greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

GREATER WELLINGTON REGIONAL COUNCIL

Annual Report 2010/11

Auditors
Audit New Zealand on behalf of the Auditor-General

Bankers
National Bank of New Zealand

Treasury advisers
Asia Pacific Risk Management

Chair's report

The year under review has been extremely busy and challenging for Greater Wellington. Elections in October 2010 brought us four new Councillors and we subsequently implemented a new committee system. This is based on local government's statutory responsibilities for community wellbeing (environmental, economic, social and cultural) and we think it better reflects the diverse nature of our business

Tough economic times prevail – we are acutely aware of the need to provide value for money. Yet within this context, we have not only undertaken normal delivery of planned business across a wide range of activities, but we have also made significant progress on key strategic policies and projects.

A new Biodiversity Strategy has been completed and endorsed by the Council. The strategy provides an integrated framework to assist the Council in our leadership role and to ensure ecosystem functions are maintained and high-value biodiversity areas protected.

We have also adopted a new Parks Network Plan that, for the first time, provides a consolidated and consistent guide for managing the regional parks network. The network itself was enlarged in February when the recently acquired Baring Head land was opened to the public as a valuable extension to East Harbour Regional Park.

The Wairarapa Water Use project became more formalised with the establishment of a governance group involving local councils, iwi and potential users in Wairarapa. This project could have major benefits for the region in all aspects of wellbeing.

As with previous years, transport has been a key area of delivery. Our mandate includes public transport funding, together with working with the Regional Transport Committee on planning the region's overall transport network. As part of this, we implemented the real-time information system for public transport users, and consulted and made significant progress on the Hutt Corridor Plan and Regional Freight Plan.

While public transport delivery remains a vexed issue, particularly with regard to rail, the biggest achievements this year were introducing the new Matangi trains and the new rail package we agreed with the Government and KiwiRail. The agreement gives us certainty of funding from the Government and among other initiatives will enable the old Ganz Mavag fleet to be refurbished over the next few years.

In today's environment, local government needs to constantly look at ways of being more effective at dealing with complex issues that span current political and cultural boundaries. Greater Wellington works closely with a range of groups round the region – the volunteers who help with our parks and streams, landowners with whom we work on soil erosion and environmental protection measures, schools and businesses with travel programmes, iwi in a range of activities and, on a regular and bigger scale, the region's local authorities.

We also welcome interest in our work from individuals who may not have any particular group affiliation. During the year under review, several hundred people throughout the region helped with the early stage of the development of our new Regional Plan and there will be further opportunities for involvement in the near future as we progress the plan. This work is being led by our Natural Resource Plan Committee (Te Upoko Taiao) itself a collaborative model with regional iwi. We are taking a bottom-up approach and the objective is to produce not only a new set of regulations but also a set of non-regulatory tools that will together future proof our regional environment.

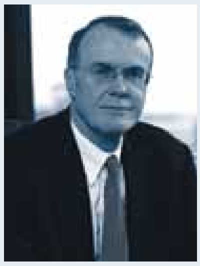
As a regional council we also have a role in ensuring that our economy is both resilient in the face of unexpected change and able to take advantage of new opportunities as they arise. A range of our activities support this – including commuter transport, a healthy environment and bulk water supply. We are also part of a partnership with the city and district councils of the region through the Wellington Regional Strategy, which is aimed at sustainable economic development. While some delivery improvements are needed, Greater Wellington and the region's territorial authorities have agreed to continue promoting economic development at the regional scale and we will be reviewing the delivery in this forthcoming year.

On behalf of Councillors, I thank our Greater Wellington staff and the many others round the region who contributed to a year of successful delivery.

Fran Wilde

Chief Executive's report

This annual report sets out the results of the 2010/11 year and shows that we continue to make progress across all areas of work and deliver significant value on behalf of the region's community.



The environment in which we operate continues to be difficult as businesses and communities struggle with a sluggish economy. By planning well and taking a baseline look at our services, we managed to maintain our work programme within an overall rates increase of just 2.23%. While we have maintained our 10-year plan to push ahead with several longer-term projects, keeping our increases over the coming years to about this level will be challenging, particularly as our payments for the new Matangi trains cut in. It is worth noting that rates income accounts for just under a quarter of our income, with Government subsidies, water levy and other revenue making up the majority of our revenue.

It is also of note that the Council now has direct responsibility or oversight of $1.4 billion in assets. These assets are largely essential regional infrastructure and include water supply, rail rolling-stock, stopbanks and port related assets, as well as investment properties. This clearly implies significant asset management responsibilities to enable efficient and effective delivery of related services. I am pleased to report those assets are in good shape and and are well maintained.

Public transport was again a major focus of our business this year. While there is still a way to go, it's pleasing to see that the significant public investment in recent years is starting to pay dividends, with some key milestones reached over the year, including:

- Commencing into service nine of the 48 new two-car Matangi trains and completing the upgrade to the Thorndon Rail Depot
- Completing a significant component of the rail network upgrade, including double tracking work from MacKay's Crossing to Waikanae, a new station at Waikanae and commencing new passenger services to Waikanae
- Installing and launching the new Real Time Information system for Go Wellington bus services, including live departure information on the Metlink website

As I write this, there is more good news on the rail front, thanks to a new rail package recently agreed with the Government that demonstrates Greater Wellington's and the Government's continued commitment to a high-quality, reliable rail service for Wellington. The package passes over ownership of the 88-car Ganz Mavag fleet, EMU Maintenance Depot and railway station buildings (except for Wellington Railway Station) to Greater Wellington. It also provides for the refurbishment of the Ganz Mavag fleet and ongoing station maintenance and improvements. The future of rail is looking significantly better as a result of this package and the associated funding arrangements.

Continuing with a sustainable transport theme, our efforts in establishing the Let's Carpool programme received the New Zealand Local Authority Traffic Institute's Leadership Award for outstanding performance and contribution towards sustainability in transport. The ongoing success of the programme has led to interest from other cities and regions in New Zealand as an example of best practice.

Flood protection continues to be a region-wide priority. In line with Year 11 of our 40-year programme, good progress was made on scheme improvements in the Hutt Valley, the Waiohine River and stopbanks protecting Greytown, and the Ruamahanga River in Wairarapa. Completing the design for the Boulcott-Hutt Stopbank on the Hutt River and appointing a contractor to undertake construction was a major milestone and means we are now beginning work to improve the resilience of this part of the Hutt Valley.

Another highlight was the opening of the new Beacon Hill Signal Station in March 2011. The new station, which provides the eyes and ears on shipping movements in and out of Wellington Harbour, includes the latest technology and demonstrates our commitment to improving safety and resilience in our harbour.

One of our unsung business-as-usual functions is the collection, treatment and delivery of high-quality drinking water to the Wellington region's four cities. This 24/7 essential operation continues to perform at an extremely high level. I would maintain the Group's performance would exceed most comparable utilities. Our assets are well maintained, with no deferred maintenance; we deliver quality water to the highest New Zealand Standards, and the price charged per litre has only increased twice (and also reduced three times) in the past 15 years. The actual price today is still below that charged in 1997. I urge you to read our separately produced Water Supply Annual Report 2011 available in hard copy or on our website.

We have continued to make good progress on other business-as-usual commitments, including land management, pest management, environmental monitoring, parks management and resource management planning. Developing and delivering on these commitments requires ongoing and effective collaboration with the community and our key partners. Our engagement with the community in developing a new Regional Plan is just one example of our commitment to collaborative and inclusive planning processes.

The earthquake events in Canterbury in September 2010 and February 2011 have certainly focused our minds on emergency management matters. Greater Wellington assisted with the response effort by providing operational support to the National Crisis Management Centre and deploying staff and resources to Canterbury. Learning from this experience, councils in the Wellington region recently agreed to move to a more regionalised approach to civil defence and emergency management, which will improve our ability to respond in an integrated and coordinated way.

The Warm Greater Wellington programme, which provides loan funding for households to install insulation, continues to be very successful with 1,151 homes insulated in the 2010/11 year. This is a programme we have been closely involved in developing and are delighted with the significant public take-up.

In conclusion, my personal thanks for the dedication and professional contribution made by our staff. As you read this report you will appreciate the wide diversity of roles our people undertake. While the roles vary greatly, the excellence and high standard of the delivery of our services by staff continues across the board.

David Benham

Executive Leadership Team

Chief Financial Officer
Bruce Simpson

General Manager, Environment Management
Nigel Corry

General Manager, Public Transport
Wayne Hastie

General Manager, Utilities and Services
Murray Kennedy

General Manager,
Strategy and Community Engagement
Jane Davis

General Manager, Catchment Management
Wayne O'Donnell

General Manager, People and Capability
Leigh-Anne Buxton

Pou Whakarae (Manager Māori Relations)
Rick Witana

Community outcomes

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 well-being. 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 contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.

Key achievements

- Worked with the community through Te Upoko Taiao – Natural Resource Plan Committee on developing a new Regional Plan
- Established a governance group to progress the feasibility stage of the Wairarapa Water Use Project – an initiative to harvest and use water for a variety of economic and community purposes
- Put nine of the 48 new two-car Matangi trains into operation
- Commenced rail services to Waikanae
- Launched Real Time Information – a service that informs passengers exactly when their bus will arrive through GPS tracking, rather than when it's scheduled to arrive
- Funded almost 1.1 million rail and bus services – over 35 million trips
- Won the New Zealand Local Authority Traffic Institute's Leadership Award for outstanding performance and contribution towards sustainability in transport for our Let's Carpool programme
- Supplied 52,777 million litres of water to the region's four city councils
- Continued earthquake strengthening work on the Stuart Macaskill water storage lakes in Te Marua
- Opened to the public the Baring Head extension to East Harbour Regional Park
- Commenced the day-to-day operations of Whitireia Park in Titahi Bay
- Adopted the new Parks Network Plan – the first consolidated plan to manage all our regional parks
- Provided a response to the Canterbury earthquakes
- Prepared for the construction of the Boulcott-Hutt Stopbank
- Opened the new Beacon Hill Signal Station – Wellington Harbour's navigation service
- Started the Regional Possum Predator Control Programme to control possums in 19,200ha in the northern Wairarapa
- Adopted the Greater Wellington Biodiversity Strategy to guide Greater Wellington's biodiversity activities
- Worked with landowners to plant a further 712ha of erosion-prone land – bringing to 72% the proportion of the region's erosion-prone land now managed under farm or sustainability plans
- Insulated 1,151 homes through the Warm Greater Wellington programme
- Reviewed the Wellington Regional Strategy – the region's sustainable economic growth strategy in collaboration with the region's Mayors and agreed to continue promoting economic development at a regional scale
- Sought community feedback, with the region's mayors, on a review of local government arrangements in the region

Working with iwi

Assisting the region's iwi to contribute to decision making

Ara Tahi

Ara Tahi is a partnership between the seven mana whenua iwi groups in the Wellington region and the Council and involves the leadership of all groups.

Ara Tahi was established in 1993 as a Maori Advisory Committee and in the last two years has evolved to focus more on strategic matters of mutual concern. We anticipate that in 2011/12 Ara Tahi will complete the development of a Memorandum of Partnership to replace the current Charter of Understanding. This would represent a definitive progression in the relationship to one of real partnership.

Te Upoko Taiao – Natural Resource Plan Committee

This committee is a further manifestation of the Council's commitment to partnership, flowing from our statutory treaty obligations. The committee includes equal numbers of councillors and mana whenua iwi nominees, many with a resource planning background. Te Upoko Taiao is responsible for overseeing the development of the new generation Regional Plan.

Iwi representation on committees

Mana whenua iwi have been represented on Council committees for the last few years and following the restructure of our committees after the last election, mana whenua iwi now have a nominee on the Environmental Wellbeing Committee, the Economic Wellbeing Committee and the Social and Cultural Wellbeing Committee, as well as the Regional Transport Committee.

Iwi projects

Iwi project funding was provided to Kahungunu ki Wairarapa to assist with the Wairarapa Moana exhibition at the Ara Toi Museum in Masterton. Discussions continue for an iwi project that considers kaitiakitanga for Ngāti Toa Rangatira on the Porirua Harbour.

Financial overview

For the year ended 30 June 2011

	Counci 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Council – statement of comprehensive income			
Operational revenue	173,796	168,849	171,378
Finance costs	5,424	7,020	5,158
Operational expenditure*	(163,984)	(170,972)	(156,664)
Depreciation and amortisation	(12,154)	(11,660)	(11,511)
Surplus/(deficit) for the year before tax and unrealised gains/(losses)	3,082	(6,763)	8,361
Transport improvement grants and subsidies	116,365	206,348	78,286
Transport improvement expenditure	(110,028)	(207,385)	(83,064)
Unrealised gains/(losses)	4,126	1,950	821
Tax	-	-	-
Operating surplus/(deficit) after tax	13,545	(5,850)	4,404
Other comprehensive income			
Unrealised increases/(decreases) in asset revaluations	(6)	-	-
Total comprehensive income for the year	**13,539**	**(5,850)**	**4,404**

Greater Wellington's net operating surplus for the 2010/11 year before unrealised gains and losses and transport improvements was $3.082 million, compared with a budgeted deficit of $6.763 million. Including the expenditure on the transport improvements and valuation movements, the net surplus was $13.539 million, which is $19.389 million ahead of budget.

Significant components of this variance are:

- Greater Wellington receives grant revenue to fund various transport projects. Revenue is only received when expenditure is incurred, including:
  - Lower expenditure for purchase of Matangi EMU's of $94.0 million due to the delays in delivery compared to budgeted timetable and the revised payment schedule reduced revenue by $84.0 million. A net variance of $10 million
  - Lower project expenditure including Real Time Information and trolley bus infrastructure renewals of $5.2 million reduced grant revenue by $2.86 million
- Interest income and dividend income were $2 million more than budget, reflecting lower interest rates in the subsidiaries and better returns on term deposits
- Finance costs were lower than budget due to lower level of capital expenditure compared to budget
- Greater Wellington's forestry investments are valued each year. Higher market prices at year end resulted in a significant increase in the forestry valuation at year end. The budget variance arises from the difference in valuation expectations at that time

*Comparatives for 2010 and budgets for 2011 have been reclassified to aid comparability. Refer to relevant notes for futher information.

Financial overview (continued)

Council – statement of financial position	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Current assets	78,347	91,225	101,879
Non-current assets	756,256	725,740	697,599
Total assets	834,603	816,965	799,478
Equity	673,319	647,912	659,780
Current liabilities	114,803	59,610	44,334
Non-current liabilities	46,481	109,443	95,364
	834,603	816,965	799,478

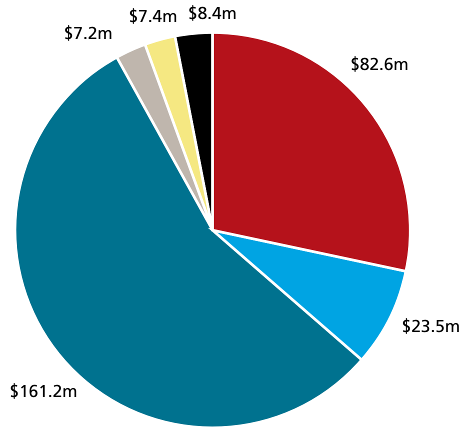
- Deposits and investments of $16.5 million have moved from a short-term maturity into longer-term maturity investments
- Greater Wellington's forestry investments are valued each year. Higher market prices at year end resulted in a significant increase in the forestry valuation at year end. The budget variance of $7.8 million arises from the difference in valuation expectations at the time of the budget and year end
- Council share of the new rail rolling stock is funded by way of share capital in Greater Wellington Rail Ltd. The timing of the Matangi expenditure is different to budget resulting in a reduction in share capital called of $13.3 million
- Delays in the Real Time Information $2.6 million and flood protection projects $3.6 million have contributed to the lower level of capital expenditure compared to budget
- At the year end more debt was short term and classified as current when compared to budget. Overall term debt was $30.2 million lower than budget due to the lower level of capital expenditure.

Council – statement of cashflows	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Cashflows from operating activities	37,349	4,921	17,995
Cashflows from investing activities	(41,326)	(41,570)	(17,788)
Cashflows from financing activities	6,537	38,252	18,467
Net increase (decrease) in cash, cash equivalents and bank overdraft	2,560	1,603	18,674
Opening cash equivalents	35,987	29,132	17,313
Closing cash equivalents	38,547	30,735	35,987

- Actual cashflow from operations is higher than budget due to lower expenditure on transport improvements. This is offset by lower borrowing requirements

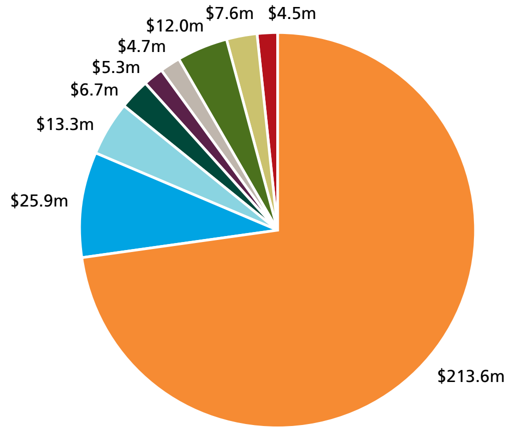
Financial overview (continued)

Council revenue



Rates	28.5%
Water supply levy	8.1%
Government grants and subsidies for transport	55.6%
Investments and CCOs	2.5%
Logging revenue	2.5%
Other revenue	2.8%

Council operational expenditure



Transport*	72.8%
Water supply	8.8%
Safety and flood protection	4.5%
Parks	2.3%
Community	1.8%
Regional sustainable development	1.6%
Resource management	4.1%
Land management	2.6%
Other	1.5%

*Includes $110m of expenditure on transport improvements

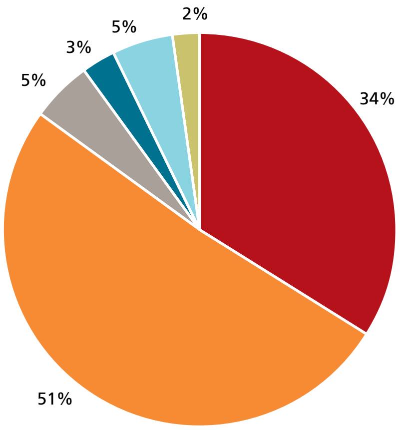
This pie chart illustrates Greater Wellington's source of revenue. Rates made up 28.5% of our revenue in 2011.

Grant and subsidies, predominately from central government for public transport, makes up the largest share.

This pie chart illustrates Greater Wellington's operational expenditure by outcome. The largest portion is for public transport, which includes $110 million being invested in the rail network improvements during 2011.

Financial overview (continued)

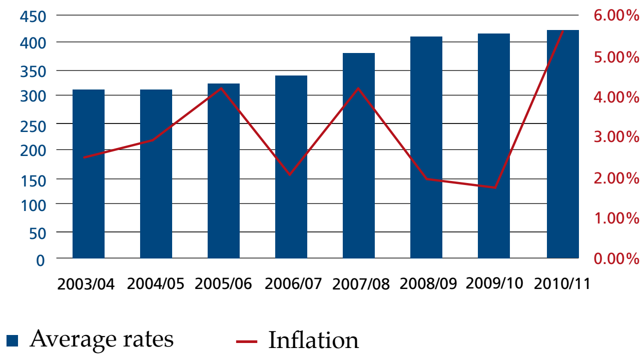
Council rates



General rates	34%
Transport rates	51%
Economic development rate	5%
Stadium rate	3%
River rates	5%
Wairarapa scheme and pest rates	2%

General rates charged to all ratepayers make up 34% of the total rates collected in 2011. The other rates, including the transport rate which made up 51% of rates, are targeted rates which are apportioned to reflect the ratepayers that are benefiting more from the expenditure and investment that Council is making.

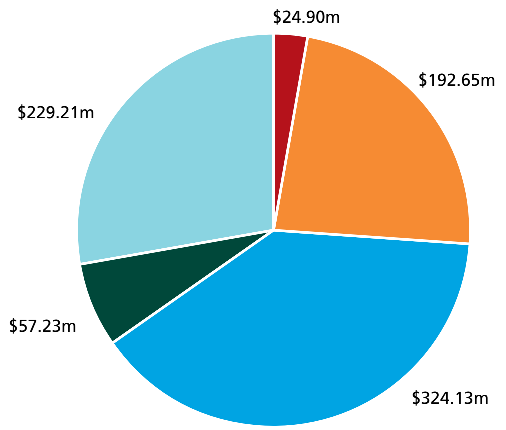
Average rates collected per property*



*The average is for all property types, including residential, rural and commercial properties

Over the past eight years, rates per property have increased by an average of 5.2% including inflation. Over this period inflation averaged 3% per annum. This increase includes the change for Greater Wellington taking on rating for economic development for the region in 2008, the current major investment in improving the rail network and the continuation of the flood protection programme.

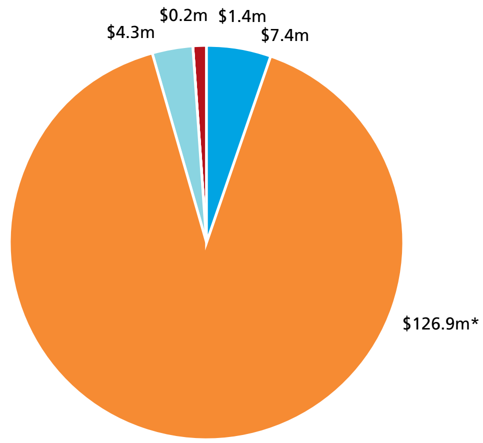
Council fixed assets ($ millions)



Other assets	3.0%
Regional transport*	23.3%
Regional water supply	39.1%
Parks and forests	6.9%
Flood protection	27.7%

*Includes $143 million of rail rolling stock and $41 million of railway station infrastructure owned by Greater Wellington Rail Ltd, a Council subsidiary.

Council capital expenditure ($ millions)



Water supply	5.3%
Transport*	90.5%
Flood protection	3.1%
Parks	0.1%
Other	1.0%

*Includes $123.4 million of transport improvements which are treated as operational expenditure in Council accounts.

This pie chart shows the breakdown of our assets at the year end.

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. The new Matangi trains, the Ganz Mavag trains and all railway stations excluding Wellington Railway Station are now owned by the Greater Wellington subsidiary, Greater Wellington Rail Limited.

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 pie chart shows the breakdown of the $140.2 million* in capital expenditure for the year ended 30 June 2011. 2011 capital expenditure included completing Waiwhetu flood works, continued work on the Hutt River stopbanks and the start of the rollout of the real-time information system on the Wellington bus network.

*This expenditure includes transport improvements of $123.4 million ($83.0 million 2010), which are treated as operating expenditure in the Council accounts. The Matangi trains will be owned by the Greater Wellington subsidiary, Greater Wellington Rail Limited. Other improvements will be owned by the Government entities, Ontrack and KiwiRail.

Financial overview – Group

For the year ended 30 June 2011

	Group 2011 Actual $000s	Group 2010 Actual $000s
Group – summary income statement		
Operational revenue	243,343	234,769
Finance costs	19,050	15,498
Operational expenditure*	(204,225)	(213,387)
Depreciation and amortisation	(21,882)	(21,549)
Surplus /(deficit) for the year before tax and unrealised gains /(losses)	36,286	15,331
Fair value of Kiwirail Assets**	83,417	-
Transport improvement grants and subsidies	116,365	78,286
Transport improvement expenditure	(95,064)	(70,702)
Unrealised gains / (losses)	(4,682)	(5,472)
Tax**	(29,869)	(4,673)
Operating surplus /(deficit) after tax	106,453	12,770
Other comprehensive income		
Unrealised increases / (decreases) in asset revaluations	(1,529)	10,380
Total comprehensive income for the year	**104,924**	**23,150**
Group – statement of financial position		
Current assets	94,099	106,973
Non-current assets	1,307,836	1,133,660
Total assets	1,401,935	1,240,633
Equity	939,446	835,445
Current liabilities	260,040	161,314
Non-current liabilities	202,449	243,874
	1,401,935	1,240,633
Group – summary cashflow statement		
Cashflows from operating activities	39,616	36,728
Cashflows from investing activities	(40,283)	(44,922)
Cashflows from financing activities	4,075	26,836
Net increase / (decrease) in cash, cash equivalents and bank overdraft	3,408	18,642
Opening cash equivalents	36,511	17,869
Closing cash equivalents	39,919	36,511

The Group results include CentrePort Ltd, Grow Wellington, WRC Holdings, Pringle House Ltd, Port Investments Ltd and Greater Wellington Rail Ltd.

*Comparatives for 2010 have been reclassified to aid comparability. Refer to relevant Notes for more information.

**Greater Wellington Rail Ltd has been redesignated a public benefit entity for financial reporting purposes. At 30 June 2011 Greater Wellington Rail Ltd purchased the Wellington Metropolitan rail assets from KiwiRail for a nominal fee as part of the agreed Regional Rail Package with central government. These assets have an accounting value of $84 million at balance date, which is recognised by way a an increase in total revenue. As Greater Wellington Rail Ltd is a Council-controlled organisation, this transaction and capital grants create a nominal deferred tax liability of $56.8 million at year end. As the Council does not intend to sell these assets, this tax liability will not be realised.

Financial statements

For the year ended 30 June 2011

Statement of comprehensive income

for the year ended 30 June 2011

	Notes	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Operating revenue						
Rates and levies		106,011	103,195	106,011	104,352	103,195
Transport Operational Grants and subsidies		44,865	44,493	44,865	45,374	44,493
Transport Improvement Grants and subsidies		116,365	78,286	116,365	206,348	78,286
Other gains		337	172	268	-	163
Other revenue**		175,547	86,909	22,652	19,123	23,527
Total external operating revenue*	1	**443,125**	**313,055**	**290,161**	**375,197**	**249,664**
Operating expenditure						
Employee benefits *	2	53,147	50,148	33,449	33,516	31,587
Grants and subsidies		44,982	68,130	75,988	79,914	73,401
Depreciation and amortisation	3	21,882	21,549	12,154	11,660	11,511
Finance costs	4	19,050	15,498	5,424	7,020	5,158
Other operating expenses *	5	67,996	64,113	43,699	43,502	41,360
Total external operating expenditure		**207,057**	**219,438**	**170,714**	**175,612**	**163,017**
Operating surplus /(deficit) before transport improvements		**236,068**	**93,617**	**119,447**	**199,585**	**86,647**
Transport improvement expenditure		(95,064)	(70,702)	(110,028)	(207,385)	(83,064)
Operating surplus /(deficit) before other items and tax		**141,004**	**22,915**	**9,419**	**(7,800)**	**3,583**
Other unrealised gains/(losses)						
Unrealised increases in financial assets and instruments		8,504	6,326	8,504	3,188	6,326
Unrealised increases /(decreases) in financial instrument liabilities		(8,479)	(13,196)	(4,378)	(1,238)	(5,505)
Unrealised increases /(decreases) in investment properties		(4,707)	1,398	-	-	-
	6	(4,682)	(5,472)	4,126	1,950	821
Operating surplus /(deficit) before tax		136,322	17,443	13,545	(5,850)	4,404
Tax expense**	7	29,869	4,673	-	-	-
Operating surplus /(deficit) after tax		106,453	12,770	13,545	(5,850)	4,404
Other comprehensive income						
Increases/(decreases) in asset revaluations		(1,529)	10,380	(6)	-	-
Total comprehensive income for the year		**104,924**	**23,150**	**13,539**	**(5,850)**	**4,404**
Attributed to:						
Non-controlling interest		1,377	4,295	-	-	-
Equity holders of the parent		103,547	18,855	13,539	(5,850)	4,404
Total comprehensive income for the year		**104,924**	**23,150**	**13,539**	**(5,850)**	**4,404**

*Comparatives for 2010 and Budgets for 2011 have been reclassified to aid comparability. Refer to relevant notes for futher information.

**Greater Wellington Rail Ltd has been redesignated a public benefit entity for financial reporting purposes. At 30 June 2011 Greater Wellington Rail Ltd purchased the Wellington metropolitan rail assets from KiwiRail for a nominal fee as part of the agreed Regional Rail Package with central government. These assets have an accounting value of $84 million at balance date, which is recognised by way a an increase in total revenue. As Greater Wellington Rail Ltd is a Council-controlled organisation this transaction and capital grants create a nominal deferred tax liability of $56.8 million at year end. As the Council does not intend to sell these assets, this tax liability will not be realised.

The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements.

Statement of changes in equity

For the year ended 30 June 2011

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Opening equity	835,445	813,487	659,780	653,762	655,376
Total comprehensive income for the year	104,924	23,150	13,539	(5,850)	4,404
Dividend to non-controlling interest	(923)	(1,192)	-	-	-
Total closing equity at 30 June	**939,446**	**835,445**	**673,319**	**647,912**	**659,780**
Components of equity					
Opening accumulated funds	491,995	475,514	357,348	353,355	356,514
Total comprehensive income for year	104,924	23,150	13,539	(5,850)	4,404
Interest allocated to reserves	(789)	(567)	(789)	(733)	(567)
Other transfers to reserves	(2,115)	(7,613)	(3,638)	40	(5,706)
Transfers from reserves	4,539	2,703	4,539	4,026	2,703
Dividend to non-controlling interest	(923)	(1,192)	-	-	-
Closing accumulated funds	597,631	491,995	370,999	350,838	357,348
Opening other reserves	19,998	16,361	19,998	17,906	16,361
Transfers to accumulated funds	(4,539)	(2,703)	(4,539)	(4,026)	(2,703)
Transfers from accumulated funds	3,644	5,773	3,644	(40)	5,773
Interest earned	789	567	789	733	567
Movements in other reserves					
Closing other reserves	19,892	19,998	19,892	14,573	19,998
Opening asset revaluation reserves	323,452	321,612	282,434	282,501	282,501
Other movements in revaluation reserve	-	1,840	(6)	-	(67)
Closing asset revaluation reserve	321,923	323,452	282,428	282,501	282,434
Asset revaluation and other reserves	341,815	343,450	302,320	297,074	302,432
Total closing equity at 30 June	**939,446**	**835,445**	**673,319**	**647,912**	**659,780**

Financial statements

The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements.

Statement of financial position

As at 30 June 2011

	Notes	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Assets						
Current assets						
Cash and cash equivalents	8	39,919	36,511	38,547	30,735	35,987
Bank term deposits		5,578	10,000	5,578	-	10,000
Trade and other receivables	9	35,109	39,325	31,460	38,345	36,104
Inventories	10	13,161	3,668	2,759	-	2,547
Derivative financial instruments	17	3	806	3	-	806
Other financial assets	11	-	16,435	-	22,145	16,435
Income tax due	7	329	228	-	-	-
		94,099	106,973	78,347	91,225	101,879
Non-current assets						
Other financial assets	11	40,231	6,566	37,692	4,802	4,351
Property, plant and equipment	12	1,019,048	888,575	644,122	654,219	638,866
Intangible assets	13	3,270	3,499	2,846	212	2,850
Forestry investments	14	20,135	13,872	20,135	12,319	13,872
Investment properties	15	217,078	217,821	-	-	-
Investment in subsidiaries	16	-	-	50,725	54,188	37,379
Derivative financial instruments	17	736	740	736	-	281
Deferred tax asset*	7	7,338	2,587	-	-	-
		1,307,836	1,133,660	756,256	725,740	697,599
Total assets		**1,401,935**	**1,240,633**	**834,603**	**816,965**	**799,478**

*Greater Wellington Rail has been redesignated a public benefit entity for financial reporting purposes. The impacts of changing Greater Wellington Rail from a profit-oriented entity to a public benefit entity are that deferred tax liabilities arise due to the accounting profit being made by recognising capital grants in the year they are received. Comparatives for 2010 have been reclassified to aid comparability.

The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements.

	Notes	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Equity and liabilities						
Equity attributable to equity holders of the parent						
Retained earnings		550,937	445,754	370,999	350,838	357,348
Reserves		341,815	343,450	302,320	297,074	302,432
		892,752	789,204	673,319	647,912	659,780
Non controlling interest		46,694	46,241	-	-	-
Total equity		**939,446**	**835,445**	**673,319**	**647,912**	**659,780**
Current liabilities						
Trade and other payables	18	51,763	41,302	45,824	30,710	33,817
Debt	19	202,366	114,224	66,406	28,900	7,962
Employee benefit liabilities	20	5,043	4,895	2,261	-	2,455
Provisions	21	462	732	-	-	-
Derivative financial instruments	17	406	161	312	-	100
		260,040	161,314	114,803	59,610	44,334
Non-current liabilities						
Debt	19	131,713	212,699	41,713	109,443	92,699
Derivative financial instruments	17	12,630	6,906	4,185	-	2,069
Employee benefit liabilities	20	1,284	1,351	583	-	596
Deferred tax liability*	7	56,822	22,918	-	-	-
		202,449	243,874	46,481	109,443	95,364
Total liabilities		**462,489**	**405,188**	**161,284**	**169,053**	**139,698**
Total equity and liabilities		**1,401,935**	**1,240,633**	**834,603**	**816,965**	**799,478**

Fran Wilde
Chair

26 October 2011

David Benham
Chief Executive

26 October 2011

Bruce Simpson
Chief Financial Officer

26 October 2011

The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements.

Statement of cashflows

For the year ended 30 June 2011

	Notes	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Cashflows from operating activities						
Receipts from customers		69,552	64,374	-	-	-
Rates revenue received		82,890	80,357	82,890	80,892	80,357
Water supply levy received		23,460	23,460	23,460	23,460	23,460
Government subsidies received		163,846	123,746	163,846	252,009	123,746
Interest received		4,182	4,432	4,160	2,716	4,422
Dividends received		1,546	1,832	1,296	282	1,208
Fees, charges and other revenue		17,322	15,120	15,651	15,838	13,050
Payments to suppliers and employees		(136,495)	(191,800)	(77,698)	(298,299)	(149,952)
Payment of grants and subsidies		(166,653)	(69,546)	(171,013)	(65,113)	(73,401)
Interest paid		(19,222)	(15,247)	(5,243)	(6,864)	(4,895)
Income tax paid/(refund)		(812)	-	-	-	-
Net cashflows from operating activities	22	**39,616**	**36,728**	**37,349**	**4,921**	**17,995**
Cashflows from investing activities						
Sale of property, plant and equipment		905	451	836	452	442
Sales of investments (bonds and term deposits)		(11,681)	-	(11,681)	-	-
Disposal of forestry investments		774	1,125	774	-	1,125
Purchase of property, plant and equipment		(25,139)	(36,181)	(16,779)	(27,221)	(23,418)
Purchase of intangible assets		(724)	(477)	(675)	-	(383)
Development of investment properties		(3,963)	(15,146)	-	-	-
Purchase of shares		(455)	-	-	-	(1,264)
Disposal of investments		-	5,306	-	-	5,710
Acquisition of investments		-	-	(13,801)	(14,801)	-
Net cashflows from investing activities		**(40,283)**	**(44,922)**	**(41,326)**	**(41,570)**	**(17,788)**
Cashflows from financing activities						
Loan funding		6,168	41,033	62,444	49,068	31,550
Debt repayment			(13,005)	(56,224)	(10,816)	(13,005)
Repayment of intercompany current account		-	-	317	-	(78)
Dividends paid to minority interests		(2,093)	(1,192)	-	-	-
Net Cashflows from financing activities		**4,075**	**26,836**	**6,537**	**38,252**	**18,467**
Net increase/(decrease) in cash, cash equivalents and bank overdraft		3,408	18,642	2,560	1,603	18,674
Cash, cash equivalents and bank overdraft at the beginning of year		36,511	17,869	35,987	29,132	17,313
Cash, cash equivalents and bank overdrafts at the end of year		**39,919**	**36,511**	**38,547**	**30,735**	**35,987**

The Goods and Services Tax (GST) component of operating activities reflects the net GST paid and received with Inland Revenue because the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements.

Statement of accounting policies

For the year ended 30 June 2011

1. Reporting entity

The Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Financial statements for Greater Wellington (the "Parent") and consolidated financial statements (for the "Group") are presented.

For the purposes of financial reporting, Greater Wellington and subsidiaries are designated as a public benefit entities. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited, Grow Wellington Limited and CentrePort Limited.

2. Statement of compliance

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

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

The financial statements of Greater Wellington are for the year ended 30 June 2011. The financial statements were authorised for issue by Council on 26 October 2011.

Accounting judgements and estimations

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

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

3. Accounting policies

(a) Basis of preparation

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(b) Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in Note 16 to the financial statements.

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

Greater Wellington's investment in subsidiaries is held at cost in Greater Wellington's own "parent entity" accounts.

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

All significant intercompany transactions are eliminated on consolidation.

(c) Revenue recognition

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

Statement of accounting policies (continued)

(i) Rates and levies

Rates and levies are a statutory annual charge and recognised in the year the assessments are issued.

(ii) Government grants and subsidies

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

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

(iii) Sale of goods

Revenue on the sale of goods is recognised when all risks are transferred to the buyer and there is no longer control or managerial involvement with the goods.

(iv) Rendering of services

Revenue on services is determined using the percentage of completion method.

(v) Dividends

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

(vi) Interest

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

(vii) Other revenue

Other income is also recognised on an accrual basis. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Group are recognised as revenue when control over the asset is obtained.

(d) Borrowing costs

Borrowing costs directly attributable to capital construction are capitalised as part of the costs of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Property, plant and equipment

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

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

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

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

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

Valuations

Valuations for regional water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers. They are carried out at regular intervals.

Flood protection

The flood protection infrastructure assets were valued at 30 June 2007 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

Statement of accounting policies (continued)

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department.

The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2007 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2007 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value.

Baker & Associates valued Wairarapa flood protection land as at 30 June 2007. Land valuation was completed by FT Rutherford BBS (VPM) ANZIV, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks and forests

The parks and forests infrastructure assets were valued at 30 June 2008. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer. Roads, fences, tracks and other park infrastructure have been valued using ODRC methodology in accordance with the guidelines published by NAMS Group, by Graham Laws, Parks and Forests Asset Management Advisor. Fergus Rutherford of Baker & Associates Ltd reviewed the valuation methodology and rates.

Plantation forestry bridges were revalued by Kate Zwartz, Senior Engineer for the engineering consultancy group.

Public transport

Public transport infrastructural assets were valued by Duffill Watts Ltd. Land was valued at market value and other assets at depreciated replacement cost.

Regional water supply

Regional water supply plant and equipment assets were valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of CB Richard Ellis as at 30 June 2008 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of CB Richard Ellis as at 1 July 2008 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 1 July 2008 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 1 July 2008 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. Bayleys Property Services valued the land at 30 June 2011 at fair value. The valuations were based on the assets highest and best use in accordance with New Zealand Property Institute Practise Standard 3 – Valuations for Financial Reporting Purposes with reference to sales evidence of land sales or development sites within the wider Wellington region.

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

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

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

The assets have been recognised in the Group accounts via the statement of comprehensive income. A valuation was undertaken on 30 June by Halcrow Pacific Pty limited for the rail rolling stock and by Bayleys Valuations Limited for the non rail assets. The valuation of these assets amounted to $33,004,000 for the rail rolling stock and $41,954,000 for the infrastructure assets.

Statement of accounting policies (continued)

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

(f) Depreciation

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

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

• Port, wharves and paving	10 to 50 years
• Operational port freehold land	Indefinite
• Operational land and buildings	10 to indefinite
• Operational plant and equipment	2 to 20 years
• Operational vehicles	3 to 10 years
• Flood protection infrastructural assets	15 to indefinite
• Transport infrastructural assets	5 to 50 years
• Rail rolling stock	5 to 30 years
• Navigational aids infrastructural assets	5 to 50 years
• Parks and forests infrastructural assets	10 to 100 years
• Regional water supply infrastructural assets	3 to 150 years

Capital work in progress is not depreciated.

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

(g) Intangible assets

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

Software	1 to 5 years

(h) Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. There are two classes of investment property:

1. Developed investment properties
2. Land available for development

The Regional Council Centre (RCC) is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the Statement of Comprehensive Income in the period in which they arise.

(i) Impairment

All assets are reviewed annually to determine if there is any indication of impairment.

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

(i) Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

(ii) Value in use

Value in use for the Group's assets is calculated as being the depreciated replacement cost of the asset. For Greater Wellington's subsidiaries it is calculated as being the estimated future cashflows which are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(j) Forestry investments

Forestry investments are stated at fair value less point-of-sale costs. They are independently revalued to an estimate of market valuation based on net present value. The net gain or loss arising from changes in forestry valuation is included in the Statement of Comprehensive Income.

(k) Financial instruments

The Group classifies its financial assets and liabilities according to the purpose for which they were acquired.

Statement of accounting policies (continued)

Financial assets and liabilities are only offset when there is a legally enforceable right to offset them and there is an intention to settle on a net basis.

(i) Financial assets

The Group's financial assets are categorised as follows:

- **Financial assets at fair value accounted through the Statement of Comprehensive Income**

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in the Statement of Comprehensive Income.

- **Financial assets at fair value accounted through equity**

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

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

Fair value is equal to the Group's share of the net assets of the entity. Upon sale the cumulative fair value gain or loss previously recognised directly in equity is recognised in the Statement of Comprehensive Income.

- **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the Statement of Comprehensive Income.

- **Held to maturity investments**

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

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

- **Impairment of financial assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised as a surplus or deficit in the comprehensive income statement.

Loans and other receivables, and held to maturity investments:

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

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties, probability that the debtor will enter bankruptcy, and default payments are considered indicators that asset is impaired.

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

Statement of accounting policies (continued)

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the Statement of Comprehensive Income.

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

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

(ii) Financial liabilities

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

(l) Derivative financial instruments

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its operational, financing and investment activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

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

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

(m) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell.

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

(n) Inventories

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

The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the Statement of Comprehensive Income.

(o) Income tax

Income tax in the Statement of Comprehensive Income for the year comprises current and deferred tax. Income tax is usually recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case, that amount is recognised in equity.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Statement of accounting policies (continued)

(p) Foreign currency

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

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

(q) Employee entitlements

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

Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

(r) Provisions

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

(s) Goods and Services Tax (GST)

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

(t) Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

(u) Overhead Allocation and Internal Transactions

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

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

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

(v) Equity

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

The components of equity are accumulated funds, revaluation reserves and restricted funds.

(w) Statement of cashflows

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

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

Statement of accounting policies (continued)

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.

(x) Budget figures

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

(y) Changes in accounting policies

The Council and Group financial statements for the year 30 June 2011 has been prepared under the revised standards and therefore the information for the year ended 30 June 2010 has been re-stated accordingly.

Standards, amendments and interpretations adopted

Early Adoption of Amendments to NZ IAS 12 Income Taxes

NZ IAS 12 – Income Tax

The Group has elected to early adopt the amendments to NZ IAS 12 Income Taxes ahead of its mandatory implementation date of periods commencing on or after 1 January 2012. This amendment introduces the rebuttable presumption that the carrying value of investment property will be recovered through sale, which has the effect of lowering the Group's deferred tax liability on investment property held for continuing use to depreciation which would be recovered on sale. The impact on the 2011 tax expense is a decrease of $748k.

Standards, amendments and interpretations issued which are effective and have been adopted, and which are relevant to the Council and group are:

Those with no impact

- Amendment to NZ IAS 32 'Financial Instruments: Presentation' – Classification of Rights Issues *(Effective for annual reporting periods beginning on or after: 1 February 2010 Expected to be initially applied in the financial year ending: 30 June 2011)*
- NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' *(Effective for annual reporting periods beginning on or after: 1 July 2010 Expected to be initially applied in the financial year ending: 30 June 2011)*

The following are the new or revised Standards or Interpretations in issue that are not yet required to be adopted for the period ending on 30 June 2011

- Amendments to NZ IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based Payment Transactions *(Effective for annual reporting periods beginning on or after: 1 January 2010 Expected to be initially applied in the financial year ending: 30 June 2011)*
- NZ IFRS 9 'Financial Instruments' *(Effective for annual reporting periods beginning on or after: 1 January 2013 Expected to be initially applied in the financial year ending: 30 June 2014)*
- Amendments to NZ IAS 24 'Related Party Disclosures *(Effective for annual reporting periods beginning on or after: 1 January 2011 Expected to be initially applied in the financial year ending: 30 June 2012)*
- Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement' *(Effective for annual reporting periods beginning on or after: 1 January 2011 Expected to be initially applied in the financial year ending: 30 June 2012)*

The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2011, with earlier adoption permitted.

It is not expected that the above standards will have a material impact on the financial statements.

Notes to the financial statements

For the year ended 30 June 2011

Note 1 – Operating revenue

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
General rates	27,875	25,828	27,875	26,803	25,828
Targeted rates	54,094	53,260	54,094	54,089	53,260
Rates penalties	602	676	602	-	676
Remission of rates penalties	(20)	(29)	(20)	-	(29)
Regional rates	82,551	79,735	82,551	80,892	79,735
Regional water supply levy	23,460	23,460	23,460	23,460	23,460
Total rates and levies	106,011	103,195	106,011	104,352	103,195
Transport operational grants and subsidies	44,865	44,493	44,865	45,374	44,493
Transport improvement grants and subsidies	116,365	78,286	116,365	206,348	78,286
Other revenue					
Sale of goods	4,450	5,450	4,450	4,916	5,450
Logging revenue	7,361	6,308	7,361	6,401	6,308
Subsidiaries revenue*	46,454	46,528	-	-	-
Rendering of services	594	602	594	8	602
Animal Health Board	2,125	1,834	2,125	1,937	1,834
Rental income	1,077	1,129	1,077	1,006	1,129
Rents from investment properties*	25,331	18,895	-	-	-
Management fees	-	-	771	776	593
Dividends received	-	6	1,205	282	1,202
Subvention revenue	-	-	908	795	1,020
Interest received	*4,015*	*4,432*	*4,012*	*2,715*	*4,422*
Other grants and subsidies	149	967	149	287	967
Fair value–- KiwiRail Property Plant and Equipment and Stock**	83,417	-	-	-	-
Equity accounted earnings from associates	574	758	-	-	-
	175,547	86,909	22,652	19,123	23,527
Other gains					
Gain on disposal of property, plant and equipment	337	172	268	-	26
Total operating revenue	**443,125**	**313,055**	**290,161**	**375,197**	**249,664**

*In 2010 Centreport announced a plan to sell a part-interest in three buildings in Harbour Quays. In the 2010 financial statements these assets were reclassified as investment property held for sale and the revenue and expenses incurred in relation to these assets disclosed as discontinued operations. CentrePort Limited has entered into an unconditional sale with ACC to sell 50% of three investment properties for $75 million. The transaction date is 1 September 2011, at which time the properties will be transferred into three investment vehicles wholly owned by CentrePort which will be fully consolidated into the accounts of CentrePort. Accordingly, these investment property assets, and the revenue and expenses incurred in relation to these assets, have been classified as continuing operations in the Group accounts. The 2010 Group comparatives have been restated accordingly.

**At 30 June 2011 Greater Wellington Rail Ltd purchased the Wellington Metropolitan rail assets from KiwiRail for nominal fee as part of the agreed Regional Rail Package with central governement. These assets have an accounting value of $83.5 million at balance date, which is recognised by way of an increase in total revenue.

Notes to the financial statements (continued)

Note 2 – Employee benefits

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Employee benefits expense*	50,835	48,103	31,838	31,726	30,075
Post-employment benefit expense	2,312	2,045	1,611	1,790	1,512
Total employee benefits	**53,147**	**50,148**	**33,449**	**33,516**	**31,587**

*Councillor fees have been reclassified to Other operating expenses. Comparitives for 2010 have also been reclassified to aid comparability.

Note 3 – Depreciation and amortisation

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Depreciation				
Port wharves and pavings	3,273	2,081	-	-
Land and buildings	94	1,614	94	71
Plant and equipment*	3,375	3,538	743	861
Rail rolling stock	-	3,303	-	-
Motor vehicles*	1,020	1,009	1,020	1,009
Flood protection at valuation	247	247	247	247
Water supply*	11,396	7,597	7,865	7,597
Flood protection at cost	371	460	371	460
Transport facilities	531	367	531	367
Navigational aids	22	23	22	23
Parks and forests	582	719	582	719
Total depreciation	**20,911**	**20,958**	**11,475**	**11,354**
Amortisation				
Software	971	591	679	157
Total amortisation	**971**	**591**	**679**	**157**
Total depreciation and amortisation	**21,882**	**21,549**	**12,154**	**11,511**

*Depreciation charged for water supply plant and equipment and water supply vehicles were included in total depreciation for water supply in 2010. In 2011 these charges have been reclassified to plant and equiment and motor vehicles, and previous year comparitives have been reclassified to aid comparability.

Notes to the financial statements (continued)

Note 4 – Finance costs

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Interest expense					
Interest on borrowings	19,050	15,498	5,424	7,020	5,158
Total finance costs	**19,050**	**15,498**	**5,424**	**7,020**	**5,158**

The 2010 Group comparitive has been restated due to reclassification of discontinued operations as per Note 1.

Note 5 – Other operating expenses

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Auditor's remuneration					
Fees to principal auditor for financial statement audit	240	218	162	151	156
Fees to principal auditor for audit of community plan and other services	16	18	16	-	18
Fees to other auditor for financial statement audit	99	95	-	-	-
Fees to other auditor for IFRS, tax and other services	130	82	-	-	-
Impairment					
Change in provision for impairment of trade receivables	72	62	25	-	49
Insurance					
Insurance	1,609	1,525	1,331	1,419	1,192
General					
Asset write-offs/(written back)	-	1	-	-	1
Directors fees	531	482	-	-	-
LGNZ subscriptions	98	86	98	98	86
Operating lease rentals	-	-	1,672	1,648	1,648
Energy costs	4,483	4,272	2,650	2,373	2,504
Councillor fees*	1,034	961	1,034	1,110	961
Repairs and maintenance*	8,461	7,594	1,840	1,302	1,630
Materials and supplies*	12,243	11,867	12,243	14,096	11,867
Consultancy	22,149	21,058	21,794	20,320	20,679
Other operating expenses	16,831	15,792	834	985	569
Total other operating expenses	**67,996**	**64,113**	**43,699**	**43,502**	**41,360**

*To provide more detail to readers, these expense categories have been added to this note.

Notes to the financial statements (continued)

Note 6 – Unrealised gains/(losses)

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2011 Budget $000s	Council 2010 Actual $000s
Unrealised increase/(decrease) in financial assets and instrument assets/liabilities					
Forestry investment	8,162	6,010	8,162	2,256	6,010
Stadium advance	342	316	342	342	316
Bonds - investments	(463)	(713)	(463)	-	(713)
Loans	(1,238)	(946)	(1,238)	(1,238)	(946)
Interest rate swaps	(6,761)	(11,390)	(2,643)	590	(3,768)
Diesel contracts	17	(69)	-	-	-
Foreign exchange contracts	(34)	(78)	(34)	-	(78)
	25	(6,870)	4,126	1,950	821
Unrealised increase/(decrease) in investment properties					
Investment properties (developed property)	(4,736)	(294)	-	-	-
Investment properties (undeveloped land)	29	1,692	-	-	-
Net unrealised increase / (decrease) in investment properties	(4,707)	1,398	-	-	-
Net unrealised increase/(decrease) in financial assets and instrument assets/liabilities and investment properties	**(4,682)**	**(5,472)**	**4,126**	**1,950**	**821**
Unrealised increase in financial assets and financial instrument assets	8,504	6,326	8,504	3,188	6,326
Unrealised increase / (decrease) in financial instrument liabilities	(8,479)	(13,196)	(4,378)	(1,238)	(5,505)
Unrealised increase / (decrease) in investment properties	(4,707)	1,398	-	-	-
Net unrealised increase/(decrease) in financial assets and instrument assets/liabilities and investment properties	**(4,682)**	**(5,472)**	**4,126**	**1,950**	**821**

Notes to the financial statements (continued)

Note 7 – Taxation

The Council's net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington Group of companies, including the CentrePort Group, and any other council-controlled organisations, such as New Zealand Local Government Insurance Corporation. All other income currently derived by the Council is exempt from income tax.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	712	1,644	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	-	(41)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	36,769	4,852	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	(3,889)	(397)	-	-
Tax expense/(benefit) from discontinued operations	-	(4,786)		
Impact of tax rate change	(2,708)	(888)	-	-
Impact of changes to building depreciation	(1,015)	4,289	-	-
Total tax expense/(benefit)	**29,869**	**4,673**	**-**	**-**

Notes to the financial statements (continued)

Note 7 – Taxation (continued)

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
(Profit)/loss from operations	(136,322)	(17,443)	(13,545)	(4,404)
(Profit)/loss from discontinued operations	-	-	-	-
Income tax expense/(benefit) calculated at 30%	40,897	5,233	4,064	1,321
(Profit)/loss not subject to taxation	(4,177)	(1,527)	(3,995)	(1,681)
Non-deductible expenses	1,556	516	-	-
Non-assessable income	(26,611)	(2,602)		-
Land and buildings reclassification	277	(1,062)		-
Tax loss offsets from or subventions paid to Group companies	(281)	(309)	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	1,324	1,142	-	360
Tax effect of imputation credits	(107)	(155)	(359)	-
Temporary differences not recognised	674	482	-	-
Previously unrecognised and unused tax losses now utlilised	(4,998)	(405)	(272)	
Impact of tax rate change	(2,708)	(888)	562	-
Impact of changes to building depreciation	(986)	4,289	-	-
Impact of gain on asset acquisition	25,025	-	-	-
	29,885	**4,714**	-	-
Over provision of income tax in previous year	(16)	(41)	-	-
Taxation relating to operations	**29,869**	**4,673**	**-**	**-**
Taxation relating to discontinued operations	-	-	-	-
Total tax expense/(benefit)	**29,869**	**4,673**	**-**	**-**

In May 2010, the Government announced, and passed into legislation, a reduction in the corporate tax rate from 30% to 28%, which will be effective from 1 July 2011 for the Council and the Group. The effect of this change on the Council and the Group's expected deferred tax position as at 30 June 2011 has been accounted for in the current year, with the effect recognised in the Statement of Comprehensive Income.

The Government also announced the removal of tax depreciation on buildings with a useful life of greater than 50 years, also effective from 1 July 2011 for the Council and the Group. The effect of this change on the deferred tax balance has been accounted for and is reflected in the Statement of Comprehensive Income.

(b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a tax loss sharing agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 30%), with the balance of losses offset, where the companies elect to do so. At 30 June 2011, CentrePort Ltd had advanced $nil (2010: $nil) on account of the subvention payment.

Notes to the financial statements (continued)

Note 7 – Taxation (continued)

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
(c) Current tax assets and liabilities				
Current tax assets				
Subvention receivable	-	-	908	1,007
Tax refund receivable	329	228	-	-
Other	-	-	-	-
	329	**228**	**908**	**1,007**
Current tax payables				
Income tax payable attributable to:				
Parent entity	-	-	-	-
Other	-	-	-	-
	-	**-**	**-**	**-**
(d) Deferred tax balances				
Deferred tax assets comprise		-		
Tax losses	3,887	-	-	-
Temporary differences	3,451	2,587	-	-
	7,338	**2,587**	**-**	**-**
Deferred tax liabilities comprise*				
Temporary differences	56,822	22,918	-	-
	56,822	**22,918**	**-**	**-**

*Greater Wellington Rail Ltd has been designated a public benefit entity for financial reporting purposes. At 30 June 2011 Greater Wellington Rail Ltd purchased the Wellington metropolitan rail assets from KiwiRail for a nominal fee as part of the agreed Regional Rail Package with central government. These assets have an accounting value of $84 million at balance date, which is recognised by way of an increase in total revenue. As Greater Wellington Rail Ltd is a Council controlled organisation this transaction and capital grants create a nominal deferred tax liability of $56.8 million at year end. As the Council does not intend to sell these assets, this tax liability will not be realised.

Notes to the financial statements (continued)

Note 7 – Taxation (continued)

Taxable and deductible temporary differences arising from the following:

	Opening balance $000s	Charged to income $000s	Change in depreciation $000s	Change in tax rate $000s	Closing balance $000s
Group 2011					
Investment properties	(6,334)	(1,556)	660	564	(6,666)
Property, plant and equipment	(16,584)	(36,295)	355	2,367	(50,157)
Trade and other payables	1,099	36		(45)	1,090
Other financial liabilities	1,451	887		(14)	2,324
Revenue in advance	-	-	-	-	-
Other	37		-	-	37
Tax losses	-	4,049		(162)	3,887
Total	**(20,331)**	**(32,879)**	**1,015**	**2,710**	**(49,485)**
Group 2010					
Investment properties	(12,158)	3,609	2,057	158	(6,334)
Property, plant and equipment	(8,739)	(2,243)	(6,346)	744	(16,584)
Trade and other payables	1,240	(110)	-	(31)	1,099
Other financial liabilities	(598)	2,049	-	-	1,451
Revenue in advance	3,709	(3,709)	-	-	-
Other	-		-	37	37
Total	**(16,546)**	**(404)**	**(4,289)**	**908**	**(20,331)**
Council 2011					
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Council 2010					
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Notes to the financial statements (continued)

Note 7 – Taxation (continued)

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses	1,224	4,707	3,377	3,132
Temporary differences	-	-	-	-
	1,224	**4,707**	**3,377**	**3,132**

Tax losses not recognised

Greater Wellington has tax losses of $12.062 million (2010: $11.186 million) available to be carried forward and to be offset against taxable income in the future. Of this amount, $2.153 million has been recognised in the Group's accounts in 2011 (2010: nil). The tax effect of these losses at 28% is $3.377 million (2010 at 30%: $3.356 million).

WRC Holdings has a tax loss to carry forward to the 2011 income year of $1.744 million (2010: $1.000 million). This has been recognised in the Group's accounts in 2011 (2010: nil).

The tax effect of these losses at 28% is $0.488 million (2010 at 30%: $0.300 million).

Port Investments Limited has unrecognised tax losses of $4.412 million (2010 $4.643 million) available to be carried forward and offset against taxable income in the future. This has been recognised in the Group's accounts in 2011 (2010: nil).

The tax effect of these losses at 28% is $1.236 million (2010 at 30%: $1.393 million).

Grow Wellington Limited does not have any unrecognised tax losses as they were fully utilised during the period.

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

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
(e) Imputation credit account balances				
Balance at beginning of the period	11,107	11,649	-	-
Attached to dividends received	1,364	923	-	-
Taxation paid	615	-	-	-
Attached to dividends paid	(1,794)	(1,515)	-	-
Other adjustments	21	50	-	-
Balance at end of the period	**11,313**	**11,107**	**-**	**-**
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-		
Subsidiaries	11,313	11,107		
	11,313	**11,107**		

Notes to the financial statements (continued)

Note 8 – Cash and cash equivalents

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Cash	1,622	591	250	67
Bonds and notes	-	-	-	-
Bank deposits with maturity terms less than 3 months	23,400	17,050	23,400	17,050
Water supply contingency investment	11,257	15,612	11,257	15,612
Major flood recovery fund	3,640	3,258	3,640	3,258
Bank (overdraft)	-	-	-	-
Total cash and cash equivalents	**39,919**	**36,511**	**38,547**	**35,987**

Cash-at-bank and in-hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is the stated values.

As at 30 June 2011 bank deposits have a weighted average interest rate of 3.65% (2010 3.98%) and have various maturity dates. They are available for day-to-day cash management and are recorded at fair value.

As at 30 June 2011 the weighted average interest rate on the water supply contingency investment is 3.63% (2010 4.19%) and is recorded at fair value.

As at 30 June 2011 the weighted average interest rate on the major flood recovery fund is 3.64% (2010 4.20%) and is recorded at fair value.

Note 9 – Trade and other receivables

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Rates outstanding*	12,698	13,037	12,698	13,037
Trade customers	11,463	12,825	6,200	7,899
Accrued revenue	7,960	12,227	7,960	12,227
Subvention receivable	-	-	908	1,007
Dividends receivable	-	-	1,204	1,196
Interest receivable	883	1,031	883	1,031
Prepayments	2,857	954	2,347	444
	35,861	40,074	32,200	36,841
Less provision for impairment of receivables	(752)	(749)	(740)	(737)
Total trade and other receivables	**35,109**	**39,325**	**31,460**	**36,104**

Trade customers are non-interest bearing and are generally on 30 to 90 day terms. Therefore, the carrying value of debtors and other receivables approximates fair value.

*Greater Wellington uses the region's Territorial Authorities to collect it's rates. Payment of the final installment of rates is not received until after year end.

Notes to the financial statements (continued)

Note 9 – Trade and other receivables (continued)

Provision for impairment of receivables

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Opening balance	(749)	(874)	(737)	(692)
Movement	125	125	(3)	(45)
Closing balance	**(624)**	**(749)**	**(740)**	**(737)**

The status of receivables as at 30 June 2011 and 2010 are detailed below:

	Group Gross $000s	Group Impairment $000s	Group Net $000s	Council Gross $000s	Council Impairment $000s	Council Net $000s
2011						
Not past due	33,065	575	32,490	30,517	573	29,944
Past due 31-60 days	2,474	-	2,474	106	-	106
Past due 61-90 days	8	-	8	14	-	14
Past due > 90 days	311	174	137	1,563	167	1,396
Total	**35,858**	**749**	**35,109**	**32,200**	**740**	**31,460**
2010						
Not past due	37,281	575	36,706	34,134	575	33,559
Past due 31-60 days	2,474	-	2,474	2,423	-	2,423
Past due 61-90 days	8	-	8	-	-	-
Past due > 90 days	311	174	137	284	162	122
Total	**40,074**	**749**	**39,325**	**36,841**	**737**	**36,104**

The impairment provision has been determined based on a percentage of the outstanding rates balances as at year end.

Notes to the financial statements (continued)

Note 10 – Inventories

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Harbours	7	5	7	5
Depots	134	133	134	133
Water supply	2,217	2,007	2,217	2,007
Rail	8,955	443	-	-
Wairarapa	401	402	401	402
Port maintenance	1,447	678	-	-
Total inventories	**13,161**	**3,668**	**2,759**	**2,547**

In 2011, inventories recognised as cost of sales amounted to nil (2010 nil). No inventories are pledged as securities for liabilities (2010 nil)

Note 11 – Other financial assets

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Stadium advance	4,612	4,271	4,612	4,271
Local Government Insurance Corporation Limited shares	80	80	80	80
Other Investments (non current bonds and joint ventures)	35,539	2,215	33,000	-
Other investments (current bonds and notes)	-	16,435	-	16,435
Total other financial assets	**40,231**	**23,001**	**37,692**	**20,786**
Current	-	16,435	-	16,435
Non Current	40,231	6,566	37,692	4,351
Total other financial assets	**40,231**	**23,001**	**37,692**	**20,786**

Greater Wellington holds 21,000 fully paid-up shares in Airtel Ltd, which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. Greater Wellington was a previously a member of the association.

Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the trust are defined under a funding deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. At 30 June 2011 Greater Wellington expects that the advance will be fully repaid. The advance is not repayable until all non-settlor debts of the trust are extinguished and is subject to the trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%.

Bank bonds/notes are not exchange traded and the fair value is the stated value. The amount receivable at maturity is $33 million (2010 $16 million).

There were no impairment expenses or provisions for other financial assets. None of the financial assets are either past due or impaired (2010 no impairment).

Notes to the financial statements (continued)

Note 12 – Property, plant and equipment

	Cost/ revaluation 1 July 2010	Accumulated depreciation and impairment 1 July 2010	Carrying amount 1 July 2010	Additions	Disposals	Revaluations	Impairment losses	Reversal of impairment losses	Other transfers	Cost/ revaluation 30 June 2011	Accumulated depreciation and impairment 30 June 2011	Carrying amount 30 June 2011
2011												
Council operational assets												
Land and buildings	5,648	(1,320)	4,328	147	-	-	-	-	-	5,795	(1,412)	4,383
Plant and equipment	11,463	(8,838)	2,625	501	-	-	-	-	221	12,185	(9,581)	2,604
Motor vehicles*	7,189	(4,467)	2,722	1,002	(813)	-	-	-	-	7,378	(4,703)	2,675
	24,300	**(14,625)**	**9,675**	**1,650**	**(813)**	**-**	**-**	**-**	**221**	**25,358**	**(15,696)**	**9,662**
Council infrastructural assets												
Flood protection at valuation	220,820	(719)	220,101	1,246	-	-	-	-	6,825	228,891	(964)	227,927
Flood protection at cost	7,621	(5,971)	1,650	-	-	-	-	-	-	7,621	(6,342)	1,279
Navigational aids	1,745	(1,145)	600	-	-	-	-	-	-	1,745	(1,167)	578
Parks and forests	58,291	(1,365)	56,926	483	-	-	-	-	406	59,180	(1,947)	57,233
Transport infrastructure	9,233	(639)	8,594	507	(8)	-	-	-	80	9,812	(1,167)	8,645
Water infrastructure*	340,320	(14,774)	325,546	4,994	(22)	(6)	-	-	1,474	346,760	(22,627)	324,133
Capital work in progress*	15,772	-	15,772	7,899	-	-	-	-	(9,006)	14,665	-	14,665
	653,802	**(24,613)**	**629,189**	**15,129**	**(30)**	**(6)**	**-**	**-**	**(221)**	**668,674**	**(34,214)**	**634,460**
Total Council property, plant and equipment	**678,102**	**(39,238)**	**638,864**	**16,779**	**(843)**	**(6)**	**-**	**-**	**-**	**694,032**	**(49,910)**	**644,122**
Subsidiary assets												
Land and buildings	35,321	(9,573)	25,748	700	-	(1,702)	-	-	-	34,319	(10,314)	24,005
Plant and equipment	52,689	(19,986)	32,703	783	(2,762)	41	-	-	-	50,751	(19,856)	30,895
Rail rolling stock	37,144	(5,569)	31,575	23,993	-	33,731	-	-	7,981	102,849	(9,100)	93,749
Rail work in progress	28,245		28,245	29,285	-	-	-	-	(7,981)	49,549	-	49,549
Transport infrastucture	-	-	-	-	-	41,186	-	-	-	41,186	-	41,186
Port wharves and paving	78,622	(29,161)	49,461	6,636	-	-	-	-	-	85,258	(31,693)	53,565
Port freehold land	81,977	-	81,977	-	-	-	-	-	-	81,977	-	81,977
Total subsidiary assets	**313,998**	**(64,289)**	**249,709**	**61,397**	**(2,762)**	**73,256**	**-**	**-**	**-**	**445,889**	**(70,963)**	**374,926**
Total group property plant and equipment	**992,100**	**(103,527)**	**888,573**	**78,176**	**(3,605)**	**73,250**	**-**	**-**	**-**	**1,139,921**	**(120,873)**	**1,019,048**

*Asset classes have been redefined to aid reporting and grouping of like assets. Motor vehicles includes all motor vehicles, including those categorised as water supply motor vehicles in 2010. Regional water supply assets was a seperate section in 2010 – these assets are reported as Water infrastrucutre. Capital work in progress includes both Council infrastructure and water supply work in progress. Comparitives for 2010 have been amended to aid comparability.

Notes to the financial statements (continued)

Note 12 – Property, plant and equipment (continued)

	Cost/ revaluation 1 July 2009	Accumulated depreciation and impairment 1 July 2009	Carrying amount 1 July 2009	Additions	Disposals	Revaluations	Impairment losses	Reversal of impairment losses	Other transfers	Cost/ revaluation 30 June 2010	Accumulated depreciation and impairment 30 June 2009	Carrying amount 30 June 2010
2010												
Council operational assets												
Land and buildings	4,704	(1,246)	3,458	288	-	(15)	-	-	671	5,648	(1,319)	4,329
Plant and equipment	10,808	(8,104)	2,704	298	(136)	-	-	-	493	11,463	(8,838)	2,625
Motor vehicles	6,976	(4,329)	2,647	1,132	(919)	-	-	-	-	7,189	(4,467)	2,722
	22,488	**(13,679)**	**8,809**	**1,718**	**(1,055)**	**(15)**	**-**	**-**	**1,164**	**24,300**	**(14,624)**	**9,676**
Council infrastructural assets												
Flood protection at valuation	216,274	(471)	215,803	485	(52)	10	-	-	4,103	220,820	(718)	220,102
Flood protection at cost	7,621	(5,511)	2,110	-	-	-	-	-	-	7,621	(5,971)	1,650
Navigational aids	1,745	(1,123)	622	-	-	-	-	-	-	1,745	(1,145)	600
Parks and forests	55,788	(646)	55,142	1,775	-	-	-	-	728	58,291	(1,365)	56,926
Transport facilities	8,072	(271)	7,801		-	-	-	-	1,161	9,233	(639)	8,594
Water*	335,766	(7,221)	328,545	-	(148)	(62)	-	-	4,764	340,320	(14,774)	325,546
Capital work in progress	9,618	-	9,618	21,748	(3,674)	-	-	-	(11,920)	15,772	-	15,772
	634,884	**(15,243)**	**619,641**	**24,008**	**(3,874)**	**(52)**	**-**	**-**	**(1,164)**	**653,802**	**(24,612)**	**629,190**
Total council property plant and equipment	**657,372**	**(28,922)**	**628,450**	**25,726**	**(4,929)**	**(67)**	**-**	**-**	**-**	**678,102**	**(39,236)**	**638,866**
Subsidiary assets												
Land and buildings	48,381	(8,030)	40,351	1,974	-	(1,702)	-	-	(13,332)	35,321	(9,573)	25,748
Plant and equipment	50,128	(17,322)	32,806	2,570	(9)	-	-	-	-	52,689	(19,986)	32,703
Rail rolling stock	52,003	(2,266)	49,737	13,598		-	-	-	(212)	65,389	(5,569)	59,820
Transport infrastucture	-	-	-	-	-	-	-	-	-	-	-	-
Port wharves and paving	63,196	(27,080)	36,116	6,955	-	-	-	-	8,471	78,622	(29,161)	49,461
Port freehold land	76,344	-	76,344	-	-	3,609	-	-	2,024	81,977	-	81,977
Total subsidiary assets	**290,052**	**(54,698)**	**235,354**	**25,097**	**(9)**	**1,907**	**-**	**-**	**(3,049)**	**313,998**	**(64,289)**	**249,709**
Total group property plant and equipment	**947,424**	**(83,620)**	**863,804**	**50,823**	**(4,938)**	**1,840**	**-**	**-**	**(3,049)**	**992,100**	**(103,525)**	**888,575**

*Asset classes have been redefined to aid reporting and grouping of like assets. Motor vehicles includes all motor vehicles, including those categorised as water supply motor vehicles in 2010. Regional water supply assets was a seperate section in 2010 – these assets are reported as Water infrastrucutre. Capital work in progress includes both Council infrastructure and water supply work in progress. Comparitives for 2010 have been amended to aid comparability.

Notes to the financial statements (continued)

Note 13 – Intangible assets

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Carrying amount – software				
Opening balance	3,499	1,347	2,850	358
Additions	742	2,743	675	2,649
Amortisation recognised during period	(971)	(591)	(679)	(157)
Closing balance at 30 June	**3,270**	**3,499**	**2,846**	**2,850**
Total carrying amount – software				
Gross carrying amount	9,863	9,121	5,619	4,944
Accumulated amortisation and impairment	(6,593)	(5,622)	(2,773)	(2,094)
Closing balance at 30 June	**3,270**	**3,499**	**2,846**	**2,850**

Note 14 – Forestry investments

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Balance at 1 July	13,872	8,987	13,872	8,987
Additions due to new plantations				
Forestry harvested			-	-
Forestry sold	(1,899)	(1,125)	(1,899)	(1,125)
Other changes			-	-
Change in fair value less estimated point of sale costs	8,162	6,010	8,162	6,010
Balance at 30 June	**20,135**	**13,872**	**20,135**	**13,872**

Plantation forestry activity, including planting, silviculture and harvesting, is undertaken on 5,700ha of predominantly pinus radiata plantings. Up to 82,000 tonnes are harvested annually.

Plantation forests are independently valued annually to an estimate of the market valuation of the forestry investment at point of harvest based on net present value using a pre-tax discount rate of 8.0% (2010 8.0%). The valuation is based on the existing tree crop only and does not include cashflows associated with future replanting. No allowance is made for inflation and no real price increases are assumed.

The Council and Group is exposed to financial risk arising from changes in timber prices. The Council and Group is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council and Group review its outlook for timber prices regularly in considering the need for active financial risk management.

Notes to the financial statements (continued)

Note 15 – Investment properties/investment assets held for sale

Greater Wellington holds no investment in properties.

The Group's investment properties and investment assets held for sale comprise of CentrePort's developed and undeveloped investment properties.

Investment properties are revalued every year. Investment properties were valued on 30 June 2011 by independent registered valuers. Bayleys Property Services valued the CentrePort investment properties. The properties are valued at fair value. The land valuations were based on highest and best use in accordance with NZ Property Institute Practise Standard 3 – valuations for financial reporting purposes with reference to sales evidence of land sales or development sites within the wider Wellington region. Additions subsequent to valuation are recorded at cost.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Investment properties				
The group's investment properties comprise CentrePort's developed and undeveloped investment properties.				
Developed investment properties*				
Carrying amount at 1 July	183,398	172,534	-	-
Additions to investment property	-	3,133	-	-
Transfer to investments held for sale	-	-	-	-
Fair value adjustments	(4,735)	(294)	-	-
Transfer (to)/from property, plant and equipment	3,963	11,308	-	-
Transfer (to)/from land available for development	-	831	-	-
Classification corrections	-	(4,114)	-	-
Total developed investment properties	182,626	183,398	-	-
Land available for development				
Carrying amount at 1 July	34,423	29,448	-	-
Transfers to investment properties held for sale	-	(2,487)	-	-
Disposals and assets held for sale	-	-	-	-
Fair value adjustments	29	1,692	-	-
Transfer (to)/from development investment properties	-	1,656	-	-
Classification corrections	-	4,114	-	-
Total land available for development	34,452	34,423	-	-
Total investment properties	**217,078**	**217,821**	**-**	**-**

Notes to the financial statements (continued)

Note 15 – Investment properties/investment assets held for sale (continued)

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Investment assets held for sale*				
Carrying amount at 1 July	-	-	-	-
Transfer from investment properties held for sale	-	-	-	-
Transfer to investment land held for sale	-	-	-	-
Additions to property held for sale	-	-	-	-
Transfer from plant and equipment	-	-	-	-
Net change in the value of developed investment properties	-	-	-	-
Total investment assets held for sale	**-**	**-**	**-**	**-**

*In 2010 the Centreport announced a plan to sell a part interest in three buildings in Harbour Quays. In the 2010 financial statements these assets were reclassified as investment property held for sale and the revenue and expenses incurred in relation to these assets disclosed as discontinued operations. CentrePort Limited has entered into an unconditional sale with ACC to sell 50% of three investment properties for $75 million. The transaction date is 1 September 2011 at which time the properties will be transferred into three investment vehicles wholly owned by CentrePort, which will be fully consolidated into the accounts of CentrePort. Accordingly, these investment property assets and the revenue and expenses incurred in relation to these assets have been classified as continuing operations in the Group accounts. The 2010 Group comparatives have been restated accordingly.

Note 16 – Investment in subsidiaries

Greater Wellington has the following subsidiary relationships:

	Relationship	Equity held 2011	Equity held 2010	Parent
WRC Holdings	Subsidiary	100%	100%	Greater Wellington
Pringle House Limited	Subsidiary	100%	100%	WRC Holdings
Port Investment Limited	Subsidiary	100%	100%	WRC Holdings
CentrePort Limited	Subsidiary	76.9%	76.9%	Port Investment Limited
Greater Wellington Rail Limited	Subsidiary	100%	100%	WRC Holdings
Greater Wellington Infrastructure Limited	Subsidiary	100%	100%	WRC Holdings
Greater Wellington Transport Limited	Subsidiary	100%	100%	WRC Holdings
Grow Wellington Limited	Subsidiary	100%	100%	Greater Wellington

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

All significant intra-group transactions have been eliminated on consolidation. Please see Note 26 on related-party transactions for details.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
WRC Holdings Limited shares	-	-	50,725	37,379
Grow Wellington Limited shares	-	-	-	-
Total investment in subsidiaries	**-**	**-**	**50,725**	**37,379**

Notes to the financial statements (continued)

Note 17 – Derivative financial instruments

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Derivative financial instruments – assets				
Current asset portion				
Foreign exchange contracts	3	36	3	36
Interest rate swaps	-	770	-	770
Total current asset portion	**3**	**806**	**3**	**806**
Non-current asset portion				
Foreign exchange contracts	-	1	-	1
Interest rate swaps	736	739	736	280
Total non-current asset portion	**736**	**740**	**736**	**281**
Total derivative financial instruments – assets	**739**	**1,546**	**739**	**1,087**
Derivative financial instruments – liabilities				
Current liability portion				
Foreign exchange contracts	4	4	4	4
Diesel contract	44	61	-	-
Interest rate swaps	358	96	308	96
Total current liability portion	**406**	**161**	**312**	**100**
Non-current liability portion				
Foreign exchange contracts	-	1	-	1
Interest rate swaps	12,630	6,905	4,185	2,068
Total non-current liability portion	**12,630**	**6,906**	**4,185**	**2,069**
Total derivative financial instruments – liabilities	**13,036**	**7,067**	**4,497**	**2,169**

For more information on interest rate swaps and foreign exchange contracts, please refer to note 24 financial instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow valuation technique based on market prices at balance date.

Notes to the financial statements (continued)

Note 18 – Trade and other payables

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Trade payables	36,545	39,468	25,524	30,151
Amounts due to related parties	-	-	5,200	1,950
Income received in advance	13,536	333	13,418	215
Amounts due to Greater Wellington Rail Limited	-	-	-	-
Taxation payable	-	-	-	-
Accrued interest payable	1,682	1,501	1,682	1,501
Total trade and other payables	**51,763**	**41,302**	**45,824**	**33,817**

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

Notes to the financial statements (continued)

Note 19 – Debt

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 24.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Current debt liabilities				
Commercial paper	57,503	45,008	13,406	962
Committed lines	3,000	7,000	3,000	7,000
Uncommitted lines	91,863	62,216	-	-
Bonds	50,000	-	50,000	-
	202,366	114,224	66,406	7,962
Non-current debt liabilities				
Bonds	25,000	75,000	25,000	75,000
Forestry encouragement loans	-	2,224	-	2,224
Bank loans	90,000	120,000	-	-
Crown loan	16,713	15,475	16,713	15,475
	131,713	212,699	41,713	92,699
Total debt liabilities	**334,079**	**326,923**	**108,119**	**100,661**

Terms and conditions

Greater Wellington has no overdraft facility. As at 30 June 2011 Greater Wellington had undrawn credit lines of $67,000,000 (2010: $27,037,000), of which $32,000,000 matures in 2016 and $35,000,000 matures in 2017. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. The interest rate charged on the facility as at 30 June 2011 was 3.50% (2010 4%). The borrowings are subject to a negative pledge deed under which the lenders provide funds.

As at 30 June 2011, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 4.79% (2010: 4.59%) and is recorded at amortised cost. The Crown loans are based on a discounted cashflow valuation basis utilising a discount rate of 8%. The amount due at maturity is $26,521,272.

CentrePort Limited has an unsecured bank loan facility of $203 million, with renewal dates in 2011 and 2012. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2011 ranged from 3.23% to 3.33% p.a. (2010 2.97% to 4.24%). No collateral was required on lending but CentrePort Limited has given a negative pledge and there are therefore restrictions on the quantum of borrowing made.

WRC Holdings Limited has a bank loan facility of $44.0 million which is undrawn (2010 $44.0 million drawn) and secured by a debenture over uncalled capital in the company. As the facility is undrawn there is no interest rate charged on the facility as at 30 June 2011 (2010 undrawn). The rate charged on the commercial paper was 2.76% at 30 June 2010 (2010 3.22%).

In December 2010, Greater Wellington (long-term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to its banking facility limit of $203 million. In recognition of the provision of the guarantee, the company pays a guarantee fee to Greater Wellington.

Notes to the financial statements (continued)

Note 20 – Employee benefit liabilities

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Annual leave	5,043	4,895	2,261	2,455
Long service leave	1,284	1,351	449	451
Retirement gratuities	-	-	97	109
Lieu leave	-	-	37	36
Total employee benefit liabilities	**6,327**	**6,246**	**2,844**	**3,051**
Comprising:				
Current	5,043	4,895	2,261	2,455
Non-current	1,284	1,351	583	596
Total employee benefit liabilities	**6,327**	**6,246**	**2,844**	**3,051**

Note 21 – Provisions

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Carrying amount at 1 July	732	460	-	-
Additions including increases		732	-	-
Provision used during the year	(270)	(460)	-	-
Total provisions	462	732	-	-
Comprising:				
Current	462	732	-	-
Non-current	-	-	-	-
Total provisions	**462**	**732**	**-**	**-**

Notes to the financial statements (continued)

Note 22 – Reconciliation of operating surplus/(deficit) with cashflow from operating activities

	Group 2011 Actual $000s	Group 210 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Operating surplus/(deficit)	104,924	16,410	13,539	4,404
Add/(less) non-cash items				
Depreciation and amortisation	21,882	21,549	12,154	11,511
Impairment of property, plant and equipment	-	-	-	-
Sale of fixed assets	199	151	268	163
Assets written off/(written back)	-	1	-	1
Equity accounted earnings from associate companies	(324)	(404)	-	-
Reclassification and revaluations	-	(12,080)	-	-
Change in value of future tax benefit	29,155	2,307	-	-
Changes in fair value of forestry investments	(2,152)	(6,010)	(2,152)	(6,010)
Changes in fair value of investment property	(7,140)	1,366	-	-
Changes in fair value of derivative financial instruments	6,546	12,878	2,643	5,187
Changes in fair value of stadium advance	(342)	(316)	(342)	(316)
Changes in fair value of bonds	463	712	463	712
Changes in fair value of stadium loan	1,238	946	1,238	946
Bad debts		-	-	-
Movement in provision for impairment of doubtful debts	50	(32)	3	(45)
Add/(less) movements in working capital				
Accounts receivable	736	3,065	4,644	(6,078)
Inventory	(9,493)	(276)	(212)	(247)
Tax refund due	(101)	891	-	-
Accounts payable	17,149	5,171	8,757	5,935
Employee provisions	1,318	318	207	123
WRC Holdings Group current account	-	-	3,250	(712)
Add/(less) items classified as investing or financing activities				
Accounts payable related to fixed assets	(127,221)	(10,624)	-	-
(Gains)/losses on disposal of property, plant and equipment	309	442	309	442
WRC Holdings Group activities relating to financing	196	-	3,702	1,716
Increase in share capital	-	-	(13,346)	-
Forestry encouragement loan interest compounded	2,224	263	2,224	263
Net cashflow from operating activities	**39,616**	**36,728**	**37,349**	**17,995**

Notes to the financial statements (continued)

Note 23 – Financial instruments

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

The Council and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial instruments is governed by Treasury policies which are approved by the Council/board of directors respectively. The policies do not allow the Group to enter into any transaction that is speculative in nature.

Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. Any foreign currency risks arising from contractual commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable before the delivery of goods and services from overseas.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Forward foreign exchange contracts				
Less than one year	127	1,640	127	1,640
One to two years	-	127	-	127
Two to five years	-	-	-	-
	127	1,767	127	1,767

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2011 the Group had entered into the following interest rate swap agreements:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Interest rate swap agreements				
Less than one year	39,000	66,750	15,000	46,000
One to two years	25,000	15,000	5,000	15,000
Two to five years	225,000	130,000	75,000	45,000
Greater than five years	70,000	165,000	45,000	55,000
	359,000	376,750	140,000	161,000

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington were $140,000,000 (2010 $161,000,000) and for the Group $359,000,000 (2010 $376,750,000). At 30 June 2011, the fixed interest rates of swaps of the Council vary from 4.16% to 6.29% (2010 4.35% to 6.29%). At balance date the swap arrangements of the Group are ranging from 3.48% to 6.49% (2010 3.39% to 6.49%).

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cashflow interest rate risk.

Generally, the Group raises long-term borrowings at short-term rates and swaps them back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Greater Wellington borrowed at fixed rates directly. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments which expose the Group to credit risk are principally bank balances, receivables and investments. The Group monitors credit risk on an ongoing basis.

Bank balances, bank bonds and notes, as well as short-term investments, are held with New Zealand-registered banks in accordance with Greater Wellington's Treasury Risk Management Policy. No collateral is held by Greater Wellington in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Stadium advance is reliant on the Stadium Trust repaying all it's external debt before making repayments to the settling trustees. Repayments are not scheduled and are not expected until at least 2025.

Concentration of credit risk

Greater Wellington derives the majority of its income from rates, the regional water supply levy and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and Ministry of Transport.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial commitments as they fall due.

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines with its relationship banks, in accordance with the Treasury Risk Management Policy. The investments are either in short-term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an AA S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Financial instruments categories

The accounting policies for financial instruments have been applied to the items below:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Financial assets				
Fair value through profit and loss				
Derivative financial instrument assets	739	1,546	739	1,087
Loans and receivables				
Cash at bank and term deposits	45,497	46,511	44,125	45,987
Debtors and other receivables	36,909	39,325	33,260	36,104
Stadium advance	4,612	4,271	4,612	4,271
Total loans and receivables	87,018	90,107	81,997	86,362
Held to maturity				
Local Government Insurance Corporation shares	80	80	80	80
Bank bonds/notes	33,000	16,434	33,000	16,434
Total held to maturity	33,080	16,514	33,080	16,514
Total financial assets	120,837	108,167	115,816	103,963
Financial liabilities				
Fair value through profit and loss				
Derivative financial instrument liabilities	13,036	7,067	4,497	2,169
Financial liabilities – at amortised cost				
Trade and other payables	52,326	41,303	46,387	33,817
Crown loans	16,713	15,475	16,713	15,475
Commercial paper	57,503	45,009	13,406	963
Committed and uncommitted lines	184,863	189,216	3,000	7,000
Forestry encouragement loans	-	2,224	-	2,224
Fixed rate bonds	75,000	75,000	75,000	75,000
Total financial liabilities	399,441	375,294	159,003	136,648

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- **Quoted market price (level 1)** – Financial instruments with quoted prices for identical instruments in active markets
- **Valuation technique using observable inputs (level 2)** – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- **Valuation techniques with significant non -observable inputs (level 3)** – Financial instruments valued using models where one or more significant inputs are non-observable

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

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

	Total	Valuation technique: Quoted market price	Valuation technique: Observable inputs	Significant non-observable inputs
	$000s	$000s	$000s	$000s
30 June 2011				
Council				
Financial assets				
Bank bonds/notes	33,000		33,000	
Local Government Insurance Corporation Limited shares	80			80
Stadium advance	4,612		4,612	
Derivative financial instrument assets	739		739	
Financial liabilities				
Derivative financial instrument liabilities	4,497		4,497	
Group				
Financial assets				
Bank bonds/notes	33,000		33,000	
Local Government Insurance Corporation Limited shares	80			80
Stadium advance	4,612		4,612	
Derivative financial instrument assets	739		739	
Financial liabilities				
Derivative financial instrument liabilities	13,036		13,036	
30 June 2010				
Council				
Financial assets				
Bank bonds/notes	16,434		16,434	
Local Government Insurance Corporation Limited shares	80			80
Stadium advance	4,271		4,271	
Derivative financial instrument assets	1,087		1,087	
Financial liabilities				
Derivative financial instrument liabilities	2,169		2,169	
Group				
Financial assets				
Bank bonds/notes	16,434		16,434	
Local Government Insurance Corporation Limited shares	80			80
Stadium advance	4,271		4,271	
Derivative financial instrument assets	1,546		1,546	
Financial liabilities				
Derivative financial instrument liabilities	7,067		7,067	

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

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Financial instrument risks

The Group's maximum credit exposure for each class of financial instrument are as follows.

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Cash at bank and term deposits	45,497	46,511	44,125	45,987
Trade and other receivables	36,909	39,325	33,260	36,104
Bank bonds	33,000	16,434	33,000	16,434
Stadium advance	4,612	4,271	4,612	4,271
Derivative financial instrument assets	739	1,546	739	1,087
Total credit risk	120,757	108,087	115,736	103,883

Credit quality of financial assets

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

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Counterparties with credit ratings				
AAA Cash at bank and term deposits	-	5,000	-	5,000
AA Cash at bank and term deposits	45,497	41,511	44,125	40,987
AA Bank bonds/notes	33,000	16,434	33,000	16,434
AA Derivative financial instruments	739	1,546	739	1,087

Debtors and other receivables mainly arise from Greater Wellington's statutory functions. Greater Wellington rates are being collected by the local city and district councils. The risk of default on statutory charges is minimal.

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Contractual maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date. Future interest payments on floating rate debt is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

	Carrying amount $000s	Contractual cashflows $000s	Less than 1 year $000s	1-2 years $000s	2-5 years $000s	More than 5 years $000s
2011						
Council 2011						
Trade and other payables	46,387	46,387	46,387	-	-	-
Commercial paper	13,406	13,500	13,500	-	-	-
Lines of credit	3,000	3,001	-	-	3,001	-
Bond Issuances	75,000	81,513	54,504	1,339	25,670	
Crown loans	16,712	26,521	-	-	-	26,521
Total	154,505	170,922	114,391	1,339	28,671	26,521
Group 2011						
Trade and other payables	52,326	52,326	52,326	-	-	-
Commercial paper	57,503	57,900	57,900	-	-	-
Lines of credit	3,000	3,001	-	-	3,001	-
Bond Issuances	75,000	81,513	54,504	1,339	25,670	-
Crown loans	16,712	26,521	-	-	-	26,521
WRCH Group loans	181,863	190,932	98,727	92,205		-
Total	**386,404**	**412,193**	**263,457**	**93,544**	**28,671**	**26,521**
2010						
Council 2010						
Trade and other payables	33,817	33,817	33,817	-	-	-
Commercial paper	963	1,000	1,000	-	-	-
Lines of credit	7,000	7,004	-	-	7,004	-
Forestry encouragement loans	2,224	3,314	-	-	921	2,393
Bond Issuances	75,000	86,107	4,504	54,504	27,099	
Crown loans	15,475	26,521	-	-	-	26,521
Total	**134,479**	**157,763**	**39,321**	**54,504**	**35,024**	**28,914**
Group 2010						
Trade and other payables	41,303	41,303	41,303	-	-	-
Bank overdraft	-	-	-	-	-	-
Commercial paper	45,009	45,400	45,400	-	-	-
Lines of credit	7,000	7,004	-	-	7,004	-
Forestry encouragement loans	2,224	3,314	-	-	921	2,393
Bond Issuances	75,000	86,107	4,504	54,504	27,099	-
Crown loans	15,475	26,521	-	-	-	26,521
WRCH Group loans	182,216	197,411	70,211	35,040	92,160	-
Total	**368,227**	**407,060**	**161,418**	**89,544**	**127,184**	**28,914**

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Contractual maturity analysis of financial liabilities

The table below analyses the Group's foreign exchange contracts that will be settled on a gross basis into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cashflows.

	Liability carrying amount $000s	Asset carrying amount $000s	Contractual cashflows $000s	Less than 6 months $000s	Between 6 months and 1 year $000s	More than 1 year $000s
Council and Group 2011	4	3	-	-	-	-
Forward foreign exchange contracts:	-	-	127	127	-	-
Outflow	-	-	1,766	758	882	127
Council and Group 2010						
Forward foreign exchange contracts:	-	32	-	-	-	-
Outflow	-	-	1,766	758	882	127

Sensitivity analysis

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with all other variables held constant, based on the Group's financial instrument exposures at balance date.

	Note	2011 -1% Profit $000s	2011 +1% Profit $000s	2010 -1% Profit $000s	2010 +1% Profit $000s
Council					
Interest rate risk					
Financial assets					
Cash at bank and term deposits	1	(441)	441	(459)	459
Bank bonds/floating rate notes	2	(230)	230	101	(99)
Derivatives	3a	544	(525)	331	(330)
Financial liabilities					
Commercial paper	4	134	(134)	10	(10)
Committed and uncommitted lines	5	30	(30)	70	(70)
Derivatives	3b	(3,828)	3,933	(4,068)	4,066
Total sensitivity to interest rates		(3,791)	3,915	(4,015)	4,016

	Note	2011 -10% Profit $000s	2011 +10% Profit $000s	2010 -10% Profit $000s	2010 +10% Profit $000s
Foreign exchange risk					
Financial assets					
Derivatives	3c	13	(11)	200	(164)
Total sensitivity to foreign exchange risk		13	(11)	200	(164)

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Explanation of sensitivity analysis – Council

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling $44,125,000 (2010 $45,989,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $441,000 (2010 $459,000).

2) Bank bonds/floating rate notes

There are $33,000,000 (2010 $16,435,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect of negative $230,000 (2010 negative $99,000) and $230,000 (2010 $101,000) respectively.

3) Derivatives

a) Interest rate swaps – assets

Derivative financial assets include interest rate swaps which have a fair value totalling $736,000 (2010 $1,050,000). A movement in interest rates of plus 1% results in a negative gain of $525,000 (2010 $330,000 negative gain). A movement in interest rates of minus 1% results in a net gain of $543,000 (2010 $331,000 gain).

b) Interest rate swaps – liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling ($4,493,000) (2010 ($2,164,000)). A movement in interest rates of plus 1% results in a gain of $3,933,000 (2010 $4.066,000). A movement in interest rates of minus 1% results in a net loss of $3,828,000 (2010 $4,068,000).

c) Foreign exchange contracts

Derivative financial assets include forward foreign exchange contracts with a total fair value of $1,000 (2010 $32,000). A movement on foreign exchange rates of plus or minus 10% has an impact of -$11,000/+$13,000 (2010 -$164,000/+$200,000) based on a current valuation.

4) Commercial paper

The issued commercial paper has a value of $13,406,000 (2010 $963,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of $134,000 (2010 $10,000).

5) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled $3,000,000 (2010 $7,000,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of $30,000 (2010 $70,000).

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

	Note	2011 -1% Profit $000s	2011 +1% Profit $000s	2010 -1% Profit $000s	2010 +1% Profit $000s
Group					
Interest rate risk					
Financial assets					
Cash at bank and term deposits	1	(455)	455	(465)	465
Bank bonds / floating rate notes	2	(230)	230	101	(99)
Derivatives	3a	544	(525)	(473)	456
Financial liabilities					
Commercial paper	4	575	(575)	450	(450)
Committed and uncommitted lines	5	1,849	(1,849)	1,882	(1,882)
Derivatives	3b	(5,192)	4,903	(12,442)	11,870
		(2,909)	2,639	(10,947)	10,360

	Note	2011 - 10% Profit $000s	2011 + 10% Profit $000s	2010 - 10% Profit $000s	2010 + 10% Profit $000s
Foreign exchange risk					
Financial assets					
Derivatives	3c	13	(11)	200	(164)
Total sensitivity to foreign exchange risk		13	(11)	200	(164)

Notes to the financial statements (continued)

Note 23 – Financial instruments (continued)

Explanation of sensitivity analysis – Group

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling $45,497,000 (2010 $46,511,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $455,000 (2010 $465,000).

2) Bank bonds/floating rate notes

There are $33,000,000 (2010 $16,434,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect of negative $230,000 (2010 negative $99,000) and $230,000 (2010 $101,000) respectively.

3) Derivatives

a) Interest rate swaps – assets

Derivative financial assets include interest rate swaps which have a fair value totalling $736,000 (2010 $1,050,000). A movement in interest rates of plus 1% results in a loss of $525,000 (2010 $330,000 loss). A movement in interest rates of minus 1% results in a net gain of $543,000 (2010 $331,000 gain).

b) Interest rate swaps – liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling ($12,988,000) (2010 ($7,001,000)). A movement in interest rates of plus 1% results in a gain of $4,903,000 (2010 $11.870,000). A movement in interest rates of minus 1% results in a net loss of $5,192,000 (2010 $12,442,000).

c) Foreign exchange contracts

Derivative financial assets include forward foreign exchange contracts with a total fair value of $1,000 (2010 $32,000). A movement on foreign exchange rates of plus or minus 10% has an impact of -$11,000/+$13,000 (2010 -$164,000/+$200,000) based on a current valuation.

4) Commercial paper

The issued commercial paper has a value of $57,503,000 (2010 $45,008,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of $575,000 (2010 $450,000).

5) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled $184,863,000 (2010 $188,210,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of $1,849,000 (2010 $1,882,000).

Notes to the financial statements (continued)

Note 24 – Contingencies

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Legal proceedings and obligations	668	1,034	668	1,034
Uncalled shares in Wellington Coldstore Limited	200	750	-	-
Uncalled capital – WRC Holdings Limited				
50,000,000 $1 shares uncalled and unpaid	-	-	50,000	50,000
22,170,000 $1 shares, called and paid to 12.8 cents per share (uncalled 87.2 cents)	-	-	-	19,332
22,170,000 $1 shares, called and paid to 73.0 cents per share (uncalled 27.0 cents)	-	-	5,986	-
Total contingencies	**868**	**1,784**	**56,654**	**70,366**

Greater Wellington has responsibility for 13 contaminated sites in the region. None are considered high risk and any clean-up costs are considered to be negligible.

There may also be other contaminated sites which Greater Wellington is unaware of.

Legal proceedings and obligations may arise where a resource consent has been granted and where the consent holder does not comply with the conditions.

The risk to Greater Wellington is that it may need to defend enforcement action by complainants. Greater Wellington budgets for a certain level of legal costs and technical expertise each year.

Note 25 – Related parties

Identity of related parties

The Group has related-party relationships with its subsidiaries (see note 16), Councillors, directors and the executive leadership team. During the year, key management personnel, as part of normal customer relationships, were involved in minor transactions with Greater Wellington, such as rates payments.

Council committees include key members from many local and central government entities. Greater Wellington enters into transactions with these entities on an "arm's length" basis. Those transactions that occur within a normal supplier or client relationship, on terms and conditions no more or less favourable than those which it is reasonable to expect Greater Wellington would have adopted if dealing with that entity at arm's length in the same circumstances, are not disclosed.

Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly 76.9% of the shares of CentrePort Limited. P Blades, A Blackburn, M McKenna, and Councillors J Burke*, I Buchanan*, P Glensor, P Lamason, F Wilde and N Wilson are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited and Greater Wellington Infrastructure Limited.

Greater Wellington owns 100% of the shares in Grow Wellington Limited. The Directors of Grow Wellington Limited are V Beck, P Swain, J Lumsden, M McCaw, D McCarthy, P Robertson, R Taulelei, P Mersi and J McFadzean.

Councillor F Wilde is married to the Chief Executive of Landcorp Farming Limited with whom Greater Wellington has transactions on an "arm's-length" basis.

Councillor I Buchanan* is a Director of Local Government Superannuation Trustees Limited.

Councillor P Glensor is Chair of the Hutt Valley District Health Board.

Councillor J Aitken is a Board Member of Capital Coast Health.

A Director of Grow Wellington J Lumsden is a Director of Moxie Design, with whom Greater Wellington has transactions on an "arm's-length" basis.

*J Burke and I Buchanan were directors until 16 October 2010.

Notes to the financial statements (continued)

Note 25 – Related parties

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2011 included:

	Council 2011 Actual $000s	Council 2010 Actual $000s
CentrePort Wellington Group		
Income from use of navigational facilities and and services	1,099	653
Expense for rental and services	(128)	(127)
WRC Holdings Group (Excluding CentrePort)		
Income from management services provided	771	571
Income from subvention payment	908	13
Income from dividends	1,204	1,387
Expense for rent of the Regional Council Centre	(1,672)	(1,648)
Expense for interest on inter company current account	(101)	(62)
Grow Wellington Limited		
Grants	(4,314)	(4,007)
Hutt Valley District Health Board		
Income/(Expenses) for services	1	2
NZ Local Government Insurance Corporation Limited		
Income from dividends	-	6
Wellington Waterfront Ltd		
Resource consent fees	-	(2)
Local Government Superannuation Trustees Limited		
Employee contributions to superannuation scheme	(517)	(416)
Landcorp Farming		
Income for rates and services	14	-
Moxie Design		
Expense for services	(398)	(458)
Key management personnel		
Key management personnel include the Councillors, Chief Executive and members of the Executive Leadership Team (ELT) – further details on ELT are covered in the Chief Executive's report.		
Short-term employee benefits	2,826	2,657
Post-employee benefits	64	148
Other long-term benefits	-	-
Termination benefits	-	82

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2010 nil).

Notes to the financial statements (continued)

Note 26 – Remuneration

Chief Executive remuneration

For the year ending 30 June 2011, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration of $350,302 (2010 $342,715). The Chief Executive was appointed on 5 September 2005.

	2011 Actual $	2010 Actual $
Councillor Remuneration		
Councillor J Aitken	63,742	68,705
Councillor S Baber	27,779	73,402
Councillor J Brash	36,674	-
Councillor P Bruce	54,866	57,578
Councillor I Buchanan	24,050	75,646
Councillor J Burke	18,105	55,232
Councillor B Donaldson	67,339	55,708
Councillor P Glensor	77,163	77,996
Councillor S Greig	54,866	55,233
Councillor R Kirton	18,105	55,232
Councillor C Laidlaw	73,967	76,334
Councillor P Lamason	54,866	55,233
Councillor G McPhee	36,674	-
Councillor D Ponter	36,674	-
Councillor P Swain	36,674	-
Chair F Wilde	155,190	153,637
Councillor N Wilson	65,932	57,816

Note 27 – Capital commitments and operating leases

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Capital commitments				
Capital expenditure contracted for at balance date but not yet incurred	161,363	198,348	9,267	2,580

Notes to the financial statements (continued)

Note 27 – Capital commitments and operating leases (continued)

Operating lease commitments – lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Within one year	3,379	3,021	1,898	1,698
After one year but no more than five years	8,024	4,908	6,477	145
More than five years	8,643	4,388	4,857	-
Total operating lease commitments – lessee	**20,046**	**12,317**	**13,232**	**1,843**

Operating lease commitments are for vehicles, computer equipment, forklift trucks and office equipment, as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited. These leases have an average life of between 1 and 10 years, with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year $1,672,000 was recognised as an expense in the Statement of Comprehensive Income (2010 $1,648,000). No contingent rent was paid (2010 nil).

Transport and other commitments

Future minimum contract payments under non-cancellable transport contracts as at 30 June are as follows:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Within one year	207,136	126,665	207,136	126,665
After one year but no more than five years	105,342	168,436	105,342	168,436
More than five years	21,987	101,476	21,987	101,476
Total transport and operator commitments	**334,465**	**396,577**	**334,465**	**396,577**

Operating lease commitments – lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from 1-4 years. The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Group 2011 Actual $000s	Group 2010 Actual $000s	Council 2011 Actual $000s	Council 2010 Actual $000s
Within one year	19,739	17,875	-	-
After one year but no more than five years	59,021	66,953	-	-
More than five years	65,688	79,253		
Total operating lease commitments – lessor	**144,448**	**164,081**	**-**	**-**

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

Notes to the financial statements (continued)

Note 28 – Severance payments

There was one employee (2010: three) who received a total severance payment of $14,016 (2010 $125,257). This disclosure has been made in accordance with Section 19 of schedule 10 of the Local Government Act 2002.

Note 29 – Major variances between actual and budget

	Notes	Council 2011 Actual $000s	Council 2011 Budget $000s	Council favourable (unfavourable) variance
Statement of comprehensive income				
Revenue				
Transport grants and subsidies	1	161,230	251,722	(90,492)
Expenditure				
Transport improvement expenditure	1	110,028	207,385	97,357
Finance costs	2	5,424	7,020	1,596
Statement of financial position				
Bank term deposits	3	5,578	-	5,578
Other financial assets	3	-	22,145	(22,145)
Forestry investments	4	20,135	12,319	7,816
Investment in subsidiaries	5	37,379	43,541	(6,162)
Property, plant and equipment	6	644,122	654,219	(10,097)
Debt				
Current debt	7	66,406	28,900	(37,506)
Non-current debt	7	41,713	109,443	67,730
Total debt	7	108,119	138,343	30,224

Notes to the financial statements (continued)

Note 29 – Major variances between actual and budget

Explanations

1. Transport grants and subsidies – revenue and transport improvement expenditure

Greater Wellington receives grant revenue to fund various transport projects. Revenue is only received when expenditure is incurred, including:

- Lower expenditure for purchase of Matangi EMUs of $94.0 million due to the delays in delivery compared to budgeted timetable and the revised payment schedule reduced revenue by $84.0 million
- Lower project expenditure including Real Time Information and trolley bus infratstructure renewals of $5.2 million reduced grant revenue by $2.86 million

2. Finance costs

Finance costs were lower than budget due to lower level of capital expenditure compared to budget.

3. Term deposits and other investments

Some deposits have moved from a short-term maturity into longer-term maturity investments.

4. Forestry investments

Greater Wellington's forestry investments are valued each year. Higher market prices at year end resulted in a significant increase in the forestry valaution at year end. The budget variance arises from the difference in valuation expectations at the time of the budget and year end.

5. Investment in subsidiaries

Council share of the new rail rolling stock is funded by way of share capital in Greater Wellington Rail Ltd. The timing of the Matangi expenditure is different to budget noted above. This movement for the year is attributed solely to share capital called of $13.3 million.

6. Property, plant and equipment – capital expenditure

Delays in the Real Time Information $2.6 million and flood protection projects $3.6 million have contributed to lower level of expenditure compared to budget.

7. Debt

At year end more debt was short term and classified as current when compared to budget. Overall term debt was $30.2 million lower than budget due to the lower level of capital expenditure.

Note 30 – Events occurring after balance date

CentrePort Limited has entered into a conditional sale with ACC to sell 50% of three investment properties for $75 million. Subsequent to year end, the shareholders approved the transaction and the agreement has become unconditional. The settlement date is 1 September 2011 and the proceeds will be used to repay a portion of the Group's debt facility that expires in November 2011. The sale is by way of the issuance of $75m of mandatory convertible notes (MCNs) by special purpose vehicles Harbour Quays F1F2 Limited, Harbour Quays A1 Limited, and Harbour Quays D4 Limited, which are wholly owned by the Parent. The total asset value of the three buildings concerned is $151m.

Groups of activities

For each activity the actual achievement is compared to the short-term targets as set out in the *2010/11 Annual Plan* and the long-term targets in the *10-Year Plan 2009-19* (LTCCP).

A funding-impact statement is also included, showing the operating surplus or deficit and capital expenditure for the year, as well as how that expenditure was funded.

Any remaining funding surplus after reserve transfers is used to repay debt in accordance with Greater Wellington's policy

Resource management

Greater Wellington's resource management group of activities contributes to the following community outcomes – *healthy environment* and *healthy community*.

Our resource management activities not only enhance the region's environmental wellbeing but also benefit the community's social, cultural and economic wellbeing in a variety of ways.

We develop and carry out resource management policies and plans, manage the resource consent process and respond to pollution incidents.

Our focus this year has been working with Te Upoko Taiao – Natural Resource Management Committee on the review of our regional resource management plans. As well as integrating our five existing regional plans into one plan, we are also exploring with the community how we can balance regulation with voluntary methods and approaches to get the best outcome for the region's environment. Under the auspices of Te Upoko Taiao – Natural Resource Plan Committee, we undertook an extensive programme of community engagement this year and this will continue as we develop the regional plan further in 2011/12.

Supporting the review of the regional plan has also been a focus of our science work, particularly around establishing recommended minimum flows and water quality, and ecological limits for the region's rivers and streams.

We issued 598 consents in 2010/11, 98.7% of which were processed within statutory timeframes. We also responded to more than 1,000 pollution incidents. We prepared our environmental regulation annual report cards, and our annual effluent data statistics which showed that 92% of the 177 Fonterra farms in the region reported full compliance with their resource consents.

We also undertook our State of the Environment Monitoring Programme. This year we have been analysing our data looking for trends. This work is part of the development of the state of the environment reports we produce every five to six years.

How we contribute to community outcomes

The Resource Management group of activities primarily contribute to the following community outcome by promoting the sustainable use, development and protection of the Wellington region's natural and physical resources – water, air, coast, soil and biodiversity:

Healthy Environment

A healthy environment is one with 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

This group of activities also contributes to the following outcome:

Healthy Community by helping to provide a clean and healthy environment in which to live.

The next set will be completed in December 2011.

This year we completed field work on S-Map, a digital soil-mapping project across a large part of the region, was completed this year. We also completed the multi-year Wairarapa Valley groundwater investigation, which will provide the framework for managing the allocation of Wairarapa ground and surface water into the future. This work will form the technical basis for the water allocation provisions in the regional plan.

This year we also established a governance group to progress the feasibility stage of the Wairarapa Water Use Project – an initiative to harvest and use water for economic and community purposes.

Resource management

LONG-TERM targets by June 2019	Actual
Customer satisfaction surveys will show that 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents as excellent or very good.	Customer satisfaction with our resource consents service is measured every four years. When surveyed in 2008, 40% of recent applicants and existing consent holders rated their level of satisfaction with our consents processing service as excellent or very good. New data will be available in 2012.
There will be no recorded instances where air quality breaches the national environmental standards.	In 2010/11 the national standard for air quality was not exceeded in the region. This leaves the total number of breaches at five since 2006.
• All bathing sites (coastal and freshwater) will comply with the national recreational water-quality guidelines	• In 2010/11, 42 of 74 coastal sites and 15 of 21 freshwater sites monitored exceeded the "action" guideline at least once, generally after rainfall. The "action" guideline is the level at which there is a potential risk to health and consideration should be given to beach closure. Action to remedy is taken by local councils and may include repairs to sewerage and stormwater infrastructure.
• Nitrate-nitrogen concentration in groundwater will not exceed 50% of the New Zealand Drinking-Water Standards	• In 2010/11, all sites monitored met the New Zealand Drinking-Water Standards for nitrate-nitrogen. However, six of the 70 sites monitored exceeded 50% of the standard.
• Water quality in key streams, rivers and lakes will be maintained or enhanced	• In 2009/10, 26 of the 55 river and stream sites monitored had excellent or good water quality, compared to 28 river and stream sites with excellent or good water quality in 2008/09. Data on 2010/11 will be available mid-2011/12. This information feeds into the review of the regional plans.

LONG-TERM targets by June 2019	Actual
River flows and groundwater levels will be maintained above the minimum levels.	We monitor river flows and groundwater levels and where necessary place restrictions on water takes to ensure these flows and levels are above the limits or levels set in the Regional Freshwater Plan. In 2010/11, minimum levels were maintained except where there were unusually low levels of rainfall.
No decline in soil quality.	There are 22 sites which are tested for soil quality. The number of sites with at least one indicator outside the target range are: • 2008/09 – 18 • 2009/10 – 18 Data on 2010/11 will be available in mid-2011/12. This information feeds into the review of the regional plans.
The number of reported pollution incidents will decrease on an annual basis.	The number of reported pollution incidents in 2010/11 was 1,174, compared with 1,157 in 2009/10 and 1,156 in 2008/09.

Activity: Resource management planning

SHORT-TERM targets by 30 June 2011	Actual
The Regional Policy Statement will be approved by the Council and become operative, within a budget of $548,000. The budget was reduced to $444,457 in the Annual Plan 2010/11.	The Regional Policy Statement was approved by the Council in May 2010. Nine appeals were lodged against the proposed Regional Policy Statement, with more than 200 points of appeal to be resolved. Mediation meetings were held with all the main appealers starting in the last quarter of 2010 and continuing through the first half of 2011. Court-assisted mediation with the appealers has been set down for early September 2011. It is expected that the majority of the appeals will be resolved by the end of June 2012. Actual costs were $531,108. Additional costs were incurred because of the extra resources required for mediation. Mediation reduces Greater Wellington's exposure to litigation costs and associated risks.

Activity: Resource consent service

SHORT-TERM targets by 30 June 2011	Actual
100% of resource consents will be processed within statutory timeframes and in compliance with the Resource Management Act, within a budget of $680,000. The budget was reduced to $623,235 in the Annual Plan 2010/11.	590 (98.7%) out of 598 consents were processed within statutory timeframes in 2010/11. Of the eight consents that were not processed within statutory timeframes, one was lodged after 1 July 2010. This required Greater Wellington to discount the applicant's processing charges by 1% due to the new discount regulations. Actual costs were $532,900, due to consents requiring less staff time than anticipated.
100% of consent decisions appealed to the Environment Court will be successfully defended, within a budget of $36,000. The budget was reduced to $35,000 in the Annual Plan 2010/11.	We successfully defended one appeal in 2010/11 which was resolved by mediation. Three other appeals lodged before 2010/11 remain unresolved. One new appeal was received during 2010/11. Actual costs were $97,151 due to more appeals than were anticipated.
Two workshops on specific issues will be held for consent customers, within a budget of $59,000. The budget was reduced to $53,549 in the Annual Plan 2010/11.	A consultants workshop was held in Wellington in February 2011. Five Water Management Workshops for water-take consent holders were held in Wairarapa in May 2011 to brief the consent holders on the new water meter regulations and the outcomes of the Wairarapa groundwater investigations. Actual costs were $73,186.

Activity: Compliance and enforcement

SHORT-TERM targets by 30 June 2011	Actual
100% of compliance inspections for all major consents with an individual monitoring programme will be completed, within a budget of $490,000. The budget was increased to $494,503 in the Annual Plan 2010/11.	2,164 (98.5%) of 2,196 scheduled inspections were completed, compared with 1,813 inspections in 2009/10. Actual costs were $335,134 due to inspections requiring less staff time than anticipated.
6.7% (1 in 15) of all consents not subject to an individual monitoring programme will be subject to a monitoring inspection, within a budget of $35,000. The budget was reduced to $33,132 in the Annual Plan 2010/11.	53 consents were not subject to an individual monitoring programme. 13 (24.5%) were subject to a monitoring inspection. Actual costs were $24,066.
100% enforcement actions taken will be successful, within a budget of $66,000. The budget was reduced to $64,000 in the Annual Plan 2010/11.	19 prosecution charges were laid against eight parties. We successfully defended all cases heard by the Environment Court/District Court. 74 abatement notices and 46 infringement notices were issued. Of these notices, only two abatement notices were appealed and remain unresolved. Actual costs were $81,013 due to more enforcement action being taken than anticipated.

Activity: Pollution prevention and control

SHORT-TERM targets by 30 June 2011	Actual
100% of environmental pollution incidents will be responded to according to the following timeframes, within a budget of $354,000: • Log only: no action required • Red (serious adverse environmental effect requiring immediate attention): 60 minutes • Yellow (serious environmental effect where no benefit will be gained by an immediate response): 24 hours • Blue (minor environmental effect not requiring immediate response): 7 days The budget was increased to $356,833 in the Annual Plan 2010/11.	The average response times were met: • Red – 44 minutes (target 60 minutes) • Yellow – 6 hours (target 24 hours) • Blue – 2 days (target 1 week) Regarding actual response times, the number of incidents that exceeded the target were as follows: • Red – 66 incidents (13%) • Yellow – 6 incidents (3%) • Blue – 6 incidents (7%) It was not always possible to investigate incidents within the target response time, eg, when the notification was received at night and it was too dark to review the site, or in the case of a "Red" incident where the driving time was more than one hour. In these cases the incidents were attended as soon as practicable. Actual costs were $313,831.
20 businesses will be audited for compliance with the Resource Management Act and regional plans, within a budget of $88,000. The budget was reduced to $86,103 in the Annual Plan 2010/11.	11 audits were completed. While this is less than the target of 20, the Take Charge position has dropped from 1FTE to 0.5FTE due to a reprioritisation of resources onto higher priority work. In addition to this, 22 certificates were issued to businesses after follow up was completed on audits undertaken in 2009/10. Actual costs were $28,194.

Activity: State of the environment monitoring

- Environmental monitoring and reporting
- Targeted environmental investigations

SHORT-TERM targets by 30 June 2011	Actual
Greater Wellington's managers with responsibility for water supply and consents will be notified within one working day of low groundwater levels in the Waiwhetu aquifer, within a budget of $56,000. The budget was reduced to $52,040 in the Annual Plan 2010/11.	No notifications were required because the Waiwhetu aquifer was well above the low-level warning in the period. Actual costs were $32,126.
Water samples will be taken weekly throughout the bathing season (1 November – 31 March) and tested for the presence of bacteria. A traffic light warning framework (see below) will be used at the sites and on Greater Wellington's website to inform the public, within a budget of $63,000: • Green – low or no public health risk • Amber – alert mode requiring follow-up monitoring • Red – action required and beach closed. The budget was reduced to $61,585 in the Annual Plan 2010/11.	Recreational water quality samples were collected weekly in the period 1 November to 31 March, with the results of bacteriological testing displayed on our website. The report On the Beaches 2010/11, which set out the results of testing for the bathing season, was presented to the Council through the Councillors' Information Bulletin (23 June 2011, Issue 2011/31). Actual costs were $62,000.
Real-time environmental data will be available on Greater Wellington's website throughout the year, within a budget of $42,000. The budget was reduced to $39,760 in the Annual Plan 2010/11.	Real-time data relating to the following was available on our website throughout the year: • Air quality • Meteorology • River flows • Rainfall • Groundwater levels • Lake level • Soil moisture • Tide level Actual costs were $20,145.

SHORT-TERM targets by 30 June 2011	Actual
Monitoring the state of the region's environment (air, water, soil) will be undertaken and annual report cards containing summary information of this work will be prepared to the Council's satisfaction, within a budget of $1,855,000. The budget was reduced to $1,747,584 in the Annual Plan 2010/11.	Monitoring of the state of the region's environment has been undertaken as per established programmes. Report cards were published and presented to the Council in the Councillors' Information Bulletin (2 December 2010, Issue 2010/06). The cards covered: • Air quality • Groundwater • Harbours, estuaries and coast • Rainfall and river flows • River and stream health • Recreational water quality • Soil health and contaminated land • Mangatarere Stream catchment Actual costs were $1,938,692 due to extra work being required to analyse trends over time in preparation for the publishing of the regional state of the environment report in December 2011.

Activity: State of the environment monitoring continued

SHORT-TERM targets by 30 June 2011	Actual
Targeted investigations will be completed in a timely manner and to the Council's satisfaction, within in a budget of $586,000. The budget was reduced to $413,685 in the Annual Plan 2010/11.	Targeted investigations were carried out and reported on during the year. The majority of these reports concluded what were multi-year investigations. The suite of reports relating to Wairarapa groundwater investigations were presented to the Te Upoko Taiao Committee in March 2011. This work forms the technical basis for the review of the water allocation provisions in the regional plan. The investigations included: • Wairarapa Valley groundwater resource investigation report, Proposed framework for conjunctive water management (May 2011) • Wairarapa Valley groundwater resource investigation report, Upper Valley catchment Hydrogeology and modelling (May 2011) • Wairarapa Valley groundwater resource investigation report Middle Valley catchment Hydrogeology and modelling (May 2011) • Wairarapa Valley groundwater resource investigation report, Lower Valley catchment Hydrogeology and modelling (May 2011) The Mangatarere Stream catchment water quality investigation was carried out to further understand the reasons for poor water quality in this catchment. The results were presented to the Regulatory Committee on 4 August 2010. Actual costs were $242,670, due to a greater focus on state of the environment reporting this year.

Activity: Environmental education and community engagement

SHORT-TERM targets by 30 June 2011	Actual
2,000 primary school students will participate in a Take Action environmental education programme, within a budget of $283,000. The budget was reduced to $270,251 in the Annual Plan 2010/11.	We delivered Take Action for Water to 22 schools (65 classes), approximately 1,950 students. Actual costs were $305,982.
Community groups will work on restoring 30 degraded ecosystems through the Take Care programme, within a budget of $296,000. The budget was reduced to $260,097 in the Annual Plan 2010/11.	35 community groups worked on restoring 35 degraded ecosystems through the Take Care programme. Actual costs were $255,494.
25 businesses will be assisted to improve their environmental performance through our eMission business sustainability and carbon reduction initiatives, within a budget of $40,000. The budget was reduced to $39,427 in the Annual Plan 2010/11.	This programme was discontinued early in the financial year so that resources could be refocused on higher priority projects. Actual costs were $9,223.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
General rates	9,821	9,821
Government subsidies	12	10
Interest and dividends	14	-
Other operating revenue	2,039	1,670
Operating revenue	**11,886**	**11,501**
Direct operating expenditure	11,680	11,452
Finance costs	44	40
Depreciation	249	367
Operating expenditure	**11,973**	**11,859**
Operating surplus/(deficit)	**(87)**	**(358)**
Less:		
Capital expenditure	76	213
Proceeds from asset sales	(14)	(42)
Loan funding	66	-
Rates funded capital expenditure	**128**	**171**
Debt repayment	167	162
Operational reserve movement	(192)	(324)
Working capital movements	-	-
Non-cash items	(240)	(367)
	(265)	(529)
Net funding surplus/(deficit)	**50**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Resource management planning	2,486	2,393
Resource consent and compliance service	3,361	3,245
Pollution Control	477	478
Monitor the state of the environment monitoring	4,255	4,085
Environmental education and engagement	1,307	1,300
Total operating revenue	**11,886**	**11,501**
Operating expenditure		
Resource management planning	2,417	2,537
Resource consent and compliance service	3,737	3,244
Pollution control	335	478
Monitor the state of the environment monitoring	4,176	4,266
Environmental education and engagement	1,308	1,334
Total operating expenditure	**11,973**	**11,859**
Capital expenditure		
Environmental monitoring equipment	(62)	-
Capital project expenditure	**(62)**	**-**
Plant and equipment	44	70
Vehicles	94	143
Total capital expenditure	**76**	**213**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs


7 Kingston
11 Seatoun Park 8m
10 Newtown Park 13m
GO LARGE...
GO

Transport

Greater Wellington's transport group of activities contributes to the following community outcomes – *prosperous community, connected community, essential services, healthy environment, healthy community* and *quality lifestyle.*

Our transport activities enhance economic wellbeing by providing a public transport system for people to get to work and by transport planning which facilitates the movement of freight and all types of vehicles for work and other purposes. Public transport services also enhance environmental wellbeing by reducing the number of vehicles on the roads, particularly at congested times. This leads to lower environmental impacts.

This year we consulted the community on the review of the Hutt Corridor Plan and Regional Freight Plan, which both seek to maximise the efficient movement of people and freight. We also began the process to investigate future options for a high-quality, high-frequency public transport spine through Wellington's CBD. Decisions on the future options for Wellington City are expected in early 2013.

We promoted road safety and sustainable transport choices, including walking, cycling and carpooling to help reduce severe road congestion. Our Let's Carpool programme won the New Zealand Local Authority Traffic Institute's Leadership Award for outstanding performance and contribution towards sustainability in transport.

We continued our work contracting and funding public transport services and related infrastructure. A number of significant milestones were achieved in 2010/11:

- The first nine of the 48 new two-car Matangi trains were in service (delivery and commissioning of the remaining trains will continue through 2012)
- Essential rail network upgrades were completed
- Rail services to Waikanae commenced
- The real-time passenger information system was launched
- A new rail transport package was agreed with the Government and KiwiRail. This package paves the way for improved delivery of services and provides a more certain funding environment

How we contribute to community outcomes

The transport group of activities primarily contributes to the following community outcome by identifying the region's transport needs, planning how to meet them and working with others to develop networks and services:

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

This group of activities also contributes to other outcomes:

Prosperous community by enhancing the movement of goods and people within the region

Healthy environment by reducing vehicle emissions through good transport planning and the provision of public transport services

Essential services by providing and maintaining high-quality secure public transport infrastructure, and planning for roads, walkways and cycleways

Healthy community by encouraging walking and cycling, and reducing air pollution

Quality lifestyle by enabling people, including those with disabilities, to travel across the region easily and safely to participate in a variety of activities

We also continued to offer transport programmes for people with disabilities to improve social wellbeing. In 2010/11 our Total Mobility Scheme was significantly enhanced with the introduction of a new system where new electronic cards replace the old paper voucher system.

Transport

LONG-TERM targets by June 2019	Actual
Passenger transport will account for at least 25 million peak-period trips per annum by 2016.	In 2010/11, passenger transport accounted for 18.8 million peak period trips. Bus trips made up 60% of the total trips, rail trips 39% and ferry trips less than 1%.
Active means of travel will account for at least 15% of region-wide journey to work trips by 2016.	13% of region-wide journey-to-work trips were made by walking and cycling in 2006. (Progress towards this target will next be measured by the 2013 NZ Census). The trend over the past few census periods shows these trips are increasing towards the target.
Transport generated CO_2 emissions will remain below 1,065 kilotonnes per annum until 2016.	In 2010/2011, transport generated CO_2 emissions totalled 1,075 kilotonnes, a decrease of 1.9% compared to 2009/10.
Average congestion on selected roads will remain below 20 seconds delay per kilometre despite traffic growth.	All-day average congestion was 21.6 seconds delay per kilometre travelled in 2010/11. This is a decrease of 1.8 seconds from the previous year. Congestion is greater in the AM peak, than the PM peak and inter-peak.
There will be no road crash fatalities attributable to roading network deficiencies.	Insufficient information is available to report on the cause of road crash fatalities at this time.
All new large subdivisions and developments will include appropriate provision for walking, cycling and public transport.	There is no baseline data available for this measure. A 2008 review concluded that provisions for walking, cycling and public transport were being included to varying degrees in new local authority planning documents in the region. The Regional Policy Statement, Wellington Regional Strategy and Regional Land Transport Strategy all include policy support for this measure.
There will be improved road journey times for freight traffic between key destinations.	All-day average travel times for freight traffic between key destinations were found to be 24.3 minutes in March 2011, a decrease from 26.3 minutes in March 2010.

Activity: Regional transport network planning

SHORT-TERM targets by 30 June 2011	Actual
A monitoring report on the Regional Land Transport Strategy will be approved for publication by the Regional Transport Committee by 30 September 2010, within a budget of $96,000. The budget was reduced to $40,000 in the Annual Plan 2010/11.	The *Annual Monitoring Report 2009/10* on the Regional Land Transport Strategy was circulated to the Regional Transport Committee and published in October 2010. Actual costs were $17,000.
A reviewed Hutt Corridor Plan will be approved by the Regional Transport Committee by 31 December 2010, within a budget of $25,000. The budget was increased to $164,000 in the Annual Plan 2010/11.	The draft Hutt Corridor Plan was approved for consultation on 29 March. The timing was delayed due to the need to undertake additional investigations and other planning priorities. The plan is scheduled to be approved in September 2011. Actual costs were $76,000. The full budget is expected to be spent in 2011/12.
The Regional Transport Committee will approve the release of a reviewed Draft Freight Plan[1] for consultation, within a budget of $52,000. The budget was reduced to $40,000 in the Annual Plan 2010/11.	The draft Freight Plan was approved for consultation by the Regional Transport Committee on 29 March. The final Freight Plan was approved by the Regional Transport Committee on 30 June. Actual costs were $42,000
Surveys to support the redevelopment of the regional transport model[2] will be completed, within a budget of $1,011,000. The budget was reduced to $410,000 in the Annual Plan 2010/11.	The majority of survey work has been rescheduled into the 2011/12 financial year. Rail passenger count surveys have been completed. Pilot bus and rail origin and destination surveys have also been completed. Actual costs were $166,000. The full budget is expected to be spent in 2011/12.

[1] The Freight Plan sets out the activities the region intends to undertake to address freight transport issues

[2] The transport model is a computer-based tool used to predict changes to the transport network's operation as a result of various projects being undertaken

Activity: Encouraging sustainable transport choices

SHORT-TERM targets by 30 June 2011	Actual
New travel plans will be developed by 18 schools and four workplaces, and all existing travel plans in schools and workplaces will be monitored/reviewed, within a budget of $764,000. The budget was reduced to $695,000 in the Annual Plan 2010/11.	14 new schools joined the school travel plan programme, bringing the total number of schools involved in the programme to 48 (17,000 children). We continued to support and monitor the existing 16 workplace travel plans. Rather than develop new individual workplace travel plans, we focused on a more diversified approach of tools and resources that were more accessible to larger numbers of organisations. This included: • Active a2b workplace programme – 900 participants from 80 workplaces • Streets Alive Walking Challenge • Let's Carpool programme – 1,870 registrants Actual costs were $639,000. This was due to local councils reducing their resourcing levels for school travel programmes, resulting in fewer schools coming into our programme and fewer schools participating in annual monitoring/evaluation.
At least one community travel behaviour change project will be supported, within a budget of $87,000. The budget was reduced to $75,000 in the Annual Plan 2010/11.	This activity was merged into wider travel awareness activity to support an appropriate community-wide project.
Walking and cycling initiatives will be facilitated. The Cycling and Walking Journey Planner will be maintained and the region's Active Transport Forum will be facilitated, within a budget of $224,000. The budget was reduced to $219,000 in the Annual Plan 2010/11.	Walking and cycling initiatives included: • A road user visibility "Be Safe – Be Seen" campaign • Improvements to the Cycling and Walking Journey Planner • Developing a new policy for bikes on trains and running a folding bike promotional offer Quarterly Active Transport Forums continued with positive attendance and contributions from local councils and advocacy groups. Actual costs were $213,000.

SHORT-TERM targets by 30 June 2011	Actual
The Regional Road Safety Campaign will be supported and reported to the Regional Transport Committee, within a budget of $21,000. The budget was reduced to $5,000 in the Annual Plan 2010/11.	Activities included: • Displaying the Last Choice crash car • Bus driver/cyclist awareness workshops • The Mind the Gap cycle and pedestrian safety campaign • Establishing a quarterly Regional Road Safety Coordinators Planning Forum Actual costs were $67,000. There was an increase of initiatives in this area to be responsive to Safer Journey 2020 objectives.
Public awareness campaigns will be carried out to promote walking, cycling and public transport, and to discourage unnecessary car trips, within a budget of $157,000. The budget was reduced to $138,000 in the Annual Plan 2010/11.	Public awareness campaigns included: • Encouraging new movers into and within the region to use the wide range of transport options available • A Car-Free Day event • Distributing the Getting Around transport options brochure • Distributing the Road Code for cyclists to all regional schools and public libraries • Training 26 people to deliver cycling skills to school children in the region Public awareness communications support was provided for all sustainable transport programmes and initiatives. Actual costs were $227,000. This was due to the community travel behaviour change project merging with this project.

Activity: Public transport services

SHORT-TERM targets by 30 June 2011	Actual
A review of Wairarapa bus services will be completed and reported to the Council. Minor service reviews of two contract areas will be completed and reported to the Council. A review of Wellington bus services will be completed and reported to the Council, within a budget of $155,000. The budget was reduced to $150,000 in the Annual Plan 2010/11 and the review of the Wellington bus services was carried over from 2009/10.	The Wairarapa review was commenced and is scheduled for completion in December 2011. Two minor reviews (Wainuiomata and Paraparaumu) have been completed. Minor reviews of Otaki services and Kilbirnie town centre operations have commenced. The Wellington review has commenced and is scheduled for completion in early 2012. Actual costs were $157,000.
Peak-time passenger trips using public transport will increase by 4%, off-peak passenger trips using public transport will increase by 6% and the number of public transport vehicles that are wheelchair accessible will increase from the previous year, within a budget of $313,147,000. This budget was increased to $313,664,000 in the Annual Plan 2010/11.	Peak-time public transport passenger trips increased by 8.2% and off-peak public transport passenger trips decreased by 5.5%, compared to the previous year. 55 trains (including nine two-car Matangi trains) were wheelchair accessible, compared to 48 trains last year. 298 buses were wheelchair accessible, compared to 287 last year. Actual costs were $213,291,000. Delays to payments on the new Matangi trains were the main contribution to the overall reduction in expenditure.
Further new Matangi electric multiple units (EMU) will arrive in Wellington and enter passenger service, within a budget of $144,817,000. The budget was increased to $147,276,000 in the Annual Plan 2010/11.	The first four-car Matangi train on a scheduled peak service ran in March 2011. At the end of June, 15 two-car Matangi trains were in Wellington and nine of those trains were in service. Delivery and commissioning of the remaining trains will continue through 2012. Actual costs were $53,279,000. The reduction in costs reflects delays to the delivery of Matangi trains by the supplier.

SHORT-TERM targets by 30 June 2011	Actual
A refurbishment programme of the Ganz Mavag rail fleet will commence, following approval by the Council, within a budgets of $23,000,000.	This was deferred to 2011/12 in the Annual Plan 2010/11.
The rail double-tracking from MacKays Crossing to Paraparaumu and the extension of the electrification to Waikanae will be completed, within a budget of $14,437,000. The budget was increased to $29,877,000 in the Annual Plan 2010/11.	The rail double-tracking from MacKays Crossing to Paraparaumu and the extension of the electrification to Waikanae was completed. Trains commenced service on 20 February 2011. Actual costs were $29,829,000. Some residual costs will be incurred next year.
The upgrade of the Thorndon Rail Depot and the expansion of train stabling for the Matangi EMUs will be completed, within a budget of $12,485,000. The budget was increased to $17,072,000 in the Annual Plan 2010/11.	The Thorndon depot upgrade and extension (including the new wheel lathe and carwash) has been completed, though some minor residual costs will be incurred in 2011/12. The 1940s section of the old depot is targeted for demolition once all the new Matangi trains have been commissioned. Actual costs were $18,083,000 but total costs incurred to 30 June 2011 were within the overall project budget.
The upgrade to 15 railway stations across the rail network (to enable the successful introduction into service of the new Matangi EMUs) will be completed, within a budget of $5,824,000. The budget was reduced to $3,585,000 and the reference to 15 railway stations was removed in the Annual Plan 2010/11.	Work to upgrade the railway stations across the rail network (to enable the successful introduction into service of the new Matangi trains) was completed. Actual costs were $2,104,000. Total project costs were close to budget because more work was completed in the 2009/10 year.
15 new bus shelters will be installed across the region, within a budget of $258,000. The budget was reduced to $250,000 in the Annual Plan 2010/11.	17 new shelters were installed, six of which were the new Metlink prototype design. Actual costs were $256,000.
A real-time information system will be in operation on the Metlink network, within a budget of $5,856,000. The budget was reduced to $5,436,000 in the Annual Plan 2010/11.	Real Time Information (RTI) was installed for Go Wellington services, with four signs operating at Wellington station and live departures on the Metlink website from 1 April 2011. Installation of on-bus equipment for the Valley Flyer fleet was carried out during May/June 2011. By the end of June 2011 civil works were underway for 40 additional on-street RTI signs. Actual costs were $2,808,000. The remaining expenditure will be incurred in 2011/12.

Activity: Public transport services (continued)

SHORT-TERM targets by 30 June 2011	Actual
More than 90% of residents will rate the service they receive from the Metlink Service Centre as excellent or very good	78% of residents surveyed in 2011 reported overall satisfaction with the service they received from the Metlink Service Centre, a slight increase from the previous year (77%)
More than 95% of calls to the Metlink Service Centre will be answered	95.6% of all calls to the Metlink Service Centre were answered and customers provided with the necessary travel information
Metlink website usage and its usefulness rating will increase from the previous year	Google analytics, used to monitor website traffic, was introduced with the launch of the new website in December 2009. Comparing visits for the seven months ending June 2010 (906,753) with the same period this year (1,122,837) shows a 23.8% increase. 67% of users surveyed in the annual satisfaction monitor found the website useful, up from 65% the previous year
Use of txtBUS and txtTRAIN will increase from the previous year	Monthly txtBUS requests averaged 2,808 (down 5.3% on the previous year) while monthly txtTRAIN requests dropped 16.1% to 8,956. These decreases can be attributed to sharp growth in the usage of the Metlink mobile site launched in December 2009. Comparing the number of visits to the mobile site in the seven months to June 2010 (26,347) with the same period this year (112,835) shows a 328% increase
These activities had a budget of $845,000. The budget was reduced to $816,000 in the Annual Plan 2010/11.	Actual costs were $758,000.

Additional information

The reliability of the public transport network continued to be an important issue.

99.8 % of bus services have operated on time, an increase of 0.1% from the previous year. A bus service is defined as being “on time” when it runs within 10 minutes of scheduled time at departure and destination.

83.8 % of rail services have operated on time, an increase of 1.6% from the previous year. A train service is defined as being “on time” when it departs from or arrives at Wellington Railway Station within three minutes of its scheduled time.

Greater Wellington funds almost 1.1 million bus and rail services each year – over 35 million trips in 2010/11. The reliability statistics show that the vast majority of bus services ran to time. Rail services were more reliable than the previous year – this increase was attributable to the completion of the rail network upgrade and introduction of the new Matangi fleet. The complete introduction of the new Matangi fleet by the end of 2011/12 should see further improvement in rail reliability.

Funding impact statement

	Note	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement			
Targeted rate		41,392	41,392
Government subsidies	1	161,379	251,722
Interest and dividends		236	281
Other operating revenue		442	90
Operating revenue		**203,449**	**293,485**
Direct operating expenditure		88,059	88,015
Finance costs		1,626	2,006
Depreciation		554	265
Operating expenditure		**90,239**	**90,286**
Transport improvement expenditure		123,374	222,186
Operating surplus/(deficit)		**(10,164)**	**(18,987)**
Less:			
Capital expenditure	1	3,477	6,676
Proceeds from asset sales		-	-
Loan funding		(716)	(1,401)
Rates and subsidy-funded capital expenditure		**2,761**	**5,275**
Loan-funded transport improvements		(14,069)	(25,161)
Debt repayment		3,104	3,220
Operational reserve movement		(28)	(2,056)
Working capital movements		-	-
Non-cash items		(1,798)	(265)
		(12,791)	(24,262)
Net funding surplus/(deficit)		**(134)**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Regional transport network planning	1,586	1,788
Encourage sustainable transport choices	1,222	1,191
Public transport services	200,641	290,506
Total operating revenue	**203,449**	**293,485**
Operating expenditure		
Regional transport planning	1,294	1,559
Encourage sustainable transport choices	1,142	1,165
Public transport services	87,803	87,562
Total operating expenditure	**90,239**	**90,286**
Transport improvement expenditure		
Public transport services	123,374	222,186
Capital expenditure		
New public transport shelters, signage, pedestrian facilities and systems	3,477	6,676
Capital project expenditure	3,477	6,676
Vehicles	-	-
Total capital expenditure	**3,477**	**6,676**

Note 1 - Greater Wellington receives Government subsidies to fund various transport projects. Revenue is only received when improvement expenditure is incurred. Both revenue and expenditure is below budget due to lower expenditure for the purchase of the Matangi EMUs due to delays in delivery, as well as lower expenditure on Real Time Information and trolley bus infrastructure renewals

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Water supply

Greater Wellington collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. Our water supply group of activities contribute to the following community outcomes – *essential services, healthy community, healthy environment and prepared community*.

Supplying water of the highest quality is essential to the social and economic wellbeing of our community.

In 2010/11 we supplied 52,777 million litres of water, an average of 369 litres per person per day.

The water we supply continues to be of the highest quality. All our treatment plants, and our distribution system, now have the highest quality grading possible, with the Gear Island Water Treatment Plant receiving an A1 grading this year.[1] We expect confirmation from Regional Public Health of full compliance with the New Zealand Drinking-Water Standards shortly.

The importance of our ongoing work to improve the resilience of water supply was reinforced by the Canterbury earthquakes. Work completed this year included the three-year project to relocate the water supply pipeline to Wellington's Bell Road reservoir where it crosses the Wellington fault at Zealandia (Karori Sanctuary).

Work continued on upgrading the external embankments of the Stuart Macaskill Lakes to ensure water is secure after a major earthquake. The design of the internal upgrade and increase in storage volume has been completed and construction is due to start in November 2011. During construction one lake will need to be left empty. During 2010/11 we applied for a variation to the existing consents to allow us to take extra water from the Hutt River, if required, during construction.[2]

We installed a mini hydrogenerator at the Wainuiomata Water Treatment Plant to further increase the sustainability of water supply. The system is capable of generating 300kW of electricity using water pressure that was previously wasted. We expect to generate 1.8 million kWh of electricity per year, which is around 10% of the total electricity costs for water supply. We are on track to meet our sustainability target of reducing greenhouse gas emissions by 15% by 2012.

Work on planning for the region's future water supply continues. A feasibility study was nearly completed on the suitability of land in Kaitoke for the development of a water storage lake. A decision on the preferred option for future water supply will be made in 2011/12.

How we contribute to community outcomes

The Water Supply group of activities primarily contributes to the following community outcome by collecting, treating and delivering water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington. This requires Greater Wellington to maintain infrastructure and plan to meet future demand. Greater Wellington also promotes the careful use of water and builds resilience in the system to cope with emergencies:

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.

This group of activities also contributes to other outcomes:

Healthy Community by ensuring that drinking water standards set by the Ministry of Health are met.

Prepared Community by planning the reinstatement of water supply following an emergency event.

Healthy Environment by encouraging people to use water wisely so that the environmental impacts of water supply operations are reduced.

[1] Waterloo has a B grading – the highest possible without chlorination of the water, as preferred by the Hutt City Council

[2] The variation was granted in July 2011

Water supply

LONG-TERM targets by June 2019	Actual
All water supplied will meet the New Zealand Drinking-Water Standards. The gradings of the following treatment plants and the distribution system will be maintained or improved: • Te Marua – A1 • Wainuiomata – A1 • Waterloo – A1 • Gear Island – A1 • Distribution system – a1	Our treatment plants and distribution system have the following gradings: • Te Marua – A1 • Wainuiomata – A1 • Waterloo – B (this is the highest grading available given the Hutt City Council's preference for an unchlorinated supply from this plant) • Gear Island – A1 (confirmed by Regional Public Health at the end of June 2011) • Distribution system – a1
Supply security will meet a 2% probability of shortfall (1 in 50-year drought standard).	Security of supply achieved a 2.25% probability of shortfall at June 2011. This is only marginally above the target and better than expected at this stage, as a result of reduced demand. Water supply demand will need to reduce at least at the rate of population increase to retain the security of supply at this level or better without further supply development. The project to increase the capacity of the Stuart Macaskill Lakes will provide an improvement in security of supply when completed in 2013/14.
The ISO 14001:2004 standard for environmental management will be maintained.	The ISO 14001:2004 standard for environmental management was achieved for 2010/11.
Improvements to the system's resilience will be carried out annually to the satisfaction of the Council.	During 2010/11 existing projects to improve system resilience were continued and new activities carried out, including: • Changing where we store our pipe stock to be better prepared for emergencies. Pipe stock will now be stored at Te Marua and Wainuiomata treatment plants and a new storage area in the Hutt Valley • Moving pipework from Waiapu Road into the Aro tunnel, reducing the number of times the pipe crosses the Wellington fault from three to one and making it easier to access the pipes for repairs. A section of tunnel roof was also strengthened • Installing an isolating valve in Kaiwharawhara on the main supply pipeline to Wellington • Improving the earthquake performance of the Gear Island valve chamber • Providing an emergency water supply point in Khandallah and installing a cross-connection to the city network in Ngaio
Per capita gross consumption of water will decrease at a rate of at least 10% over 10 years.	In 2010/11 per capita gross consumption was 369 litres/head/day, which is a 1.3% reduction in the year and 7.5% less than the 399 litres/head/day baseline (2007/08).

Activity: Water collection, treatment and delivery

SHORT-TERM targets by 30 June 2011	Actual
Water will be supplied to the four cities in the region, within a budget of $23,549,000, that meets or exceeds national quality standards and meets reasonable daily demand: • Treatment plant gradings will be maintained or improved • Security of supply will be at a 2.5% probability of shortfall (1 in 40-year drought) • There will be no deferred maintenance in the system. The budget was reduced to $21,575,000 in the Annual Plan 2010/11.	Our monitoring of treated water quality shows that the water we supplied to the four cities complied with the New Zealand Drinking-Water Standards. Greater Wellington expects to have this confirmed by regional public health officials in due course. Confirmation of full compliance in 2009/10 was received during the year. The A1 grading of Te Marua and Wainuiomata water treatment plants were maintained. Gear Island Treatment Plant (previously ungraded) received an A1 grading. This means the water is completely satisfactory and of demonstrably high quality, with negligible risk of contamination. Waterloo Treatment Plant received a B grading, which is the highest possible grading for this plant as, at the request of the Hutt City Council, the treated water is not disinfected. A B grading means the water is satisfactory, with a very low level of risk contamination when the water leaves the treatment plant. All demand for water from the four cities was met. Security of supply was 2.25% based on a 30 June 2011 estimated population of 393,400 (0.95% increase over 12 months). This is an improvement over the 2.5% target. Security of supply improves as the percentage probability of shortfall reduces. Actual costs were $20,516,000.

Activity: Water supply infrastructure

SHORT-TERM targets by 30 June 2011	Actual
Assets will be replaced or enhanced in accordance with the asset-management plan, within a budget of $992,000. The budget was increased to $1,370,000 in the Annual Plan 2010/11.	Assets have been replaced or enhanced in accordance with the capital expenditure programme that is developed from the asset-management plan. Actual costs were $997,000. Costs were lower than budgeted for due to: • An upgrade of information technology infrastructure that supports the water network being deferred until 2011/12 to create efficiencies with other information technology upgrades scheduled at Greater Wellington • Replacement motors for the Ngauranga pumping station being purchased at a lower cost than originally estimated • The scope of some work to protect pipes from corrosion being scaled back

Unforecast activity:

The failure rate of a section of the water main in Plimmerton has become unacceptable. A review was carried out to determine the best repair/replacement solution. A refurbishment project has now been added to the capital works programme for 2011/12.

Activity: Planning for future water demand and supply

SHORT-TERM targets by 30 June 2011	Actual
Major infrastructural developments will be undertaken in accordance with the Wellington Water Supply Development Plan:	
• Construction for raising water levels at the Stuart Macaskill Lakes will continue, within a budget of $2,067,000. The budget was reduced to $500,000 in the Annual Plan 2010/11.	The design work for raising the lakes was completed. Construction was tendered in July 2011, with work expected to start in November 2011 and be completed by November 2013. Actual costs were $190,000, due to construction being rescheduled to begin in 2011/12.
• Construction will be completed and the Wainuiomata mini hydrogenerator will be commissioned, within a budget $248,000. The budget was increased to $1,700,000 in the Annual Plan 2010/11.	Construction was completed and the mini hydrogenerator began operating in June 2011. Actual costs were $1,586,000.
• Construction for the seismic upgrading of the Stuart Macaskill Lakes will continue, within a budget of $4,135,000. The budget was reduced to $2,750,000 in the Annual Plan 2010/11.	Work to strengthen the external embankment is well underway. Design of the lake lining is complete. Actual costs were $1,706,000, due to construction being rescheduled for 2011/12.
• Design will be investigated and construction commenced on Stage 3 of the Te Marua pumping station mini hydrogenerator, within a budget of $1,034,000.	The project was deferred to 2011/12 in the Annual Plan 2010/11.

Unforecast activity:

A feasibility study was carried out into the suitability of land at Kaitoke for a possible water storage lake for approximately $143,000.

Activity: Water conservation programmes

SHORT-TERM targets by 30 June 2011	Actual
Increases in total consumption will be held to levels consistent with population change and targets for per head consumption, within a budget of $506,000. The budget was increased to $567,000 in the Annual Plan 2010/11.	Gross water supply per resident during 2010/11 was 369 litres per person, per day. 7.5% less the 2007/08 baseline and on track to meet that target of a 10% reduction by 2019. We supplied 52,777 million litres of water in 2010/11, 0.3% less than in 2009/10. The estimated resident population supplied grew by 1.0% (projected) over the same period. Water conservation promotion is one of many factors that can affect levels of water use. Actual costs were $421,000. Savings were realised from tailoring the level of activity to the mild summer experienced and rescheduling of the promotional work that will accompany the earthquake strengthening of the Stuart Macaskill Lakes.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
Water supply levy	23,382	23,460
Interest and dividends	894	788
Other operating revenue	462	1,024
Operating revenue	**24,738**	**25,272**
Direct operating expenditure	15,178	16,367
Finance costs	2,538	2,756
Depreciation	8,175	7,829
Operating expenditure	**25,891**	**26,952**
Operating surplus/(deficit)	**(1,153)**	**(1,680)**
Less:		
Capital expenditure	7,384	10,163
Proceeds from asset sales	(18)	(93)
Loan funding	(7,264)	(9,700)
Levy funded capital expenditure	**102**	**370**
Debt repayment	5,993	4,773
Investment additions	1,223	1,168
Operational reserve movement	(54)	(162)
Working capital movements	-	-
Non-cash items	(8,173)	(7,829)
	(1,011)	(2,050)
Net funding surplus/(deficit)	**(244)**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Plan, collect, treat and deliver water	24,171	24,705
Water conservation programmes	567	567
Total operating revenue	**24,738**	**25,272**
Operating expenditure		
Plan, collect, treat and deliver water	25,389	26,477
Water conservation programmes	502	475
Total operating expenditure	**25,891**	**26,952**
Capital expenditure		
Water sources	2,062	3,475
Water treatment plants	809	965
Pipelines	1,114	1,115
Pump stations	387	720
Monitoring and control	645	695
Seismic protection	209	300
Energy	1,586	1,700
Other	364	730
Capital project expenditure	**7,176**	**9,700**
Plant and equipment	3	91
Vehicles	205	372
Total capital expenditure	**7,384**	**10,163**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Parks and forests

Greater Wellington's parks and forests group of activities contributes to four community outcomes – *quality lifestyle, sense of place, healthy community and healthy environment.*

The Baring Head block of land near the south eastern entrance to Wellington Harbour was purchased last financial year and opened to the public in February 2011. This is a valuable addition to the East Harbour Regional Park.

On 1 March 2011, Greater Wellington took over the day-to-day operations of Whitireia Park, Titahi Bay. A new Whitireia Park Board has been appointed by the Minister of Conservation – three board members represent Ngāti Toa Rangitira and three represent Greater Wellington.

Previously, Greater Wellington had an overarching network plan for its parks and individual plans for each park. For the first time this has been consolidated in one document, which also includes the Akatarawa and Pakuratahi forests. This will provide greater consistency in the way the parks are managed.

Each year a telephone survey is carried out across the region to measure the community's awareness of regional parks and their satisfaction with them. In the previous 12 months, 59% of the region's population visited at least one regional park, this was up from 53% the previous year. Part of the increase was due to Whitireia Park and Wairarapa Moana Wetlands Park being included for the first time. Overall, satisfaction levels with parks are at 94% – a slight improvement on 2009/10.

Greater Wellington appreciates the significant number of hours that volunteers spend in the parks each year. Memorandums of understanding (MoU) have been signed with the Friends of Queen Elizabeth Park and the newly formed Friends of Baring Head, and we are working on MoUs with other groups. These MoUs assist in clarifying the roles and responsibilities as we work together for the benefit of the parks. One of the significant events during the year was the planting of 10,000 plants in one day, mainly by members of the community, at Queen Elizabeth Park.

How we contribute to community outcomes

The Parks and Forests group of activities primarily contributes to the following community outcomes by providing a range of outdoor recreational opportunities in regional parks, forests and recreational areas:

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 by providing regional parks and forest areas for outdoor recreation

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

This group of activities also contributes to other outcomes:

Sense of Place because our parks and forests are an integral part of the region's uniqueness and history

Healthy Environment by carrying out environmental protection and restoration works in our parks, forests and recreation areas

Greater Wellington runs a Great Outdoors Summer Events programme over the summer period. This year 65 events were held and 3,848 people attended. This is approximately 900 less than the previous year because of poor weather.

The usual planting, pest control and park maintenance work was carried out during the year, as well as some unplanned work at Whitireia Park and Baring Head.

Parks and forests

LONG-TERM targets by June 2019	Actual
Visits will exceed 1.5 million per annum.	An estimated 766,545 visits were made to the regional parks in 2010/11, compared to 800,544 in 2009/10.
65% of the regional residents aged 16+ will have visited a regional park or forest at least once in the past 12 months.	59% of the regional population visited a park or forest at least once in the past 12 months, compared to 53% in 2009/10.
90% of visitors will be satisfied with their most recent park experience.	94% of visitors were satisfied with the park they had last visited as a place to carry out their respective activities, compared to 93% in 2009/10.
More than 14,000 people will participate in the Regional Outdoors Programme.	10,918 people participated in the Great Outdoors Summer Events programme, compared to 12,236 in 2009/10. Several of the events were affected by poor weather.
The health of ecosystems in the parks and forest areas will show a continual improvement.	In 2010/11 the Environmental Action and Monitoring Programme was carried out as planned.
There will be no loss of regionally significant landscapes and heritage features.	There has been no loss of regionally significant landscapes and heritage features of the regional parks. Following our purchase of Baring Head in June 2010, we are in the process of protecting this significant landscape as a scenic reserve.
Facilities will be developed and maintained according to asset-management plans that have been approved by the Council.	The asset management programme has been carried out annually as planned. The condition of park assets remain better than average but not as high as five years ago. This is because we have acquired new parks with assets that have not been maintained to the same condition as assets in our existing parks.

Activity: Recreational, facilities and services

SHORT-TERM targets by 30 June 2011	Actual
Park and forest assets will be maintained in accordance with the relevant asset-management plans and reported to the satisfaction of the Council, within a budget of $1,542,000. The budget was increased to $1,774,000 in the Annual Plan 2010/11.	The annual asset-management programme has been carried out as planned. Some unplanned maintenance was undertaken during the year on newly acquired park lands. Actual costs were $1,525,000.
Ranger services will be provided for seven days per week in four parks and for five days per week in the remaining parks and forest areas (excluding Whitireia Park and Lake Wairarapa). This will amount to 7,000 hours of ranger time, within a budget of $957,000. The budget was reduced to $818,000 in the Annual Plan 2010/11.	Park Rangers spent 9,000 hours undertaking compliance, security and community engagement. When we took over the day-to-day management of Whitireia Park the ranging service in the Wainuiomata/ Orongorongo Water Collection Area was reduced from seven to five days per week. Actual costs were $745,000.

Unforecast activity:

Following the purchase of land at Baring Head for inclusion into East Harbour Regional Park in June 2010, unplanned asset inspections, minor construction works and maintenance was needed to facilitate access and ensure the area was safe for the public to visit.

Activity: Parks network planning

SHORT-TERM targets by 30 June 2011	Actual
A new approach to the structure of park management plans will be developed and approved by the Council, within a budget of $292,000. The budget was increased to $306,000 in the Annual Plan 2010/11.	The Parks Network Plan, which provides an integrated management plan for all of Greater Wellington's regional parks and forests, was approved by the Council in December 2010. Actual costs were $238,000. Savings were achieved in the development of the plan as we did not need to outsource as much work as we assumed in the budget.
Governance arrangements for Lake Wairarapa (including Lake Onoke) will be confirmed. The budget was set at $176,000 in the Annual Plan 2010/11.	A governance model for Wairarapa Moana Wetlands was confirmed and pest management work was done. Actual costs were $120,000.
Governance arrangements for Whitireia Park will be confirmed and a partial park service introduced, within a budget of $120,000. This target was set in the Annual Plan 2010/11.	The Council agreed to manage Whitireia Park in partnership with Ngāti Toa Rangatira during the year, and introduced a partial Park Ranger service (up to three days a week). Actual costs were $82,000. The park service did not begin until 1 March 2011.

Unforecast activity:

Following the purchase of land at Baring Head for inclusion into East Harbour Regional Park in June 2010, additional work has been required to begin preparing a management plan. This has included research on biodiversity, heritage, tourism and recreation. This work was completed within existing budgets.

Activity: Environmental protection and enhancement

SHORT-TERM targets by 30 June 2011	Actual
Compliance with the Environmental Asset Management Plan – pest plant control will be achieved, within a budget of $983,000. The budget was increased to $1,041,000 in the Annual Plan 2010/11.	All actions in the parks Environmental Asset Management Plan for 2010/11 were achieved this year with the exception of the Wainuiomata/Orongorongo Water Collection Area 1080 possum control operation. This operation was postponed again because possum numbers in the area were not significant enough to justify completing the work. Actual costs were $783,000. $148,000 has been carried over to 2011/12 for the possum control work.
A report on the health of the ecosystems of park and forest areas, using the monitoring results, will establish a baseline for further reporting, within a budget of $109,000. The budget was reduced to $43,000 in the Annual Plan 2010/11.	Due to other work commitments associated with forming the new Biodiversity department, the report will now be undertaken in 2011/12. Actual costs were $34,000.

Activity: Marketing and community relations

SHORT-TERM targets by 30 June 2011	Actual
A marketing plan will be implemented such that 85% of residents will be able to freely recall a regional park or forest and 59% of residents will have visited one regional park in the previous 12 months. The regional outdoors programme *(Great Outdoors)* will be delivered and at least 4,900 people will attend the events led by Greater Wellington. Both combined had a budget of $212,000. The budget was increased to $226,000 in the Annual Plan 2010/11.	The marketing plan was carried out and 81% of residents recalled at least one regional park or forest and 59% visited at least one park in the past 12 months. The Great Outdoors Summer Events programme was delivered and attracted 3,848 participants. Five events were cancelled (four due to poor weather) and participation in Bike the Trail was significantly affected by poor weather. Actual costs were $213,000.
Eight "Friends of the Park" groups will have been actively involved in parks planning and management, within a budget of $10,000. The budget was increased to $19,000 in the Annual Plan 2010/11.	Ten "Friends of the Park" groups are actively involved in parks planning and management. Friends of Baring Head formed in 2010/11 and a memorandum of understanding with them was agreed in June 2011. The Friends of Onehunga Bay have expanded their scope to include the whole of Whitireia Park, managed by Greater Wellington since 1 March 2011. The Belmont Area Mountain Bike Association became increasingly active in Belmont Regional Park, with a strong focus on track maintenance. Actual costs were $29,000, due to the increased number of Friends of the Park groups.
There will have been a 10% increase over the baseline measure in on-park volunteer hours, within a budget of $17,000. No budget was assigned to this target in the Annual Plan 2010/11.	On-park volunteer hours were 6,167 hours, an increase of 35% on the 4,573 hours recorded in 2009/10.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
General rate	5,517	5,517
Government subsidies	-	-
Other operating revenue	886	912
Operating revenue	**6,403**	**6,429**
Direct operating expenditure	5,842	5,988
Finance costs	233	202
Depreciation	638	653
Operating expenditure	**6,713**	**6,843**
Operating surplus/(deficit)	**(310)**	**(414)**
Less:		
Capital expenditure	186	416
Proceeds from asset sales	(10)	(49)
Loan funding	(164)	(246)
Rates funded capital expenditure	**12**	**121**
Debt repayment	283	278
Operational reserve movement	97	(160)
Working capital movements	-	-
Non-cash items	(628)	(653)
	(248)	(535)
Net funding surplus/(deficit)	**(74)**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Plan, manage and protect recreational facilities and services	5,754	5,780
Marketing and community relations	649	649
Total operating revenue	**6,403**	**6,429**
Operating expenditure		
Plan, manage and protect recreational facilities and services	5,973	6,194
Marketing and community relations	740	649
Total operating expenditure	**6,713**	**6,843**
Capital expenditure		
Park infrastructure upgrade	173	246
Capital project expenditure	173	246
Buildings	13	-
Plant and equipment	-	26
Vehicles	-	144
Total capital expenditure	**186**	**416**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs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WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Safety and flood protection

Greater Wellington's safety and flood protection group of activities contributes to the following community outcomes – *quality lifestyle, prepared community, healthy community, healthy environment and sense of place.*

After the major Canterbury earthquakes of September 2010 and February 2011 our Civil Defence and Emergency Management staff, as well as trained volunteers from across the organisation, assisted with the response effort. Greater Wellington provided significant operational support to the National Crisis Management Centre, deployed both staff and resources to Canterbury, and provided welfare support for displaced international tourists. We are now taking the lessons learned from the Canterbury earthquakes and integrating them into our operating plans and future work programmes.

Our flood protection work continues. We are now into Year 11 of a 40-year programme to upgrade the flood protection works in the region. We are spending on average around $5 million per year on this programme. A milestone this year was completing the design for the Boulcott-Hutt Stopbank on the Hutt River and appointing a contractor to undertake construction of this three-year project. Also completed this year was the first stage of a review of the Waiohine River and stopbanks protecting Greytown, and strengthening the Tobins Stopbank on the Ruamahanga River.

We had 500 requests from landowners for information about flood hazards to help them make decisions about what sort of development might be appropriate for their site. This is double the number of previous years and an encouraging sign that more people are taking flood risk into account when making purchase or development decisions.

On 9 December 2010 the new Beacon Hill Signal Station began operation. Beacon Hill provides the eyes and ears on shipping movements in and out of Wellington Harbour. The official opening was marked with an event on 7 March 2011.

How we contribute to community outcomes

The Safety and Flood Protection group of activities primarily contributes to the following community outcome by building flood protection measures and ensuring that communities know the risk of emergency events in their area, including earthquakes, and are as ready as possible to cope with these events. Greater Wellington also prepares emergency management plans and provides an emergency operations centre to respond to any emergency events:

Prepared Community

Greater Wellington can cope with emergency events. Individuals and businesses are able to take responsibility for their own well-being. Effective emergency management systems are in place.

This group of activities also contributes to other outcomes:

Healthy Environment by cleaning up pollution incidents in our harbours and coastal waters, and enhancing the environment along flood corridors.

Prosperous Community by ensuring that the regional economy is protected from the worst effects of emergencies and can recover quickly.

Quality Lifestyle by ensuring that floods and other emergencies cause minimum disruption to normal activities, and by ensuring that people can enjoy safe recreational use of the harbour and coastal waters and river corridors.

Safety and flood protection

LONG-TERM targets by June 2019	Actual
The assessed value of damages during flood events will be reduced by 20% from 2009 levels in areas where floodplain management plans are being carried out.	Work is progressing on this target. The completion of the Boulcott-Hutt stopbank, for which construction commenced this year, will result in a significant improvement, though the full affects will not be felt until the Lower Hutt CBD stopbank upgrade is finished in 2020.
5% of flood protection infrastructure spend will be on environmental restoration and enhancement projects.	Further work was completed on the Otaki and Waikanae rivers where we are assisting the Friends groups with restoration projects. The Hutt River River Trail was redeveloped in conjunction with the Royal Wellington Golf Club to secure access and enhance the native planting. In addition to this, Stage 2 of the planting on the Waiwhetu Stream was completed. Further planting was also undertaken at the Ruamahanga River Barrage gates, adjacent to Wairarapa Moana.
80% of households surveyed will have emergency food and water supplies to last at least three days.	72% of residents surveyed have emergency food and water supplies to last at least three days (2010).
80% of businesses surveyed will have current business continuity plans.	56% of the businesses in the Wellington region have business continuity plans (2008).
The region will have sufficient capacity to manage an emergency event.	The region has adequate (and regularly tested) facilities, systems, tools and staff to manage an emergency event effectively. Regular training and exercising of staff further contributes to the capability and capacity, while effective and efficient planning ensures that we are up to date with operational and technical requirements.
There will be no significant accidents in the harbour or coastal waters.	In 2010/11 there were no significant accidents.
Reports of oil spills in harbours and coastal waters will be checked within 30 minutes and clean-up action will be commenced within one hour of being reported (for harbours) and within three hours (for coastal waters).	All oil spill reports were investigated and cleaned-up within the required timeframes.

Activity: Floodplain management planning

SHORT-TERM targets by 30 June 2011	Actual
The first stage of the Waiohine River floodplain management plan will be completed to the satisfaction of the Council, within a budget of $118,000. This was increased to $154,000 in the Annual Plan 2010/11.	Stage 1 has been completed and open days seeking input from the community about how to reduce the effects of flooding in Greytown have been undertaken to the satisfaction of the Council. The work was completed under budget. Outstanding costs for the production of the Phase 1 reports will be charged in 2011/12. Actual costs were $66,600.
A review of flood risk to Masterton will be commenced, included within the budget for Wairarapa area investigations of $285,000. This was increased to $287,000 in the Annual Plan 2010/11.	This work was deferred to 2011/12 due to the need to further refine flood hazard information in other areas of the region.

Activity: Flood protection infrastructure

SHORT-TERM targets by 30 June 2011	Actual
The construction and upgrade of flood protection infrastructure for the region will be completed in accordance with the capital expenditure programme, within a budget of $4,976,000. The budget was increased to $7,440,000 in the Annual Plan 2010/11.	The capital works programme for the year was partially achieved, including: Commencing construction of the Boulcott-Hutt Stopbank. While the construction was commenced as planned, progress achieved was less than planned due to a longer than anticipated consenting process Completing Stage 1 of the Tobin Stopbank Completing the Bridge Road edge-protection works Completing the Waiwhetu flood improvement works and approving an additional $500,000 towards cleaning up contaminated sediments in the Waiwhetu Stream to assist the Hutt City Council with this work Actual costs were $3,872,000
Flood infrastructure in the western part of the region will be maintained in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan. Achievement will be approved by the Council, within a budget of $2,824,000. The budget was reduced to $2,662,000 in the Annual Plan 2010/11.	All programmed maintenance work was completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan. Actual costs were $2,522,000.
Flood infrastructure will be maintained in the 10 Wairarapa River schemes, and completed to established standards and the satisfaction of the Scheme Advisory Committees, within a budget of $1,644,000. The budget was reduced to $1,599,000 in the Annual Plan 2010/11.	All programmed works were completed in accordance with established standards and reported to the satisfaction of the Scheme Advisory Committees. Actual costs were $1,533,700.

Activity: Environmental enhancement of river corridors

SHORT-TERM targets by 30 June 2011	Actual
Maintenance within the Hutt River corridor, including tracks and restoration sites, will be carried out in accordance with the Hutt River Environmental Strategy. Progress will be reported to the Council, within a budget of $206,000. The budget was reduced to $186,000 in the Annual Plan 2010/11.	The Hutt River corridor was maintained in accordance with the Hutt River Environmental Strategy. A summary of activities will be reported to the Council in September 2011. Actual costs were $179,400.
Maintenance within the Otaki River corridor, including tracks and restoration sites, will be carried out in accordance with the Otaki River Environmental Strategy and in partnership with the Friends of the Otaki River. Progress will be reported to the Council, within a budget of $25,000.	The Otaki River corridor was maintained in accordance with the Otaki River Environmental Strategy. A summary of activities will be reported to the Council in September 2011. Actual costs were $19,400.
Maintenance within the Waikanae River corridor, including tracks and restoration sites, will be carried out in accordance with the Waikanae River Environmental Strategy and in partnership with the Friends of the Waikanae River. Progress will be reported to the Council, within a budget of $12,000.	The Waikanae River corridor was maintained in accordance with the Waikanae River Environmental Strategy. A summary of activities will be reported to the Council in September 2011. Actual costs were $15,650.

Activity: Flood-warning service

SHORT-TERM targets by 30 June 2011	Actual
All flood warnings will be issued within 30 minutes of alarms being triggered in accordance with established flood procedures, within a budget of $44,000. The budget was reduced to $43,000 in the Annual Plan 2010/11.	All flood warnings were issued in a timely manner. Actual costs were $33,200.

Activity: Civil defence and emergency management

SHORT-TERM targets by 30 June 2011	Actual
Progress with the implementation of the CDEM Group Plan will be to the satisfaction of the Wellington Region CDEM Group, within a budget of $93,000. The budget was reduced to $65,000 in the Annual Plan 2010/11.	The Civil Defence and Emergency Management (CDEM) Group Plan has been on hold awaiting the outcome of the reorganisation of CDEM services in the region. Actual costs were $20,000.
The Wellington Region CDEM Group will meet twice during the year, within a budget of $37,000. The budget was increased to $38,000 in the Annual Plan 2010/11.	The Wellington CDEM Group changed its meeting schedule and met four times per year. Meetings were held on 7 December 2010, 1 April 2011 and 3 June 2011. Actual costs were $25,000. Savings were achieved by the CDEM Group meetings being held as part of the Mayoral Forum.
A major exercise to test the operational capability of the CDEM Group's Emergency Operations Centre will be conducted, within a budget of $9,000.	Two major exercises were successfully delivered during the year – Exercise Tangaroa (tsunami exercise) took place on 20 October 2010 and Exercise Phoenix VII (earthquake exercise) took place on 12 November 2010. Both exercises required rigorous testing of our facilities, systems, tools and staff. Corrective action plans have been developed for both exercises and the recommendations are being carried out. Actual costs were $20,000. Additional costs were incurred because two exercises were held, rather than one.
A survey will show that 75% of households will have emergency food and water supplies and 70% of businesses in the region will have business continuity plans in place, within a budget of $20,000. The budget was reduced to $16,000 in the Annual Plan 2010/11.	The 2010 community preparedness survey found that 72% of households have adequate supplies of emergency food and water. Only 56% of businesses in the region have business continuity plans in place. Households and businesses will be surveyed again in 2013. Our *It's Easy* booklet was awarded the Global Emergency Preparedness Award for best emergency preparedness booklet. We continued to provide businesses with brochures to promote business continuity planning. Actual costs were $19,000.

Unforecast activity:

The two Canterbury earthquakes (4 September 2010 and 22 February 2011) required an extensive response from the Wellington region. Greater Wellington provided support (186 days) in the form of staffing the National Crisis Management Centre, running the Group's Emergency Coordination Centre and providing support staff in Christchurch. The four emergency management staff alone each contributed at least six weeks of their time to these two events.

Activity: Harbour management

SHORT-TERM targets by 30 June 2011	Actual
The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service in accordance with Council-agreed operating standards, within a budget of $430,000. The budget was increased to $476,674 in the Annual Plan 2010/11.	The new communications station became operational on 9 December 2010. A formal opening ceremony attended by Councillors was held on 7 March 2011. Actual costs were $494,700.
Navigation aids will be repaired within 24 hours, weather permitting, and maintained in accordance with International Association of Lighthouse Authorities guidelines, within a budget of $145,000. The budget was reduced to $119,800 in the Annual Plan 2010/11.	All navigation aids were maintained and/or repaired at the earliest opportunity. International Association of Lighthouse Authorities guidelines for availability were met for all navigation aids, except the Porirua inner channel marker where a replacement part was not immediately available. Actual costs were $110,300.
Reports of oil spills in harbours and coastal waters will be checked within 30 minutes and clean-up action will be commenced within one hour of being reported (for harbours) and within three hours (for coastal waters) , within a budget of $18,000. The budget was reduced to $16,951 in the Annual Plan 2010/11.	All reports of oil spills were checked within 30 minutes. Three incidents required clean-up. The most significant was from oily blobs which landed over a considerable stretch of the Kapiti coastline. Actual costs were $66,152. $64,000 was recovered from Maritime New Zealand.
All reports of unsafe behaviour will be investigated. Formal records will be kept of all reports. At least 500 safe-boating packs will be distributed to recreational boaties, within a budget of $112,000. The budget was reduced to $107,908 in the Annual Plan 2010/11.	Approximately 133 incidents were dealt with as a result of patrols or callouts. At least 500 boat packs were distributed. Actual costs were $132,737. $32,000 of additional costs were incurred preparing a safety management system report for approval by Maritime New Zealand.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
General rate	9,399	9,399
Targeted rate	5,288	5,288
Government subsidies	-	116
Interest and dividends	426	464
Other operating revenue	1,850	1,994
Operating revenue	**16,963**	**17,261**
Direct operating expenditure	9,773	10,064
Finance costs	2,515	2,615
Depreciation	1,024	1,060
Operating expenditure	**13,312**	**13,739**
Operating surplus/(deficit)	**3,651**	**3,522**
Less:		
Capital expenditure	4,259	7,786
Proceeds from asset sales	(130)	(129)
Loan funding	(3,619)	(7,440)
Rates funded capital expenditure	**510**	**217**
Debt repayment	3,140	3,191
Investment additions	382	368
Operational reserve movement	571	806
Working capital movements	-	-
Non-cash items	(891)	(1,060)
	3,202	3,305
Net funding surplus/(deficit)	**(61)**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Flood protection	14,210	14,497
Emergency management	908	881
Harbour management	1,845	1,883
Total operating revenue	**16,963**	**17,261**
Operating expenditure		
Flood protection	10,584	10,963
Emergency management	870	881
Harbour management	1,858	1,895
Total operating expenditure	**13,312**	**13,739**
Capital expenditure		
Waiwhetu flood improvements	1,013	575
Hutt River improvements	1,598	4,277
Otaki River improvements	109	1,401
Wairarapa scheme improvements	995	923
Harbour management	61	-
Other flood protection	157	264
Capital project expenditure	**3,933**	**7,440**
Plant and equipment	-	18
Vehicles	326	328
	4,259	**7,786**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Land management

Greater Wellington's land management group of activities includes biosecurity and soil conservation operations. This work contributes to the economic wellbeing of the region (particularly through its impact on the agricultural sector) and also to the community's environmental and social wellbeing. Land management contributes to the following community outcomes – *prosperous community and healthy environment.*

This was the second year of the revised Regional Pest Management Strategy. We focused on pests of regional significance and priority Key Native Ecosystem sites. These sites include both covenanted private properties and public reserves, often working in cooperation with local councils.

We began carrying out the Regional Possum Predator Control Programme over the 19,200ha area that was declared bovine Tb free in 2008. This programme aims to maintain the economic and environmental benefits of low possum numbers in areas previously managed for bovine Tb control.

The control of bovine Tb vectors protects the viability of the region's cattle, deer and dairy farming, thereby enhancing farming productivity. There are also benefits to the health of our ecosystems. The regional target to reduce the number of bovine Tb-infected cattle and deer herds was exceeded, with only three infected herds present at year end. More than 80% of our region is under intensive possum control programmes through a combination of bovine Tb vector control, and Greater Wellington and Department of Conservation-funded operations.

We promote long-term sustainable land management to protect soil health and productivity, and minimise the environmental effects of a wide variety of land uses. Traditional soil conservation programmes that focus on erosion-prone land have been boosted by the Afforestation Grant Scheme, a Government-funded programme aimed at establishing new carbon forests on erosion-prone land. In the past three years a total of 647ha of erosion-prone land has been planted under this scheme. In addition, the Wellington Regional Erosion Control Initiative has completed its second year. Milestones included preparing 25 new farm plans and planting 77ha of erosion-prone land. We continue to work closely with a range of communities on riparian (stream-side) management programmes, eg, the Papawai Stream restoration project.

How we contribute to community outcomes

The Land Management group of activities primarily contributes to the following community outcome by carrying out pest management to protect the region's important ecosystems and promoting the sustainable use of land through soil conservation work and farm sustainability planning:

Healthy Environment

A healthy environment is one with 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

This group of activities also contributes to the following outcome:

Prosperous Community by enhancing the sustainability and security of the farming sector through soil conservation, pest management and continued support for the Animal Health Board's bovine Tb vector control programme

We established the Biodiversity department, bringing together a range of programmes previously delivered by five departments across the organisation.

As well as continuing to deliver biodiversity programmes in regional parks and forests, territorial authority land and private land, and working with schools to deliver an educational programme, we completed a 10-year strategy to guide the direction of our biodiversity work.

We worked with Porirua City Council, Wellington City Council and Ngāti Toa to prepare the draft Porirua Harbour and Catchment Strategy and Action Plan. We are currently consulting the community on the draft and will begin implementing the strategy and action plan in 2012/13.

Land management

LONG-TERM targets by June 2019	Actual
6,300ha of erosion-prone farm land will be treated using sustainable management practices. 75% of erosion-prone land will be under farm or sustainability plans.	In the past two years 1,332ha of erosion-prone land has been planted using sustainable management practices. Poplar and willow poles cover 717ha and conservation woodlots are established on 615ha. 72% of erosion-prone land is currently covered by farm or sustainability plans.
The ecological health and diversity of key native ecosystems will improve.	Active pest control programmes operate in 124 Key Native Ecosystem areas. Regular monitoring of representative sites indicates low numbers of possums, rodents and mustelids in the treated areas. There is a corresponding increase in the number of native birds in the region. Monitoring indicates that pest plant control in the region has reduced the competitive dominance of exotic plants in treated areas. Restoration sites are showing improvement through natural regeneration and/or planting with eco-sourced plants.
• There will be no rabbit infestation areas over Level 5 of the modified McLean scale. • There will be fewer than five breeding rookeries in the containment zone. • Possum numbers in the northern Wairarapa Tb-free zone will be maintained at a residual trap-catch rate of less than 5%.	• Rabbit infestation in the region continues to be maintained at very low levels, with no persistent recorded areas exceeding Level 5 on the modified McLean scale during 2010/11. • Under the reviewed Regional Pest Management Strategy, the status of rooks changed from Containment species to Total Control. The long-term target has changed from containment to eradication of rooks from the region by 2022. A successful rook control programme has resulted in 10 rookeries existing at the end 2010/11, a reduction from 21 in the previous year. • The Regional Possum Predator Control Programme commenced during 2010/11. The first round of control was completed to a standard which is expected to achieve a residual trap-catch below 5%. Follow-up monitoring will occur in spring 2012.
30km of streams and rivers will be enhanced (or maintained following enhancement) by fencing and plantings.	In 2010/11, 2.24km of new riparian (stream-side) planting was established.

Activity: Pest (animal and plant) management

SHORT-TERM targets by 30 June 2011	Actual
The operational plan for implementing the Regional Pest Management Strategy will be achieved and reported in detail to the Council, within a budget of $2,317,000. The budget was reduced to $2,253,000 in the Annual Plan 2010/11.	The Regional Pest Management Strategy (RPMS) Operational Plan 2010/11 was achieved. An annual report will be presented to the Council for approval in November 2011. A significant reduction in Total Control pest plants has been achieved following the completion of a seven-year survey around all known sites. This unique project has secured important data that will be used in future national research initiatives. Control operations for Containment species continued to hold target species within the designated zones. Active Site-Led pest control programmes continued in 124 Key Native Ecosystem sites across private land and local authority reserves. Our focus on biological control projects continued with Landcare Research Ltd and other regional councils. Three new biocontrol species were approved for release. Collaborative operations continued with government agencies and industry in delivering the National Pest Plant Accord and National Interest Pest programmes. Actual costs were $2,361,000.
The Animal Health Board's Tb vector control programme for the Wellington region is completed to the satisfaction of the Council, within a budget of $738,000. The budget was increased to $748,000 in the Annual Plan 2010/11.	The 2010/11 Bovine Tb vector control programme included: • 327,500ha of pig surveys • 46,327ha of possum and ferret surveys • 217,478ha of possum control. Possum control was completed over 93% (201,400ha) of the targeted area and the rest of the programme was completed during July 2011 • 50 performance and 33 trend monitors were completed In June 2011 there were only three bovine Tb-infected herds still present in the region. Actual costs were $743,000. This included a regional share contribution to the Animal Health Board-managed Bovine Tb National Pest Management Strategy control programmes.
Monitoring of possum numbers in the northern Wairarapa will be completed and reported to the Council, within a budget of $31,000. The budget was reduced to $30,000 in the Annual Plan 2010/11.	This was the first year of the Regional Possum Predator Control Programme. The programme was due to start in 2011/12 but with Council approval funding was brought forward to initiate control earlier. Pre-operation monitoring of 19,200ha in north Wairarapa was undertaken in December 2010. Operations included a total of 1,900 bait stations being installed and baited. Stations were serviced twice during the year. Actual costs were $105,000 due to bringing forward the Regional Possum Predator Control Programme.

Activity: Biodiversity

SHORT-TERM targets by 30 June 2011	Actual
Pests will be maintained at very low levels in the following key native ecosystems within a budget of $584,000: • 10 wetlands • 40 native forest areas • 4 coastal escarpments • 2 dune ecosystems The budget was increased to $621,000 in the Annual Plan 2010/11.	The focus of the site-led Key Native Ecosystems programme was on controlling animal and plant pests that threaten our regional biodiversity. There are 124 sites under pest plant and/or pest animal control. Sites under active pest management include: • 16 wetlands • 82 native forest sites • 12 dune ecosystems • 7 coastal escarpments • 7 river/estuarine area Actual costs were $568,000.
The biodiversity implementation programme will be progressed through the following programmes:	
• Wetland Action Plan, within a budget of $91,000. The budget was reduced to $67,000 in the Annual Plan 2010/11.	• 14 new landowners joined the Wetlands Incentive Programme during the year, bringing the total number of landowners in the programme to 171. Total costs were $62,273.
• Queen Elizabeth II National Trust private land-protection programme, within a budget of $86,000. The budget was reduced to $80,000 in the Annual Plan 2010/11.	• 10 QEII National Trust covenants were supported, which when finalised will protect approximately 98.5ha of lowland indigenous forest and wetland. All 10 projects will protect ecosystems that fall into the Acutely Threatened category in terms of the National Threatened Environments Classification. Actual costs were $106,522. The additional cost includes land protection works carried forward from the previous year.
• Freshwater ecosystem programme, within a budget of $59,000. The budget was increased to $62,000 in the Annual Plan 2010/11.	• The freshwater ecosystem programme was under budget because the key focus was a desktop exercise to identify the key measures required to improve in-stream habitat for native fish and river birds. A prioritised list of the locations of barriers to fish passage has been drawn up to enable future work to focus on reducing the effects of these barriers. Actual costs were $9,473.

SHORT-TERM targets by 30 June 2011	Actual
• Streams Alive riparian planting programme, within a budget of $202,000. The budget was reduced to $182,000 in the Annual Plan 2010/11.	• There were 109 landowners in the Streams Alive programme, with the vast majority concentrated in the Otaki, Waitohu and Mangaroa catchments. Planting has also taken place in the Wainuiomata, Karori, Ration Creek, Waihora, Upper Ruamahanga and Upper Waiohine catchments. A total of 12,741 eco-sourced native plants were planted. Actual costs were $269,959. An extra $66,000 of planting, funded by stakeholders, was carried out in the Lower Wairarapa Valley Development Scheme.
• Pauatahanui Inlet Action Plan, within a budget of $51,000. The budget was reduced to $40,000 in the Annual Plan 2010/11.	• Planting and fencing work was undertaken with nine landowners, resulting in 3,500 plants being planted and 250 metres of fencing constructed to exclude stock from waterways. Actual costs were $22,921.
• Coastal ecosystems, within a budget of $57,000. The budget was increased to $60,000 in the Annual Plan 2010/11.	• Carrying out the Coastal and Marine Ecosystems Action Plan focused on the Wellington and Kapiti Coast areas. Work included fencing the dunes at Lyall Bay (in conjunction with the Wellington City Council), and targeted weed control at north Waikanae dunes, north Waitohu dunes, Horokiri Estuary, Red Rocks and the Paekakariki Escarpment. Restoration plans were prepared for Haunui Bush, Paraparaumu dunes and Waikanae Estuary. Actual costs were $73,296. The additional cost was funded from extra revenue and savings in other projects.

Activity: Soil conservation

SHORT-TERM targets by 30 June 2011	Actual
15 new farm or sustainability plans will be prepared and approved by Greater Wellington, within a budget of $113,000. The budget was reduced to $110,000 in the Annual Plan 2010/11.	13 new farm or sustainability plans were prepared and approved by Greater Wellington. Actual costs were $126,958. Additional costs were incurred through engaging soil mapping consultants for the new plans.
490ha of erosion-prone land will be protected, within a budget of $581,000. The budget was reduced to $565,000 in the Annual Plan 2010/11.	432ha of erosion-prone land was planted. A further 289ha was planted under the Afforestation Grant Scheme. Actual costs were $520,600. The target of 490ha was not reached and expenditure was reduced accordingly.
Catchment schemes will be progressed in accordance with agreed workplans, within a budget of $102,000. The budget was reduced to $100,000 in the Annual Plan 2010/11.	The six catchment schemes completed their respective works programmes in accordance with the annual works programmes approved by each scheme's advisory committee. Actual costs were $95,300. The lower cost resulted from the reduced need for willow spraying in the Whareama Catchment.
15 events with a land management focus will be supported by Greater Wellington, within a budget of $12,000.	17 events with a land management focus were supported by Greater Wellington. Actual costs were $22,600. Two major events (the NZ Farm Forestry Conference and the MAF Hill Country seminar) accounted for 25% of the cost.

Activity: Akura Conservation Centre

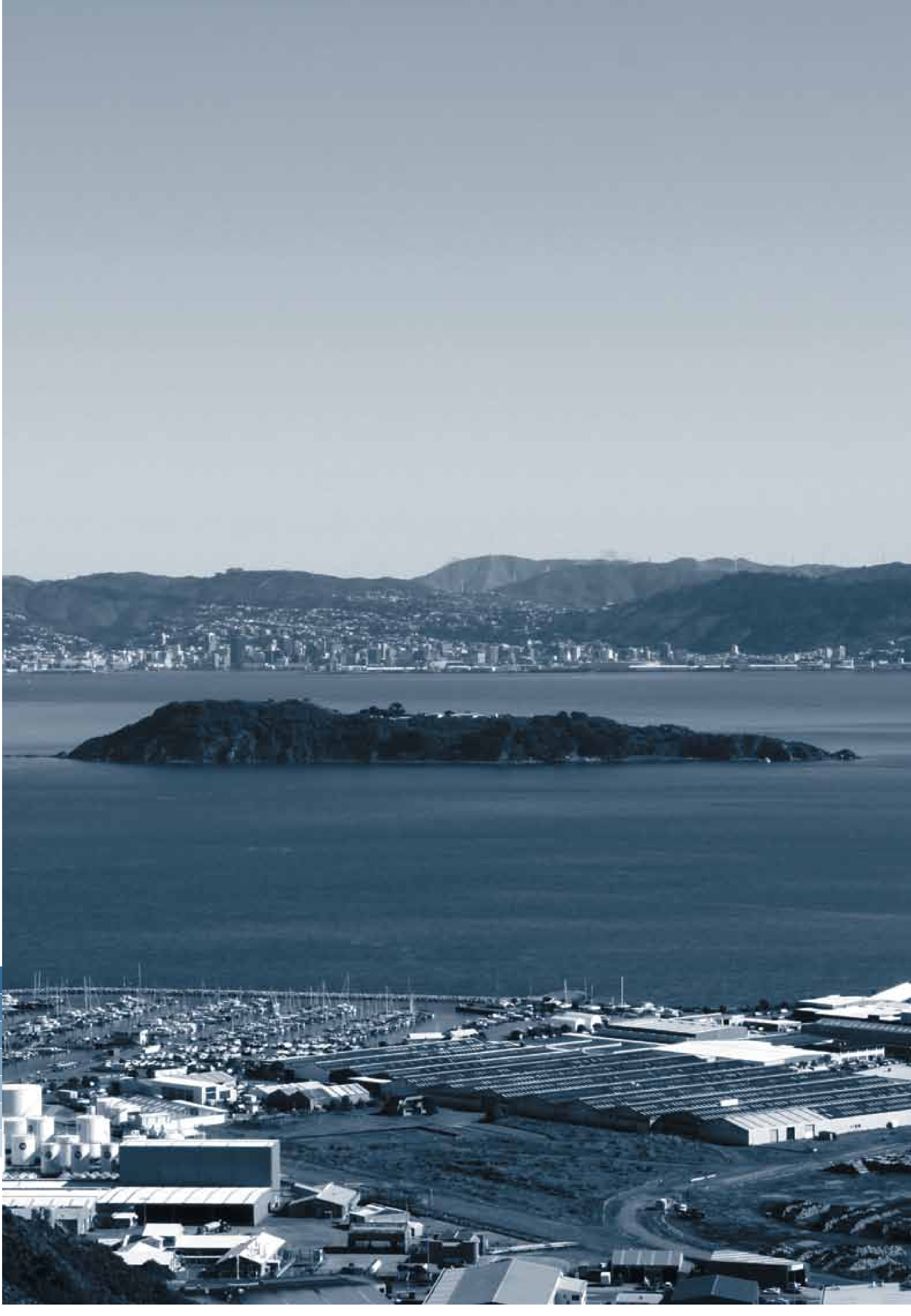
SHORT-TERM targets by 30 June 2011	Actual
The Akura Conservation Centre will break even or make a profit, within a budget of $18,000. The budget was increased to $20,000 in the Annual Plan 2010/11.	The Akura Conservation Centre made a $54,500 operating surplus.
23,000 three-metre poplar poles will be supplied, within a budget of $160,000. The budget was reduced to $152,000 in the Annual Plan 2010/11.	26,000 poplar and willow poles were supplied to internal and external clients. The additional production cost was fully recovered from pole sales. Actual costs were $178,200.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
General rate	4,845	4,845
Targeted rate	201	201
Government subsidies	138	161
Interest and dividends	28	29
Other operating revenue	2,322	1,908
Operating revenue	**7,534**	**7,144**
Direct operating expenditure	7,446	7,065
Finance costs	8	7
Depreciation	184	191
Operating expenditure	**7,638**	**7,263**
Operating surplus/(deficit)	**(104)**	**(119)**
Less:		
Capital expenditure	158	264
Proceeds from asset sales	(41)	(41)
Loan funding	55	(66)
Rates funded capital expenditure	**172**	**157**
Debt repayment	14	10
Operational reserve movement	(164)	(95)
Non-cash items	(143)	(191)
	(293)	(276)
Net funding surplus/(deficit)	**17**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Soil conservation and biodiversity	3,543	3,221
Manage pest plants and animals	3,991	3,923
Total operating revenue	**7,534**	**7,144**
Operating expenditure		
Soil conservation and biodiversity	3,464	3,196
Manage pest plants and animals	4,174	4,067
Total operating expenditure	**7,638**	**7,263**
Capital expenditure		
Plant and equipment	-	100
Vehicles	158	164
Total capital expenditure	**158**	**264**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs



Regional sustainable development

Greater Wellington's regional sustainable development group of activities enhance the economic wellbeing of the region by implementing the Wellington Regional Strategy and planning for regional resilience. Activities to enhance regional form also contribute to social and environmental wellbeing. Our regional sustainable development activities contribute to the following community outcomes – *prosperous community, essential services, entrepreneurial and innovative region, connected community and healthy environment.*

The Wellington region's economy has been affected by global economic issues, though compared to other parts of New Zealand we appear to be holding our own. However, indications are that conditions may get worse before they get better. With the tragic Canterbury earthquakes and the country's support for that region to recover, we are aware that our economy will come under additional pressure in the short to medium term.

The resilience of our economy and communities has been a key focus of our work in 2010/11. Responding and adapting to climate change and ongoing water management challenges have been progressed through our climate change and water strategy work.

The Wellington Regional Strategy Committee (a standing committee of Greater Wellington with membership including the region's mayors and non-local government sector leaders) commissioned an independent review of the Wellington Regional Strategy, the region's sustainable economic growth strategy. The review found that promoting economic development at a regional scale is the right thing to be doing, and the Wellington Regional Strategy Committee agreed with that conclusion. The review highlighted areas where improvements could be made in our economic development activities, including the activities of Grow Wellington. Grow Wellington is a Council-owned company tasked with promoting and supporting economic development in the region. The recommendations from the review will be used to refocus and refresh our economic development activities.

How we contribute to community outcomes

The Regional Sustainable Development group of activities contributes principally to the following community outcome by developing region-wide strategies that contribute to the economic wellbeing of the region:

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.

This group of activities also contributes to the following outcomes:

Essential Services by increasing the resilience of the region through the development of strategies and actions promoting the sustainable use of our natural resources for key services, eg, water and electricity

Entrepreneurial and innovative region through strategies and regional programmes to encourage creativity in key sectors of our region

Connected Community through its focus on the region's transport systems

Healthy Environment through the attention it gives to the impact of urban design and open spaces on the environment and on the reduction of greenhouse gas emissions

Regional sustainable development

LONG-TERM targets by June 2019	Actual
Regional GDP per capita growth will be above the 10-year rolling average for New Zealand.	The average annual GDP per capita growth over the past 10 years was 1.13% for the Wellington region, compared to 1.10% for New Zealand.
The average regional income of the region's residents will be above the 10-year rolling average for New Zealand.	The 10-year average (2001-10) weekly household income is $1,454.7 for the Wellington region, compared to $1,289.6 for New Zealand.
The rate of increase of full-time equivalent jobs will be above the 10-year rolling average for New Zealand.	The average annual increase of full-time equivalent jobs over the past 10 years was 1.63% for the Wellington region, compared to 1.94% for New Zealand.
The Regional Climate Change Action Plan will be carried out according to agreed timeframes.	A draft Climate Change Strategy is currently being discussed with the region's local councils. Greater Wellington is continuing to implement the actions for which we have responsibility.
The Regional Water Strategy will be carried out according to agreed timeframes.	A draft Water Strategy is still in the development phase. Options have been considered for encouraging the use of rainwater tanks for resilience purposes. These options will be further developed in 2011/12.
80% of homes in the region could potentially be served by power generated in the region from renewable sources.	Operational wind farms in the region generate enough power to serve around 40% of the region's homes. Further wind farms are planned for Mill Creek (71.3 megawatts) and Castle Hill (858 megawatts).

Activity: Regional resilience

SHORT-TERM targets by 30 June 2011	Actual
Progress with resilience planning, such as for climate change and water, will be reported to the satisfaction of the Council. This target was given a budget of $122,000 in the Annual Plan 2010/11.	Draft climate change and water strategies are being progressed. Some delays have occurred due to the need to align with local councils' planning. Options have been considered for encouraging the use of rainwater tanks for resilience purposes. These options will be further developed in 2011/12. Actual costs were $78,000. The lower costs reflect the delays in strategy development.
Roll out Warm Greater Wellington to 200 ratepayers' homes,[1] within a budget of $856,000. This target was added in the Annual Plan 2010/11.	Warm Greater Wellington was rolled out to 1,151 homes. The take up was five times greater than anticipated and within the policy limit of $3 million per annum. Actual costs were $2,080,381.

[1] This assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme

Activity: Wellington Regional Strategy

SHORT-TERM targets by 30 June 2011	Actual
The Wellington Regional Strategy (WRS) Committee will approve the WRS office's annual report on progress with carrying out the WRS, within a budget of $400,000. The budget was increased to $445,000 in the Annual Plan 2010/11.	The annual report was published in October 2010 and forwarded to the WRS Committee. Actual costs were $419,000.
A full and independent review of the WRS will be completed and reported to the WRS Committee, within a budget of $100,000. The budget was reduced to $75,000 in the Annual Plan 2010/11.	The WRS review was reported to the WRS Committee and all the region's councils on 1 June 2011. It was endorsed by the WRS Committee on 30 June 2011. Actual costs were $75,000.
A summit for the major stakeholders of the WRS will be held by early 2011, within a budget of $25,000. The budget was reduced to $5,000 in the Annual Plan 2010/11.	A decision to defer the summit was made because of the WRS review process. No costs were incurred.
The WRS Committee will receive by 30 April 2011 Grow Wellington's annual report and agree that it reflects Grow Wellington's Statement of Intent and contributes to the WRS, within a budget of $4,750,000. The budget was reduced to $4,645,000 in the Annual Plan 2010/11.	The Committee endorsed the Grow Wellington Annual Report on 30 August 2010. Actual costs were $4,318,000. The lower costs were due to Grow Wellington not needing its full budget allocation.

Funding impact statement

Funding statement	Council 2011 Actual $000s	Council 2011 Budget $000s
General rate	179	179
Targeted rate	4,539	4,531
Interest and dividends	-	-
Other operating revenue	108	139
Operating revenue	**4,826**	**4,849**
Direct operating expenditure*	4,582	6,652
Finance costs	76	55
Operating expenditure	**4,658**	**6,707**
Operating surplus/(deficit)	**168**	**(1,858)**
Less:		
Loan funding	(2,092)	(1,471)
Rates funded capital expenditure	**(2,092)**	**(1,471)**
Debt repayment	96	88
Operational reserve movement	(109)	(475)
	(13)	(387)
Net funding surplus/(deficit)	**2,273**	**-**

Operating revenue	Council 2011 Actual $000s	Council 2011 Budget $000s
Regional resilience	131	154
Wellington regional strategy	445	445
Regional economic development agency	4,250	4,250
Total operating revenue	**4,826**	**4,849**
Capital expenditure		
Regional resilience planning*	(153)	122
Wellington regional strategy	496	525
Operate a regional economic development agency	4,315	4,645
Total capital expenditure	**4,658**	**5,292**

*Direct operating expenditure is below budget because the Warm Wellington grant has been reclassifed as other receivables. The cost of this programme will be directly recovered from the ratepayers who have participated in the scheme

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Community

Our democratic processes contribute to the social wellbeing of the region by providing a range of opportunities for the community to participate in the Council's decision making.

Council elections were held in October 2010. Four new Councillors were elected. A programme of training was provided to the new and returning Councillors to assist them in their decision-making responsibilities.

Following the elections, the Council established a new committee structure, based on the four wellbeings – environmental, economic, social and cultural. This is based on local government's statutory responsibility for community wellbeing and better reflects the diverse nature of our business.

With the region's mayors we have begun a review of the current local government arrangements in the region. The Mayoral Forum commissioned a report in 2010 on the effectiveness of our current arrangements. The report concluded that some changes would be desirable and identified six options. A number of drivers for change were identified, including local government changes in Auckland, recent pressures arising from changes in national and global economic conditions, and changes in Government policy. Feedback on the report from the community was invited. The review is expected to continue in 2011/12.

We have been developing improved partnership arrangements with the mana whenua iwi (Greater Wellington's iwi partners) of the region. A very significant part of this was the establishment of Te Upoko Taiao – Natural Resource Plan Committee (see Resource Management section). A new partnership model is expected to be in place during 2011/12.

How we contribute to community outcomes

The Community group of activities primarily contributes to the following community outcome by providing opportunities for all people who live in the region to participate in the Council's decision making:

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

The group of activities also contributes to the following outcome:

Quality Lifestyle by supporting a key recreational facility of the region

Community

LONG-TERM targets by June 2019	Actual
50% of the region's residents believe they understand how their Council makes decisions.	Of residents surveyed in June 2010, 9% said they understood how the Council makes a decision, 44% said they did not understand, 38% were neutral and 9% said they did not know.
More than 75% of the region's residents believe they have some influence on Council decisions.	A survey for this is yet to be undertaken.
At least 45% of eligible electors participate in elections for the Greater Wellington Regional Council.	The overall voter turnout for Greater Wellington Regional Council in the 2010 elections was 43%. This is the same level of voter turnout as the 2007 elections.
There is a formal agreement in place, which is regularly reviewed, to guide the relationship between Greater Wellington and the region's iwi.	A Charter of Understanding is in place. It is due to be replaced in 2011/12 by a Memorandum of Partnership between Greater Wellington and the mana whenua iwi of the region.
The financial and operational performance of the Westpac Stadium Trust will be in accordance with its Statement of Intent.	The financial and operational performance of the Westpac Stadium Trust was in accordance with its Statement of Intent.

Activity: Democratic services

SHORT-TERM targets by 30 June 2011	Actual
Elections will be conducted by 30 November 2010 without any need to re-conduct, within a budget of $293,000.	The elections were conducted in accordance with statutory requirements. There was no challenge to the election results. Actual costs were $276,341.
All meetings will be conducted in accordance with statutory requirements and Council policies, within a budget of $1,534,000. The budget was increased to $1,602,000 in the Annual Plan 2010/11.	All meetings were conducted in accordance with statutory requirements and Council policies. Actual costs were $1,519,893.
Statutory public accountability processes will be completed in accordance with requirements, within a budget of $570,000. The budget was increased to $619,000 in the Annual Plan 2010/11.	Statutory public accountability processes were completed in accordance with requirements. Actual costs were $634,015.

Activity: Relationship with Māori

SHORT-TERM targets by 30 June 2011	Actual
Ara Tahi will • Meet formally at least six times • Hold at least six technical workshops Within a budget of $70,000.	Ara Tahi met formally twice and held two workshops. The formal meetings were replaced with meetings between Greater Wellington and individual iwi to discuss the options to progress the relationships. Actual costs were $38,000 due to fewer meetings.
There will be Māori representation on all Council committees, within a budget of $182,000.	There are iwi representatives on the Environmental Wellbeing Committee, Economic Wellbeing Committee and Social and Cultural Wellbeing Committee. In additional, Greater Wellington appoints a member to the Regional Transport Committee to represent cultural interests and a member to the Wellington Regional Strategy Committee to represent the interests of Māori. Actual costs were $182,000.
Contracts between iwi and Greater Wellington will be in place for agreed projects, within a budget of $80,000. The budget was increased to $130,000 in the Annual Plan 2010/11.	Contracts are in place for agreed projects. Actual costs were $57,000. The lower costs were due to fewer than expected funding applications.

Activity: Westpac Stadium

SHORT-TERM targets by 30 June 2011	Actual
The financial and operational performance of the Westpac Stadium Trust will be in accordance with its Statement of Intent, within a budget of $2,676,000.	The financial and operational performance of the Westpac Stadium Trust was in accordance with its Statement of Intent. The stadium rate of $2,676,000 was applied to funding the repayment of the 1998/99 Regional Stadium advance.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
General rate	2,290	2,924
Targeted rate	2,676	2,676
Interest and dividends	8	8
Other operating revenue	2,295	1,993
Operating revenue	**7,269**	**7,601**
Direct operating expenditure	4,335	4,819
Finance costs	908	908
Depreciation	37	44
Operating expenditure	**5,280**	**5,771**
Operating surplus/(deficit)	**1,989**	**1,830**
Less:		
Capital expenditure	74	78
Proceeds from asset sales	(14)	(16)
Rates funded capital expenditure	**60**	**62**
Debt repayment	1,714	1,714
Operational reserve movement	(95)	(245)
Working capital movements	4	-
Non-cash items	305	299
	1,928	1,768
Net funding surplus/(deficit)	**1**	**-**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Operating revenue		
Run a democratic process	3,485	3,485
Relationships with Māori	767	1,099
Repayment of Westpac Stadium advance	3,017	3,017
Operating expenditure	**7,269**	**7,601**
Operating expenditure		
Run a democratic process	3,551	3,653
Realtionships with Māori	767	1,156
Repayment of Westpac Stadium advance	962	962
Total operating expenditure	**5,280**	**5,771**
Capital expenditure		
Plant and equipment	27	30
Vehicles	47	48
Total capital expenditure	**74**	**78**

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Investments

Investment overview

Greater Wellington has a significant portfolio of investments, comprising:

- Liquid financial deposits
- Administrative properties (eg, depots)
- Forestry and business units
- Advance to the Wellington Regional Stadium Trust
- Internal treasury management function
- Equity investments in the WRC Holdings Group (including CentrePort Ltd)

Greater Wellington's philosophy in managing investments is to optimise returns in the long term, while balancing risk-and-return considerations. It recognises that as a responsible public authority, any investment it holds should be held for the community's long-term benefit, 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 aware that its investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort Ltd) and its liquid financial deposits. At an appropriate time in the future, Greater Wellington believes it could continue to reduce its risk exposure by reducing its investment holdings and using the proceeds to repay debt. The timing of these divestments will be in accordance with Greater Wellington's objective to optimise the overall return to ratepayers.

Liquid financial deposits

Greater Wellington holds $33 million in cash deposits. The rationale for holding these deposits is regularly reviewed, taking into account:

- General provisions of Greater Wellington's Treasury Management Policy, including attitude to risk and creditworthy counterparties
- Greater Wellington holds other deposits from time to time as determined by its Treasury Management Policy

Administrative properties

Greater Wellington's interests in the Upper Hutt depot 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 6,000ha of plantation and soil conservation reserve forests, of which approximately 4,000ha are in the western or metropolitan part of the region, with the remaining 2,000ha in the Wairarapa.

The overall investment policy 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. In fact, both the plantation and reserve forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year.

Of Greater Wellington's other business units, the Akura Conservation Centre and the Wairarapa Workshop are required to return an internal dividend which is based on the net assets employed by each of these businesses. The level of internal dividend will continue to be reviewed annually.

BioWorks (Greater Wellington's biosecurity business unit) and the forestry units are not currently required to return an internal dividend.

Advance to Wellington Regional Stadium Trust

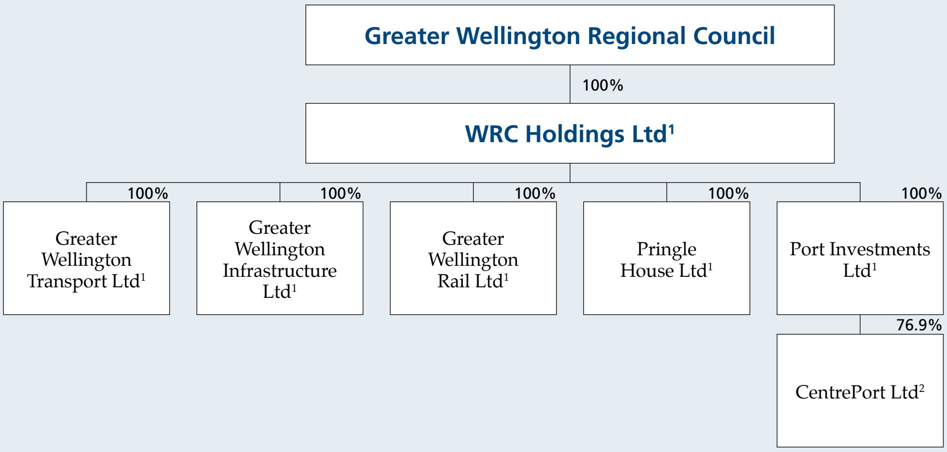
Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest-free basis, with limited rights of recourse recognising the "quasi-equity" nature of the advance. Under the International Financial Reporting Standards, this advance has been written down to $4.61 million as at 30 June 2011.

Greater Wellington's internal treasury function

Greater Wellington's treasury management activity is carried out centrally to maximise the ability to negotiate with financial institutions. As a result of past surpluses, sales of property and capital returns from the port company, the treasury function 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.

Equity investments in the WRC Holdings Group

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



[1] Council-Controlled Trading Organisation in accordance with the Local Government Act 2002

[2] 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 Ltd and Port Investments Ltd are in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Greater Wellington Transport Ltd and Greater Wellington Infrastructure Ltd are currently inactive, and Greater Wellington Rail Ltd owns Wellington's current and future interests in rail rolling stock and rail infrastructure assets.

Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was originally set up for a number of reasons that remain applicable, including:

- Appropriate separation of management and governance
- Imposing commercial discipline on the Group's activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return
- Separation of Greater Wellington's investment and commercial assets from its public good 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's still an appropriate vehicle for holding its investments.

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

Objectives of the Group

The primary objectives of the Group as set out in the 2010/11 Statement of Intent (SOI) were to:

- Support Greater Wellington's strategic vision, and operate successful, sustainable and responsible businesses
- Manage its assets prudently
- Effectively manage any other investments held by the Group to maximise the commercial value to the shareholders and protect the shareholder's investment

The financial objectives of the Group shall be to:

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

The environmental objectives of the Group shall be to:

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

The social objectives of the Group are to:

- Provide a safe and healthy workplace
- Participate in development, cultural and community activities within the regions in which the Group operates
- To help sustain the economy of the region

The WRC Holdings Group met all its objectives as set out in the 2010/11 Statement of Intent and Greater Wellington's 10-Year Plan (LTCCP).

The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2010/11 Statement of Intent and Greater Wellington's LTCCP.

Directors

Prue Lamason (Chair)
Fran Wilde (Deputy Chair)
Anne Blackburn
Peter Blades
Peter Glensor
Nigel Wilson

Financial performance targets for the year ended 30 June 2011

	Actual 2011	Target 2011
Net profit before tax	$50.3 million	$11.4 million
Net profit after tax	$48.8 million	$6.9 million
Earning before interest tax and depreciation	$73.4 million	$37.3 million
Return on total assets	11.63%	4.81%
Return on shareholder equity (excludes any fair value adjustments)	21.76%	3.09%
Shareholders equity to total assets	39.58%	23.9%
Dividends	$1,204,000	$940,000

Net profit before tax

The Group posted a net profit before tax of $50.3 million compared to the budget of $11.4 million for the year.

Net profit after tax (before deduction of minority interest)

The net profit after tax was $48.8 million compared to the budget of $6.9 million.

Earnings before interest, tax and depreciation (EBIT)

The EBIT was $73.4 million compared to a budget of $37.3 million.

Return on total assets

This target is calculated as EBIT and expressed as a percentage of average total assets and is 11.63% compared to a budget of 4.8%.

Return on shareholder equity

Return on shareholder equity is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown before any increase/decrease in fair value movements from property, devaluations and other financial investment fair value changes. Return on shareholders equity was 21.76% compared to a budget of 3.09%.

Shareholders equity to total assets

Shareholders equity to total assets was 39.58%.

Dividends paid (or payable to the parent shareholder)

The dividend payable is $1.204 million compared to a budgeted dividend of $940,000.

CentrePort - Company objectives

The company's primary objectives as set out in the 2010/11 Statement of Corporate Intent shall be to:

- Be a successful transport and property infrastructure company
- Operate as a sustainable and responsible business
- Be customer focused and provide superior service

The financial objectives of the company shall be to:

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

The environmental and sustainably objectives of the company shall be to:

- Operate in an environmentally responsible and sustainable manner
- Raise awareness of environmental issues within the company
- Liaise with and communicate the company's environmental and sustainability performance

The social objectives of the company are to be socially responsible and have a positive and sustainable impact on the social systems (employees, customers, tenants, suppliers, local community and wider society) by:

- Being a learning organisation and superior employer
- Provide a safe and healthy workplace
- Participating in and encouraging development, and cultural and community activities within the regions in which the company operates
- Consulting with employees, stakeholders and the community where appropriate

Directors

WA Larsen (Chair)
DJ Benham
R Janes
JG Jefferies
JA Monaghan
EMM Johnson
RM Peterson

Financial performance targets

The following table lists performance against targets set in CentrePort's 2010/11 Statement of Corporate Intent.

Statement of Corporate Intent performance measure	2010/11 Actual	2010/11 SCI target
Net profit before tax[1]	$14.73 million[2]	$13.15 million
Net profit/(loss) after tax[1]	$10.44 million[2]	$9.42 million
Return on port assets	6.3%	6.7%
Return on property assets	6.3%	6.1%
Return on total assets	6.3%	6.4%
Return on equity	5.2%	4.9%
Dividend	$4.7 million[3]	$4.0 million
Dividend distribution % of NPAT	45%	40%-60%

[1] Profitability excludes fair value changes in respect of Investment Properties and Derivatives

[2] The variance to target reflects higher than planned operating revenues and favourable interest costs

[3] Includes $0.7m declared post balance date

Performance Targets – CentrePort Limited

Activity: Environmental performance targets

Planned target	Actual performance
Develop and maintain a formal environmental management system consistent with the standards specified in AS/NZS ISO 14001: 2004.	Achieved. The environmental management system was substantially reviewed and updated in 2008. It is maintained on an ongoing basis and CentrePort's Environment and Sustainability Policy is reviewed annually to ensure consistency with environmental standards. Ongoing improvement projects have been identified and will be a priority for CentrePort's new Planning and Environmental Manager in 2012.
Formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held.	Achieved. Legislative compliance was reviewed in June 2011 and confirmed in all areas. Valid Resource Consents and Permits are held, where required, for all current activities. Compliance risks identified for the Seaview log yard have been addressed through improved operating procedures and purchase of specialist equipment.
Maintain a sustainability programme with measurable performance criteria covering as a minimum the monitoring of waste and greenhouse gas emissions.	Achieved. The Environmental and Sustainability Committee met regularly. An audit of port electricity use was commissioned in June 2011 to identify future opportunities to reduce energy use and associated emissions. Monitoring of waste and greenhouse gas emissions were completed as part of CentrePort's annual reassessment of its carbon footprint (see below). An environmental and sustainability performance and improvement framework commenced and is planned for completion by the end of December 2011.
Measure CentrePort's carbon footprint on an average tonnage and ship call basis, benchmark the footprint against similar entities and develop a plan to reduce that footprint.	Achieved: The following table illustrates CentrePort's progress relative to a March 2008 baseline:

Assessment year (March)	Carbon footprint tonnes of CO_2	TEUs handled	CO_2 tonnes per TEU handled
2008	3,882	91,638	0.0424
2009	4,031	95,040	0.0424
2010	3,717	94,400	0.0394
2011	3,200	100,436	0.0319

Relevant benchmarks for 2010 (derived from publicly available information) based on CO_2 tonnes per TEU include Ports of Tauranga (0.023) and Ports of Auckland (0.025).

A plan to reduce the footprint will be included as part of a broader carbon management strategy to be developed by the end of December 2011.

Activity: Environmental performance targets

Planned target	Actual performance
Undertake the monitoring of environmental discharges in accordance with implemented management plans in the areas of:	Achieved.
• Port Noise.	• Port noise monitored in June 2011 (except Miramar). Results indicate compliance with district and regional plan requirements. Miramar to be monitored in August 2011.
• Stormwater discharges to the Coastal Marine Area.	• Monitoring of private stormwater discharges undertaken in August 2010. All results indicate compliance with Regional Coastal Plan requirements. Monitoring in 2011 will target discharges from the port log facility to help manage particulate loads.
• Fumigants associated with the pest treatment of cargoes.	• All monitoring data of pest treatment of cargoes submitted to Greater Wellington in accordance with environmental plan.
Monitor compliance of the use of methyl bromide for fumigating log shipments and work collaboratively with Greater Wellington and Crown agencies to investigate alternative fumigation options.	All fumigation events involving logs in containers or ships holds were monitored and results supplied to Greater Wellington and Regional Public Health. There were no adverse readings.
Maintain an environment issues register of environmental complaints and issues for monitoring and actioning purposes. The register to be reported to CentrePort's Health, Safety and Environmental Committee on a regular basis (the committee meets four times per year).	Achieved: 10 issues/incidents were registered during the year. All were reported to the Health, Safety and Environmental Committee and followed up with operational improvements where practical.
CentrePort will hold a minimum of three Environmental Consultative Committee meetings in 2010/11, comprising CentrePort and affected stakeholders (customers, port users, local authorities, iwi and residential groups). The meetings provide a forum to identify and inform on a range of environmental port-related matters.	Achieved: Three meetings were held during the year. The next meeting is in October 2011.

Activity: Social performance targets

Planned target	Actual performance
Measure and report the impact of CentrePort's commercial activities on regional economic growth through the commissioning of an independent assessment by suitably qualified consultants by 31 December 2010.	Completed with the release in September 2010 of a comprehensive report by BERL of the positive economic impact of CentrePort's activities on the city ($1.5b), region ($1.8b) and nation ($2.3b). Copies available on request.
Contribute to the desired outcome of the Wellington Regional Strategy through:	
• The provision of workplace opportunities and skills enhancements of our employees.	• Delivery of National Certificates to all cargo employees was completed and all pilots/marine officers achieved the National Diploma in Pilot Operations. Programmes in communication and negotiating and influencing have also been delivered. In addition to targeted development programmes for individual leaders carried out during the year, a group development programme for tier-three managers was launched during the last quarter. In support of building the Executive Leadership Team's executive capabilities, leadership development programmes have been carried out at team and individual levels.
• Ensuring the regional economy is connected by providing high-quality port services to support international and coastal trade.	• CentrePort continues to work with shippers and shipping lines to provide high-quality services that connect the region with international and domestic markets.
• Supporting the regional community by investing in community sponsorship (a targeted increase of 50% in 2011 compared to 2010)	• CentrePort continues to actively engage with the region through a diverse range of community sponsorships and significantly increased its community-based sponsorship activities.
Maintain the tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.	An audit was completed in December 2010, with Tertiary Accreditation retained for a further two years.
An annual review of Health and Safety Policy.	Achieved in July 2010.

Activity: Social performance targets

Planned target	Actual performance
Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.	Achieved. Certified compliant until October 2011.
Undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code, which promotes safety and excellence in marine operations.	Achieved. In 2006, CentrePort in conjunction with the Harbourmaster conducted a risk assessment review as part of the requirements of the Port and Harbour Safety Code. CentrePort and Greater Wellington continue to progress the assessment and implementation of recommendations from that review. Beacon Hill Signal Station has been replaced and substantially upgraded (December 2010) and the bylaws reviewed, both being multi-risk mitigators. The Harbourmaster has drafted his Safety Management System and we await audit from Maritime New Zealand. Revised Maritime Rule Part 90 (Pilotage) came into force on 1 April 2011. From this Rule the Pilotage Limits have been extended outward to harmonise with Port Limits. CentrePort has rewritten the Pilot Training and Proficiency Manual and is awaiting Maritime New Zealand approval. Under the new Rule, regular and ongoing Continuing Professional Education is a key plank in pilot development and training.
To meet regularly with representative community groups.	Achieved. CentrePort had a strong calendar of stakeholder engagement across all groups. Key initiatives included the Port Open Day and commencement of monthly public tours.

General performance targets

Planned target	Actual performance
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas to be able to maintain triple bottom line reporting in accordance with best practice	The 2012 Statement of Corporate Intent incorporates revisions to performance targets (as agreed by shareholders) with particular enhancements to financial health and environmental measures.
When developing "property held for development", the board is to adhere to the following principles: a. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently b. Property developments must not compromise port operations c. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders Definition of terms: Management of tenancy risk means that each single property investment has committed rental income (via executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development AND the vacant net lettable area of the proposed development is no greater than 25%.	Not applicable in reporting period.

Funding impact statement

	Council 2011 Actual $000s	Council 2011 Budget $000s
Funding statement		
Operating revenue	19,083	12,254
Net interest income[1]	4,287	1,692
Internal grants income[2]	13,346	14,801
	36,716	28,747
Operating expenditure	12,166	9,550
	24,550	19,197
Less:		
Contribution to general rates	7,613	6,550
Earnings retained	16,937	12,647
Operating surplus of individual investments		
Liquid financial deposits	1,655	1,760
WRC Holdings	15,793	15,821
Treasury management	878	1,734
Forestry	5,894	(245)
Business units and property	330	127
Net funding surplus/(deficit)	**24,550**	**19,197**

	Council 2011 Actual $000s	Council 2011 Budget $000s
Contribution to general rates		
Liquid financial deposits	1654	1760
WRC Holdings	2447	1021
Treasury management	3385	3632
Forestry	-	-
Business units and property	127	137
	7613	6550

Rates contribution excludes unrealised transactions, deposit, debt movements and some interorgansiational transactions.

Note 1 – Net interest includes revenue from internal debt, less the interest costs of external debt
Note 2 – Internal grants income is revenue from public transport to fund the share capital investment in Greater Wellington Rail Ltd. This is lower than budget because expenditure on the new Matangi trains is lower the budget

The above funding impact statement includes inter-organisational transactions that are eliminated at Council financial statement level. These include revenue, expenditure and finance costs

Statement of compliance and responsibility

Compliance

The Council and Greater Wellington's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the annual report have been complied with.

Responsibility

The Council and Greater Wellington's management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington's management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Greater Wellington's management, the annual financial statements for the year ended 30 June 2011 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Fran Wilde
Chair

26 October 2011

David Benham
Chief Executive

26 October 2011

Bruce Simpson
Chief Financial Officer

26 October 2011

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Wellington Regional Council and group's Annual Report

For the year ended 30 June 2011

The Auditor-General is the auditor of Wellington Regional Council (the Regional Council) and group. The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, service provision information and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the Regional Council and group on her behalf.

We have audited:

- the financial statements of the Regional Council and group on pages 18 to 69, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the service provision information of the Regional Council and group on pages 73 to 156; and
- the Regional Council compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the financial statements, service provision information and other schedule 10 information

In our opinion:

- The financial statements of the Regional Council and group on pages 18 to 69:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - > the Regional Council and group's financial position as at 30 June 2011; and
    - > the financial performance and cash flows for the year ended on that date.
- The service provision information of the Regional Council on pages 73 to 156:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Regional Council levels of service for the year ended 30 June 2011, including:
    - > the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
    - > the reasons for any significant variances between the actual service and the expected service.
- The Regional Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, service provision information and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, service provision information and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, service provision information and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, service provision information and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Regional Council and group's financial statements, service provision information and other schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and service provision information;
- determining the appropriateness of the reported service provision information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, service provision information and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, service provision information and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and service provision information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Regional Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, service provision information and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out assignments in the areas of audit of the long term plan, audit of the amendment of the long term council community plan, and reviewing the financial information and performance information in the Water Supply Annual Report, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

Karen Young

Karen Young

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

Regional Councillors

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Regional Councillors from 1 July to 16 October 2010

PORIRUA/TAWA

John Burke

UPPER HUTT

Rex Kirton

WAIRARAPA

Ian Buchanan

WELLINGTON

Sally Baber

Council and Committee structure

As at September 2011

(c) Chair (d) Deputy Chair

Audit, Risk and Assurance Committee
Cr Judith Aitken (c)
Cr Peter Glensor (d)

Economic Wellbeing Committee
Cr Peter Glensor (c)
Cr Paul Bruce (d)

Environmental Wellbeing Committee
Cr Barbara Donaldson (c)
Cr Jenny Brash (d)

Regional Transport Committee
Cr Fran Wilde (c)
Cr Peter Glensor (d)

Social and Cultural Wellbeing Committee
Cr Nigel Wilson (c)
Cr Sandra Greig (d)

Te Upoko Taiao – Natural Resource Committee
Cr Chris Laidlaw (Co-Chair)
Te Waari Carkeek (Co-Chair)

Wellington Regional Strategy Committee
Sir John Anderson (c)
Cr Wilde (d)

Greater Wellington management structure

- **David Benham**, Chief Executive
  - **Leigh-Anne Buxton**, General Manager, People and Capability
    - Human Resources
    - Democratic Services
  - **Nigel Corry**, General Manager, Environment Management
    - Environmental Monitoring and Investigations
    - Environmental Policy
    - Environmental Regulation
    - Environmental Support
    - Harbours
  - **Jane Davis**, General Manager, Strategy and Community Engagement
    - Communications
    - Corporate Planning
    - Māori Relations
    - Strategic Planning
    - Sustainable Transport
  - **Dr Wayne Hastie**, General Manager, Metlink Public Transport
    - Business
    - Customer Services
    - Design and Development
    - Rail Projects
    - Transport Procurement
  - **Murray Kennedy**, General Manager, Utilities and Services
    - Development and Strategy
    - Emergency Management
    - Forestry
    - Marketing and Design
    - Parks
    - Support Services
    - Water Supply
  - **Bruce Simpson**, Chief Financial Officer
    - Finance and Support
    - Information, Communication and Technology
    - Property
    - Treasury
  - **Wayne O'Donnell**, General Manager, Catchment Management
    - Biosecurity
    - BioWorks
    - Catchment Management
    - Flood Protection
    - Land Management
    - Support Services

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

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