



Chairman's report

Once again, Greater Wellington has had a very busy year. We've laid the foundations for some significant pieces of work that will have a big impact on the region's environmental, economic, social and cultural future.

Transport

After years of work, a Regional Land Transport Strategy was successfully completed. This is the future strategy for all transport in the region – roading, buses, trains, cycling and walking. A significant factor in this success was the buy-in to the strategy from the region, including city and district councils. Implementing this strategy will be a major focus for Greater Wellington and requires a considerable amount of political like-mindedness and cooperation.

Securing a public transport funding package was a major highlight. Central government agreed to supplement regional transport funds. This has allowed Greater Wellington to commit to upgrading the region's rail network, rolling stock and trolley bus fleet. We already have new carriages operating on the Wairarapa Line and more are on their way for other parts of the region. The future of trolley buses in Wellington was secured with the signing of a new long-term contract. This will see complete replacement of all 61 trolley buses, starting from early 2008. Strong relationships with our transport partners have allowed us to be confident of being able to deliver a transport network that meets our region's needs.

Negotiations are close to being finalised on the supply of Electric Multiple Units from Rotem Mitsui.

Flood protection

Upgrading flood protection structural works across the region continues to be a major long-term commitment. This year we had to carry out flood damage works in the Wairarapa, resulting in some other programmes falling a little behind. However, major capital works were progressed on the Otaki and Hutt rivers, and the Kopuaranga River enhancement scheme was finalised. All planned maintenance work was completed. We really appreciate the relationships we have with people over flooding issues. The community has generally been willing to work with us to develop the best solution possible.

Wellington Regional Strategy

Another highlight of the year was the finalisation of a Wellington Regional Strategy – a sustainable growth strategy for the region. All councils pulled together to complete this strategy and its governance and funding arrangements. Everyone recognised that this region will only move forward if we all work together. Other regions have struggled to cooperate to this extent and the Wellington region can be proud of what it has achieved. Having a growth strategy like this in place gives us an advantage over other regions in the country.

One important aspect of the strategy was the setting up of a new economic development agency to cover the whole region. Previously we had a rather piecemeal approach. The region should benefit enormously having a unified body driving economic development.





Environment

One of Greater Wellington's core functions is environment management. Improving the health of our environment is a huge task and one that we cannot carry out alone. Consequently, we engage with a wide range of organisations and the community on environmental projects. We have care groups all over the region. These are people who give up their spare time to do riparian planting, wetland improvements, and sand dune and native bush restorations. More and more organisations want to do corporate planting days. Businesses are becoming increasingly aware of the impact they have on the environment and are seeking our help to work more sustainably. It's good to see the pleasure and reward that people get from doing their bit for the environment.

I too get huge personal pleasure from working with groups to restore our environment. I look forward each year to seeing our region's children at Arbor Day plantings – it's enormously satisfying to show a young child how a tree planted by one of their predecessors has grown.

Financial performance

Greater Wellington's financial result reflects a considered approach by councillors, senior management and staff. Our Chief Executive has delivered on the Council's expectations. It's particularly pleasing to see continued efficiencies being made across our operational activities, particularly as our community demands more and more services.

End of the triennium

This report is the last one for the triennium. I would like to take this opportunity to thank my fellow councillors for their hard work and commitment throughout the past three years. We've had to grapple with difficult issues and make hard decisions – but at all times councillors have kept their focus and humour. It has been both a rewarding and enjoyable year.

Ian Buchanan
Chairman





Chief Executive's report

We have just completed the first year of our 2006-16 Ten-Year Plan (LTCCP) and this report shows that we have made excellent progress. A summary of Greater Wellington's achievements for the year is outlined on p9 to p13. It shows the extensive range of activities undertaken by our people – all of which shape our region.

Greater Wellington's work helps make the region a greater place to live. The impact of our programmes are all around us, be it when catching a bus or train, visiting a regional park, sailing in our harbours, drinking a glass of water, walking by a river, saving our emergency water supplies or walking in our native bush.

Creating a sustainable region

Sustainability has become a key focus for central government and for governments all over the world. Creating a sustainable region has been a core business for Greater Wellington for many years.

Climate change is now emerging as a major area of concern. Most of the sustainability matters that Greater Wellington has been advancing also address climate change issues. But we are conscious that as an organisation we need to take a greater leadership role – both within our organisation and as part of the communities in our region. This was a key theme in submissions received on our Ten-Year Plan.

This year we joined the Communities for Climate Protection programme and have achieved Milestone One. We will continue to partner with other local authorities in our region, as well as with central government and community

organisations, to reduce greenhouse gas emissions and adapt to the possible impacts of climate change.

Building a culture of efficiency, productivity and responsiveness

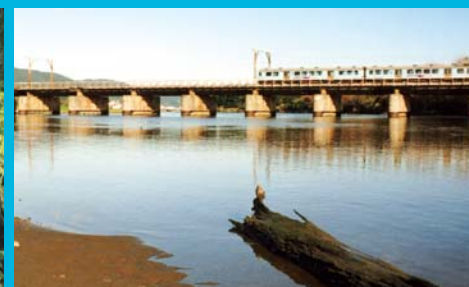
An organisational restructuring begun in early 2006 has bedded in well and is delivering positive results in terms of organisational performance.

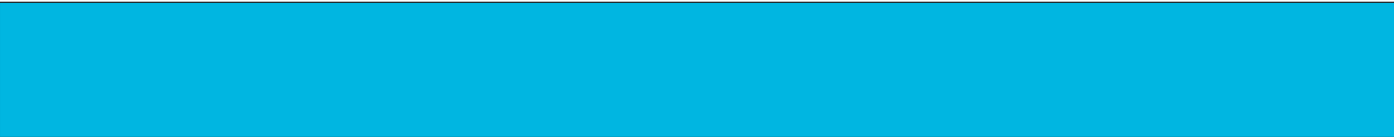
The major reason for the restructuring was to better align Greater Wellington's internal structures, processes and delivery standards with our business. As an organisation funded by ratepayers, we are very aware of our responsibility to ensure that the services we provide are delivered effectively, efficiently and consistently.

Another benefit of the restructuring has been the appointment of new people which, combined with a refocusing of our activities, has added renewed energy and enthusiasm for the work that we all do.

Making Greater Wellington Greater

An outcome of the restructuring was the development of an organisational development strategy with eight integrated goals. The strategy has a working title of Making Greater Wellington Greater. Its purpose can be summarised as "We will have a great organisation that leads and delivers" and "We will have a great region to live, work and play".





Making Greater Wellington Greater is strong on developing the capacity of the organisation. It focuses on leadership skills and building a unified team of dedicated people who take pride in effectively connecting with our communities to advance sustainable outcomes.

Greater Wellington is a diverse organisation in terms of the services we deliver and the people we employ across the region. Providing points of commonality in such an operating environment is not easy, and a purpose of Making Greater Wellington Greater is to integrate and align our people, and to have some unifying context for our organisational development work.

I am personally committed to delivering the objectives set out in the Making Greater Wellington Greater programme. I believe it's important that everybody employed by Greater Wellington derives some sense of purpose and enjoyment from the work that they do, and a strong and vibrant organisational culture is a key part of this. An outcome of happy Greater Wellington people should be the delivery of good results for the communities we serve, which is ultimately what we are here to deliver.

Engaging with our communities

Much of what Greater Wellington achieves is a direct result of the support, commitment and involvement of the local authorities and people in our region. Together we have worked on environmental restoration programmes, river

management, environmental policies, waste management, outdoor recreation, erosion control, emergency management and biodiversity initiatives. The completion of the Wellington Regional Strategy has shown how local government and the business community can work together for the region's betterment. At Greater Wellington we are committed to building strong, meaningful relationships and partnerships that help us deliver on the outcomes our community wants. This year we have developed a Community Engagement Strategy to help our working relationships.

A team effort

None of this important work could be delivered with out the efforts of Greater Wellington's staff. We have a great team here. Their skills, knowledge, experience, commitment and enthusiasm are key ingredients in making Greater Wellington and our region greater.

It is our privilege to be in a position to make a positive difference to this region.

Dave Benham
Chief Executive

"Creating a sustainable region has been a core business for Greater Wellington for many years"

Executive management team

**Divisional Manager
Environment**
Nigel Corry

**Divisional Manager
Public Transport**
Wayne Hastie

**Divisional Manager
Water Supply, Parks and Forests**
Murray Kennedy

**Divisional Manager
Catchment Management**
Geoff Dick

**Divisional Manager
Corporate and Strategy**
Jane Bradbury

Chief Financial Officer
Barry Turfrey

**Divisional Manager
Transport Policy and Strategy
Wellington Regional Strategy**
Jane Davis



Facts about the Wellington region

- The region covers a land area of 813,005 hectares and a maritime area of 786,700 hectares. There are 497km of coastline
- The population of the region is 464,700 (Statistics NZ, estimated resident population, June 2006)
- Greater Wellington manages 320km of river channels and 280km of stopbanks. We are responsible for one of the largest flood protection schemes in New Zealand
- 34,127,115 passenger journeys were made on the region's public transport system in the past year
- Greater Wellington collects, treats and delivers about 155 million litres of high quality water each day, on average, to the Wellington, Hutt, Upper Hutt and Porirua city councils
- Greater Wellington manages 50,000ha of regional parks and forests





Community outcomes for the Wellington region

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.



Community outcomes

The Wellington region has agreed 10 community outcomes, developed as part of the 2006-16 Long-Term Council Community Plan (Ten-Year Plan) process. These community outcomes describe the type of place we want the region to be.

Greater Wellington used to have 10 “Quality for Life” elements (Take 10) which were derived from our functional responsibilities. The new community outcomes are for the whole region to achieve, not just Greater Wellington. Greater Wellington is clearly not in a position to achieve all the outcomes that the community seeks. Its role in furthering outcomes will be different for each of the outcomes. For some outcomes, Greater Wellington will have a major role, for others it will only have a small role to play (or no role at all) and it will be up to other organisations or agencies to take the lead.

We will measure the progress that the regional community has made towards achieving the community outcomes every three years – after the term of our Long-Term Council Community plan has expired. This will be part of our 2008/09 Annual Report. In the interim, each year we will report on what Greater Wellington has achieved in furthering these outcomes.

Greater Wellington undertakes the following groups of activities – environment, transport, water supply, parks, safety and flood protection, land and community. Within each these groups are more specific activities. The way in which a group of activities contributes to the community outcomes is outlined in the introduction to the section on that group of activities, as is the way in which the activities within that group have affected the social, economic, environmental or cultural wellbeing of the community during the year. Progress against long-term and short-term targets is then described.

A summary of Greater Wellington’s contribution in the past year to each of the 10 outcomes is on p9 to p13.



OUTCOMES

Healthy environment

CONTRIBUTION IN YEAR-ENDING 30 JUNE 2007

- Supported the covenanting of one wetland. A total of 32 wetlands in the region are now legally protected
- Committed to protect 189 hectares of predominantly lowland forest. 190 native forest areas are now legally protected as a result of Greater Wellington's support
- Improved the control and monitoring systems for our water supply operations, resulting in less chemicals being used for water treatment
- Improved the health of the ecosystems on Greater Wellington land
- Achieved a 19% reduction in reported pollution incidents
- Reviewed the Regional Policy Statement in consultation with a wide range of stakeholders
- Completed a draft Stormwater Plan of Action in conjunction with city and district councils
- Undertook pest control in 78 key native ecosystem sites
- Completed riparian planting and fencing programmes along 3.7km of stream banks
- Completed the annual report cards showing the state of the region's key resources – namely groundwater, rainfall and river flows, harbours, estuaries and beaches, rivers and lakes, recreational water quality, soil health and air quality
- Involved more than a 100 businesses in environment and waste-management programmes through Take Charge (our business education programme), and the Get Sustainable Challenge and EnviroSmart programmes



Contribution to community outcomes

OUTCOMES

Quality lifestyle

Sense of place

CONTRIBUTION IN YEAR-ENDING 30 JUNE 2007

- Achieved a 90% satisfaction rate from the 51% of the regional population who visited at least one regional park
 - Rebuilt the Orange Hut in the Akatarawa Forest with community assistance after fire damage
 - Progressed the governance structure for Whitireia Park and the Wairarapa Wetlands Park
 - Continued to review our park management plans
-
- Ran the Regional Outdoors Programme – with 49 events attracting 10,800 people
 - Restored a historic barn in Queen Elizabeth Park
 - Involved 26 schools and more than 2,800 students in Take Action – our environment education programme for schools
 - Supported 31 community groups undertake environmental-restoration projects across the region through Take Care – our community environment education programme



OUTCOMES

Prosperous community

Prepared community

CONTRIBUTION IN YEAR-ENDING 30 JUNE 2007

- Processed more than 600 resource consents and reviewed our Resource Management Charging Policy
 - Established, with all local authorities in the region, a Regional Economic Development Agency
 - Carried out possum and ferret Tb vector control operations on 230,250ha of land and completed 170,800ha of feral animal surveys
 - Planted 355ha of erosion-prone land using sustainable land management practices
 - Completed a draft Wellington Harbour Safety Management System, together with CentrePort Ltd, and in accordance with the NZ Port and Harbour Marine Safety Code
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- Installed a new emergency connection to Upper Hutt city's water reticulation system and began work on a second emergency supply point at Pukerua Bay
 - Constructed \$3.8 million of new flood defences and completed \$4.4 million of flood protection maintenance work
 - Installed new communications and information-management systems in the Wellington Civil Defence Emergency Management (CDEM) Group's emergency operations centre
 - Participated in seven major civil defence exercises, two of which were "all-of-nation" exercises
 - Completed the Wellington Region CDEM Group Welfare Plan, and the CDEM Group Public Information and Media Management Plan
 - Achieved Milestone One of the Communities for Climate Protection – NZ Programme



Contribution to community outcomes

OUTCOMES

Connected community

Entrepreneurial and innovative region

CONTRIBUTION IN YEAR-ENDING 30 JUNE 2007

- Signed a 10-year rail operating contract and a 5+5 year trolley bus contract
 - Progressed the procurement of the new Electric Multiple Units
 - Launched new carriages on the Wairarapa Line
 - Introduced new Metlink fare zone boundaries and fares
 - Achieved total passenger boardings of 34.1 million
 - Reached agreement with Land Transport New Zealand over funding from the Wellington Transport Package
 - Obtained extension to free loan from the Crown for rail rolling stock
 - Completed the Regional Land Transport Strategy
 - Completed a road-pricing study
 - Developed and implemented a sustainable Travel Plan programme, which assists schools, workplaces and communities to develop their own travel plans
-
- The Wellington Regional Strategy was confirmed, including a governance model
 - Greater Wellington became the “keeper” of the Wellington Regional Strategy and established a Wellington Regional Strategy standing committee



OUTCOMES

Essential services

Healthy community

Strong and tolerant community

CONTRIBUTION IN YEAR-ENDING 30 JUNE 2007

- Carried out investigations of options for a new water source
- All water supplied complied fully with the NZ Drinking Water Standards
- Received an A1 grading for the Te Marua Water Treatment Plant – the highest grade possible
- Completed our 2007/08 Annual Plan and amended the 2006–16 Ten-Year Plan to incorporate the Wellington Regional Strategy, after consultation with the community
- Completed a representation review on the Council’s electoral arrangements
- Continued to operate Ara Tahi, Greater Wellington’s inter-iwi representative group. Ara Tahi met six times during the year and held four technical workshops.
- Supported an iwi, Rangitane o Wairarapa, to be effectively involved in a project to include sites of significance on a national archaeological database
- Publicly notified all meetings and made order papers for committee meetings available to Councillors, appointed members and the public in accordance with statutory requirements and the Council’s standing orders
- Reviewed the Council’s Local Governance Statement that sets out how the public can engage with the Council



Maori capacity

Development of Maori capacity to contribute to decision making

Greater Wellington has a longstanding and well-developed relationship with iwi in the region. Underpinning the relationship is the Charter of Understanding that iwi and Greater Wellington signed in 1993. When the charter was reviewed in July 2000, its scope was expanded to include all areas of council business.

Following that review, Greater Wellington developed a policy to strengthen the relationship between tangata whenua and Greater Wellington. The policy contains a range of initiatives that enable iwi to participate better in council functions.

In 2005, iwi and Greater Wellington independently carried out a review to identify further opportunities to improve participation by Maori in Greater Wellington's decision making.

Ara Tahī

Ara Tahī is the name given to Greater Wellington's inter-iwi representative group. Ara Tahī is used as a forum for collective discussion and to provide policy advice to the Council.

Ara Tahī met six times last year. Five of these meetings were in Wellington and one in Masterton. Ara Tahī was able to hear about and discuss many topics, including water quality, wind farms, strategic planning documents (Regional Land Transport Strategy, Regional Policy Statement, Wellington Regional Strategy) integrated catchment management and our community environment-restoration activities. There were also some presentations from external agencies, eg, the Sport and Recreation Agency (SPARC). In June, at the request of Ara Tahī, the Chairperson of the Council's Passenger Transport Committee gave a presentation about the committee's work and the issues it's facing.

Ara Tahī receives a report from the Maori Liaison Officers at each meeting.

Wellington Regional Strategy Committee

A person was appointed to this new committee to represent Maori interests.

Regional Land Transport Committee

A person nominated by Ara Tahī represents cultural interests on this committee.

Environment Committee

The Chairperson of Ara Tahī is a member of the Council's Environment Committee.

Iwi capacity funding

Last year, Greater Wellington reviewed the way in which it funds iwi to improve our processes and achieve better consistency across the region. This funding is to enable each iwi authority to respond to non-notified consents and be available for consultation on a wide variety of issues that emerge during the year. Greater Wellington entered into contractual arrangements for capacity funding with each iwi.

Technical workshops

Four technical workshops were held, three of which were on the review of the Regional Policy Statement (RPS). The other workshop was a Hui a Ara Tahī (detailed below). One of the RPS workshops was attended by both Ara Tahī members and Greater Wellington councillors to enable us to work together on this important document.

Iwi projects

Rangitane o Wairarapa received funding assistance to support the upgrade of the New Zealand Archaeological Association's database on sites of historic significance.

Hui a Ara Tahī

Greater Wellington funded a two-day hui for Ara Tahī members on Matiu/Somes Island in April. The following issues were discussed – iwi funding, water, selection and tenure of Chair of Ara Tahī, iwi representation on Council Committees, iwi environmental indicators and raising the profile of Ara Tahī.

Maori liaison officers/Kaitakawaenga

Greater Wellington employs two specialist Maori Liaison Officers/Kaitakawaenga. These officers enable Greater Wellington to assist iwi, and to build and maintain strong and effective relationships with iwi groups. Unfortunately, one of these positions remained unfilled for the greater part of the year. However, a specialist policy analyst was employed on a temporary basis to assist with the iwi provisions for the RPS review.

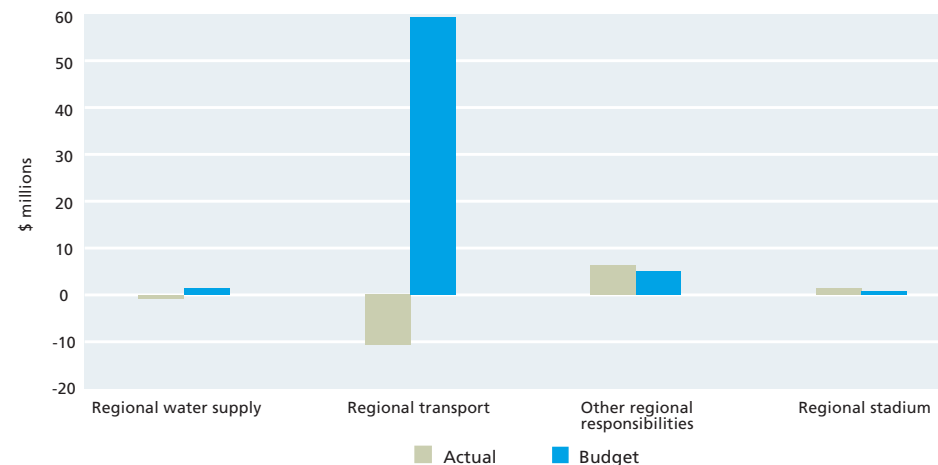


Operating results

Greater Wellington's net operating deficit for the 2006/07 year before unrealised gains and losses was \$9.372 million compared with a budgeted surplus of \$57.873 million. Significant components of this deficit were:

- Income from grants and subsidies was down on budget by \$51.687 million due to the delay in signing the contract for the supply of new Electric Multiple Units. These payments would have been funded 90% by the Crown by way of grants
- Greater Wellington's investment in rail rolling stock will be owned by Greater Wellington Rail Limited (GWRL). The purchase of the Wairarapa carriages by GWRL was to be funded per the budget by an increase in share capital. However, GWRL is now funded by way of a capital grant from Greater Wellington. This has increased expenditure by \$19.8 million and resulted in the deficit before unrealised gains of \$9.372 million in Greater Wellington
- Increased costs of diesel and electricity continued to place pressure on the public transport budget

2006/07 Operating surplus (deficit) by funding type





Capital expenditure

Capital expenditure for the year was \$10.748 million compared with the budget of \$20.237 million, a variance of \$9.489 million.

Capital expenditure in Water was below budget due to savings in budgeted projects and deferral of some projects. There were savings in the treatment plant, Wainuiomata Dam and strengthening the lake towers at Stuart Macaskill Lakes. The pipeline on Silverstream Bridge was deferred.

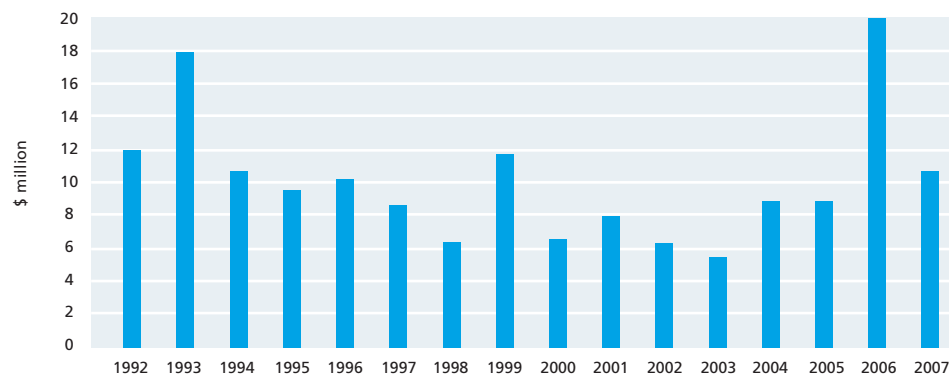
Capital expenditure in Safety and Flood Protection was below budget due to a number of projects being delayed while land issues were being resolved. This involved the following projects – Chrystalls extended stopbank, South Waitohu and Whirinaki Crescent stopbanks.

Major items of note were:

- \$4.2 million of improvements to the Water network
- \$4.2 million of flood protection improvements

Greater Wellington was budgeted to invest \$82.9 million in transport infrastructure. However, this was delayed as the contract for the supply of Electric Multiple Units was not signed by year-end. As these units will be owned by GWRL, they are not classified as capital expenditure in Greater Wellington.

Capital expenditure

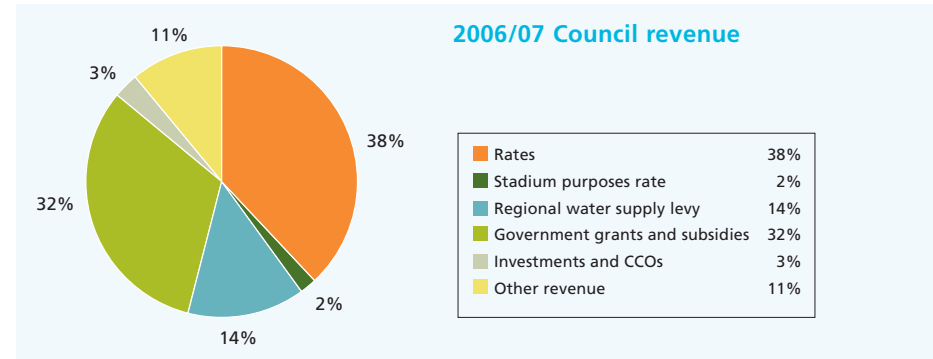




Financial performance

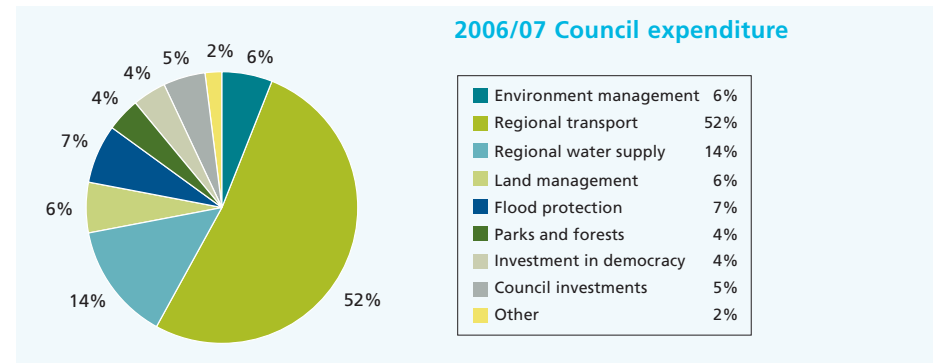
Revenue

The adjacent graph illustrates Greater Wellington’s revenue sources. Rates make up just 38% of our revenue total, with grant revenue making up the next largest share. Central government grants to assist the funding of public transport make up the majority of this.



Operating expenditure

This graph shows where our operational expenditure occurs. In the coming years the proportion of both revenue and expenditure on regional transport will increase.



Debt

Greater Wellington’s debt position increased by \$5.9 million to \$66.3 million during the year. This includes gains and losses on the debt as required by International Financial Reporting Standards (IFRS). The increase is largely due to the purchase of rail rolling stock.

Since 1990, Council debt has reduced from \$123 million to \$66 million.





Financial overview – Council

Asset management

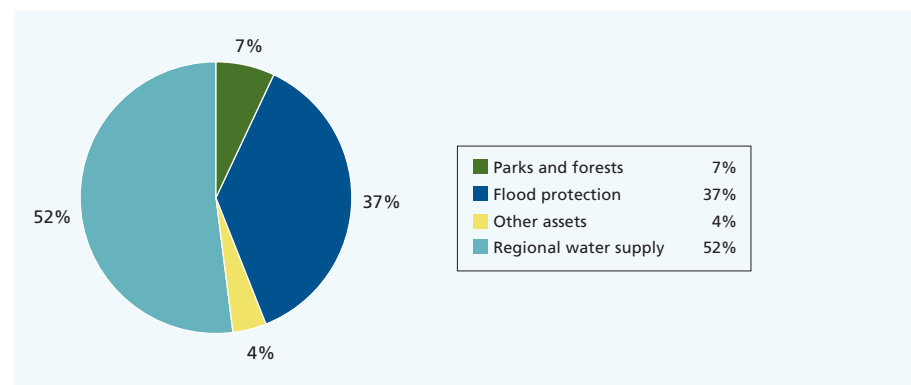
Greater Wellington looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and increasingly public transport.

Continued management and investment in these assets is essential. Greater Wellington maintains and updates detailed asset management plans to ensure we look after these assets on behalf of the community.

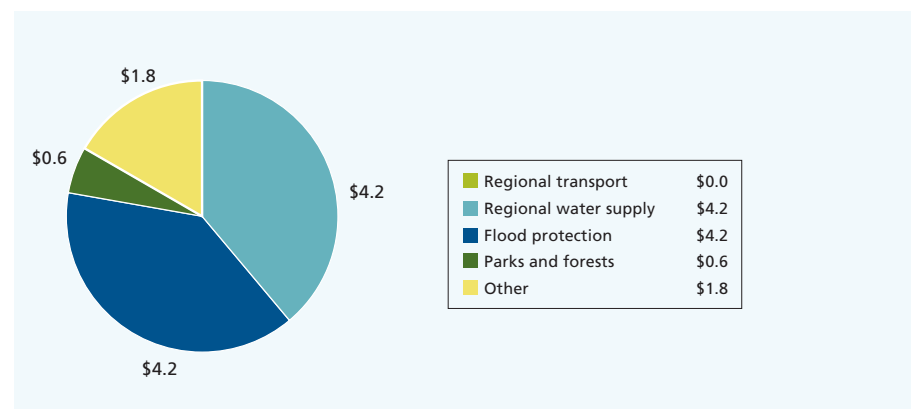
This graph shows the breakdown of our assets at the end of the year. In the coming years the required investment in public transport will significantly add to the assets we manage for the Wellington region.

This graph shows where the \$10.8 million in capital expenditure was spent during the year ending 30 June 2007. As noted previously, \$82.9 million of public transport capital expenditure was delayed.

2006/07 Council fixed assets



2006/07 Council capital expenditure (\$ million)





Council and Group surplus

Calculation of Council underlying surplus

	Council 2007 Actual \$000s	Council 2007 Budget \$000s
Surplus/(deficit) before unrealised items and tax	(9,372)	57,873
(Surplus)/deficit arising from purchase of rail rolling stock	9,495	(59,689)
Underlying surplus/(deficit)	123	(1,816)

The main reason for Greater Wellington's deficit of \$9.372 million is the funding of GWRL for the Wairarapa carriages.

Greater Wellington receives 60% of the funding for the Wairarapa carriages from Land Transport New Zealand.

The remaining 40% is funded by debt which is accounted for in Greater Wellington's balance sheet. Greater Wellington pays out 100% of the funds required by GWRL by way of grant. This expense is accounted for in Greater Wellington's income statement, effectively resulting in a "loss" of 40%. The "loss" up to 30 June 2007 amounted to \$9.495 million. From a cash perspective there is no loss to Greater Wellington as 100% in cash as received and a 100% is paid out grant expenditure. The amount of this grant to GWRL in 2007 was \$19.809 million. On consolidation, this transaction is eliminated resulting in an additional surplus of \$19.809 million to the Group.

Reconciliation of Council deficit to Group surplus

	Group 2007 Actual \$000s
Council deficit before unrealised gains	(9,372)
Elimination of GWRL inter-company transactions for rail rolling stock	19,809
Group unrealised gains	18,119
Other Group operating surplus net of eliminations	9,300
Consolidated group surplus	37,856

The Group unrealised gains mainly relate to revaluations gains on CentrePort, investment properties of \$11.2 million and gains from interest rate hedges of \$4.9 million, which under NZ IFRS are required to be accounted for in the income statement.

