114
Less:		
Capital expenditure	1,104	4,115
Passenger transport investment	12,008	51,038
Proceeds from asset sales	(12)	(6)
Loan funding	(4,274)	(10,218)
Rates and subsidy-funded capital expenditure	8,826	44,929
Debt repayment	612	1,554
Investment additions	0	0
Operational reserve movements	(6)	85
Working capital movements	0	0
Non-cash items ⁽¹⁾	(1,958)	(2,454)
Net funding required	0	0

OPERATING REVENUE

Plan and monitor the transport network	4,001	3,071
Provide the infrastructure for public transport ⁽²⁾	24,943	63,047
Fund and promote public transport services ⁽²⁾	60,140	60,463
Fund total mobility	1,976	3,746
Total operating revenue	91,060	130,327

OPERATING EXPENDITURE

Plan and monitor the transport network	3,975	3,048
Provide the infrastructure for public transport ⁽²⁾	17,356	18,852
Fund and promote public transport services ⁽²⁾	60,278	60,541
Fund total mobility	1,977	3,772
Total operating expenditure	83,586	86,213

CAPITAL EXPENDITURE AND TRANSPORT INVESTMENT

Rail	11,773	42,384
Other	1,309	12,636
Capital project expenditure	13,082	55,020
Land and buildings	0	0
Plant and equipment	0	103
Vehicles	30	30
Total capital expenditure and transport investment	13,112	55,153

(1) Non-cash items include depreciation and impairment of the investment in Greater Wellington's 100% owned subsidiary WRC Holdings Ltd. The investment in WRC Holdings Ltd is for the purchase of passenger transport rolling stock and public transport infrastructure. The assets purchased will be subject to depreciation, resulting in a projected investment impairment.

(2) Certain LTCCP comparatives have been adjusted to aid comparability.



Contribution to community outcomes

Essential services

Healthy community

Collect water from the Hutt, Wainuiomata and Orongorongo catchments and the Waiwhetu aquifer for public drinking water supply.

Treat water so that it meets the Ministry of Health's standards for drinking water.

Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington.

Assess the demand for water – now and in the future – and plan how such demands will be met, including developing future sources.

Healthy environment

Encourage people to use water wisely.

Manage catchments so that treatment plants receive good water quality.

Prepared community

Maintain our pipes and plants and build resilience in the system so that water can continue to be supplied after an emergency – or restored as quickly as possible.

Work with city councils to plan how water will be delivered to the community following an emergency event that disrupts supply.



Water supply

Key projects for 2007/08

Activity: Collect, treat and deliver water

- Supply water to our four Wellington metropolitan city council customers that complies with the New Zealand Drinking Water Standards: 2005. This includes chemical, aesthetic and microbiological compliance.
- Ensure that the gradings of our water treatment plants are maintained. Two are graded A1, the highest grading. Waterloo is graded B, the highest grading possible because chlorine is not added as requested by Hutt City Council.
- Ensure that there is sufficient water to meet the community's expectations in all reasonable circumstances other than in an extreme drought with a return period of 50 years or more.
- Undertake a water conservation programme over the summer of 2007/08 to promote wise use of water, particularly for watering gardens.
- Ensure that all our resource consents are complied with as part of our environmental commitment.
- Manage vegetation and control pests in the Council-owned water catchments to ensure that high quality water enters our treatment plants, thereby making treatment less expensive with less risk.
- Publish a comprehensive business report on Greater Wellington's water supply activities which will be made available to our four Wellington metropolitan city council customers, and also distributed to public libraries and published on Greater Wellington's website. This is in addition to Greater Wellington's annual report.

Activity: Plan to meet current and future demands for water

- Consult with the four Wellington metropolitan city councils and the public about the options for supplying water to our growing population, which will include a new dam and/or water conservation measures.
- Maintain our water supply assets. Capital expenditure of \$4,940,000 has been provided in 2007/08 to either replace existing assets or acquire new assets.

Activity: Plan for emergencies

- Improve the security and reduce the risks to our water supply, for example, by providing an emergency pumping station to ensure a second source of supply to part of Wellington City.
- Provide for a major disaster by self insuring the pipelines, Stuart Macaskill Lakes and the tunnels with a sum of \$750,000 being added to the fund. Other assets, such as water treatment plants, will be insured via the normal insurance market.



Key changes from the *2006–16 Ten-Year Plan (LTCCP)*

- The budgeted water supply expenditure for 2007/08 is \$29,377,000 which is \$2,000 less than the expenditure provided for in the LTCCP.
- Capital expenditure on fixed infrastructure for 2007/08 in the LTCCP was shown as \$6,377,000. This amount will now be \$4,940,000. The major variation is the deferment of a new Hutt River intake and associated pumping station at Te Marua by one year. This has reduced expenditure by almost \$2.0 million. The other changes result from relatively minor refinements to the capital works programme.
- A Water Management Plan is being prepared with our four Wellington metropolitan city council customers. \$185,000 has been allowed to support the implementation of this plan.



Water supply

Short term targets – by 30 June 2008

Activity & Levels of service: Collect, treat and deliver water

- 1 Collect water from the Hutt, Wainuiomata and Orongorongo catchments and the Waiwhetu aquifer for public drinking water supply
- 2 Manage catchments so that treatment plants receive good quality water
- 3 Treat water so that it meets the Ministry of Health's standards for drinking water
- 4 Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington

Target	Performance Indicators
The collection, treatment and delivery of water will be managed to ensure the quality of water supplied continually complies with the Ministry of Health's NZ Drinking Water Standards: 2005	Water testing will be carried out by an International Accreditation NZ (IANZ) registered laboratory at various sampling points, in accordance with the requirements of the NZ Drinking Water Standards: 2005
The gradings of the water treatment plants at 1 July 2007 will be maintained, except for the plants that will be graded during the year	The current gradings of water treatment plants will be maintained and operational staff will hold the relevant NZQA qualifications as required by Ministry of Health grading guidelines
Vegetation management and pest control measures will be carried out in water catchments in accordance with the Forestry Management Plan and within a \$306,000 budget, so that treatment plants receive good quality water	The work will be completed within the budget of \$306,000
Our four Wellington metropolitan city council customers will be provided with a business report by 30 November 2007, including: <ul style="list-style-type: none"> • Financial results for the preceding financial year ended 30 June • Actual quality compared with targeted performance • A list of interruptions to supply incidents, and time taken to respond and repair • A report on compliance with resource consent requirements • Status of ongoing service level agreements 	A business report will be provided to our customers by 30 November 2007



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Plan to meet current and future demands for water

- 1 Assess the demand for water now and in the future and plan how such demands will be met, including developing new water sources
- 2 Encourage people to use water wisely

Target	Performance Indicators
System enhancements will start to enable supply for a population of 390,000	There will be sufficient water to meet the requirements of our growing population
A Council report will be prepared on the preferred new water source option	Council will receive a report by 31 December 2007
A water conservation programme will be implemented within a \$185,000 budget	The programme will be undertaken at a cost not exceeding \$185,000

Activity & Level of service: Plan for emergencies

- 1 Maintain our pipes and plants, and build resilience in the system so that water can continue to be supplied after an emergency or restored as quickly as possible

Target	Performance Indicators
At least one customer emergency connection will be installed within a \$100,000 budget	At least one emergency connection will be installed at a maximum cost of \$100,000
Hazard protection work will be undertaken at a cost not exceeding \$200,000	A sum not exceeding \$200,000 will be spent on protecting the fixed infrastructure from hazard events or improving the speed of repair



Water supply

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	0	0
Targeted rate	0	0
Water supply levy	23,460	24,187
Government subsidies	0	0
Interest and dividends	821	706
Other operating revenue	641	730
Operating revenue	24,922	25,623
Direct operating expenditure	15,566	15,581
Finance costs	4,131	3,617
Depreciation	6,588	7,057
Operating expenditure	26,285	26,255
Operating surplus/(deficit)	(1,363)	(632)
Less:		
Capital expenditure	5,184	6,548
Proceeds from asset sales	(26)	(10)
Loan funding	(4,940)	(6,377)
Levy-funded capital expenditure	218	161
Debt repayment	3,436	4,808
Investment additions	1,571	1,456
Operational reserve movements	0	0
Working capital movements	0	0
Non-cash items	(6,588)	(7,057)
Net funding required	0	0

OPERATING REVENUE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Collect, treat and deliver water	24,922	25,623
Total operating revenue	24,922	25,623

OPERATING EXPENDITURE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Collect, treat and deliver water	26,285	26,255
Total operating expenditure	26,285	26,255

CAPITAL EXPENDITURE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Water sources	625	3,088
Water treatment plants	1,940	1,258
Pipelines	270	72
Pump stations	275	278
Reservoirs	100	412
Monitoring and control	880	804
Seismic protection	200	206
Other	650	259
Capital project expenditure	4,940	6,377
Land and buildings	0	0
Plant and equipment	126	130
Vehicles	118	41
Total capital expenditure	5,184	6,548



Contribution to community outcomes

Quality lifestyle

Sense of place

Healthy community

Healthy environment

Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park and East Harbour Regional Park.

Manage the Hutt River trail and recreation areas in the Akatarawa and Pakuratahi Forests and in the Hutt, Wainuiomata and Orongorongo catchments.

Prepare management plans to guide use and development.

Develop and maintain assets, for example, tracks, plantings, shelters and other facilities.

Care for and monitor ecosystem health.

Provide a ranger service to help the public enjoy our parks, recreation areas and trails.

Run a summer programme of community events.

Involve local communities in the management of these areas.



Key projects for 2007/08

Activity: Manage regional parks and recreation areas

- Undertake preliminary design work on a wetland regional park at Lake Wairarapa
- Conduct an aerial 1080 possum control operation in the Akatarawa Forest
- Eradicate animal pests in the Wainuiomata Mainland Island
- Construct a rangers office to enhance customer service in East Harbour Regional Park
- Replace 7.3km of fencing in the parks network to ensure good management of stock
- Complete the Battle Hill Farm Forest Park and Belmont Regional Park Management Plans
- Review Greater Wellington's Concessions Policy to ensure it provides for the many and varied commercial and non-commercial activities that happen in the parks

Activity: Promote community use

- Run a Regional Outdoors Programme of at least 40 events from January to March 2008
- Implement Environmental Enhancement projects in the parks, particularly:

Queen Elizabeth Park

- Further removal of macrocarpas and revegetation planting in the Kahikatea bush remnant
- Restoration planting in the wetland systems of MacKays Crossing
- Further spinifex dune restoration planting in the coastal dunes

- Construction of steps at Paekakariki to improve beach access
- Continued riparian planting alongside Whareroa Stream
- Updated interpretation for the US Marines display at Queen Elizabeth Park

Battle Hill Farm Forest Park

- Wetland restoration in Swampy Gully
- Ongoing intensive animal and plant pest control throughout the farm

Belmont Regional Park

- Restoration planting and pest control in the Cannons Creek restoration area with the Friends of Maara Roa
- Goat control and ongoing possum control in the Korokoro Bush, Speedy's and Dry Creek Reserves

East Harbour Regional Park

- Assistance for local community groups to carry out pest control and restoration planting in the Mainland Island area

Pakuratahi Forest (Rimutaka Rail Trail)

- Ongoing riparian weed removal
- Planting at Summit, Ladle Bend and Munitions Siding to enhance amenity areas for picnics and camping



Key changes from the *2006–16 Ten-Year Plan (LTCCP)*

- Ranger services (\$300,000) for the new wetland regional park at Lake Wairarapa have been deferred to the 2008/09 financial year
- Ranger services (\$236,000) for Whitireia Park have been deferred to the 2008/09 financial year until the transfer of the land has been finalised
- Additional revenue of \$100,000 included as a result of the newly purchased Waitangirua Farm being leased to Landcorp Farming Limited
- Toilet facilities on top of the Rimutaka Summit will be closed generating a small cost saving of \$10,000



Short term targets – by 30 June 2008

Activity & Levels of service: Manage regional parks and recreation areas

- 1** Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park, and East Harbour Regional Park
- 2** Manage the Hutt River trail and recreation areas in the Akatarawa and Pakuratahi Forests and in the Hutt, Wainuiomata and Orongorongo catchments
- 3** Prepare management plans to guide use and development
- 4** Develop and maintain assets, for example, tracks, plantings, shelters and other facilities

Target	Performance Indicators
Environmental assets and settings within the regional parks and forests will be managed in accordance with the Parks Environmental Asset Management Plan service levels, and within a budget of \$1,028,000	A report on compliance with the standards in the Environmental Asset Management Plan will be approved by Council
Recreation and heritage assets and facilities in regional parks and forests will be managed in accordance with the Parks Infrastructural Asset Management Plan service levels, and within a budget of \$1,351,000	A report on compliance with the Infrastructural Asset Management Plan service levels will be approved by Council
The annual capital works programme will be undertaken to appropriate architectural and engineering standards, and within the Parks Asset Management Plan service levels, and within a budget of \$124,000	A progress report will be approved by Council
Greater Wellington will investigate the possibility of assisting renewable energy production (for example, solar, wind and hydro energy) on its own land within a budget of \$90,000	Greater Wellington will assist the developer of the Puketiro wind farm site and continue monitoring wind speeds at Belmont Regional Park
The annual policy and planning work programme will be implemented in accordance with the relevant statutory processes, and within a budget of \$248,000	A review of the Battle Hill Farm Forest Park and Belmont Regional Park Management Plans will be completed and Greater Wellington's Concessions Policy and Parks Bylaws will also be reviewed



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Promote community use

- 1** Provide a ranger service to help the public enjoy our parks, recreation areas and trails
- 2** Run a summer programme of community events
- 3** Involve local communities in the management of these areas

Target	Performance Indicators
The marketing plan for the regional parks and forests will be implemented within a budget of \$156,000 and will include the planning, promotion and implementation of a regional outdoor programme	A progress report will be approved by Council
Ranger services will be provided that facilitate public access, education and inform visitors and users, liaise with community and stakeholder groups, and ensure compliance with Council policies, within a budget of \$847,000	Greater Wellington will continue to provide a 5 and 7 day service across regional parks and recreation areas
Annual community enhancement projects will be completed to a budget of \$94,000	A progress report will be approved by Council



Parks

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	5,463	6,115
Targeted rates	0	0
Government subsidies	0	0
Interest and dividends	0	0
Other operating revenue	1,056	973
Operating revenue	6,519	7,088
Direct operating expenditure	5,787	6,292
Finance costs	257	245
Depreciation	482	477
Operating expenditure	6,526	7,014
Operating surplus/(deficit)	(7)	74
Less:		
Capital expenditure	410	452
Proceeds from asset sales	(89)	(87)
Loan funding	(108)	(75)
Rates-funded capital expenditure	213	290
Debt repayment	262	261
Investment additions	0	0
Operational reserve movements	0	0
Working capital movements	0	0
Non-cash items	(482)	(477)
Net funding required	0	0

OPERATING REVENUE

Manage regional parks and recreation areas
Promote community use

	2007/08 Plan \$000s	2008/09 LTCCP \$000s
Manage regional parks and recreation areas	5,986	5,734
Promote community use	533	1,354
Total operating revenue	6,519	7,088

OPERATING EXPENDITURE

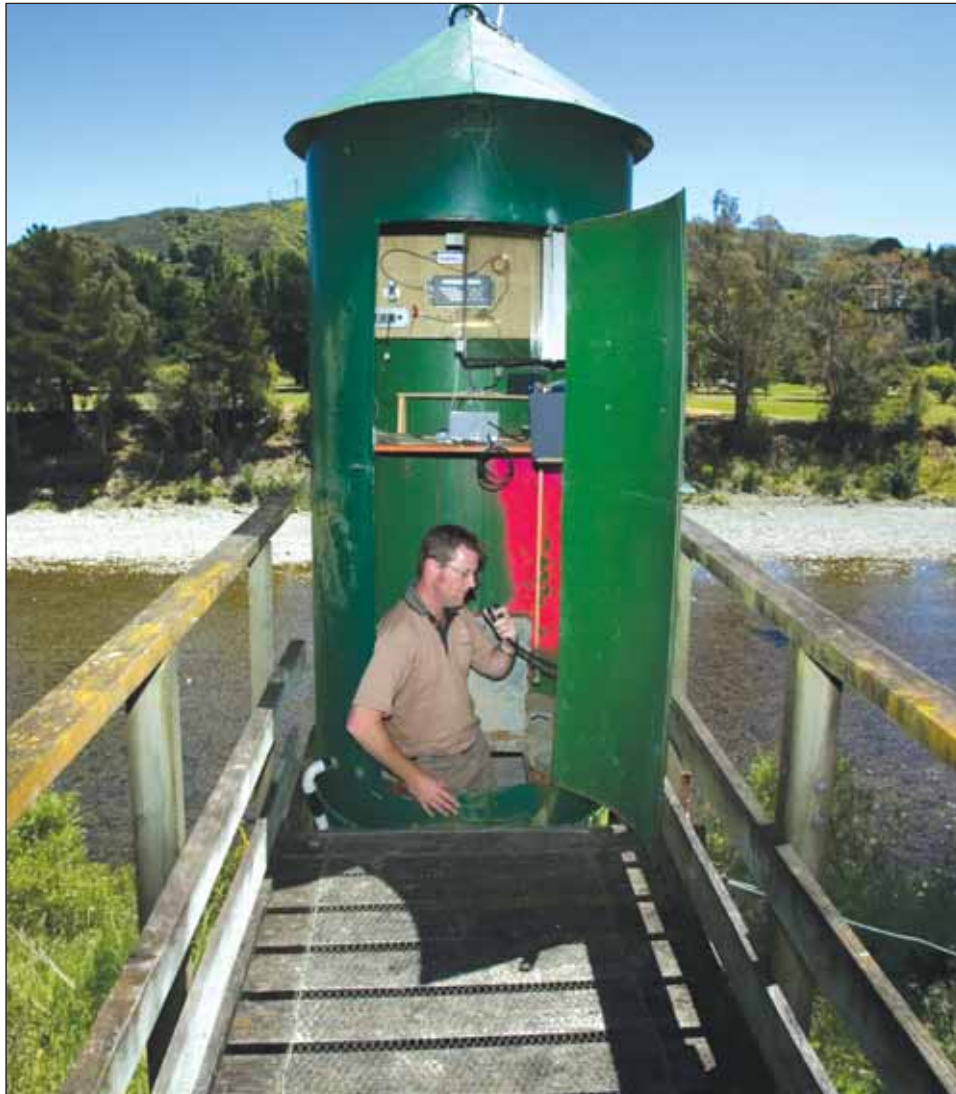
Manage regional parks and recreation areas
Promote community use
Total operating expenditure

	2007/08 Plan \$000s	2008/09 LTCCP \$000s
Manage regional parks and recreation areas	5,993	5,660
Promote community use	533	1,354
Total operating expenditure	6,526	7,014

CAPITAL EXPENDITURE

Whitireia Park enhancements
East Harbour Park enhancements
Akatarawa Recreation Area enhancements
Queen Elizabeth Park enhancements
Asset management plan upgrades
Capital project expenditure
Land and buildings
Plant and equipment
Vehicles
Total capital expenditure

	2007/08 Plan \$000s	2008/09 LTCCP \$000s
Whitireia Park enhancements	0	0
East Harbour Park enhancements	50	0
Akatarawa Recreation Area enhancements	0	0
Queen Elizabeth Park enhancements	0	0
Asset management plan upgrades	58	75
Capital project expenditure	108	75
Land and buildings	0	0
Plant and equipment	38	39
Vehicles	264	338
Total capital expenditure	410	452



Contribution to community outcomes

Quality lifestyle

Plan to reduce the impacts of floods.
Build and maintain agreed flood protection works, for example, stopbanks.
Provide a consultancy service for land drainage schemes.

Prepared community

Plan for emergency events.
Tell people about the risks they face and how these can be managed.
Operate the Wellington Civil Defence Emergency Management Group Emergency Operations Centre.
Operate a flood warning system.

Healthy community

Provide navigation aids in our harbours and a communications service for Wellington Harbour.
Educate people about water safety and enforce maritime safety rules.

Healthy environment

Enhance the environment along flood corridors.

Sense of place

Clean up oil spills in our harbours and coastal waters.



Safety and flood protection

Key projects for 2007/08

Activity: Flood protection

- Complete the Waiwhetu Stream investigations, which includes preparing the Floodplain Management Plan in consultation with the local community.
- Progress the Waingawa River scheme review and complete river investigations in the Wairarapa within a budget of \$343,000. The substantive work for the Waingawa scheme review has been rescheduled for 2007/08 because of work required to complete the complex review of the Lower Wairarapa Valley Development Scheme in 2006/07.
- Carry out \$6.1 million of capital river works across the region including the Ava Railway bridge improvements, the Chrystalls extended stopbank, the South Waitohu stopbank, and the Whirinaki Crescent stopbank. Commence the Lower Wairarapa Valley Development Scheme improvement works.
- Complete \$3.8 million of river maintenance work on river schemes in the region including the Hutt, Otaki, Waikanae, and Ruamahanga rivers.

Activity: Emergency management

- Prepare a regional recovery plan for the Wellington Region Civil Defence Emergency Management (CDEM) group.

Activity: Harbours management

- Manage the region's harbours and coastal waters for navigational and safety purposes, clean up oil spills, and promote education about water safety.
- Complete a Port and Harbour Safety Management System to address the recommendations of the recently completed Port and Harbour Navigational Risk Assessment.



Key changes from the 2006–16 Ten-Year Plan (LTCCP)

Activity: Flood protection

- Lower Wairarapa Valley Development (LWVD) river scheme capital works (\$870,000) will now start in 2007/08. The \$585,000 of capital works programmed for 2006/07 was deferred because of flood damage, and has now been rescheduled to take place over seven years until 2013/14. Total capital expenditure on the LWVD river scheme is unchanged at \$6,543,000.
- Capital budgets of \$1.65 million for the Chrystalls extended stopbank on the Otaki River, and \$476,000 for the Whirinaki Crescent stopbank on the Hutt River, have been included to complete these projects. Both were delayed in 2006/07 because of land access issues.
- Bank edge improvement works on the Otaki river from State Highway 1 to the rivermouth, and the Otaihanga house raising project, have been deferred by one year, and will now commence in 2008/09.
- Additional \$51,000 provided to complete the Waiwhetu Stream Floodplain Management Plan investigation.

Activity: Emergency management

- Additional \$61,000 included to maintain the new communications system that has been purchased for the Wellington CDEM Group's regional Emergency Operations Centre.

Activity: Harbours management

- An additional \$50,000 has been included for a staff resource at the Beacon Hill Signal Station. Additional capacity at the Signal Station was a recommendation from our Port and Harbour Navigational Risk Assessment.



Safety and flood protection

Short term targets – by 30 June 2008

Activity & Levels of service: Flood protection

- 1 Plan to reduce the impacts of floods
- 2 Operate a flood warning system
- 3 Build and maintain agreed flood protection works, for example, stopbanks
- 4 Enhance the environment along flood corridors
- 5 Provide a consultancy service for land drainage schemes

Target	Performance Indicators
The Waiwhetu Stream flood plain investigation will be completed within a budget of \$51,000	A Floodplain Management Plan will be adopted by Greater Wellington and Hutt City Council
River investigations in the Wairarapa, including the Waingawa scheme review, will be completed to the satisfaction of the Rural Services and Wairarapa Committee, and within a budget of \$343,000	Progress and completion of all flood protection programmes will be reported to Council
The Ava Railway Bridge improvements will be completed, including the stopbank upgrade, edge protection works, and Greater Wellington's contribution to the Opahu Stream pump station (to be constructed by Hutt City Council), in accordance with accepted engineering standards and within a budget of \$6,218,000	As above
The construction of the Chrystalls extended stopbank, Otaki River, will be completed in accordance with accepted engineering standards and within a budget of \$1,650,000	As above
The construction of the South Waitohu stopbank, Otaki, will be completed in accordance with accepted engineering standards and within a budget of \$506,000	As above

Safety and flood protection



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Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Flood protection *(continued)*

Target	Performance Indicators
The Lower Wairarapa Valley Development scheme stopbank improvements will be completed within a budget of \$870,000	Progress and completion of all flood protection programmes will be reported to Council
Maintenance operations in the Western part of the region will be completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, and within a budget of \$2,271,000	As above
Maintenance operations for the ten Wairarapa river schemes will be completed to established standards and to the satisfaction of the Scheme Advisory Committees, and within a budget of \$1,557,000	As above
The Hutt, Waikanae, and Otaki River Corridors will be maintained to the satisfaction of the Landcare Committee and, where appropriate, improvements identified in the adopted River Environmental Strategy will be undertaken, within a budget of \$156,000	As above



Safety and flood protection

Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Emergency management

- 1 Plan for emergency events
- 2 Tell people about the risks they face and how these can be managed
- 3 Operate the Wellington Civil Defence Emergency Management (CDEM) Group Emergency Operations Centre

Target	Performance Indicators
The Wellington CDEM Group Plan will be implemented to the satisfaction of the CDEM Group	Progress on implementing the Wellington CDEM Group Plan will be reported to and approved by the Wellington CDEM Group



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Harbours management

- 1** Provide navigation aids in our harbours and a communications service for Wellington Harbour
- 2** Educate people about water safety and enforce maritime safety rules
- 3** Clean up oil spills in our harbours and coastal waters

Target	Performance Indicators
The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, in accordance with Council agreed operating standards, and within a budget of \$415,000	Beacon Hill will operate in accordance with guidelines set in the Beacon Hill Operations Manual
Safety in harbours and coastal waters is maintained within a budget of \$100,000 by: <ul style="list-style-type: none"> • Administering the Wellington Regional Navigation and Safety Bylaws • Educating recreational boaters and harbour users about safety issues • Monitoring behaviour for safety purposes with our harbour ranger service • Investigating all reports of unsafe behaviour (a formal record will be kept) 	Regular reports on these activities will be contained in routine management reports to the Council
Reports of oil spills in harbour waters will be checked within 30 minutes and clean-up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, within a budget of \$16,000	Responses will be within specified target timeframes and a formal log will be kept and incidents followed up whenever possible



Safety and flood protection

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	8,359	8,388
Targeted rates	4,679	4,756
Government subsidies	121	125
Interest and dividends	466	376
Other operating revenue	2,244	1,801
Operating revenue	15,869	15,446
Direct operating expenditure	9,325	9,309
Finance costs	2,311	2,357
Depreciation	958	1,188
Operating expenditure	12,594	12,854
Operating surplus/(deficit)	3,275	2,592
Less:		
Capital expenditure	6,399	4,973
Proceeds from asset sales	(79)	(56)
Loan funding	(5,643)	(4,622)
Rates-funded capital expenditure	677	295
Debt repayment	2,103	2,188
Investment additions	357	335
Operational reserve movements	1,096	962
Working capital movements	0	0
Non-cash items	(958)	(1,188)
Net funding required	0	0

OPERATING REVENUE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Flood protection	13,391	13,092
Emergency management	748	675
Harbour management	1,730	1,679
Total operating revenue	15,869	15,446

OPERATING EXPENDITURE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Flood protection	10,130	10,412
Emergency management	759	726
Harbour management	1,705	1,716
Total operating expenditure	12,594	12,854

CAPITAL EXPENDITURE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Harbours improvements	0	0
Hutt floodplain management plan	150	155
Hutt river improvements	2,956	2,556
Waikanae river improvements	0	124
Otaki river improvements	1,882	749
Wairarapa scheme improvements	870	951
Other flood protection	251	206
Capital project expenditure	6,109	4,741
Land and buildings	0	0
Plant and equipment	90	93
Vehicles	200	139
Total capital expenditure	6,399	4,973



Contribution to community outcomes

Prosperous community

Healthy environment

Develop pest management strategies.

Eradicate or reduce significant pests (for example, possums, manchurian wildrice, moth plant and rooks).

Reduce numbers of wildlife that transmit Bovine Tuberculosis to farmed cattle and deer (under contract to the Animal Health Board).

Investigate and manage the use of land.

Assist farmers and the community to protect and enhance the land.

Provide advice on land management issues.



Key projects for 2007/08

Activity: Manage pest plants and animals

Regional pest management strategy review

- Complete the five year review of the Regional Pest Management Strategy (RPMS) commenced in 2006. A draft RPMS is scheduled for public consultation in early 2007. Any hearings and appeals will continue into the 2007/08 year. Approval of the revised RPMS by Greater Wellington is scheduled for late 2007.

Implementing the National Pest Plant Accord

- The National Pest Plant Accord (NPPA) is an agreement between Regional Councils, Department of Conservation, Biosecurity NZ and the Nursery and Garden Industries Association. The NPPA seeks to prevent the spread of unwanted organisms throughout NZ. Greater Wellington plays a key role in implementation by undertaking annual inspections of all plant retailers, wholesalers, and markets to ensure no NPPA plants are being offered for sale, distribution or propagation. Liaison is also required with neighbouring Councils to prevent movement across borders.

Activity: Control bovine tuberculosis in wildlife

- Manage Bovine Tb vector control operations in the region to protect farmed cattle and deer in accordance with the Wellington Bovine Tb Strategic Plan. On behalf of the Animal Health Board, Greater Wellington will plan and implement control operations over 272,100 hectares at a cost of \$4,219,000.

Activity: Promote sustainable land management

Erosion control planting programmes

- Support good land management practices to control erosion, including planting poplars in our hill country, establishing shelterbelts, and riparian planting alongside waterways to improve the quality of our river catchments.

Riparian management

- Review the Streams Alive programme which was launched in 2004. The programme focuses on the establishment of riparian margins within 12 key catchments throughout the region.

Integrated catchment management

- Develop Greater Wellington's long-term approach to integrating our land and river management programmes to improve the quality of our river catchments. We want to work closely with the community to improve the quality of our river catchments.



Key changes from the 2006–16 Ten-Year Plan (LTCCP)

Activity: Manage pest plants and animals

- Additional expenditure of \$20,000 has been provided for more pest animal work in our key native ecosystem areas, and to publish the reviewed Regional Pest Management Strategy.

Activity: Control bovine tuberculosis in wildlife

- Expenditure on Bovine Tb vector control (\$4.4 million) has been reduced by \$73,000 in accordance with the programme proposed by the Animal Health Board. Total expenditure for the nine years to 2015/16 has been reduced by \$5.5 million.

Activity: Promote sustainable land management

- Additional expenditure of \$142,000 per year has been provided to ensure adequate resources are in place to maintain Greater Wellington's promotion of sustainable land management programmes which work with individual landowners and community groups.



Land

Short term targets – by 30 June 2008

Activity & Levels of service: Manage pest plants and animals

- 1** Develop pest management strategies
- 2** Eradicate or reduce significant pests (for example, possums, manchurian wildrice, moth plant and rooks)

Target	Performance Indicators
Work programmes identified in the sixth year of the Regional Pest Management Strategy 2002-2022 will be implemented in accordance with the approved operational plan, within a budget of \$2,362,000	A progress report will be approved by Council

Activity & Level of service: Control bovine tuberculosis in wildlife

- 1** Reduce numbers of wildlife that transmit bovine tuberculosis to farmed cattle and deer (under contract to the Animal Health Board)

Target	Performance Indicators
Bovine Tb vector control operations will be planned and implemented over 272,100 hectares in accordance with the Wellington Bovine Tb Strategic Plan, within a budget of \$4,219,000	Progress will be reported monthly to the Animal Health Board as well as in a year end report



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: Promote sustainable land management

- 1 Investigate and monitor the use of land
- 2 Assist farmers and the community to protect and enhance the land
- 3 Provide advice on land management issues

Target	Performance Indicators
Approved soil conservation programmes, incorporating 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and four kilometres of shelterbelt, will be completed to the Council's performance standards, within a budget of \$550,000	A progress report will be approved by Council
Approved programmes will be completed under six catchment control schemes to each Advisory Committee's satisfaction and to the Council's performance standards, within a budget of \$91,000	A progress report will be approved by Council
Stage two of the soil quality monitoring programme will continue – established sites will be re-visited to establish whether there has been any change over time, within a budget of \$30,600	A progress report will be approved by Council
Five kilometres of riparian restoration works will be carried out to increase biodiversity along stream banks, within a budget of \$196,000	A progress report will be approved by Council



Land

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	4,352	4,066
Targeted rates	196	195
Government subsidies	0	0
Interest and dividends	59	47
Other operating revenue	6,355	6,721
Operating revenue	10,962	11,029
Direct operating expenditure	10,847	10,941
Finance costs	0	0
Depreciation	91	35
Operating expenditure	10,938	10,976
Operating surplus/(deficit)	24	53
Less:		
Capital expenditure	187	158
Proceeds from asset sales	(45)	(32)
Loan funding	0	0
Rates-funded capital expenditure	142	126
Debt repayment	0	0
Investment additions	0	0
Operational reserve movements	(27)	(38)
Working capital movements	0	0
Non-cash items	(91)	(35)
Net funding required	0	0

OPERATING REVENUE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Promote sustainable land management	2,667	2,481
Control bovine Tb wildlife vectors	4,477	4,638
Manage pest plants and animals	3,818	3,910
Total operating revenue	10,962	11,029
OPERATING EXPENDITURE		
Promote sustainable land management	2,632	2,462
Control bovine Tb wildlife vectors	4,524	4,696
Manage pest plants and animals	3,782	3,818
Total operating expenditure	10,938	10,976
CAPITAL EXPENDITURE		
Land and buildings	0	0
Plant and equipment	0	0
Vehicles	187	158
Total capital expenditure	187	158



Contribution to community outcomes

Strong and tolerant community

Provide opportunities for the public to participate in decision-making, for example, in meetings or through planning and budgeting processes.

Run elections and pay Councillors.

Arrange and service Council meetings.

Work with iwi – collectively through Ara Tahi – and also individually.

Assist iwi to undertake special projects and to work with Greater Wellington.

Entrepreneurial and innovative region

Promote the implementation of the Wellington Regional Strategy in conjunction with city and district councils in the region.

Operate a regional economic development agency (EDA).

Quality lifestyle

Service a \$25 million loan to the Stadium Trust.



Key projects for 2007/08

- Carry out those arrangements for Greater Wellington's triennial elections in October 2007 for which the Council is responsible, and thereafter manage an induction process for Councillors.
- Review our standing orders and other statutory documents, for example, the Local Governance Statement and Code of Conduct.
- Promote the implementation of the Wellington Regional Strategy.
- Operate a regional economic development agency (EDA) to carry out the economic development projects of the Wellington Regional Strategy.

[Please note however, that the proposed governance and funding for the Wellington Regional Strategy is currently subject to an objection process initiated by Upper Hutt City Council. We anticipate that this will be resolved before the final 2007/08 Annual Plan is approved by Greater Wellington.]



Key changes from the 2006–16 Ten-Year Plan (LTCCP)

- Provision has been made for increased election costs to allow for rises in the cost of paper and postage (\$33,000). Also, \$10,000 has been added for Councillors' induction post election.
- An additional \$60,000 has been included for democratic services distribution of order papers. Costs have increased in this area and we have taken on an additional committee (Wellington Regional Strategy Committee). We will be reviewing how we distribute material to councillors in an effort to reduce these costs.
- Greater Wellington has undertaken a comprehensive consultation process to amend its 2006–16 Ten-Year Plan (LTCCP) to introduce new activities relating to the Wellington Regional Strategy (WRS). An additional \$300,000 has been included in the *Proposed 2007/08 Annual Plan* for Greater Wellington to act as keeper of the WRS. It is anticipated that this be funded by Central Government.

Furthermore, a total of \$4.5 million (including GST) has been provided to operate a regional economic development agency (EDA). Offsetting this, up to \$3.9 million currently collected by city and district councils in the region for economic development purposes will be deducted from rates. Greater Wellington's agreement to fund the regional EDA is contingent on that rate reduction.

[Please note however, that as stated on page 62, the proposed governance and funding for the Wellington Regional Strategy is currently subject to an objection process initiated by Upper Hutt City Council. We anticipate that this will be resolved before the final 2007/08 Annual Plan is approved by Greater Wellington.]



Community

Short term targets – by 30 June 2008

Activity & Levels of service: Run a democratic process

- 1 Provide opportunities for the public to participate in decision-making, for example, in meetings or through planning and budgeting processes
- 2 Run elections and pay Councillors
- 3 Arrange and service Council meetings

Target	Performance Indicators
All statutory decision-making processes will be completed in accordance with legislative requirements	A review of standing orders and statutory documents such as the Local Governance Statement, Code of Conduct and other manuals will be completed
Community input will be sought prior to any significant decision on matters which may impact on rates	There will be no failures to meet legal requirements for public consultation processes
The 2007 local body election process will run efficiently and without error	Those election arrangements for which the Council is responsible will be carried out to the satisfaction of the Council and Chief Executive with no justifiable complaints received
Public notice of meetings will be given in accordance with the <i>Local Government Official Information and Meetings Act 1987</i>	There will be no breaches of our statutory requirements with regard to the public notice of meetings; order papers for ordinary meetings will be available for public inspection at least two working days before the meeting

Activity & Levels of service: Involve Maori in our work

- 1 Work with iwi – collectively through Ara Tahi – and also individually
- 2 Assist iwi to undertake special projects and to work with Greater Wellington Regional Council

Target	Performance Indicators
Ara Tahi will meet six times, within budget	Ara Tahi will meet six times, within budget
Iwi will be resourced to undertake special projects which will mutually benefit Council and iwi, and to engage with Council on a wide range of issues	Iwi will work through Council's budgetary processes to be funded to undertake special projects under relevant contracts, and to engage with Council on non-notified consents and other issues that may have an impact on iwi



Short term targets – by 30 June 2008 *(continued)*

Activity & Levels of service: To act as keeper of the Wellington Regional Strategy

- 1 Operate a Wellington Regional Strategy (WRS) Committee to develop and implement the WRS**
- 2 Develop an effective Wellington Regional Strategy addressing sustainable prosperity and quality of life, and monitor its implementation**

Target	Performance Indicators
Progress on the strategic actions identified in the adopted Wellington Regional Strategy will be achieved according to timetable	Progress will be reported to the Wellington Regional Strategy Committee
Greater Wellington Regional Council will continue to facilitate stakeholder engagement in Wellington Regional Strategy priority action areas	All stakeholder engagement will be to the satisfaction of the Wellington Regional Strategy Committee

Activity & Levels of service: Operate a regional economic development agency

- 1 Establish and fund an economic development agency (EDA) for the region via a Council Controlled Organisation**

Target	Performance Indicators
The arrangements and change processes for delivering economic development in the region will be completed	A business plan for the EDA will be agreed by the Wellington Regional Strategy Committee
The EDA will meet the agreed Statement of Intent requirements, as approved by the Wellington Regional Strategy Committee	The EDA will operate in accordance with its agreed Statement of Intent
The EDA will operate within the budget agreed by the Wellington Regional Strategy Committee	The EDA will operate in accordance with its business plan agreed by the Wellington Regional Strategy Committee

[Please note that the proposed governance and funding for the Wellington Regional Strategy is currently subject to an objection process initiated by Upper Hutt City Council. We anticipate that this will be resolved before the final 2007/08 Annual Plan is approved by Greater Wellington.]



Community

Prospective funding impact statement

FUNDING STATEMENT

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rate	2,723	2,791
Targeted rates	6,676	2,676
Government subsidies	0	0
Interest and dividends	7	7
Other operating revenue	4,210	2,575
Operating revenue	13,616	8,049
Direct operating expenditure	10,360	4,770
Finance costs	1,554	1,554
Depreciation	32	23
Operating expenditure	11,946	6,347
Operating surplus/(deficit)	1,670	1,702
Less:		
Capital expenditure	65	67
Proceeds from asset sales	(16)	(16)
Loan funding	0	0
Rates-funded capital expenditure	49	51
Debt repayment	1,068	1,068
Investment additions	0	0
Operational reserve movements	(196)	(173)
Working capital movements	0	0
Non-cash items ⁽¹⁾	749	756
Net funding required	0	0

OPERATING REVENUE

	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Run a democratic process	4,645	3,987
Involve Maori in our work	1,114	503
Wellington Regional Strategy	4,400	103
Contribution to the Regional Stadium	3,457	3,456
Total operating revenue	13,616	8,049
OPERATING EXPENDITURE		
Run a democratic process	4,824	4,133
Involve Maori in our work	1,114	503
Wellington Regional Strategy	4,400	103
Contribution to the Regional Stadium	1,608	1,608
Total operating expenditure	11,946	6,347
CAPITAL EXPENDITURE		
Land and buildings	0	0
Plant and equipment	17	18
Vehicles	48	49
Total capital expenditure	65	67

(1) Non-cash items include depreciation and a projected unrealised gain in the advance to the Wellington Regional Stadium Trust. The nominal amount of this advance is \$25 million and as repayment of the advance gets nearer, a higher projected value is recorded. The projected increase in value is recorded as an unrealised revaluation gain each year.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the *Revenue and Financing Policy* in the *2006–16 Ten-Year Plan (LTCCP) Policies document* at page 22. Please note that all figures on this page exclude GST.



Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- Liquid financial deposits
- Greater Wellington's treasury management function
- Administrative properties eg. depots
- Forestry and business units
- Equity investments in the WRC Holdings Group (incl. CentrePort Ltd)
- Rail rolling stock (passenger trains) and related transport infrastructure

Greater Wellington recognises that, as a responsible public authority, any investments held should be for the long-term benefit of the community, with any risk being appropriately managed. It also recognises that lower risk generally means lower returns.

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

It is important to appreciate that Greater Wellington's investments contribute approximately 12% to the total level of regional rates. In other words, regional rates would need to be 12% higher were it not for the contribution from Greater Wellington's investments.



Investments

Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits from selling its interest in CentrePort Limited to one of its wholly owned subsidiaries, Port Investments Limited.

Greater Wellington regularly reviews the rationale for holding these liquid financial deposits, taking the following into account:

- General provisions of our treasury management policy, including Greater Wellington's attitude to risk and creditworthy counterparties
- Specific provisions of Greater Wellington's treasury management policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets

Greater Wellington's treasury management function

Greater Wellington's treasury management activity is carried out centrally to maximise its ability to negotiate with financial institutions. As a result, Greater Wellington produces an internal surplus by on-lending those funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. This surplus is then used to offset regional rates.

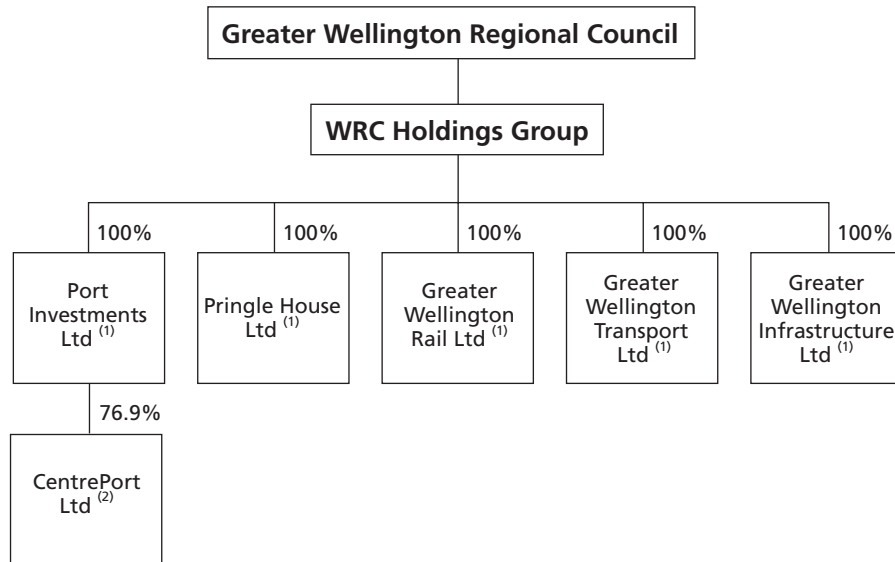
Administrative properties

Greater Wellington's ownership of its depots and the Masterton office building are grouped to form an investment category, Administrative Properties.

Forestry and business units

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

Greater Wellington currently holds 6,000 hectares of plantation and soil conservation reserve forests of which approximately 4,000 hectares are in the western or metropolitan part of the region, with the remaining 2,000 hectares in the Wairarapa. The overall investment policy of Greater Wellington with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and maintained without any demand on regional rates.



The WRC Holdings Group structure is set up to:

- Impose commercial discipline on the Group’s activities and produce an appropriate return by ensuring appropriate debt/equity funding and by requiring a commercial rate of return
- Separate Greater Wellington’s investment and commercial assets

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

In addition, Greater Wellington has minor equity interests in Civic Assurance and Airtel Limited. These investments are owned directly by Greater Wellington rather than via the WRC Holdings Group.

(1) A Council Controlled Trading Organisation in accordance with the *Local Government Act 2002*

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



WRC Holdings Group – Statement of Intent

Objectives of the Group

The primary objectives of the Group shall be to:

- a) Operate as a successful, sustainable and responsible business
- b) Own and operate Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington on a cost-effective basis (known as the Regional Council Centre)
- c) Own Greater Wellington's interest in CentrePort Limited and maximise its commercial value to shareholders in order to protect their investment, while maintaining CentrePort's strategic value to the economy of the region
- d) Hold Greater Wellington's future investments in public transport infrastructure, namely rail rolling stock, stations and trolley bus wires
- e) Effectively manage any other investments held by the Group to maximise the commercial value to shareholders and protect their investment

The financial objectives of the Group shall be to:

- a) Where possible, provide a commercial return to shareholders
- b) Adopt policies that prudently manage risk and protect the investment of shareholders

The environmental objectives of the Group shall be to:

- a) Operate in an environmentally responsible and sustainable manner
- b) Minimise the impact of any of the Group's activities on the environment
- c) Raise awareness of environmental issues within the Group
- d) Ensure CentrePort and Pringle House are more energy efficient and make greater use of renewable energy

The social objectives of the Group shall be to:

- a) Be a leading organisation and a superior employer
- b) Provide a safe and healthy workplace
- c) Participate in development, cultural and community activities within the regions in which the Group operates
- d) Help sustain the economy of the region



Performance targets

Financial	2007/08	2008/09	2009/10
Net profit/(deficit) before tax	\$5.1 million	\$5.4 million	\$1.1 million
Net profit/(deficit) after tax ⁽¹⁾	\$1.6 million	\$1.4 million	(\$2.9 million)
Return on total assets ⁽²⁾	4.1%	4.0%	2.2%
Return on shareholders' funds ⁽³⁾	(0.2%)	(0.3%)	(1.7%)
Dividends ⁽⁴⁾	\$0.2 million	\$0.5 million	\$0.7 million

(1) Net profit after tax, but before deduction of minority interest.

(2) Earnings before interest and tax as a percentage of average total assets.

(3) Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

(4) Dividends (interim and final) paid or payable to the shareholder.

General

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

Note

The performance targets are those provided by the directors in the Draft Statement of Intent (SOI) for the 2007/08 financial year

Board of Directors

Anne Blackburn
Margaret Shields
Rick Long

Ian Buchanan (Chairman)
Peter Blades
Terry McDavitt



CentrePort Limited – Statement of Corporate Intent

Objectives of the Company

The primary objectives of the Company shall be to:

- a) Operate as a successful, sustainable and responsible business
- b) Be customer focused and provide superior service
- c) Be the industry leader in transport logistics solutions

The financial objectives of the Company shall be to:

- a) Provide a commercial return to shareholders
- b) Adopt policies that prudently manage risk and protect the investment of shareholders

The environmental objectives of the Company shall be to:

- a) Operate in an environmentally responsible and sustainable manner
- b) Raise awareness of environmental issues within the Company

The social objectives of the Company shall be to:

- a) Be a learning organisation and superior employer
- b) Provide a safe and healthy workplace
- c) Participate in development, cultural and community activities within the regions in which the Company operates

Environmental objectives

- a) Comply with AS/NZS 14000: *Environmental Management Standards*.
- b) Promote the introduction into the district and regional coastal plans of the principles of NZ 6809: *1999 Acoustics – Port Noise Management and Land Use Planning*.
- c) Comply with all conditions under resource consents and permits held, and fully adhere to the requirements of environmental law generally.
- d) Maintain an environmental issues register of environmental complaints for monitoring and actioning purposes. The register is to be reported to CentrePort Limited's Health, Safety and Environment committee on a regular basis.
- e) CentrePort Limited will hold a minimum of three Health, Safety and Environment committee meetings in 2007/08 comprising CentrePort Limited and affected stakeholders (customers, port users, councils and residential groups). The meetings provide a forum to identify and inform on a range of environmental port-related matters.



CentrePort Limited – Statement of Corporate Intent *(continued)*

Social objectives

- (a) Maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and *AS/NZS 4801: Occupational Health and Safety Management Systems*.
- (b) Maintain compliance with the International Ship and Port Security (ISPS) Code which promotes security against terrorism within the port environment.
- (c) Undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety Code which promotes safety and excellence in marine operations.
- (d) Undertake an appropriate level of sponsorship.
- (e) Meet regularly with representative community groups.

General

The company will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.

When developing property the Board is to adhere to the following principles:

- Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently
- Property developments must not compromise port operations
- Developments are to be undertaken only if they are able to be funded without additional capital from shareholders

Note

The performance targets are those provided by the directors of CentrePort Limited in the Draft Statement of Corporate Intent (SCI) for the 2007/08 financial year

Shareholders of CentrePort Limited

- Port Investments Limited: 76.9%
- Horizons Regional Council: 23.1%

Board of Directors

David Benham
Malcolm Johnson
Nigel Gould (Chairperson)
Warren Larsen

Jim Jefferies
Mark Petersen
Richard Janes



Investments

Prospective income statement

	2007/08 Plan \$000s	2007/08 LTCCP \$000s		2007/08 Plan \$000s	2007/08 LTCCP \$000s
INCOME STATEMENT			NET CONTRIBUTION TO GENERAL RATES FROM INDIVIDUAL INVESTMENTS		
Operating revenue	16,687	19,005	Liquid financial deposits	2,393	2,926
Operating expenditure	10,743	12,381	WRC Holdings	801	750
Earnings before interest	5,944	6,624	Treasury management	4,610	4,074
Finance costs	(3,329)	(2,692)	Forestry	225	225
Operating surplus/(deficit)	9,273	9,316	Business units and property	4	(134)
Less:			Total contribution to general rates	8,033	7,841
Contribution to general rates	8,033	7,841			
Earnings retained	1,240	1,475			
OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS					
Liquid financial deposits	2,393	2,926			
WRC Holdings	1,105	1,056			
Treasury management	4,610	4,074			
Forestry	1,109	1,297			
Business units and property	56	(37)			
Operating surplus	9,273	9,316			

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the *Revenue and Financing Policy* in the *2006–16 Ten-Year Plan (LTCCP) Policies document* at page 22. Please note that all figures on this page exclude GST.

Funding impact statement



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Funding mechanisms	Groups of activities funded	Valuation system	Matters for differentiation/categories of land	Calculation factor
General rate				
General rate	All except water supply, transport, regional stadium, and economic development agency (EDA)	Capital value	Where the land is situated	Cents per dollar of rateable capital value
Targeted rates				
Regional transport	Transport	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
River management	Safety and flood protection	Capital value/ land value	Where the land is situated	Cents per dollar of rateable capital value/land value
Stadium purposes	Community	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
Economic development agency rate (EDA) ⁽¹⁾	Community	Capital value for Business / n/a for residential n/a for rural	Where the land is situated and the use to which the land is put Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value Fixed dollar amount per rating unit Fixed dollar amount per rating unit
Bovine Tb	Land	Land area	The area of land within each rating unit and provision of a service	Dollars per hectare
Wairarapa river management schemes ⁽²⁾	Safety and flood protection	Land area	Where the land is situated (set under <i>section 146</i> of the <i>Local Government (Rating) Act 2002</i> using approved classification and differential registers) and in some cases residential use	Dollars per hectare in the area protected
Te Whiti stopbank	Safety and flood protection	Land area	Where the land is situated (set under <i>section 146</i> of the <i>Local Government (Rating) Act 2002</i> using approved classification and differential registers) and in some cases residential use	Dollars per hectare in the area protected
Wairarapa catchment schemes ⁽³⁾	Land	Land area/ land value/ inhabited part(s)	Where the land is situated (set under <i>section 146</i> of the <i>Local Government (Rating) Act 2002</i> using approved classification and differential registers) and in some cases residential use and land value	Dollars per hectare in the area protected and in some cases a fixed charge per separately use or inhabited part (dwelling) and cents per dollar of rateable land value
Wairarapa drainage schemes	Safety and flood protection	Land area	Where the land is situated (set under <i>section 146</i> of the <i>Local Government (Rating) Act 2002</i> using approved classification and differential registers)	Dollars per hectare in the area protected

Differential on the general rate

Greater Wellington uses an "estimate of projected valuation" under *section 131* of the *Local Government (Rating) Act 2002* to recognise that valuation dates across the region vary.

Notes

- (1) The proposed EDA rate is not consistent with our 2006–16 Ten-Year Plan (LTCCP). This is because the proposed governance and funding for the Wellington Regional Strategy is currently subject to a *section 16 Local Government Act 2002* objection process initiated by Upper Hutt City Council, which has deferred the adoption of the LTCCP amendment. Please see the "Wellington Regional Strategy" section of the Chairman's message on page 3 for further information.
- (2) The lower Wairarapa Valley development scheme rating classification is currently under review. A new classification may be adopted for the final 2007/08 Annual Plan.
- (3) See the note at the end of page 79 (Wairarapa catchment schemes Funding Impact Statement) for our definition of "separately used or inhabited rating unit".



Funding impact statement

	Proposed rate 2007/08 cents per \$ of rateable capital value	Revenue sought 2007/08 \$		Proposed rate 2007/08 cents per \$ of rateable capital value	Revenue sought 2007/08 \$
General rate			Targeted rate: regional transport		
Wellington City	0.03032	11,911,480	Wellington City		
Lower Hutt City	0.04075	4,532,755	Downtown city centre business	0.22687	14,457,060
Upper Hutt City	0.04078	1,626,953	Urban	0.03184	10,360,534
Porirua City	0.03901	1,951,598	Rural	0.00897	34,101
Kapiti Coast District	0.03450	2,646,538	Lower Hutt City		
Masterton District	0.03310	1,287,789	Urban	0.06699	7,332,657
Carterton District	0.02914	499,349	Rural	0.01828	32,264
South Wairarapa District	0.02935	841,814	Upper Hutt City		
Tararua District	0.03174	2,882	Urban	0.06366	2,295,790
Total general rate		25,301,158	Rural	0.01744	66,866
Targeted rate: river management			Porirua City		
Wellington City	0.00036	141,369	Urban	0.07605	3,510,266
Lower Hutt City	0.01435	1,595,814	Rural	0.02058	79,578
Upper Hutt City	0.01343	535,770	Kapiti Coast District		
Porirua City	0.00174	87,266	Urban	0.02394	1,539,210
Kapiti Coast District	0.01834	1,407,107	Rural	0.00721	89,497
Carterton District	0.00126	21,548	Masterton District		
Total district-wide river management rate		3,788,874	Urban	0.00973	162,752
Greytown Ward	0.03739	137,296	Rural	0.00314	69,567
Total river management rates based upon capital value		3,926,170	Carterton District		
Greytown stopbank	0.01316	19,682	Urban	0.01486	70,862
Donalds Creek stopbank	0.04825	30,792	Rural	0.00428	52,953
Total river management rates based upon land value		50,474	South Wairarapa District		
Total river management rates		3,976,644	Urban	0.01724	133,520
			Rural	0.00478	100,024
			Total regional transport rate		40,387,501

Funding impact statement



	Proposed rate 2007/08 cents per \$ of rateable capital value	Revenue sought 2007/08 \$
Targeted rate: stadium purposes		
Wellington City		
Business	0.00668	618,609
Residential	0.00392	1,160,757
Rural	0.00230	8,730
Lower Hutt City		
Business	0.00706	153,222
Residential	0.00487	427,457
Rural	0.00392	6,924
Upper Hutt City		
Business	0.00364	23,781
Residential	0.00432	128,538
Rural	0.00157	6,021
Porirua City		
Business	0.00536	37,327
Residential	0.00445	174,595
Rural	0.00109	4,214
Kapiti Coast District		
Urban	0.00206	132,753
Rural	0.00104	12,944
Masterton District		
Urban	0.00265	44,251
Rural	0.00072	15,954
Carterton District		
Urban	0.00246	11,740
Rural	0.00075	9,332
South Wairarapa District		
Urban	0.00280	21,674
Rural	0.00055	11,439
Total stadium purposes rate		3,010,262

	Proposed rate 2007/08 cents per \$ of rateable capital value or \$ per rating unit	Revenue sought 2007/08 \$
Targeted rate: economic development agency (EDA)		
Wellington City		
WRS business	0.01198	1,110,087
Residential	\$14.06	903,628
Rural	\$28.13	16,650
Lower Hutt City		
Business	0.01802	390,904
Residential	\$14.06	489,403
Rural	\$28.13	13,190
Upper Hutt City		
Business	0.01804	115,071
Residential	\$14.06	191,081
Rural	\$28.13	27,816
Porirua City		
Business	0.01709	118,952
Residential	\$14.06	215,986
Rural	\$28.13	16,003
Kapiti Coast District		
Business	0.01536	97,994
Residential	\$14.06	279,703
Rural	\$28.13	70,903
Masterton District		
Business	0.01477	39,781
Residential	\$14.06	105,919
Rural	\$28.13	100,856
Carterton District		
Business	0.00614	2,444
Residential	\$14.06	28,013
Rural	\$28.13	49,050
South Wairarapa District		
Business	0.00787	6,555
Residential	\$14.06	37,617
Rural	\$28.13	72,084
Tararua District		
	\$28.13	310
Total economic development agency rate (EDA)		4,500,000

Please note that on pages 76-80 all figures include GST.



Funding impact statement

		Proposed rate 2007/08 \$ per hectare	Revenue sought 2007/08 \$			Proposed rate 2007/08 \$ per hectare	Revenue sought 2007/08 \$
Targeted rate: river management schemes				Targeted rate: river management schemes			
Waingawa	A	131.87620	4,401	Mangatarere	A	51.13340	1,097
	B	85.71960	10,954		B	48.91020	10,252
	C	65.93810	7,946		C	41.44660	651
	D	59.34430	119		D	36.68260	2,635
	E	52.75050	8,808		G	0.15880	60
	F	46.15670	1,240				14,695
	G	19.78140	926	Upper Mangatarere	A	9.55960	665
	H	13.18760	2,094		B	7.17800	125
			36,488		C	4.79530	229
							1,019
Lower Wairarapa Valley	A	113.37740	225,807	Waipoua	A	100.91900	8,873
	B	63.49140	122,769		B	80.73520	24,081
	C	22.67550	68,777		C	60.55140	1,348
	D	18.14040	120,202		D	40.36760	11,857
	E	13.60530	81,093		SA	3,411.06280	341
	F	4.53510	85,352		SC	2,038.56420	204
	U1	0.45350	Z				46,704
			704,007	Kopuaranga	A1	68.87780	2,059
Upper Ruamahanga	A	125.54450	11,544		A2	52.98300	2,824
	B	104.62040	692		A3	47.68470	3,453
	C	83.69640	10,402		A4	26.49150	299
	D	62.77230	1,106		A5	18.54400	1,070
	E	41.84820	12,461		A6	10.59660	860
	F	20.92410	836		B1	13.77560	207
	S	1,178.87340	1,768		B2	10.59660	982
			38,809		B3	9.53690	723
Middle Ruamahanga	A	107.93610	4,826		B4	5.29830	49
	B	89.94680	4,920		B5	3.70880	115
	C	71.95740	368		B6	2.11930	255
	D	53.96810	6,603		SA	112.50000	563
	E	35.97870	1,695		SB	56.25000	10,294
	F	17.98940	5,319				23,753
	S	1,088.51550	1,850	Lower Taueru	A	2.76060	1,121
			25,581		B	0.55210	155
Lower Ruamahanga	A	56.56900	7,234		C	0.27610	52
	B	48.48770	2,652		S	138.03360	168
	C	40.40640	8,838				1,496
	D	32.32520	10,709	Lower Whangaeahu	A	65.88610	2,232
	E	24.24390	7,966		B	52.70880	3,406
	F	16.16260	19,843		C	39.53160	2,123
	SA	1,418.45130	3,546		D	26.35450	1,930
	SB	709.22580	1,135		E	13.17720	2,302
			61,923		S	329.43050	440
Waiohine - rural	A	70.49830	7,917				12,433
	B	58.74860	22,296	Total river management scheme rates			1,104,204
	C	46.99890	60,037				
	D	35.24920	12,792				
	E	23.49940	19,097				
	S	1,174.97180	15,157				
			137,296				

Please note that on pages 76-80 all figures include GST.

Funding impact statement



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		Proposed rate 2007/08 \$ per hectare	Revenue sought 2007/08 \$			Proposed rate 2007/08 cents per \$ of rateable land value	Revenue sought 2007/08 \$
Targeted rate: catchment schemes (1)							
Whareama	A	4.32070	2,809	Awhea-Opouawe Land value Mataikona-Whakataki Land value within scheme area		0.01373 0.00360	9,462 2,762
	B	1.66180	1,203				
	C	0.29080	12,726				
	D	0.24930	5				
	E	0.20770	4				
	F	0.16620	465				
			17,212	Catchment scheme (2) rates			12,224
Targeted rate: catchment schemes (2)							
Homewood	A	1.39470	3,297	Awhea-Opouawe Charge per dwelling Mataikona-Whakataki Charge per dwelling		\$118.92 / \$59.46 \$16.88	9,157 2,194
	B	1.32830	591				
	C	1.16230	3,879				
	D	0.16600	288				
			8,055	Catchment scheme (3) rates			11,351
Targeted rate: catchment schemes (3)							
Maungaraki	A	1.71270	4,838	Total catchment scheme rates			60,628
	B	0.85630	2,135				
	C	0.47960	297				
			7,270				
Upper Kaiwhata	A	6.57720	275				
	B	2.87750	226				
	C	0.41110	376				
	D	0.24660	439				
	E	0.16440	308				
	F	0.08220	37				
			1,661				
Lower Kaiwhata	A	10.96880	722				
	B	4.79890	222				
	C	0.68560	783				
	D	0.41130	1,081				
	E	0.27420	9				
	F	0.13710	38				
			2,855				
Catchment scheme (1) rates			37,053				

Note (refer to page 75 Note (3))

“Separately used or inhabited rating unit” includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part.



Funding impact statement

		Proposed rate 2007/08 \$ per hectare	Revenue sought 2007/08 \$			Proposed rate 2007/08 \$ per hectare	Revenue sought 2007/08 \$
Targeted rate: pump drainage schemes				Targeted rate: gravity drainage schemes			
Papatahi	A	26.58560	9,360	Okawa	A	0.00000	0
Te Hopai	A	42.06290	51,750	Taumata	A	6.79620	1,965
Moonmoot pump	A	43.14300	10,004	East Pukio	A	29.26410	3,375
Onoke pump	A	48.44350	33,087	Longbush	A	8.38940	1,830
Pouawha pump	A	33.09520	29,753		B	4.19470	542
Total pump drainage scheme rates			133,954	Otahoua	A	0.00000	0
Targeted rate: Te Whiti stopbank				Te Whiti	A	4.29050	583
Te Whiti	A	84.77330	2,315	Ahikouka	A	29.10730	3,266
	B	70.64450	12,881	Battersea	A	16.41820	2,757
	C	56.51560	1,914		B	13.59350	2,522
	SA	706.44450	141		C	10.59240	3,301
	SB	847.73340	424		D	6.35540	977
Total Te Whiti stopbank rates			17,675		E	5.47270	1,115
Targeted rate: bovine Tb				Manaia	A	5.29620	397
Land area > 10ha & defined operational area		0.33750	160,429	Whakawiriwiri	A	0.00000	0
Total bovine Tb rate			160,429	Total gravity drainage scheme rates		14.92510	9,308

Funding impact statement

Differential rating categories



Each rating unit is allocated to a differential rating category based on location and/or land use for the purpose of calculating the general rate, and based on capital or land value for the purpose of calculating any specific targeted rate.

As Greater Wellington Regional Council rates are invoiced and collected by each of the city and district councils in the Wellington region, Greater Wellington is limited to using their rating categories. Set out below are the definitions used to allocate rating units into rating categories.

Category 1. Rates based on capital or land value

Location	Use	Description
Wellington City	Wellington City Downtown City Centre Business	All rating units not classified as Base within the Central Area Boundary, currently shown on Map 32 of the District Plan of Wellington City, as may be amended from time to time by Wellington City
	Wellington City Business	All rating units not classified as Base in the Wellington City rating information database for outside the Downtown City Centre
	Wellington City Residential	All rating units classified as Base (excluding Rural and Farm) in the Wellington City rating information database
	Wellington City Urban	All Wellington City Business and Wellington City Residential rating units
	Wellington City Rural	All rating units sub classified as Rural or Farm within the Base category in the Wellington City rating information database
Hutt City	Hutt City Business	All rating units not classified as Residential, Rural or Community Facilities in the Hutt City rating information database
	Hutt City Residential	All rating units classified as Residential or Community Facilities in the Hutt City rating information database
	Hutt City Urban	All Hutt City Business and Hutt City Residential rating units
	Hutt City Rural	All rating units classified as Rural in the Hutt City rating information database



Funding impact statement

Differential rating categories

Location	Use	Description
Porirua City	Porirua City Business	All rating units classified as Business in the Porirua City rating information database
	Porirua City Residential	All rating units classified as Residential in the Porirua City rating information database
	Porirua City Urban	All Porirua City Residential and Porirua City Business rating units
	Porirua City Rural	All rating units classified as Rural in the Porirua City rating information database
Upper Hutt City	Upper Hutt City Business	All rating units classified as Business or Utilities in the Upper Hutt City rating information database
	Upper Hutt City Residential	All rating units not classified as Rural, Business or Utilities in the Upper Hutt City rating information database
	Upper Hutt City Urban	All Upper Hutt City Business and Upper Hutt City Residential rating units
	Upper Hutt City Rural	All rating units classified as Rural in the Upper Hutt City rating information database
Kapiti Coast District	Kapiti Coast District Urban	All rating units not classified in the Rural rating areas in the Kapiti Coast District rating information database
	Kapiti Coast District Rural	All rating units classified in the Rural rating areas in the Kapiti Coast District rating information database
Masterton District	Masterton District Urban	All rating units not classified as Rural in the Masterton District rating information database
	Masterton District Rural	All rating units classified as Rural in the Masterton District rating information database

Funding impact statement

Differential rating categories



Location	Use	Description
Carterton District	Carterton District Urban	All rating units not classified as Rural in the Carterton District rating information database
	Carterton District Rural	All rating units classified as Rural in the Carterton District rating information database
South Wairarapa District	South Wairarapa District Urban	All rating units not classified as Rural in the South Wairarapa District rating information database
	South Wairarapa District Rural	All rating units classified as Rural in the South Wairarapa District rating information database
	Greytown Ward	All rating units classified in the rating area of the Greytown Ward in the South Wairarapa District rating information database
	Greytown Urban	All rating units classified in the Urban Area of Greytown in the South Wairarapa District rating information database (Prefaced No's 18400 and 18420)
	Featherston Urban	All rating units classified in the Urban Area of Featherston in the South Wairarapa District rating information database (Prefaced No's 18440 and 18450)
Tararua District		All rating units classified as being within the boundaries of the Wellington region

Category 2. Rates based on land area

Some rating units (either in whole or part) are allocated to additional differential rating categories (based on the area of land within each rating unit and the provision of a service or location) for the purpose of calculating the Bovine Tb and Wairarapa Schemes targeted rates based on land area. Some schemes have an additional fixed charge per separate use or inhabited part.

Rating units subject to these rates are shown within an approved classification register for each scheme. For more information on whether your rating unit is allocated to one or more of these categories please contact the Masterton office of the Greater Wellington Regional Council, ph 06 378-2484.



Funding impact statement

Category 3. Economic development agency rates (EDA)

Please note that the proposed economic development agency rate (EDA) is not consistent with our *2006–16 Ten-Year Plan (LTCCP)* as a proposed amendment to the LTCCP has not yet been adopted by Greater Wellington. This is because the proposed governance and funding for the Wellington Regional Strategy is currently subject to a *section 16 Local Government Act 2002* objection process initiated by Upper Hutt City Council, which has deferred the adoption of the LTCCP amendment. Please see the “Wellington Regional Strategy” section of the Chairman’s message on page 3 for further information.

Location	Use	Description
Wellington City	Wellington City WRS Business	All rating units not classified as Base in the Wellington City rating information database
	Wellington City Residential	As per differential category 1 above
	Wellington City Rural	As per differential category 1 above
Hutt City	Hutt City Business	As per differential category 1 above
	Hutt City Residential	As per differential category 1 above
	Hutt City Rural	As per differential category 1 above
Porirua City	Porirua City Business	As per differential category 1 above
	Porirua City Residential	As per differential category 1 above
	Porirua City Rural	As per differential category 1 above
Upper Hutt City	Upper Hutt City Business	As per differential category 1 above
	Upper Hutt City Residential	As per differential category 1 above
	Upper Hutt City Rural	As per differential category 1 above

Funding impact statement



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Location	Use	Description
Kapiti Coast District	Kapiti Coast District Business	All rating units used for a commercial, business, or industrial purpose utility network activity in the Kapiti Coast rating information database
	Kapiti Coast District Residential	All rating units located in the Urban Rating Areas except those properties which meet the classification of rural, commercial, business, industrial or utility network activity and all community activities in the Kapiti Coast rating information database
	Kapiti Coast District Rural	All rating units located in Rural Rating Areas except those properties which meet the classification of commercial, business, industrial, utility network activity or community in the Kapiti Coast rating information database
Masterton District	Masterton District Business	All rating units classified as Non-Residential Urban in the Masterton District rating information database
	Masterton District Residential	All rating units classified as Urban Residential in the Masterton District rating information database
	Masterton District Rural	As per differential category 1 above
Carterton District	Carterton District Business	All rating units classified as Urban Commercial, Urban Industrial or Urban Smallholding – greater than one hectare in the Carterton District rating information database
	Carterton District Residential	All rating units classified as Urban Residential in the Carterton District rating information database
	Carterton District Rural	As per differential category 1 above
South Wairarapa District	South Wairarapa District Business	All rating units classified as Commercial in the South Wairarapa District rating information database
	South Wairarapa District Residential	All rating units classified as Urban in the South Wairarapa District rating information database
	South Wairarapa District Rural	As per differential category 1 above
Tararua District		As per differential category 1 above



Total council financial statements

Prospective funding impact statement

OPERATING REVENUE

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
General rates	21,890	22,491	23,528
Targeted rates	40,060	47,451	45,064
Regional rates	61,950	69,942	68,592
Water supply levy	22,776	23,460	24,187
Government subsidies	102,777	55,051	92,012
Interest and dividends	4,779	4,003	4,495
Unrealised revaluation gains	4,405	3,809	5,403
Other operating revenue	16,913	18,087	17,078
Total external operating revenue	213,600	174,352	211,767

OPERATING EXPENDITURE

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Personnel cost	29,037	30,564	29,943
Grants and subsidies	55,461	60,333	62,012
Finance costs	5,674	5,474	6,685
Investment impairment	0	1,430	1,693
Depreciation	9,569	9,735	10,574
Other operating expenses	51,581	54,465	51,254
Total external operating expenditure	151,322	162,001	162,161
Operating surplus/(deficit)	62,278	12,351	49,606
Less:			
Capital expenditure and transport investments	100,529	28,143	71,486
Proceeds from asset sales	(390)	(352)	(309)
Loan funding of capital expenditure	(34,476)	(14,936)	(21,009)
Rate, levy and subsidy-funded capital expenditure	65,663	12,855	50,168
Other loan funding	(3,902)	(4,552)	(4,897)
Debt repayment	6,542	9,479	10,731
Other investment movements	1,806	1,927	1,791
Operational reserve movements	(472)	1,213	1,078
Non-cash items ⁽¹⁾	(7,359)	(8,571)	(9,265)
Net funding required	0	0	0

(1) Non-cash items include depreciation, investment impairment, forestry cost of goods sold and unrealised revaluation gains.

Please note that all figures on pages 86-93 exclude GST.

Total council financial statements

Prospective income statement by outcome area



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	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
OPERATING REVENUE			
Environment	10,094	10,401	10,626
Transport	136,476	91,060	130,327
Water supply	24,198	24,922	25,623
Parks	6,306	6,519	7,088
Safety and flood protection	14,919	15,869	15,446
Land	10,805	10,962	11,029
Community	7,887	13,616	8,049
Investments	9,974	8,654	11,164
Other	2,078	2,220	2,292
Total operating revenue	222,737	184,223	221,644
Less:			
Internal operating revenue	9,137	9,871	9,877
Total external operating revenue	213,600	174,352	211,767

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
OPERATING EXPENDITURE			
Environment	10,329	10,477	10,709
Transport	77,295	83,586	86,213
Water supply	26,217	26,285	26,255
Parks	6,590	6,526	7,014
Safety and flood protection	12,106	12,594	12,854
Land	10,726	10,938	10,976
Community	6,062	11,946	6,347
Investments	9,057	7,414	9,689
Other	2,077	2,106	1,981
Total operating expenditure	160,459	171,872	172,038
Less:			
Internal operating expenditure	9,137	9,871	9,877
Total external operating expenditure	151,322	162,001	162,161
Operating surplus/(deficit)	62,278	12,351	49,606

A further breakdown of operating revenue and expenditure is contained in the Prospective Funding Impact Statements at the end of each outcome area section, eg. Environment is at page 24.

The large operating surpluses in 2006/07 and 2007/08 are due to government grants being accounted for as income. A significant portion of these grants is used to fund our capital purchase of passenger transport infrastructure. The new assets are then depreciated over their expected life, resulting in deficits in future years.

Please note that all figures on pages 86-93 exclude GST.



Total council financial statements

Prospective balance sheet

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s		2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
ASSETS				RATEPAYERS' FUNDS			
Cash and cash equivalents	2,705	158	2,705	Retained earnings	430,339	400,472	478,867
Investments (current)	56,981	47,931	58,772	Reserves	205,561	205,992	206,639
Other current assets	16,880	14,123	16,880	Total ratepayers' funds	635,900	606,464	685,506
Current assets	76,566	62,212	78,357	LIABILITIES			
Investments (non-current)	99,197	64,509	149,322	Debt (current)	2,482	2,767	3,397
Forestry investments	19,389	18,194	21,611	Other current liabilities	19,230	19,164	19,230
Property, plant and equipment	553,419	554,488	562,984	Current liabilities	21,712	21,931	22,627
Other non-current assets	0	0	0	Debt (non-current)	90,959	71,008	104,141
Non-current assets	672,005	637,191	733,917	Non-current liabilities	90,959	71,008	104,141
Total assets	748,571	699,403	812,274	Total liabilities	112,671	92,939	126,768
				Total equity and liabilities	748,571	699,403	812,274

Total council financial statements

Prospective statement of cash flows



	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash is provided from:			
Regional rates	61,950	69,942	68,592
Water supply levy	22,776	23,460	24,187
Government subsidies	102,777	55,051	92,012
Interest and dividends	3,923	3,026	3,654
Fees, charges and other revenue	16,913	18,087	17,078
	208,339	169,566	205,523
Cash is disbursed to:			
Interest	5,348	5,201	6,430
Payment to suppliers and employees	133,885	144,147	140,809
	139,233	149,348	147,239
Net cash flows from operating activities	69,106	20,218	58,284
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash is provided from:			
Sale of property, plant and equipment	390	352	309
Investment withdrawals	0	0	0
	390	352	309
Cash is applied to:			
Purchase of property, plant and equipment	20,237	16,135	20,447
Investment additions	81,242	12,958	51,988
	101,479	29,093	72,435
Net cash flows from investing activities	(101,089)	(28,741)	(72,126)

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash is provided from:			
Loan funding	38,053	19,215	25,651
Cash is applied to:			
Debt repayment	6,070	10,692	11,809
Net cash flows from financing activities	31,983	8,523	13,842
Net increase/(decrease) in cash and cash equivalents	0	0	0
Opening cash and cash equivalents	2,705	158	2,705
Closing cash and cash equivalents	2,705	158	2,705



Total council financial statements

Prospective regional rates and capital expenditure

REGIONAL RATES

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Environment	8,800	8,922	9,275
Transport	32,819	35,900	37,437
Water supply	0	0	0
Parks	5,522	5,463	6,115
Safety and flood protection	12,275	13,038	13,144
Land	4,133	4,548	4,261
Community	5,395	9,399	5,467
Investments	(7,698)	(8,033)	(7,841)
Other	704	705	734
Total regional rates	61,950	69,942	68,592

CAPITAL EXPENDITURE AND TRANSPORT INVESTMENT

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Environment	481	301	275
Transport	82,897	13,112	55,153
Water supply	6,759	5,184	6,548
Parks	757	410	452
Safety and flood protection	6,827	6,399	4,973
Land	108	187	158
Community	45	65	67
Investments	1,536	1,919	2,249
Other	1,119	566	1,611
Total capital expenditure	100,529	28,143	71,486

Total council financial statements

Prospective investments



	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
EQUITY INVESTMENTS			
New Zealand Local Government Insurance Corporation Ltd shares	80	80	80
WRC Holdings Ltd shares	89,365	53,897	138,710
Total equity investments	89,445	53,977	138,790
OTHER INVESTMENTS			
Liquid financial deposits	44,000	33,000	44,000
Water Supply contingency investments	10,914	12,514	12,369
Major flood recovery fund	2,067	2,417	2,403
Stadium advance	9,752	10,532	10,532
Total other investments	66,733	58,463	69,304
Total investments	156,178	112,440	208,094
Investments (current)	56,981	47,931	58,772
Investments (non-current)	99,197	64,509	149,322
Total investments	156,178	112,440	208,094



Total council financial statements

Prospective reserves

	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Area of benefit reserves			
River rate reserves	702	1,220	949
Wairarapa scheme reserves	2,201	2,822	2,673
Transport reserves	1,466	(104)	1,551
Bovine tuberculosis rate reserve	759	760	702
Bioworks reserve	169	171	173
Akura nursery reserve	(7)	(18)	17
Contingency reserves			
Rural fire contingency reserve	51	52	51
Flood contingency reserve	975	1,332	1,237
Environment legal contingency reserve	310	329	328
Special reserves			
Election reserve	205	9	31
Corporate systems reserve	685	1,091	882
Expense rebudgeting reserves			
Expenditure carried forward	0	0	0
Total operational reserves	7,516	7,664	8,594
Revaluation of property, plant and equipment	198,045	198,328	198,045
Total revaluation reserves	198,045	198,328	198,045
Hedging reserves	0	0	0
Total hedging reserves	0	0	0
Fair-value reserves	0	0	0
Total fair-value reserves	0	0	0
Total reserves	205,561	205,922	206,639

Please note that all figures on pages 86-93 exclude GST.

Total council financial statements

Prospective debt



	2006/07 Budget \$000s	2007/08 Plan \$000s	2007/08 LTCCP \$000s
Environment	296	383	386
Transport	25,480	17,969	34,144
Water supply	48,853	50,221	50,422
Parks	3,402	3,306	3,216
Flood protection	30,166	31,893	32,650
Harbour management	562	351	513
Stadium	18,566	17,498	17,498
WRCH Group	2,206	1,902	1,901
Forestry	24,688	25,568	25,993
Property	1,910	2,300	3,656
Corporate systems	1,115	1,255	2,040
Total activities debt	157,244	152,646	172,419
Treasury internal funding	63,803	78,871	64,881
Total external debt	93,441	73,775	107,538
External debt (current)	2,482	2,767	3,397
External debt (non-current)	90,959	71,008	104,141
Total external debt	93,441	73,775	107,538



Accounting policies

Any accounting policies adopted in the prospective financial statements in this annual plan document which have a significant effect on the results and financial position disclosed, are set out below:

(a) Revenue recognition

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

(b) Property, plant and equipment

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

- Operational land and buildings
- Operational fixtures and fittings
- Operational plant and equipment
- Operational motor vehicles
- Operational computer equipment
- Flood protection infrastructural assets
- Transport facilities infrastructural assets
- Navigational aids infrastructural assets
- Parks infrastructural assets

- Capital work in progress
- Water supply infrastructural assets
- Water supply administrative buildings
- Water supply minor equipment
- Water supply motor vehicles
- Water supply capital work in progress

Flood protection, parks and water supply infrastructural assets are revalued or reviewed by independent qualified valuers at least every five years.

The results of any revaluation of a class of property, plant and equipment are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, it is taken to the income statement as an expense.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, have been included at deemed cost, being the revalued amount at this date. Subsequent purchases of fixed assets are recorded at cost.

(c) Impairment

All assets are reviewed annually for internal and external factors which may indicate that the service potential of that asset may be impaired. Impairment losses are recognised in the income statement unless they reverse a prior revaluation.



(d) 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:

- Buildings 10-100 years
- Water pipelines/reservoirs/dams 50-150 years
- Plant/vehicles/equipment 3-25 years
- Floodplain management plans 15 years
- Parks infrastructure 25-100 years
- Navigational aids 5-50 years
- Passenger transport infrastructure 3-40 years

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

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

(e) Intangible assets

Software and floodplain management plans are carried at cost less any accumulated amortisation and any accumulated impairment losses. These are amortised over the useful life of the asset. The useful lives have been estimated as follows:

- Software 5-10 years
- Floodplain management plans 15 years

(f) Forestry investment

Plantation forests are stated at fair value less point-of-sale costs and are independently revalued to estimate of market valuation based on the net present value of future cash flows. The net gain or loss arising from changes in forest crop valuation is included in the income statement.

All revenues from forest harvesting are recognised in the income statement when realised.

Related costs are expensed as incurred.

(g) Inventories

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

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



Accounting policies

(h) Financial investments

Greater Wellington classifies its financial investments in the following categories:

- Equity investments
- Other investments
- Derivatives (see accounting policy (i))

Equity investments are initially measured at fair value plus transaction costs and subsequently carried at fair value (unless it is an equity instrument in a subsidiary which must be held at cost). Changes in fair value are recognised directly in equity until the asset is derecognised, then cumulative gains or losses are taken to the income statement, the exception being interest calculated using the effective interest method which is recognised directly in the income statement.

Equity investments in a subsidiary are held at cost less any impairment loss. An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Recoverable amount is the greater of their net selling price and value in use. Impairment losses are recognised in the income statement.

Other investments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue. Subsequent measurement is at amortised cost using the effective interest method. Gains or losses are taken to the income statement.

(i) Derivative financial instruments

Greater Wellington uses derivative financial instruments to hedge its exposure to interest rate risks on financial investments and debt.

Greater Wellington designates certain derivatives as either fair value hedges or cash flow hedges (see below). Derivatives are initially recorded on balance sheet at fair value and the accounting treatment for any subsequent changes in fair value depends on the designation of the hedged item. Any changes in fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

(1) Fair value hedges

Fair value hedges are hedges of the fair value of recognised assets and liabilities or a firm commitment. Changes in the fair value of fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability.

(2) Cash flow hedges

Cash flow hedges are hedges of highly probable forecast transactions. The effective portion of the changes in fair value of cash flow hedges is recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

(j) Debt

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.



(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

A deferred tax liability is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(l) Foreign currency

In the event Greater Wellington does have any material foreign currency risk it will be managed by forward exchange contracts to hedge the 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 NZ dollars at the foreign exchange rate ruling on that date. Foreign exchange differences arising on their translation are recognised in the income statement.

(m) Goods and services tax (GST)

All items in the financial statements exclude GST, with the exception of receivables and payables, which include GST.

(n) 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 at Greater Wellington is treated as an internal banking activity and any surpluses generated are credited directly to the income statement.

Operating revenue and operating expenditure for each of the groups of activities is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the total council financial statements.

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

(o) Statement of cash flows

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

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

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

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



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



greater WELLINGTON
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