Annual Report 2011/12

Greater Wellington Regional Council

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The past year has been busy and challenging for Greater Wellington and the local government sector as a whole. These are interesting times with a Local Government Bill before Select Committee and further legislative changes expected in the near future.

Earlier this year our Council and Porirua City Council jointly commissioned an independent review panel to investigate local government reform in the Wellington region. The Panel is looking at the functions and structure of local government in the Wellington region as well as some wider-scale issues such as planning, infrastructure and regional leadership. In particular, we asked them to consider carefully how local and neighbourhood decision-making on community issues could be strengthened. We are looking forward to their report at the end of October, prior to adopting a formal Council position.

Over the previous year we have been extra vigilant in our planning and budgeting to ensure we achieve the best value for money for ratepayers. Through the development of the 2012-22 Long Term Plan, Greater Wellington underwent a rigorous process to analyse how we could reduce costs while continuing to provide the core services and infrastructure that the community has said it wants. Over the coming year we will continue to look at our bottom lines and how we might be able to deliver the same level of service at less cost.

In the year under review in this report we delivered a number of diverse programmes and projects, including progressing the Wairarapa Water Use Project, completion of the upgrade and strengthening of the first of the two Te Marua water storage lakes and commemoration of the 70th anniversary of the US Marine occupation of Queen Elizabeth Park with the Kapiti Marines Trust.

In the resource management space we are continuing development of a new Regional Plan, under the governance of Te Upoko Taiao – the Natural Resource Management Committee. Along with this work we published *Air, land and water in the Wellington region – state and trends*. This is a comprehensive report on the state of the region's environment which indicates that although some of our physical environment is doing well, there are a number of areas that are deteriorating. This data enables us to target our environmental programmes.

At Greater Wellington we work in partnership with the region's district and city councils on a range of issues. One of these was the completion of the Porirua Harbour and Catchment Strategy in collaboration with Porirua City Council, Wellington City Council and Ngati Toa Rangitira. This is a major catchment-based programme that will require close collaboration over many years to deliver. We also worked alongside the district and city councils to refresh the Wellington Regional Strategy and establish the Wellington Region Emergency Management Office which brought together the civil defence and emergency management resources of the region's nine councils into a single shared agency.

Much of our work is around regional infrastructure and planning – the big things that are important for whole communities. But we also have opportunities to make a difference in the lives of Wellingtonians on a smaller scale. One such initiative has been the Warm Wellington insulation scheme. Greater Wellington has been involved in this as part of the Government's Warm up New Zealand: Heat Smart programme since it began in 2009. At the end of the year under review our scheme of loans against rates had assisted the insulation of 3,505 homes in the Wellington region, contributing to the health and wellbeing of the occupants.

New Zealand's general economic situation looks as if it will still be testing in the coming year as our nation continues to be caught up in global trends. Within this context we will be endeavouring to deliver top quality, appropriate and efficient services to our region and we look forward to working with our communities in a variety of ways.

Fran Wilde

Fran Wilde

Chief Executive's report

This year under review has been an important one for Greater Wellington as we met some important milestones. This included retiring the English Electric train fleet after over 60 years of service and commencing Matangi train services on the Kapiti and Johnsonville lines. Providing public transport is a major activity for Greater Wellington with approximately 63% of our expenditure being in this activity area. This year we funded 1.2 million bus, rail and ferry services with over 35 million passenger trips taken throughout the year.

Our challenge is to continue to invest in core infrastructure, but at the same time keep expenditure and rates down. What might save money in the short term may increase costs for the future if we don't continue to maintain and invest in our infrastructure. Nevertheless, like last year we will continue to look closely at the services we deliver and how we might be able to be more effective with less.

We have also made excellent progress in the delivery of some other key projects, including, the development of a new regional plan, under the governance of Te Upoko Taiao –Natural Resource Management Committee. The last twelve months have seen an ongoing programme of community engagement around the plan, and the development of policy options in areas such as freshwater management, coastal biodiversity and land use. It was a fitting acknowledgement of this effort that Greater Wellington received the IPANZ Te Puni Kokiri Award for Excellence in Crown-Maori relationships for Te Upoko Taiao –Natural Resource Management Committee.

Good progress is being made on the Wairarapa Water Use Project with the number of possible storage sites being reduced from 240 to less than 30. This project is investigating the potential for the Wairarapa valley to store water in winter for distribution for community and agricultural purposes during dry seasons – something that could transform the local economy and create significant job opportunities.

Good traction was also made in our flood control works programme. We are now in year 12 of a 40-year programme to upgrade the flood protection works in the region. The Tobins stopbank on the Ruamahanga river in the Wairarapa was completed ahead of schedule and the construction of the Boulcott-Hutt stopbank was also commenced ahead of schedule.

We continued our work with the Animal Health Board and the Department of Conservation to provide intensive possum control across 80% of the region, and our land management programme with landowners to plant 516ha of erosion-prone land. This means that up to 74% of the region's erosion-prone land is being actively managed.

Other highlights throughout the year included the growth of the *Lets carpool* programme which has now been picked up by a number of other councils and made a national programme.

We have also worked with the region's eight councils to bring together into one single agency the civil defence and emergency management resources of the region through the establishment of the Wellington Region Emergency Management Office. This office is based in the earthquake-resistant Emergency Management building in Turnbull Street, Wellington City and another purpose built facility in Laings Road, Hutt City. There are also Emergency Management Offices at Porirua, Kapiti and Masterton.

Water supply, although often unnoticed by the public, has continued to deliver its services to a best practice standard. We made good progress in the completion of the upgrading and earthquake strengthening of the first of the two Te Marua water storage lakes, and Greater Wellington received 'special recognition' at the IPANZ Gen-i Public Sector Awards for excellence in the management of our water supply.

On a slightly different note, our Wellington office at the Regional Council Centre was declared earthquake prone during the year. After careful analysis of the options, including consideration of the costs to bring the building up to the required standard, it was determined that the Council should look at alternative temporary accommodation, pending any future decisions on the local government structures within our region.

So as we turn our attention to the coming year, we acknowledge the continuing challenge to maintain affordability in our services. We will also have to work through a period of potential instability as the regional governance structures are reviewed and as the government continues its legislative reform programme. From my perspective, I can say confidently that Greater Wellington, and its excellent staff are in a good position to continue to deliver effectively for the regional community.

My personal thanks to staff for their dedication and professionalism as they have delivered on their various programmes, focusing on our community interests and the interests of the region as a whole. We are mindful that we are in a privileged position to be able to do this.

David Benham

Executive Leadership Team

Chief Financial Officer
Bruce Simpson

General Manager,
Environment Management
Nigel Corry

General Manager,
Public Transport
Wayne Hastie

General Manager,
Water Supply
Chris Laidlow

General Manager,
Development
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

Rick Witana
Pou Whakarae (Manager Māori Relations)

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.

Community outcomes focus

Measuring progress towards a Healthy Environment

In our *2009 10-Year Plan* one of the community outcomes we set out to achieve over the long term was a Healthy Environment, defined as:

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.

During 2011/12 we undertook the most comprehensive analysis of the state of the region's environment since 2005. The results are summarised here. Full results and analysis, include sub-regional summaries and technical reports, are available on our website at www.gw.govt.nz/ser

Air

↑ Clean air

Routine State of Environment monitoring at eight sites show that, overall, the Wellington region has good air quality most of the time. Fine particulate matter (PM_{10}) is the only pollutant that fails to meet the national standard – and only in the Wairarapa Valley. Overall PM_{10} levels have decreased – but there has been little change in winter concentrations where fires are commonly used for home heating.

(insert line graph and commentary)

Land

↓ Soil health

Greater Wellington monitors the quality of soils at over 100 sites under a range of land uses across the Wellington region. Soils at 78% of the sites we assessed were in good condition – they met the targets for at least six of the seven key quality indicators we measure (bulk density, macroporosity (compaction), pH, total carbon, total nitrogen, anaerobic mineralisable nitrogen and plant-available phosphorus).

Macroporosity (compaction) is the soil quality indicator of most concern across all land uses. In wet weather, compacted soils can allow nutrients and sediment to flow across the land surface and into nearby streams instead of soaking into the soil.

Dairy farming and vegetable growing are the two types of land uses where we have enough information to assess trends in soil health. Between 2000 and 2010 we found:

- ↓ the ratio of carbon to nitrogen decreased significantly across vegetable growing sites. This means there is less organic matter to trap nitrogen, so nitrogen can leach into groundwater and streams

- ↓ average levels of nitrogen and phosphorus increased significantly across dairying soils. Excess nutrients can have a significant effect on groundwater and nearby waterways.

- ↔ compaction reduced across dairy farm soils but current levels are still too high

(Insert graph with soil sites)

↔ Soil stability

Around 15% of the region's land area is classed as having unstable land surfaces. Comparing a 2010 aerial survey with one carried out in 2002 showed only minor changes in soil stability. There was a small increase in the amount of land classed as stable and nearly 2% (almost 15,000 hectares) more land is under soil conservation cover (mostly forestry).

Water

↔ Freshwater availability

As at the end of 2010, a total of 414 million m^3/yr of freshwater was allocated via resource consents in the Wellington region. While there are twice as many groundwater consents as surface water consents, by volume most of the water is taken from rivers and streams. Most of the region's major rivers are fully allocated. This means at normal to low flow there is only just enough water to meet all the existing consented water takes while still maintaining environmental values.

In general, natural patterns in rainfall and river flows have not changed, but groundwater levels have declined in some places. While there is still water available in many groundwater systems, the amount of water that can be safely allocated is likely to reduce in the future. This is because surface and groundwater levels are linked and we know more about how groundwater takes affect nearby river and stream levels.

(insert line graph showing water allocation to different uses over time)

↔ Groundwater quality

Greater Wellington carries out quarterly State of Environment monitoring of groundwater at 71 sites. Groundwater quality in the region is generally very good particularly from a drinking water perspective. 75% of sites monitored were classified as "good" or "excellent" for drinking on the Drinking Water Quality Index. However, by the Aquatic Ecosystem Index, just 49% of sites were "good" or "excellent".

Analysis of 10 key groundwater quality variables showed only a few statistically significant trends between 2005 and 2010. Over half of these trends relate to a reduction in the levels of a contaminant, which means water quality has improved.

Nitrate levels have declined in a few wells on the northern Kapiti Coast – but the current levels are still higher than ideal.

↔ Condition of lakes

Greater Wellington monitors water quality and ecological condition in selected lakes in the Wellington region. The condition of lakes across the region varies considerably. Water quality data for Lake Wairarapa indicates that, overall, this lake has remained in a relatively stable, yet poor, state since 1994. It remains classified as "supertrophic" on the National Index of Lake Condition with elevated concentrations of nutrients and phytoplankton biomass, and poor water quality. Lake Onoke has similar water quality. Lake Waitawa on the Kapiti Coast is also in a poor state with very high nutrient levels and toxic algal blooms.

In contrast, Lake Pounui and the Parangarahu Lakes (Pencarrow Lakes) are in "high" or "excellent' condition. The Parangarahu Lakes are considered outstanding examples of lowland lagoon systems.

↔ Health of rivers and streams

Greater Wellington manages water quality in rivers and streams of the Wellington region for natural state, public water supply, recreation and amenity, trout habitat, and aquatic ecosystem health. The overall health of our rivers and streams is mixed. Larger rivers flowing out of forested ranges are in excellent health, whereas small lowland streams in largely farming or urban catchments are degraded.

Overall, water quality at the 55 sites we monitor was largely unchanged from 2006 to 2011. Where trends could be seen, some of these were improvements, such as decreasing soluble nitrogen levels. However, there were a number of sites where deteriorating trends were observed, such as increasing soluble phosphorus or a drop in water clarity.

Ecosystem health was generally unchanged. However, at a few sites, deteriorating trends were observed, such as increases in nuisance algal growth and a decline in invertebrate health.

Water quality in popular river swimming sites across the region is generally good. 20 out of 23 swimming spots we monitor met the national guideline for safe swimming at least 85% of the time over the five summers we assessed. At times of low flows and warmer temperatures, widespread growth of potentially toxic algae at sites on the Waikanae, Hutt and Waipoua rivers means these rivers are unsuitable for swimming and dog walking.

(insert the invertebrate health graph)

↔ Health of harbours, estuaries and the coastline

The Wellington region's near-shore coastal environment contains significant habitats for a wide variety of plants and animals, and also provides for a diverse range of human activities and values. In 2004, Greater Wellington commenced investigations and, subsequently, long-term monitoring of sediment quality and ecological health at a selection of these habitats, focussing on estuaries, harbours and sandy beaches.

Water quality is generally very good at beaches in the region. Over the five summers we assessed 67 out of 77 sites we monitored met the national guideline for safe swimming 90% of the time. Water quality for shellfish gathering is mixed, with only four of the nine sites assessed regularly meeting national guidelines.

A survey of Wellington Harbour in 2006 found contaminants from urban stormwater, such as copper, lead and zinc, in sediments on the bed of the harbour – with the highest levels in Evans Bay and the Lambton basin.

Porirua Harbour's ability to support life and its overall ecological health is beginning to be affected by the build up of sediments, nutrients, and – in places – stormwater contaminants.

The estuaries that we monitor are all in a "moderate" or "fair" condition, but in most, the rate of sedimentation is higher than ideal and nuisance growths of algae are a problem for some.

(insert graph of beach site compliance)

Key achievements

- Continuing development of a new regional plan, under the governance of Te Upoko Taiao – the Natural Resource Management Committee
- Receiving the IPANZ Te Puni Kokiri Award for Excellence in Crown-Maori relationships for Te Upoko Taiao – the Natural Resource Management Committee
- Publishing *Air, land and water in the Wellington region – state and trends* – a comprehensive report into the state of the region's environment
- Progressing the Wairarapa Water Use Project, including refining the list of possible water storage sites
- Funding 1.2 million bus, rail and ferry services, over 35 million passenger trips
- Commencing Matangi train services on the Kapiti and Johnsonville lines
- Retiring the English Electric train fleet after over 60 years of service
- Working with other region's to grow *Let's Carpool* into a national programme
- Receiving 'Special Recognition' at the IPANZ Gen-i Public Sector Awards for excellence in managing our water supply
- Completing the upgrade and earthquake strengthening of the first of the two Te Marua water storage lakes
- Commemorating the 70th anniversary of the US Marines occupation of Queen Elizabeth Park with Kapiti Marines Trust, including a US Marines memorial and new Yankee Trail
- Working with the Animal Health Board and Department of Conservation to provide intensive possum control across more than 80% of the region
- Working with landowners to plant 516ha of erosion-prone land and bringing to 74% the proportion of the region's erosion-prone land managed under farm or sustainability plans
- Developing a three-year operational plan to carry out the Greater Wellington Biodiversity Strategy
- Launching the Porirua Harbour Catchment Strategy and Action Plan in collaboration with Porirua City Council, Wellington City Council and Ngati Toa Rangitira
- Progressing construction of the Boulcott-Hutt stopbank ahead of schedule
- Completing the Tobins stopbank on the Ruamahanga river ahead of schedule
- Establishing the Wellington Region Emergency Management Office, bringing together the civil defence and emergency management resources of the region's nine councils into a single shared agency
- Receiving the EECA Fijitsu General NZ Community Award for the Warm Wellington insulation scheme and assisting 3,457 homes to be insulated

- Committing, with the region's eight city and district councils, to continue the Wellington Regional Strategy and refreshing the strategy to focus on six areas

- Commissioning, along with Porirua City Council, the Wellington Local Government Review Panel to investigate local government reform in the Wellington region.

Working with iwi

Assisting the region's iwi to contribute to decision making

This year Greater Wellington have worked constructively with tangata whenua in the region across a range of initiatives

Ara Tahi

Ara Tahi is a partnership between the six mana whenua iwi groups in the Wellington region and Greater Wellington that involves the leadership of all groups. Ara Tahi was established in 1993 as a Māori Advisory Committee and in the last two years has evolved to focus more on strategic matters of mutual concern.

A Memorandum of Partnership has been developed, and agreed in principle. The Memorandum of Partnership will replace the current Charter of Understanding. This represents a definitive progression in the relationship to one of real partnership.

Te Upoko Taiao – Natural Resource Management Committee

This committee is a further manifestation of Greater Wellington's commitment to partnership, flowing from our statutory treaty obligations. The committee includes equal numbers of councillors and mana whenua iwi, many who have a resource planning background, who represent the views of iwi Māori and the general public.

Te Upoko Taiao – Natural Resource Management Committee is responsible for overseeing the development of the new generation Regional Plan. The iwi kaitiaki group have met twice to discuss the process of identifying sites and areas of significance to tangata whenua for inclusion in the plan.

Te Upoko Taiao – Natural Resource Management Committee won the IPANZ Te Puni Kōkiri Award for Excellence in Crown- Māori Relationships 2012.

Iwi representation on committees

Ara Tahi nominates one mana whenua iwi representative to each of the Council's Wellbeing Committees; Environmental, Economic, Social and Cultural, as well as the Regional Transport Committee.

These representatives actively participate on these committees and provide an iwi Māori perspective to the discussions and decision making.

Iwi projects

Iwi project funding was provided to Ngāti Toa Rangatira to further enhance their kaitiaki role in the revitalisation of Porirua Harbour. The Wairarapa Water Use project is receiving advice from the Wairarapa iwi to develop the project's framework.

Co-Management Groups

The Wairarapa Moana Governance and Management groups (made up of Greater Wellington Councillors, staff and local iwi representatives) continues to work in partnership for the benefit of Wairarapa Moana.

The Whitireia Park Board (made up of 3 Greater Wellington Councillors and staff as well as Ngāti Toa Rangatira representatives) has been established and is setting the direction and strategy for the management of Whitireia Park.

Port Nicholson Block Settlement Trust has established the Rōpu Tiaki for co-management of the Parangarahu lakes with Greater Wellington. This group will be instrumental in the development of a management plan for the lakes.

Financial overview
for the year ended 30 June 2012

Council - Statement of comprehensive income	Council		
	2012	**2012**	**2011**
	Actual	**Budget**	**Actual**
	$000s	**$000s**	**$000s**
Operational Revenue	191,768	187,113	173,796
Finance costs	(7,233)	(8,533)	(5,424)
Operational expenditure	(166,276)	(169,936)	(153,136)
Depreciation and amortisation	(12,372)	(12,156)	(12,154)
Surplus / (deficit) for the year before tax and unrealised gains / (losses)	5,887	(3,512)	3,082
Transport improvement grants and subsidies revenue	113,497	120,767	116,365
Transport improvement expenditure	(121,566)	(130,570)	(110,028)
Fair value gains / (losses)	(3,343)	743	3,784
Tax	1,500	-	-
Operating surplus / (deficit) after tax	(4,025)	(12,572)	13,203
Other comprehensive income			
Increases / (decreases) in revaluations	48,200	26,312	336
Total comprehensive income for the year	**44,175**	**13,740**	**13,539**

Greater Wellington's net operating surplus for the 2011/12 year before fair value gains and losses and transport improvements was $5.887 million, compared with a budgeted deficit of $3.512 million. Including the expenditure on transport improvements, fair value movements, tax and asset revaluations the net surplus was $44.175 million, which is $30.435 million ahead of budget.

Significant components of this variance are:

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 EMU's of $28.0 million due to a revised payment schedule and reduced grant revenue by $2 million. The remaining Matangi's are expected to be is service and paid for by the end of 2012.
- Lower project expenditure including Ganz Mavag upgrade/replacement $11.9 million, real time information and infrastructure upgrades of $4.6 million reduced grant revenue by $4.2 million.

Finance Costs

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

Financial overview
for the year ended 30 June 2012

Council - Statement of financial position

	Council		
	2012 Actual $000s	**2012 Budget $000s**	**2011 Actual $000s**
Current assets	89,308	86,295	78,347
Non-current assets	827,402	806,453	756,256
Total assets	**916,710**	**892,748**	**834,603**
Equity	717,494	670,092	673,319
Current liabilities	71,287	62,725	114,803
Non-current liabilities	127,929	159,931	46,481
	916,710	**892,748**	**834,603**

Cash and cash equivalents and other financial assets

Cash and other financial depoists held at balance date is higher than budget due to the prefunding of capital expenditure that was then delayed.

Forestry investments

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

Investment in subsidiaries

Council share of the new rail rolling stock is funded by way of share capital in GW 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 $9.3 million compared to a budget of $35 million.

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.

Debt

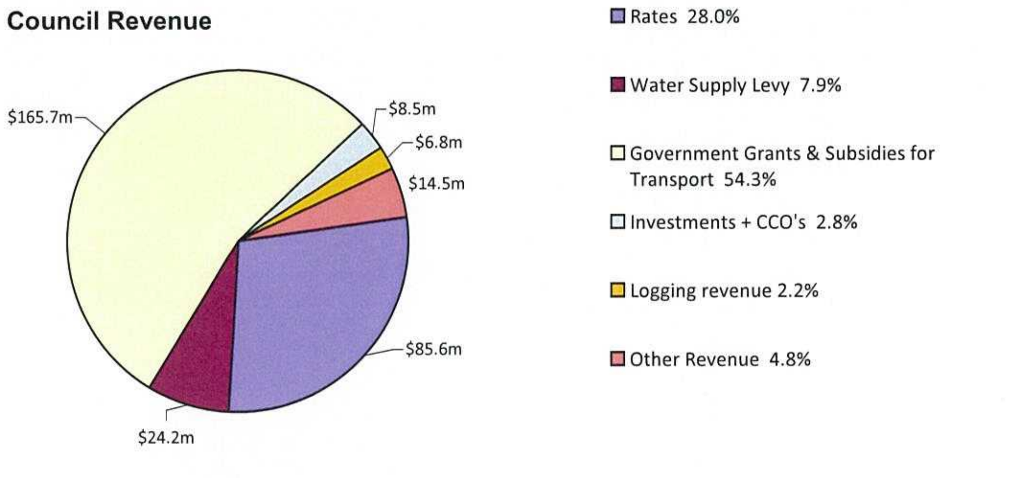
Debt has shifted to long-term from current in alignment with councils treasury management policy. Overall term debt was lower than budget due to the lower level of capital expenditure compared to budget.

Council - Statement of cash flows

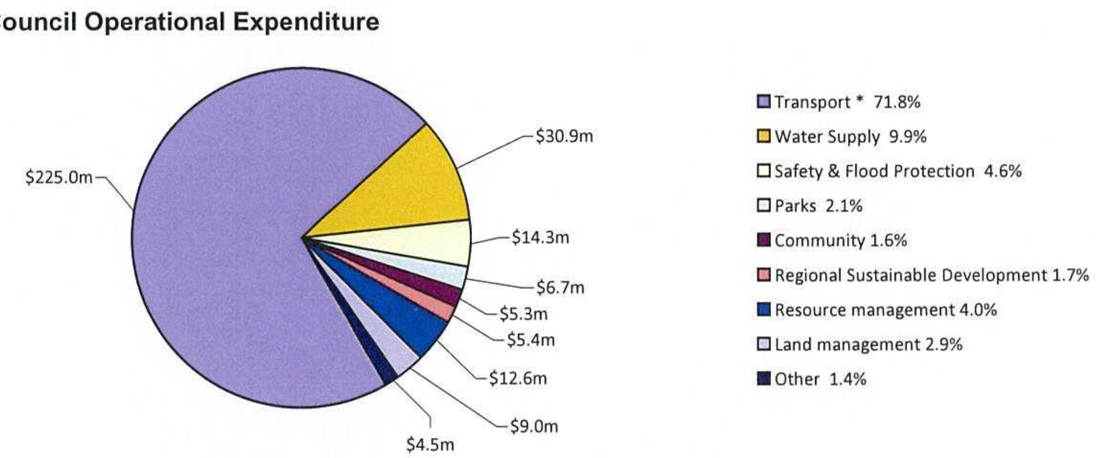
	Council		
	2012 Actual $000s	**2012 Budget $000s**	**2011 Actual $000s**
Cashflows from operating activities	15,034	(626)	37,349
Cashflows from investing activities	(23,935)	(73,042)	(41,326)
Cashflows from financing activities	18,023	75,123	6,537
Net increase (decrease) in cash, cash equivalents and bank overdraft	9,122	1,455	2,560
Opening cash equivalents	38,547	36,899	35,987
Closing cash equivalents	**47,669**	**38,354**	**38,547**

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

Financial overview
for the year ended 30 June 2012



This pie chart illustrates Greater Wellington's source of revenue. Rates made up 28.0% of our revenue in 2012. Grant and subsidies, predominately from Central Government for public transport makes up the largest share.

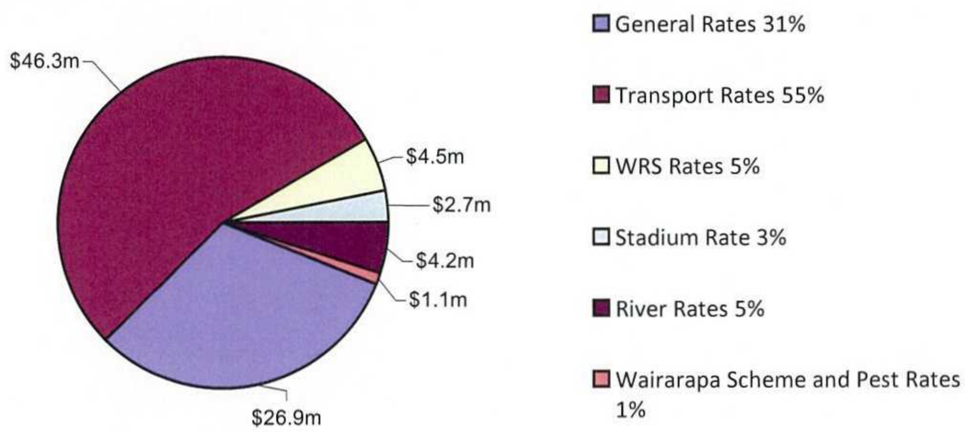


* Includes $121m of expenditure on transport improvements

This pie chart illustrates Greater Wellington's operational expenditure by outcome. The largest portion is for public transport, which includes $121 million being invested in network improvements during 2012.

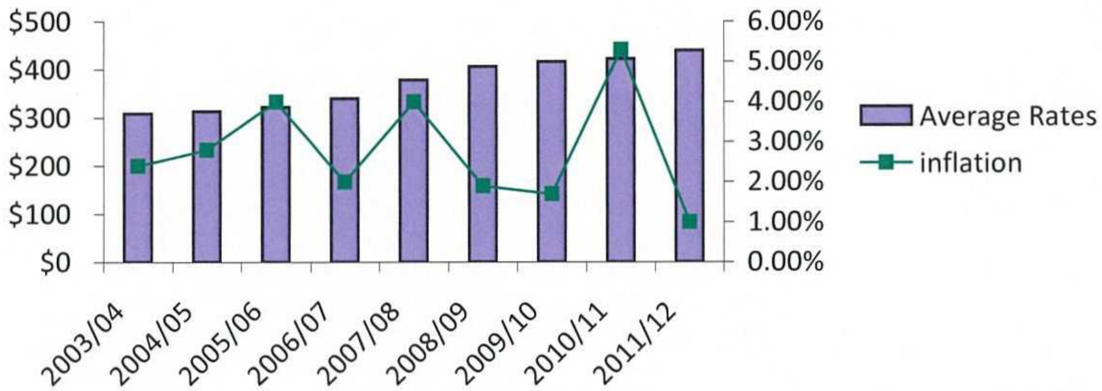
Financial overview
for the year ended 30 June 2012

Council Rates



General rates charged to all ratepayers make up 31% of the total rates collected in 2012. The other rates, including the transport rate which made up 54% 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*



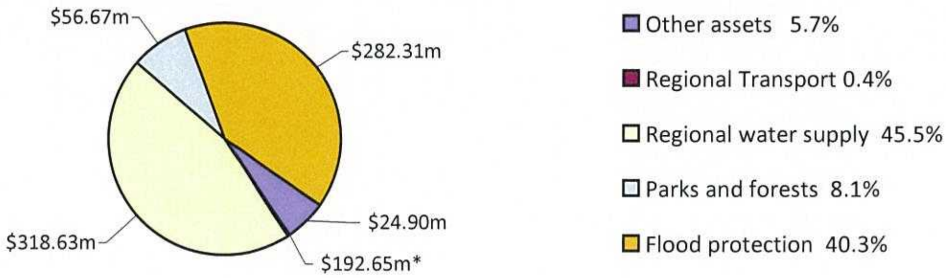
*The average is for all property types, including residential, rural and commercial properties

Over the last nine years, rates for all properties have increased by an average of 5.3% including inflation. Over this period inflation averaged 2.8% per annum.

This increase includes the change for Greater Wellington taking on rating for economic development for the region in 2008; the major investment in improving the rail network and the continuation of the flood protection programme.

Financial overview
for the year ended 30 June 2012

Council fixed assets ($ millions)

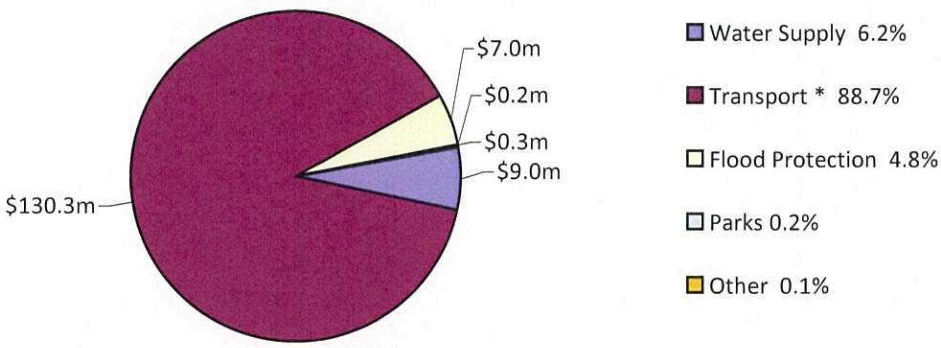


This pie chart shows the breakdown of our assets at the year end.

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 stations excluding Wellington 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.

Council capital expenditure ($ millions)



* Includes $121 million of transport improvements which are treated as operational expenditure in council accounts.

This pie chart shows the breakdown of the $146.9 million in capital expenditure for the year ended 30 June 2012. 2012 capital expenditure included the upgrade of the Stuart Macaskill Lakes, continued work on the Hutt River stopbanks and continuedroll out of the real time information system on the Wellington bus network.

Financial overview group
for the year ended 30 June 2012

Group - Summary income statement	Group 2012 Actual $000s	Group 2011 Actual $000s
Operational Revenue	253,331	229,463
Finance costs	(16,463)	(10,359)
Operational expenditure	(202,241)	(164,064)
Depreciation and amortisation	(32,466)	(21,882)
Surplus / (deficit) for the year before tax and fair value gains / (losses)	2,161	33,158
Fair value of Kiwirail Assets	-	83,417
Transport improvement grants and subsidies	113,497	116,365
Transport improvement expenditure	(6,993)	(95,064)
Fair value gains / (losses)	(21,329)	(3,910)
Tax	(26,614)	(28,930)
Operating surplus / (deficit) after tax	60,722	105,036
Net profit from discontinued operations	364	1,075
Other comprehensive income		
Increases / (decreases) in revaluations	43,400	(1,187)
Total comprehensive income for the year	**104,486**	**104,924**

Group - Statement of financial position	Group 2012 Actual $000s	Group 2011 Actual $000s
Current assets	103,924	245,055
Non-current assets	1,392,560	1,156,880
Total assets	1,496,484	1,401,935
Equity	1,042,732	939,446
Current liabilities	84,162	260,040
Non-current liabilities	369,590	202,449
	1,496,484	1,401,935

Group - Summary cashflow statement	Group 2012 Actual $000s	Group 2011 Actual $000s
Cashflows from operating activities	29,023	39,616
Cashflows from investing activities	40,126	(40,283)
Cashflows from financing activities	(60,683)	4,075
Net increase / (decrease) in cash, cash equivalents and bank overdraft	8,466	3,408
Opening cash equivalents	39,919	36,511
Closing cash equivalents	48,385	39,919

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

Financial statements
for the year ended 30 June 2012

Statement of comprehensive income
for the year ended 30 June 2012

	Notes	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Operating revenue						
Rates and levies		109,772	106,011	109,772	109,551	106,011
Transport Operational Grants and subsidies		40,624	44,865	52,227	53,547	44,865
Transport Improvement Grants and subsidies		113,497	116,365	113,497	120,767	116,365
Other gains / (losses)		118	337	118	-	268
Other revenue		102,817	161,667	29,651	24,015	22,652
Total external operating revenue	1	**366,828**	**429,245**	**305,265**	**307,880**	**290,161**
Operating expenditure						
Employee benefits	2	57,206	54,149	35,661	35,529	33,449
Grants and subsidies *		65,510	44,982	85,642	85,949	75,988
Depreciation and amortisation	3	32,466	21,882	12,372	12,156	12,154
Finance costs	4	16,463	10,359	7,233	8,533	5,424
Other operating expenses	5	79,525	64,933	44,973	48,457	43,699
Total external operating expenditure		**251,170**	**196,305**	**185,881**	**190,625**	**170,714**
Operating surplus / (deficit) before transport improvements		**115,658**	**232,940**	**119,384**	**117,255**	**119,447**
Transport improvement expenditure *		(6,993)	(95,064)	(121,566)	(130,570)	(110,028)
Operating surplus / (deficit) before other items and tax		**108,665**	**137,876**	**(2,182)**	**(13,315)**	**9,419**
Other fair value changes						
Fair value change of financial instrument liabilities		(13,730)	(8,479)	(6,026)	(657)	(4,378)
Fair value change of biological assets		2,683	8,162	2,683	1,400	8,162
Fair value change of investment properties		(10,282)	(3,593)	-	-	-
	6	(21,329)	(3,910)	(3,343)	743	3,784
Operating surplus / (deficit) before tax		87,336	133,966	(5,525)	(12,572)	13,203
Tax expense	7	26,614	28,930	(1,500)	-	-
Operating surplus / (deficit) after tax		60,722	105,036	(4,025)	(12,572)	13,203
Discontinued Operations						
Profit for the year from discontinued operations		505	2,014	-	-	-
Tax expense from discontinued operations	7	(141)	(939)	-	-	-
Other comprehensive income						
Increases / (decreases) in revaluations		45,763	(1,529)	50,563	25,943	(6)
Fair value movement of stadium advance		(2,363)	342	(2,363)	369	342
Total comprehensive income for the year		**104,486**	**104,924**	**44,175**	**13,740**	**13,539**
Attributed to:						
Non-controlling interest		(1,374)	1,377	-	-	-
Equity holders of the parent		105,860	103,547	44,175	13,740	13,539
Total comprehensive income for the year		**104,486**	**104,924**	**44,175**	**13,740**	**13,539**

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

* Budget comparatives for transport improvements has been aligned with actual transactions

Statement of changes in equity
for the year ended 30 June 2012

	Group		Council		
	2012	2011	2012	2012	2011
	Actual	Actual	Actual	Budget	Actual
	$000s	$000s	$000s	$000s	$000s
Opening equity	939,446	835,445	673,319	656,352	659,780
Total comprehensive income for year	104,486	104,924	44,175	13,740	13,539
Dividend to non controlling interest	(1,200)	(923)	-	-	-
Total closing equity at 30 June	**1,042,732**	**939,446**	**717,494**	**670,092**	**673,319**
Components of equity					
Opening accumulated funds	597,631	491,995	370,999	354,029	357,348
Operating surplus / (deficit) after tax	104,486	104,924	(4,025)	(12,572)	13,539
Interest allocated to reserves	(869)	(789)	(869)	(863)	(789)
Other transfers to reserves	(7,658)	(2,115)	(7,658)	(62)	(3,638)
Transfers from reserves	(51,300)	4,539	4,026	3,716	4,539
Dividend to non controlling interest	(1,200)	(923)	-	-	-
Closing accumulated funds	641,090	597,631	362,473	344,248	370,999
Opening other reserves	19,892	19,998	19,892	19,888	19,998
Transfers to accumulated funds	(5,259)	(4,539)	(5,259)	(3,716)	(4,539)
Transfers from accumulated funds	7,658	3,644	7,658	62	3,644
Interest earned	869	789	869	863	789
Movements in other reserves					
Closing other reserves	23,160	19,892	23,160	17,097	19,892
Opening asset revaluation reserves	321,923	323,452	282,428	282,435	282,434
Asset revaluation movements	55,326	(1,523)	48,200	25,943	-
Other movements in revaluation reserve	1,233	(6)	1,233	369	(6)
Closing asset revaluation reserve	378,482	321,923	331,861	308,747	282,428
Asset revaluation & other reserves	401,642	341,815	355,021	325,844	302,320
Total closing equity at 30 June	**1,042,732**	**939,446**	**717,494**	**670,092**	**673,319**

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

Statement of financial position
as at 30 June 2012

	Notes	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Assets						
Current assets						
Cash and cash equivalents	8	48,385	39,919	47,669	38,354	38,547
Bank term deposits		-	5,578	-	-	5,578
Trade and other receivables	9	44,021	35,109	38,906	37,941	31,460
Inventories	10	11,518	13,161	2,733	-	2,759
Investment assets held for sale	15	-	150,956	-	-	-
Derivative financial instruments	17	-	3	-	-	3
Other financial assets	11	-	-	-	10,000	-
Income tax due	7	-	329	-	-	-
		103,924	245,055	89,308	86,295	78,347
Non-current assets						
Other financial assets	11	117,013	40,231	38,129	8,856	37,692
Property, plant and equipment	12	1,186,759	1,019,048	700,646	694,465	644,122
Intangible assets	13	4,622	3,270	4,243	1,515	2,846
Forestry investments	14	22,064	20,135	22,064	15,881	20,135
Investment properties	15	56,027	66,122	-	-	-
Investment in subsidiaries	16	-	-	59,981	85,736	50,725
Derivative financial instruments	17	839	736	839	-	736
Deferred tax asset	7	5,236	7,338	1,500	-	-
Investment in joint venture			-	-		
		1,392,560	1,156,880	827,402	806,453	756,256
Non current assets classified as held for sale		-	-	-	-	-
		1,392,560	1,156,880	827,402	806,453	756,256
Total assets		**1,496,484**	**1,401,935**	**916,710**	**892,748**	**834,603**
Equity and liabilities						
Equity attributable to equity holders of the parent						
Retained earnings		594,396	550,937	362,473	344,616	370,999
Reserves		401,642	341,815	355,021	325,476	302,320
		996,038	892,752	717,494	670,092	673,319
Non controlling interest		46,694	46,694	-	-	-
Total equity		**1,042,732**	**939,446**	**717,494**	**670,092**	**673,319**
Current liabilities						
Trade and other payables	18	63,759	51,763	59,400	36,003	45,824
Debt	19	10,164	202,366	9,441	26,722	66,406
Employee benefit liabilities	20	5,965	5,043	2,446	-	2,261
Provisions	21	3,335	462	-	-	-
Derivative financial instruments	17	939	406	-	-	312
		84,162	260,040	71,287	62,725	114,803
Non-current liabilities						
Debt	19	266,710	131,713	118,050	159,931	41,713
Derivative financial instruments	17	24,589	12,630	9,285	-	4,185
Employee benefit liabilities	20	1,130	1,284	594	-	583
Deferred tax liability	7	77,161	56,822	-	-	-
		369,590	202,449	127,929	159,931	46,481
Total liabilities		**453,752**	**462,489**	**199,216**	**222,656**	**161,284**
Total equity and liabilities		**1,496,484**	**1,401,935**	**916,710**	**892,748**	**834,603**

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

Fran Wilde	**David Benham**	**Bruce Simpson**
Chair	**Chief Executive**	**Chief Financial Officer**
Date	**Date**	**Date**

Statement of cash flows
for the year ended 30 June 2012

	Notes	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Cashflows from operating activities						
Receipts from customers		59,123	69,552	-	-	-
Rates revenue received		86,050	82,890	86,050	85,384	82,890
Water supply levy received		24,164	23,460	24,164	24,164	23,460
Government subsidies received		165,685	163,846	165,656	177,339	163,846
Interest received		4,401	4,182	4,401	2,788	4,160
Dividends received		4,506	1,546	1,207	2,319	1,296
Fees, charges and other revenue		15,321	17,322	13,023	15,886	15,651
Payments to suppliers and employees		(108,900)	(136,495)	(65,026)	(83,454)	(77,698)
Payment of grants and subsidies		(202,847)	(166,653)	(207,208)	(216,519)	(171,013)
Interest paid		(18,211)	(19,222)	(7,233)	(8,533)	(5,243)
Income tax paid / (refund)		(269)	(812)	-	-	-
Net Cashflows from operating activities	22	**29,023**	**39,616**	**15,034**	**(626)**	**37,349**
Cashflows from investing activities						
Sale of property, plant and equipment		6,094	905	5,984	512	836
Sales of investments (bonds & term deposits)		5,581	(11,681)	5,581	-	(11,681)
Disposal of forestry investments		75,233	774	233	-	774
Purchase of property, plant and equipment		(34,476)	(25,139)	(23,654)	(33,773)	(16,779)
Purchase of intangible assets		(23)	(724)	(23)	-	(675)
Development of investment properties		(227)	(3,963)	-	-	-
Purchase of shares		(12,056)	(455)	-	-	-
Acquisition of investments		-	-	(12,056)	(39,781)	(13,801)
Net Cashflows from investing activities		**40,126**	**(40,283)**	**(23,935)**	**(73,042)**	**(41,326)**
Cashflows from financing activities						
Loan funding		74,997	6,168	75,000	86,987	62,444
Issue of shares		(20)	-	-	-	-
Debt repayment		(133,505)	-	(56,965)	(11,864)	(56,224)
Repayment of intercompany current account		(1,090)	-	(12)	-	317
Dividends paid to minority interests		(1,065)	(2,093)	-	-	-
Net Cashflows from financing activities		**(60,683)**	**4,075**	**18,023**	**75,123**	**6,537**
Net increase/(decrease) in cash, cash equivalents and bank overdraft		8,466	3,408	9,122	1,455	2,560
Cash, cash equivalents and bank overdraft at the beginning of year		39,919	36,511	38,547	36,899	35,987
Cash, cash equivalents and bank overdrafts at the end of year		**48,385**	**39,919**	**47,669**	**38,354**	**38,547**

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

Statement of accounting policies
For the year ended 30 June 2012

1. Reporting entity
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 its subsidiaries are designated as 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, Creative HQ 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 2012. The financial statements were authorised for issue by Council on 26 September 2012.

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.

(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 2012 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2012 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 2012 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 2012. 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 as at 30 June 2008 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.

At 30 June 2011 the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.
The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of $1.00.
The assets were recognised in the Group accounts via the statement of comprehensive income. A valuation was undertaken on 30 June 2011 at depreciated replacement cost by Halcrow Pacific Pty limited for the rail rolling stock and at depreciated replacement cost by Bayleys Valuations Limited for the non rail rolling stock assets.

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.

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 2 to 5 years

(i) New Zealand Emission Trading Scheme
New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the Statement of Financial Position and income in the Statement of Comprehensive Income. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

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

(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.

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 operating surplus or deficit**

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.

- **Financial assets at fair value accounted through other comprehensive income**

Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive 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. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost 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.

28 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.

- **Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.
Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group has transferred substantially all the risks and rewards of ownership.

(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.

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

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) New Zealand Local Government Funding Agency
Greater Wellington is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Greater Wellington is one of 19 shareholders of the NZLGFA. In that regard it has uncalled capital of $2m. When aggregated with the uncalled capital of other shareholders, $20m is available in the event that an imminent default is identified. Also, together with the other shareholders, Greater Wellington is a guarantor of all of NZLGFA's borrowings. At 30 June 2012, NZLGFA had borrowings totaling $835m (2011: $Nil).

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

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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

(t) 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.

(u) 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.

(v) 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, i.e., regional water supply and regional transport.

(w) 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.

(x) 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.

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.

(y) 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.

(z) Changes in accounting policies
There have been no changes in accounting policies during the financial year.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

Standards, amendments and interpretations adopted

Amendments to NZ IAS 1 *Presentation of Financial Statements*. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item.

FRS-44 *New Zealand Additional Disclosures* and *Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 17 has been updated for these changes.

Amendments to NZ IFRS 7 *Financial Instruments: Disclosures* - The amendment reduces the disclosure requirements relating to credit risk. Note 11 has been updated for the amendments.

NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The effect of adopting the revised standard has been to disclose further information about commitments between related parties.

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Notes to the financial statements
for the year ended 30 June 2012

Note 1 Operating revenue

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
General rates	25,435	27,875	25,435	25,658	27,875
Targeted rates	59,566	54,094	59,566	59,728	54,094
Rates penalties	647	602	647	-	602
Remission of rates penalties	(40)	(20)	(40)	-	(20)
Regional rates	85,608	82,551	85,608	85,387	82,551
Regional water supply levy	24,164	23,460	24,164	24,164	23,460
Total rates and levies	109,772	106,011	109,772	109,551	106,011
Transport Operational Grants and subsidies	40,624	44,865	52,227	53,547	44,865
Transport Improvement Grants and subsidies	113,497	116,365	113,497	120,767	116,365
Other Revenue					
Sale of goods	5,263	4,450	5,263	5,381	4,450
Logging revenue	6,784	7,361	6,784	6,586	7,361
Subsidiaries revenue	56,670	51,174	-	-	-
Rendering of services	746	594	746	8	594
Animal Health Board	1,754	2,125	1,754	1,857	2,125
Rental income	1,090	1,077	1,090	813	1,077
Rents from investment properties	8,327	5,969	-	-	-
Management fees	-	-	647	513	771
Dividends received	-	-	2,257	2,319	1,205
Subvention revenue	-	-	1,801	729	908
Interest received	4,381	3,994	4,397	2,788	4,012
Other grants and subsidies*	11,953	932	4,912	3,021	149
Fair value - KiwiRail Property Plant & Equipment and Stock	-	83,417	-	-	-
Equity accounted earnings from associates	5,849	574	-	-	-
	102,817	161,667	29,651	24,015	22,652
Other gains					
Gain / (loss) on disposal of property, plant and equipment	118	337	118	-	268
Total operating revenue	**366,828**	**429,245**	**305,265**	**307,880**	**290,161**

* Greater Wellington received allocations of New Zealand Emmission Units from the government for its forestry holdings. The allocation of units is recognised as an intangible asset and revenue at fair value.

Note 2 Employee benefits

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Employee benefits expense	54,768	51,837	33,924	33,547	31,838
Post-employment benefit expense	2,438	2,312	1,737	1,982	1,611
Total employee benefits	**57,206**	**54,149**	**35,661**	**35,529**	**33,449**

Note 3 Depreciation and amortisation

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Depreciation				
Port wharves and pavings	3,197	3,273	-	-
Land and buildings	95	94	95	94
Plant and equipment	3,440	3,375	705	743
Rail rolling stock	11,957	-	-	-
Motor vehicles	996	1,020	996	1,020
Flood protection at valuation	349	247	349	247
Water supply	9,911	11,396	8,000	7,865
Flood protection at cost	237	371	237	371
Transport facilities	586	531	586	531
Navigational aids	22	22	22	22
Parks and forests	578	582	578	582
Total depreciation	**31,368**	**20,911**	**11,568**	**11,475**
Amortisation				
Software	1,098	971	804	679
Total amortisation	**1,098**	**971**	**804**	**679**
Total depreciation and amortisation	**32,466**	**21,882**	**12,372**	**12,154**

Note 4 Finance costs

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Interest expense					
Interest on borrowings	16,463	10,359	7,233	8,533	5,424
Total finance costs	**16,463**	**10,359**	**7,233**	**8,533**	**5,424**

Note 5 Other operating expenses

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2012 Budget $000s	Council 2011 Actual $000s
Auditor's remuneration					
Fees to principal auditor for financial statement audit	249	240	168	168	162
Fees to principal auditor for audit of long term plan and other services	133	16	133	132	16
Fees to other auditor for financial statement audit	88	99	-	-	-
Fees to other auditor for IFRS, tax and other services	118	130	-	-	-
Impairment					
Change in provision for impairment of trade receivables	(30)	72	(47)	-	25
Insurance					
Insurance	4,339	1,609	2,198	1,749	1,331
General					
Asset write-offs/(written back)	-	-	-	-	-
Directors fees	562	531	-	-	-
LGNZ subscriptions	100	98	100	80	98
Operating lease rentals	-	-	1,672	1,669	1,672
Energy costs	2,580	2,693	2,534	2,620	2,650
Councillor Fees	1,031	1,034	1,031	1,079	1,034
Repairs and Maintenance	16,244	8,461	3,132	2,278	1,840
Materials and Supplies	12,112	12,243	12,112	15,999	12,243
Contractors and Consultants	21,916	22,149	20,734	21,704	21,794
Other operating expenses	20,083	15,558	1,206	979	834
Total other operating expenses	**79,525**	**64,933**	**44,973**	**48,457**	**43,699**

Note 6 Fair value movements

	Group		Council		
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2012 Budget $000s	2011 Actual $000s
Fair value movements through other comprehensive income					
Stadium advance	(2,363)	342	(2,363)	369	342
Unrealised increase / (decrease) in financial assets and instrument assets/liabilities					
Bonds - Investments	-	(463)	-	-	(463)
Loans	(1,337)	(1,238)	(1,337)	(1,337)	(1,238)
Interest rate swaps	(11,880)	(6,761)	(4,689)	680	(2,643)
Diesel contracts	37	17	-	-	-
Foreign exchange contracts	(550)	(34)	-	-	(34)
	(16,093)	(8,137)	(8,389)	(288)	(4,036)
Unrealised increase / (decrease) in biological assets					
Forestry investment	2,683	8,162	2,683	1,400	8,162
Unrealised increase / (decrease) in investment properties					
Investment properties (developed property)	(10,282)	(3,622)	-	-	-
Investment properties (undeveloped land)	-	29	-	-	-
Net unrealised increase / (decrease) in investment properties	(10,282)	(3,593)	-	-	-
Net unrealised increase / (decrease) in financial assets and instrument assets / liabilities, investment properties and biological assets	**(23,692)**	**(3,568)**	**(5,706)**	**1,112**	**4,126**
Fair value change of stadium advance	(2,363)	342	(2,363)	369	342
Fair value change of financial instrument liabilities	(13,730)	(8,479)	(6,026)	(657)	(4,378)
Fair value change of biological assets	2,683	8,162	2,683	1,400	8,162
Fair value change of investment properties	(10,282)	(3,593)	-	-	-
Net unrealised increase / (decrease) in financial assets and instrument assets / liabilities, investment properties and biological assets	**(23,692)**	**(3,568)**	**(5,706)**	**1,112**	**4,126**

Notes to the financial statements
for the year ended 30 June 2012

Note 7

Taxation

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

	Group		Council	
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2011 Actual $000s
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	4,315	430	-	-
Adjustments recognised in the current period in relation to the current tax of prior periods	-	-	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	21,328	36,769	-	-
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	-	(3,889)	-	-
Tax expense / (benefit) from discontinued operations		-		
Impact of tax rate change	-	(2,708)	-	-
Impact of changes to building depreciation	751	(1,015)	-	-
Tax loss utilised (recognised)	361	-	(1,500)	
Total tax expense/(benefit)	**26,755**	**29,587**	**(1,500)**	**-**

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 2012	Group 2011	Council 2012	Council 2011
(Profit)/loss from operations	(87,336)	(133,966)	5,525	(13,203)
(Profit)/loss from discontinued operations	(505)	(2,014)	-	-
Income tax expense/(benefit) calculated at 28% (2011: 30%)	24,595	40,794	(1,547)	3,961
(Profit)/loss not subject to taxation	1,023	(4,356)	2,568	(3,892)
Non-deductible expenses	4,140	1,556	-	-
Non-assessable income	(36,459)	(26,611)	-	-
Land and buildings reclassification	2,787	277	-	-
Tax loss offsets from or subventions paid to Group companies	(2,031)	(281)	(2,726)	-
Unused tax losses and temporary differences not recognised as	542	1,324	542	-
Tax effect of imputation credits	(1,157)	(107)	(337)	(359)
Temporary differences	31,125	674	-	-
Previously unrecognised and unused tax losses now utlilised	-	(4,998)	-	(272)
Impact of tax rate change	-	(2,708)	-	562
Impact of changes to building depreciation	751	(986)	-	-
Impact of gain on asset acquisition	-	25,025	-	-
	25,316	29,603	(1,500)	-
Over provision of income tax in previous year	1,439	(16)		-
Total tax expense/(benefit)	**26,755**	**29,587**	**(1,500)**	**-**
Tax expense/(benefit) is attributable to:				
Continuing operations	26,614	28,648	(1,500)	-
Discontinued operations	141	939	-	-
	26,755	29,587	(1,500)	-

In May 2010, the Government announced, and passed into legislation, a reduction in the corporate tax rate from 30% to 28%, which was effective from 1 July 2011 for the Company and the Group. The effect of this change on the expected deferred tax position was accounted for in the Company's and Group's 2011 financial statements.

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 Company and the Group. The effect of this change on the deferred tax balance was accounted for in the Company's and Group's 2011 financial statements.

(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 28%), with the balance of losses offset, where the companies elect to do so. At 30 June 2012, CentrePort Ltd had agreed to pay $1,000,000 (2011: $nil) on account of the subvention payment.

The 2012 financial statements for the parent include a subvention of $806,433 (2011: $908,000) to be received from Pringle House Limited, and a subvention of $1,000,000 (2011: nil) to be received from CentrePort Limited, for utilisation of the Greater Wellington Regional Council's net losses.

It is anticipated that tax losses of $2,571,429 will be provided to CentrePort Limited (2011: nil) and $4,500,000 of tax losses to Greater Wellington Rail Limited (2011: nil) for the 2012 year.

Notes to the financial statements
for the year ended 30 June 2012

Note 7 Taxation...continued

(c) Current tax assets and liabilities	Group		Council	
	2012	2011	2012	2011
Current tax assets	$000s	$000s	$000s	$000s
Subvention receivable	-	-	1,806	908
Tax refund receivable	-	329	-	-
Other	-	-	-	-
	-	**329**	**1,806**	**908**
Current tax payables				
Income tax payable attributable to:				
Parent entity	-	-	-	-
Other	2,812	-	-	-
	2,812	-	-	-

	Group		Council	
(d) Deferred tax balances	2012	2011	2012	2011
Deferred tax assets comprise	$000s	$000s	$000s	$000s
Tax losses	3,526	3,887	1,500	-
Temporary differences	5,201	3,451	-	-
	8,727	**7,338**	**1,500**	-
Deferred tax liabilities comprise				
Temporary differences	80,652	56,822	-	-
	80,652	**56,822**	-	-

Taxable and deductible temporary differences arising from the following:

	Group				
	Opening balance	Charged to income	Change in depreciation on	Change in tax rate	Closing balance
2012	$000s	$000s	$000s	$000s	$000s
Investment properties	(6,629)	5,026	1,041	-	(562)
Property, plant and equipment	(50,157)	(28,132)	(1,801)	-	(80,090)
Trade and other payables	1,090	(131)		-	959
Other financial liabilities	2,324	1,918		-	4,242
Tax losses	3,887	(361)		-	3,526
Total	**(49,485)**	**(21,680)**	**(760)**	-	**(71,925)**

Note 7 Taxation...continued

	Group				
	Opening balance	Charged to income	Change in depreciation on	Change in tax rate	Closing balance
2011	$000s	$000s	$000s	$000s	$000s
Investment properties	(6,334)	(1,519)	660	564	(6,629)
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
Other	37	(37)	-	-	-
Tax losses	-	4,049		(162)	3,887
Total	**(20,331)**	**(32,879)**	**1,015**	**2,710**	**(49,485)**

	Council				
	Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
2012	$000s	$000s	$000s	$000s	$000s
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Tax losses	-	1,500	-	-	1,500
Total	-	**1,500**	-	-	**1,500**

	Council				
	Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
2011	$000s	$000s	$000s	$000s	$000s
Property, plant and equipment	-	-	-	-	-
Trade and other payables	-	-	-	-	-
Other financial liabilities	-	-	-	-	-
Other	-	-	-	-	-
Total	-	-	-	-	-

Unrecognised deferred tax balances

	Group		Council	
	2012	2011	2012	2011
	$000s	$000s	$000s	$000s
The following deferred tax assets have not been brought to account as assets:				
Tax losses	-	1,224	-	3,377
Temporary differences	-	-	-	-
	-	**1,224**	-	**3,377**

Note 7 Taxation...continued

Tax losses not recognised

Greater Wellington does not have any unrecognised tax losses (2011: $12.062 million) available to be carried forward and to be offset against taxable income in the future. $2.153 million of the prior year amount was recognised in the Group's accounts. The tax effect of the prior year losses at 28% was $3.377 million.

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

Note 8 Cash and cash equivalents

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Cash	1,021	1,622	305	250
Bonds and notes	-	-	-	-
Bank deposits with maturity terms less than 3 months	25,400	23,400	25,400	23,400
Water supply contingency investment	17,983	11,257	17,983	11,257
Major flood recovery fund	3,981	3,640	3,981	3,640
Bank (overdraft)	-	-	-	-
Total cash and cash equivalents	**48,385**	**39,919**	**47,669**	**38,547**

Cash-at-bank and on-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 2012 bank deposits have a weighted average interest rate of 3.20% (2011 3.65%) and have various maturity dates. They are available for day to day cash management and are recorded at fair value.

As at 30 June 2012 the weighted average interest rate on the water supply contingency investment is 3.71% (2011 3.63%) and is recorded at fair value.

As at 30 June 2012 the weighted average interest rate on the major flood recovery fund is 3.71% (2011 3.64%) and is recorded at fair value.

Notes to the financial statements
for the year ended 30 June 2012

Note 9 Trade and other receivables

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Rates outstanding*	12,256	12,698	12,256	12,698
Trade customers	16,039	11,463	7,121	6,200
Accrued revenue	6,766	7,960	6,969	7,960
Subvention receivable	-	-	1,804	908
Dividends receivable	-	-	2,254	1,204
Interest receivable	879	883	879	883
Prepayments	768		283	
Other debtors	8,017	2,857	8,017	2,347
	44,725	35,861	39,583	32,200
Less provision for impairment of receivables	(704)	(752)	(677)	(740)
Total trade and other receivables	**44,021**	**35,109**	**38,906**	**31,460**

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

* Greater Wellington 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.

Provision for impairment of receivables

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Opening balance	(749)	(874)	(740)	(737)
Movement	125	125	63	(3)
Closing balance	(624)	(749)	(677)	(740)

The status of receivables as at 30 June 2012 and 2011 are detailed below:

2012	Group 2012 Gross $000s	Group 2012 Impairment $000s	Group 2012 Net $000s	Council 2012 Gross $000s	Council 2012 Impairment $000s	Council 2012 Net $000s
Not past due	44,187	600	43,587	39,299	573	38,726
Past due 31-60 days	73	-	73	56	-	56
Past due 61-90 days	181	-	181	20	-	20
Past due > 90 days	284	104	180	208	104	104
Total	**44,725**	**704**	**44,021**	**39,583**	**677**	**38,906**

2011	Group 2011 Gross $000s	Group 2011 Impairment $000s	Group 2011 Net $000s	Council 2011 Gross $000s	Council 2011 Impairment $000s	Council 2011 Net $000s
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**

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

Note 10 Inventories

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Harbours	7	7	7	7
Depots	169	134	169	134
Water supply	2,145	2,217	2,145	2,217
Rail	8,785	8,955	-	-
Wairarapa	412	401	412	401
Port maintenance	-	1,447	-	-
Total inventories	**11,518**	**13,161**	**2,733**	**2,759**

In 2012, inventories recognised as cost of sales amounted to nil (2011 nil)
No inventories are pledged as securities for liabilities (2011 nil)

Note 11 Other financial assets

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Stadium advance	2,249	4,612	2,249	4,612
Local Government Insurance Corporation Limited shares	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	2,000		2,000	
New Zealand Local Government Funding Agency Limited borrower notes	800		800	
Joint ventures	78,884	2,539		
Other Investments (non current bonds & notes)	33,000	33,000	33,000	33,000
Total other financial assets	**117,013**	**40,231**	**38,129**	**37,692**
Current	-	-	-	-
Non Current	117,013	40,231	38,129	37,692
Total other financial assets	**117,013**	**40,231**	**38,129**	**37,692**

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 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 2012 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%.The repayment shedule for the Stadium loan was reviewed and the fair value of the loan reduced by $2,363,000. None of the other financial assets are either past due or impaired (2011 no impairment).

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 2,000,000 fully paid shares. It has also invested $800,000 in LGFA borrower notes, which return on average 3.44% as at 30 June 12. (2011 no investment). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situtation of there being a risk of imminent default.

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a floating rate of interest. The amount receivable at maturity is $33 million (2011 $33 million).

Note 12 Property plant and equipment

In thousands of NZ Dollars

	Cost / revaluation 1 July 2011	Accumulated depreciation and impairment 1 July 2011	Carrying amount 1 July 2011	Additions	Disposals	Revaluations	Impairment losses	Reversal of impairment losses	Other Transfer	Cost / revaluation 30 June 2012	Accumulated depreciation and impairment 30 June 2012	Carrying amount 30 June 2012
Council Operational assets												
Land & buildings	5,795	(1,412)	4,383	425	-	-	-	-	(18)	6,202	(1,507)	4,695
Plant & equipment	12,185	(9,581)	2,604	312	(81)	-	-	-	-	12,416	(10,208)	2,208
Motor vehicles	7,378	(4,703)	2,675	1,878	(1,239)	-	-	-	-	8,016	(4,549)	3,467
	25,358	**(15,696)**	**9,662**	**2,615**	**(1,320)**	**-**	**-**	**-**	**(18)**	**26,634**	**(16,264)**	**10,370**
Council Infrastructural assets												
Flood protection at valuation	228,891	(964)	227,927	1,418	-	49,067	-	-	1,767	281,143	-	281,143
Flood protection at cost	7,621	(6,342)	1,279	-	-	-	-	-	159	7,780	(6,613)	1,167
Navigational aids	1,745	(1,167)	578	-	-	-	-	-	-	1,745	(1,190)	555
Parks & forests	59,180	(1,947)	57,233	14	-	-	-	-	-	59,194	(2,525)	56,669
Transport infrastructure	9,812	(1,167)	8,645	381	(6,606)	-	-	-	(31)	3,556	(456)	3,100
Water infrastructure	346,760	(22,627)	324,133	1,247	(737)	-	-	-	1,751	349,021	(30,396)	318,625
Capital work in progress	14,665	-	14,665	17,979	-	-	-	-	(3,628)	29,017	-	29,017
	668,674	**(34,214)**	**634,460**	**21,039**	**(7,343)**	**49,067**	**-**	**-**	**18**	**731,456**	**(41,180)**	**690,276**
Total council property plant and equipment	**694,032**	**(49,910)**	**644,122**	**23,654**	**(8,663)**	**49,067**	**-**	**-**	**-**	**758,090**	**(57,444)**	**700,646**
Subsidiary Assets												
Land & buildings	34,319	(10,314)	24,005	1,341	(1,131)	(4,800)	(1,482)	-	1,999	30,246	(10,106)	20,140
Plant & equipment	50,751	(19,856)	30,895	3,150	(586)	-	-	-	577	53,892	(21,855)	32,037
Rail Rolling Stock	102,849	(9,100)	93,749	87,131	(101)	-	-	-	48,961	238,840	(21,057)	217,783
Rail Work in Progress	49,549	-	49,549	33,117		-	-	-	(48,961)	33,705	-	33,705
Transport infrastucture	41,186	-	41,186	6,408	-	-	-	-	41	47,635	(1,911)	45,724
Port wharves & paving	85,258	(31,693)	53,565	5,428		-		-	(2,637)	88,049	(33,302)	54,747
Port freehold land	81,977	-	81,977	-	-	-	-	-	-	81,977	-	81,977
Total subsidiary Assets	**445,889**	**(70,963)**	**374,926**	**136,575**	**(1,818)**	**(4,800)**	**(1,482)**	**-**	**(20)**	**574,344**	**(88,231)**	**486,113**
Total group property plant and equipment	**1,139,921**	**(120,873)**	**1,019,048**	**160,229**	**(10,481)**	**44,267**	**(1,482)**	**-**	**(20)**	**1,332,434**	**(145,675)**	**1,186,759**

Note 12 continued **Property plant and equipment continued**
In thousands of NZ Dollars

	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 Transfer	Cost / revaluation 30 June 2011	Accumulated depreciation and impairment 30 June 2011	Carrying amount 30 June 2011
Council Operational assets												
Land & buildings	5,648	(1,320)	4,328	147	-	-	-	-	-	5,795	(1,412)	4,383
Plant & 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 & 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 & buildings	35,321	(9,573)	25,748	700	-	(1,702)	-	-	-	34,319	(10,314)	24,005
Plant & 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 & 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**

Property plant and equipment are not pledged as security for liabilities

Note 13 Intangible assets

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Carrying amount - Software				
Opening Balance	3,270	3,499	2,846	2,850
Additions	272	742	23	675
Amortisation recognised during period	(1,098)	(971)	(804)	(679)
Closing balance at 30 June	**2,444**	**3,270**	**2,065**	**2,846**
New Zealand emission units*				
Recognition of New Zealand units	1,960	-	1,960	-
Revaluation of New Zealand units	218	-	218	-
Closing balance at 30 June	**2,178**	**-**	**2,178**	**-**
Closing balance at 30 June	**4,622**	**3,270**	**4,243**	**2,846**
Total carrying amount				
Gross carrying amount	12,313	9,863	7,820	5,619
Accumulated amortisation and impairment	(7,691)	(6,593)	(3,577)	(2,773)
Closing balance at 30 June	**4,622**	**3,270**	**4,243**	**2,846**

No intangible assets are pledged as security for liabilities

* The Council received allocations of New Zealand units for the emission trading scheme. These units were recognised at the sell spot rate when the units were issued and subsequently revalued at balance date.

Note 14 Forestry investments

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Balance at 1 July	20,135	13,872	20,135	13,872
Forestry sold	(754)	(1,899)	(754)	(1,899)
Change in fair value less estimated point of sale costs	2,683	8,162	2,683	8,162
Balance at 30 June	**22,064**	**20,135**	**22,064**	**20,135**

Plantation forestry activity including planting, silviculture and harvesting is undertaken on 5,520 hectares of predominantly pinus radiata plantings. Up to 81,000 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% (2011 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.

Note 15 Investment properties / investment assets held for sale

Greater Wellington Regional Council 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 and are valued in accordance with New Zealand Property Institute Practice Standard 3 – Valuations for Financial

CentrePort Investment properties are revalued every year. Investment properties were valued on 30 June 2012 by independent registered valuers of the firm Colliers International Limited. The valuation assumes completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development have been identified to reduce the valuation to the inspection date of 30 June 2012. The fair value of the investment property valued was $56 million (2011: $217 million).

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate is consistent with comparable properties in the marketplace at 10% (2011: 8.45% to 11.0%).

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Developed investment properties	33,745	42,870	-	-
Land available for development	28,682	34,452	-	-
Investment property held for sale	-	150,956	-	-
TOTAL	**62,427**	**228,278**	-	-

Reconciliation of Movements in Investment Properties

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Developed investment properties brought forward	42,870	196,098	-	-
Additions (Disposals)	182	3,963	-	-
Transfer from (to) land available for development	3,500	-	-	-
Transfer from (to) assets held for sale	-	(152,070)	-	-
Net change in the value of developed investment property	(12,807)	-5121	-	-
Developed investment properties carried forward	**33,745**	**42,870**	-	-
Land available for development brought forward	34,452	34,423	-	-
Transfer from (to) developed investment property	(3,500)	-	-	-
Transfer from (to) property held for sale	-	-	-	-
Net change in the value of land available for development	(2,270)	29	-	-
Land available for development carried forward	28,682	34,452	-	-
Total Investment Property	**62,427**	**77,322**	-	-
Investment properties held for sale brought forward	150,956	-	-	-
Additions (Disposals) to property held for sale	(150,956)	-	-	-
Transfer from (to) developed investment property	-	152,070	-	-
Net change in the value of developed investment property	-	(1,114)	-	-
Investment Property Held for Sale	-	**150,956**	-	-

Note 16 Investment in subsidiaries

Greater Wellington Regional Council has the following subsidiary relationships:

	Relationship	Equity held 2012	Equity held 2011	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
Creative HQ Limited	Subsidiary	100%	100%	Grow 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 25 on related party transactions for details.

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
WRC Holdings Limited shares	-	-	59,981	50,725
Grow Wellington Limited shares	-	-	-	-
Total investment in subsidiaries	-	-	**59,981**	**50,725**

Note 17 Derivative financial instruments

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Derivative financial instruments - assets				
Current asset portion				
Foreign exchange contracts	-	3	-	3
Interest rate swaps	-	-	-	-
Total current asset portion	-	3	-	3
Non-current asset portion				
Foreign exchange contracts	-	-	-	-
Interest rate swaps	839	736	839	736
Total non-current asset portion	839	736	839	736
Total derivative financial instruments - assets	839	739	839	739
Derivative financial instruments - liabilities				
Current liability portion				
Foreign exchange contracts	550	4	-	4
Diesel contract	7	44	-	-
Interest rate swaps	382	358	-	308
Total current liability portion	939	406	-	312
Non-current liability portion				
Foreign exchange contracts	-	-	-	-
Interest rate swaps	24,589	12,630	9,285	4,185
Total non-current liability portion	24,589	12,630	9,285	4,185
Total derivative financial instruments - liabilities	25,528	13,036	9,285	4,497

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.

Note 18 Trade and other payables

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Trade payables	56,448	36,545	14,773	25,524
Amounts due to related parties	-	-	37,316	5,200
Income received in advance	6,199	13,536	6,199	13,418
Accrued interest payable	1,112	1,682	1,112	1,682
Total trade and other payables	**63,759**	**51,763**	**59,400**	**45,824**

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

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 23.

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Current debt liabilities				
Commercial paper	9,441	57,503	9,441	13,406
Committed lines	723	3,000	-	3,000
Uncommitted lines	-	91,863	-	-
Bonds	-	50,000	-	50,000
	10,164	202,366	9,441	66,406
Non-current debt liabilities				
Bonds	25,000	25,000	25,000	25,000
Floating rate notes	75,000	-	75,000	-
Bank Loans	148,660	90,000	-	-
Crown loan	18,050	16,713	18,050	16,713
	266,710	131,713	118,050	41,713
Total debt liabilities	**276,874**	**334,079**	**127,491**	**108,119**

Terms and conditions

Greater Wellington has no overdraft facility. As at 30 June 2012 Greater Wellington had undrawn credit lines of $70,000,000 (2011 $67,000,000), of which $35,000,000 mature in 2017 and $35,000,000 mature in 2018. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. As the facility is undrawn there is no interest rate charged on the facility as at 30 June 2012 (2011 3.5%). The borrowings are subject to a charge over rates under which the lenders provide funds. The rate charged on the commercial paper was 2.80% at 30 June 2012 (2011 2.78%).

As at 30 June 2012, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 4.48% (2011 4.80%) 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 a secured bank loan facility of $125 million with renewal dates in 2014 and 2015. The facility can be repaid or drawn down until expiry. The interest rate charged on this facility as at 30 June 2012 ranged from 3.75% to 6.49% p.a. (2011 3.23% to 3.33%). No collateral was required on lending but CentrePort Limited has given the bank a negative pledge and there are restrictions on the quantum of borrowing made.

WRC Holdings Limited has a bank loan facility of $44.0 million which is undrawn (2011 $44.0 million undrawn) and is 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 2012, (2011 undrawn). The rate charged on the commercial paper was 2.75% at 30 June 2012 (2011 2.77%).

In December 2011 Wellington Regional Council (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of $125 million (2011 $203 million). In recognition of the provision of the guarantee the company pays a guarantee fee to Wellington Regional Council.

Note 20 Employee benefit liabilities

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Annual leave	5,965	5,043	2,446	2,261
Long service leave	1,130	1,284	457	449
Retirement gratuities	-	-	82	97
Lieu leave	-	-	55	37
Total employee benefit liabilities	**7,095**	**6,327**	**3,040**	**2,844**
Comprising:				
Current	5,965	5,043	2,446	2,261
Non-current	1,130	1,284	594	583
Total employee benefit liabilities	**7,095**	**6,327**	**3,040**	**2,844**

Note 21 Provisions

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Carrying amount at 1 July	462	732	-	-
Additions including increases	2,873	-	-	-
Provision used during the year		(270)	-	-
Total provisions	3,335	462	-	-
Comprising:				
Current	3,335	462	-	-
Non-current	-	-	-	-
Total provisions	**3,335**	**462**	**-**	**-**

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

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Operating surplus / (deficit)	104,486	104,924	44,175	13,539
Add / (less) non-cash items				
Depreciation and amortisation	32,466	21,882	12,372	12,154
Impairment of property, plant and equipment	817	-		-
Sale of fixed assets	630	199	(118)	268
Borrowings	(17)	-	-	-
Equity accounted earnings from associate companies	(1,345)	(324)	-	-
Reclassification & revaluations	(48,200)	-	(48,200)	-
Change in value of future tax benefit	23,946	29,155	-	-
Changes in fair value of forestry investments	(2,683)	(2,152)	(2,683)	(2,152)
Changes in fair value of emission units	(1,960)		(1,960)	
Changes in fair value of investment property	12,714	(7,140)	-	-
Changes in fair value of derivative financial instruments	12,053	6,546	4,689	2,643
Changes in fair value of stadium advance	2,363	(342)		(342)
Changes in fair value of bonds	-	463	-	463
Changes in fair value of stadium loan	1,337	1,238	1,337	1,238
Tax expense	(1,500)	-	(1,500)	-
Movement in provision for impairment of doubtful debts	(46)	50	(63)	3
Add / (less) movements in working capital				
Accounts receivable	(40,455)	736	(7,383)	4,644
Inventory	1,642	(9,493)	26	(212)
Tax refund due	4,141	(101)	-	-
Accounts payable	10,639	17,149	(17,970)	(4,589)
Employee provisions	768	1,318	196	207
WRC Holdings Group current account	33,591	-	32,116	3,250
Add / (less) items classified as investing or financing activities				
Financial instruments	340			
Accounts payable related to fixed assets	(125,892)	(127,221)	-	-
Dividend paid / payable	(259)			
(Gains) / losses on disposal of property, plant and equipment	-	309	-	309
WRC Holdings Group activities relating to financing	9,447	196	-	3,702
Increase in share capital	-	-	-	-
Forestry encouragement loan interest compounded	-	2,224	-	2,224
Net Cashflow from operating activities	**29,023**	**39,616**	**15,034**	**37,349**

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 / the 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 prior to delivery of goods and services from overseas.

Table 1

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Forward foreign exchange contracts				
Less than one year	8,253	127	-	127
One to two years	-	-	-	-
Two to five years	-	-	-	-
	8,253	127	-	127

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 2012 the Group had entered into the following interest rate swap agreements:

Table 2

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Interest rate swap agreements				
Less than one year	14,000	39,000	-	15,000
One to two years	40,000	25,000	40,000	5,000
Two to five years	120,000	225,000	60,000	75,000
Greater than five years	140,000	70,000	50,000	45,000
	314,000	359,000	150,000	140,000

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington were $150,000,000 (2011 $140,000,000) and for the Group $314,000,000 (2011 $359,000,000). At 30 June 2012, the fixed interest rates of swaps of the Council vary from 2.57% to 6.13% (2011 4.16% to 6.29%). At balance date the swap arrangements of the Group are ranging from 2.57% to 6.49% (2011 3.48% to 6.49%).

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 prior to 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 the 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 a AA- S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Note 23 Financial instruments...continued

Financial instruments categories

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

Table 3

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Financial assets				
Fair value through profit and loss				
Derivative financial instrument assets	839	739	839	739
Stadium advance	2,249	4,612	2,249	4,612
	3,088	5,351	3,088	5,351
Loans and receivables				
Cash at bank and term deposits	48,385	45,497	47,669	44,125
Debtors and other receivables	44,021	36,909	38,906	33,260
Total loans and receivables	92,406	82,406	86,575	77,385
Held to maturity				
Local Government Insurance Corporation shares	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	2,000	-	2,000	-
New Zealand Local Government Funding Agency Limited borrower notes	800	-	800	-
Bank bonds / notes	33,000	33,000	33,000	33,000
Total held to maturity	35,880	33,080	35,880	33,080
Total Financial Assets	131,374	120,837	125,543	115,816
Financial liabilities				
Fair value through profit and loss				
Derivative financial instrument liabilities	25,528	13,036	9,285	4,497
Financial liabilities – at amortised cost				
Trade and other payables	52,326	52,326	59,400	46,387
Crown loans	18,050	16,713	18,050	16,713
Commercial paper	9,441	57,503	9,441	13,406
Committed and uncommitted lines	149,383	184,863	-	3,000
Fixed rate bonds	25,000	-	25,000	75,000
Floating Rate Notes	75,000	75,000	75,000	-
Total Financial Liabilities	354,728	399,441	186,891	159,003

Note 23 Financial instruments...continued

Fair value hierarchy disclosures

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

- **Quoted market price (level 1)** - Financial instruments with quoted prices for identical instruments in active markets.

- **Valuation technique using observable inputs (level 2)** - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- **Valuation techniques with significant non -observable inputs (level 3)** - Financial instruments valued using models where one or more significant inputs are not observable.

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

Table 4

30 June 2012	Total $000s	Valuation technique: Quoted market price $000s	Valuation technique: Observable inputs $000s	Valuation technique: Significant non - observable inputs $000s
Council				
Financial assets				
Bank bonds / Notes	33,000		33,000	
Local Government Insurance Corporation Limited shares	80			80
New Zealand Local Government Funding Agency Limited shares	2,000			2,000
New Zealand Local Government Funding Agency Limited borrower notes	800			800
Stadium advance	2,249		2,249	
Derivative financial instrument assets	839		839	
Financial liabilities				
Derivative financial instrument liabilities	9,285		9,285	
Group				
Financial assets				
Bank bonds / Notes	33,000		33,000	
Local Government Insurance Corporation Limited shares	80			80
New Zealand Local Government Funding Agency Limited shares	2,000			2,000
New Zealand Local Government Funding Agency Limited borrower notes	800			800
Stadium advance	2,249		2,249	
Derivative financial instrument assets	839		839	
Financial liabilities				
Derivative financial instrument liabilities	25,528		25,528	

30 June 2011	Total $000s	Quoted market price $000s	Observable inputs $000s	Significant non - observable inputs $000s
		Valuation technique		
Council				
Financial assets				
Bank bonds / Notes	33,000		33,000	
Local Government Insurance Corporation Limited shares	80			80
New Zealand Local Government Funding Agency Limited shares	-			-
New Zealand Local Government Funding Agency Limited borrower notes	-			-
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
New Zealand Local Government Funding Agency Limited shares	-			-
New Zealand Local Government Funding Agency Limited borrower notes	-			-
Stadium advance	4,612		4,612	
Derivative financial instrument assets	739		739	
Financial liabilities				
Derivative financial instrument liabilities	13,036		13,036	

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

Valuation techniques with significant non observable inputs (level 3)

The table below provides a reconciliation from the openeing balance to the closing balance of the level 3 fair value measurementsL

	Group		Council	
	2012	2011	2012	2011
Balance at 1 July	80	80	80	80
Gain and losses recognised in the surplus or deficit	-	-	-	-
Gain and losses recognised in other comprehensive income	-	-	-	-
Purchases	2,800	-	2,800	-
Sales	-	-	-	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at 30 June	**2,880**	**80**	**2,880**	**80**

There was no change to the valuation assumptions.

Note 23 Financial instruments...continued

Financial instrument risks

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

Table 5

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Cash at bank and term deposits	48,385	45,497	47,669	44,125
Trade and other receivables	44,021	36,909	38,906	33,260
Bank bonds / Notes	33,000	33,000	33,000	33,000
New Zealand Local Government Funding Agency Limited borrower notes	800	-	800	-
Stadium advance	2,249	4,612	2,249	4,612
Derivative financial instrument assets	839	739	839	739
Total credit risk	129,294	120,757	123,463	115,736

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.

Table 6

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Counterparties with credit ratings				
AA+ New Zealand Local Government Funding Agency Limited borrower notes	800	-	800	-
AA Cash at bank and term deposits	-	45,497	-	44,125
AA- Cash at bank and term deposits	48,385		47,669	-
AA Bank bonds / notes		33,000		33,000
AA- Bank bonds / notes	33,000		33,000	
AA Derivative financial instruments		739		739
AA- Derivative financial instruments	839		839	

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.

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.

Table 7

	Carrying amount	Contractual cashflows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2012	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Council 2012						
Trade and other payables	59,400	59,400	59,400	-	-	-
Commercial paper	9,441	9,500	9,500	-	-	-
Lines of credit	-	-	-	-	-	-
Bond Issuances	25,000	27,099	1,399	25,700	-	
Floating Rate Notes	75,000	84,720	2,710	27,710	28,815	25,486
Crown loans	18,050	26,521	-	-	26,521	-
Total	186,891	207,239	73,009	53,409	55,336	25,486
Group 2012						
Trade and other payables	52,326	52,326	52,326	-	-	-
Commercial paper	9,441	9,500	9,500	-	-	-
Lines of credit	-	-	-	-	-	-
Bond Issuances	25,000	27,099	1,399	25,700	-	-
Floating Rate Notes	75,000	84,720	2,710	27,710	28,815	25,486
Crown loans	18,050	26,521	-	-	26,521	-
WRCH Group loans	149,383	170,900	10,310	57,920	102,670	-
Total	329,200	371,065	76,245	111,329	158,006	25,486

	Carrying amount	Contractual cashflows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2011	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
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	25,700	
Crown loans	16,712	26,521	-	-	-	26,521
Total	154,505	170,922	114,391	1,339	28,701	26,521
Group 2011						
Trade and other payables	52,326	52,326	52,326	-	-	-
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	25,700	-
Crown loans	16,712	26,521	-	-	-	26,521
WRCH Group loans	225,960	241,268	100,839	94,317	46,112	-
Total	386,404	418,129	221,169	95,656	74,813	26,521

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.

Table 8

	Liability carrying amount	Asset carrying amount	Contractual cashflows	Less than 6 months	Between 6 months and 1 year	More than 1 year
	$000s	**$000s**	**$000s**	**$000s**	**$000s**	**$000s**
Council and Group 2012						
Forward foreign exchange contracts:	550	-	-	-	-	-
Outflow	-	-	8,253	4,103	4,150	-
Council and Group 2011						
Forward foreign exchange contracts:	4	3	-	-	-	-
Outflow	-	-	127	127	-	-

Note 23 Financial instruments...continued

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.

Council		**2012**		**2011**	
Interest rate risk		**- 1% Profit**	**+ 1% Profit**	**- 1% Profit**	**+ 1% Profit**
Table 9	Note	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets					
Cash at bank and term deposits	1	(477)	477	(441)	441
Bank bonds / Floating Rate Notes	2	(230)	230	(230)	230
New Zealand Local Government Funding Agency Limited borrower notes	3	(8)	8	-	-
Derivatives	4a	(152)	111	544	(525)
Financial liabilities					
Commercial paper	5	94	(94)	134	(134)
Committed and uncommitted lines	6	-	-	30	(30)
Floating Rate Notes	7	750	(750)	-	-
Derivatives	4b	(4,804)	4,541	(3,828)	3,933
Total sensitivity to interest rates		(4,827)	4,523	(3,791)	3,915

Foreign exchange risk		**2012**		**2011**	
		- 10% Profit	**+ 10% Profit**	**- 10% Profit**	**+ 10% Profit**
		$000s	**$000s**	**$000s**	**$000s**
Financial assets					
Derivatives	4c	-	-	13	(11)
Total sensitivity to foreign exchange risk		-	-	13	(11)

Explanation of sensitivity analysis – Council

1) Cash at bank and term deposits
Cash at bank and term deposits are totalling $47,669,000 (2011 $44,125,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $477,000 (2011 $441,000).

2) Bank bonds / Floating rate notes
There are $33,000,000 (2011 $33,000,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect of negative $230,000 (2011 $230,000) and $230,000 (2011 $230,000) respectively.

3) New Zealand Local Government Funding Agency Limited borrower notes
There are $800,000 (2011 nil) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $8,000 (2011 nil)

4) Derivatives
a) Interest rate swaps - assets
Derivative financial assets include interest rate swaps which have a fair value totalling $839,000 (2011 $736,000). A movement in interest rates of plus 1% results in a gain of $111,000 (2011 $525,000 negative gain). A movement in interest rates of minus

b) Interest rate swaps - liabilities
Derivative financial liabilities include interest rate swaps which have a fair value totalling ($9,285,000) (2011 ($4,493,000)). A movement in interest rates of plus 1% results in a gain of $4,541,000 (2011 3,933,000). A movement in interest rates of min

c) Foreign exchange contracts
Greater Wellington had not enetered into any foregin exchange contracts as at 30 June 2012. The fair value of any contracts at the end of the previous year was $1,000. A movement on foreign exchange rates of plus or minus 10% has no impact (2011 -$11,000

5) Commercial paper
The issued commercial paper has a value of $9,441,000 (2011 $13,406,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of $94,000 (2011 $134,000).

6) Committed and uncommitted lines
There were no money market borrowing under committed and uncommitted lines (2011 $3,000,000). A movement of plus or minus 1% in market interest rates has therefore no effect on interest expense (2011 $30,000).

7) Floating Rate Notes
The issued Floating Rate Notes have a value of $75,000,000 (2011 $nil). A movement in interest rates of plus 1% has an effect of higher interest expenses of $750,000 (2011 $nil). A movement in interest rates of 1% lower has an effect of $750,000 lower interest expense.

Note 23 Financial instruments...continued

Interest rate risk

Table 10

		2012		2011	
		- 1%	+ 1%	- 1%	+ 1%
		Profit	Profit	Profit	Profit
Group	Note	**$000s**	**$000s**	**$000s**	**$000s**
Financial assets					
Cash at bank and term deposits	1	(484)	484	(455)	455
Bank bonds / Floating Rate Notes	2	(230)	230	(230)	230
New Zealand Local Government Funding Agency Limited borrower notes	3	(8)	8		
Derivatives	4a	(152)	111	544	(525)
Financial liabilities					
Commercial paper	5	94	(94)	575	(575)
Committed and uncommitted lines	6	1,487	(1,487)	1,849	(1,849)
Floating Rate Notes	7	750	(750)	-	-
Derivatives	4b	(11,657)	11,400	(5,192)	4,903
		(10,200)	9,902	(2,909)	2,639

Foreign exchange risk

		2012		2011	
		- 10% Profit	+ 10% Profit	- 10% Profit	+ 10% Profit
		$000s	$000s	$000s	$000s
Financial assets					
Derivatives	4c	855	(700)	13	(11)
Total sensitivity to foreign exchange risk		855	(700)	13	(11)

Explanation of sensitivity analysis – Group

1) Cash at bank and term deposits
Cash at bank and term deposits are totalling $48,385,000 (2011 $45,497,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $483,000 (2011 $455,000) and negative $483,000 (2011 -$455,000)

2) Bank bonds / Floating rate notes
There are $33,000,000 (2011 $33,000,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect of $230,000 (2011 $230,000) and negative $230,000 (2011 -$230,000) respectively.

3) New Zealand Local Government Funding Agency Limited borrower notes
There are $800,000 (2011 nil) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $8,000 (2011 nil) and negative $8,000 respectively

4) Derivatives
a) Interest rate swaps - assets
Derivative financial assets include interest rate swaps which have a fair value totalling $736,000 (2011 $736,000). A movement in interest rates of plus 1% results in a profit of $111,000 (2011 $525,000 loss). A movement in interest rates of minus 1% results in a loss of $152,000 (2011 544,000 gain)

b) Interest rate swaps - liabilities
Derivative financial liabilities include interest rate swaps which have a fair value totalling ($24,970,000) (2011 ($12,988,000)). A movement in interest rates of plus 1% results in a gain of $11,400,000 (2011 $4.903,000). A movement in interest rates of minus 1% results in a net loss of $11,657,000 (2011 $5,194,000)

c) Foreign exchange contracts
Derivative financial assets include forward foreign exchange contracts with a total fair value of $7,685,000 (2011 $1,000). A movement on foreign exchange rates of plus or minus 10% has an impact of -$700,000/+$855,000 (2011 -$11,000 / +$13,000) based on a current valuation.

5) Commercial paper
The issued commercial paper has a value of $9,441,000 (2011 $57,503,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of $94,000 (2011 $575,000) and -$94,000 (2011 -$575,000) respectively.

6) Committed and uncommitted lines
Money market borrowing under committed and uncommitted lines totalled $148,660,000 (2011 $184,863,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of $1,487,000 (2011 $1,849,000).

7) Floating Rate Notes
The issued Floating Rate Notes have a value of $75,000,000 (2011 $nil). A movement in interest rates of plus 1% has an effect of higher interest expenses of $750,000 (2011 $nil). A movement in interest rates of 1% lower has an effect of $750,000 lower interest expense.

Note 24 Contingencies

	Group 2012 Actual $000s	Group 2011 Actual $000s	Council 2012 Actual $000s	Council 2011 Actual $000s
Legal proceedings and obligations	524	668	524	668
Uncalled shares in Wellington Coldstore Limited	200	200	-	-
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 90.8 cents per share (Uncalled 9.2 cents)	-	-	2,040	5,986
8,000,000 $1 shares uncalled and unpaid	-		8,000	-
New Zealand Local Government Funding Agency Limited				
2,000,000 $1 shares uncalled and unpaid	2,000	-	2,000	-
Total contingencies	**724**	**868**	**62,564**	**56,654**

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.

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending convenents of the LGFA and the charge over rates the LGFA has from councils.

Note 25 Related parties

Identity of related parties

The Group has related-party relationships with its subsidiaries (see Note 16), Councillors, Directors and executive management 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. Councillors F Wilde, P Lamason, P Glensor, 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 P Mersi, A Crofoot, B Brook, D McCarthy, K Fifield, P Robertson, R Taulelei and R Stone.

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

Councillor P Glensor is Chair of Hutt Valley District Health Board.
Councillor J Aitken is a Board Member of Capital Coast Health.
Coucillor P Lamason is part owner of Kent Filter Services Ltd.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2012 included:

	Council 2012 Actual $000s	Council 2011 Actual $000s
CentrePort Wellington Group		
Income from use of navigational facilities and and services	1,253	1,099
Expense for rental and services	(123)	(128)
WRC Holdings Group (Excluding CentrePort)		
Income from management services provided	646	771
Income from subvention payment	1,967	908
Income from dividends	2,092	1,204
Expense for rent of the Regional Council Centre	(1,672)	(1,672)
Expense for interest on inter company current account	(113)	(101)
Grow Wellington Limited		
Grants	(4,390)	(4,314)

Note 25 Related parties...continued

	Council 2012 Actual $000s	Council 2011 Actual $000s
Hutt Valley District Health Board		
Income / (Expenses) for services	2	1
Wellington Waterfront Ltd		
Resource consent fees	1	-
Local Government Superannuation Trustees Limited		
Employee contributions to superannuation scheme	-	(517)
Landcorp Farming		
Income for rates and services	103	14
Moxie Design		
Expense for services	-	(398)

Key management personnel

Key management personnel include the Councillors, Chief Executive and members of the Executive Leadership Team (ELT) – further details on the ELT are covered in the Chief Executive's report.

	2012	2011
Short-term employee benefits	2,957	2,826
Post-employee benefits	62	64

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2011 nil).

Note 26 Remuneration

Chief Executive remuneration

For the year ending 30 June 2012, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration of $369,247 (2011 $358,109). The Chief Executive was re-appointed on 2 May 2012.

Councillor Remuneration	2012 Actual $	2011 Actual $
Councillor J Aitken	65,818	63,742
Councillor S Baber		27,779
Councillor J Brash	55,091	36,674
Councillor P Bruce	54,711	54,866
Councillor I Buchanan		24,050
Councillor J Burke		18,105
Councillor B Donaldson	75,729	67,339
Councillor P Glensor	80,018	77,163
Councillor S Greig	55,195	54,866
Councillor R Kirton		18,105
Councillor C Laidlaw	74,947	73,967
Councillor P Lamason	55,429	54,866
Councillor G McPhee	58,240	36,674
Councillor D Ponter	54,740	36,674
Councillor P Swain	54,740	36,674
Chair F Wilde	164,779	155,190
Councillor N Wilson	77,097	65,932

Note 27 Capital commitments and operating leases

	Group		Council	
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2011 Actual $000s
Capital commitments				
Capital expenditure contracted for at balance date but not yet completed	161,363	161,363	6,561	9,267

Operating lease commitments – lessee

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

	Group		Council	
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2011 Actual $000s
Within one year	3,320	3,379	1,619	1,898
After one year but no more than five years	12,667	8,024	6,477	6,477
More than five years	6,273	8,643	3,238	4,857
Total operating lease commitments – lessee	**22,260**	**20,046**	**11,334**	**13,232**

Operating lease commitments is for 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 Income Statement (2011 $1,672,000). Contingent rent was not paid (2011 nil).

Transport and other commitments

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

	Group		Council	
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2011 Actual $000s
Within one year	34,849	207,136	34,849	207,136
After one year but no more than five years	94,822	105,342	94,822	105,342
More than five years	38,985	21,987	38,985	21,987
Total transport and operator commitments	**168,656**	**334,465**	**168,656**	**334,465**

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		Council	
	2012 Actual $000s	2011 Actual $000s	2012 Actual $000s	2011 Actual $000s
Within one year	21,358	19,739	-	-
After one year but no more than five years	58,829	59,021	-	-
More than five years	53,744	65,688		
Total operating lease commitments – lessor	**133,931**	**144,448**	**-**	**-**

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

Note 28 Severance payments

There were two employees (2011 one) who received total severance payments of $27,960 and $26,094 (2011 $14,016). 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 2012 Actual $000s	2012 Budget $000s	Favourable (Unfavourable) Variance
Statement of comprehensive income				
Revenue				
Transport Grants and Subsidies	1	165,724	174,314	(8,590)
Expenditure				
Transport improvement expenditure	1	121,566	130,570	9,004
Finance Costs	2	7,233	8,533	1,300
Statement of financial position				
Cash and cash equivalents	3	47,669	38,354	9,315
Other financial assets				
Current	3	-	10,000	(10,000)
Non-current	3	38,129	8,856	29,273
Total other financial assets	3	38,129	18,856	19,273
Forestry Investments	4	22,064	15,881	6,183
Investment in subsidiaries	5	59,981	85,736	(25,755)
Property, plant and equipment	6	644,122	654,219	(10,097)
Debt				
Current debt	7	9,441	26,722	17,281
Non-current debt	7	118,050	159,931	41,881
Total debt	7	127,491	186,653	59,162

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 EMU's of $28.0 million due to a revised payment schedule reduced grant revenue by $2 million.

- Lower project expenditure including Ganz Mavag upgrade/replacement $11.9 million, real time information and infrastructure upgrades of $4.6 million reduced grant revenue by $4.2 million.

2. Finance Costs

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

3. Cash and cash equivalents and Other financial assets

Cash and other financial depoists held at balance date is higher than budget due to the prefunding of capital expenditure that was delayed

4. Forestry investments

Greater Wellington's forestry investments are valued each year. Higher market prices at year end resulted in an 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 GW 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 $9.3 million compared to a budget of $35 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

Debt has shifted to long-term from current in alignment with councils treasury management policy. Overall term debt was lower than budget due to the lower level of capital expenditure compared to budget.

Note 30 Events occurring after balance date

On 10 August 2012 Pringle House was declared earthquake-prone in terms of the Building Act 2004 by the Wellington City Council. Council is considering it options with regard to the building. There are no other subsequent events.

Groups of activities

Resource management	**xxx**
Transport	**xxx**
Water supply	**xxx**
Parks and forests	**xxx**
Safety and flood protection	**xxx**
Land management	**xxx**
Regional sustainable development	**xxx**
Community	**xxx**

For each activity the actual achievement is compared to the short-term targets as set out in the *2011/12 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.

A highlight for the year was the launch of Air, Land and Water in the Wellington Region – state and trends report, which is the most comprehensive report into the state of the regions environment since 2005. Along with a region wide overview, these reports have also been prepared with a sub-regional focus so different parts of the region can see how their environment is faring. This sub-regional focus is consistent with Greater Wellington's overall move to catchment based planning, monitoring and reporting.

Overall, the findings these reports show that our region's air is clean in most places, we've plenty of good soils, and most of our beaches and many of our rivers and streams are safe to swim in on most occasions. However, we do have localised pressures around water quality and quantity, and the amount of water taken for agricultural and public supply continues to grow.

Much of the work that happens in Greater Wellington's state of the environment monitoring programme in turn supports the review of the regional resource management plan, and the last year has again been focused on working with Te Upoko Taiao – Natural Resource Management Committee on the review of our regional plan. The last twelve months have seen an ongoing programme of community engagement around the plan, and the development of policy options around areas such as freshwater management, coastal biodiversity and land use. We have also made excellent progress around the resolution of appeals on the Regional Policy Statement and have reached mediated outcomes on almost all of the issues under appeal.

We issued 575 consents in 2011/12, 99.8% of which were processed in statutory timeframes, and successfully defended all enforcement actions that were subject to appeal. We also responded to more than 1000 pollution incidents (slightly less than last year), and prepared our annual environmental regulation annual report cards. Our year was dominated in many respects by our work with the Environmental Protection Agency around the Transmission Gully Board of Inquiry process. We have also successfully engaged with industry in rolling out a new earthworks compliance 'scoring' system, held a number of workshops on implementing the water meter regulations, and have met with many dairy farmers to introduce the dairy effluent pond storage calculator which has been developed in conjunction with the dairy industry.

Work around the Wairarapa Water Use Project continued throughout the year with investigations around the potential for the Wairarapa valley to store water in winter and distribute it for a variety of community and agricultural uses during the dry season. Possible storage sites have been reduced from around 240 to less than 30, demand management assessments are being undertaken, and a Stakeholder Advisory Group has been set up to ensure that the community is strongly involved in ensuring that the project carefully balances the environmental, cultural and social needs of the community. Assuming that all aspects of the

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.

project continue to remain viable, the next step project will be to undertake more detailed feasibility studies in relation to a small number of sites where storage may be viable.	

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	39% of applicants and consent holders rate their overall level of satisfaction as excellent or very good, (compared to 40% in 2008), while 66% rate it between good and excellent.
There will be no recorded instances where air quality breaches the national environmental standards	The National Environmental Standard for air quality (PM10) was breached in the Wairarapa airshed in May 2012. This compares with no breaches in 2010/11 and total of five breaches between 2006 and 2010/11.
All bathing sites (coastal and freshwater) will comply with the national recreational water-quality guidelines	Water quality at popular rivers sites across the region is generally good. 20 of the 23 rivers swimming spots monitored met the national guidelines for safe swimming at least 85% of the time over the five summers 2006 – 2010. 67 out of the 77 coastal beach sites monitored met the national guidelines for safe swimming 90% or more on sampling occasions. A report was completed this year on the bathing beach Suitability For Recreational Grades (SFRG) this identified that there was no significant difference from the previous review (2006) at freshwater sites, however there has been an overall improvement at the coastal sites with 21 sites improving (of the 75 sites monitored) whilst 13 sites declined.
Nitrate-nitrogen concentration in groundwater will not exceed 50% of the New Zealand Drinking Water Standard	No sites monitored exceeded the NZ drinking water Standard, however ~ 8% exceeded 50% of the NZ Drinking Water Standard.
Water quality in key streams, rivers and lakes will be maintained or enhanced	Overall Water Quality at most of the 55 sites was largely unchanged from 2006 – 2011. Where trends could be seen, some improvements included decreasing soluble nitrogen levels. However, there are a number of sites where deteriorating trends could be observed such as increasing levels of soluble phosphorus or a drop in water clarity.
River flows and ground water levels will be maintained above the minimum levels	Minimum levels were maintained.
No decline in soil quality	A number of sites surveyed (vegetable growing and dairying areas) showed declines in some aspects of soil quality
The number of reported pollution incidents will decrease on an annual basis	The number of reported pollution incidents in 2011/12 was 1055, compared with 1,174 in 2010/11 and 1,157 in 2009/10.

Activity: Resource management planning

SHORT-TERM targets by 30 June 2012	Actual
A Proposed Regional Plan(s) for the management of the region's soils, freshwater, air, coasts and land will be approved by the Council for public consultation, within a budget of $481,000. This budget was increased to $519,347 in the Annual Plan 2011/12.	Te Upoko Taiao – Natural Resource Management committee met throughout the year to progress the development of the regional plan. Issues and Objectives for the management of the region's natural resources have been identified, and draft policy has been developed in areas such as air quality, biodiversity and water. The programme of community engagement continued through out the year. Various workshops with tangata whenua also occurred throughout the year to discuss issues such as the identification of sites of significance to tangata whenua for scheduling in the plan.

	Actual costs were $940,227 which is more than budget because there was additional staff time allocated to the review. This re-focusing of staff priorities is driven by; the additional work required to bring together the regions five existing plans into one plan, the need to focus more on the review and less on other processes, and the decision to advance some areas of work around the plan review

Activity: Resource consent service

SHORT-TERM targets by 30 June 2012	Actual
100% of resource consents will be processed within statutory timeframes and in compliance with Resource Management Act, within a budget of $696,000. This budget was increased to $709,298 in the Annual Plan 2011/12.	574 (99.8%) out of 575 consents were processed within statutory timeframes, compared to 590 (98.7%) of 598 consents processed in 2010/11. There was only one late consent - a water permit application from our 'historical backlog' which had been on hold for some time awaiting further information. Actual costs were $1,028,700 which is more than budget because the larger consents (Roads of National Significance, & Windfarms) required more technical input and more consultants costs, much of which was recovered through fees and charges.
100% consent decisions appealed to the Environment Court will be successfully defended, within a budget of $37,000. This budget was increased to $80,050 in the Annual Plan 2011/12.	We successfully defended five appeals in 2011/12 all resolved by mediation. One new appeal was received during 2011/12. Actual costs were $69,997.
Two workshops on specific issues will be held for consent customers, within a budget of $61,000. This budget was increased to $73,209 in the Annual Plan 2011/12.	Workshops were held in September for Earthworks contractors and consultants to introduce the compliance 'points scoring system'; and in December for water meter installers and verifiers as part of our implementation of the national regulations for water metering and reporting. Actual costs were $83,908

Activity: Compliance and enforcement

SHORT-TERM targets by 30 June 2012	Actual
100% of compliance inspections for all major consents with an individual monitoring programme will be completed, within a budget of $502,000. This budget was reduced to $465,099 in the Annual Plan 2011/12.	2,217 (96.9%) of 2,289 scheduled inspections were completed, compared with 2,164 inspections in 2010/11. The 72 inspections not completed were all self inspections required from swing mooring consent holders. Actual costs were $267,800 which is less than budget due to staff vacancies in compliance area & less time spent than forecast on compliance inspections.
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 $36,000. This budget was reduced to $31,162 in the Annual Plan 2011/12.	37 consents were not subject to an individual monitoring programme. Of these 4 (10.8%) were subject to a monitoring inspection. Actual costs are $17,942 which reflects the reduced staff time required in this area.
100% enforcement actions taken will be successful, within a budget of $68,000.	19 prosecution charges were laid on three new prosecutions. We successfully defended all eight prosecutions and appeal cases heard by the Environment Court/District Court. 57 abatement notices and 54

This budget was reduced to $64,000 in the Annual Plan 2011/12.	infringement notices were issued. Actual costs were $175,004 which is more than budget due to more significant enforcement action this year than forecast, involving increased court work.

Activity: Pollution prevention and control

SHORT-TERM targets by 30 June 2012	Actual
100% of environmental pollution incidents will be responded to according to the following timeframes : • Log only: no action required • Red (serious adverse environmental effect which requires 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 Within a budget of $362,000. This budget was reduced to $228,184 in the Annual Plan 2011/12.	The average response times were met: • Red – 7.5 minutes (target 60 minutes) • Yellow – 11.5 hours (target 24 hours) • Blue – 2.5 days (target 7 days) Regarding actual response times, the number of incidents that exceeded the target were as follows: • Red – 63 incidents (11%) • Yellow – 1 incidents (<1%) • Blue – 2 incidents (4%) Actual costs were $183,676 which is less than budget because less staff time was required for incident response and more time was spent on enforcement work.
20 businesses will be audited for compliance with the RMA and regional plans, within a budget of $91,000. This budget was reduced to $46,338 in the Annual Plan 2011/12.	10 new audits were completed. While this is less than the target of 20, the Take Charge position has dropped from 1FTE to 0.5FTE since the target was set. Actual costs were $32,306 which is less than budget. Savings in staff time were used on regulation procedure and project work.

Activity: Wairarapa Water Use Project

SHORT-TERM targets by 30 June 2012	Actual
Progress the feasibility study to the satisfaction of the Council, within a budget of $750,000. This target was added in the Annual Plan 2011/12.	The feasibility study progressed to the satisfaction of the Council. Progress this year included: • establishment of the Leadership Group, Stakeholder Advisory Group and Science Steering Group • significant progress with the On-farm water demand survey • establishment of Wairarapa Water Use Project website • completion of project scoping • identification and assessment of possible storage sites – refining the list of possible sites from 243 to 40. • gaining agreement in principle for a grant from the Government's Irrigation Acceleration Fund to fund up to $1,000,000 for the 2011/12 and 2012/13 years. $1,000,000 represents 50% of the budgeted costs of the project for that timeframe. Actual costs were $628,000

Activity: State of the environment monitoring

- Environmental monitoring and reporting
- Targeted environmental investigations

SHORT-TERM targets by 30 June 2012	Actual
A comprehensive state of the environment report will be completed to the satisfaction of the Council and thereafter publicly distributed, within a budget of $1,978,000. This budget was reduced to $1,783,075 in the Annual Plan 2011/12.	A set of leaflets summarising eight technical reports on the state and trends in air, land and water resources were published in June. Annual monitoring reports for 2010/11 are being finalised and a single summary 'report card' will be published in the first quarter of 2012/13. Actual costs were $2,169,368 which is higher than budget because additional staff time was required to complete the leaflets and technical reports
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 $55,000. This budget was reduced to $45,136 in the Annual Plan 2011/12.	No notifications were required because the Waiwhetu aquifer was well above the low level warning in the period. Actual costs were $86,162 which is higher than budget because additional work was required on the monitoring bores.
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 • Green – low or no public health risk • Amber – alert mode requiring follow-up monitoring • Red – action required and beach closed Within a budget of $64,000. This budget was reduced to $55,489 in the Annual Plan 2011/12.	The 2011/12 bathing season finished in March; monitoring data collected over the summer were published on the Greater Wellington website as the results of testing became available. A final report for the season will be completed in the first quarter of 2012/13. A report on the suitability for recreational grades was completed including detailed analysis of the State of the Environment long term monitoring data set. Actual costs were $288,188 which is higher than budget because additional reports and analysis was undertaken to inform the long term State of the Environment report and review the existing network.
Real-time environmental data will be available on Greater Wellington's website throughout the year, within a budget of $43,000. This budget was increased to $57,456 in the Annual Plan 2011/12.	Real time data relating to: • Air quality • Meteorology • River flows • Rainfall • Groundwater levels • Lake level • Soil moisture • Tide level was available on the Greater Wellington website through out the year. Actual costs were $20,055 which is less than budget because additional work to complete the long term SOE report undertaken in other projects off set the required expenditure for this programme.
Targeted investigations will be completed in a timely manner and to the satisfaction of the Council, within a budget of $599,000. This budget was reduced to $515,530 in the Annual Plan 2011/12.	A number of investigations relating to the Wairarapa Moana hydrological model were unable to be completed due to climatic conditions and will now be completed in 2012/13. Reporting on the Kapiti aquifer model, Hutt model upgrade and refinement of the Wairarapa conjunctive use model has been deferred to 2012/13, as resources were focused on producing the long term State of the Environment report. Actual costs were $285,286 which is less than budget because of prioritisation of reporting for the long term State of the Environment report and associated technical reports.

Activity: Environmental education and community engagement

SHORT-TERM targets by 30 June 2012	Actual
2,000 primary school students will participate in a Take Action environmental education programme, within a budget of $290,000. This budget was increased to $330,000 in the Annual Plan 2011/12.	We delivered Take Action for Water to 1,350 students (48 classes). Actual costs were $157,000. The reduced number and cost was due to discontinuing the programme following a review of all Biodiversity programmes.
Community groups will work on restoration of 30 degraded ecosystems through the Take Care programme, within a budget of $305,000. This budget was reduced to $235,000 in the Annual Plan 2011/12.	Through the Take Care programme community groups worked on 32 degraded ecosystems. Actual costs were $201,000.
25 businesses will be assisted to improve their environmental performance through the business sustainability programme and the E-mission carbon reduction programme, within a budget of $41,000.	This target was removed in the Annual Plan 2011/12.

Resource management
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement		
General rates	9,571	9,571
Government subsidies	310	-
Interest and dividends	14	-
Other operating revenue	2,719	1,685
Operating revenue	**12,614**	**11,256**
Direct operating expenditure	12,278	10,832
Finance costs	46	63
Depreciation	300	294
Operating expenditure	**12,624**	**11,189**
Operating surplus / (deficit)	**(10)**	**67**
Less:		
Capital expenditure	618	1,059
Proceeds from asset sales	(31)	(42)
Loan funding	(281)	(750)
Rates funded capital expenditure	**306**	**267**
Loan-funded improvement grants		
Debt repayment	169	224
Operational reserve movement	(65)	(130)
Working capital movements	-	-
Non-cash items	(272)	(294)
	(168)	(200)
Net funding surplus / (deficit)	**(148)**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Resource management planning	2,196	2,171
Resource consent & compliance service	4,363	3,454
Pollution control	472	471
State of the environment monitoring	4,504	4,391
Environmental education and engagement	1,079	769
Total operating revenue	**12,614**	**11,256**
Operating expenditure		
Resource management planning	2,301	2,176
Resource consent & compliance service	4,526	3,485
Pollution control	349	471
Monitor the state of the environment monitoring	4,455	4,332
Environmental education and engagement	993	725
Total operating expenditure	**12,624**	**11,189**
Capital expenditure		
Wairarapa Water Use Project	317	750
Capital project expenditure	**317**	**750**
Land and buildings	14	-
Plant and equipment	124	135
Vehicles	163	174
Total capital expenditure	**618**	**1,059**

Note 1 - The above funding impact statement includes inter-organisational transactions. These include revenue, expenditure and finance costs.

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 completed the Regional Land Transport Programme 2012-15 for submission to the New Zealand Transport Agency (NZTA). NZTA will incorporate the regional programme into the National Land Transport Programme which determines projects and activities to be funded from the National Land Transport Fund. We also commenced a major study investigating the feasibility of high quality, high frequency public transport options through Wellington City from the railway station to the regional hospital (Wellington Public Transport Spine Study).

We completed the update of the regional transport model and have developed a new public transport model. These models are able to compare different transport scenarios and any effects of changes to the transport network. This information assists with the planning of the transport network in the region.

We continue to promote road safety and sustainable transport choices. These included walking, cycling and carpooling to help reduce severe road congestion. Our Let's Carpool programme was expanded to become a national website and brand with Auckland, Waikato, Nelson, Manawatu/Wanganui, Taranaki and Bay of Plenty regions choosing to participate.

We continued our work contracting and funding public transport services and maintaining related infrastructure. Highlights for the 2011/12 year include:

- Launching new Matangi trains on the Kapiti line in August 2011
- Introducing a further 27 Matangi trains into service
- Consulting on the Wellington City Bus Review which attracted significant public interest
- Providing additional public transport services during the Rugby World Cup
- Completing the new Wellington Regional Public Transport Plan 2011-2021
- Rolling out real time information to Hutt Valley bus services
- Upgrading public transport infrastructure including 15 new bus shelters and upgrades to stations and park and ride spaces

We continued to fund the Total Mobility Scheme which provides subsidised transport for people with disabilities.

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

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 2011/12, passenger transport accounted for 19.1 million peak period trips, up from 18.8 million in 2010/11. Bus trips made up 62% of the total trips, rail trips 38% 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 CO2 emissions will remain below 1,065 kilotonnes per annum until 2016	In 2011/12, transport generated CO2 emissions totalled 1,076 kilotonnes, a decrease of 0.9% compared to 2010/11.
Average congestion on selected roads will remain below 20 seconds delay per km despite traffic growth	All day average congestion was 22.2 seconds delay per kilometre travelled in March 2012. This is a slight increase from 21.6 seconds delay in March 2011. 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	The five-year rolling average annual road toll for the region has continued to decrease from 19.6 deaths per year for 2006-2010 to 16.0 deaths per year for 2007-2011. This decline is almost certainly, to some extent, a result of road controlling authorities addressing roading network deficiencies. For the 2011 calendar year 0 fatalities were attributable to road factors.
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 and the Regional Land Transport Strategy 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 24.8 minutes in March 2012, a slight increase from 24.3 minutes in March 2011.

Activity: Regional transport network planning

SHORT-TERM targets by 30 June 2012	Actual
A monitoring report on Regional Land Transport Strategy will be approved by the Regional Transport Committee for publication by 30 September 2011, within a budget of $90,000. This budget was reduced to $80,000 in the Annual Plan 2011/12.	The monitoring report on the Regional Land Transport Strategy for 2010/11 was adopted by the Regional Land Transport Committee in October 2011. Actual costs were $48,000. Efficiencies were made by revising the methodology of the transport perceptions survey component of the report. This reduced the overall cost.
A reviewed Freight Plan will be approved by the Regional Transport Committee by 30 June 2012, within a budget of $4,000.	This target was met in 2010/11 and removed in the Annual Plan 2011/12.
The technical work for the transport model rebuild will be	The technical work for the transport model rebuild has

completed, within a budget of $604,000. This target changed in the Annual Plan 2011/12 to To update the strategic transport model to the 2011 base year and develop a Public Transport model, within a budget of $1,300,000.	been completed. The transport model update, including development and inclusion of a public transport model, has been completed. Documentation and peer review of the model is now being prepared. Actual costs were $1,066,000.
The Regional Land Transport Programme will be approved by the Council for submission to the New Zealand Transport Agency, within a budget of $159,000. This budget was reduced to $120,000 in the Annual Plan 2011/12.	The draft Regional Land Transport Programme 2012-15 was approved for consultation by the Regional Transport Committee on 9 March 2012. The final Regional Land Transport Programme was approved by the Council on 27 June 2012 and submitted to the New Zealand Transport Agency. Actual costs were $106,000.
The Wellington Public Transport Spine Study will have made significant progress, with the first three phases complete and public consultation on the options ready to commence, within a budget of $750,000. This target was added in the Annual Plan 2011/12.	Significant progress has been made with the completion of the Scoping and Inception Report; the International Review; a report on initial community engagement; and the Long List evaluation technical note. Significant progress has also been made on the Medium List evaluation with publication of that report scheduled for August 2012. The project remains on track to meet its scheduled completion date. The process and milestones for this project have been altered by the Steering Group and the full public consultation is now programmed for April 2013. Actual costs were $642,000. The remaining budget is expected to be spent in 2012/13.
A reviewed Hutt Corridor Plan will be approved by the Regional Transport Committee by 30 September 2011, within a budget of $94,000. This target was added in the Annual Plan 2011/12.	The Hutt Corridor Plan 2011 was approved by the Regional Transport Committee on 27 October 2011. Actual costs were $1,500 Instead of using consultants to carry out the work (as originally budgeted for) the work on the Hutt Corridor Plan was carried out internally, thereby reducing costs considerably.

Activity: Encouraging sustainable transport choices

SHORT-TERM targets by 30 June 2012	Actual
New travel plans will be developed by 16 schools and four workplaces, and all existing travel plans in schools and work places will be monitored/reviewed, within a budget of $824,000. This budget was reduced to $621,000 in the Annual Plan 2011/12.	16 new schools joined the school travel plan programme, bringing the total number of schools involved in the programme to 61 (over 20,000 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 – 1181 participants from 80 workplaces ▪ Streets Alive Walking Challenge ▪ Let's Carpool programme – 2222 registrants. Expansion to national website with 6 regions signed up. Actual costs were $652,000
At least one community travel behaviour change project will be supported, within a budget of $89,000.	This target was combined with wider public awareness campaigns in the Annual Plan 2011/12.
Walking and cycling initiatives will be facilitated. The	Walking and cycling initiatives included:

Cyclist and Walking Journey Planner will be maintained and the region's Active Transport Forum will be facilitated, within a budget of $230,000. This budget was reduced ton $189,000 in the Annual Plan 2011/12.	▪ Improvements to the Cycling and Walking Journey Planner with 35% increase in use from 2010/11. ▪ Re-design, printing and distribution (9,000 copies) of Regional Cycling Maps, followed by an update and printing of a second edition. ▪ Running a folding bike promotion Quarterly Active Transport Forums continued with positive attendance and contributions from local councils and advocacy groups. Actual costs were $219,000
The Regional Road Safety Campaign will be supported and reported to the Regional Transport Committee, within a budget of $21,000. This budget was increased ton $69,000 in the Annual Plan 2011/12.	Activities included: ▪ Developing a Minder system for the Last Choice crash car to be displayed at regional schools and road safety events as well as displaying it to the wider community ▪ Two bus driver/cyclist awareness workshops and created display materials for a third bus depot. ▪ Continuing the Mind the Gap cycle and pedestrian safety campaign ▪ A road user visibility "Be Safe – Be Seen" campaign including an updated review of bicycle lights test and promoted the best lights with discount vouchers ▪ Created a pedestrian safety campaign including a video "A Two-Way Street". The video was viewed on YouTube over 5,000 times. A related TV3 News story was viewed online over 9,000 times ▪ Continuing to host quarterly Regional Road Safety Coordinators Planning Forums Actual costs were $85,443
Public awareness campaigns will be carried out to promote walking, cycling and public transport, and to discourage unnecessary car trips, within a budget of $161,000. This budget was increased to $223,000 in the Annual Plan 2011/12.	Public awareness campaigns included: ▪ Encouraging new movers into and within the region to use the wide range of transport options available ▪ Distributing the Getting Around transport options brochure ▪ The three-week sustainable transport challenge 'Spring to the Street' attracted 1760 registrants from over 110 workplaces in the region ▪ Distributing the Road Code for cyclists to all regional schools and public libraries ▪ Training 48 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 $199,000

Activity: Public transport services

SHORT-TERM targets by 30 June 2012	Actual
Service reviews of two contract areas will be completed and reported to the Council, within a budget of $159,000. This budget increased to $250,000 in the Annual Plan 2011/12.	The Wairarapa bus review has been completed and changes to the bus services will commence from 30 September 2012.

	Work continues on the Wairarapa rail review and options are being discussed with KiwiRail. In the short-term, train sizes may be reconfigured to increase peak capacity on some services. Discussions with Kiwirail on longer term capacity issues are ongoing. The final round of consultation on the Otaki bus review was completed in December, and services changes commenced on 5 June 2012. The Wellington bus review has commenced and is scheduled for completion in early 2013, after which detailed implementation planning will commence. There has been a high level of interest in this review and a number of public transport information sessions were held with stakeholders to discuss various options following on from the earlier public consultation. Actual costs were $283,000
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 $159,629,000. The number of bus and train services running on time will improve from the previous year. This budget for public transport services was increased to $267,481,000 in the Annual Plan 2011/12.	Peak-time public transport passenger trips increased by 1.7% and off-peak public transport passenger trips decreased by 1.0%, compared to the previous year. 77 trains were wheelchair accessible, compared to 55 trains last year. 100% trains are now wheelchair accessible. 322 buses are wheelchair accessible compared to 298 last year. 91.6% of train services ran on time (to 5 minutes) compared to 90.0% for the previous year. 99.8% of bus services ran on time (to 10 minutes). This is the same as the percentage for the previous year. Actual costs were $224,420,000 The full budgeted amount has not been spent due to timing of payments for the new Matangi trains, along with deferral of the Ganz Mavag replacement or refurbishment project while the Council further considers options.
All 48 new Matangi trains will be in passenger service, within a budget of $13,034,000. This budget was increased to $144,893,000 in the Annual Plan 2011/12.	At the end of June 2012, 36 Matangi trains were in passenger service. A further nine are in Wellington undergoing commissioning testing and the remaining three will be delivered in September 2012. Actual costs were $116,882,000 The full budgeted amount has not been spent due to timing of payments for the new Matangi trains.
A rail station and carpark upgrade programme will commence, within a budget of $6,453,000. This budget was reduced to $2,500,000 in the Annual Plan 2011/12.	The upgrade programme commenced and work completed includes: • Kenepuru station platform repairs carried out over the Christmas rail shutdown • Significant repairs to Naenae station with work scheduled for completion in August 2012 • Numerous safety remedial works were undertaken across the network on the worst condition assets Actual costs were $1,893,000 Due to poor weather and shortages in availability of materials the Naenae Station upgrade was delayed.

	The Naenae Station upgrade will be completed in the 2012/13 year.
15 new bus shelters will be installed across the region, within a budget of $265,000. This budget was reduced to $250,000 in the Annual Plan 2011/12.	15 new shelters were installed. Actual costs were $235,000
More than 90% of residents will rate the service they receive from the Metlink Service Centre as excellent or very good More than 95% of calls to the Metlink Service Centre will be answered Metlink website usage and its usefulness rating will increase from the previous year Use of txtBUS and txtTRAIN will increase from the previous year Within a budget of $845,000. This budget was reduced to $817,000 in the Annual Plan 2011/12.	76% of residents surveyed in 2012 reported overall satisfaction with the service they received form the Metlink Service Centre, a decrease of 2% from the previous year. 95.4% of all calls to the Metlink Service Centre were answered and customers provided with the necessary travel information. There were 2,197,744 visits to the Metlink Website compared to 1,821,323 in the previous year, a 20.66% increase in usage. 70% of users in the annual satisfaction monitor found the website useful, compared to 67% in the previous year. There were 31,566 txtBUS messages received, a drop of 6.31% on the previous year. There were 9,820 txtTRAIN messages received, a 10% increase on the previous year. The txtTRAIN reporting console was unavailable in Oct, Nov and Dec, so these figures have been estimated. Actual costs were $714,000

Transport

Funding Impact Statement

		Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement	**Note**		
Targeted rate		46,352	46,352
Government subsidies	1	168,338	177,069
Interest and dividends		289	247
Other operating revenue		467	160
Operating revenue		**215,446**	**223,828**
Direct operating expenditure		94,585	96,816
Finance costs		2,751	4,154
Depreciation		607	587
Operating expenditure		**97,943**	**101,557**
Transport improvement expenditure		127,041	170,351
Operating surplus / (deficit)		**(9,538)**	**(48,080)**
Less:			
Capital expenditure	2	3,299	5,268
Proceeds from asset transfer	3	(5,309)	-
Loan funding		(58)	(1,236)
Rates and subsidy-funded capital expenditure		**(2,068)**	**4,032**
Loan-funded transport improvements		(16,452)	(53,678)
Debt repayment		3,527	4,406
Operational reserve movement		2,192	(2,253)
Working capital movements		-	-
Non-cash items		(607)	(587)
		(11,340)	(52,112)
Net funding surplus / (deficit)		**3,870**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Regional transport network planning	2,832	3,092
Encourage sustainable transport choices	1,215	1,212
Public transport services	211,399	219,524
Total operating revenue	**215,446**	**223,828**
Operating expenditure		
Regional transport planning	2,029	2,449
Encourage sustainable transport choices	1,181	1,187
Public transport services	94,733	97,921
		-
Total operating expenditure	**97,943**	**101,557**
Public transport services		
Transport improvement expenditure	127,041	170,351
Capital expenditure		
New public transport shelters, signage, pedestiran facilities and transport systems	3,299	5,268
Capital project expenditure	3,299	5,268
Vehicles	-	-
Total capital expenditure	**3,299**	**5,268**

Note 1 - Greater Wellington receives Government subsidies to fund various transport projects. Revenue is only recognised when improvement expenditure is incurred. Both revenue and expenditure is below budget due to lower expenditure for purchase of Matangi EMU's due to delays in delivery as well as lower expenditure on Real time information and trolley bus infrastructure renewals.

Note 2 - The above funding impact statement includes inter-organisational transactions. 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.

Our success over recent years in improving the effectiveness and efficiency of water supply system while reducing costs was recognised in being awarded "Special Recognition" at the IPANZ Gen-i Public Sector Excellence Awards 2012.

In 2011/12, we supplied 50,722 million litres of water, or 138.6 ML/day on average. This represents a reduction of 3.9% from last year, and the lowest annual supply total found in records going back to 1974. We supplied an average of 351 litres per person per day.

The water we supply continues to be of the highest quality. Our treatment plants, and our distribution system, have the highest quality grading possible[1].

We are continuing work to upgrade the Stuart Macaskill Lakes to ensure that stored water is retained after a major earthquake and to increase storage volume. Work on Lake 2 will be complete in August 2012 and work on Lake 1 is due to start in November 2012, once Lake 2 has been refilled. In 2011 we were granted permission to take extra water from the Hutt River, if required, during the summer construction period. We did not need to take extra water, as the relatively poor summer weather and the success of our public awareness campaign held demand at historically low levels.

We succeeded in meeting our sustainability target of reducing greenhouse gas emissions by 15% by 2012. We generated 2,300 MWh of electricity, which is 13% of the total need to run the water supply.

Work on planning for the region's future water supply continues. A decision on the next major source upgrade, is expected in late 2012. The timeframe has been extended from what was previously planned to allow collection of additional information. We are also investigating options to improve the service potential of existing infrastructure with a view to deferring major capital investment as much as possible while meeting

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.

agreed service levels.

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

2 Greater Wellington also publishes a separate Water Supply Annual Report. The Annual Report for the year ending 30 June 2012 will be available from November 2012 and can be viewed on the Council website at www.gw.govt.nz

Water supply

LONG-TERM targets by June 2019	Actual
All water supplied will meet the Drinking Water Standards for NZ 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	100% compliance with Drinking Water Standards was achieved and treatment plant gradings were maintained 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 Councils preference for an unchlorinated supply from this plant) Gear Island - A1 Distribution system - a1
Supply security will meet a 2% probability of shortfall (one in 50-year drought standard)	Security of supply exceeded the target, with a modelled probability of shortfall of 1.5% (1 in 67 year drought).
The ISO 14001:2004 standard for environmental management will be maintained	The ISO 14001:2004 standard for environmental management was maintained
Improvements to the resilience of the system will be carried out annually to the satisfaction of Council	A total of 24 projects with resilience as the primary benefit were completed in 2011/12. This was 52% of the total capital expenditure budget, or $4.74m, with $3.68m of this invested in the seismic upgrade of the Stuart Macaskill Lakes.
Per capita gross consumption of water will decrease at a rate of at least 10% over 10 years	To date, per capita supply has reduced by 12% over four years since 2007/08 from 399 litres per person per day to 351 litres per person per day.

Activity: Water collection, treatment and delivery

SHORT-TERM targets by 30 June 2012	Actual
Water will be supplied to the four cities in the region 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 no more than 2.0% probability of shortfall (1 in 50-year drought) There will be no deferred maintenance in the system Within a budget of $24,975,000. This budget was reduced to $22,877,000 in the Annual Plan 2011/12.	100% compliance with drinking water standards was achieved and there were no significant issues with meeting demand Treatment plant gradings were maintained Security of supply is a modelled probability of shortfall of 1.5% (1 in 67 year drought). This is for a supplied population of 395,000 people, and excludes the benefit of storage increase at the Stuart Macaskill Lakes There is no deferred maintenance Actual costs were $22,207,618

Activity: Water supply infrastructure

SHORT-TERM targets by 30 June 2012	Actual
Assets will be replaced or enhanced in accordance with the asset- management plan, within a budget of $911,000. This budget was increased to $920,000 in the Annual Plan 2011/12.	Assets have been replaced as set out in the capital expenditure programme Actual costs were $829,096
Asset management plans will be maintained in accordance with best practice (eg, International Infrastructure Management Manual or (BS/PAS 55:2003), within a budget of $244,000. This budget was reduced to $230,000 in the Annual Plan 2011/12.	The major review of our 2008 Asset Management Plan was complete by June 2012, however, certification to BS/PAS 55 has been delayed due to this standard being replaced by an ISO standard 55000. Actual costs were $218,000

Activity: Planning for future water demand and supply

SHORT-TERM targets by 30 June 2012	Actual
Major infrastructural developments will be undertaken in accordance with the Wellington Water Supply Development Plan within a budget of $12,300,000	The Plan provides for increasing the storage volume of the Stuart Macaskill Lakes (underway). At current rates of water use, this improvement will maintain the security of supply standard until 2019. However, if the trend toward reduced water use continues this date can be pushed out. Options for the future development of the regional bulk water supply system's capacity continue to be investigated, in conjunction with development of a region-wide strategy for emergency water supplies. Actual costs were $5,141,000 The full budgeted amount has not been spent due to changes in the timing of works outlined above, including land purchases of $4,000,000 being deferred. Other deferments are outlined below.

Raising of water level of Stuart Macaskill Lakes will continue, within a budget of $2,647,000. This budget was reduced to $2,500,000 in the Annual Plan 2011/12.	This two year project is on programme with actual costs for year one of $1,350,210.
Network valves will be upgraded, within a budget of $318,000.	This target was deferred in the Annual Plan 2011/12 to allow further investigations to be carried out
Preliminary design and planning for the CBD reservoir will be carried out, within a budget of $212,000.	This target was removed in the Annual Plan 2011/12
Design of Upper Hutt aquifer will be carried out, within a budget of $529,000.	This target was deferred in the Annual Plan 2011/12 because other options for a future source are being investigated.
Construction for the seismic upgrading of the Stuart Macaskill Lakes will continue, within a budget of $4,764,000. This budget was increased to $5,500,000 in the Annual Plan 2011/12.	This two year project is on programme with actual costs for year one of $3,679,924

Activity: Water conservation programmes

SHORT-TERM targets by 30 June 2012	Actual
Increases in total consumption will be held to levels consistent with population change and targets for per head consumption, within a budget of $518,000. This budget was increased to $578,000 in the Annual Plan 2011/12.	We supplied 50,722 million litres (ML) of water – an average of 138.6 ML/day -the lowest annual supply total in records to hand, going back to 1974. On a per capita basis, we supplied 351 litres per day last year on average. To date, per capita supply has reduced by 12% over four years since 2007/08. Actual costs were $458,753

Water supply

Funding Impact Statement

	Note	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement			
Water supply levy		24,164	24,164
Interest and dividends		660	647
Other operating revenue		2,578	1,043
Operating revenue		**27,402**	**25,854**
Direct operating expenditure	1	19,392	17,268
Finance costs		3,204	3,665
Depreciation		8,334	8,255
Operating expenditure		**30,930**	**29,188**
Operating surplus / (deficit)		**(3,528)**	**(3,334)**
Less:			
Capital expenditure		9,503	16,809
Proceeds from asset sales		(142)	(117)
Loan funding		(9,037)	(16,307)
Levy funded capital expenditure		**324**	**385**
Debt repayment		3,614	3,597
Investment additions		1,148	1,047
Operational reserve movement		107	(108)
Working capital movements		-	-
Non-cash items		(8,721)	(8,255)
		(3,852)	(3,719)
Net funding surplus / (deficit)		**(0)**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Plan, collect, treat and deliver water	26,774	25,229
Water conservation programmes	628	625
Total operating revenue	**27,402**	**25,854**
Operating expenditure		
Plan, collect, treat and deliver water	30,348	28,624
Water conservation programmes	582	564
Total operating expenditure	**30,930**	**29,188**
Capital expenditure		
Water sources	5,141	12,280
Water treatment plants	665	920
Pipelines	1,254	1,090
Pump stations	-	80
Monitoring and control	532	762
Seismic protection	97	300
Energy	93	240
Reservoirs	10	-
Other	1,245	634
Capital project expenditure	**9,037**	**16,306**
Plant and equipment	-	91
Vehicles	466	412
Total capital expenditure	**9,503**	**16,809**

Note 1 - The above funding impact statement includes inter-organisational transactions. 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 positive and durable relationships we have with volunteers and Friends' groups that contribute so much to the parks network have continued to flourish this year. There have been regular meetings with parks Friends' groups to increase collaboration and involvement in park management. Friends' groups have been closely involved in planning for the future of Baring Head/Ōrua-pouanui, reviewing land management in Queen Elizabeth Park and developing the Heritage Framework at the same park. Greater Wellington continues to appreciate the many hours that the Friends' groups and parks volunteers contribute to environmental restoration and recreational projects in our parks.

A highlight for the year was the collaboration with the Kapiti US Marines Trust to commemorate the 70th anniversary of the US Marines occupation of Queen Elizabeth Park during World War II. As well as celebrating this event, the project also resulted in an upgraded and well publicised US Marines memorial in the park, and a defined route for the new Yankee Trail from Paekakariki to Whareroa Road.

Whitireia Park, of which Greater Wellington took over day to day operation in March 2011, is now well integrated into the parks network. Close working relationships have been developed with Ngāti Toa Rangatira through the Whitireia Park Board. There have been improvements in the park such as the upgraded Te Onepoto Loop track and refurbished public toilets which, along with extensive mowing of roadside and picnic areas, means the park has a more cared for and accessible look to it.

Greater Wellington and the Port Nicholson Block Settlement Trust have established a Roopu Tiaki (management group) to develop and implement a management plan for the Parangarahu Lakes Area. Developed as a result of the finalisation of a Memorandum of Understanding between the Port Nicholson Block Settlement Trust and Greater Wellington, the Roopu Tiaki is an exciting partnership that will allow for the collaborative management of the lakes block, and will be instrumental in forming the work plan for the area into the future.

A draft amendment to the Parks Network Plan was prepared to incorporate the management of Baring

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

Head/Ōrua-pouanui. This included extensive research and community involvement.

There has been ongoing discussion with NZ Transport Agency over the various Roads of National Significance projects which affect three of the parks. The focus is to minimise the disruption to the parks, retain links and achieve some positive gains through retirement planting. There continues to be smaller scale applications for developments in the parks and these are assessed on a case by case basis.

A critical part of the management of the parks network remains the ongoing development and maintenance of assets through-out the network. This year major track upgrades were undertaken on Te Ara Tirohanga (Rimutaka Trig Track) as a part of the Muldoon's Corner upgrade project, and on the Kowhai Street Track to Butterfly Creek. Road safety and surfacing improvements were carried out at Whitireia Park and Baring Head/Ōrua-pouanui. Barriers on the main bridges in Kaitoke Regional Park were replaced, and a decaying historic radio mast at Baring Head/Ōrua-pouanui was removed.

Our annual Great Outdoors Summer Events programme was held over the summer months. This year 69 events were held with 14,174 attending, which is reasonably consistent with previous years.

Parks and forests

LONG-TERM targets by June 2019	Actual
Visits will exceed 1.5 million per annum	An estimated 968,615 visits were made to the Regional parks in 2011/12, compared with 766,545 in 2010/11.
65% of the regional residents aged 16+ will have visited a regional park or forest at least once in the past 12 months	63% of residents surveyed had visited at least one regional park in the last 12 months, compared with 59% in 2010/11.
90% of visitors will be satisfied with their recent park experience	96% of visitors were satisfied with the park they had visited, compared with 94% in 2010/11
More than 14,000 people will participate in the Regional Outdoors Programme	Renamed as the Great Outdoors Summer Events, this programme attracted a total 14,174 people, compared with 10,918 in 2010/11 and 12,236 in 2009/10..
The health of the ecosystems in the parks and forest areas will show a continual improvement	Permanent vegetation plot measurements have shown an improvement in the health of the forests, while significant increases in native bird numbers have been recorded in Wainuiomata Mainland island.
There will be no loss of regionally significant landscapes and heritage features	No consents were granted for new or major activities that would have a detrimental effect on regionally significant landscapes or heritage features in 2010/11.
Facilities will be developed and maintained according to asset-management plans that have been approved by Council	The asset management programme was carried out as planned.

Activity: Recreational, facilities and services

SHORT-TERM targets by 30 June 2012	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 $1,686,000. This budget was increased to $1,735,000 in the Annual Plan 2011/12.	The work programme was mostly completed as planned, with the asset maintenance projects undertaken in accordance with the asset management plans and achieving a much higher ratio of preventative to reactionary maintenance than in previous years. Stage 1 of the water reticulation system at Queen Elizabeth Park was completed. Bridge barriers on the three main bridges at Kaitoke Regional Park were replaced and now fully comply with the current building code. Actual costs $1,638,327 which is less than budgeted with some projects delayed due to bad weather and planning delays eg. The Dry Creek culvert funding has been rolled over into 2012/13.
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 $977,000. This budget was reduced to $591,000 in the Annual Plan 2011/12.	Ranger services were provided for 7 days per week in three parks (Queen Elizabeth, Kaitoke and Battle Hill). 5-day a week services were provided at Belmont, East Harbour, Wainuiomata/Orongorongo and the Akatarawa/ Pakuratahi Forest. A 3-day per week service was provided at Whitireia Park. Actual costs $448,242, which is lower than budget due to ranger vacancies during the year.

Activity: Parks network planning

SHORT-TERM targets by 30 June 2012	Actual
New parks management plans will start to be developed using the newly agreed structure and comprehensive community consultation. Progress will be to the satisfaction of Council, within a budget of $299,000. This target was changed in the Annual Plan 2011/12 to: Amendments to the Parks Network Plan to incorporate new parks will be developed to the satisfaction of the Council, within a budget of $164,818.	A draft amendment to the Parks Network Plan to incorporate Baring Head/Ōrua-pouanui was approved for consultation by Council on 14 March 2012. Submissions were heard by a committee on 14 June 2012. The final amendment will be considered by Council in August 2012. Actual costs were $198,000.

Activity: Environmental protection and enhancement

SHORT-TERM targets by 30 June 2012	Actual
Compliance with the environmental asset management plan – pest plant control will be achieved, within a budget of $1,152,000. This budget was reduced to $1,456,000 in the Annual Plan 2011/12.	The activities in the Environmental Asset Management Plan, including all pest control, planting programs and ecological monitoring have been completed. Actual costs were $1,147,400. A total of $201,000 has been carried forward to 2012/13 for possum control work for Akatarawa and Wainuiomata.

Activity: Marketing and community relations

SHORT-TERM targets by 30 June 2012	Actual
A marketing plan will be implemented such that 85% of residents will be able to freely recall a regional park or forest and 60% of residents will have visited one regional park in the previous 12 months. The Regional Outdoors Programme will be delivered and at least 5,000 people will attend the events led by Greater Wellington Within a budget of $216,000. This budget was reduced to $195,000 in the Annual Plan 2011/12.	80% of residents participating in the annual community usage and awareness survey indicated that they could freely recall at least one regional park, compared to 81% in 2010/11). 63% indicated that they visited at least one park in the last 12 months, compared to 59% in 2010/11. 14,174 people attended this year's Great Outdoors Summer event. 93% of the people surveyed who attended these events thought they were excellent. Actual costs were $141,543 which is lower than budget as some events were cancelled due to bad weather in the summer.
Eight "Friends of the Park" groups will have been actively involved in parks planning and management, within a budget of $10,000. This budget was increased to $23,000 in the Annual Plan 2011/12.	Nine groups are actively involved in the planning & management of the Parks. The majority focus on environmental restoration while others are focussed on recreation projects or advocacy. Actual costs were $21,647.
There will have been a 5% increase over the previous year in on-park volunteer hours, within a budget of $18,000. No budget was allocated to this target in the Annual Plan 2011/12.	On Park volunteer hours were 7,959, an increase of 29% on the 6,167 hours recorded in 2010/11

Parks and forests
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement		
General rate	5,832	5,832
Government subsidies	-	-
Other operating revenue	870	750
Operating revenue	**6,702**	**6,582**
Direct operating expenditure	5,820	5,916
Finance costs	263	276
Depreciation	639	573
Operating expenditure	**6,722**	**6,765**
Operating surplus / (deficit)	**(20)**	**(183)**
Less:		
Capital expenditure	534	665
Proceeds from asset sales	(75)	(108)
Loan funding	(244)	(353)
Rates funded capital expenditure	**215**	**204**
Debt repayment	345	295
Operational reserve movement	(29)	(109)
Working capital movements	-	-
Non-cash items	(572)	(573)
	(256)	(387)
Net funding surplus / (deficit)	**21**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Plan, manage and protect recreational facilities and services	6,056	5,936
Marketing and community relations	646	646
Total operating revenue	**6,702**	**6,582**
Operating expenditure		
Plan, manage and protect recreational facilities and services	6,138	6,119
Marketing and community relations	584	646
Total operating expenditure	**6,722**	**6,765**
Capital expenditure		
Park infrastructure upgrade	246	353
Capital project expenditure	**246**	**353**
Buildings	-	-
Plant and equipment	46	50
Vehicles	242	262
Total capital expenditure	**534**	**665**

Note 1 - The above funding impact statement includes inter-organisational transactions. These include revenue, expenditure and finance costs.

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*.

Significant decisions were made during 2011/12 that will see a new era in emergency management in the Wellington region. The region's nine councils agreed to establish the shared Wellington Region Emergency Management Office (WREMO) from 1 July 2012. This is an important development as disasters do not abide by territorial boundaries and many of our people live in one part of the region and work in another. A shared approach to emergency management will enable our communities to be better prepared and will provide an ability to share resources to best effect.

WREMO will be based in the earthquake-resistant Emergency Management building in Turnbull Street, Thorndon, and another purpose built facility in Laings Road, Hutt City. WREMO staff (all employees of Greater Wellington) will continue to work throughout the region, operating from Emergency Management Offices at Porirua, Kapiti, and Masterton.

Our flood protection work continues. We are now into Year 12 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 progressing construction of the Boulcott-Hutt Stopbank on the Hutt River. We were able to gain access to parts of the land earlier than anticipated which has enabled construction to progress faster than programmed with the project now due to be completed in June 2013, one year ahead of schedule. Tobins Stopbank on the Ruamahanga River was completed this year, also one year ahead of schedule, significantly improving the security of the lower Wairarapa valley.

All maintenance work on the flood and erosion schemes was completed on programme and within the budget of $4.3m. A 5-year return period flood event occurred in the Wairarapa and all flood damage repairs were able to be undertaken within existing budget allocations rather than having to draw on the flood damage reserves.

We had 450 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 number remains high despite the economic climate and is an encouraging sign that people are taking flood risk into account when making purchase or development decisions.

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.

A number of flood hazard investigations were progressed including the Waiohine and Waiwhetu Floodplain Management Plan investigations and improvements were made to a number of flood hazard models including the Porirua, Wainuiomata, Otaki and Waingawa Rivers.

Safety and flood protection

LONG-TERM targets by June 2019	Actual
The assessed value of damages during flood events will be reduced by20% from 2009 levels in areas where floodplain management plans are being implemented	Work is progressing ahead of schedule 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 effect 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 Trail at Silverstream 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. 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 households surveyed have emergency food and water supplies to last at least three days (2010)
80% of businesses surveyed will have current business-continuity plans	58% of businesses surveyed have current business-continuity plans (2008)
The region will have sufficient capacity to manage an emergency event	The decision was made to establish the Wellington Region Emergency Management Office from 1 July 2012, comprising all nine councils in the region. This will add significant capability and capacity to manage emergency events.
There will be no significant accidents in the harbour or coastal waters	No significant accidents were recorded.
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)	Five oil spill reports were investigated as per required timelines.

Activity: Floodplain management planning

SHORT-TERM targets by 30 June 2012	Actual
The Waiohine River floodplain management plan will be adopted by the Council, within a budget of $127,000. This budget was increased to $219,000 in the Annual Plan 2011/12.	The Waiohine Floodplain Management Plan was not adopted by Council by 30 June 2012. Work to consider the structural options has been completed but more work is required on the non-structural and river management options before the plan can be prepared and adopted. Work will continue in 2012/13, with budgets carried forward as necessary. Actual costs were $92,000.
The Waiwhetu Stream floodplain management plan will be adopted by the Council, within a budget of $159,000. This budget was decreased to $150,000 in the Annual Plan 20111/12.	The Waiwhetu Floodplain Management Plan was not adopted by Council by June 2012. Extra time has been required for community engagement to develop the combinations of options for flood mitigation. Design work was also delayed by a change in consultants. Work will continue in 2012/13, with budgets carried forward as necessary. Actual costs were $78,000.
A review of Masterton flood risk will be completed to the satisfaction of the Council, included within the budget for Wairarapa area investigations.	The initial phase of the investigations has commenced and will now be completed by the end of 2012/13. The delay is a result of combining several Wairarapa investigations into one project.
A review of the Hutt River floodplain management plan will be commenced, within a budget of $79,000.	This target was deferred to 2013/14 in the Annual Plan 2011/12.

Activity: Flood protection infrastructure

SHORT-TERM targets by 30 June 2012	Actual
The construction and upgrade of flood protection infrastructure in the region will be completed in accordance with the capital expenditure programme, within a budget of $4,976,000. This budget was increased to $5,037,000 in the Annual Plan 2011/12.	Construction of the Boulcott/Hutt stopbank is progressing ahead of schedule and is now on target for completion by June 2013 (rather than June 2014 as originally programmed). Works on the Lower Waitohu Stream are progressing to a revised programme. Stream clearing works and a draft consent application were completed. Land entry negotiations are progressing. These works are now due to be completed in 2013 rather than 2012 as originally planned to enable land entry negotiations to be worked through with affected landowners. The Leithbridge rockline on Otaki River was completed. The Gas Crossing site is now due for completion in 2012/13. Purchase of the Chrystalls Stopbank was completed. Construction of the stopbank was completed in 2008, however purchase of the land from LINZ has taken longer to finalise. All works on the Lower Wairarapa Valley Development Scheme were completed to schedule. Additional works undertaken due to a 1 in 5 year flood event and Tobin stopbank was completed one year ahead of schedule. Actual costs were $6,636,000 and included additional costs for bringing forward the Boulcott-Hutt stopbank project and Lower Wairarapa Valley Development Scheme stopbank works.
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.	All programmed maintenance work was completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan. The Asset Management Plan annual report will be presented to the Environment Wellbeing Committee in

	October 2012. Actual costs were $2,389,000.
Flood infrastructure will be maintained in the 10 Wairarapa river schemes and will be completed to established standards and to the satisfaction of the Scheme Advisory Committees. Within in a budget of $4,468,000. This budget was reduced to $4,330,000 in the Annual Plan 2011/12.	All programmed works were completed in accordance with established standards and reported to the satisfaction of the Scheme Advisory Committees. Actual costs were $1,646,000.

Activity: Environmental enhancement of river corridors

SHORT-TERM targets by 30 June 2012	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 $211,000. This budget was reduced to $191,000 in the Annual Plan 2011/12.	Hutt River environmental enhancement projects, including native planting projects and river trail maintenance completed to programme. Actual costs were $235,000 and included property and planting costs for the Wellington Golf Club project carried forward from the previous year and construction of the Whakatiki walkway.
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 River group. Progress will be reported to the Council 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 River group. Progress will be reported to the Council Within a budget of $38,000. This budget was reduced to $37,500 in the Annual Plan 2011/12.	Maintenance work on the Otaki and Waikanae river corridors was completed. We are working with both the Friends of the Otaki River and the Friends of the Waikanae River to update planting plans Actual costs were $33,000.

Activity: Flood-warning service

SHORT-TERM targets by 30 June 2012	Actual
All flood warnings will be issued within 30 minutes of alarms being triggered in accordance with established flood procedures, within a budget of $45,000. This budget was increased to $132,500 in the Annual Plan 2011/12.	Flood warnings were issued in a timely manner. There were no significant events. Actual costs were $111,800.

Activity: Civil defence and emergency management

SHORT-TERM targets by 30 June 2012	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 $68,000. This budget was reduced to $38,000 in the Annual Plan 2011/12.	The CDEM Group Plan was postponed awaiting the establishment of the new Wellington Region Emergency Management Office. A new Group Plan will be developed by June 2013. Actual costs were nil.
The Wellington Region CDEM Group will meet twice during the year, within a budget of $37,000. This budget was increased to $38,000 in the Annual Plan 2011/12.	The Wellington Region CDEM Group met four times during the year, as part of the Mayoral Forum meetings. Actual costs were $18,200
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. This budget was increased to $25,000 in the Annual Plan 2011/12.	Two major exercises were successfully conducted, Exercise Pacific Wave (November 2011) and Exercise Phoenix VIII (December 2011). Actual costs were $15,200

Activity: Harbour management

SHORT-TERM targets by 30 June 2012	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 $440,000. This budget was increased to $484,600 in the Annual Plan 2011/12.	The station remained in operation 24/7 during the whole year. Actual costs were $507,700.
Navigation aids will be repaired within 24 hours, weather permitting, and maintained in accordance with International Association of Lighthouse Authorities (IALA) guidelines, within a budget of $148,000. This budget was reduced to $121,500 in the Annual Plan 2011/12.	All Navigation Aids were maintained and/or repaired at the earliest opportunity. IALA Guidelines for availability were met for all navigation aids. The Barrett Reef buoys were exchanged Actual costs were $130,300.
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 report (for harbours) and within three hours (for coastal waters), within a budget of $18,000. This budget was reduced to $17,800 in the Annual Plan 2011/12.	Five reports of oil spills were checked within 30 minutes. No spills required any clean up action to be taken. Actual costs were $1,822 which is less than budgeted because there was no oil spill recovery training due to the RENA actual oil spill in October 2011.
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 $115,000. This budget was reduced to $112,600 in the Annual Plan 2011/12.	Approximately 73 incidents were dealt with as a result of patrols or callouts, compared to 133 incidents in 2010/11. At least 500 safe boating packs were distributed. Actual costs were $123,088.

Safety and flood protection
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement		
General rate	9,945	9,945
Targeted rate	5,464	5,464
Government subsidies	-	88
Interest and dividends	438	458
Other operating revenue	2,027	2,052
Operating revenue	**17,874**	**18,007**
Direct operating expenditure	10,262	10,620
Finance costs	3,064	3,020
Depreciation	972	827
Operating expenditure	**14,298**	**14,467**
Operating surplus / (deficit)	**3,576**	**3,540**
Less:		
Capital expenditure	7,443	5,451
Proceeds from asset sales	(113)	(122)
Loan funding	(7,009)	(5,037)
Rates funded capital expenditure	**321**	**292**
Debt repayment	3,146	3,101
Investment additions	341	342
Operational reserve movement	683	632
Working capital movements	-	-
Non-cash items	(859)	(827)
	3,311	3,248
Net funding surplus / (deficit)	**(56)**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Flood protection	14,932	15,173
Emergency management	1,064	900
Harbour management	1,878	1,934
Total operating revenue	**17,874**	**18,007**
Operating expenditure		
Flood protection	11,422	11,751
Emergency management	959	847
Harbour management	1,917	1,869
Total operating expenditure	**14,298**	**14,467**
Capital expenditure		
Waiwhetu flood improvements	839	100
Hutt River improvements	3,638	2,710
Otaki River improvements	1,243	1,067
Wairarapa scheme improvements	1,222	981
Harbour Management	-	-
Other flood protection	51	179
Capital project expenditure	**6,993**	**5,037**
Plant and equipment	26	69
Vehicles	424	345
	7,443	**5,451**

Note 1 - The above funding impact statement includes inter-organisational transactions. 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 third 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.

More than 80% of our region is under intensive possum control programmes through a combination of Animal Health Board bovine Tb vector control, and Greater Wellington and Department of Conservation-funded operations.

The bovine Tb vector control programme continues to be a success. There are currently no infected herds in the region at the end of the year (except for the research herd at Wallaceville).

We continued the Regional Possum Predator Control Programme over the 19,200ha area that was declared bovine Tb free in 2008. The previous round of control achieved very good results and only 6,700ha required treatment during the year.

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 four years a total of 684ha of erosion-prone land has been planted under this scheme. In addition, the Wellington Regional Erosion Control Initiative has completed its third year. Milestones have included preparing 40 new farm plans and planting 263ha of erosion-prone land. We continue to work closely with a range of communities on riparian (stream-side) management programmes, including the Papawai Stream restoration project and the Mangatarere Restoration Society.

2011/12 was the first full year of operation for Greater Wellington's new Biodiversity department. We continued to deliver biodiversity programmes in regional parks and forests, land of other councils in the region and private land, as well as supporting care groups and

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 delivering an education programme to schools.

A three-year operational plan has been developed to carry out the Greater Wellington Biodiversity Strategy 2011-21, including the development of new programmes and the phasing out of some existing programmes from 2012/13.

In March 2012 we secured $1 million from the Government's Freshstart for Freshwater Fund to help clean up Wairarapa Moana (Lake Wairarapa, Lake Onoke and their surrounding wetlands). As part of the Wairarapa Moana Wetlands Leadership Group, we have been working to set up the work programme for 2012/13.

April 2012 saw the launch of the Porirua Harbour Catchment Strategy and Action Plan. Work is underway with Porirua City Council, Wellington City Council and Ngati Toa Rangitira to improve the health of the harbour.

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 three years 1,848ha of erosion-prone land has been planted using sustainable management practices. Poplar and willow poles cover 1,066ha and conservation woodlots are established on 782ha. 74% 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 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	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 2011/12.
There will be fewer than five breeding rookeries in the containment zone	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 9 rookeries existing at the end 2011/12, a reduction from 10 in the previous year and 21 in 2009/10.
Possum numbers in the northern Wairarapa Tb-free zone will be maintained at a residual trap catch rate of less than 5%	The Regional Possum Predator Control Programme continued during 2011/12. The second round of control was completed in January and February 2012 within five strata (out of 12) over approximately 6,700 hectares. The remaining seven strata did not require control as numbers of possums remained at below 5% residual trap catch.
30km of streams and rivers will be enhanced (or maintained following enhancement) by fencing and plantings	Approximately 7km of streams and rivers have been enhanced (or maintained following enhancement) by fencing and planting since 2009.

Activity: Pest (animal and plant) management

SHORT-TERM targets by 30 June 2012	Actual
The operational plan for implementing the RPMS will be achieved and reported in detail to the Council, within a budget of $2,428,000. This budget was reduced to $2,246,000 in the Annual Plan 2011/12.	The Regional Pest Management Strategy (RPMS) Operational Plan 2011/12 was achieved. An annual report will be presented to the Council for approval in November 2012. A significant reduction in Total Control pest plants has been achieved following the completion of a survey around all known sites. Control operations for Containment species continued to hold target species within the designated zones. Active Site-Led pest control programmes continued in Key Native Ecosystem sites across private land and local authority reserves. Our focus on biological control projects continued with the National Biocontrol Collective, including Landcare Research, Department of Conservation and other regional councils. 18 releases of new biocontrol agents were made, involving five species and 229 transfers from established sites. Six new biocontrol species (insects & rusts) were approved for release by Environment Protection Authority. Collaborative operations continued with government agencies and industry in delivering the National Pest Plant Accord and National Interest Pest programmes. Actual costs were $2,182,000.
Year 1 of the regional possum control programme in northern Wairarapa Tb-free zone will be implemented to the satisfaction of the Council, within a budget of $158,000. This target was changed in the Annual Plan 2011/12 to: Year 2 of the Regional Possum Predator Control Programme in northern Wairarapa Tb-free zone will be implemented to the satisfaction of the Council, within a budget of $150,000.	This was the second year of the Regional Possum Predator Control Programme. Trend monitoring was completed in December 2011. The first year of programme achieved a significant reduction in the number of possums in the control area (19,200ha). The control was completed in January and February 2012 within five strata (out of 12) over approximately 6,700 hectares. The remaining seven strata did not require control as numbers of possums remained at below 5% residual trap catch. Actual costs were $110,500.

Activity: Biodiversity

SHORT-TERM targets by 30 June 2012	Actual
Pests will be maintained at very low levels in the following key native ecosystems: • 10 wetlands • 40 native forest areas • 4 coastal escarpments • 2 dune ecosystems Within a budget of $600,000. This budget was increased to $632,000 in the Annual Plan 2011/12.	In total there are 94 sites totalling 15,540ha (average size of 90ha) in the key native ecosystems programme under active management which include: • 19 wetlands • 67 native forest sites • 7 coastal escarpments • 8 dune ecosystems • 7 river/estuarine areas Actual costs were $819,700. The additional cost was funded by external revenue contributions of $212,800.
The biodiversity implementation programme will be progressed through the following programmes:	
• Wetland Action Plan, within a budget of $94,000. This budget was reduced to $65,000 in the Annual Plan 2011/12.	• Greater Wellington fenced significant wetlands on nine separate properties across the region • Weed control was delivered on six significant wetlands.

	• Traps were provided to help some landowners control predators around Wairarapa Moana • Restoration Plans were completed for Taumata Island and Kaiwaka. Plans have been started for Katihiku, Haruatai and Rikihana Wetlands Actual costs were $57,000.
• Queen Elizabeth II National Trust private land-protection programme, within a budget of $88,000. This budget was increased to $169,000 in the Annual Plan 2011/12.	Support was provided towards four Queen Elizabeth II National Trust covenants which will protect 30 hectares of lowland indigenous forests and wetland. All four areas fall into the Acutely Threatened category in terms of the National Threatened Environments Classification. In addition, funding for animal and/or plant pest control in eight existing covenants was provided. Actual costs were $13,000, as some landowners had funding approved for projects that will not commence for up to 2-3 years. The revised budget for the year was $91,000, and incorporated $75,000 of commitments that were carried forward to the 2012/13 year.
• Freshwater ecosystem programme, within a budget of $60,000. This budget was reduced to $25,000 in the Annual Plan 2011/12.	• Previous work on prioritising instream barriers to fish enabled two high priority projects to be implemented. • Monitoring to determine the effectiveness of these measures is underway. • Information on instream barriers to fish was gathered to assist define the future priorities location to provide for fish passage. Actual costs were $17,000.
• Streams Alive riparian planting programme, within a budget of $207,000. This budget was reduced to $182,000 in the Annual Plan 2011/12.	• Landowners in the Mangaroa and Waitohu catchments, Pauatahanui, Otaki, Wainuiomata, and Karori catchments were assisted, with maintenance of existing plantings. • New plantings were undertaken on 12 properties incorporating 6,646 native plantings along 2.323 kms. of streams. Actual costs were $160,000.
• Pauatahanui Inlet Action Plan, within a budget of $53,000. This budget was reduced to $40,000 in the Annual Plan 2011/12.	Planting and fencing work was undertaken with seven landowners resulting in: • Planting of 6,200 indigenous plants in riparian areas • Planting of 1,700 exotic plantation trees on erosion-prone land • 1,680 metres of riparian and flood channel fencing • Exclusion of stock from an additional 1000 metres of the Horokiri Stream and tributaries Actual costs were $40,000
• Coastal ecosystems, within a budget of $59,000. This budget was increased to $69,000 in the Annual Plan 2011/12.	• A survey of the significant habitats of coastal birds in the Wairarapa was competed alongside a survey of the riverine birds • Fencing of significant areas on the Paekakariki Escarpment, Whitireia, and Waitohu was undertaken. • Materials were provided for penguin boxes on the South Wairarapa coast for a project being led by

	the Aorangi Forest Trust. • Wellington City Council's Goat eradication project on the Wellington South Coast was supported. • The Dune Restoration Trust of New Zealand's backdune restoration demonstration project was supported, notably at Whitireia, Riversdale and Waitohu. • Weed control at significant coastal areas including Rocky Bay, Waitohu, Paekakariki Escarpment, Pekapeka and Riversdale was undertaken. Actual costs were $60,000.
A review of the Regional Biodiversity Implementation Plan will be completed to the satisfaction of the Council	All biodiversity programmes were reviewed for alignment with the Greater Wellington Biodiversity Strategy and a three-year Biodiversity Operational Plan was developed.

Activity: Soil conservation

SHORT-TERM targets by 30 June 2012	Actual
15 new farm or sustainability plans will be prepared and approved by the Council, within a budget of $116,000. This budget was reduced to $110,000 in the Annual Plan 2011/12.	18 new farm or sustainability plans were prepared and approved by Greater Wellington. Actual costs were $117,000.
530ha of erosion prone land will be protected during the year, within a budget of $595,000. This budget was reduced to $565,000 in the Annual Plan 2011/12.	479ha of erosion-prone land was planted. A further 37ha was planted under the Afforestation Grant Scheme. Actual costs were $540,000.
Catchment schemes will be progressed in accordance with agreed work plans, within a budget of $104,000. This budget was reduced to $100,000 in the Annual Plan 2011/12.	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 $117,000. The higher costs resulted from the storm damage repair in the Homewood Catchment.
15 events with a land management focus will be supported by Greater Wellington, within a budget of $13,000. This budget was reduced to $12,000 in the Annual Plan 2011/12.	15 events with a land management focus were supported by Greater Wellington. Actual costs were $12,000.

Activity: Akura Conservation Centre

SHORT-TERM targets by 30 June 2012	Actual
Akura Conservation Centre will break even or make a profit, within a budget of $21,000. This budget was increased to $25,000 in the Annual Plan 2011/12.	The Akura Conservation Centre made an operating surplus of $94,000.
23,000 3m poplar poles will be supplied, within a budget of $164,000. This budget was increased to $187,500 in the Annual Plan 2011/12.	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 $214,000.

Land management
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement		
General rate	6,872	6,872
Targeted rate	202	202
Government subsidies	163	183
Interest and dividends	23	26
Other operating revenue	1,732	1,733
Operating revenue	**8,992**	**9,016**
Direct operating expenditure	8,842	9,159
Finance costs	4	11
Depreciation	174	151
Operating expenditure	**9,020**	**9,321**
Operating surplus / (deficit)	**(28)**	**(305)**
Less:		
Capital expenditure	177	273
Proceeds from asset sales	(49)	(41)
Loan funding	-	(76)
Rates funded capital expenditure	**128**	**156**
Debt Repayment	56	(2)
Operational reserve movement	170	(308)
Non-cash items	(124)	(151)
	102	(461)
Net funding surplus / (deficit)	**(258)**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Soil conservation and biodiversity	5,115	5,035
Manage pest plants and animals	3,877	3,981
Total operating revenue	**8,992**	**9,016**
Operating expenditure		
Soil conservation and biodiversity	5,128	5,236
Manage pest plants and animals	3,892	4,085
Total operating expenditure	**9,020**	**9,321**
Capital expenditure		
Land and buildings	1	100
Plant and equipment	4	7
Vehicles	172	166
Total capital expenditure	**177**	**273**

Note 1 - The above funding impact statement includes inter-organisational transactions. 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 Regional Strategy, the region's economic development strategy, was refreshed and a decision was taken to continue the activity on behalf of all the councils in the region. The focus of the Strategy was reduced to six key areas:

- commercialisation of innovation
- investment mechanisms for growth
- building world class infrastructure
- attracting business, investment and talent
- education and workforce development
- open for business.

Work progressed on the development of a regional climate change strategy and action plan.

Warm Greater Wellington

Greater Wellington received the EECA Fijitsu General NZ Community Award 2012 for Warm Greater Wellington insulation scheme that has helped insulate over 3,500 homes in the region and is now being used as a model by five other regions around New Zealand.

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 the10-year rolling average for New Zealand	The average annual GDP per capita growth over the last 10 years was 0.50% for the Wellington region, compared to 1.02% for New Zealand. GDP dropped by 2.1% between 2010/11 and 2011/12.
The average regional income of the region's residents will be above the 10 year rolling average for New Zealand	The 10-year (2002-2011) average weekly household income was $1507.4 for the Wellington region, compared to $1340.4 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 1.48% for the Wellington region, compared to 1.92% for New Zealand.
The Regional Climate Change Action Plan will implemented according to agreed timeframes	The draft regional climate change strategy and action plan has been the subject of a councillor workshop, and continues to be discussed with the region's local councils. It is intended that this will be approved in the next financial year. Actions within the draft action plan are being implemented on an ongoing basis.
The Regional Water Strategy will be implemented according to agreed timeframes	Progress with the regional water strategy is on hold. Options for the use of rainwater tanks for resilience purposes have been considered, and information rainwater tanks made available on Greater Wellington's website.
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. Construction of the Mill Creek Wind Farm (59.8 megawatts) is underway. The Castle Hill Wind Farm received resource consent in June 2012.

Activity: Regional resilience

SHORT-TERM targets by 30 June 2012	Actual
Progress with resilience planning, such as for climate change and water, will be reported to the satisfaction of the Council. A budget of $70,000 was assigned to this target in the Annual Plan 2011/12.	A council workshop was held on options for the provision of rainwater tanks, and another on rainwater tanks for resilience. Information about rainwater tanks has been made available on the Greater Wellington website. Two council workshops have been held on progress with climate change related actions within Greater Wellington. Actual costs were $79,000
Construction of the wind farm development at Puketiro will be underway, subject to obtaining resource consent.	This target was delayed in the Annual Plan 2011/12.
Rollout Warm Greater Wellington to 1,350 ratepayers homes, within a budget of $3,332,000. This target was added in the Annual Plan 2011/12.	During the year the budget was increased to $6 million and the target increased to 2,700 homes. 3,505 homes were completed. Actual costs were $5,600,000.

Activity: Wellington Regional Strategy

SHORT-TERM targets by 30 June 2012	Actual
The WRS Committee will approve the annual report of the WRS office on progress with implementation of the WRS, within a budget of $400,000. This budget was increased to $405,000 in the Annual Plan 2011/12.	The annual report of the WRS office was approved by the WRS Committee in September 2011. Actual costs were $309,000.
A summit for the major stakeholders of the WRS will be held by 30 November 2011, within a budget of $25,000. This budget was reduced to $5,000 in the Annual Plan 2011/12.	The summit was to be held as part of the WRS refresh but this was postponed as engagement with stakeholders on the refresh progressed. Actual costs were nil.
The WRS committee will receive Grow Wellington's annual report and agree that is reflects Grow Wellington's SOI and contributes to the WRS – by 30 April 2012, within a budget of $4,750,000. This budget was reduced to $4,250,000 in the Annual Plan 2011/12.	The annual report of Grow Wellington was approved in September 2011. Actual costs were $4,564,000. The increased costs are due to lower than expected external revenue and some unanticipated personnel costs. The increased costs have been funded by unspent funds in the activity from previous years.

Regional sustainable development
Funding Impact Statement

	Note	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement			
General rate		159	159
Targeted rate		4,871	5,032
Interest and dividends		-	-
Other operating revenue		148	138
Operating revenue		**5,178**	**5,329**
Direct operating expenditure	1	5,041	7,842
Finance costs		363	323
Operating expenditure		**5,404**	**8,165**
Operating surplus / (deficit)		**(226)**	**(2,836)**
Less:			
Capital expenditure		22	-
Warm Greater Wellington Advances		5,061	-
Loan funding		(5,446)	(3,228)
Rates funded capital expenditure		**(363)**	**(3,228)**
Debt repayment		368	427
Operational reserve movement		(227)	(35)
Non-cash items		(6)	
		135	392
Net funding surplus / (deficit)		**2**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Regional resilience	494	654
Wellington regional strategy	184	175
Regional economic development agency	4,500	4,500
Operating Revenue	**5,178**	**5,329**
Operating expenditure		
Regional resilience planning	493	3,455
Wellington regional strategy	347	460
Operate a regional economic development agency	4,564	4,250
Total operating expenditure	**5,404**	**8,165**

Note 1 - Direct operating expenditure is below budget as the Warm Wellington grant has been reclassifed as other receivables. The cost of this program will be directly recovered from rate payers who have particiapted in the scheme.

Note 2 - The above funding impact statement includes inter-organisational transactions. 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.

In March 2012 the Government announced its intention to make significant changes to the legislative framework (Local Government Act 2002) guiding how local government operates and manages its business – the *Better Local Government* reforms – including provisions for enabling local government reorganisation.

As a result of the Government's announcement, Greater Wellington and Porirua City Council established the independent Wellington Local Government Review Panel to investigate local government arrangements in the Wellington region. The Panel will report their recommendations by the end of October 2012.

In the meantime, Greater Wellington continued with a required statutory review of the Council's representation arrangements for the 2013 local elections. An initial proposal was released for consultation in June 2012.

Some significant milestones were achieved in the relationship between Greater Wellington and mana whenua iwi. A new Memorandum of Partnership has been agreed in principle between the parties and is due to replace the current Charter of Understanding. This represents a definitive progression in the relationship to one of real partnership.

Greater Wellington also received the IPANZ Te Puni Kokiri Award for Excellence in Crown-Māori relationships for Te Upoko Taiao – Natural Resource Management Committee, a partnership to develop the new Regional Plan.

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	A survey of residents in May 2012 found, 9% of respondents said they understood decision-making. 47% did not have a view and 40% said they did not understand how decisions are made.
More than 75% of the region's residents believe they have some influence on Councils' decisions	A survey of residents in May 2012 found 23% of respondents wished to have more say in what Greater Wellington does, 21% said they did not want to have more say. 55% of respondents were neutral.
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. The next election will be conducted in October 2013
There is a formal agreement in place, which is regularly reviewed, to guide the relationship between Greater Wellington and iwi in the region.	There is a Charter of Understanding currently in place between Greater Wellington and the mana whenua iwi of the region. A Memorandum of Partnership has been agreed in principle and will replace the Charter of Understanding in early 2012/13.
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 has been in accordance with its Statement of Intent.

Activity: Democratic services

SHORT-TERM targets by 30 June 2012	Actual
All meetings will be conducted in accordance with statutory requirements and Council policies, within a budget of $1,532,000. This budget was increased to $1,597,000 in the Annual Plan 2011/12.	All meetings were conducted in accordance with statutory requirements and Council policies. Actual costs were $1,578,922
Statutory public accountability processes will be completed in accordance with requirements, within a budget of $550,000. This budget was increase to $711,000 in the Annual Plan 2011/12.	Statutory public accountability processes were completed in accordance with requirements. Actual costs were $761,557

Unforecast activity	
Following the Government's announcement of the Better Local Government Reforms, including provisions to enable local government reorganisation, Greater Wellington and Porirua City Council established the independent Wellington Local Government Review Panel.	Actual costs were $41,503.

Activity: Relationship with Māori

SHORT-TERM targets by 30 June 2012	Actual
Ara Tahi will: • Meet formally at least six times • Hold at least six technical workshops Within a budget of $70,000. This target was changed in the Annual Plan 2011/12 to: Ara Tahi will meet formally at least twice, within a budget of $19,000.	Four meetings were conducted in July, December, April, and June. Four meetings are programmed for 2012 calendar year. Actual costs were $9,000
There will be Maori representation on all Council committees, within a budget of $182,000.	This target was removed in the Annual Plan 2011/12.
Contracts between iwi and Greater Wellington will be in place for agreed projects, within a budget of $80,000. This budget was increased to $165,000 in the Annual Plan 2011/12.	Ngati Toa Rangatira received project funding to measure the health of Porirua Harbour through the identification of iwi indicators. This activity will assist in the overall aim of revitalising their traditional food basket - Porirua Harbour. No other suitable applications for funding were received. The project fund is being reviewed. Actual costs were $50,000
A Cultural Capacity training programme will be in place for all staff, within a budget of $50,000. This target was added in the Annual Plan 2011/12.	Training for the Chair and Chief Executive commenced, with training for Councillors, managers and staff starting from September 2012. Actual costs were $23,000
Iwi Capacity contracts will be in place with seven mana whenua iwi partners, within a budget of $238,000. This target was added in the Annual Plan 2011/12.	All contracts were in place for iwi groups over the period. New contracts are currently being developed for the next period. Actual costs were $235,000

Activity: Westpac Stadium

SHORT-TERM targets by 30 June 2012	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.

Community
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Funding statement		
General rate	2,333	3,110
Targeted rate	2,676	2,676
Interest and dividends	6	6
Other operating revenue	(385)	1,570
Operating revenue	**4,630**	**7,362**
Direct operating expenditure	4,198	4,345
Finance costs	831	865
Depreciation	27	41
Operating expenditure	**5,056**	**5,251**
Operating surplus / (deficit)	**(426)**	**2,111**
Less:		
Capital expenditure	95	85
Proceeds from asset sales	-	-
Rates funded capital expenditure	**95**	**85**
Debt repayment	1,791	1,757
Operational reserve movement	(14)	(59)
Working capital movements	-	-
Non-cash items	(2,390)	328
	(613)	2,026
Net funding surplus / (deficit)	**92**	**-**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Operating revenue		
Run a democratic process	3,474	3,474
Realtionships with iwi	843	843
Repayment of Westpac Stadium advance	2,676	2,676
Fair value change - Stadium advance	(2,363)	369
Operating expenditure	**4,630**	**7,362**
Operating expenditure		
Run a democratic process	3,328	3,417
Realtionships with iwi	843	915
Repayment of Westpac Stadium advance	884	919
Total operating expenditure	**5,055**	**5,251**
Capital expenditure		
Plant and equipment	95	85
Vehicles	-	-
Total capital expenditure	**95**	**85**

Note 1 - The above funding impact statement includes inter-organisational transactions. 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

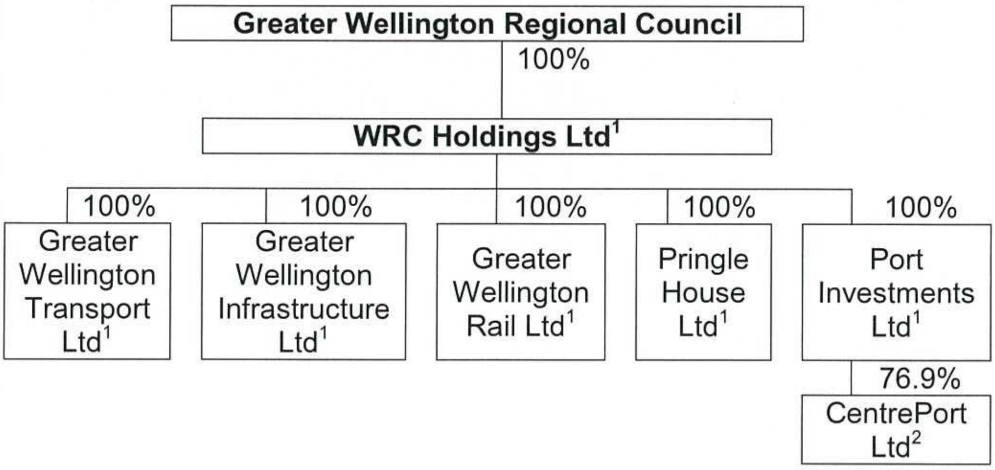
Greater Wellington advanced $25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest-free basis, with limited rights of recourse recognising the "quasi-equity" nature of the advance. Under the International Financial Reporting Standards, this advance has been written down to $2.5 million as at 30 June 2012.

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 2011/12 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 2011/12 Statement of Intent and Greater Wellington's 10-Year Plan (LTP). The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2011/12 Statement of Intent and Greater Wellington's LTP.

Directors

Prue Lamason (Chair)
Fran Wilde (Deputy Chair)
Peter Blades
Peter Glensor
Megan McKenna
Nigel Wilson

Financial performance targets for the year ended 30 June 2012

	Actual 2012	Target 2012
Net profit before tax	**$119,728,000**	**$129,701,000**
Net profit after tax	**$91,963,000**	**$93,340,000**
Earning before interest tax and depreciation	**$148,829,000**	**$167,783,000**
Return on total assets	**19.9%**	**20.6%**
Return on shareholder equity (excludes any fair value adjustments)	**30.7%**	**34.4%**
Shareholders equity to total assets	**46.9%**	**37.7%**
Dividends	**2,254**	**2,304**

Net profit before tax

The Group posted a net profit before tax of $119.7 million compared to the budget of $129.7 million for the year.

Net profit after tax (before deduction of minority interest)

The net profit after tax was $91.9 million compared to the budget of $93.3 million.

Earnings before interest, tax and depreciation (EBIT)

The EBIT was $148.8 million compared to a budget of $167.7 million.

Return on total assets

This target is calculated as EBIT and expressed as a percentage of average total assets and is 46.9% compared to a budget of 37.7%.

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 30.6% compared to a budget of 34.4%.

Shareholders equity to total assets

Shareholders equity to total assets was 46.9% compared to a budget of 37.7%.

Dividends paid (or payable to the parent shareholder)

The dividend payable is $2.254 million compared to a budgeted dividend of $2.304 million.

CentrePort - Company objectives

The company's primary objectives as set out in the 2011/12 Statement of Corporate Intent shall be to:

- Be a successful transport and property infrastructure company, built around a core port business
- Operate as a sustainable and responsible business with due regard to community and environmental interest

The financial objectives of the company shall be to:

- Deliver competitive financial returns compared to industry benchmarks (port and comparable sectors)
- 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 a sustainable manner
- Minimise the impact on the environmental

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 respected and responsible employer
- Provide a safe and healthy workplace
- Building awareness of the value and contribution of CentrePort's activities to the local economy.
- Participating in and encouraging selected community activities.
- Consulting with employees, stakeholders and the community where appropriate.

Directors

WA Larsen (Chair)
DJ Benham
RS Janes
JA Monaghan
EMM Johnson
RM Peterson

Financial performance targets

The following table lists performance against targets set in CentrePort's 2011/12 Statement of Corporate Intent.

Statement of Corporate Intent performance measure	**2011/12 Actual**	**2011/12 SCI target**
Net profit before tax (1)	**$16,500,000**	**$15,300,000**
Net profit/(loss) after tax (1)	**$11,800,000**	**$11,200,000**
Return on port assets (2)	**10.1%**	**9.8%**
Return on property assets (3)	**8.2%**	**8.5%**
Return on total assets	**8.4%**	**8.4%**
Return on equity (4)	**5.7%**	**5.4%**
Dividend (5)	**$5,350,000**	**$4,500,000**
Dividend distribution % of NPAT	**45%**	**40%-60%**
Interest Cover (6)	**>2.75 times**	**3.3 times**
Gearing Ratio (7)	**41.5%**	**<45%**

Profitability excludes fair value changes in respect of investment properties and derivatives
[1] Return on Total Assets is the net profit before interest, tax and depreciation (EBITDA) divided by the average total assets
[1] Return on developed investment property assets (excludes investment property sold during the period)
[1] Return on Equity is the net profit after notional tax before fair value adjustments divided by the average equity
[1] Represents a dividend payment per shre of $0.228 (2011 $0.222)
[1] EBITDA divided by Interest Expenses (excluding any payments on Mandatory Convertible Note deferred equity instruments).
[1] Total Tangible Assets divided by Total Liabilities

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: projects to improve management of significant environmental risks in various activity areas have been completed by managers responsible. Project examples include reduced use of water in the vehicle wash bay; responsible disposal of electronic waste; completion of a port electricity audit; review of staff awareness of emergency spill procedures.
Formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held.	Achieved: annual compliance review completed in May 2012. No known instances of non-compliance, however compliance risk was identified at Seaview log yard (dust) and mitigation steps taken (e.g. dust suppression, ground improvement works, drainage). Significant resource consents obtained in the year include: • Consent to drill test bores in the Hutt Valley Aquifer Zone (part of Seaview dolphin upgrade project) • Consent to dispose up to 10,000m^3 of fill at Seaview log yard for ground improvement.
Maintain a sustainability programme with measurable performance criteria covering, as a minimum, the monitoring of waste and greenhouse gas emissions.	Achieved: development of an environment and sustainability performance improvement framework (strategy and action plan) is progressing. Completion now expected in late 2012. Annual greenhouse gas emissions for the period were monitored – refer below. A port energy audit was completed in September 2011. Recommended energy saving projects are budgeted for 2012/13. A port waste audit is planned for 2012 which will help establish a consistent waste monitoring system.
Undertake the monitoring of environmental discharges in accordance with implemented management plans in the areas of: • Port noise • Stormwater discharges to the Coastal Marine Area • Fumigants associated with the pest treatment of cargoes	Achieved: Port noise: Annual monitoring completed in in June 2012. All sites comply with limits contained in District and Regional Plans. Fumigants: Reported annually under new Environmental Protection Authority requirements. For the first reporting period (May to December 2011) 498 containers were fumigated on port, using a total of 1747kg of Methyl Bromide. All fumigation occurred within the controlled area and there were no breaches of TEL (Tolerable Exposure Limit) values. Not achieved: Stormwater: monitoring deferred to late 2012 in order to review the monitoring regime to reflect any new regulatory requirements under the Regional Coastal Plan.

Planned target	Actual performance
Monitor compliance of the use of methyl bromide for the fumigation of log shipments and work collaboratively with the Greater Wellington Regional Council and Crown agencies to investigate alternative fumigation options.	All compliance standards were achieved. There was no fumigation undertaken in ship holds or under tarpaulins throughout the year. CentrePort remains an active participant in STIMBR (Stakeholders in Methyl Bromide Reduction) to reduce ongoing use of methyl bromide.
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 4 times per annum).	Achieved: ten incidents were registered during the period. Examples include minor oil and cargo spills, and complaints regarding dust and noise. In all cases incidents were recorded and investigated and where necessary improvements to operations made (e.g. identifying a low risk area for managing container spills). All incidents were reported to the HSE Committee.
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 to zero.	Achieved: annual greenhouse gas emissions[1] were 3138.5 tonnes CO_2e.Emission intensity for the period was 0.031 tonnes CO_2e/TEU. Not achieved: a carbon management strategy to reduce emissions will be completed in 2012.
CentrePort Ltd will hold a minimum of three Environmental Consultative Committee (ECC) meetings in 2011/12 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.	ECC meetings were held in October 2011, February 2012 and June 2012. The ECC was provided with a full update on a range of environmental management matters. During the period, two new groups joined the Committee (Wadestown Residents Association and The Wellington Civic Trust).

Activity: Social performance targets

Planned target	Actual performance
Contribute to the desired outcome of the Wellington Regional Strategy through:	
• The provision of workplace opportunities and skills enhancements of our employees.	Structured training and development plans are in place for all salaried employees. These link to our organisation's talent and succession management programmes. Initiatives include EXTEND Leadership Development Programme for our senior managers, Tier 3 Managers Development Programme, Foundations Programme for high performers/high potentials, Leaders Forums, and individual and professional development and promotions.
• Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade	CentrePort has continued to work proactively with the region's shippers, domestic and international shipping lines, and road and rail operators to provide quality shipping/freight services through Wellington. In the last quarter CentrePort achieved the top position for container productivity and welcomed the first log train from the Wairarapa.

[1] CentrePort's greenhouse gas emissions have been measured under the requirements the Greenhouse Gas Protocol and ISO 14064-1 using the operational control consolidation approach. This comprises 2596 tonnes CO_2e Scope 1, 475 tonnes CO_2e Scope 2 and 68 tonnes CO_2e Scope 3 emissions. CentrePort have determined that air travel, taxi and rental car use are appropriate scope 3 emissions to include in its boundary on the basis that CentrePort has influence over these emissions and can obtain appropriate measurement data. These figures have been extracted from CentrePort's separate full greenhouse gas inventory report which has been independently verified to a reasonable level of assurance by Deloitte.

Planned target	Actual performance
• Supporting the regional community by investing in community sponsorship	CentrePort has continued to engage in a range of commercial and community sponsorships over the year. CentrePort has committed to sponsorship of the International Festival of the Arts and has finalised a new two year sponsorship agreement with World of WearableArt. In addition we support the Hikitia (Wellington's iconic steam powered floating crane) and the New Zealand Art Show.
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.	CentrePort's Tertiary Accreditation is current with the next biennial audit due in December 2012.
Annual review of Health and Safety Policy.	The following policies were reviewed and re-signed: • Health, Safety and Loss Control • Environment and Sustainability • Rehabilitation • Smoke-Free Work Area They are on an annual review cycle due to be reviewed in July 2012.
Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.	CentrePort has a set of Port Facility Security Plans required under the Maritime Security Act and designed in accordance with the ISPS Code. No changes to the minimum Threat Security Level 1 were ordered by the Designate Authority (Maritime New Zealand) during the period. CentrePort passed its required audit in January 2012.
Undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code which promotes safety and excellence in marine operations.	In conjunction with the GWRC Harbourmaster CentrePort has completed its tasks within the port & Harbour safety code. CentrePort supported The harbourmaster to complete their safety management system which allows completion of and compliance with the port & Harbour safety code. The plan is presently with Maritime NZ awaiting approval and the audit of both parties. Close liaison is maintained with the harbourmaster. A review of the port risk assessment is due to commence in late 2012. A review of the towage risk assessment was concluded in early 2012. As a result of this review a decision was made to purchase a second high bollard pull tug which will be delivered in early 2013.
To meet regularly with representative community groups.	CentrePort has met with a range of representative community groups during the quarter, including its Environmental Consultative Committee.
Each year the company will engage in a variety of public awareness activities (for example port tours, speaking at forums, and a biennial Port Open Day).	CentrePort has continued to host highly successful monthly port tours for the public during the quarter. Further public awareness activities such as the naming of the new tug occurred.

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 in order to be able to maintain triple bottom line reporting in accordance with best practice.	The review of the environmental and social areas did not identify any material changes.
When developing 'property held for development' the Board is to adhere to the following principles: i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently. ii. Property developments must not compromise port operations. iii. 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 the reporting period.

Investments
Funding Impact Statement

	Council 2012 Actual $000s	Council 2012 Budget $000s
Income Statement		
Operating revenue	14,474	13,694
Operating Expenditure	9,086	9,175
Earnings before interest	5,388	4,519
Net interest [1]	3,306	3,935
Internal income [2]	3,965	39,781
Operating surplus	**12,659**	**48,235**
Less:		
Contribution to general rates	6,548	10,433
Earnings retained	**6,111**	**37,802**
Operating surplus of individual investments		
Liquid financial deposits	1,563	1,589
WRC Holdings	8,501	43,189
Treasury management	(280)	3,995
Forestry	2,634	(601)
Other investments and property	241	63
Operating surplus	**12,659**	**48,235**

	Council 2012 Actual $000s	Council 2012 Budget $000s
Contribution to general rates		
Liquid financial deposits	1,563	1,589
WRC Holdings	(755)	3,407
Treasury management	8,527	5,428
Forestry	-	-
Other investments and property	(2,787)	9
Total contribution to general rates	6,548	10,433

Rates contribution excludes unrealised transactions; deposit and debt movements and some inter-organsiational 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. 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 2012 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Fran Wilde	**David Benham**	**Bruce Simpson**
Chair	*Chief Executive*	*Chief Financial Officer*
26 September 2012	26 September 2012	26 September 2012

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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Council committee structure

As at September 2012

(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)

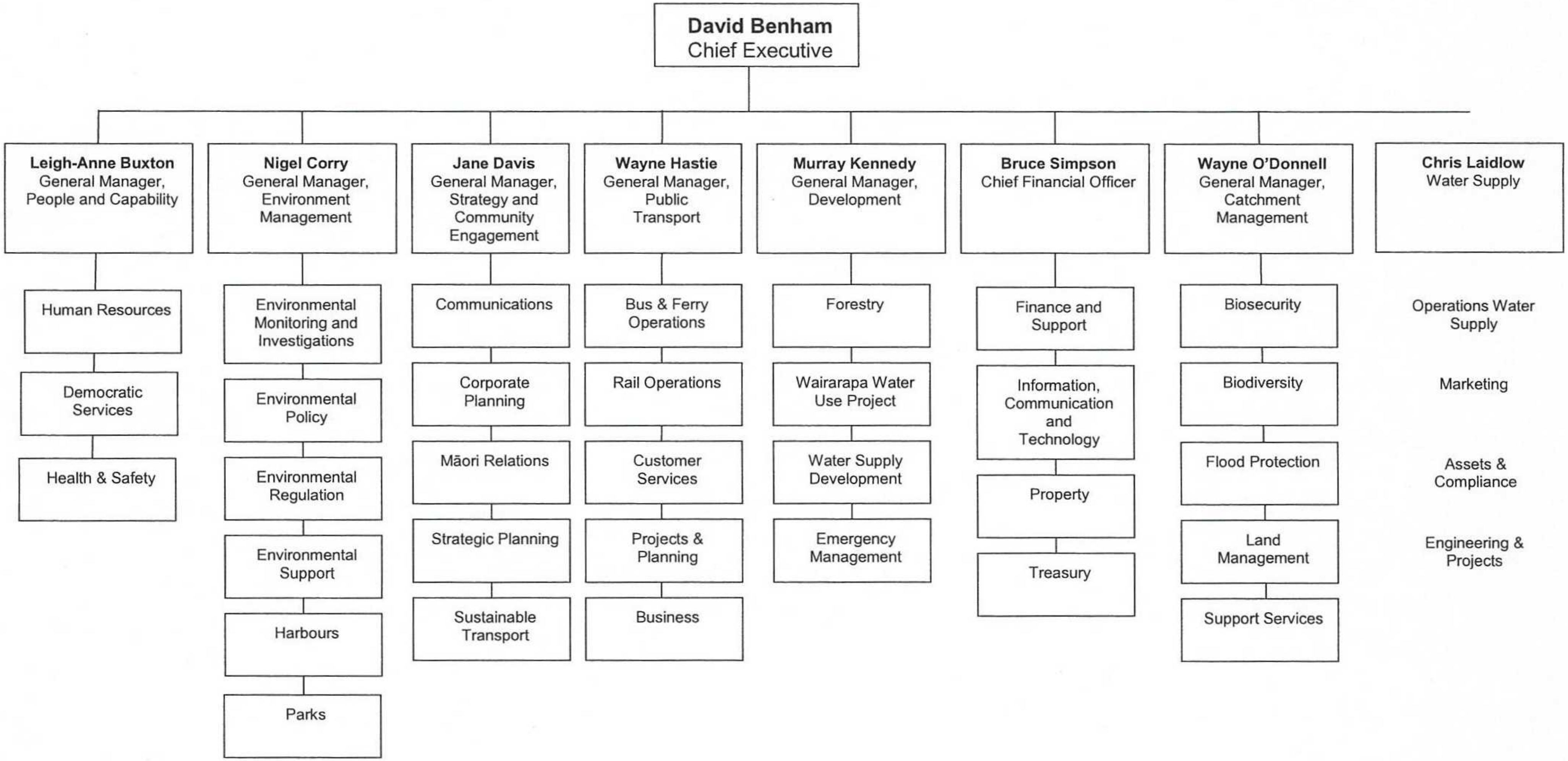
Regional Transport Committee
Cr Fran Wilde (c)
Cr Peter Glensor (d)

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 structure



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October 2012
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