

# Greater Wellington Regional Council

## Annual Report 2014/15

Draft as 16 September 2015



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Auditors  
Audit New Zealand on behalf of the Auditor-General

Bankers  
ANZ Bank New Zealand Limited

Treasury advisers  
PwC New Zealand

## Chair's report

The past year has seen the Greater Wellington Regional Council (GWRC) deliver a number of significant initiatives which impact on both our natural environment and our resilience as a region. We continued to engage with our diverse communities and received a clear message about the activities they believe the regional council should be focused on over the next 10 years. Communities said they want reassurance that our infrastructure is resilient and the quality of our environment is protected.

In 2014 the Government made changes to the Local Government Act (2002) which impacted on the way councils consulted on their Long Term Plans. This resulted in GWRC producing a standalone consultation document which highlighted the changes in priorities and spending over the next 10 years. The Council actively promoted the consultation document within the region and was very pleased with the engagement it received. By going into the communities and asking people what they thought our priorities should be, rather than just relying on written submissions, GWRC was able to develop a plan which resonates with communities and helps future proof our region. The Long Term Plan was signed off on 30 June 2015.

Once again this year the Wellington Region witnessed the havoc that nature can cause through storms and heavy rain, all of which confirmed the importance of our investment in resilience. In May and June this year we experienced record rainfall that affected the Wellington Region from the Kapiti Coast to Wellington City and resulted in significant surface and river flooding. The Wellington Region Emergency Management Office (WREMO) demonstrated a high level of competence as it guided the region through these events, and helped coordinate responses from across the regional council including our public transport operations provided by Metlink. The effort to keep our customers updated as the weather events unfolded was extraordinary, including responding to 3,000 calls. Flood protection warnings were managed superbly and I would like to make a special mention of thanks to our field staff who were often working in atrocious conditions.

In June 2015 we worked with the Masterton District Council to agree a collaborative approach to flood protection in Masterton, with the long-term objective of achieving a 100-year level of protection, plus allowance for climate change. Both councils agree we share a clear objective of ensuring our community is adequately protected from the risk of flooding now and in the future.

And in Hutt City, where flooding poses a threat to the central business district and could cost more than a billion dollars in damage and put lives at risk, we worked collaboratively with Hutt City Council around options for public consultation on the Hutt City Centre Reach flood protection upgrade.

At GWRC we work in partnership with our communities on a number of initiatives. In the year under review a diverse and talented group of people was chosen to help the Porirua community decide how it wants to care for and manage its rivers, harbours and coastal water into the future. The 13 members of Te Awarua o Porirua Whaitua (catchment) Committee were confirmed in December 2014 and will be instrumental in setting a direction for managing natural resources in the Porirua watershed. People in Te Awarua o Porirua Whaitua have the opportunity to be involved in the project as it is being developed. The Whaitua committee's job is to make sure the community fully understands the issues and feel confident to be involved in finding solutions.

Another major achievement signed off on 30 June 2015, and now out for consultation, was the ground-breaking new Proposed Natural Resources Plan for the Wellington Region that sets out objectives, rules and guidelines for protecting and sustainably using natural resources in the region. The plan sets limits for natural resource use and quality, while ensuring an environment without compromising opportunities for sustainable economic growth. The proposed plan is the result of five years of collaboration with iwi, business and the community, starting with an award winning partnership with the region's six mana whenua iwi. We believe the plan provides certainty for users of natural resources so they can confidently invest in technologies and practices to limit harmful discharges, and more efficiently use our precious natural capital. The plan is based on extensive research as well as an in-depth understanding of the values the community holds and the places which are most special.

Much of our work is around regional infrastructure and planning. In 2014/15 the Regional Land Transport Plan 2015 was approved by the Regional Transport Committee and adopted by GWRC in April. This is a complex piece of work, signalling investment in roading and freight networks to help unlock the region's growth potential and supporting new cycleways and better public transport.

Finally I want to acknowledge the work and commitment of Councillor Fran Wilde who resigned as Chair after almost eight years in the role. Fran joined the regional council in 2004 and under her leadership the council has led many changes that have been extremely important and beneficial to the whole region. Fran continues as a councillor, and on behalf of the councillors and staff I thank her for her dedication and leadership during her time as Chair, and look forward to working with her in the future.

A handwritten signature in black ink, appearing to read 'Chris Laidlaw', with a long horizontal stroke extending to the right.

Chris Laidlaw

# Chief Executive's report

I am pleased to present my first annual report.

I have appreciated the welcome and support from Councillors, staff, our strategic partners and the community during these initial months, especially at a time of such change and complexity. I also acknowledge the former Chief Executive, David Benham, who left a legacy of stability and good management.

The Council has been operating in a fast changing environment in all its key activities.

We lead several major programmes of work, which have the capability of transforming our performance in public transport, flood protection, environmental management and resilience. Many of these are large, complex programmes undertaken in conjunction with key strategic partners.

For example, our new Public Transport Operating Model (PTOM) is designed to encourage more competition for transport contracts, grow patronage and give customers value for money. PTOM introduces significant opportunity, applying different disciplines and activities and increased complexity. Once fully implemented, our organisation will be very different.

New resource management aspirations, particularly in fresh water, are demanding sharp focus and we are working closely with our stakeholders and communities.

My early objectives on arriving at the Council were to listen, learn and assess. My initial focus was on two fronts.

First, our relationships with key partners. The Council operates with a range of partners, ranging from commercial service providers to local authorities and central government agencies. These relationships are integral to our success – including many being funding partners.

The debate on local government reform during the year caused uncertainty and presented unique challenges in relationships with other Councils. I prioritised key relationships in the public transport, environment management and local authority areas and am pleased to report strengthening in all of these.

This has facilitated substantial progress in a range of complex areas:

- Transition arrangements to move to new rail contracts in 2016
- A refocus on improving our customers' experiences on our rail network
- Agreement on bus route classification, as required by PTOM
- NZTA and GWRC alignment on major public transport activities and strategies
- Joint work and progress on Bus Rapid Transit
- Flood protection plans in Masterton and the Hutt Valley
- Bringing together key parties in the Transmission Gully work
- Working with other local councils and Local Government Commission on local government reform options
- Economic development and bulk water activities.

Second, our capability to successfully lead and manage the wide range of changes in our external environment. In May, we launched an internal initiative, 'Making Greater Wellington even greater'. This focused on building new specialised capability in areas critical to our success, such as programme management, finance and community engagement. It also aims to drive a vision of greater cohesion and collaboration, supported by a 'one organisation' approach to our work.

We have a strong executive team. Not only does the team boast deep competence and commitment, but there is a strong sense of unity and common purpose.

It is a tribute to the senior leadership team that alongside all these internal and external changes, staff engagement lifted over the period. We have very strong capability and commitment throughout the organisation, to a level that would be the envy of private enterprise.

Across all functions of the Council it has been a very busy and successful year.

- The Long Term Plan was approved
- A Proposed Natural Resources Plan for the Wellington Region was approved for consultation
- The second of the five Whaitua (catchment) Committees was established and work is well advanced on a third
- Public transport is on a transformational path. Rail Procurement is well advanced and the complex range of initiatives leading us to new bus contracts and fleet, are on track. We made unprecedented progress on new park and ride facilities with excellent support from NZTA and invested in improving local rail infrastructure. This will lift the on-time performance of our trains.
- We are refocusing and investing on lifting our customer experience on public transport and are already seeing good improvements in patronage on rail (4.2 percent)
- The integration of both bulk water and our economic development activities into regional bodies was successfully completed
- Health and safety was a major focus and I am very positive about Council progress in this area- I see the disciplines becoming increasingly entrenched in our organisation's culture.
- Substantial progress was made in flood protection, particularly in Hutt Valley and Masterton. Consultation on Hutt City Centre upgrade is now underway and drawing strong community support
- Farm management plans are working well and growing in number, with record plantings in erosion-prone land in Wairarapa
- An executive level appointment was made to Pou Whakarae and new approaches developed in conjunction with Iwi
- We made excellent progress in the Wairarapa Water Use Project, working now to two preferred sites
- We managed a range of resilience challenges, most notably the floods in May, which disrupted our public transport services and caused damage to some of our assets.
- We transitioned a change in Chair of the Council at the end of the period.

We look forward to a very busy and successful year and are motivated to tackle future challenges together. We have the right team, capabilities and approaches.

Thank you to Councillors and the community for their ongoing support. In particular, I would like to record my appreciation to both the outgoing and incoming Chairs, for their confidence in me and the executive team.



Greg Campbell

## Executive Leadership Team

Chief Executive Officer  
Greg Campbell

General Manager,  
Environment Management  
Nigel Corry

General Manager,  
Catchment Management  
Wayne O'Donnell

General Manager,  
Public Transport  
Wayne Hastie

General Manager,  
Corporate Services / Chief Financial Officer  
Dave Humm

General Manager,  
Strategy  
Luke Troy

General Manager,  
People and Customer  
Leigh-Anne Buxton

Te Pou Whakarae  
Rawiri Faulkner

# Community outcomes

Our community outcomes describe what the Greater Wellington Regional Council (GWRC) aims to achieve in the long term to improve the Wellington region's wellbeing. All the activities we undertake contribute in some way to achieving one or more of our community outcomes. How specific activities contribute towards community outcomes is described at the start of each of our activity chapters. However we cannot achieve our community outcomes on our own. We work with other organisations such as local councils, government departments, business groups, mana whenua and community groups to achieve them.

Our community outcomes were originally derived from a set of common outcomes that were developed in 2006 by drawing together outcomes from all the councils in the Wellington region, and which were consulted on as part of the development of the Wellington Regional Strategy, the sustainable economic growth strategy for the region.

In 2010 changes were made to the requirements regarding community outcomes in the Local Government Act 2002, which now requires community outcomes to focus on the things that GWRC has the capacity and influence to achieve. The community outcomes outlined below reflect these new requirements but are derived from those previously agreed as part of the Wellington Regional Strategy.

Our outcomes are:

## **Strong economy**

*A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.*

Our activities that contribute to this outcome are: Regional leadership, Environment, Public transport, Water supply, and Flood protection and control works.

## **Connected community**

*People are able to move around the region efficiently and our communications networks are effective and accessible.*

Our activities that contribute to this outcome are: Regional leadership) and Public transport.

## **Resilient community**

*A community that plans for the future, adapts to change and is prepared for emergencies.*

Our activities that contribute to this outcome are: Regional leadership, Water supply, and Flood protection and control works.

## **Healthy environment**

*An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.*

Our activities that contribute to this outcome are: Environment, Parks, Public transport, Regional leadership, Water supply, and Flood protection and control works.

## **Quality of Life**

*An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.*

Our activities that contribute to this outcome are: Regional leadership, Parks, Environment and Flood protection and control works.



## Community outcomes indicators

GWRC has a set of indicators which tell us if the region is progressing in the right direction towards these outcomes. As with the outcomes, they are aligned with the Wellington Regional Strategy.

Outcome	Outcome Indicator	Baseline	2012 results	2013 results	2014 results
Strong Economy <sup>1</sup>	Increase regional GDP per capita	GDP per capita of \$53,653 (2010)	GDP per capita of \$52,477	GDP per capita of \$53,894	GDP per capita of \$53,922
	Decrease in unemployment rate <sup>2</sup>	Unemployment rate of 5.8% (2010)	Unemployment rate of 6.4%	Unemployment rate of 7.1%	Unemployment rate of 5.8%
	Increase percentage of GDP spent on research and development <sup>3</sup>	2.49% of GDP spent on research and development (2010)	2.82% of GDP spent on research and development	2.92% of GDP spent on research and development	3.08% of GDP spent on research and development
Connected community	Maintain or decrease peak AM/PM congestion	Peak AM/PM congestion rate of 28.2 seconds delay per kilometre travelled (2010)	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled	Peak AM/PM congestion rate of 32.4 seconds delay per kilometre travelled
	Increase public transport boardings per capita	Public transport boardings per capita of 74.2 (2010)	Public transport boardings per capita of 73.1	Public transport boardings per capita of 72.2	Public transport boardings per capita of 72.9
	Increase ease of making a journey across the region by public transport	56% of respondents rated getting around the region by public transport as somewhat easy, very easy or extremely easy (2010)	60% of respondents rated getting around Wellington <sup>4</sup> by public transport as somewhat easy, very easy or extremely easy	66% of respondents rated getting around Wellington by public transport as somewhat easy, very easy or extremely easy	83% of respondents rated their satisfaction with the Wellington region's public transport system between 6 and 10 on a scale of 1-10. Question changed from last year.
	Increase access to public transport <sup>5</sup>	83.7% of people live within 500m of a public transport stop (2006)	82.6% of people live within 500m of a public transport stop (2012)	82.5% of people live within 500m of a public transport stop (2013)	82.5% of people live within 500m of a public transport stop (2014)

<sup>1</sup> Historic baselines/ targets have been adjusted to reflect the best data available. i.e. 2010 baseline updated to 2014 dollar value. GDP base figure excludes Owner Occupied Dwellings.

<sup>2</sup> Revised figures reflect Statistics NZ Unemployment statistics updates.

<sup>3</sup> Revised figures reflect Statistics NZ GDP updates.

<sup>4</sup> Question format changed from ease of travelling across the Wellington region, to ease of travelling across Wellington.

<sup>5</sup> Data series has been updated from a 400m proximity to 500m proximity consistent with the Annual Monitoring Report on the Regional Land Transport Strategy. Baseline (2006) and 2013 figures are based on observed Census population figures. Population estimate applied for 2012.

	Increase household access to broadband	68.5% of households have broadband (2009)	80.0% of households have broadband	No new data available <sup>6</sup>	No new data available <sup>7</sup>
Resilient Community	Increase household preparedness for emergencies	72% of households surveyed have adequate supplies of emergency food and water (2010)	81% of residents surveyed stated they have adequate supplies of emergency food and water	85% of residents surveyed stated they have adequate supplies of emergency food and water	81% of residents surveyed stated they have adequate supplies of emergency food and water
	Increase business preparedness for emergencies	56% of business surveyed have business continuity plans in place (2009)	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.	No new data available. This survey has not been carried out due to the development of new community resilience indicators.
Healthy Environment	Maintain air quality	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 80.9% of sampled days (2010)	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 84.9% of sampled days	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 82.0% of sampled days	Concentrations of suspended particles (PM <sub>10</sub> ) were at good/excellent levels on 82.8% of sampled days
	Maintain or improve fresh water quality for recreation	36% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months (2010)	50% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months	46% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months	54% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months
	Maintain or improve coastal/marine water quality for recreation	58% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months (2010)	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months	46% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months

<sup>6</sup> Survey not carried out in 2013.

<sup>7</sup> Survey not carried out in 2014.

	Maintain ground water quality	Median nitrate concentrations were low (<3mg/L) in 80% of monitored bores (2010)	Median nitrate concentrations were low (<3mg/L) in 77% of monitored bores	Median nitrate concentrations were low (<3mg/L) in 85% of monitored bores	Median nitrate concentrations were low (<3mg/L) in 79% of monitored bores
	Maintain or improve stream and river health	69% of monitored sites had a macroinvertebrate community index classification of good or excellent (2010)	64% of monitored sites had a macroinvertebrate community index classification of good or excellent	69% of monitored sites had a macroinvertebrate community index classification of good or excellent	69% of monitored sites had a macroinvertebrate community index classification of good or excellent
	Maintain soil quality on dairy farms and dry stock sites	74% of dairy farms (2009) and 83% (2008) of drystock farms <sup>8</sup> had no more than one soil quality indicator outside of the target range	No new data available	52% of dairy farms had no more than one soil quality indicator outside of the target range No new data available for dry stock sites <sup>9</sup>	No new data available
	Increase in QEII covenanted areas	6,011ha of land is registered under QEII covenant (2010)	6,056ha of land is registered under QEII covenant	6,071ha of land is registered under QEII covenant	6,156ha of land is registered under QEII covenant
	Decrease water use per capita <sup>10</sup>	Average daily water supply of 381.4 litres/person (2010)	Average daily water supply of 367.9 litres/person (2012)	Average daily water supply of 363.3 litres/person (2013)	Average daily water supply of 351.7 litres/person (2014)
	Maintain or decrease CO <sub>2</sub> emissions from transport	Land transport fuel combustion produced 1,093 kilotonnes of CO <sub>2</sub> emissions (2011) <sup>11</sup>	Land transport fuel combustion produced 1,083 kilotonnes of CO <sub>2</sub> emissions	Land transport fuel combustion produced 1,061 kilotonnes of CO <sub>2</sub> emissions	Land transport fuel combustion produced 1,064 kilotonnes of CO <sub>2</sub> emissions
Quality of life	Maintain or increase voter turnout in Council elections	Voter turnout of 43% in 2010 regional council election	No new data available.	Voter turnout of 42% in 2013 regional council election	No new data available.

<sup>8</sup> 2008 and 2009 figures revised.

<sup>9</sup> Drystock sites are monitored less frequently than dairy sites as conditions change more slowly.

<sup>10</sup> Water supply figures for 2010 & 2012 have been revised due to methodological changes. This regional indicator includes reticulated water supply in Kapiti and Wairarapa as well as the reticulated areas connected to the GWRC bulk water supply: Lower Hutt, Porirua, Upper Hutt and Wellington cities.

<sup>11</sup> Updated data. Refer to Annual Monitoring Report on the Regional Land Transport Strategy.

	Maintain or increase perception that the public can influence council decision making	52% of respondents in the region thought the public had an influence on council decision making (2010)	46% of respondents in the region thought the public had an influence on council decision making	No new data available <sup>12</sup>	50% of respondents in the region thought the public had an influence on council decision making. <sup>13</sup>
	Maintain perception of quality of life <sup>14</sup>	86.9% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2010)	88.2% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2012)	No new data available <sup>15</sup>	83.3% of respondents rated their overall life satisfaction as a 7 or higher on a scale of 0-10 (2014).  <i>Survey format changed from 2012, so cannot compare with previous years.</i>
	Maintain sense of pride in the way their city looks and feels	63% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels (2010)	66% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels	No new data available <sup>14</sup>	71% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels. <sup>16</sup>
	Maintain access to local parks and other green spaces	94% of residents thought it was easy or very easy to get to a local park or other green space (2010)	93% of residents thought it was easy or very easy to get to a local park or other green space	No new data available <sup>14</sup>	92% of residents thought it was easy or very easy to get to a local park or other green space. <sup>17</sup>

<sup>12</sup> The Quality of Life (QoL) survey is conducted every two years so there is no 2013 figure.

<sup>13</sup> Due to cessation of the QoL survey for the whole Wellington region, the methodology for this indicator has changed in 2014 to an average of WCC, HCC and PCC (weighted by population) values from the 2014 NZ six councils QoL report.

<sup>14</sup> Due to pending cessation of the QoL survey, this indicator has changed from 'residents rating their quality of life as good or extremely good' to 'Overall Life Satisfaction' drawn from the Statistics NZ General Social Survey.

<sup>15</sup> Statistics NZ General Social Survey is conducted every two years so there is no 2013 figure.

<sup>16</sup> Due to cessation of the QoL survey for the whole Wellington region, the methodology for this indicator has changed in 2014 to an average of WCC, HCC and PCC (weighted by population) values from the 2014 NZ six councils QoL report.

<sup>17</sup> Due to cessation of the QoL survey for the whole Wellington region, the methodology for this indicator has changed in 2014 to an average of WCC, HCC and PCC (weighted by population) values from the 2014 NZ six councils QoL report.

# Key achievements for 2014/15

## Regional Leadership

- Completed the Regional Land Transport Plan, which brings together the former strategy, programme and a series of corridor and action plans into a single integrated plan. The Plan provides a strong programme of funded projects over the next 6 years to make significant improvements to the regional transport network.
- Updated the Wellington Region Genuine Progress Index - a holistic measurement tool that assesses whether the region's growth, increased production of goods, and expanding services have actually resulted in the improvement of the welfare (or well-being) of the people in the region.
- Won the 2014 International Association of Emergency Managers (IAEM) Global Technology & Innovation Award, for use of social media as an engagement tool to help build strong communities, promote disaster preparedness, and communicate official emergency management information during and after an event. The innovative approach to building an audience before an event has created the largest following on Facebook for an emergency management office in the world per capita.
- Won the 2014 IAEM Oceania Partners in Preparedness Award for the partnership between WREMO and the private sector for the 200L Emergency Rainwater Tank.
- Had two staff members appointed to the Government's Cycle Safety Expert Review Panel.
- Established a new regional economic development agency (WREDA), merging various economic and tourism related agencies. WREDA will provide a more co-ordinated delivery approach to supporting regional economic growth.
- Held the first Wellington Water Committee meeting, being a joint committee of the Wellington Regional Council, Hutt City Council, Porirua City Council, Upper Hutt City Council and Wellington City Council. The Committee provides oversight of Wellington Water Limited and of the network infrastructure for the delivery of bulk water, water reticulation, wastewater and stormwater services in the areas of Lower Hutt City, Porirua City, Upper Hutt City and Wellington City.

## Public transport

- 36.4 million passenger trips, which equates to a 1.7% increase from 2013/14
- Proceeded with the investigation phase and business case for the Integrated Fares and Ticketing (IFT) project, confirming that there is a strong strategic and economic basis for progressing with integrated fares and ticketing.
- Selected three parties to respond to the Public Transport Operating Model (PTOM) Rail Request for Tender.
- Completed five of the six stages of the Matangi 1 upgrade and five new Matangi 2 trains were shipped from Korea.

## Water supply

- Integrated the GWRC Bulk Water Group with Capacity Infrastructure Services Ltd in August 2014 to form the new council controlled organisation Wellington Water Ltd. In March 2015 the structure went live and the new company moved into new offices – an open plan environment to encourage collaboration and workflow communication.
- Completed the first Regional Asset Management Plan (RAMP) covering the 3 waters services for 5 councils, describing how water supply, wastewater and stormwater services are delivered across the Wellington metropolitan region, as well as issues and responses. This was a significant achievement that GWRC contributed to through its involvement in Wellington Water.

- Strengthened, or confirmed compliance, of all Water Treatment Plant buildings to 100% of the New Building Standard.
- Constructed and put into service a new High Availability (HA) data network, which uses microwave technology to connect Water Treatment Plants with Shed 39, IBM Petone and Masterton via a dedicated resilient network. This will minimise data outages and provide a critical alternative to commercially operated infrastructure in the event of an emergency.

### **Environment**

- Received further funding for the Wellington Regional Erosion Control Initiative (WRECI) from the Ministry of Primary Industries. Over the next four years a total of \$3.5M will be spent on protecting 1,500 hectares of erosion prone land.
- Managed the first year of operational activity following the sale of forestry cutting rights. This included a key operational document relating to Health and Safety, and the preparation of an Asset Management Plan.
- Planted 29,000 poplar and willow poles on erosion-prone land through the extensive Farm Plan programme operating primarily in the Wairarapa hill country.
- Completed development of operative Farm Environment Plans for all dairy farms in the Mangatarere catchment.
- Planned and coordinated management actions to reduce threats to the ecological health of 61 Key Native Ecosystem sites on public and private land.
- Established the Fish Passage Restoration programme and Wetland Protection Support programme in line with the direction set by the draft Natural Resources Plan.
- Progressed the Porirua Harbour and Wairarapa Moana Collaborative Restoration projects on a number of fronts, including governance, management, volunteer coordination, community engagement and ecological restoration.
- Deployed staff to the Auckland Fruit Fly response as part of the National Response Team for the National Biosecurity Capability Network led by MPI.
- Completed pest control works to over 68,000 ha in North Wairarapa, Kapiti, Porirua and Wellington.

### **Flood protection and control works**

- Progressed floodplain management plans for Te Kāuru (Upper Ruamahanga Catchment), Waiohine and Pinehaven, requiring extended consultation, investigation and review.
- Accelerated land acquisition for the implementation of the Hutt, Pinehaven and Waiohine floodplain management plans.
- Completed Hutt and Wairarapa river maintenance programmes with the arrival of significant rock supplies from the Linton quarry.
- Lodged resource consent applications for renewal of all maintenance activities in the region's rivers. A Code of Practice and Environmental Monitoring Plan were also developed as part of the renewal process to highlight the actions that Flood Protection staff would take to minimise environmental effects.
- Secured agreement from Hutt City Council and GWRC around options for public consultation on the Hutt City Centre Reach upgrade. The consultation process will commence in the first quarter of 2015/16.

### **Parks**

- Completed a new track from the Korokoro Forks to Belmont Trig (Belmont RP), Pt Howard and the Kowhai Track to Butterfly Creek (East Harbour RP) providing much improved visitor access to

popular destinations in the regional parks network. Community feedback the level of engagement, quality of workmanship and environmental protection demonstrated on the Kowhai Track upgrade was very positive.

- Ran a successful Great Outdoors Summer Events programme which drew a record 18,917 people across 57 events.
- Facilitated activities in the parks network, including a 2-week filming stint for Pete's Dragon at Battle Hill and working with DOC to tender complementary farm licences at Queen Elizabeth Park and Whareroa.
- Continued joint planning and funding bids with parks 'Friends' group, resulting in an improved sense of ownership by these groups, and record volunteer hours spent on the parks.
- Re-located the farm hub at Belmont Regional Park as part of an agreement with NZTA around sale of land for the Transmission Gully Motorway, with the new woolshed, yards and associated facilities opened in January 2015.
- Launched Te Ara o Whareroa (Queen Elizabeth Park Cycleway) in October 2014, with the opening due in January 2016. A project steering group representing the partners GWRC, NZTA and KCDC is guiding project planning and implementation.

## Relationships with mana whenua

This year GWRC continued to work with mana whenua across a range of initiatives in their role as kaitiaki of their ancestral lands in the region.

These initiatives enable mana whenua to participate in decision making and serve to meet GWRC's obligations under the Local Government Act 2002, RMA 1991, Port Nicholson Block (Taranaki Whānui ki Te Upoko o Te Ika Claims Settlement Act 2009, and Ngāti Toa Rangātira Claims Settlement Act 2014) and national and regional policy statements and environment standards (e.g. Statement for Freshwater Management 2014).

The key activities worked on this year were:

### **Ara Tahī**

Ara Tahī is a leadership forum of Greater Wellington Regional Council (Greater Wellington) and its six mana whenua partners that meets to discuss strategic issues of mutual interest. Ara Tahī members comprise two representatives from each mana whenua authority and usually the Greater Wellington Chair, Deputy Chair and Chief Executive.

This year, Ara Tahī discussed issues that included:

- Census 2013 data and use implications for mana whenua
- How to build financially sustainable iwi and Māori through access to financial and investment knowledge and information
- Wellington Regional Strategy
- Draft Stocktake of Obligations to Māori Phase 1 Findings
- Draft Māori Strategy

### **Te Upoko Taiao – Natural Resource Management Committee**

The Te Upoko Taiao – Natural Resource Management Committee is responsible for overseeing the review of GWRC's Regional Plans. The Committee comprises seven councillors and seven appointed members nominated by mana whenua. The Committee is a significant expression of the partnership between mana whenua and the council and recognises mana whenua as kaitiaki and provides for the protection of Māori values including mahinga kai (traditional food resources) and wāhi tapu (significant places). This year, the Committee completed the proposed Regional Plan.<sup>18</sup>

### **Other mechanisms**

GWRC also continued to work with mana whenua through other mechanisms:

- Council Committees (Strategy and Policy Committee, Hutt Valley Flood Management Committee, Te Kāuru Upper Ruamahanga River Floodplain Management Subcommittee)
- Council Advisory Groups (e.g. Wairarapa Water Use Project Governance Group)
- Co-management arrangements (e.g. Whitireia Park Board and Parangarahu Lakes)
- Māori Hearing Commissioners
- Resource consent applications

### **Parangarahu Lakes**

The Roopu Tiaki is the co-management group for the Parangarahu Lakes which comprises Port Nicholson Block Settlement Trust (PNBST) and GWRC membership. The Roopu Tiaki developed a draft Co-Management Plan and Amendment to the Parks Network Plan which was adopted by GWRC and PNBST in December and is in the implementation stage.

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<sup>18</sup> For more detail please see the Resource Management content under the Environment Activity Group.



### **Whitireia Park Board**

The Whitireia Park Board membership comprises three GWRC councillors and three Ngāti Toa Rangātira representatives. The Board approved a draft new management plan and bylaws for Whitireia Park. The draft plan provides new policy directions outlines a range of improvement works including further park based interpretation of significant natural and cultural heritage stories.

### **Whaitua committees**

The Te Awarua-o-Porirua whaitua committee was established in February 2015 as the second of five planned whaitua. The membership comprises Ngāti Toa Rangātira and community representatives. The committee is developing processes on how it will operate in considering mana whenua and other community interests in making their recommendations.

The Ruamāhanga Whaitua Committee continues to work closely with Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa and other territorial and community representatives to develop a Whaitua Implementation Plan.

### **Iwi Projects**

GWRC is committed to working with mana whenua and investing in projects to achieve mutually beneficial strategic goals, objectives and outcomes.

### **Training**

GWRC continues to build its capacity to work more effectively with Māori through the Te Ara Matua training programme for staff and elected members. Improvements to the training this year included:

- piloting new tutor evaluation and self-assessment processes for the Pakiaka Level 1 basic te reo and tikanga training
- piloting the new Tiwai Level 2 basic te reo and tikanga training package
- developing new processes for the Mahuri and Pihi training.

### **Stocktake of mechanisms for working with Māori**

This year, GWRC commissioned an independent stocktake of the statutory obligations to Māori that identified and assessed our achievement or otherwise in this area. The next stage of the project, planned for 2015/16, involves working with Ara Tahi to undertake an evaluation of our current practice and the extent to which the relationships reflect best practice, where gaps and opportunities exist, and make recommendations for improvement.

### **Māori strategy**

GWRC is developing a Māori strategy that provides guidance in determining strategic objectives aligned to the aspirations of mana whenua. The strategy includes a new focus on working with taura here/matāwaka (non-mana whenua Māori of the region) to identify mutually beneficial areas of interest on whole-of-community issues.

### **Iwi walkovers**

Iwi walkovers are an important mechanism which enables GWRC and mana whenua to engage directly on kaitiaki environment issues of mutual importance. This year, GWRC participated in iwi walkovers with:

- Ngā Hapū ō Ōtaki of the Ōtaki River
- Te Ātiawa ki Whakarongotai on the Waikanae River.

## Corporate sustainability

Greater Wellington Regional Council aspires to run its own operations as sustainably as possible and demonstrate leadership in sustainability. GWRC's Corporate Sustainability Action Plan sets objectives to reduce the environmental and social impacts of its operational activities. This year over 15 sustainability initiatives have been successfully implemented, these include:

### Carbon emissions

GWRC has made a commitment within the 10 Year Plan 2015-25 to measure and report annually on its carbon emissions and demonstrate a reduction in its corporate emissions. The 2014/15 carbon inventory will be used as a baseline to measure future increases or decreases in emissions<sup>19</sup>.

GWRC has adopted the 'operational control approach' to determine the boundaries for its corporate emissions. This approach enables GWRC to measure the emissions it actively manages. Since September 2014 GWRC's water supply functions, which include the collection and distribution of water to Wellington, Hutt, Upper Hutt and Porirua City Councils, have been carried out by Wellington Water. Although emissions associated with GWRC's water assets now fall outside the boundary of its corporate emissions, it will continue to measure and report the emissions associated with water supply activities.

The table below details GWRC emissions by source for the 2014/15 financial year. Note that corporate emissions are also reported independently from total emissions.

Source	kg CO2e	% of total	% of Corporate
<i>Scope One Emissions: from sources owned or controlled by GWRC</i>			
Back-up generators	654	0.02%	0.06%
Gas	28,782	0.72%	2.46%
Vehicle Fleet	477,383	11.87%	40.77%
<i>Scope Two Emissions: from the generation of electricity purchased by GWRC</i>			
Electricity	276,935	6.89%	23.65%
<i>Scope Three Emissions: occur as a consequence of GWRC activities but from sources they do not own or control</i>			
Gas Transmission & Distribution	3,338	0.08%	0.29%
Electricity Transmission & Distribution	22,677	0.56%	1.94%
Taxi (Business travel)	2,954	0.07%	0.25%
Rental (Business travel)	1,684	0.04%	0.14%
Air travel (Business travel)	122,213	3.04%	10.44%
Bus and train (Business travel)	30,876	0.77%	2.64%
Employee commute	183,067	4.55%	15.63%
Waste to landfill	4,025	0.10%	0.34%
Recycling	16,336	0.41%	1.40%
Wellington Water fleet	99,157	2.47%	
Wellington Water electricity	2,751,641	68.42%	
<b>Total</b>	<b>4,021,722</b>	<b>100.00%</b>	
<b>Corporate</b>	<b>1,170,924</b>		<b>100.00%</b>

<sup>19</sup> Carbon inventories were previously prepared for the 2005/06 and 2010/11 financial years. Due to improvements in data quality and changes to the operational boundary, the 2014/15 inventory will be used as the new baseline.

- Almost 70% of GWRC's total emissions are attributed to the electricity used by Wellington Water in the collection and distribution of water to the four councils within the region.
- GWRC's corporate emissions are dominated by: the fuel used to run GWRC's vehicle fleet; and the electricity used to power over 100 sites, including commercial offices, flood protection and environmental monitoring sites, bus stops and train stations.

GWRC is committed to reducing emissions from its corporate activities. GWRC has set targets around corporate waste, electricity, fuel and carbon reduction. It also established a monitoring and reporting system which will enable GWRC to track its progress against corporate sustainability targets and facilitate the implementation of the Sustainability Action Plan.

### **Waste**

GWRC diverts over 21 tonnes of recyclables and organic waste from landfill each year across its three main offices. This year GWRC improved its waste management systems by: changing its waste contractors to ensure plastics 3-7 are recycled in all main offices, installing worm farms in Masterton and Upper Hutt to process organic waste, introducing reusable cups for staff to minimise the number of disposable cups going to landfill, recycling ICT equipment and setting up battery recycling systems. New colour-coded waste management bins and signage are being rolled out in the main offices to make it easier for staff to recycle and compost their waste.

### **Buildings and equipment**

GWRC installed sensor lighting in its main Wellington office. The sensor lighting ensures lights aren't left on outside business hours and has the potential to save up to 76,931 kwh of electricity and \$10,000 in electricity costs per annum. Equitrax FollowMe printing has been installed across the GWRC network. The FollowMe system is improving workflow processes and helping GWRC achieve its sustainability objectives by reducing paper consumption and wastage, and using almost 50% less energy than the old print system.

### **Internal networks**

To help grow the culture of sustainability within GWRC, a network of 15 sustainability champions has been appointed across GWRC to assist the implementation of the Action Plan. A GWRC Climate Change and Sustainability Forum has been established to ensure close linkages between corporate sustainability initiatives and the GWRC Climate Change Strategy.

## Financial overview for the year ended 30 June 2015

Council - Statement of comprehensive income	Council		
	2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s
Operational Revenue	212,789	207,851	215,101
Finance costs	(10,248)	(10,760)	(9,424)
Operational expenditure	(202,874)	(203,390)	(203,604)
<b>Operational surplus / (deficit) for the year before transport</b>	<b>(333)</b>	<b>(6,299)</b>	<b>2,073</b>
Transport improvement grants and subsidies revenue	9,872	9,279	4,152
Transport improvement expenditure	(5,374)	(5,492)	(2,882)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>4,498</b>	<b>3,787</b>	<b>1,270</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>4,165</b>	<b>(2,512)</b>	<b>3,343</b>
Fair value gains / (losses) in profit and loss	(19,518)	159	19,642
Tax	-	-	-
<b>Surplus / (deficit) after tax</b>	<b>(15,353)</b>	<b>(2,353)</b>	<b>22,985</b>
<b>Other comprehensive income</b>			
Increases / (decreases) in revaluations	919	-	27,681
Fair value movements in other comprehensive income	-	-	-
<b>Total comprehensive income / (deficit) for the year</b>	<b>(14,434)</b>	<b>(2,353)</b>	<b>50,666</b>

Greater Wellington's net operating surplus for the 2014/15 year before fair value gains and losses was \$4.165 million, compared with a budgeted deficit of \$2.512 million. Including fair value movements of (\$19.518 million) and tax the net deficit was \$15.353 million, which is \$13.000 million behind budget.

Asset revaluations resulted in a \$0.919 million increase, mostly due to the five yearly revaluations of Harbours Navigational Aids assets.

### Significant components of variance are:

#### Grants and subsidies - Revenue and expenditure

Greater Wellington receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$4.9 million lower due to the lower transport expenditure including:

- Lower trolley bus infrastructure renewals expenditure of \$1.2 million due to less work carried out than anticipated.
- Lower rail contract expenditure of \$3.5m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$1.4m as contractual inflation payments have been lower than expected.

#### Other Revenue

Interest revenue from investments was \$1.7 million higher due to higher cash balances being held during the year and favourable deposit rates.

- Additional revenue was received from Ministry for the Environment (MfE) for the Wairarapa Moana Clean-up project of \$650k.
- Revenue of \$567k was received for additional pest control work.
- Additional consents revenue of \$741k, primarily from the Roads of National Significance (RONS) projects.

## Financial overview for the year ended 30 June 2015

### Operational Costs

- Additional costs were incurred, including for the Wairarapa Moana Clean-up project of \$650k, funded by MfE.
- Additional consents costs associated with the RONS programme, these were recovered from NZTA.
- Additional costs for the timing of the Whaitua programme, which progressed at an accelerated pace, including significantly research and monitoring costs being brought forward.

### Fair value adjustments

The main adjustment is the non-cash \$18.5m reduction on Swap valuations. These swaps provide long term certainty of the costs of our borrowing.

This unfavourable movement is due to our contract swap rates being higher than the equivalent actual market rates, and reflects the downward trend in interest rates with rates at close to historical lows. GWRC's average swap rate at June is 4.80%.

### Asset Revaluations

Asset revaluations are typically done every five years. The revaluation this year of the Harbours Navigational aids resulted in a \$1 million increase in the value of these assets. The changes in current costs over time emphasise the on-going financial challenge of building and replacing key infrastructure for the region.

#### Council - Statement of financial position

	Council		
	2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s
Current assets	108,667	63,590	121,164
Non-current assets	1,015,611	1,033,646	990,531
<b>Total assets</b>	<b>1,124,278</b>	<b>1,097,236</b>	<b>1,111,695</b>
Ratepayers equity	863,859	859,573	878,293
Current liabilities	62,151	23,663	108,775
Non-current liabilities	198,268	214,000	124,627
<b>Net equity and liabilities</b>	<b>1,124,278</b>	<b>1,097,236</b>	<b>1,111,695</b>

### Total Assets

The balance sheet assets variance is primarily due to a movement between current financial assets and non-current assets, as funds held have shorter maturity times and the continued investment in GW Rail primarily for the Matangi 2 purchase and on-going station upgrades.

### Debt

Overall, debt increased by only \$6.0 million as the funds from the previous year's Forestry Cutting rights disposal were utilised to lower debt. There has also been a shift between current and non-current debt reflecting the change in maturity dates.

**Financial overview  
for the year ended 30 June 2015**

**Council - Statement of cash flows**

	Council		
	2015 Actual \$000s	2015 Budget \$000s	2014 Actual \$000s
Cashflows from operating activities	13,958	16,126	30,072
Cashflows from investing activities	(37,191)	(70,137)	(45,379)
Cashflows from financing activities	9,942	59,419	26,488
Net increase (decrease) in cash, cash equivalents and bank overdraft	(13,291)	5,408	11,181
Opening cash equivalents	19,516	22,287	8,335
Closing cash equivalents	<b>6,225</b>	<b>27,695</b>	<b>19,516</b>

The overall decrease in cash equivalents is mostly due to a greater level of contingency deposits of more than 90 days. Financial assets overall increased by \$15m.

**Chris Laidlaw**

*Chair*

30<sup>th</sup> September 2015

**Greg Campbell**

*Chief Executive*

30<sup>th</sup> September 2015

**Dave Humm**

*Chief Financial Officer*

30<sup>th</sup> September 2015

## Financial overview for the year ended 30 June 2015

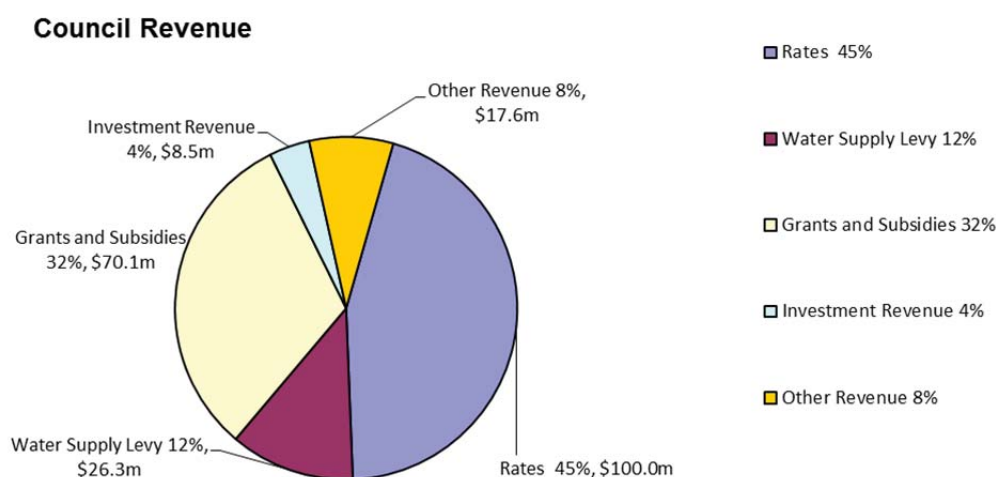
During 2014 central Government introduced additional financial and reporting requirements which are included in this overview.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the GWRC.

It is also important to keep in mind the overall strategy and policies GWRC has also adopted when reading these graphs. These are included within the Long Term Plan.

### Rates

this pie chart illustrates GWRC's sources of revenue. Rates made up 45% of revenue in 2015. Grant and subsidies, predominately from central Government for public transport, makes up the next largest share at 32%.



These next graphs indicate whether GWRC has kept within the rates limit is adopted in the LTP.

### Rates (increases) affordability

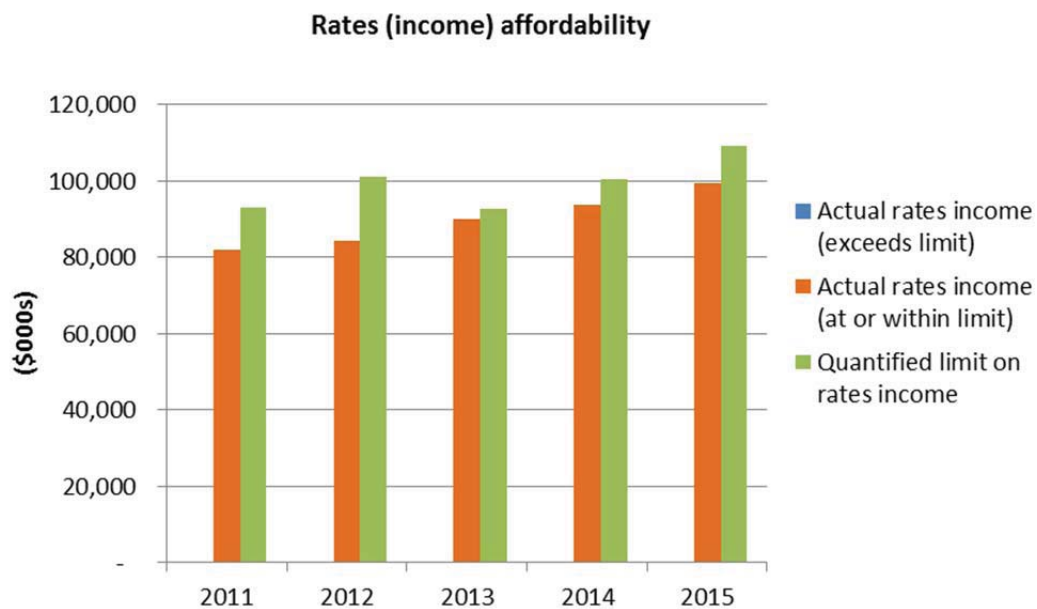
GWRC adopted an average increase of 8.5% per annum (around \$31 per year for the average residential ratepayer) in its 2012/22 LTP as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

It is pleasing to report that the increases have been lower than forecast in the LTP.

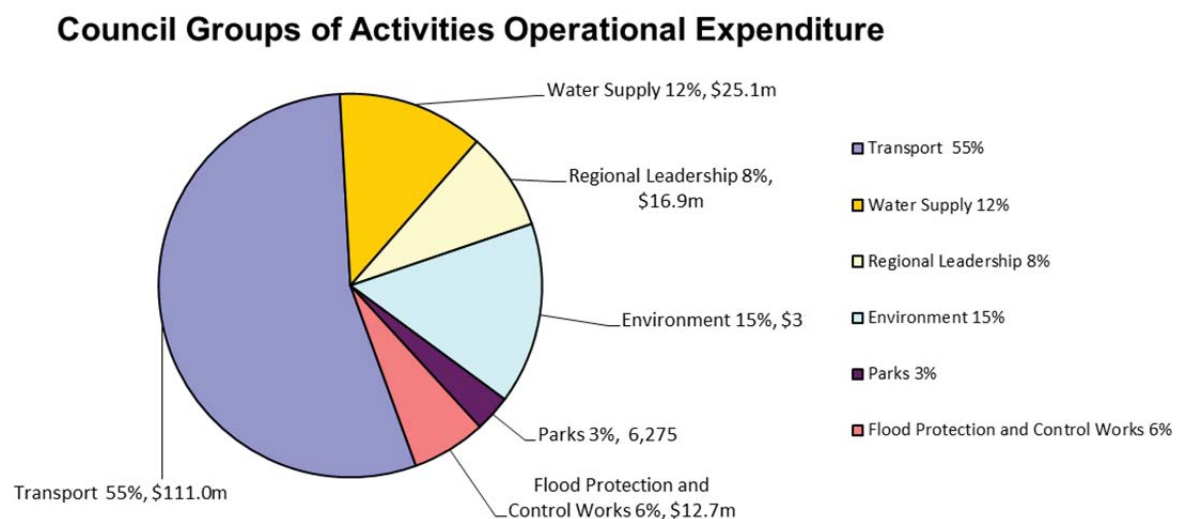
## Financial overview for the year ended 30 June 2015

### Rates income affordability

This graph shows the total rates actually received compared to the LTP rates limits.



This pie chart illustrates GWRC's operational expenditure by group of activities. The largest portion is for public transport, at \$111 million equates to 55% of operational expenditure in 2014.





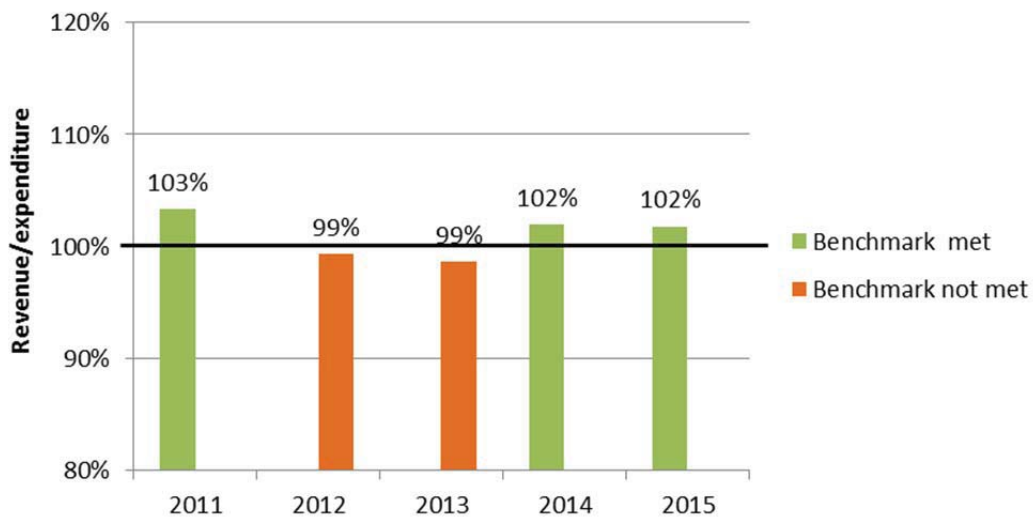
**Financial overview  
for the year ended 30 June 2015**

**Balanced Budget**

This graph shows whether GWRC has been receiving revenue greater or less than its operational expenditure, i.e. whether GWRC has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

Over time GWRC is meeting this benchmark test.

**Balanced Budget Benchmark**

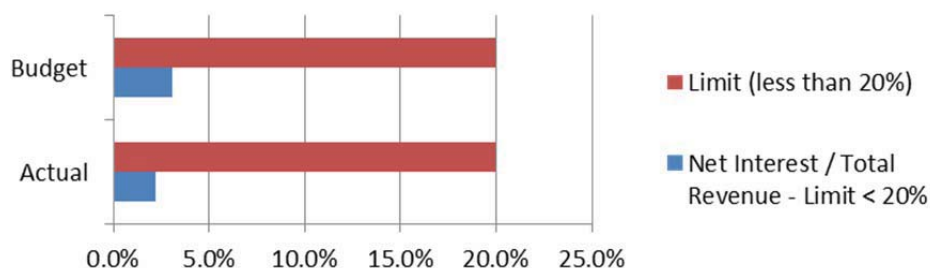


**Financial Strategy Financial Limits**

The goal of GWRC’s financial strategy is to ensure GWRC delivers good value for ratepayers’ investment by delivering the right services at the best cost. The strategy encompasses three key financial limits that GWRC adopted in its 2012-22 long term plan.

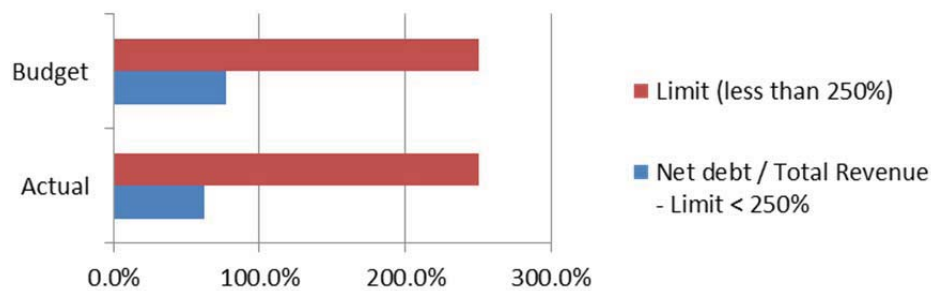
These graphs show that GWRC is being managed within these financial prudential limits.

**Net interest / Total revenue – Limit < 20%**

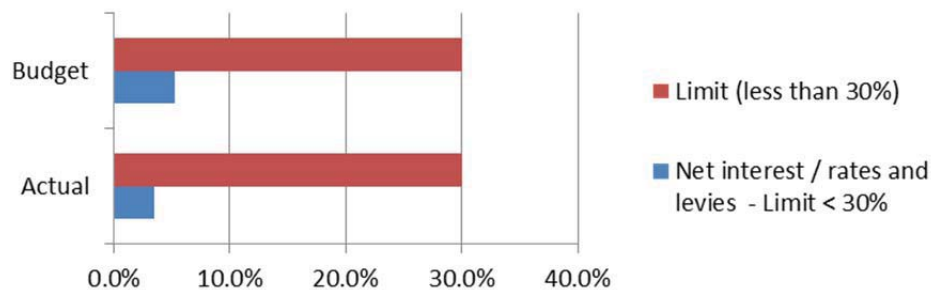


**Financial overview  
for the year ended 30 June 2015**

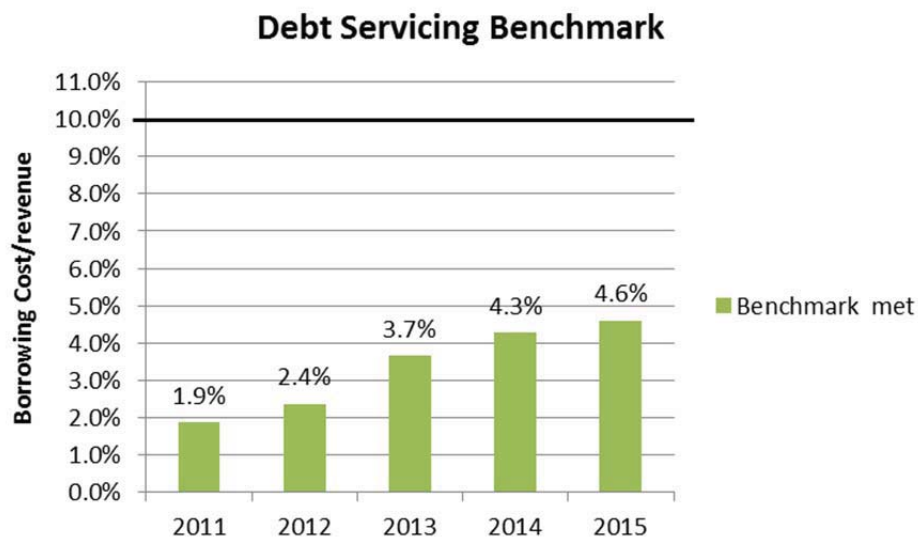
**Net debt / Total revenue - Limit < 250%**



**Net interest / Rates and levies - Limit < 30%**



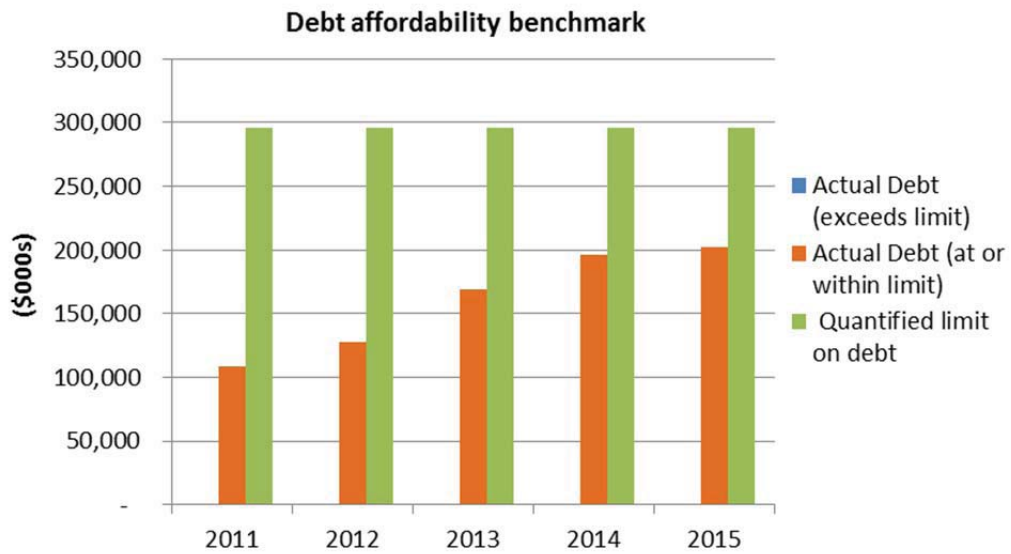
**Debt affordability graphs – Debt Servicing**



This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates a higher exposure to shifts in interest rates. The benchmark prudential limit is set by central Government at 10% for non-high population growth regions.

Over time GWRC is meeting this benchmark test.

**Financial overview**  
**for the year ended 30 June 2015**

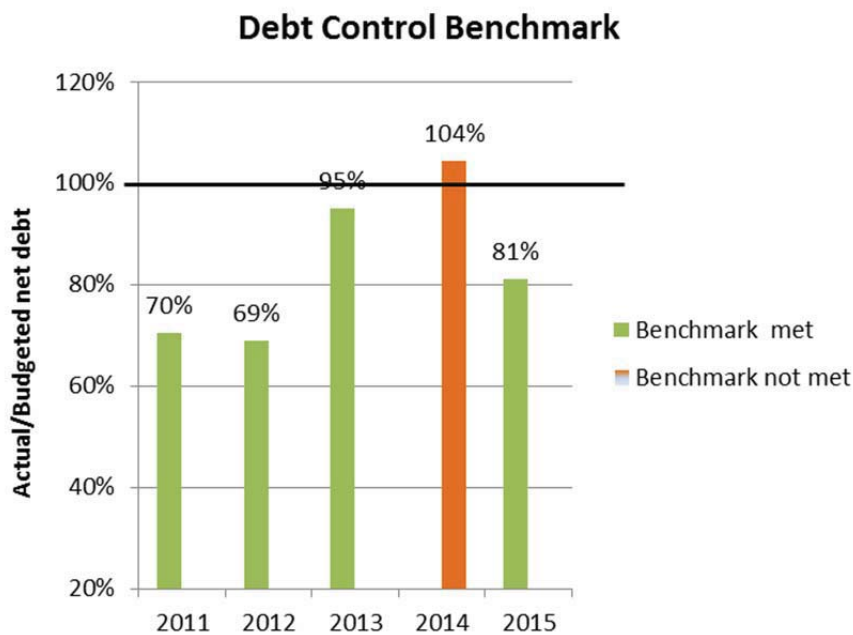


This graph shows the actual debt compared to the debt limit adopted in the 2012-22 LTP. In the LTP the debt projection was for it to peak at \$296 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Over time GWRC is meeting this benchmark test.

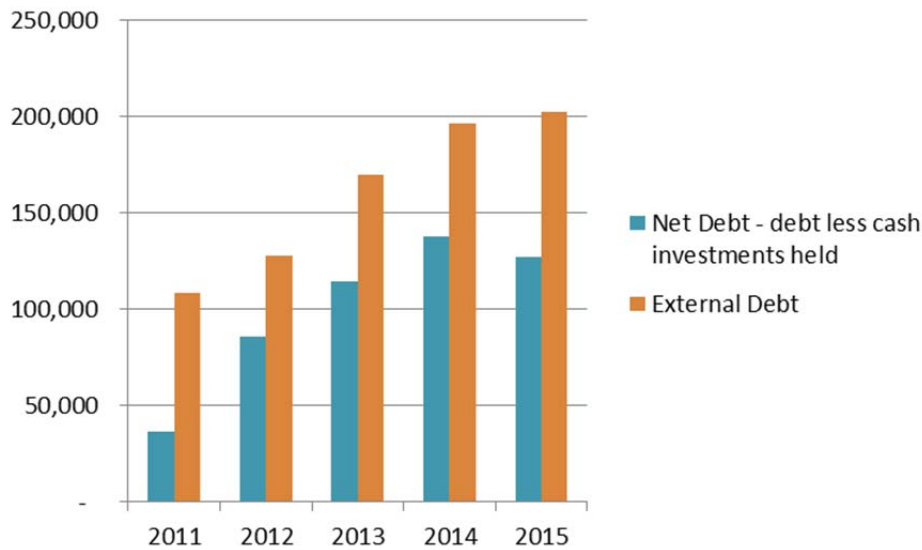
**Debt affordability graphs – Debt benchmark**

This graph indicates whether actual net debt is less than the budgeted net debt position.

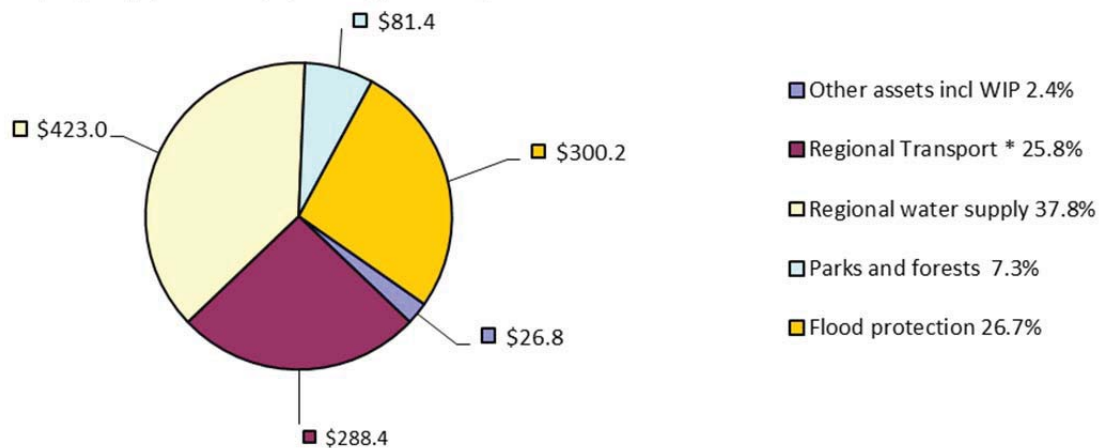


## Financial overview for the year ended 30 June 2015

This graph shows that cash investments significantly lower the overall outstanding debt position



### Council property, plant & equipment (\$ millions)



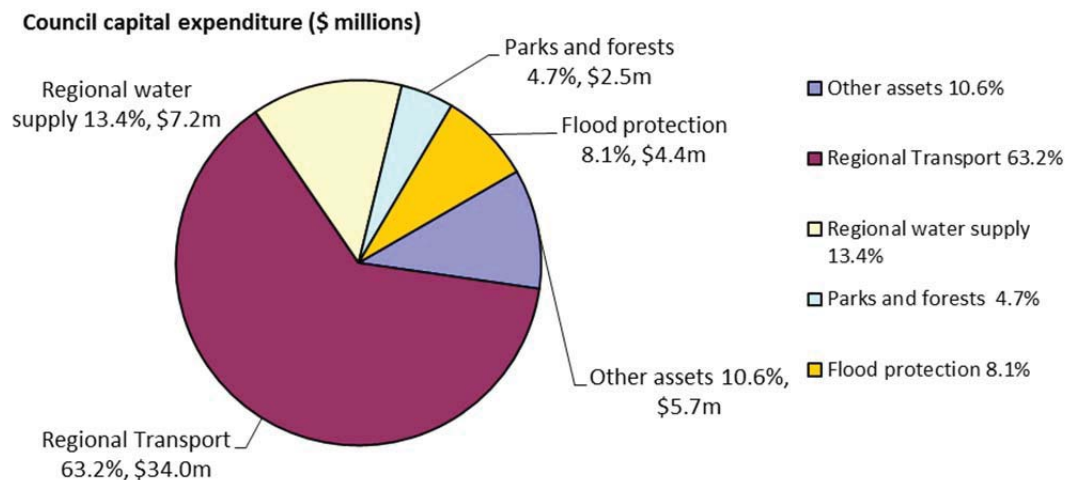
\* Includes \$274.8m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary

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

GWRC looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and public transport. The new Matangi trains, the Ganz Mavag trains, and all stations excluding Wellington station are owned by the 100% owned GWRC subsidiary, Greater Wellington Rail Limited (GWRL). (Need to be consistent on what we call GWRL)

Continued management and investment in these assets is essential. GWRC and GWRL maintain and updates detailed asset management plans to ensure the assets are maintained and made available on behalf of the community.

## Financial overview for the year ended 30 June 2015



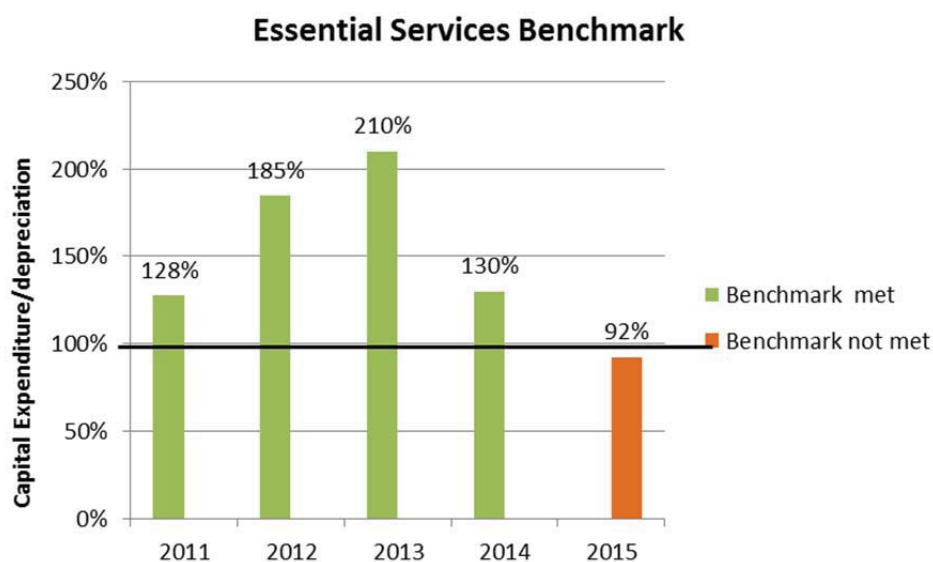
This pie chart shows the breakdown of the \$54 million in capital and improvement expenditure for the year ended 30 June 2015. The transport number includes \$23 million invested in GWRL for rail rolling stock and infrastructure improvements. It is included in the above graph to illustrate the extent of the continued investment in public transport.

### Essential Services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

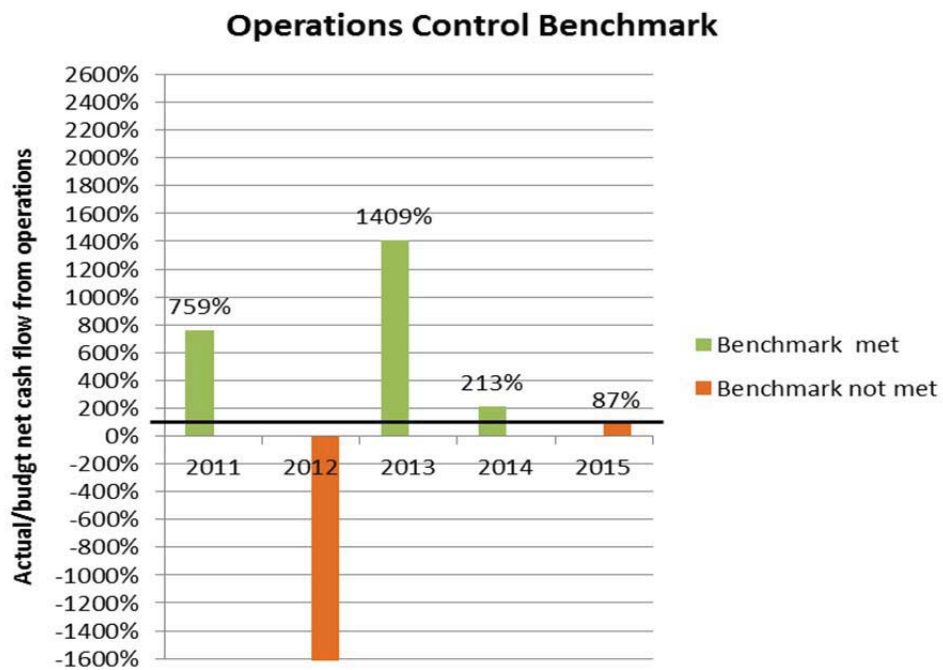
Over time we are meeting this benchmark due to the ongoing new flood protection assets being built.

With very long life assets it will not be unexpected to have periods where the results are below this benchmark like this year.



**Financial overview**  
**for the year ended 30 June 2015**

**Operational cash control**



This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.

**Financial overview  
for the year ended 30 June 2015**

<b>Group - Statement of comprehensive income</b>	<b>Group</b>	
	<b>2015 Actual \$000s</b>	<b>2014 Actual \$000s</b>
Operational Revenue	296,804	277,092
Finance costs	(20,282)	(19,135)
Operational expenditure	(288,668)	(277,493)
<b>Operational surplus / (deficit) for the year before transport</b>	<b>(12,146)</b>	<b>(19,536)</b>
Transport improvement grants and subsidies revenue	9,872	4,152
Transport improvement expenditure	(5,374)	(2,882)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>4,498</b>	<b>1,270</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>(7,648)</b>	<b>(18,266)</b>
Fair value gains / (losses) in profit and loss	(20,047)	7,961
Tax	4,284	3,560
<b>Surplus / (deficit) after tax</b>	<b>(23,411)</b>	<b>(6,745)</b>
<b>Other comprehensive income</b>		
Increases / (decreases) in revaluations	564	29,505
Fair value movements in other comprehensive income	-	425
<b>Total comprehensive income / (deficit) for the year</b>	<b>(22,847)</b>	<b>23,185</b>

<b>Group - Statement of financial position</b>	<b>Group</b>	
	<b>2015 Actual \$000s</b>	<b>2014 Actual \$000s</b>
Current assets	133,270	147,229
Non-current assets	1,532,630	1,520,658
<b>Total assets</b>	<b>1,665,900</b>	<b>1,667,887</b>
Equity	1,163,666	1,181,394
Current liabilities	67,580	119,029
Non-current liabilities	434,654	367,464
<b>Net equity and liabilities</b>	<b>1,665,900</b>	<b>1,667,887</b>

<b>Group - Statement of cash flows</b>	<b>Group</b>	
	<b>2015 Actual \$000s</b>	<b>2014 Actual \$000s</b>
Cashflows from operating activities	29,092	41,620
Cashflows from investing activities	(36,959)	(58,274)
Cashflows from financing activities	(7,237)	29,751
<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>(15,104)</b>	<b>13,097</b>
Opening cash equivalents	22,217	9,120
<b>Closing cash equivalents</b>	<b>7,113</b>	<b>22,217</b>

The Group results include subsidiaries CentrePort Limited, WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited and associates, Wellington Water Limited and WREDA. During 2014/15 Grow Wellington was transitioned to WREDA which Greater Wellington owns 20% of with Wellington City Council owning 80%.

## GWRC activities

For each GWRC activity discussed below, the actual achievement is compared to the performance targets as set out in the Long Term Plan 2012-22 (which incorporates the Annual Plan 2014/15).

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 GWRC's policy.

## Regional leadership

GWRC coordinates regional leadership activities in partnership with other local authorities on a range of issues including economic development, transport, and civil defence and emergency management. We involve mana whenua and the community in our decision making. We also lead regional initiatives that provide significant benefits to the regional community.

### Activities

This group of activities includes:

- Wellington Regional Strategy
- Emergency management
- Democratic services
- Relationship with mana whenua
- Regional transport planning and programmes
- Regional initiatives

### Our regional leadership activities contribute towards:

- A **strong economy** by developing region-wide strategies and funding programmes to help the region realise its economic potential
- A **resilient community** by ensuring the region is ready to effectively respond to and recover from major emergency events, such as earthquakes
- A **connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available and supporting the availability of ultra-fast broadband
- **Quality of life** by providing opportunities for residents to engage in our activities and participate in decision making, including our mana whenua partners



This year saw the completion of a Regional Land Transport Plan (RLTP), a newly legislated document under the Land Transport Management Act which brings together the former strategy, programme and a series of corridor and action plans into a single integrated plan. The RLTP was developed in line with the Business Case Approach requirements of the NZ Transport Agency and provides a strong programme of funded projects over the next 6 years to make significant improvements to the regional transport network. This includes major improvements to the existing state highway network, a new state highway between Petone and Grenada, improvements to local roads, major investment in new cycle infrastructure, and the implementation of a Bus Rapid Transit system in central Wellington.

Many significant projects were run over the year to encourage safe and sustainable transport:

- We achieved some key objectives around encouraging people to leave their cars behind and take up more sustainable transport modes. The Active a2b programme generated increases for active modes from 3% to 15% for walking and from 1% to 10% for cycling. Car trips for those driving alone to work 3 or more times a week decreased significantly from 91% to 67%.
- Using social media to promote our campaigns and information, we produced a series of videos on pedestrian safety, the value of folding bikes and their use on public transport, and advice on bicycle lights. The 'Safe Speeds' video campaign, comprising three YouTube videos entitled Sexy Zen Driver, attracted positive comments, and has over 19,500 views.
- 4,063 children and 560 adults received Pedal Ready cycle skills training to teach adults and children how to ride safely.
- Two of our staff members were appointed to the Government's Cycle Safety Expert Review Panel.
- We've been working with Victoria University to develop a Personalised Journey Planner, targeting University staff with parking permits to promote sustainable transport alternatives.
- Fifty schools participated in Movin' March active travel week, reaching over 10,000 children - the highest number of schools that have ever participated in Movin' March.
- We produced the first Wellington Region Summer Cycling Event Guide and supported the following: Folding Bike Fun Ride; Go By Bike Days in Wellington, Kapiti, Lower Hutt and Masterton; and three Ciclovía events on the Miramar Peninsula which attracted approximately 5000 people.
- A series of Big Bike Fix-ups were run throughout the region between November 2014 and January 2015, where approximately 200 bicycles were repaired. This initiative is aimed at addressing those cycle crashes which occur due to bike failures, such as faulty brakes or tyres.

During the year a new regional economic development agency (WREDA) was established in conjunction with Wellington City Council. This was a merger of various economic and tourism related agencies, including Grow Wellington. The new agency is co-owned and co-funded by the two councils. WREDA will provide a more co-ordinated delivery approach to supporting regional economic growth. The WRS Committee was reconstituted and remains a committee of Greater Wellington.

The Wellington Regional Strategy (WRS) Office progressed a sector project in partnership with Callaghan Innovation and a London-based market intelligence company. The outcome of this project will help inform WREDA's sector based activities and investment attraction programme.

Research projects and workshops were also undertaken on migrant underemployment, migrant attraction and retention, and barriers to employment for migrants to inform an evidence-based response plan to be actioned through a regional partnership agreement (RPA) with Immigration NZ. Further, the WRS Office produced business case studies of local companies which demonstrate the benefits of adopting digital technologies and update of high speed broadband (UFB), and provided economic information and data to council stakeholders and WREDA as a basis for regional consistency in the application of economic data.

The Wellington Regional Emergency Management Office (WREMO) had a busy year that included:

- responding to the widespread floods of May and June 2015
- assessment of the Group's capacity and capability by the Ministry of Civil Defence & Emergency Management. The Group's score of 68.6% comfortably exceeded the 56% target (set by the Director Ministry of Civil Defence & Emergency Management). This represented a significant increase in the Group's capacity and capability arising from the rationalisation of the region's CDEM assets to form WREMO.
- progressing the planned implementation of technology enhancements designed to facilitate greater connectivity and situation awareness. Five of the six Emergency Operations Centres are complete.
- engaging key members of our communities to produce Community Response Plans (CRP). The process itself is under review and future planning will enhance the scope from mere response, to wider community resilience initiatives, such as community visioning and community driven projects that help maintain community relationships. The Group resilience strategy and CRP process continues to generate enquiries/requests to utilise our material, both within NZ and internationally.
- growing support for WREMO and its approach to social connectivity, with over 48,000 followers at year end. During the period, the top performing post reached 188,416 people, with 7496 likes, 940 shares, and 151 comments.
- winning two awards from the International Association of Emergency Managers (IAEM) - one for Technology and Innovation (use of social media as an engagement tool) and the other for Partners in Preparedness (private sector partnership to develop household rainwater storage tanks)
- working in conjunction with the Wellington Engineering Lifelines Group (WELG), the Wairarapa Lifelines Association (WELA), and the major utility companies of the region, to progress a number of key projects designed to better understand and boost the resilience of the region's infrastructure. These included the regional fuel supply, establishment of emergency levels of service, and the prioritisation of key utility sites.

Following amendments to the Local Government Act 2002, the Council adopted its first Significance and Engagement Policy, and Amendments to Standing Orders, which include the provision for remote participation of members and the public at Council and committee meetings. Further to this, the Council's policies and rates remissions and postponements were reviewed, with updated policies adopted in conjunction with the 10 Year Plan 2015-2025.

The Wellington Water Committee, being a joint committee of the Wellington Regional Council, Hutt City Council, Porirua City Council, Upper Hutt City Council and Wellington City Council met for the first time in September 2014. The Committee provides oversight of Wellington Water Limited and of the network infrastructure for the delivery of bulk water, water reticulation, wastewater and stormwater services in the areas of Lower Hutt City, Porirua City, Upper Hutt City and Wellington City.

Throughout the year, GWRC continued to work productively with mana whenua across a range of initiatives in their role as kaitiaki of their ancestral lands in the region.

## Performance against specific areas of work

Specific areas of work for 2014/15	Performance
<b>Wellington Regional Strategy</b>	
Continue to support Grow Wellington, the WRS Office and the WRS Committee to promote economic growth in the region	Grow Wellington was merged with Wellington City Council's economic agencies to establish a wider regional delivery agency (WREDA). New governance arrangements were put in place.  Collaborative projects were progressed in the areas of skills supply and business investment.
Manage and lead key projects relating to the Open for Business and Building World Class Economic Infrastructure focus areas	The common use and application of economic information by councils was delivered through the provision of economic profiles, economic scenario forecasts, the Genuine Progress Index update and information tools.
Monitor the performance of Grow Wellington, in conjunction with the WRS Committee, to ensure it continues to deliver on its Statement of Intent	Grow Wellington's Annual Report was adopted by its board and accepted by the WRS Committee. The new WREDA Board presented the Statement of Intent for 2015/16.  An evaluation exercise on elements of Grow Wellington's performance was completed.
<b>Emergency management</b>	
Create a new Emergency Coordination Centre to manage the response activities across the Wellington region in a significant emergency event.	Ten-year contractual agreement in place with NZ Royal Society to use their building (directly opposite the Wellington Emergency Management Office in Thorndon) as the Emergency Coordination Centre (ECC). Action has been taken to develop and acquire systems and equipment for this facility.
Continue to implement the CDEM Group Plan, the CDEM Business Plan and the WREMO Annual Plan.	CDEM Group Plan has been developed and implemented. This Plan is supported by an Emergency Management Business Plan and the WREMO Annual Plan.
Continue to build resilience in our communities through a range of preparedness and connectedness initiatives, including the Household Emergency Rainwater Tank project.	Several initiatives are in place (including rain water tanks, Grab-and-Go emergency kits, plus fasteners for equipment and furniture). Approximately 6,000 rain water tanks have to date been sold by the region's councils and roughly 25,000 Grab-and-Go bags have been sold through retail outlets.  These activities were the subject of an IAEM award.
<b>Democratic services</b>	
Continue to manage Council and committee meetings and advisory groups	All Council, committee and advisory body meetings received appropriate advisory and administrative support.

Continue to work with other councils in the region and the Local Government Commission on local government structural reform	The Council has continued to work with other councils in the region and the Local Government Commission on local government structural reform.  In June 2015 the Local Government Commission advised that it would not be continuing with its draft proposal for local government reorganisation in the Wellington Region.
<b>Relationship with mana whenua</b>	
Deliver Māori capacity training to Council and staff	Approximately 30 staff either started or completed (from the previous year) the Pakiaka Level 1 basic training and Tiwai Level 2 basic training. Councillor training was provided as required.
Provide opportunities for tangata whenua to be actively involved in decision making	Mana whenua continue to be actively involved in decision making through Council Committees, Advisory Groups, Co-management arrangements, Māori Hearing Commissioners and Resource consents.
Provide funding support for iwi to progress projects that have relevance to GWRC interests	GWRC continues to work with mana whenua and provides funding for projects to achieve mutually beneficial strategic goals, objectives and outcomes.
<b>Regional transport planning and programmes</b>	
Integrate the Regional Land Transport Strategy, associated plans and Regional Land Transport Programme into a single regional plan. This will include reviewing the region's transport objectives, targets and strategic approach. The plan will include a three-year programme of regional transport activities. The plan preparation process will include a public consultation process, including submissions and hearings. <sup>20</sup>	The Regional Land Transport Plan 2015 (a new requirement of the Land Transport Management Act) was recommended by the Regional Transport Committee and approved by the Greater Wellington Regional Council in April 2015. It incorporates a long-term strategy, a 6 year programme of projects and all the former Corridor Plans and Action Plans. The RLTP was consulted on in 2015 according to the statutory requirements.
Continue to promote active and sustainable transport options and road safety. Activities include working with schools and businesses to encourage options for journeys to work and school to reduce car travel, especially single-occupancy car trips. We will also promote active and sustainable travel to the Wellington community generally. We will continue to work with various agencies to promote safer journeys and reduce the number of fatal and injury crashes in the region.	There has been an increase in active travel trips to school from 32% to 42%. There has been a decrease in travel to school by car from 62% to 56%.  Cycling trips for the Active a2b Plus group (who drove to work 3 or more times a week) increased from 3% to 15%. Car trips for the Active a2b Plus group reduced from 91% to 67%.  Tertiary-focussed information campaigns on travel options were included in Orientation Week welcome packs, and staff attended events at Whitireia, Weltec, Massey and Victoria Universities.  Despite a significant increase in cycling, injury crashes in the four-year period since the share the

<sup>20</sup> This activity has been updated from those in the LTP, as under changes to the Land Transport Management Act, the requirement is now to produce a Regional Land Transport Plan rather than a Regional Transport Strategy and a Regional Land Transport Programme.

	road bus/cyclist workshops began (in 2010) have more than halved compared with the previous four year period.
Following the Regional Transport Committee's decision on the preferred option for medium to long-term improvements to the public transport spine through Wellington city, we will finalise a Programme Business Case for a bus rapid transport system.	An Indicative Business Case has been completed for Bus Rapid Transit in central Wellington. This will be considered by the Ngauranga to Airport Governance Group, Greater Wellington Regional Council, Wellington City Council and the NZ Transport Agency.
<b>Regional initiatives</b>	
Complete and implement a regional climate change strategy	A draft Climate Change Strategy has been developed and approved by council for public consultation. Over 60 submissions were received and informal hearings were held.
Undertake investigations and scope the benefits of a regionally integrated planning framework	Investigations into the benefits of a regionally integrated planning framework (regional spatial plan) have been undertaken, including discussions with all of the territorial authorities in the region. A draft project plan for the development of a regional spatial plan is being developed for discussion.
Continue corporate responsibility work	The update for this is provided in the Corporate Sustainability section.
Complete pre-feasibility studies for the Wairarapa Water Use Project and make a final decision as to the viability of progressing to full feasibility investigations on any possible storage sites (AP)	Pre-feasibility studies were completed on time in June 2015 and under budget forecasts. Two schemes were selected for feasibility studies beginning in July 2015.
Continue to support the insulation of residential homes	Numbers of properties utilising the Warm Wellington scheme continue to decline without the grant funding from EECA. This has impacted both the number of suppliers in the market offering insulation and the number of people willing to invest.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
<b>Wellington Regional Strategy</b>				
Promote economic growth in the region through: <ul style="list-style-type: none"> <li>• Grow Wellington</li> <li>• WRS Office</li> <li>• WRS Committee</li> </ul>	Percentage of GDP spent on research and development <sup>21</sup>	2.93% (2013)	3.06%	3.08% (2014)
	Percentage of workforce employed in highly skilled occupations <sup>22</sup>	11.5% (2013)	11.5%	11.8% (2014)
	GDP per capita <sup>23</sup>	\$53,894 (2013)	54,699 (2014)	\$53,922 (2014)
<b>Emergency Management</b>				
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days <sup>24</sup>	85% <sup>25</sup>	77%	76% <sup>26</sup> Last year's result was impacted by interest following the Seddon earthquakes. Waning interest in emergency preparedness is expected 22 months after a significant event. Our challenge is to arrest and then reverse that slide in a period free of emergency events.
	That the Wellington Region CDEM Group Plan is reviewed and kept up to date	The CDEM Group Plan was developed and implemented on 1 July 2013	Implement CDEM Group Plan	CDEM Group Plan, along with subordinate documents (Business and Annual Plans), implemented.

<sup>21</sup> Revised figures reflect Statistics NZ GDP updates.

<sup>22</sup> Baseline and targets have changed from the LTP 2012-22 due to a different categorisation of workforce occupations in the survey. The 2012 figure of 11.3% reported in the 2012/13 Annual Report was incorrectly reported and has been revised.

<sup>23</sup> Historic baseline and target have been adjusted to reflect the best data currently available. GDP per capita figures are presented in 2013 dollar values that exclude Owner Occupied Dwellings.

<sup>24</sup> In an independent survey of residents of greater Wellington carried out for GWRC

<sup>25</sup> 12% of residents do not have emergency supplies and 3% were not able to answer

<sup>26</sup> 23% of residents do not have emergency supplies and 1% were not able to answer

<b>Democratic Services</b>				
Provide information to enable the public to be informed of, and participate in, Council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100%	100%	100%
	Percentage of residents satisfied that they have had an opportunity to participate in decision making	19% of residents rate satisfaction 8-10/10 47% of residents rate satisfaction 5-7/10 32% of residents rate satisfaction 1-4/10 2% of residents were unsure how to rate	Increase in resident satisfaction	14% of residents rate satisfaction 8-10/10 <sup>27</sup> 51% of residents rate satisfaction 5-7/10 29% of residents rate satisfaction 1-4/10 6% of residents were unsure how to rate
<b>Relationship with mana whenua</b>				
Provide opportunities for mana whenua to be actively involved in decision making	Percentage of mana whenua committee members satisfied that mana whenua are recognised and involved in the decision making process	No survey carried out in 2013/14.  In June 2014 an externally facilitated strategy day was held with iwi leaders who make up Ara Tahī, which confirmed that mana whenua saw value in the decision making process with GWRC, and specifically the Ara Tahī and Te Upoko Taiao fora.	95%	100% of the mana whenua committee members felt emphatically that they were actively recognised and involved in decision making <sup>28</sup>
<b>Regional transport planning and programmes</b>				
Provide an up-to-date policy framework to guide investment in the region's land transport network	That the Regional Land Transport Strategy (RLTS) is reviewed, adopted and monitored	A review of the RLTS and related plans has been progressed. Recent amendments to the Land Transport Management Act now require the	Publish the monitoring report	The Regional Land Transport Plan 2015 (a new requirement of the Land Transport Management Act) was recommended by the Regional Transport Committee and approved by the

<sup>27</sup> The decrease in satisfaction results are attributed to the fact that the survey in June 2015 included 200 online responses for the first time (as additional to the standard 600 landline responses)

<sup>28</sup> There was a 67% response rate to the phone survey of mana whenua representatives of Council Committees. The survey excludes mana whenua representatives of Ara Tahī and Council Advisory Groups which are not council committees.

		development of a Regional Land Transport Plan, and NZTA guidance requires this to be adopted by April 2015. The Regional Network Plan will form a part of this overall Plan.		Greater Wellington Regional Council in April 2015. The Annual Monitoring Report is published in September of each year.
	That the Regional Land Transport Programme is reviewed and adopted	N/A	Regional Land Transport Plan adopted <sup>29</sup>	The Regional Land Transport Plan 2015 (a new requirement of the Land Transport Management Act) was recommended by the Regional Transport Committee and approved by the Greater Wellington Regional Council in April 2015.
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	87%	95%	92%  At a 95% confidence interval, the margin of error is +/- 6.2%
	Number of total annual visitors to selected GWRC sustainable transport web pages	13,532	Increase on previous year	14,532
	Mode shift in workplace and school travel plan programmes	8% increase in active travel trips to school (32% to 40%) and 6% decrease in travel to school by car (62% to 56%) for primary and intermediate age children.  Cycling trips for the Active a2b Plus group increased from 2% to 9%. Car trips for the Active a2b Plus group	Programme participants increase their use of sustainable transport modes	10% increase in active travel trips to school (32% to 42%) and 6% decrease in travel to school by car from (62% to 56%) for primary and intermediate age children.  Cycling trips for the Active a2b Plus group (who drove to work 3 or more times a week)

<sup>29</sup> This target has been updated from that in the LTP, as under changes to the Land Transport Management Act, the requirement is now to produce a Regional Land Transport Plan rather than a Regional Transport Strategy and a Regional Land Transport Programme.



		decreased from 91% to 69%.		increased from 3% to 15%. Car trips for the Active a2b Plus group decreased from 91% to 67%. <sup>30</sup>
<b>Regional initiatives</b>				
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (WWUP)	Scheme Options Identification and Analysis investigations & report.	Options Identification and Refinement Phases completed. Stakeholders were involved in planning the Pre-Feasibility phase and its initiation.	Pre-Feasibility study completed <sup>31</sup>	Pre-feasibility study completed on time and under forecast budget.
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	1,376	2,000 <sup>32</sup>	864 EECA's removal of the general household subsidy for insulation has impacted both the number of suppliers in the market offering insulation and the number of people willing to invest.

## Unforecast activity:

During May and June 2015, the region suffered two significant flooding events. These again highlighted the vulnerability of the Wellington region due to its topography, geography and climate. The event in May resulted in three Emergency Operations Centres (EOCs) activated in Kapiti, Porirua and Hutt City, as well as the Emergency Coordination Centre (ECC). At its peak, State Highways 1 and 2 were closed as well as the rail network. The second event resulted in a full activation of the Kapiti EOC, partial activations for the ECC and Hutt City EOC, plus staff were monitoring the weather impact in the Wairarapa. This was the same event that devastated Whanganui and WREMO assisted their response action with the loan of staff to work in their EOC.

<sup>30</sup> Each Active a2b programme is discrete from each other; therefore comparison between years is not possible. Participant use of sustainable transport modes is measured from the start of each programme to the completion of each programme.

<sup>31</sup> WWUP targets were incorrectly populated in the LTP 2012-22 – the correct 2012/13 target was left out and other targets were populated a year early. As stated last year, due to the inclusion of Operations Refinement Investigations completion of the Pre-Feasibility Study is now scheduled for late 2014.

<sup>32</sup> This target was set when grant funding was available from EECA.

**REGIONAL LEADERSHIP  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	5,635	5,635	7,496	6,385	5,600
Targeted rates	6,585	7,375	8,545	7,216	6,344
Subsidies and grants for operating purposes	1,782	1,433	2,463	1,191	1,731
Fees, charges, and targeted rates for water supply	3	3	3	3	3
Fines, infringement fees, and other receipts <sup>1</sup>	3,356	1,926	5,130	4,737	3,459
<b>Total operating funding</b>	<b>17,361</b>	<b>16,372</b>	<b>23,637</b>	<b>19,532</b>	<b>17,137</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(15,698)	(15,522)	(21,744)	(18,335)	(15,492)
Finance costs	(590)	(1,132)	(1,349)	(1,241)	(824)
Internal charges and overheads applied	(588)	(588)	(812)	(762)	(526)
<b>Total applications of operating funding</b>	<b>(16,876)</b>	<b>(17,242)</b>	<b>(23,905)</b>	<b>(20,338)</b>	<b>(16,842)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>485</b>	<b>(870)</b>	<b>(268)</b>	<b>(806)</b>	<b>295</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	100	710	666	663	116
Increase / (decrease) in debt	236	3,029	(1,660)	4,711	1,267
Gross proceeds from asset sales	23	-	-	37	34
<b>Total sources of capital funding</b>	<b>359</b>	<b>3,739</b>	<b>(994)</b>	<b>5,411</b>	<b>1,417</b>
<b>Applications of capital funding</b>					
- to meet additional demand	(929)	(825)	(662)	(643)	(627)
- to improve the level of service	(118)	(195)	(326)	(31)	(204)
- to replace existing assets	(177)	(75)	(80)	(167)	(52)
(Increase) / decrease in investments <sup>2</sup>	562	(2,240)	2,211	(4,156)	(721)
(Increase) / decrease in reserves	(182)	466	119	392	(108)
<b>Total applications of capital funding</b>	<b>(844)</b>	<b>(2,869)</b>	<b>1,262</b>	<b>(4,605)</b>	<b>(1,712)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Regional Leadership assets</b>	<b>343</b>	<b>392</b>	<b>443</b>	<b>407</b>	<b>397</b>

<sup>1</sup> This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

<sup>2</sup> This includes the change in the Warm Greater Wellington programme balance.

\* Some budget numbers have been reclassified to aid comparability

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**REGIONAL LEADERSHIP  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Wellington Regional Strategy	4,644	4,649	4,816	4,816	4,631
Emergency Management	2,879	2,869	4,638	4,638	2,932
Democratic Services	2,160	1,883	2,013	2,013	2,308
Relationships with Maori	862	862	922	922	862
Regional transport planning and programmes	3,004	3,228	2,930	2,930	2,986
Regional initiatives <sup>1</sup>	3,812	2,881	4,213	4,213	3,418
<b>Total operating funding *</b>	<b>17,361</b>	<b>16,372</b>	<b>19,532</b>	<b>19,532</b>	<b>17,137</b>
<b>Applications of operating funding</b>					
Wellington Regional Strategy	(4,546)	(4,633)	(4,816)	(4,816)	(4,671)
Emergency Management	(2,776)	(3,139)	(4,607)	(4,607)	(2,703)
Democratic Services	(1,859)	(1,795)	(2,826)	(2,826)	(2,313)
Relationships with Maori	(862)	(862)	(922)	(922)	(862)
Regional transport planning and programmes	(3,010)	(3,299)	(3,005)	(3,005)	(2,805)
Regional initiatives <sup>1</sup>	(3,823)	(3,514)	(4,162)	(4,162)	(3,488)
<b>Total applications of operating funding</b>	<b>(16,876)</b>	<b>(17,242)</b>	<b>(20,338)</b>	<b>(20,338)</b>	<b>(16,842)</b>
<b>Capital expenditure</b>					
Capital project expenditure	(1,157)	(1,020)	(988)	(674)	(841)
Land and buildings	-	-	-	-	-
Plant and equipment	-	(5)	(80)	(45)	-
Vehicles	(67)	(70)	-	(122)	(42)
<b>Total capital expenditure</b>	<b>(1,224)</b>	<b>(1,095)</b>	<b>(1,068)</b>	<b>(841)</b>	<b>(883)</b>

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Public transport

GWRC is responsible for planning and funding the Metlink public transport network. We contract companies to run the train, bus and harbour ferry services on our behalf. We also own and maintain parts of the network, including trains and railway stations. We provide customer information about Metlink services and run the Total Mobility scheme for people with disabilities.

### Activities

This group of activities includes:

- Metlink public transport network planning
- Rail operations and asset management
- Bus and ferry operations and asset management
- Metlink customer services and information
- Total Mobility

### Our public transport activities contribute towards:

- A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option
- A **strong economy** by enhancing the efficient movement of people and goods within the region
- A **healthy environment** by reducing vehicle emissions from private vehicles

Annual rail patronage exceeded 12 million trips for the first time in recent history, reaching 12.1 million trips. This would have been even higher were it not for severe floods in May which cancelled services for nearly two days.

The current fleet of Matangi 1 trains achieved the highest monthly mean distance between failures (MDBF) of 70,000 km in early 2015. Five new Matangi 2 trains were shipped from Korea and five of the six stages of the Matangi 1 upgrade were completed.

Additional Park & Ride carparks were provided at Tawa, Takapu Rd, Raroa and Plimmerton. Land was secured for future development at Paraparaumu and Waikanae, which will address two of the more critical Park & Ride capacity shortages in the region.

At Upper Hutt Station, the platform has been resurfaced, new shelters installed at the south end of the platform, and demolition and replacement of the main station building commenced. Work has also been completed on the renewal of Station Road in Porirua.

The Public Transport Transformation Programme (PTTP) was established to coordinate and integrate public transport network projects in order to leverage their benefits and manage transition to a new service delivery model for customers.

Work on the Public Transport Operating Model (PTOM) for contracting services continued. Following the Expressions of Interest process, three parties have been selected to respond to the PTOM Rail Request for Tender. Good progress is being made on future bus fleet requirements and the PTOM bus contracting process. Agreement has now been reached with the two major incumbent bus operators on Directly Appointed Units.

Ongoing progress has been made on the investigation phase of the Integrated Fares and Ticketing (IFT) project. Work to date on the investigation phase and the business case confirms that there is a strong strategic and economic basis for proceeding with integrated fares and ticketing, and that a modern integrated ticketing system is an important enabler for the wider public transport programme. A key feature of integrated ticketing systems is that the integration of fares across modes is more feasible. The project also needs to be considered with, and informed by, the national ticketing approach being put forward by NZTA.

The next stage of IFT will focus on development of technical specifications, and planning for procurement of an integrated ticketing solution, along with fares policy development.

PTOM and IFT are fundamental contributors to achieving the direction for public transport in the region set out in the Regional Public Transport Plan.

Other highlights during the year included:

- 1.3 million bus, rail, and ferry services delivered
- 36.4 million passenger trips, a 1.7% increase over 2013/14
- 92.4% of rail services on time (94.3% in 2013/14)
- 99.8% of bus services on time (99.7% in 2013/14)
- 89% of public transport users satisfied with their trip overall (92 % in 2013/14)
- 274,000 Total Mobility Scheme trips, a 1.0% increase over 2013/14
- 3.0 million visits to the Metlink main website and 3.7 million visits to the mobile website

### Performance against specific areas of work

Specific areas of work for 2014/15	Performance
<b>Plan the Metlink public transport network</b>	
Undertake a comprehensive review of Metlink services in Kapiti (the timing and extent of this review will be impacted by the progress of the expressway project)	The Kapiti service review has commenced. The final outcome of the review will depend on the final local road design associated with the Kapiti Expressway development.
Complete minor service reviews in at least two contract areas to assist with the preparation of new Public Transport Operating Model (PTOM) contract specifications	Route 150 in Hutt Valley's Western Hills has been reviewed and changes have been implemented.  Route 210 Titahi Bay to Johnsonville has also been reviewed. Changes resulting from this are yet to be agreed with the operator.
Review and amend the Regional Public Transport Plan	The Regional Public Transport Plan was adopted in June 2014. No amendment was required in 2015.
Carry out a review of fare levels	A fare review was carried out resulting in a decision not to increase public transport fares in 2015.
Commence detailed planning and design of a Bus Rapid Transit (BRT) system through the Wellington City public transport spine. This work will be completed in conjunction with Wellington City Council and NZTA and will include design of the corridor, network design, vehicle specifications,	A BRT Project Manager was appointed and an indicative business case was completed in July 2015. Work on the detailed business case including detailed design will commence in 2015/16.

infrastructure requirements and business case development	
Continue with the Hutt Valley review of public transport services	The planning phase of the Hutt Valley review project is complete, with officers now working on the operational implementation of the recommendations.
Continue with the operational planning of the Wellington City Bus Review/future network implementation	Operational planning resulting from the Wellington City Bus Review is on-going and the network design is a key part of the PTOM project which is progressing well
Complete the business case for integrated fares and ticketing and commence implementation	The indicative business case for integrated fares and ticketing is near final draft. Work to date confirmed that there is a strong strategic and economic basis for proceeding with the project and that a modern integrated ticketing system is an important enabler of the wider public transport programme
<b>Rail operations and asset management</b>	
Ensure that rail station buildings, Park & Ride carparks and other fixed assets are maintained in accordance with the rail fixed asset components of the Public Transport Asset Management Plan	All rail infrastructure is maintained in accordance with the levels of service in the Asset Management Plan and condition grading across all lines tracked
Continue the procurement of the Matangi 2 train fleet	Construction continued on the second tranche of 35 two-car Matangi trains, with the first two trains under final commissioning in New Zealand and a further three trains on the delivery ship from Korea
Continue to fund rail services	There was expenditure of \$31.6 million on passenger rail services in the year
Ensure quality standards are maintained by monitoring service levels	GWRC staff monitor and work with our contractors to ensure service levels are achieved, and/or appropriate action is taken to address any issues
Continue to implement the new Public Transport Operating Model (PTOM) for the procurement of rail services	Request for tenders for the PTOM Rail contract were issued to three shortlisted bidders, with submissions closing 14 September 2015
Ensure that rail rolling stock is maintained in accordance with the rail rolling stock components of the Public Transport Asset Management Plan	All rolling stock is maintained in accordance with service levels in the Asset Management Plan, and availability and reliability levels tracked to target
<b>Bus and ferry operations and asset management</b>	
Continue to implement the new Public Transport Operating Model (PTOM) for the procurement of bus services including the outcomes of the Wellington City Bus Review	Good progress has been made on the PTOM bus contracting process and future fleet strategy
Ensure that bus shelters, signage, the Lambton interchange and other fixed assets are maintained in accordance with the bus asset components of the Public Transport Asset Management Plan	A maintenance contract is in place and monitoring and auditing of contractors work is ongoing

Implement the outcome of the Wellington City Bus Review	Operational planning resulting from the Wellington City Bus Review is on-going and the network design is a key part of the PTOM project which is progressing well
Continue to fund bus and harbour ferry services	There was expenditure of \$39.5 million on passenger bus and harbour ferry services during the year.
When service reviews are completed, implement the agreed changes to routes and timetables	Route 150 improvements in Hutt Valley's Western Hills have been implemented  Routes 9, 25, 43, 44, 45, 46, 52, 56, 57, 58 & 130 improvements have been proposed to bus operators for consideration
Ensure quality standards are maintained for public transport users by monitoring service levels	Monitoring of bus and ferry services continues through the use of the Real Time Information System, customer complaints, physical observation and operational audits
<b>Metlink customer services and information</b>	
Continue providing information on Metlink's public transport services through real-time information, a call centre, timetable production, website and Twitter	Service information was provided to the public via the Metlink and mobile websites, the service centre, the Real Time Information System, Twitter and paper timetables. During the year an iPhone App and an Android widget were developed to further improve delivery of information to customers
Conduct the public transport customer satisfaction monitor	The 2014/15 survey was completed in May 2015, with over 4,400 people taking part. The results showed that 89% of customers were satisfied with their trip overall, including 14% of respondents who gave a rating of 10 out of 10. Satisfaction is down slightly from 92% in 2013/14
<b>Total Mobility</b>	
Continue to fund and administer the Total Mobility Scheme	There was expenditure of \$2.6 million on total mobility services in the year, and 273,751 Total Mobility scheme trips taken, an increase of 1.0% over the same period last year.
Conduct the annual customer satisfaction survey in conjunction with public transport customer satisfaction monitor	The survey was completed in May 2015. Customer satisfaction with the Total Mobility Scheme overall is high: 95% of all customers were satisfied, including 59% who gave a rating of 10 out of 10

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
<b>Plan the Metlink public transport network</b>				
Prepare and review the Regional Public Transport Plan	Regional Public Transport Plan reviewed and adopted in accordance with the Public Transport Management Act 2008	The Regional Public Transport Plan 2014 was adopted in June 2014	Regional Public Transport Plan remains operative	The Regional Public Transport Plan 2014 is operative
<b>Rail operations and asset management</b>				
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2% Results were impacted by earthquakes in July and August, when services were cancelled while track inspections were carried out.	99.5%	99.2% In 2014/15 a number of services were cancelled because of extreme weather events. These caused a number of slips on lines and a tree to fall on overhead wires
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line 95.4%  Hutt Line 95.3%  Johnsonville Line 93.3%  Wairarapa Line 74.5%	Increase on previous year  Increase on previous year  Maintain baseline (95%)  Increase on previous year	Kapiti Line: 95.5%  Hutt Line: 94.0% Performance was adversely affected by speed restrictions due to corroded rails near Ngauranga  Johnsonville Line : 88.1% Performance was adversely affected by slippery tracks  Wairarapa Line: 73.8% Performance was adversely affected by speed restrictions due to corroded rails near Ngauranga



Maintain and improve rail rolling stock, stations, over-bridges, subways and carparks in accordance with rail asset management plans	The percentage of the required fleet that is available to operate scheduled services <sup>33</sup>	99.97%	99.3%	100.0% <sup>34</sup>
	Average condition rating for buildings and structures (1 = very good and 5 = very poor)	2.9	2.6	2.3
	Average condition rating for carparks (1 = very good and 5 = very poor)	2.6	2.4	2.1
<b>Bus and ferry operations and asset management</b>				
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered <sup>35</sup>	99.1%	>=99%	99.3%
	Percentage of scheduled services on-time to 10 minutes	99.7%	>=98%	99.8%
Maintain and improve bus stop facilities and interchanges	The average condition score of all bus shelters where GWRC is responsible for funding the maintenance. <sup>36</sup> (1 = very good and 5 = very poor)	2.6	2.0	2.7 This result is a similar result to the previous year
Improve the quality and accessibility of the bus fleet	Compliance with NZTA requirements for urban buses	Two bus operators signed variations in December 2013. Negotiations continue with a further two bus operators where contract changes are needed.	All existing contracted buses in the region meet NZTA requirements for urban buses	Negotiations have not progressed, as requirements will now be included in a contract variation of wider scope which cannot progress until vehicle specifications for new PTOM bus contracts are confirmed (expected early 2016)

<sup>33</sup> This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Percentage of fleet available for service', baseline 86% and target 88%. The restated

<sup>34</sup> Rounded from 99.99%

<sup>35</sup> Services which run 10 minutes or more late are deemed as not run and are included in this measure.

<sup>36</sup> This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Average condition score for bus shelters owned by GWRC, baseline 2.0 and target 2.0. The restated measure provides improved clarity of the intended result.

<b>Metlink customer services and information</b>				
Provide public transport services information to the public	Percentage of residents who rate the service they receive from the Metlink call centre as excellent or very good	61% There was a change in survey methodology in 2013/14. In previous surveys 'very satisfied' was used as a proxy for 'excellent'.	90%	73% There was a further change in methodology in 2014/15, to provide consistency with other PT survey questions. The survey used a scale of 0-10, with scores of 6-10 used as a proxy for 'excellent or very good'. By incorporating this question into our on-vehicle survey we have been able to significantly increase the survey to over 1,600 respondents.
	Number of visits to the Metlink website	2.9 million	Increase on previous year	3.0 million
	Number of visits to the Metlink mobile site	2.7 million	Increase on previous year	3.7 million
Provide a real-time information system	Percentage of bus and train services tracked by real-time information where the system has been deployed	Bus: 80% Rail: 93%	90%	Bus: 92% Rail: 92%
<b>Total Mobility</b>				
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of scheme users who rate the overall service of the scheme as good or better	96%	>=97%	95% There was a change in methodology in 2014/15, to provide consistency with other PT survey questions. The survey used a scale of 0-10, with scores of 6-10 used as a proxy for 'good or better'.
	Average time to process an application to join the scheme	7 working days	15 working days	4 working days

**PUBLIC TRANSPORT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	-	-	-	-	-
Targeted rates	50,864	50,864	62,346	53,547	48,736
Subsidies and grants for operating purposes	58,308	67,214	74,950	69,154	57,989
Fees, charges, and targeted rates for water supply	17	-	-	-	15
Fines, infringement fees, and other receipts <sup>1</sup>	3,355	2,587	2,261	2,210	2,731
<b>Total operating funding</b>	<b>112,544</b>	<b>120,665</b>	<b>139,557</b>	<b>124,911</b>	<b>109,471</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(101,839)	(107,326)	(221,181)	(157,488)	(97,654)
Finance costs	(5,396)	(6,545)	(11,796)	(6,527)	(4,422)
Internal charges and overheads applied	(3,783)	(3,783)	(3,928)	(3,685)	(3,383)
<b>Total applications of operating funding</b>	<b>(111,018)</b>	<b>(117,654)</b>	<b>(236,905)</b>	<b>(167,700)</b>	<b>(105,459)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>1,526</b>	<b>3,011</b>	<b>(97,348)</b>	<b>(42,789)</b>	<b>4,012</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	7,813	2,760	9,042	2,271	4,036
Increase / (decrease) in debt	18,361	42,212	106,358	42,712	22,192
Gross proceeds from asset sales	-	-	-	10	777
<b>Total sources of capital funding</b>	<b>26,174</b>	<b>44,972</b>	<b>115,400</b>	<b>44,993</b>	<b>27,005</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(4,412)	(4,062)	(17,660)	(4,422)	(1,485)
- to replace existing assets	(871)	(1,197)	(373)	(137)	(383)
(Increase) / decrease in investments <sup>2</sup>	(24,405)	(47,433)	-	-	(28,041)
(Increase) / decrease in reserves	1,988	4,709	(19)	2,355	(1,108)
<b>Total applications of capital funding</b>	<b>(27,700)</b>	<b>(47,983)</b>	<b>(18,052)</b>	<b>(2,204)</b>	<b>(31,017)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Public Transport assets</b>	<b>1,010</b>	<b>1,387</b>	<b>1,620</b>	<b>1,139</b>	<b>1,197</b>

<sup>1</sup> This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets

<sup>2</sup> Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the New Zealand Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**PUBLIC TRANSPORT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Metlink public transport network planning	2,596	2,823	1,239	1,791	1,483
Rail operations and asset management	54,670	59,477	69,886	62,017	53,125
Bus and ferry operations and asset management	48,746	51,692	57,973	54,528	48,752
Metlink customer services and information	3,772	3,896	7,479	3,728	3,443
Total mobility	2,760	2,777	2,980	2,847	2,668
<b>Total operating funding</b>	<b>112,544</b>	<b>120,665</b>	<b>139,557</b>	<b>124,911</b>	<b>109,471</b>
<b>Applications of operating funding</b>					
Metlink public transport network planning	(2,640)	(3,250)	(1,239)	(1,791)	(1,251)
Rail operations and asset management	(46,632)	(51,077)	(62,379)	(55,754)	(47,112)
Bus and ferry operations and asset management	(51,417)	(51,494)	(54,574)	(53,432)	(51,099)
Metlink customer services and information	(3,324)	(3,591)	(6,530)	(3,459)	(3,405)
Total mobility	(2,725)	(2,750)	(2,957)	(2,810)	(2,592)
<b>Total applications of operating funding (excluding improvements)</b>	<b>(106,738)</b>	<b>(112,162)</b>	<b>(127,679)</b>	<b>(117,246)</b>	<b>(105,459)</b>
<b>Improvement Expenditure</b>					
Rail operations and asset management	-	-	(106,632)	(47,385)	-
Bus and ferry operations and asset management	(4,280)	(5,492)	(2,594)	(3,069)	(2,882)
<b>Total improvement expenditure</b>	<b>(4,280)</b>	<b>(5,492)</b>	<b>(109,226)</b>	<b>(50,454)</b>	<b>(2,882)</b>
<b>Total applications of operating funding (including improvements)</b>	<b>(111,018)</b>	<b>(117,654)</b>	<b>(236,905)</b>	<b>(167,700)</b>	<b>(108,341)</b>
<b>Net surplus/(deficit) of operating funding</b>	<b>1,526</b>	<b>3,011</b>	<b>(97,348)</b>	<b>(42,789)</b>	<b>1,130</b>
<b>Investment in Greater Wellington Rail Ltd<sup>1</sup></b>					
Rail operations and asset management	(24,405)	(47,433)	-	-	(28,041)
<b>Capital project expenditure</b>					
New public transport shelters, signage, pedestrian facilities and systems	(2,214)	(5,259)	(18,033)	(4,526)	(1,830)
Land and buildings	(3,069)	-	-	-	-
Plant and equipment	-	-	-	-	-
Vehicles	-	-	-	(33)	(38)
<b>Total capital expenditure</b>	<b>(5,283)</b>	<b>(5,259)</b>	<b>(18,033)</b>	<b>(4,559)</b>	<b>(1,868)</b>
<b>Total investment in Public transport Infrastructure</b>	<b>(33,968)</b>	<b>(58,184)</b>	<b>(127,259)</b>	<b>(55,013)</b>	<b>(32,791)</b>

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Water supply

GWRC is responsible for collecting, treating and distributing drinking water to Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council for their supply to consumers, via the council controlled organisation Wellington Water Ltd.

### Activities

This group of activities includes:

- Water quality – ensuring safe high quality water
- Water availability – a secure reliable water supply
- Sustainability – planning for future demand and being cost effective while meeting all relevant environmental and health and safety standards

### Our water supply activities contribute towards:

- A **strong economy** by ensuring there is sufficient drinking water available to sustain and grow our population and support our economy.
- A **resilient community** by preparing the system to cope with emergencies and the long-term impacts of climate change.
- A **healthy environment** by encouraging people to use water wisely to reduce the environmental impacts, and protecting current and future water catchments.
- Achieving **quality of life** by ensuring that drinking water meets Ministry of Health requirements.

The 2014/15 summer had below-average rainfall across our water supply area in general, with 36% of normal summer rainfall at Kaitoke, 50% at Wainuiomata and 53% at Karori. Water supply demand over the year saw some of the lowest monthly values recorded in recent years – a good result considering the dry weather. The exception was January where the long spell of dry weather led to record low rainfall for that month and the highest single-day demand for water since 2008/09. Despite this, average daily water supply during the summer of 147 million litres per day (ML/day) was not excessive in the context of the last 10 years, ranking third lowest over that period. The average daily water supply for the year overall was 136 ML/d which was similar to the previous two years. There are signs that the long term decline in demand we have experienced since 2005/6 has flattened over the last few years.

The dry summer this year resulted in a short term reduction in water availability from our river sources. Extra publicity was employed along with a sprinkler ban for a month between early March and early April to help manage demand and prevent the need for more severe restrictions. Work is planned for 2015/16 to review our current regime of levels, triggers and responses to water shortage, with a view to improving the overall effectiveness.

Opinion research completed after the end of the sprinkler ban showed a high proportion of people were aware restrictions were in place, and there was positive feedback on the messages provided in the conservation tips advertising. Highlights from the research included:

- 43% of the population had seen or heard our conservation tips advertising
- 23% of those people changed at least one behaviour as a result
- 73% were aware that watering restrictions were in place last summer, while 46% had seen or heard our advertising for the sprinkler ban
- 96% of those who had seen advertising across the two campaigns rated our messages easy to understand, while 94% said the points made were believable

- Those people who saw or heard at least one advertisement over the summer changed an average of four water-use behaviours (new or more concerted action)

Seismic upgrade and assessment work has progressed well this year. Work was completed to upgrade all Water Treatment Plants to 100% of the New Building Standard (NBS). A total of 76 critical structures have now been assessed, of which 37 have been assessed at less than 100% with 16 of these rated at less than 33% of NBS. A preliminary estimate has indicated the cost to complete the strengthening work will be around \$4.5m. It is likely that additional funding will be required above the \$2m provision in the current 10 year plan, however this will be confirmed after seismic assessments and upgrade designs have been completed. It is expected that changes will be reflected in the 2018-28 Long Term Plan.

Condition assessment work has commenced on some of our Waterloo wells that are nearing the end of their expected economic life. A recent camera inspection of one of the wells showed the casing was in good condition. It is expected that some wells will be identified for refurbishment or replacement as the condition assessment work is progressed in 2015/16.

We had a small number of aesthetic water quality test results that were outside the Drinking Water Standards of New Zealand Guideline Values (for parameters such as Iron, Aluminium, Manganese, Turbidity and pH). The Regional Public Health Drinking Water Assessor has advised the results are not an immediate health concern. It is possible that issues during sample collection and analysis have contributed to some of the results. An investigation is in progress to confirm the cause and identify mitigation options.

The merger of the Bulk Water Group and Capacity Infrastructure Services Ltd into Wellington Water Ltd (Wellington Water) was the biggest challenge of 2014/15. GWRC committed to the integration in early August 2014, and staff were transferred to Wellington Water on 19 September 2014. The process to create Wellington Water put people at the front and centre of the change, with staff supported and encouraged to contribute to how the new organisation would look and feel through a collaborative design process. In March 2015, the new structure went live and staff moved to a new office. The layout features an open plan environment that encourages collaboration and workflow communication. As at June 2015 the new structure was bedding down well and the remaining transitions needed to fold two companies to one were nearly complete.

## Performance against specific areas of work

Specific areas of work for 2014/15	Performance
Renew and improve water supply infrastructure, including improvement of earthquake resilience	<p>The capital works programme ended the year \$766k underspent (-10.1%). Some lower priority projects were deferred due to resource challenges resulting from the integration. There has been scope reduction on one of the significant projects after detailed investigation findings altered our approach and genuine savings found on some of the smaller projects.</p> <p>Seismic upgrading has been completed to bring 8 critical water supply structures to 100% of NBS (including all Water Treatment Plants). The upgrade work will progress over the coming years and will be prioritised on the basis of risk.</p>
Identify our preferred option for a future water source	<p>Our source development strategy includes Pakuratahi Lake 1 as the next major bulk water source upgrade. Reduction in per capita demand over recent years and an improvement in our ability to model the performance of the Waiwhetu aquifer have resulted in deferral of this upgrade until beyond 2035. Further work will not be required in the short-term, however population growth and per capita demand will be monitored over the coming years to ensure we reserve sufficient lead time for construction.</p>
Investigate options for emergency water storage	<p>As an alternative to the cross harbour pipeline, five additional storage sites were identified for supply to central Wellington and the eastern and southern suburbs. The sites were located at the Wellington prison site on the Miramar peninsula, Prince of Wales Park, near the existing Carmichael reservoir, Torquay Tce near MacAlister Park, and near the Wellington hospital. The additional storage sites would provide a comparable emergency water supply capability at similar cost to the cross harbour pipeline option (\$95M). However, the environmental impacts would be significantly greater, and on this basis the investigation has not progressed further.</p>
Carry out a feasibility study on a cross-harbour water pipeline	<p>This work was carried out in 2013/14 as un-forecast activity, and reported as such in the 2013/14 Annual Report.</p>
Establish a secure, high availability network for water supply control system	<p>The project to connect the Water Treatment Plants, Shed 39, IBM Petone and Masterton with a dedicated high availability data network was completed and is now operational.</p>

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0
	Number of taste complaint events related to the bulk water supply	1 1 incident relating to high geosmin levels in Te Marua Lakes in April. <sup>37</sup>	0	0
	Percentage compliance with the Drinking Water Standards of New Zealand <sup>38</sup>	Microbiological and aesthetic compliance – 100%  Chemical compliance – 100%	Microbiological and aesthetic compliance – 100%  Chemical compliance – 100%	Microbiological compliance 100%. <sup>39</sup> Aesthetic compliance - not 100% compliant. <sup>40</sup> Chemical compliance 100%. <sup>41</sup>
	Treatment plant and distribution system grading <sup>42</sup>	Te Marua, Wainuiomata & Gear Island treatment plants – A1  Waterloo treatment plant – B  Distribution system – a1	Maintain current grading	Te Marua, Wainuiomata & Gear Island treatment plants – A1  Waterloo treatment plant – B  Distribution system – a1
Provide a continuous and secure water supply	Number of shut-offs of the bulk water supply network resulting in loss of water or pressure to consumers	0	0	1  (incident resulted in temporary loss of supply to parts of one zone) <sup>43</sup>

<sup>37</sup> Very high levels of the naturally-occurring compound Geosmin in our storage lakes during April briefly attracted taste complaints from the community and presented an operational challenge. Geosmin can cause water to taste and smell 'earthy' but poses no health risk and the water remains safe to drink. The worst-affected of the two lakes was drained to remove the Geosmin

<sup>38</sup> The GWRC Long-term Plan 2012-22 incorrectly identified 85% chemical compliance baseline (2010/11) and 90% compliance 2012/13 target. Both the baseline (2010/11) and target for 2012/13 have been 100%. The 85% baseline refers to fluoride within the range recommended by the Ministry of Health for drinking-water in NZ (0.7-1.0 mg/L). Compliance with the Drinking-water standards is assessed against the maximum acceptable value for fluoride, of 1.5 mg/L

<sup>39</sup> Verbal confirmation of compliance received from Drinking Water Assessor. Formal annual survey report due from Regional Public Health in due course.

<sup>40</sup> There were a small number of aesthetic test results that were outside the DWSNZ Guideline Values (including Iron, Aluminium, Manganese, Turbidity and pH). The Regional Public Health Drinking Water Assessor has advised the results are not an immediate health concern. An investigation is in progress to confirm the cause.

<sup>41</sup> Verbal confirmation of compliance received from Drinking Water Assessor. Formal annual survey report due from Regional Public Health in due course.

<sup>42</sup> Drinking water gradings can be found at: <http://www.drinkingwater.esr.cri.nz/>

<sup>43</sup> On 2 February 2015 a planned reservoir isolation trial failed resulting in parts of the Aro zone being starved of water supply. Water was reinstated promptly.



	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes	Asset Management Plan and annual works programme in place. The AMP identifies resilience improvements required. The annual works programme gives effect to the AMP and features the resilience improvement projects.	Plan for and implement resilience improvements	Eight out of 14 resilience improvement projects were completed. Four projects will be carried over to 2015/16 and two projects were deferred to improve alignment with other planned work.
Ensure that water supply infrastructure is adequate to meet future needs while minimising environmental impacts	Modelled probability of annual water supply shortfall	0.4%	No greater than 2%	0.4%
	Compliance with environmental regulations	Full compliance	Full compliance	Not fully compliant <sup>44</sup>

<sup>44</sup> There was a non-conformance associated with tree planting following completion of the Te Marua Lakes upgrade project. There is also a technical non-compliance issue associated with plastic chemical storage tanks at our Water Treatment Plants. Meeting HSNO Act requirements for these tanks may require capital upgrades. WorkSafe are aware this may take some time to resolve fully and are comfortable with our proactive approach.

**WATER SUPPLY  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	-	-	-	-	-
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Fines, infringement fees, and other receipts <sup>1</sup>	28,095	27,365	29,193	27,975	27,023
<b>Total operating funding</b>	<b>28,095</b>	<b>27,365</b>	<b>29,193</b>	<b>27,975</b>	<b>27,023</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(19,721)	(18,232)	(18,783)	(18,323)	(16,917)
Finance costs	(3,741)	(3,809)	(4,736)	(4,563)	(3,341)
Internal charges and overheads applied	(1,616)	(1,616)	(1,645)	(1,543)	(1,445)
<b>Total applications of operating funding</b>	<b>(25,078)</b>	<b>(23,657)</b>	<b>(25,164)</b>	<b>(24,429)</b>	<b>(21,703)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>3,017</b>	<b>3,708</b>	<b>4,029</b>	<b>3,546</b>	<b>5,320</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	5,731	6,066	2,644	2,196	6,302
Gross proceeds from asset sales	1,045	76	79	40	48
<b>Total sources of capital funding</b>	<b>6,776</b>	<b>6,142</b>	<b>2,723</b>	<b>2,236</b>	<b>6,350</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	(20)	-	(206)	(5,067)
- to improve the level of service	(3,511)	(4,790)	(2,407)	(1,754)	(3,759)
- to replace existing assets	(3,672)	(3,391)	(3,006)	(2,644)	(1,160)
(Increase) / decrease in investments <sup>2</sup>	(2,508)	(1,802)	(1,339)	(1,178)	(1,681)
(Increase) / decrease in reserves	(102)	153	-	-	(3)
<b>Total applications of capital funding</b>	<b>(9,793)</b>	<b>(9,850)</b>	<b>(6,752)</b>	<b>(5,782)</b>	<b>(11,670)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bulk Water Levy <sup>1</sup></b>	<b>26,276</b>	<b>26,276</b>	<b>26,919</b>	<b>25,884</b>	<b>25,635</b>
<b>Depreciation on Water assets <sup>2</sup></b>	<b>11,507</b>	<b>12,013</b>	<b>9,274</b>	<b>8,364</b>	<b>11,453</b>

<sup>1</sup> This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest income

<sup>2</sup> Depreciation increased substantially compared to budget due to the higher than expected revaluation in 2012/13 which was completed after the budget was adopted.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**WATER SUPPLY  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Water Supply	28,095	27,365	29,193	27,975	27,023
<b>Total operating funding</b>	<b>28,095</b>	<b>27,365</b>	<b>29,193</b>	<b>27,975</b>	<b>27,023</b>
<b>Applications of operating funding</b>					
Water Supply	(25,078)	(23,657)	(25,164)	(24,429)	(21,703) round
<b>Total applications of operating funding</b>	<b>(25,078)</b>	<b>(23,657)</b>	<b>(25,164)</b>	<b>(24,429)</b>	<b>(21,703)</b>
<b>Capital expenditure</b>					
Water sources	(274)	(20)	-	(412)	(1,745)
Water treatment plants	(621)	(1,754)	(814)	(839)	(1,086)
Pipelines	(1,725)	(1,937)	(501)	(537)	(479)
Pump stations	(388)	(100)	(692)	(103)	(108)
Reservoirs	(225)	-	(160)	-	(131)
Monitoring and control	(907)	(1,459)	(293)	(495)	(430)
Seismic protection	(2,644)	-	(852)	(826)	(301)
Energy	-	-	-	-	(20)
Other	(96)	(2,610)	(1,751)	(1,153)	(1,176)
Land and buildings	-	-	-	-	(4,424)
Plant and equipment	(50)	(2)	(86)	(83)	(86)
Vehicles	(253)	(319)	(264)	(156)	-
<b>Total capital expenditure</b>	<b>(7,183)</b>	<b>(8,201)</b>	<b>(5,413)</b>	<b>(4,604)</b>	<b>(9,986)</b>

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This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Environment

GWRC is responsible for regulating the use of the region's natural resources. We do this through regional policies, plans and resource consents, helping the community to manage and restore ecosystems, and manage land sustainably. We monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service. We also look after the region's harbours.

### Activities

This group of activities includes:

- Resource management
- Land management
- Biodiversity management
- Pest management
- Harbour management

### Our environment activities contribute towards:

A **healthy environment** by:

- regulating and monitoring the use and development of the environment to ensure that our natural and physical resources are managed sustainably
- working with the community on initiatives to protect and restore the environment such as pest management and planting
- advising landowners and businesses on practices that reduce the environmental impact of their activities

A **strong economy** by:

- working with landowners to enhance the prosperity and security of the farming sector through developing plans to prevent soil erosion and managing pests that threaten farm productivity, including working to eradicate bovine Tb
- supporting commercial shipping by monitoring commercial ships arriving and departing from Wellington and providing navigational aids in our harbour. Having adequately-resourced response and contingency planning in place ensures that any environmental disruptions to commercial shipping are minimised

Work in the *Land Management* area included ongoing development of the Akura Conservation Centre. Stage III of the Yard development is mostly complete and this project has greatly improved traffic flows, parking, product displays and separation of the retail and day to day operational activities. Expansion of the poplar and willow nursery continues with a further 2 hectares of new species planted last spring. This brings the area of new nursery to 13 hectares.

All dairy farms in the Mangatarere River catchment (30) now have an operative Farm Environment Plan (FEP) as well as another 6 properties in the Otaki area. This is significant achievement in four years.

Work in the Wellington Regional Erosion Control Initiative (WRECI) programme focussed on completing the planning and planting requirements for 2014/15. WRECI continued to be strongly supported by the farming communities in the five priority catchments, and milestones for the areas of land planted for erosion control purposes, as set out in the initial application in 2009, have been exceeded. Increased funding from the

Ministry for Primary Industries (MPI) has been approved for a further four years. The focus will now shift to increasing the level of service in the Ruamāhanga Whaitua.

The six community catchment schemes that operate in the Wairarapa hill country have all completed their individual works programmes. These have largely focussed on protecting community infrastructure, particularly roads and bridges, and are based on a close working relationship with all three District Councils.

The *Biodiversity* team provided planning and technical advice on over 100 occasions to a range of internal and external clients. A particular focus was on supporting implementation of the Regional Policy Statement and assisting with the drafting of the Natural Resources Plan.

38 Key Native Ecosystem (KNE) sites have 3-year KNE management plans have completed, or nearing completion, and management actions were planned and coordinated to reduce threats to the ecological health of 61 KNE sites on public and private land.

The KNE programme continues to assist the restoration of some important native bird populations. For example, at two sites, specific measures were undertaken to control the impacts of predators on the threatened banded dotterel. Kakariki (yellow-crowned parakeet) were also sighted several times in the Porirua Western Forests KNE site recently. This regionally rare bird is the third species to self-reintroduce to the site (after bellbird and whitehead) since intensive pest control began in 2001 under the KNE programme.

Two new programmes were established during the year - the Fish Passage Restoration programme and the Wetland Protection Support programme, both of which are in line with the direction set by the draft Natural Resources Plan. And the Porirua Harbour and Wairarapa Moana Collaborative Restoration projects have made significant progress on a number of fronts including improved governance, management, volunteer coordination, community engagement and ecological restoration.

A number of *Biosecurity* staff were deployed in the Auckland Fruit Fly response - five staff underwent extensive training and become part of the National Response Team for the National Biosecurity Capability Network led by MPI.

Further to this, staff completed pest control works in the KNE programme, the large Hutt River and Aorangi Range aerial 1080 projects under the National Tb Plan, the Parangarahu Lakes aerial aquatic pest plant control operation, and the Regional Possum and Predator Control Programme (over 68,000 ha in North Wairarapa, Kapiti, Porirua and Wellington).

In *Environment Management*, key focus areas included:

- gaining approval for the Notified Proposed Natural Resources Plan for the Wellington region in June 2015, which was notified publically on 31 July 2015
- commencing development of the Wellington Regional Natural Hazards Management Strategy
- implementing the Regional Policy Statement for the Wellington region
- continuing the work of the Ruamāhanga Whaitua Committee, including establishing values for water and water bodies and developing a collaborative modelling project to support decision making including (integrating Maturunga Māori concepts with western science as part of the modelling approach)
- establishing the Te Awarua-o-Porirua Whaitua Committee, including becoming familiar with issues and background state of resource, and establishing communications and a community engagement plan

We processed 507 consent applications, assessed compliance for 2384 consents, and responded to 1289 notifications for environmental incidents. A number of enforcement action were taken, including 10 charges being laid, and 29 abatement notices and 30 infringement notices being served.

A strategic compliance framework was developed that will simplify our compliance monitoring programme going forward. Ongoing strategic compliance programmes remain in place for local council three-waters and

rural water use. Manuals for investigations, environmental incidents, and our *Take Charge* programme were completed.

There is substantial on-going compliance implementation and consenting work associated with Roads of National Significance projects, with a focus on the Transmission Gully construction and enabling works programmes, and on MacKays to Peka Peka construction work.

The *Environmental Science* team carried out ongoing monitoring of the region's natural resources through the management and operation of seven State of the Environment programmes (Air Quality, Soil Quality, Groundwater Quality, Rivers, Lakes, Coasts and Hydrology) and production of Annual Data Reports and an Annual Summary Report (*Our Environment at a Glance*) for the 2013/14 year.

A major piece of work has been the development of the Collaborative Modelling Project, which is a framework to ensure we have all the necessary knowledge and expertise required to answer questions from whitua committees about land use and impacts on water quality, including scenario testing of various land uses and their impact on water quality.

The Recreational Water Quality Programme included development of a new interactive map on GWRC's website showing up-to-date information for over 80 popular swimming spots around the region and the production of whitua-based report cards. We also provided advice on the development of a recreational water quality monitoring programme for the Apia waterfront (Samoa), through the Pacific Technical Advice programme run by Local Government New Zealand and Ministry of Foreign Affairs and Trade.

Considerable technical support and advice was also provided to various other groups and organisations including:

- completion of the final design for the new air quality monitoring station to be installed on Willis Street
- analysis of national water quality data for the launch of the new coastal and revised freshwater recreational modules support for Land, Air, Water, Aotearoa (LAWA)
- development of the inaugural regional climate summary (autumn edition)
- completion of a threat ranking process for freshwater fish in the region
- completion of a year-long water quality monitoring programme at Lake Waitawa

*Harbours* dealt with the normal variables of challenges provided by weather and shipping activities over the year. In late 2014, Maritime New Zealand confirmed that GWRC's Safety Management System for Wellington Harbour had been assessed as meeting the requirements of the NZ Port & Harbour Safety Code. This enabled both GWRC and CentrePort to proceed with a joint review of the previous Harbour's Risk Assessment.

Two staff attended Maritime NZ's Regional Council Oil Spill Workshop in Nelson in November 2014, and one attended Maritime NZ's National Response Team training, and this, together with regular exercises and equipment familiarity, enabling GWRC to maintain proficiency in this activity.

Steeple Rock lighthouse was refurbished and repainted in early 2015.

## Performance against specific areas of work

Specific areas of work for 2014/15	Performance
<b>Resource Management</b>	
Review of the regional plans	Proposed Natural Resources Plan for the Wellington Region approved by Council June 2015
Study hydrology and nutrient status of Lake Wairarapa and environs (Wairarapa Moana) to aid decisions on water allocation and intervention measures ( <i>LTP</i> ) ( <i>AP</i> )	<p>A report describing the early findings of the Lake Wairarapa Water Balance Study was published. These findings have helped inform the management of the lake, including the development of allocation limits for the Proposed Natural Resources Plan.</p> <p>Results from a large-scale water quality monitoring project involving 20 farms were presented to farmers and stakeholders at a field day. Ongoing monitoring of a number of constructed wetlands on farms (including a large created wetland at Kaiwairi Dairy Farm) was also completed.</p>
Implementation of compliance strategies for dairy farm effluent, water management and earthworks	Monitoring programmes for all consents for these activities were completed.
Consenting and compliance for major RoNS projects, including Transmission Gully, MacKays to Peka Peka, Ōtaki to Levin, Wellington Airport to Mt Victoria, Basin Reserve, Terrace Tunnel	Consenting and compliance work is ongoing and generally tracking according to the schedule of NZTA, Wellington Gateway Partnership and NZTA alliance partners.
Porirua Harbour monitoring programme ( <i>LTP</i> )( <i>AP</i> )	Monitoring in Te Awarua-o-Porirua Harbour related to the effects of sedimentation, pollution and ecological degradation was ongoing. Core (SoE) monitoring included a detailed study of sediment quality and benthic community health, assessment of sedimentation rates at multiple sites and mapping of algal cover. Targeted research to fulfil actions within the Porirua Harbour and Catchment Strategy and Action Plan included modelling sediment inputs to the harbour, a seagrass health assessment and faecal plume modelling to determine risk for contact recreation and shellfish gathering.
Ongoing management of core statutory work within all statutory timeframes	The majority (99.6%) of resource consents were processed within statutory timeframes.
Ensuring the effective implementation of changes to processes brought about by amendments to the Resource Management Act	Staff training was provided on the RMA amendments, and all required changes were made to procedures, processes and data-base systems.
Implementation of the Regional Policy Statement	On track to implement the Regional Policy Statement over the next 10 years, as planned.
Continue to develop the Regional Plan review including ongoing community consultation with the finalisation of a draft regional plan mid to late 2014	Draft Regional Plan made public in September 2014, and notified mid-2015.
Progress the work of the Ruamāhanga Whaitua Committee and establish the second of these	The Ruamāhanga Whaitua Committee has been established and work progresses

committees in the Porirua Harbour catchment, and start planning for the third of the five committees in the Wellington Harbour / Hutt River catchment	Te Awarua-o-Porirua Whaitua Committee Established and work progresses
Develop integrated models to enable limit setting required under the National Policy Statement for Freshwater (AP)	The Collaborative Modelling Project was initiated, under which a modelling architecture for the Ruamahanga catchment has been established. This will enable scenario testing of various land uses (to determine their impact on water quality), and ultimately limit setting, by the whaitua committee.
Review our Erosion and Sediment Control Guidelines	The technical review of the Erosion and Sediment Control Guidelines was completed and is now ready for publishing.
Implementing the review of our approach to the State of the Environment Charging regime to better align the costs of our science and research work with the users of the resource to support more integrated and robust decision making	This was completed in 2012/2013.
<b>Land Management</b>	
Implement the fifth year of the Wellington Regional Erosion Control Initiative (WRECI) focusing on the five selected catchments and isolated hotspots within the Wairarapa hill country (LTP)	187 hectares of erosion-prone land have been planted with poplar and willow poles, and 52 hectares retired from grazing
Implement annual soil conservation works programmes on erosion-prone land within existing Property Conservation Plans	140 annual works programmes have been completed including the planting of 29,000 poplar and willow poles
Implement the third year of the Farm Environment Plan programme focusing on the Mangatarere and Mangaone catchments and Wairarapa Moana	20 works programmes have been completed in the Mangatarere, and 41 properties in Wairarapa Moana have initiated new works programmes
Implement Stage III of the Akura Conservation Centre nursery expansion programme to meet increased demand for poplar and willow poles and complete the yard and sales area development plan	The planting of two hectares of new nursery land completes the nursery expansion programme
Work closely with the local Scheme Advisory Committees in each of the six catchment schemes to prepare annual works programmes that protect community assets from the effects of erosion and flooding	The planting and river management programmes prepared for each of the Schemes have been completed
<b>Biodiversity Management</b>	
Deliver the Key Native Ecosystems programme to actively manage the best remaining examples of different ecosystem types	61 sites in the Key Native Ecosystem programme were actively managed to reduce threats to their ecological health.
Provide advice on and advocate for the protection of native biodiversity through planning and policy, in operational activities and to the public	Advice advocating for the protection of native biodiversity was provided on 105 occasions. 44 requests were from internal clients and 61 from external clients.
Implement relevant aspects of the Porirua Harbour and Catchments Strategy and Action Plan	Support was primarily provided through the QEII Covenant Support programme, but also through other programmes such as the Key Native Ecosystem, Fish Passage Restoration, Wetland



	Protection Support and Biodiversity Advocacy programmes.
Support landowners to protect and restore areas of native biodiversity on their land	A range of work continues to be progressed for these projects focusing on ecological management, advocacy, and engagement with schools. GWRC takes a lead role in a number of these projects.
Participate in collaborative restoration projects with various partners, including projects for Porirua Harbour and Wairarapa Moana	The Wetland Protection Support programme has been developed to promote the protection and management of wetlands with significant biodiversity values.
Develop a programme to promote the protection and management of wetlands with significant biodiversity values	A new programme has been developed to promote the protection and management of wetlands with significant biodiversity values.
<b>Pest Management</b>	
Review of the Regional Pest Management Strategy	The review is still awaiting the National Policy Direction (NPD) to guide the process. The NPD is likely to be issued late in 2015 and the Council will have 18 months to ensure that the Regional Pest Management Plan complies with the Direction
Implement the Regional Possum Predator Control Programme	The Biosecurity team completed possum control over 68,000 ha; 40,000 ha in North Wairarapa, 28,000 ha in Kapiti, Porirua and Wellington
Continue implementation of the Regional Pest Management Strategy	The RPMS programme was completed and the results will be reported in the RPMS Operational Plan Report by November 2015 as per statutory requirements.
Deliver pest management programmes in the Key Native Ecosystem areas (AP)	The pest management activities in the KNE areas were completed according to the Plan.
<b>Harbour Management</b>	
Operate Beacon Hill Signal Station and maintain navigational aids.	Beacon Hill operated with 100% staff and equipment efficiency during the year. Apart from a few minor outages (but still within IALA guidelines) navigation aids were reliable and operational, with maintenance performed on structures as required.
Provide a response to harbour and coastal marine oil spills.	Marine Oil Spill Response provided as per performance targets, and all logged for audit purposes.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
<b>Resource Management</b>				
Provide an up-to-date policy framework to manage the region's natural and physical resources	That the Regional Policy Statement is reviewed and adopted	Regional Policy Statement is operative.	Maintain an operative Regional Policy Statement	Maintain an operative Regional Policy Statement
	That regional plans are reviewed and adopted	Draft Regional Plan will be made available in September 2014.	Council considers public submissions and finalises the Regional Plan	Draft Plan made public September 2014, proposed plan approved June 2015
Process resource consents in a timely manner	Percentage of resource consents <sup>45</sup> processed within 20 working days <sup>46</sup>	98.7%	100%	99.6%  An administrative error in the hand-over of a consent file between officers resulted in consent timeframes not being appropriately checked. As a result, two separate consents as part of the one project weren't processed within statutory timeframes.
Monitor and enforce compliance with regional plans and resource consents	Percentage of monitoring inspections completed for resource consents with individual monitoring programmes.	100%	100%	100%
	Percentage of environmental incidents reported to the 24-hour incident response service investigated in accordance with legal timeframes <sup>47</sup> for enforcement	99.5%	100%	99.7%  Investigations on three minor incidents weren't completed within established investigation time frames

<sup>45</sup> Non-notified resource consents – in 2010/11 95.77% of resource consents we processed were non-notified

<sup>46</sup> Working days as defined by the Resource Management Act 1991

<sup>47</sup> The timeframe for infringement notices is four months, the timeframe for charges laid in District Court is six months

Provide information to the community on the state of the region's environment	Number of state of the environment report cards downloaded on the GWRC website	812	Increase on previous year	716 <sup>48</sup>
<b>Land Management</b>				
Work with landowners to sustainably manage erosion-prone land	Percentage of erosion-prone land covered by a Farm Plan	76.6%	76%	77.9%
	Hectares of erosion-prone land planted	379 hectares	530 hectares p/a	534 hectares
Work with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Number of Land and Environment plans prepared	10 landowners had Farm and Environment Plans prepared for their properties	10 p/a	10 landowners had a new Farm and Environment Plans prepared for their property
<b>Biodiversity Management</b>				
Work with the regional community to improve the region's indigenous biodiversity	Total number of identified high value biodiversity sites under active management <sup>49</sup>	120	70 <sup>50</sup>	73 61 sites were managed under the Key Native Ecosystem programme.  A further 12 sites were managed as part of the Collaborative Restoration Projects programme.
<b>Pest Management</b>				
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites <sup>51</sup>	Overall active sites decreased by 48.  Delimiting surveys of Total Control species discovered 33 new sites. During the year 9 sites changed status from Active	Decrease on previous year	Overall active sites decreased by 76.  Total number of Active sites is 713, plus 333 sites being monitored prior to reaching eradicated status. During the year 19 new infested sites were

<sup>48</sup> Reduction in hits is likely to the fact that more recent and relevant information is provided on the annual monitoring reports webpage. This measure has been updated in the 10 Year Plan 2015-25 to reflect the provision of timely access information via the new reports.

<sup>49</sup> Active management means that work programmes such as fencing and pest control are in place to address key threats to ecological health and that the effectiveness of these programmes is monitored across a representative range of ecosystem types.

<sup>50</sup> This target was revised from 120 in the Annual Plan 2014/15 based on a newly prioritised list of Key Native Ecosystem sites.

<sup>51</sup> Active Total Control sites are sites that have living Total Control species pest plants or have had living plants within the past five years. A list of Total Control species pest plants can be found in the Regional Pest Management Strategy.

		to Monitored and a further 72 sites changed from Monitored to Eradicated.		discovered. Overall programme is succeeding in controlling and eliminating Total Control plants from infestation sites.
	Number of rabbits in the region	Low	Low (<5 on the Modified McLean Scale <sup>52</sup> )	Low
	Number of possums in the Regional Possum Predator Control Programme area	Low Overall average of 3% Residual Trap Catch	Low Less than 5% Residual Trap Catch <sup>53</sup>	Low
<b>Harbour Management</b>				
Provide safe and competent maritime management for commercial and recreational users of our region's waters	That Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	100%
	That all navigational aids are working, 24 hours a day, seven days a week	99.8% Variation due to minor outages. Remained compliant with International Association of Lighthouse Authorities (IALA) reliability guidelines.	100%	99.9% Variation due to minor outages. Remained compliant with International Association of Lighthouse Authorities (IALA) reliability guidelines.
	Percentage of reports of unsafe boating incidents investigated	100%	100%	100%
	Percentage of harbour oil spills responded to within 30 minutes and clean up started within one hour	100%	100%	100%
	Percentage of coastal oil spills responded to within 30 minutes and clean up started within 3 hours	100%	100%	100%

<sup>52</sup> Modified McLean's scale provides an index from 1-8 of rabbit density based on the amount of fresh rabbit faecal pellets present on the ground and the numbers of rabbits seen

<sup>53</sup> Relative possum population density is measured using Residual Trap Catch index (RTC) calculated as a numbers of possums caught per 100 trap nights

**ENVIRONMENT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	21,546	21,544	21,096	20,218	20,117
Targeted rates	692	692	745	586	584
Subsidies and grants for operating purposes	175	-	-	-	145
Fees, charges, and targeted rates for water supply	1,271	3,707	2,936	2,826	2,752
Fines, infringement fees, and other receipts <sup>1</sup>	7,522	3,558	3,992	3,806	6,019
<b>Total operating funding</b>	<b>31,206</b>	<b>29,501</b>	<b>28,769</b>	<b>27,436</b>	<b>29,617</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(29,186)	(27,158)	(26,339)	(25,035)	(27,430)
Finance costs	(87)	(79)	(78)	(86)	(81)
Internal charges and overheads applied	(1,828)	(1,828)	(1,769)	(1,659)	(1,635)
<b>Total applications of operating funding</b>	<b>(31,101)</b>	<b>(29,065)</b>	<b>(28,186)</b>	<b>(26,780)</b>	<b>(29,146)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>105</b>	<b>436</b>	<b>583</b>	<b>656</b>	<b>471</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	629	93	(78)	(140)	213
Gross proceeds from asset sales	64	89	92	86	31
<b>Total sources of capital funding</b>	<b>693</b>	<b>182</b>	<b>14</b>	<b>(54)</b>	<b>244</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	(38)	(19)	(36)	(61)
- to replace existing assets	(599)	(634)	(531)	(520)	(332)
(Increase) / decrease in investments <sup>2</sup>	-	-	-	-	-
(Increase) / decrease in reserves	(199)	54	(47)	(46)	(322)
<b>Total applications of capital funding</b>	<b>(798)</b>	<b>(618)</b>	<b>(597)</b>	<b>(602)</b>	<b>(715)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Environment assets</b>	<b>670</b>	<b>435</b>	<b>606</b>	<b>584</b>	<b>608</b>

<sup>1</sup> This includes revenue from the Animal Health Board, sales of trees and rental income

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**ENVIRONMENT  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Resource management	13,934	13,311	11,940	11,560	13,364
Land management	4,699	4,106	4,270	3,908	4,677
Biodiversity management	4,538	4,490	4,780	4,717	4,267
Pest management	5,888	5,483	5,665	5,118	5,210
Harbour management	2,147	2,111	2,114	2,133	2,099
<b>Total operating funding</b>	<b>31,206</b>	<b>29,501</b>	<b>28,769</b>	<b>27,436</b>	<b>29,617</b>
<b>Applications of operating funding</b>					
Resource management	(14,443)	(13,042)	(11,696)	(11,317)	(13,763)
Land management	(4,679)	(4,036)	(4,195)	(3,817)	(4,477)
Biodiversity management	(4,404)	(4,560)	(4,780)	(4,717)	(4,279)
Pest management	(5,639)	(5,479)	(5,574)	(5,033)	(4,698)
Harbour management	(1,936)	(1,948)	(1,941)	(1,896)	(1,929)
<b>Total applications of operating funding</b>	<b>(31,101)</b>	<b>(29,065)</b>	<b>(28,186)</b>	<b>(26,780)</b>	<b>(29,146)</b>
<b>Capital expenditure</b>					
Capital project expenditure	(168)	(211)	(19)	(36)	(109)
Land and buildings	-	-	-	-	-
Plant and equipment	(180)	(135)	(176)	(214)	(49)
Vehicles	(251)	(326)	(355)	(306)	(235)
<b>Total capital expenditure</b>	<b>(599)</b>	<b>(672)</b>	<b>(550)</b>	<b>(556)</b>	<b>(393)</b>

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Flood protection and control works

GWRC works with communities to manage flood risk from the region's rivers and streams. We develop floodplain management plans, provide a free advice and consultation service, maintain and build flood protection works, work with the community to improve the environment and recreational opportunities and provide flood warnings.

### Activities

This group of activities includes:

- Understanding flood risk
- Maintaining flood protection and control works and improving flood security

### Our flood protection and control works activities contribute towards:

- **A resilient community** by:
  - Reducing the risk of flooding in the region now and in the future by encouraging new development away from our most flood-prone areas
  - Building planned flood protection works and informing communities about the risk and consequences of flood events in their area
- **A strong economy** by minimising the impact of flooding on activities that contribute to the regional economy
- **Quality of life** by enabling people to enjoy recreational use of river corridors
- **A healthy environment** by enhancing the environment along river corridors

The Flood Protection group completed its work programme with significant progress on all key projects this year.

The Group's Floodplain Management Plan principles were documented and approved by Council.

The annual maintenance works programmes were completed and the Lower Wairarapa Valley Development Scheme project completed the 2014/15 capital works programme.

Work progressed on the Te Kāuru Upper Ruamahanga Floodplain Management Plan, with the vision and aims being confirmed during the year. Options combination development is now progressing, and agreement has been reached with Masterton District Council on how to move forward on this together.

An independent audit on the Pinehaven Floodplain Management Plan was received, stating that the modelling is fit-for-purpose, which means that we can now progress to finalising the Plan.

The Waiohine preferred option development continued, including seeking endorsement from South Wairarapa District Council and Carterton District Council.

The Mangaroa River hydraulic modelling was revised and updated.

Council and the Hutt Valley Floodplain Management Scheme approved two City Centre Integrated Concept Design Options for community consultation, and Council approved a preferred option for the Jim Cooke Park Stopbank for detailed design and consent application.

Strategic land purchases in the Hutt, Waikanae and Waiohine river corridors and at Pinehaven were progressed.

The significant flood events across the region in May and June resulted in substantial clean-up work and repairs to damaged flood protection assets, and reserve funds were required to progress damage repairs.

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Understanding Flood Risk</b>	
Prepare the Te Kāuru Upper Ruamahanga Floodplain Management Plan	<p>This project has progressed into the options development phase. Concerns expressed by Masterton District Council on the flood hazard information resulted in additional work to address these issues while still progressing Phase 2.</p> <p>The focus of the project is now moving more into community engagement and getting stakeholder input into the design of option combinations. We are working towards presenting preferred options to the Te Kāuru Subcommittee at the end of 2015.</p>
Continue the Waiohine Floodplain Management Plan	<p>The Waiohine FMP has progressed to the preferred option combination stage.</p> <p>The Waiohine River Floodplain Management Advisory Committee considered a preferred option in December 2014. Drafting the FMP is anticipated to commence in October 2015, following approval by GWRC, Carterton District Council and South Wairarapa District Council.</p>
Continue the Waiwhetu Floodplain Management Plan	<p>Was due to recommence in January 2015 but has been deferred until June 2016 due to delays on the Pinehaven and Te Kāuru Upper Ruamahanga FMPs.</p>
<b>Maintaining Flood Protection and Control Works and Improving Flood Security</b>	
Obtaining statutory approvals for maintenance of infrastructure assets	<p>Progressing.</p> <p>Resource consent applications have now been lodged for all the major river systems. A draft code of practice for river management works and an environmental monitoring plan have also been prepared to support the applications. We are now awaiting public notification of the consents.</p>
Plan for Lower Hutt City Centre Stop-bank upgrade (Hutt River Floodplain Management Plan)	<p>On programme.</p> <p>Integrated concept plans and a business case for Melling Bridge replacement are under preparation for community consultation in August 2015</p>
Plan for channel widening on the Hutt River from Melling Bridge to Kennedy Good Bridge	<p>On programme and progressing in conjunction with the City Centre Project.</p>
Continue to implement the environmental strategy on the Hutt, Waikanae and Ōtaki rivers	<p>On programme</p>
Commence Jim Cooke Park stopbank improvements	<p>On programme.</p> <p>Council has adopted a preferred option.</p>
Commence implementation of Waiohine Floodplain Management Plan outcomes	<p>Implementation has progressed with the purchase of some strategic areas of land. Further implementation will be on hold until the Plan is finally signed off by Council, which is anticipated in the 2015/16 financial year.</p>



## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
<b>Understanding Flood Risk</b>				
Improving information and understanding of flood risk in the community	Number of new flood hazard assessments completed	2	1	1 A preliminary Flood Hazard Assessment is underway for Carterton. Regional Flood Hazard assessment, used for prioritising investigations was completed
	Number of new floodplain management plans developed	0	2	0 Waiohine River and Pinehaven FMPs are currently in Phase 3 'detailed options investigations' but not completed this year as planned. Work was delayed following requests for more detailed information from the community. This information has been provided to the community and work is now anticipated to be completed in the 15/16 financial year.
	Number of requests for flood hazard advice	420	Increase on previous year	790 Includes 250 on the TKURFMP flood hazard information. The RONS projects have required a significant amount of input although they are only recorded as a single advice request.
	Percentage of flood warning alarms responded to appropriately	100%	100%	100%

Maintaining Flood Protection and Control Works and Improving Flood Security				
Improve flood security by implementing floodplain management plans	Percentage of floodplain management plan capital works 40-year programme implemented	35% completed	35% completed	35% completed
Maintain flood protection schemes to mitigate the effect of flooding	No failures of flood protection schemes below specified design levels	100%	100%	100%
Minimise the environmental impact of flood protection works and support public access to rivers and streams	All flood protection works are undertaken in accordance with resource consent conditions or relevant plan provision	No significant non-compliance	No significant non-compliance	No significant non-compliance
	Number of new public access points to rivers and streams	1	1	1 A new access point to the Hutt River trail has been acquired at Manor Park.

## Unforecast activity

Two key areas of unforecast activity were undertaken during the year:

- Undertaking independent audits of the technical hydrology work and hydraulic modelling in response to further information requirements relating to our flood hazard assessments. This was undertaken as part of the development of Pinehaven and Te Kāuru Floodplain Management Plans.
- Two significant floods in the region during the year required significant resource to manage the flooding events and the clean-up afterwards. The events also delayed the completion of some work and required accessing of flood contingency reserves set aside for such an event.

**FLOOD PROTECTION AND CONTROL WORKS  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	8,360	8,360	8,523	8,256	7,951
Targeted rates	6,503	6,503	6,828	6,607	6,201
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	2	-	-	-	3
Fines, infringement fees, and other receipts <sup>1</sup>	1,929	1,738	1,852	1,759	1,703
<b>Total operating funding</b>	<b>16,794</b>	<b>16,601</b>	<b>17,203</b>	<b>16,622</b>	<b>15,858</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(8,039)	(7,686)	(8,086)	(7,821)	(8,006)
Finance costs	(3,268)	(3,228)	(3,723)	(3,505)	(3,146)
Internal charges and overheads applied	(1,381)	(1,381)	(1,379)	(1,294)	(1,235)
<b>Total applications of operating funding</b>	<b>(12,688)</b>	<b>(12,295)</b>	<b>(13,188)</b>	<b>(12,620)</b>	<b>(12,387)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,106</b>	<b>4,306</b>	<b>4,015</b>	<b>4,002</b>	<b>3,471</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	916	1,575	3,418	2,794	2,599
Gross proceeds from asset sales	394	70	78	133	63
<b>Total sources of capital funding</b>	<b>1,310</b>	<b>1,645</b>	<b>3,496</b>	<b>2,927</b>	<b>2,662</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(4,215)	(4,620)	(6,251)	(5,602)	(2,909)
- to replace existing assets	(175)	(219)	(229)	(344)	(2,545)
(Increase) / decrease in investments <sup>2</sup>	(424)	(405)	(428)	(383)	(379)
(Increase) / decrease in reserves	(602)	(707)	(603)	(600)	(300)
<b>Total applications of capital funding</b>	<b>(5,416)</b>	<b>(5,951)</b>	<b>(7,511)</b>	<b>(6,929)</b>	<b>(6,133)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Flood Protection and Control assets</b>	<b>1,043</b>	<b>998</b>	<b>1,026</b>	<b>958</b>	<b>978</b>

<sup>1</sup> This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**FLOOD PROTECTION AND CONTROL WORKS  
FUNDING IMPACT STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Understanding flood risk	1,762	1,725	1,793	1,925	1,756
Maintaining flood protection and control works and Improving flood security	15,032	14,876	15,410	14,697	14,102
<b>Total operating funding</b>	<b>16,794</b>	<b>16,601</b>	<b>17,203</b>	<b>16,622</b>	<b>15,858</b>
<b>Applications of operating funding</b>					
Understanding flood risk	(1,347)	(1,402)	(1,500)	(1,449)	(1,272)
Maintaining flood protection and control works and Improving flood security	(11,341)	(10,893)	(11,688)	(11,171)	(11,115)
<b>Total applications of operating funding</b>	<b>(12,688)</b>	<b>(12,295)</b>	<b>(13,188)</b>	<b>(12,620)</b>	<b>(12,387)</b>
<b>Capital expenditure</b>					
Hutt River improvements	(1,667)	(874)	(770)	(2,137)	(3,278)
Otaki River improvements	(306)	(1,660)	(514)	(1,398)	(697)
Wairarapa scheme	(1,399)	(1,079)	(3,754)	(1,273)	(1,233)
Other flood protection	(847)	(1,007)	(1,212)	(794)	(66)
Land and buildings	-	-	-	-	-
Plant and equipment	(2)	(12)	(12)	(79)	(4)
Vehicles	(169)	(207)	(218)	(265)	(176)
<b>Total capital expenditure</b>	<b>(4,390)</b>	<b>(4,839)</b>	<b>(6,480)</b>	<b>(5,946)</b>	<b>(5,454)</b>

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Parks

GWRC manages a network of regional parks and forests for use and enjoyment by the community. The network includes a range of unique natural areas for recreation and conservation. We plan for the future of the network, provide facilities and services for visitors (including park rangers, toilets and tracks) and work with community groups to protect the environment of regional parks.

### Activities

This group of activities includes:

- Parks planning
- Visitor services
- Protecting the environment of regional parks.

### Our parks activities contribute towards:

- A **quality of life** by providing a range of outdoor recreational opportunities and amenities for the community to enjoy; and protecting part of the region's unique natural and cultural heritage
- A **healthy environment** by protecting and restoring the habitat of native plants and animals.

Planning for regional parks took a new direction this year, with the development of two co-management plans with iwi – a first for our region.

- The Parangarahu Lakes Area Co-Management Plan and amendment to the Parks Network Plan, was adopted by Council and approved by the Port Nicholson Block Settlement Trust.
- The Whitireia Park Board (a co-governance board) approved a draft management plan and bylaws for Whitireia Park for public consultation just before the year end.

These plans provide an agreed approach for the management of these important parks, which form part of the regional parks network.

Our track upgrade programme continued, with completion of a new track from the Korokoro Forks to Belmont Trig (Belmont Regional Park), Point Howard and the Kowhai Track to Butterfly Creek (East Harbour Regional Park). These have ensured a more resilient track network, providing much improved visitor access to popular destinations in the parks network. Community feedback was very positive regarding the level of engagement, quality of workmanship and environmental protection demonstrated on the Kowhai Track upgrade.

The Great Outdoors Summer Events programme was once again run in the regional parks. Across a total 57 scheduled events, the programme drew a record 18,917 people. Participant feedback and survey responses indicate a very high level satisfaction with the summer events programme. Those events run by GWRC and with our partners are highly valued because of the personalised experience and knowledge imparted by Park Rangers and other guides. These in turn encourage people to return to the parks at a later time.

GWRC continued to issue a wide range of concessions and licences to facilitate activities on the parks without negatively impacting their special values. Highlights include a 2-week filming stint for 'Pete's Dragon' at Battle Hill and working with the Department of Conservation (DOC) to tender complementary farm licences at Queen Elizabeth Park and Whareroa.

Relationships with parks “Friends” groups continue to strengthen across the parks network. These have resulted in successful joint planning and/or funding bids, and an improved sense of ownership. This is partly reflected by this year’s growth in volunteer hours spent on the parks, which is now at record levels.

GWRC continues to support our Rimutaka Cycle Trail partners in improving the overall mountain biking experience along the route. This is contributed to DOC’s successful funding bid to upgrade a small bridge south of the Summit tunnel to take larger machinery, including a hydromower. GWRC and DOC will now coordinate mowing contracts along the Rail Trail down to the Siberia Gully, which will help improve the visitor experience and preserve the trail formation. Both parties have also installed new cycle squeeze barriers along the Rail Trail to improve access while stopping motorbikes.

Considerable focus was directed towards implementing the agreements reached with NZTA regarding the sale of land for the Transmission Gully Motorway, particularly re-location of the farm hub at Belmont Regional Park. The new woolshed, yards and associated facilities were opened in January 2015 at an Open Day. A new Farm Manager’s house and implement shed have subsequently been completed. This project has helped ensure the future viability of farming on the Park.

GWRC worked in partnership with the Friends of Belmont Regional Park to consult with the community on the most widely supported and valued options to reinvest some of the sale proceeds from the Transmission Gully Motorway into recreational improvements in the Park. As a result, the local community was able to contribute ideas and collectively agree on which activities should be proposed in the 10 Year Plan 2015-25. These have subsequently been approved by Council and will be implemented over the next 3 years.

Te Ara o Whareroa (Queen Elizabeth Park Cycleway) was officially launched in October, and a project steering group representing the partners GWRC, NZTA and Kapiti Coast District Council (KCDC) has been meeting since then to guide project planning and implementation. All approvals have since been secured and a tender issued for earthworks to commence in July. Te Ara o Whareroa is due to open in January 2016.

## Performance against specific areas of work

Specific areas of work for 2014/15	Performance
<b>Parks Planning</b>	
Five-yearly monitoring of Parks Network Plan	Monitoring of the 'effectiveness, policies and rules' of the Parks Network Plan is expected to take place in 2016.
Review the existing Whitireia Park management plan and prepare a revised management plan jointly with Ngāti Toa Rangātira. Amend the Parks Network Plan to incorporate additional guidance for Whitireia Park	The Whitireia Park Board approved the Draft Whitireia Park Management Plan and Bylaws for public consultation in June 2015.
Monitor the implementation of the Parks Network Plan and bylaws and update the plan as necessary to reflect changing requirements	A statutory amendment for the Parks Network Plan for Parangarahu Lakes Area- East Harbour Regional Park was approved by GWRC in December 2014. The Amendment was developed in liaison with the Port Nicholson Block Settlement Trust and concurrently with the Parangarahu Lakes Area Co-Management Plan.
Assess proposals for leases, licences and other development proposals within the regional parks network	A number of applications were received for leases and licences and were processed in accordance with the Parks Network Plan.
<b>Visitor Services</b>	
Run the Great Outdoors Summer Events programme and other events in the parks network	The Great Outdoors Summer Events programme was successfully completed with a record number of participants across all events (18,917). A total 3296 people attended events run by GWRC, either by ourselves or in partnership with others.
Continue to develop visitor services at Baring Head in East Harbour Regional Park	A bridle track was completed from the valley to the top of the escarpment to provide for off-road access for walking, mountain biking and horse riding.
Commence implementation of MacKays Crossing entrance upgrades at Queen Elizabeth Park	Design and planning works were undertaken during the year, including consultation with iwi and the community. Implementation will commence in 15/16 once the necessary approvals have been obtained.
Collaborate with the Department of Conservation as a part of the Nature Central Project	GWRC has worked with DOC to tender complementary farm licences for Queen Elizabeth Park and Whareroa Farm. Agreements will be finalised early in 2015/16, with the new licence term to commence on 1 September 2015.
Continue to develop relationships with parks "friends" groups, and where appropriate continue the development of MOUs to strengthen these relationships	Relationships with Parks "Friends" groups have strengthened further over the year, and are delivering excellent outcomes for the parks. Memorandum of Understanding were signed with the Friends of Maara Roa and the Belmont Area Mountain Bike Club Assn.
Process and issue concessions, licences and leases	All parks concession agreements are up to date, and applications have been processed within designated timeframes, and more rapidly in some cases.

Work with NZTA on possible construction of a Paekākāriki-Raumati South walkway/cycleway in Queen Elizabeth Park as part of the MacKays to Peka Peka project	Planning commenced in conjunction with NZTA and KDCDC for the 6.6km cycleway/ walkway from Poplar Ave to Paekakariki. All necessary approvals were secured and earthworks successfully tendered to commence in July 2015. The official opening is planned for January 2016.
<b>Protecting the environment of regional parks</b>	
Replanting will continue in identified environmental restoration sites across the parks network (excluding high value biodiversity sites)	Environmental restoration continued across the regional parks network as follows (some areas include KNE sites): <ul style="list-style-type: none"> <li>- Battle Hill – Horokiri Stream</li> <li>- Belmont – Hill Road, Cannons Creek (Maara Roa)</li> <li>- East Harbour – Baring Head, northern forest, Parangarahu Lakes</li> <li>- Kaitoke – Te Marua Bush &amp; forest remnants</li> <li>- Queen Elizabeth Park – dune swamp. Yankee Trail, Whareroa Stream, Poplar Ave wetland</li> <li>- Whitireia Park</li> </ul>
Fencing and stream restoration at Whareroa Stream (Queen Elizabeth), Korokoro Stream (Belmont) and Speedy’s Stream (Belmont)	Further retirement of the various tributaries of the Whareroa Stream catchment (QEP) took place. Planning, site preparation and some retirement fencing of the upper Cannons Creek catchment were completed. Retirement fencing of Turbys Gorge (upper Korokoro catchment) will be completed in 2015/16.
A monitoring regime for heritage features will be established	A monitoring regime is now in place for historic dams on the regional parks. This includes the Birchville Dam (Akatarawa Forest), Korokoro and Woollen Mills dam (Belmont Regional Park).
Implementing the Heritage Framework in Queen Elizabeth Park	Planning and community consultation is ongoing, focussing on concept development for refurbished US Marines huts to be placed on the park in readiness for the 75 <sup>th</sup> anniversary celebrations in 2017.
Deliver the Key Native Ecosystems programme to actively manage the best remaining examples of different ecosystem types in our parks	Key Native Ecosystem plans have been finalised and are being implemented for the following sites: <ul style="list-style-type: none"> <li>- Belmont RP - Korokoro Valley, Speedys Stream</li> <li>- East Harbour RP - Baring Head, Northern Forest, Pararanghu Lakes Area</li> <li>- Kaitoke Regional Park</li> <li>- Queen Elizabeth Park</li> <li>- Whitireia Park</li> </ul> <p>Pest plant and animal control continued at Akatarawa &amp; Pakuratahi Forests, Battle Hill bush reserve, Dry Creek (Belmont) pending KNE Plan development.</p>



## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2013/14 Actual	2014/15 Target	2014/15 Actual
<b>Parks Planning</b>				
Provide an up-to-date policy framework to manage the regional park network	That the Parks Network Plan is maintained and updated	The amendment to Parangarahu Lakes PNP has been deliberated on.  The amendment reflecting the changes to forestry harvest rights have been adopted. <sup>54</sup>	Undertake 5 yearly monitoring of Parks Network Plan	The Parks Network Plan was updated with the Parangarahu Lakes Area- East Harbour Regional Park Amendment in December 2014.  Monitoring of the 'effectiveness, policies and rules' of the Parks Network Plan is expected to take place in 2016.
<b>Visitor Services</b>				
Provide a range of facilities and recreational opportunities to meet community expectations	Percentage of the regional population that has visited a regional park in the last 12 months	64% <sup>55</sup>	>60%	No new data <sup>56</sup>
	Percentage of regional park visitors who are satisfied with park facilities	89% <sup>57</sup>	94%	No new data <sup>58</sup>
	Number of people attending GWRC events in regional parks	4,566	5,100	7,836
	Number of volunteer hours in regional parks	9,874	Maintain or increase on previous year	14,209
<b>Protecting the environment of regional parks</b>				
Work with the regional community to protect and restore the environmental values within the regional parks network	Total number of active environmental restoration sites within regional parks network (excluding high value biodiversity sites)	Reviewed existing sites and prioritised restorations sites for the next three years.  Working with local communities and "Friends" group to deliver restoration programmes.	Active management of environmental restoration sites	Ten sites are being actively managed across the region in conjunction with parks "friends" and other community groups

<sup>54</sup> Whitireia Park will be separate to the Parks Network Plan and undertaken in 2014/15/16, as priority has been given to Parangarahu Lakes.

<sup>55</sup> Source: 2014 Community Usage & Awareness phone survey

<sup>56</sup> Survey is carried out 3 yearly

<sup>57</sup> Source: 2014 Community Usage & Awareness phone survey

<sup>58</sup> Survey is carried out 3 yearly

## **Unforecast activity**

The May and June floods have had a lasting impact on the Korokoro Valley tracks, bridges and other structures in Belmont Regional Park. The area from Cornish Street to the Korokoro Forks remains closed while repairs take place, and it is not expected to re-open for a number of months in order to plan the works, secure the necessary approvals and implement the work programme. However, we expect that the cost of repairs will be covered by the council's insurance policy. The major impact will be a delay to upgrades of the Oakleigh-Otonga Loop track and associated landscaping at the Korokoro Dam.

The floods also affected bridges at Battle Hill and Queen Elizabeth Park. These repairs too will be funded through the Council's insurance arrangements.

**PARKS**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate	5,632	5,632	5,952	5,415	5,214
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	10	-	-	-	-
Fees, charges, and targeted rates for water supply	166	116	53	51	125
Fines, infringement fees, and other receipts <sup>1</sup>	1,495	795	656	637	1,439
<b>Total operating funding</b>	<b>7,303</b>	<b>6,543</b>	<b>6,661</b>	<b>6,103</b>	<b>6,778</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(5,051)	(4,798)	(4,700)	(4,312)	(5,143)
Finance costs	(263)	(283)	(351)	(312)	(253)
Internal charges and overheads applied	(961)	(961)	(1,012)	(950)	(859)
<b>Total applications of operating funding</b>	<b>(6,275)</b>	<b>(6,042)</b>	<b>(6,063)</b>	<b>(5,574)</b>	<b>(6,255)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>1,028</b>	<b>501</b>	<b>598</b>	<b>529</b>	<b>523</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	1,959	-	-	-	-
Increase / (decrease) in debt	271	685	518	552	(287)
Gross proceeds from asset sales	36	21	69	65	882
<b>Total sources of capital funding</b>	<b>2,266</b>	<b>706</b>	<b>587</b>	<b>617</b>	<b>595</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(2,510)	(456)	-	-	-
- to replace existing assets	(11)	(758)	(1,185)	(1,146)	(1,151)
(Increase) / decrease in investments	-	-	-	-	-
(Increase) / decrease in reserves	(773)	7	-	-	33
<b>Total applications of capital funding</b>	<b>(3,294)</b>	<b>(1,207)</b>	<b>(1,185)</b>	<b>(1,146)</b>	<b>(1,118)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Parks assets <sup>2</sup></b>	<b>2,203</b>	<b>1,868</b>	<b>694</b>	<b>674</b>	<b>2,054</b>

1 This includes rental income and park activity fees

2 Depreciation increased substantially compared to the LTP budget due to the higher than expected revaluation On 1 July 2013 which was completed after the LTP budget was adopted.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**PARKS**  
**FUNDING IMPACT STATEMENT**  
**FOR THE YEAR ENDING 30 JUNE 2015**

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Operating funding</b>					
Parks Planning	300	308	265	257	277
Visitor Services	7,003	6,235	6,373	5,823	6,501
Protecting the environment of regional parks	-	-	23	23	-
<b>Total operating funding</b>	<b>7,303</b>	<b>6,543</b>	<b>6,661</b>	<b>6,103</b>	<b>6,778</b>
<b>Applications of operating funding</b>					
Parks Planning	(293)	(308)	(265)	(257)	(260)
Visitor Services	(6,052)	(5,675)	(5,536)	(5,338)	(5,986)
Protecting the environment of regional parks	71	(59)	(262)	21	(9)
<b>Total applications of operating funding</b>	<b>(6,274)</b>	<b>(6,042)</b>	<b>(6,063)</b>	<b>(5,574)</b>	<b>(6,255)</b>
<b>Capital expenditure</b>					
Battle Hill Farm Forest Park	(23)	(7)	(6)	(5)	(28)
Belmont Regional Park	(1,822)	(85)	(31)	(30)	(107)
Queen Elizabeth Park	(331)	(565)	(572)	(555)	(441)
Whitireia Park	-	(58)	(73)	(71)	(97)
Pakuratahi Forest	(123)	(129)	(53)	(52)	(91)
Akatarawa Forest	(41)	(84)	(38)	(37)	(24)
Wainuiomata Recreation Area	-	-	(33)	(32)	-
Kaitoke Regional Park	(45)	(46)	(41)	(39)	(9)
East Harbour Regional Park	(46)	(112)	(91)	(87)	(23)
Other	11	-	-	-	(115)
<b>Capital project expenditure</b>	<b>(2,420)</b>	<b>(1,086)</b>	<b>(938)</b>	<b>(908)</b>	<b>(935)</b>
Land and buildings	-	-	-	-	-
Plant and equipment	(21)	(51)	(18)	(12)	-
Vehicles	(80)	(77)	(229)	(226)	(216)
<b>Total capital expenditure</b>	<b>(2,521)</b>	<b>(1,214)</b>	<b>(1,185)</b>	<b>(1,146)</b>	<b>(1,151)</b>

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

# Investments

## Overview

GWRC has a significant portfolio of investments, comprising:

- Liquid financial deposits
- Administrative properties (e.g. depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort Ltd)
- Rail rolling stock.

GWRC's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

From a risk management point of view, GWRC is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Ltd) and our liquid financial deposits.

Investments offset the needs for rates revenue. Regional rates would need to be 8% higher without the revenue from GWRC's investments.

## Treasury management

GWRC's treasury management is carried out centrally to maximise our ability to negotiate with financial institutions.

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

## Local Government Funding Agency

GWRC is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and GWRC has subscribed to \$1.866 million shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the market place. GWRC sources term debt requirements from the LGFA and receives an annual dividend.

As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with the other shareholders of the LGFA in proportion to its level of rates revenue. GWRC believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from all council's borrowers.

## Liquid financial deposits

GWRC holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of its wholly-owned subsidiaries, Port Investments. GWRC regularly reviews the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including GWRC's attitude to risk and creditworthy counterparties.

## Administrative properties

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

## Forestry and business units

GWRC and our predecessor organisations have been involved in forestry for many years, primarily for soil

conservation and water quality purposes.

The organisation currently holds 6,000ha of forested land of which around 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

Our overall investment policy with regard to forestry is to maximise long term returns while meeting soil conservation, water quality and recreational needs.

#### **Civic Assurance and Airtel Ltd**

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

#### **Wellington Regional Economic Development Agency (WREDA)**

WREDA is an economic development agency to implement the Wellington Regional Strategy and was created during the financial year. GWRC has a 20% stake in this agency with the other 80% being held by Wellington City Council. Grow Wellington and Creative HQ which were 100% owned by GWRC have been absorbed into WREDA.

#### **Westpac Stadium**

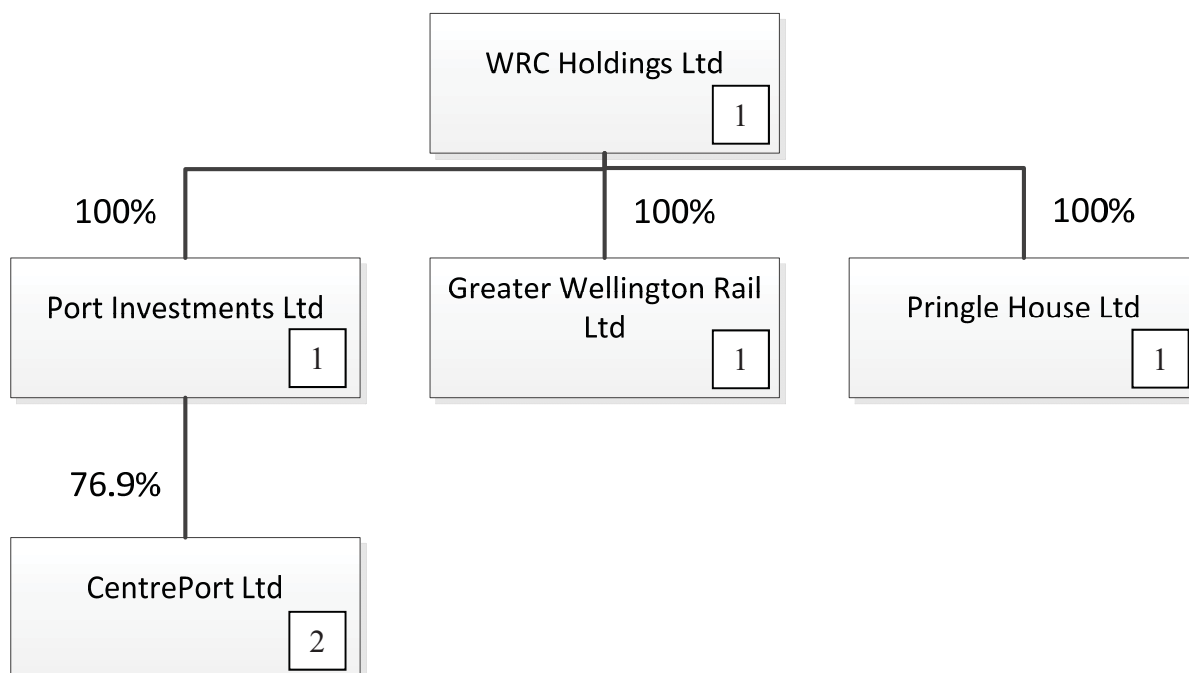
The Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

GWRC provided a \$25 million loan to the Westpac Regional Stadium Trust to plan and build the stadium. It is the Trust's principle funder. GWRC services and repays this loan through a targeted stadium rate.

GWRC appoints one of its Councillors to the Westpac Stadium Trust and jointly with the WCC appoints other trustees. GWRC also monitors the Trust's performance against its statement of intent.

## WRC Holdings Group

GWRC 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, Greater Wellington Rail Limited and Pringle House Ltd. Each year WRC Holdings Ltd provides to GWRC, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was set up for the following reasons that are still applicable:

- 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 where appropriate
- Separating GWRC's investment and commercial assets from its public good assets
- Minimise the risk of owning commercial assets such as rail rolling stock

The WRC Holdings Group is GWRC'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, GWRC reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

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

WRC Holdings financial performance targets are:

<b>WRC Holdings Limited</b>	<b>Actual 2015</b>	<b>Target 2015</b>	<b>Actual 2014</b>
Dividend distribution \$000s	2,360	2,275	2,302
Dividend distribution %	105.6%	100%	105.50%
Return on equity <sup>59</sup>	5.29%	3.7%	7.72%
Return on assets <sup>60</sup>	3.35%	3.4%	4.07%

**Performance targets for the WRC Holdings Group**

	<b>Actual 2015</b>	<b>Target 2015</b>	<b>Actual 2014</b>
Net profit/(deficit) before tax	\$(2.4) million	\$16,000	\$(27.7) million
Net profit/(deficit) after tax <sup>61</sup>	\$719,000	\$2.1 million	\$(29.0) million
Earnings before interest, tax and depreciation.	\$29.5 million	\$31.2 million	\$7.1 million
Return on total assets <sup>62</sup>	1.16%	1.6%	(2.7)%
Return on shareholders' funds <sup>63</sup>	0.2%	(0.3)%	(8.2)%
Stakeholders equity to total assets	57.9%	55.7%	53.5%
Dividends <sup>64</sup>	\$2.3 million	\$2.3 million	\$2.3 million

The deficit /profit before tax and after tax is being driven primarily by a higher depreciation allowance in Greater Wellington Rail Limited than budgeted. The higher level of shareholder equity to total assets is driven by lower level of assets due to asset sale and lower capital expenditure.

Directors of WRC Holdings and its subsidiaries (excluding CentrePort Ltd) are:

- Fran Wilde (Chair)
- Prue Lamason (Deputy Chair)
- Peter Blades
- Barbara Donaldson
- Paul Swain

<sup>59</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>60</sup> Based on earnings before interest and tax divided by average assets

<sup>61</sup> Net profit after tax, but before deduction of minority interest

<sup>62</sup> Earnings before interest and tax as a percentage of average total assets

<sup>63</sup> Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest)

<sup>64</sup> Dividends (interim and final) paid or payable to the shareholder



### Pringle House Ltd

Pringle House owned and operated the Regional Council Centre at 142-146 Wakefield Street, Wellington. The building is presently vacant due to its seismic status.

The building consisted of 6,545 square metres over nine floors and was leased to GWRC and with the balance being partially vacant. Subsequent to 30 June the Council vacated the building.

The main activities of Pringle House Limited are:

- Maintain a regular maintenance programme commensurate with its occupancy.
- Ensure the Regional Council Centre is insured at competitive rates.
- Ensure the Regional Council Centre meets the requirements of the Building Act
- Ensure Pringle House Ltd operates in an energy efficient manner.

Its financial performance targets are:

<b>Pringle House Limited</b>	<b>Actual 2015</b>	<b>Target 2015</b>	<b>Actual 2014</b>
Operating profit/(loss)	\$1.93 million		\$18,000

The operating profit reflects the gain on sale on the Regional Council Centre which occurred post balance date.

### Greater Wellington Rail Ltd

Greater Wellington Rail Ltd owns GWRC's investments in rail rolling stock, which includes the following:

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 27 Ganz Mavag units (these are made up of 2 or 3 car sets)
- 48 Matangi units

Greater Wellington Rail Ltd's financial performance targets are.

### Greater Wellington Rail Ltd

	<b>Actual 2015</b>	<b>Target 2015</b>	<b>Actual 2014</b>
Return on equity <sup>65</sup>	(6.30%)	(5.4%)	(11.0)%
Return on assets <sup>66</sup>	(4.74%)	(4.2%)	(8.0)%

Return on equity and Return on assets is due to higher levels of depreciation compared to budget resulting in a larger operating deficit.

<sup>65</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>66</sup> Based on earnings before interest and tax divided by average assets

## Port Investments Ltd

Port Investments Ltd is an investment vehicle that owns 76.9% of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1%, owned by Horizons Regional Council.

The major activities of CentrePort are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
- Shipping and logistical services (pilotage, towage, berthage)
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services)
- Integrated logistics solutions (networks, communications, partnerships)
- Property services (development, leasing management)
- Joint ventures (coldstore, container repair, cleaning, packing, unpacking and storage).

Port Investments Limited	Actual 2015	Target 2015	Actual 2014
Dividend distribution \$000s	2,461	2,375	2,441
Dividend distribution%	72.0%	100%	(349.7)%
Return on equity <sup>67</sup>	245.33%	91.4%	(21.6)%
Return on assets <sup>68</sup>	11.04%	8.8%	1.8%

Port Investments received a post 2013/14 year end unbudgeted dividend from CentrePort, which has been retained influencing the return on both equity and assets.

The performance of CentrePort is monitored through the board of Port Investments Ltd.

## CentrePort Limited

	Actual 2015	Target 2015	Actual 2014
Net profit before tax	\$14.5 million	\$15 million	\$13.6 million
Net profit after tax	\$14.1 million	\$13 million	\$2.7 million
Return on total assets <sup>69</sup>	6.9%	6.9%	8.6%
Return on shareholders' funds <sup>70</sup>	7.1%	6.5%	6.4%
Dividends distribution as a percentage of NPAT	45.0%	43%	38%
Dividend <sup>71</sup>	\$6.30 million	\$5.6 million	\$2.50 million
Interest cover ratio <sup>72</sup>	3.1	2.9	3.3
Gearing ratio <sup>73</sup>	36.2%	39%	38%

<sup>67</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset

<sup>68</sup> Based on earnings before interest and tax divided by average assets

<sup>69</sup> Net profit before interest and tax as a percentage of average total assets.

<sup>70</sup> Net profit after tax as a percentage of average shareholders' funds.

<sup>71</sup> For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

<sup>72</sup> The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

<sup>73</sup> Total liabilities divided by total assets.

The directors of CentrePort Ltd are:

- Warren Larsen (Chair)
- David Benham
- Richard Janes
- Malcolm Johnson
- John Monaghan
- Mark Petersen.

**Performance Targets – CentrePort Limited**

**Safety and security performance targets**

Planned target	Actual performance
<p>Year on year improvement towards zero harm</p>	<p>Following a pan-organisation project to improve incident reporting, reporting levels exceeded target by 89% for the year, improving the company's ability to identify and address risks. As a result of ongoing projects the lost time injury rate reduced to 1.83, the lowest in the last five years. Due to two extended rehabilitations the lost time injury severity rate did not meet target.</p> <p>Good progress was made building a strong health and safety culture with the development of 22 health and safety leaders, 12 team projects, 5 leaders projects and the scoping of a new employee participation model.</p>
<p>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</p>	<p>CentrePort’s WSMP tertiary status has been retained following an audit in December 2014.</p>
<p>Annual review of Health and Safety Policy and Plan</p>	<p>The Health and Safety Policy and Health and Safety Strategy was reviewed and improvements implemented.</p> <p>CentrePort continues to prepare for pending changes to the health and safety legislation. The company is taking an industry leadership role in working as part of a Port Sector CEO project developing industry safety guidelines.</p>
<p>Undertake risk assessments and implement any mitigating procedures relating to the Port &amp; Harbour Safety Code which promotes safety and excellence in marine operations</p>	<p>CentrePort complies with the requirements of the Port &amp; Harbour Safety Code as assessed by Maritime NZ. Review of standard operating procedures to ensure effective safety management was completed.</p>

	In conjunction with the Harbour Master the company is currently reviewing the risk assessment model which underpins the safety management system.
Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.	CentrePort successfully completed its annual audit and has reported all breaches to Maritime NZ as required. The breaches related to unauthorised access of the port by third parties.

### 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.	Further development of CentrePort's environmental management system will occur in financial year 2016 (FY16), with staged certification under ISO 14001 to occur in FY17-19.
Formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held, including the monitoring of environmental discharges in accordance with implemented management plans in the areas of: <ul style="list-style-type: none"> <li>• Port noise</li> <li>• Stormwater discharges to the Coastal Marine Area</li> <li>• Fumigants associated with the pest treatment of cargoes, including the introduction of recapture technology for containerised cargo during 2014.</li> </ul>	Compliance was achieved except in relation to stormwater discharges. A resource consent application is currently in development for discharges and will be lodged by end of September 2015. Compliant at Seaview and Miramar. Annual monitoring for the main port is expected to be completed in August 2015. An updated port storm water management plan (including monitoring) will be developed in FY16. Recapture technology was used for all fumigation inside containers. Fumigation that occurred outside of containers (mainly for small items) occurred within the controlled area and there were no reported breaches of compliance requirements. No ship hold fumigation occurred in FY15.
Maintain a sustainability programme with measurable performance criteria covering, as a minimum, the monitoring of waste and greenhouse gas emissions.	CentrePort has developed a comprehensive five year environment and sustainability programme of work. The work programme is overseen by the Board Health Safety and Environment Committee, supported by a management committee tasked with promoting sustainability across the company.  During the year CentrePort continued to lower regional carbon emissions, through increasing use of rail. Rail volume increased by 55% during FY15. CentrePort's CentreRail container transport solution supported the equivalent of 4.7 million kilometres of truck movements being replaced by rail across central New Zealand in FY15. On port greenhouse gas

	emissions were 3,802 tonnes CO <sub>2</sub> , a 9% increase on the previous year, as a result of a 13% increase in container volumes through the port. Emissions intensity reduced from 0.037 tonnes CO <sub>2</sub> per TEU in the previous year to 0.035 tonnes in FY15.
Maintain the requirement for fumigation contractors to use recapture technology for the fumigation of containers	Recapture technology was used for all container fumigation during FY15.
Monitor compliance by contractors for the fumigation of log shipments in line with the Environmental Protection Agency policies. Continue to review the availability of recognised alternative fumigation options.	Only in- transit log fumigation (using phosphine) occurred during FY15.  CPL continues to be involved in STIMBR (the industry body developing alternatives to methyl bromide use).
Maintain a register of environmental risks and incidents 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).	A total of 32 incidents/complaints were registered in the Environmental Issues Register in FY15, up from 27 in FY14. All incidents were relatively minor.
Develop appropriate and useful measures to monitor CentrePort's carbon footprint	Greenhouse gas emissions for FY15 were monitored and independently verified in accordance with the Greenhouse Gas Protocol/ISO 14064-1 (2006). Refer above for results.
CentrePort Ltd will hold a minimum of three Environmental Consultative Committee meetings in 2014/15 comprising CentrePort Ltd 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	Three meetings of the ECC occurred in FY15.  In addition key stakeholders and Iwi groups continue to be consulted as part of the Shipping Channel Deepening Project.

### Social performance targets

Planned target	Actual performance
Contribute to the desired outcome of the Wellington Regional Strategy through:	
<ul style="list-style-type: none"> <li>The provision of workplace</li> </ul>	CentrePort has continued to grow its workforce both

opportunities and skills enhancements of our employees.	through new positions and development of new and existing employees. Over the course of the year there has been a 2% increase in staff numbers to support cargo growth.
<ul style="list-style-type: none"> <li>Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade</li> </ul>	CentrePort continues to grow connections and reach into the region to ensure importers and exporters have efficient connections. CentreRail is a key part of quality service delivery and continues to grow trade and connections as evidenced by a 13% increase in container trade for the 12 month period. One new international container service was added during the year.
Supporting the regional community by investing in community sponsorship and engaging in community activities	Continuity of support for Wellington Lifelines, Wellington Free Ambulance, the steam powered crane 'Hikitia', and The Sailability Trust occurred during the period along with other activities. On 14 February 2015, CentrePort hosted a Port Open Day with proceeds to Wellington Free Ambulance.
To meet regularly with representative community groups	CentrePort held three meetings with the Environmental Consultative Committee during the year to 30 June 2015. The port held an open day on 14 February 2015. CentrePort has also held a comprehensive series of public engagements on the shipping channel deepening project.

### 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	Performance targets are reviewed and agreed in the development of the Statement of Intent. Revision of these targets has been completed for 2016.
CentrePort will report achievement against the above targets in the quarterly report to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Quarterly reporting has been scheduled with the shareholders.
When developing 'property held for development' the Board is to adhere to the following principles: i. Properties may be developed without	No properties were under development in the 2015 financial year.

<p>the building being fully pre-let so long as tenancy risk is managed prudently.</p> <ul style="list-style-type: none"><li>ii. Property developments must not compromise port operations.</li><li>iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.</li><li>iv. Development of construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis.</li></ul>	
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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%.

## INVESTMENTS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2015

	2014/15 Actual	2014/15 Annual Plan	2014/15 Long Term Plan	2013/14 Long Term Plan	2013/14 Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding</b>					
General rate <sup>1</sup>	(10,001)	(10,001)	(13,157)	(11,169)	(10,406)
Targeted rates	2,676	2,676	2,678	2,677	2,676
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	1,042	-	-	-	1,397
Fines, infringement fees, and other receipts <sup>2,3</sup>	22,366	21,991	89,430	56,669	32,382
<b>Total operating funding</b>	<b>16,083</b>	<b>14,666</b>	<b>78,951</b>	<b>48,177</b>	<b>26,049</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(2,955)	(2,551)	(12,660)	(13,127)	(11,152)
Finance costs	(10,926)	(10,231)	(11,474)	(11,051)	(12,158)
Internal charges and overheads applied	(72)	(72)	(346)	(324)	(237)
<b>Total applications of operating funding</b>	<b>(13,953)</b>	<b>(12,854)</b>	<b>(24,480)</b>	<b>(24,502)</b>	<b>(23,547)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>2,130</b>	<b>1,812</b>	<b>54,471</b>	<b>23,675</b>	<b>2,502</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	11,242	5,071	(1,674)	9,697	757
Gross proceeds from asset sales	106	38	19	32	14
<b>Total sources of capital funding</b>	<b>11,348</b>	<b>5,109</b>	<b>(1,655)</b>	<b>9,729</b>	<b>771</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	(289)	(417)	-
- to replace existing assets	59	(118)	(1,296)	(6,458)	(2,597)
(Increase) / decrease in investments <sup>2</sup>	(13,927)	(962)	(50,733)	(23,624)	(1,415)
(Increase) / decrease in reserves	390	(5,841)	(498)	(2,905)	739
<b>Total applications of capital funding</b>	<b>(13,478)</b>	<b>(6,921)</b>	<b>(52,816)</b>	<b>(33,404)</b>	<b>(3,273)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Investment assets</b>	<b>553</b>	<b>585</b>	<b>435</b>	<b>303</b>	<b>253</b>

<sup>1</sup> Net Investment surpluses are used to reduce the general rate. It is applied to general rate as all ratepayers benefit the same proportionally from a reduction in the general rates.

<sup>2</sup> Other receipts include revenue from Forestry and pest control and internal income from public transport to fund the rail infrastructure that will be owned by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd. The funds recovered are utilised for an equity injection into Greater Wellington Rail Ltd to enable Greater Wellington Rail Ltd to fund Greater Wellington's share of the upgrades.

<sup>3</sup> Greater Wellington manages community outcome debt via an internal debt function. Other receipts includes internal interest income which is the total interest charged to the operational activities. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy.

Internal interest revenue	14,484	16,727	19,149	17,015	14,930
forestry sales revenue	65	9,115	10,119	10,119	10,912
Investment in Greater Wellington Rail Ltd <sup>3</sup>	-	-	50,307	21,985	-

Investment in GW Rail is now recorded under the Public Transport activity. It represents funds invested to purchase rail rolling stock and infrastructure that is held within the 100% owned subsidiary.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to investments, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST



**Greater Wellington Regional Council  
Draft Financial Statements  
for the year ended 30 June 2015**

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**Greater Wellington Regional Council**  
**Statement of Comprehensive Revenue and Expense**  
**For the year ended 30 June 2015**

		<b>Council</b>		<b>Group</b>	
	Actual	Budget	Actual	Actual	Actual
Note	2015	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating revenue</b>					
Rates and levies	3	126,321	125,556	119,805	119,805
Transport operational grants and subsidies	3	57,912	62,839	58,454	58,454
Transport Improvement grants and subsidies	3	9,872	9,279	4,152	4,152
Other revenue	3	28,270	19,144	37,769	99,578
		<u>222,375</u>	<u>216,818</u>	220,180	281,989
Other gains / (losses) - net	4	286	312	(927)	(745)
<b>Total operating revenue and gains</b>		<u>222,661</u>	<u>217,130</u>	219,253	281,244
<b>Operating expenditure</b>					
Employee benefits	5	(39,941)	(42,880)	(40,827)	(64,421)
Grants and subsidies		(86,757)	(91,930)	(88,115)	(68,280)
Depreciation and amortisation	6	(18,385)	(18,638)	(18,183)	(43,256)
Finance costs	7	(10,248)	(10,760)	(9,424)	(19,135)
Other operating expenses	8	(57,791)	(49,942)	(56,479)	(96,736)
Transport improvement expenditure		(5,374)	(5,492)	(2,882)	(2,882)
Earthquake related costs		-	-	-	(4,800)
<b>Total operating expenditure</b>		<u>(218,496)</u>	<u>(219,642)</u>	(215,910)	(299,510)
<b>Operating surplus/(deficit) before other items and tax</b>		4,165	(2,512)	3,343	(7,648)
Share of associate's surplus/(deficit)		-	-	-	7,711
<b>Other fair value changes</b>		-	-	-	1,806
Fair value - Other assets	9	210	-	194	(5,053)
Fair value of investment properties	9	-	-	-	4,517
Biological assets	9	665	-	17,334	17,334
Gain / (loss) financial instruments	9	(20,393)	159	2,114	6,069
<b>Total fair value movements</b>	9	<u>(19,518)</u>	<u>159</u>	19,642	(20,047)
<b>Surplus/(deficit) before tax</b>		<u>(15,353)</u>	<u>(2,353)</u>	22,985	(8,499)
Tax expense	11	-	-	-	4,284
Surplus from continuing operations		<u>(15,353)</u>	<u>(2,353)</u>	22,985	(15,700)
<b>Operating surplus / (deficit) after tax</b>		<u>(15,353)</u>	<u>(2,353)</u>	22,985	(4,939)
<b>Other comprehensive revenue and expenses</b>					
Increases / (decreases) in revaluations		919	-	27,681	564
Fair value gains in Creative HQ Limited investment reserve		-	-	-	425
<b>Total other comprehensive revenue and expenses</b>		<u>919</u>	<u>-</u>	27,681	564
<b>Total comprehensive revenue and expenses for the year</b>		<u>(14,434)</u>	<u>(2,353)</u>	50,666	(15,136)

**Surplus is attributable to:**

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

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Date - 18 September 2015

Time - 1:21 p.m.

		<b>Council</b>		<b>Group</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Note	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Attributed to:</b>					
Equity holders of the Parent	(14,434)	(2,353)	50,666	(18,292)	26,020
Non-controlling interest	-	-	-	3,156	(1,029)
	<u>(14,434)</u>	<u>(2,353)</u>	<u>50,666</u>	<u>(15,136)</u>	<u>24,991</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Date - 18 September 2015

Time - 1:21 p.m.

**Greater Wellington Regional Council**  
**Statement of Financial Position**  
**As at 30 June 2015**

		<b>Council</b>		<b>Group</b>		
	Note	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	14	6,225	27,695	19,516	7,113	22,217
Trade and other receivables	15	38,977	-	29,107	45,811	36,858
Other financial assets	17	60,336	35,895	30,650	60,336	30,650
Inventories	16	3,120	-	3,113	16,175	18,685
Derivatives	24	9	-	-	9	41
Current tax receivables	12	-	-	-	226	-
Investment Property	22	-	-	-	3,600	-
Assets held for sale		-	-	38,778	-	38,778
<b>Total current assets</b>		<b>108,667</b>	<b>63,590</b>	<b>121,164</b>	<b>133,270</b>	<b>147,229</b>
<b>Non-current assets</b>						
Other financial assets	17	26,917	49,028	26,206	26,917	27,010
Property, plant and equipment	19	862,207	838,488	858,337	1,362,795	1,353,959
Intangible assets	20	4,844	-	6,259	7,911	9,186
Investments in subsidiaries	23	120,285	146,130	96,845	-	-
Investment property	22	-	-	-	39,534	42,308
Derivatives	24	1,358	-	2,884	1,358	2,916
Investments accounted for using the equity method		-	-	-	147	-
Deferred tax assets	13	-	-	-	10,240	5,100
Investments in joint ventures	18	-	-	-	83,728	80,179
<b>Total non-current assets</b>		<b>1,015,611</b>	<b>1,033,646</b>	<b>990,531</b>	<b>1,532,630</b>	<b>1,520,658</b>
<b>Total assets</b>		<b>1,124,278</b>	<b>1,097,236</b>	<b>1,111,695</b>	<b>1,665,900</b>	<b>1,667,887</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivatives	24	242	-	-	652	60
Trade and other payables	25	34,040	4,169	31,243	34,204	36,442
Interest bearing liabilities	26	24,288	19,494	74,796	25,297	75,596
Employee benefits liabilities	27	2,381	-	2,736	5,867	6,340
Provisions	28	1,200	-	-	1,200	-
Current tax liabilities	12	-	-	-	-	591
Other current liabilities		-	-	-	360	-
<b>Total current liabilities</b>		<b>62,151</b>	<b>23,663</b>	<b>108,775</b>	<b>67,580</b>	<b>119,029</b>
<b>Non-current liabilities</b>						
Interest bearing liabilities	26	177,737	214,000	121,054	323,758	279,149
Derivatives	24	19,968	-	3,019	31,054	9,482
Employee benefits liabilities	27	563	-	554	839	883
Deferred tax liabilities	13	-	-	-	79,003	77,950
<b>Total non-current liabilities</b>		<b>198,268</b>	<b>214,000</b>	<b>124,627</b>	<b>434,654</b>	<b>367,464</b>
<b>Total liabilities</b>		<b>260,419</b>	<b>237,663</b>	<b>233,402</b>	<b>502,234</b>	<b>486,493</b>
<b>Net assets</b>		<b>863,859</b>	<b>859,573</b>	<b>878,293</b>	<b>1,163,666</b>	<b>1,181,394</b>
<b>EQUITY</b>						
Retained earnings		358,963	372,807	375,371	574,647	594,789
Other reserves		504,896	486,766	502,922	542,403	541,563
Minority interest		-	-	-	46,616	45,042
<b>Total equity</b>		<b>863,859</b>	<b>859,573</b>	<b>878,293</b>	<b>1,163,666</b>	<b>1,181,394</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Date - 18 September 2015

Time - 1:21 p.m.

**Greater Wellington Regional Council**  
**Statement of Financial Position**  
**As at 30 June 2015**  
(continued)

		<b>Council</b>		<b>Group</b>	
Note	<b>Actual 2015 \$'000</b>	<b>Budget Budget \$'000</b>	Actual 2014 \$'000	<b>Actual 2015 \$'000</b>	Actual 2014 \$'000
Chris Laidlaw Chair  30 September 2015	Greg Campbell Chief Executive  30 September 2015		Dave Humm General Manager Corporate & Chief Financial Officer 30 September 2015		

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

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Date - 18 September 2015

Time - 1:21 p.m.

**Greater Wellington Regional Council  
Statement of Changes in Equity  
For the year ended 30 June 2015**

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
<b>Opening Equity</b>	<b>878,293</b>	<b>861,926</b>	827,627	<b>1,181,394</b>	1,159,314
Total comprehensive revenue & expenses previously reported	(14,434)	(2,353)	50,666	(15,136)	24,991
Dividend to non controlling interest	-	-	-	(1,582)	(288)
Other adjustment	-	-	-	(1,010)	(2,623)
<b>Total closing equity at 30 June</b>	<b>863,859</b>	<b>859,573</b>	878,293	<b>1,163,666</b>	1,181,394
<b>Components of equity</b>					
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves	476,338	466,375	448,657	514,245	484,740
Asset revaluation movements	919	-	27,681	564	29,505
Transfers to accumulated funds	-	-	-	-	-
<b>Closing asset revaluation reserve</b>	<b>477,257</b>	<b>466,375</b>	476,338	<b>514,809</b>	514,245
<b>Other reserves</b>					
Opening other reserves	26,584	26,210	25,485	27,318	25,794
Transfers to accumulated funds	5,415	(5,819)	(3,475)	5,415	(3,475)
Transfers from accumulated funds	(5,359)	-	3,631	(5,359)	3,631
Interest earned	999	-	943	999	943
Movement in Creative HQ reserve	-	-	-	-	425
Other transfers from reserves	-	-	-	(779)	-
<b>Closing other reserves</b>	<b>27,639</b>	<b>20,391</b>	26,584	<b>27,594</b>	27,318
<b>Retained earnings</b>					
Opening accumulated funds	375,371	369,341	353,485	639,832	648,780
Operating surplus / (deficit) after tax	(15,353)	(2,353)	22,985	(15,700)	(4,938)
Interest allocated to reserves	(999)	-	(943)	(999)	(943)
Other transfers to reserves	5,359	-	(3,631)	5,359	(3,631)
Transfers from reserves	(5,415)	5,819	3,475	(5,415)	3,475
Dividend to non controlling interest	-	-	-	(1,582)	(288)
Other transfers from reserves	-	-	-	-	-
Other adjustment	-	-	-	(232)	(2,623)
<b>Closing accumulated funds</b>	<b>358,963</b>	<b>372,807</b>	375,371	<b>621,263</b>	639,832
<b>Total closing equity at 30 June</b>	<b>863,859</b>	<b>859,573</b>	878,293	<b>1,163,666</b>	1,181,394
Greater Wellington Regional Council	(14,434)	(2,353)	-	(18,292)	-
Non-controlling interest	-	-	-	3,156	(1,029)

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Date - 18 September 2015

Time - 1:21 p.m.





**Greater Wellington Regional Council  
Funding Impact Statement  
For the year ended 30 June 2015**

	Actual 2015 \$'000	Budget 2015 \$'000	<b>Council Actual 2014 \$'000</b>	<b>Budget 2014 \$'000</b>
<b>Sources of operating funding</b>				
General rate	32,724	31,170	<b>29,629</b>	<b>28,476</b>
Targeted rates	67,320	68,110	<b>64,520</b>	<b>65,856</b>
Subsidies and grants for operating purposes	60,274	62,839	<b>59,865</b>	<b>67,022</b>
Interest and dividends from investments	8,266	6,401	<b>6,769</b>	<b>5,165</b>
Fees, charges, and targeted rates for water supply	2,693	4,091	<b>4,571</b>	<b>3,522</b>
Fines, infringement fees, and other receipts (1)	41,448	34,928	<b>48,952</b>	<b>43,492</b>
<b>Total operating funding</b>	<u>212,725</u>	<u>207,539</u>	<u><b>214,306</b></u>	<u><b>213,533</b></u>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(190,357)	(189,932)	<b>(187,762)</b>	<b>(192,195)</b>
Finance costs	(10,248)	(10,760)	<b>(9,424)</b>	<b>(8,751)</b>
<b>Total applications of operating funding</b>	<u>(200,605)</u>	<u>(200,692)</u>	<u><b>(197,186)</b></u>	<u><b>(200,946)</b></u>
<b>Surplus / (deficit) of operating funding</b>	<u>12,120</u>	<u>6,847</u>	<u><b>17,120</b></u>	<u><b>12,587</b></u>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	9,872	9,279	<b>4,152</b>	<b>2,152</b>
Increase / (decrease) in debt	40,386	53,601	<b>35,019</b>	<b>41,736</b>
Gross proceeds from asset sales	1,712	337	<b>1,880</b>	<b>220</b>
<b>Total sources of capital funding</b>	<u>51,970</u>	<u>63,217</u>	<u><b>41,051</b></u>	<u><b>44,108</b></u>
<b>Applications of capital funding</b>				
- to meet additional demand	-	(1,445)	<b>(5,694)</b>	<b>(6,250)</b>
- to improve the level of service	-	(14,160)	<b>(8,418)</b>	<b>(7,865)</b>
- to replace existing assets	(22,333)	(9,139)	<b>(10,967)</b>	<b>(12,346)</b>
Increase / (decrease) in investments	(40,702)	(51,138)	<b>(31,987)</b>	<b>(34,795)</b>
Increase / (decrease) in reserves	(1,055)	5,818	<b>(1,105)</b>	<b>4,561</b>
<b>Total applications of capital funding</b>	<u>(64,090)</u>	<u>(70,064)</u>	<u><b>(58,171)</b></u>	<u><b>(56,695)</b></u>
<b>Surplus / (deficit) of funding</b>	<u>(12,120)</u>	<u>(6,847)</u>	<u><b>(17,120)</b></u>	<u><b>(12,587)</b></u>
<b>Funding balance</b>	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u><b>0</b></u>

Depreciation on council assets **18,385** **18,638** 18,183 13,465  
Water supply levy **26,276** **26,276** 25,635 25,635

(1) This includes the Water supply levy charged to Wellington, Hutt, Lower Hutt and Porirua city councils

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

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Date - 18 September 2015

Time - 1:21 p.m.

## Financial reserves

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

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington’s treasury risk management policy.

Other reserves are split into four categories:

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

Council created reserves	Purpose of the fund	Opening balance Jul-14 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun-15 \$'000
<b>Area of benefit reserves</b>					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	-	760	-	760
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	9,818	393	(2,114)	8,097
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	1,987	182	(290)	1,879
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	581	98	-	679
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	25	-	-	25
WREMO reserve	Contributions by other local authorities to run the WREMO	563	23	(43)	543
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	6,310	946	(519)	6,737
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	1,280	845	(184)	1,941
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	199	8	-	207
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,388	207	(92)	1,503
Rural fire reserve	To help manage the costs of rural fire equipment.	63	3	-	66
<b>Special reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	195	263	-	458
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	3,267	1,607	(1,209)	3,665

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

## Contents

### Rebudget reserve

Rebudget reserve	Expenditure that has been rated for in 2014/15 when the project will not be completed until 2015/16	<u>908</u>	<u>1,079</u>	<u>(908)</u>	<u>1,079</u>
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### Total reserves

		<u>26,584</u>	<u>6,414</u>	<u>(5,359)</u>	<u>27,639</u>
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All figures on this page exclude GST

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

Date - 18 September 2015

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Time - 1:21 p.m.

Greater Wellington Regional Council  
Debt  
As at 30 June 2015

	Opening balance 2014 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2015 \$'000	Finance costs \$'000
<b>Regional leadership</b>					
Strategic planning	401	77	(147)	331	25
Wairarapa water use project	1,506	924	-	2,430	125
Warm Wellington	11,294	1,146	(1,710)	10,730	439
<b>Public transport</b>					
Public transport	105,357	24,019	(5,603)	123,773	5,396
<b>Water supply</b>					
Water supply	60,578	8,267	(2,536)	66,309	3,741
<b>Environment</b>					
Environment	1,466	183	(239)	1,410	88
<b>Flood protection and control works</b>					
Flood protection and control works	53,667	4,211	(3,448)	54,430	3,284
<b>Parks</b>					
Parks	4,385	506	(515)	4,376	264
<b>Investments</b>					
Stadium	7,700	-	(2,120)	5,580	501
Plantation forestry	14,542	-	(14,542)	-	-
Property and other	5,879	438	(946)	5,371	361
Reserve forestry	17,548	-	(17,548)	-	-
Total activities debt	<u>284,323</u>	<u>39,771</u>	<u>(49,354)</u>	<u>274,740</u>	<u>14,224</u>

Council  
Actual  
2015  
\$'000

Total activities debt	274,740
Treasury internal funding (1)	<u>(72,714)</u>
	<u>202,026</u>
Total external debt	<u>202,026</u>
External debt (current)	24,288
External debt (non-current)	<u>177,738</u>
Total external debt	<u>202,026</u>

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

All figures on this page exclude GST

*Summary of significant accounting policies and the accompanying notes form part of these financial statements.*

## 1 Reporting entity

### 1.1 Reporting entity

Greater Wellington Regional Council (GWRC) is a regional local authority governed by the Local Government Act 2002. GWRC principal address is 2 Fryatt Quay, Wellington, New Zealand. The Group consists of GWRC and its subsidiaries as disclosed below.

The Council provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, rather than to make a financial return. Accordingly GWRC has designated its self and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

#### 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 Tier 1 PBE accounting standards, and comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to these PBE accounting standards are explained in Note 2.

The financial statements of GWRC are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 29 September 2015.

#### Accounting judgements and estimations

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

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

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

#### Transition to the PBE Accounting Standards

This is the first set of financial statements presented in accordance with the PBE Accounting Standards. The conversion from the New Zealand equivalent of International Financial Reporting Standards to the PBE Accounting Standards has resulted in changes to accounting policies, with changes to significant accounting policies detailed in note 2. Accordingly, adjustments and reclassifications were made to the statement of financial position as at 30 June 2014. Refer to Note 2.25 for further detail.

## 2 Accounting policies

### 2.1 Basis of preparation

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2014 except for those instances where the transition to PBE Accounting Standards has required a change in accounting policy. The material changes arising from the transition are outlined below.

## 2 Accounting policies (continued)

### 2.2 Basis of consolidation

The consolidated financial statements include GWRC 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

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited. GWRC's investment in subsidiaries is held at cost in its own "Parent entity" accounts.

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

All significant intercompany transactions are eliminated on consolidation.

### 2.3 Revenue

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

#### (i) Rates and levies

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

#### (ii) Government grants and subsidies

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

#### (iii) User charges

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

#### (iv) Dividends

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

#### (v) Interest

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

#### (vi) Sales of goods

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

### 2.4 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.

### 2.5 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

## 2 Accounting policies (continued)

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.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

### 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 land and buildings were valued at 30 June 2013. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2013 and 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.

### Public transport

Public transport infrastructural assets were valued as at 30 June 2014 by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using Optimised Depreciated Replacement Cost (ODRC) methodology.

### 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 Bayleys Valuations Limited as at 30 June 2013 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 2013 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2013 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

## 2 Accounting policies (continued)

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2013 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. This class of asset was revalued at 31 December 2013. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

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

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. Greater Wellington Rail public transport rail station infrastructural assets and its Ganz Mavag rolling stock were valued by Bayleys at depreciated replacement cost at 30 June 2014.

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.

### 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 years to indefinite
Operational plant and equipment	2 to 20 years
Operational vehicles	3 to 10 years
Flood protection infrastructural assets	15 years 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 80 years



## 2 Accounting policies (continued)

3 to 150 years

Regional water supply infrastructural assets

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.

### 2.6 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

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

Software	2 to 5 years
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### New Zealand Emission Trading Scheme

New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the balance sheet and income in the statement of 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.

### 2.7 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. Gains or losses arising from changes in fair value of investment property are included in profit or loss in the period in which they arise. The Group has three classes of investment properties:

1. Developed investment properties
2. Land available for development
3. Investment property under development

Shed 39 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.

### 2.8 Impairment

(i) *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.**

### 2.9 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 each year. At 30 June 2014 they were valued at contract price. The contract price is a reasonable proxy for fair value at 30 June 2014, as the contract price is as of 1 July 2014. The forestry valuation at 30 June 2014 is therefore effectively contract price less costs to sell.

### 2.10 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.

## 2 Accounting policies (continued)

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.

- 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. 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

(i) *Loans and other receivables, and held to maturity investments:*

**Impairment is established when there is objective evidence that the 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, and government stock, are recognised directly against the instrument's carrying amount.**

(ii) *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.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of comprehensive income.

## 2 Accounting policies (continued)

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 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 Group has transferred substantially all the risks and rewards of ownership.

### 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.

### 2.11 Derivative financial instruments and hedge accounting

The Parent uses derivative instruments to hedge exposure to interest rate risks arising from financing activities

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.

### 2.12 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.

The Regional Council Centre (RCC) is treated as an asset held for sale within the WRC Holdings Group.

### 2.13 New Zealand Local Government Funding Agency

GWRC 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+.

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

GWRC is not aware of any local authority debt default events in New Zealand; and

Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## 2 Accounting policies (continued)

### 2.14 Inventory

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.

### 2.15 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.

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.

### 2.16 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.

### 2.17 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. GWRC 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.

### 2.18 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

### 2.19 Goods and services tax

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

## 2 Accounting policies (continued)

### 2.20 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.

### 2.21 Overhead allocation and internal transactions

GWRC allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of GWRC 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.

### 2.22 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 other reserves.

### 2.23 Statement of cash flow

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.

### 2.24 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 GWRC for the preparation of these financial statements.

### 2.25 Changes to significant accounting policies resulting from introducing PBE Accounting Standards

#### Revenue

The PBE Accounting Standards required revenue to be identified/classified as exchange or non-exchange. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange (PBE IPSAS 9 Exchange Revenue).

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants, and subsidies and user charges that are partially funded by rates (PBE IPSAS 23 Revenue from non-exchange).

#### Comparative information

Prior period balances have been restated to reflect conversion to the PBE Accounting Standards. Refer to note 3 & 15 for further detail.

### 3 Revenue from exchange and non-exchange transactions

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
<b>Revenue from exchange transactions:</b>					
Water supply	26,276	26,276	25,635	26,276	25,635
Subsidiaries revenue	-	-	-	71,750	60,145
Dividends	2,493	2,335	2,416	133	114
Logging revenue	65	-	11,564	65	11,564
Interest received	5,773	4,067	4,353	5,569	3,910
Other exchange revenue	1,341	-	1,210	1,341	1,210
<b>Total exchange</b>	<b>35,948</b>	<b>32,678</b>	<b>45,178</b>	<b>105,134</b>	<b>102,578</b>
<b>Revenue from non-exchange transactions:</b>					
General rates	32,724	31,170	29,629	32,724	29,629
Targeted rates	67,321	68,110	64,541	67,321	64,541
Rates, remissions & rebates	656	-	555	656	555
Grants & subsidises	57,912	62,839	58,454	57,912	58,454
Transport improvement grants	9,872	9,279	4,152	9,872	4,152
Provision of goods & services	17,941	12,742	17,671	32,015	22,080
<b>Total non-exchange</b>	<b>186,426</b>	<b>184,140</b>	<b>175,002</b>	<b>200,500</b>	<b>179,411</b>
<b>Total exchange and non-exchange</b>	<b>222,374</b>	<b>216,818</b>	<b>220,180</b>	<b>305,634</b>	<b>281,989</b>

### 4 Other gains / (losses) - net

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
Gain on disposal of property, plant and equipment	286	312	(927)	1,397	(745)
Gain/(loss) on disposal of subsidiary	-	-	-	(355)	-
<b>Total other gains / (losses) - net</b>	<b>286</b>	<b>312</b>	<b>(927)</b>	<b>1,042</b>	<b>(745)</b>
<b>Total rates, excluding targeted water supply rates</b>	<b>286</b>	<b>312</b>	<b>(927)</b>	<b>1,042</b>	<b>(745)</b>

### 5 Employee benefits

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
Salaries and wages	37,682	40,462	38,561	58,805	61,401
Defined contribution plan employer contributions	2,259	2,418	2,266	3,078	3,020
<b>Total personnel costs</b>	<b>39,941</b>	<b>42,880</b>	<b>40,827</b>	<b>61,883</b>	<b>64,421</b>

## 6 Depreciation and amortisation

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Port wharves and pavings	-	-	2,729	2,530
Land and buildings	170	193	996	1,015
Plant and equipment	1,107	944	3,929	3,915
Rail rolling stock	-	-	12,415	15,601
Rail infrastructure	-	-	2,984	2,954
Motor vehicles	1,058	1,123	1,058	1,123
Flood protection	726	671	723	670
Water infrastructure	11,303	11,208	11,302	11,207
Transport infrastructure	738	1,181	741	1,181
Navigational aids	78	21	78	21
Parks and forests	2,108	1,984	2,108	1,983
Amortisation - Computer software	1,097	858	1,255	1,056
	<u>18,385</u>	<u>18,183</u>	<u>40,318</u>	<u>43,256</u>

## 7 Finance costs

	Actual	Council	Actual	Group	
	2015 \$'000	Budget 2015 \$'000		Actual 2015 \$'000	Actual 2014 \$'000
<b>Interest expense</b>					
Interest on bank borrowings	10,248	10,760	9,424	20,282	19,135

## 8 Other operating expenditure

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
<b>Other operating expenses</b>					
Fees to principal auditor for financial statements audit	196	360	220	349	459
Fees to principal auditor for Long Term Plan	145	14	-	145	-
Fees to other auditor for financial statements audit	-	-	-	-	93
Impairment of trade receivables	171	-	593	171	634
Insurance	1,709	1,738	1,855	6,995	6,049
Directors' fees	-	-	-	385	551
Fees for accounting services	-	-	-	76	61
Subscriptions LGNZ	444	199	415	444	461
Operating lease rentals	2,145	1,882	2,029	2,379	1,473
Energy and utilities	2,662	2,809	2,509	2,807	2,765
Councillor fees and costs	1,152	1,087	1,037	1,152	1,164
Repairs and maintenance expenses	4,258	3,694	4,907	23,819	29,321
Materials and Supplies	13,451	12,651	12,892	13,451	12,918
Contractors and consultants	26,293	24,019	26,640	26,641	27,094
Other operating expenses	5,165	1,489	3,382	20,896	13,693
<b>Total other expenditure</b>	<b>57,791</b>	<b>49,942</b>	<b>56,479</b>	<b>99,710</b>	<b>96,736</b>



## 9 Fair value movements

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
<b>Fair value movements in other assets</b>					
Stadium advance	210	209	194	210	194
Revaluation loss in rail rolling stock assets	-	-	-	-	(6,329)
Investment in subsidiaries	-	-	-	-	1,082
	<u>210</u>	<u>209</u>	<u>194</u>	<u>210</u>	<u>(5,053)</u>
<b>Fair value movements in financial instruments</b>					
Loans	(1,684)	(1,684)	(1,560)	(1,684)	(1,560)
Interest rate swaps	(18,709)	1,634	3,674	(23,755)	7,629
	<u>(20,393)</u>	<u>(50)</u>	<u>2,114</u>	<u>(25,439)</u>	<u>6,069</u>
<b>Fair value change in biological assets</b>					
Forestry investment	-	-	16,082	-	16,082
Carbon credits	665	-	1,252	665	1,252
	<u>665</u>	<u>-</u>	<u>17,334</u>	<u>665</u>	<u>17,334</u>
<b>Fair value movements of investment properties</b>					
Investment properties (developed property)	-	-	-	4,517	(10,389)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,517</u>	<u>(10,389)</u>
	<u>(19,518)</u>	<u>159</u>	<u>19,642</u>	<u>(20,047)</u>	<u>7,961</u>

## 10 Fair value gains in Creative HQ Limited investment reserve

	Actual 2015 \$'000	Council Budget 2015 \$'000	Actual 2014 \$'000	Group Actual 2015 \$'000	Actual 2014 \$'000
Incubator investment reserve	-	-	-	-	425

## 11 Taxation

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>(a) Income tax recognised in profit or loss</b>				
<b>Tax expense / (benefit) comprises:</b>				
Current tax expense / (benefit)	-	-	(197)	1,087
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-	(4,087)	(4,647)
Impact of changes to building depreciation	-	-	-	-
<b>Tax expense</b>	<u>-</u>	<u>-</u>	<u>(4,284)</u>	<u>(3,560)</u>

**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:**

Surplus / (deficit) from operations	(15,353)	22,985	(19,984)	(8,499)
<b>Surplus / (deficit) before taxation</b>	<u>(15,353)</u>	<u>22,985</u>	<u>(19,984)</u>	<u>(8,499)</u>
Income tax expense / (benefit) calculated at 28%	(4,299)	6,436	(5,596)	(2,380)
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	65,215	59,359	69,658	65,878
Non-assessable income	(62,031)	(65,851)	(67,728)	(70,366)
Land and buildings reclassification	-	-	(1,265)	2,908
Tax loss offsets from or subventions paid to Group companies	-	57	40	(40)
Unused tax losses and temporary differences not recognised as deferred tax assets	1,143	687	-	-
Tax effect of imputation credits	-	(645)	-	(185)
Temporary differences	-	-	1,888	591
Permanent differences	-	-	(1,313)	300
(Under) / over provision of income tax in previous year	(28)	(43)	32	(266)
<b>Tax expense</b>	<u>-</u>	<u>-</u>	<u>(4,284)</u>	<u>(3,560)</u>

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

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>Tax expense / (benefit) is attributable to:</b>				
Continuing operations	-	-	(4,284)	(3,560)
	<u>-</u>	<u>-</u>	<u>(4,284)</u>	<u>(3,560)</u>

## 11 Taxation (continued)

### (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. During the 2015 year, no subvention payments were made (2014: Nil) and no loss offsets occurred (2014: Nil).

The 2015 financial statements for the parent do not include any subvention payments to be received (2014: Nil) for utilisation of the GWRC's net losses.

## 12 Current tax assets and liabilities

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Income tax receivable	-	-	<b>226</b>	-
Income tax payable	-	-	-	591

## 13 Deferred tax

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>Deferred Tax Balances</b>				
<i>Deferred tax assets comprise:</i>				
Tax losses	-	-	<b>(6,028)</b>	(4,162)
Temporary differences	-	-	<b>(4,212)</b>	(2,823)
	-	-	<b>(10,240)</b>	(6,985)
<i>Deferred tax liabilities comprise :</i>				
Temporary differences	-	-	<b>79,003</b>	79,835
Sub-total other	-	-	<b>79,003</b>	79,835
Net deferred tax	-	-	<b>68,763</b>	72,850

Taxable and deductible temporary differences arising from the following:

**Movements - Group**

	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Total \$'000
<b>Balance at 1 July 2013</b>	235	(82,156)	910	2,841	2,639	(75,531)
Charged to income	(422)	4,474	87	(1,015)	1,523	4,647
Change to equity	-	(1,966)	-	-	-	(1,966)
<b>Balance at 30 June 2014</b>	<u>(187)</u>	<u>(79,648)</u>	<u>997</u>	<u>1,826</u>	<u>4,162</u>	<u>(72,850)</u>
<b>Balance at 1 July 2014</b>	(187)	(79,648)	997	1,826	4,162	(72,850)
Change to income	(369)	1,201	4	1,385	1,866	4,087
<b>Balance at 30 June 2015</b>	<u>(556)</u>	<u>(78,447)</u>	<u>1,001</u>	<u>3,211</u>	<u>6,028</u>	<u>(68,763)</u>

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>Unrecognised deferred tax balances</b>				
Tax losses	1,951	808	-	-
Temporary differences	-	-	-	-
	<u>1,951</u>	<u>808</u>	<u>-</u>	<u>-</u>

**Tax losses not recognised**

GWRC has \$6.968 million of unrecognised tax losses at Parent level (2014: \$2.886 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$1.951 million (2014: \$0.808 million).

## 14 Cash and cash equivalents

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Cash at bank and in hand	(669)	(303)	219	2,398
Short term deposits maturing three months or less from date of acquisitions	6,500	10,000	6,500	10,000
Water supply contingency investment	-	5,064	-	5,064
Major flood recovery fund	-	4,716	-	4,716
Material damage property insurance fund	394	39	394	39
<b>Total cash and cash equivalents</b>	<b>6,225</b>	<b>19,516</b>	<b>7,113</b>	<b>22,217</b>

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 their carrying values.

The negative balance in cash at bank was caused by a payment run occurring on the last day of the financial year resulting in a timing difference of cash flows.

As at 30 June 2015 there was a \$6.5 million (2014: \$10million) bank deposits with a weighted average interest rate of 3.68% (2014: 4.45%). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2015 there was a \$5.9 million (2014: \$5.1million) water supply contingency investment with a weighted average interest rate of 4.58% (2014: 4.60%). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2015 there was a \$4.613 million (2014: \$39K) material damage business interruption property insurance contingency investment which are invested with a weighted average interest rate of 4.57% (2014: 4.05%). Bank deposits are available for day to day cash management and are recorded at fair value.

## 15 Trade and other receivables

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
<b>Non-exchange</b>				
Rates outstanding *	11,132	-	17,554	1
Trade Customers	11,364	16,285	11,364	22,694
Accrued revenue	13,310	12,794	15,623	12,877
Receivables from related parties	457	180	456	(1)
Less provision for impairment of receivables	(1,427)	(1,257)	(1,427)	(1,267)
Dividend Receivable	2,360	-	-	-
Other receivable	-	-	6	776
Prepayments	445	261	866	261
<b>Total debtors and other receivables from non-exchange</b>	<b>37,641</b>	<b>28,263</b>	<b>44,442</b>	<b>35,341</b>
<b>Exchange</b>				
Other receivable	1,336	843	1,340	843
Prepayments	-	-	29	675
<b>Total debtors and other receivables from exchange transactions</b>	<b>1,336</b>	<b>843</b>	<b>1,369</b>	<b>1,518</b>

**15 Trade and other receivables (continued)**

<b>Total debtors and other receivables</b>	<u>38,977</u>	<u>29,106</u>	<u>45,811</u>	<u>36,859</u>
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(i) *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.*

\*GWRC uses the region's Territorial Authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

## 15 Trade and other receivables (continued)

### Provision for impairment of receivables

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Opening balance	(1,257)	(667)	(1,267)	(683)
Movement	(170)	(590)	(160)	(584)
Closing balance	<u>(1,427)</u>	<u>(1,257)</u>	<u>(1,427)</u>	<u>(1,267)</u>

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2015.

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Not past due	38,187	28,401	43,885	34,930
Past due 31-60 days	336	156	1,220	342
Past due 61-90 days	62	32	225	137
Past due > 90 days	392	520	481	1,449
<b>Total gross trade receivables</b>	<u>38,977</u>	<u>29,109</u>	<u>45,811</u>	<u>36,858</u>

## 16 Inventories

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Harbours	6	7	6	7
Depots	39	210	39	210
Water supply	2,627	2,492	2,627	2,492
Rail	-	-	12,133	14,376
Wairarapa	409	365	409	365
Emergency management	39	39	39	39
Centreport	-	-	922	1,196
<b>Total inventory</b>	<u>3,120</u>	<u>3,113</u>	<u>16,175</u>	<u>18,685</u>

No inventories are pledged as securities for liabilities (2014: Nil)

## 17 Other financial assets

	Council		Group	
	Actual 2015 \$'000	Actual 2014 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Stadium advance	2,833	2,623	2,833	2,623
Civic assurance	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	1,866	1,866	1,866	1,866
New Zealand Local Government Funding Agency Limited shares borrower notes	2,480	2,000	2,480	2,000
Warm Wellington funding	10,730	11,292	10,730	11,292
Bank deposits with maturity terms more than three months	23,000	13,000	23,000	13,000
Wellington Water Limited shares	150	-	150	-
Other investments (bonds and notes)	10,000	10,000	10,000	10,000
Water supply contingency investment	22,831	15,708	22,831	15,708
Material damage property insurance contingency fund	8,143	287	8,143	287
Major Flood recovery fund	5,140	-	5,140	-
Creative HQ shareholdings in unlisted companies	-	-	-	804
	<u>87,253</u>	<u>56,856</u>	<u>87,253</u>	<u>57,660</u>
Current financial assets	60,336	30,650	60,336	30,650
Non current financial assets	26,917	26,206	26,917	27,010
<b>Total other financial assets</b>	<u>87,253</u>	<u>56,856</u>	<u>87,253</u>	<u>57,660</u>

### Airtel Limited

GWRC 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. GWRC was previously a member of the association.

### Advance to Wellington Regional Stadium Trust

GWRC 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 GWRC 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 2015 GWRC 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% (2014: 8%). None of the other financial assets is either past due or impaired (2014: No impairment).

### Civic Assurance

GWRC holds 80,127 shares (2014: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

### New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2014: 1,866,000). It has also invested \$2,480,000 (2014: \$2000,000) in LGFA borrower notes, which return on average 3.96% as at 30 June 2015. (2014: 4.05%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of there being a risk of imminent default.

### Warm Wellington



**Other financial assets (continued)**

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme GWRC provides up to \$3,900 assistance to ratepayers. In addition to this \$5,000 assistance to ratepayers is available for Masterton & Wainuiomata. This assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

## Other financial assets (continued)

### Wellington Water Limited

GWRC has invested \$150,000 in shares with Wellington Water Limited. Wellington water manages water treatment and supply, stormwater and waste water service delivery in the Wellington Region.

### Bonds

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes have a coupon rate of 4.89% (2014: 4.89%). The amount receivable at maturity is \$10 million (2014: \$10 million).

### Bank deposits with maturity terms more than three months

GWRC has invested \$23,000,000 (2014: \$13million) of its funds in short term deposits with an average rate of 4.45% (2014: 4.65%). They are recorded at fair value.

### Water supply contingency fund

GWRC has invested \$22,831,000 (2014: \$15,708,000) of its water contingency funds in short term deposits with an average rate of 4.20% (2014: 4.71%). They are recorded at fair value.

### Material damage property insurance contingency fund

GWRC has invested \$8,143,000 (2014: \$287,000) of its material damage property insurance contingency fund in short term deposits with an average rate of 4.62% (2014: 4.10%). They are recorded at fair value.

## 18 Aggregate joint venture information

Name of joint venture	Principal activity	2015 Percentage ownership %	2014 Percentage ownership %
Harbour Quays A1 Limited	Commercial rental property	100%	100.0%
Harbour Quays D4 Limited	Commercial rental property	100%	100.0%
Harbour Quays F1F2 Limited	Commercial rental property	100%	100.0%

On 9 September 2011 the Accident Compensation Corporation (ACC) entered into a joint venture with CentrePort Properties Limited to acquire three investment properties from CentrePort Limited. These entities are jointly controlled by ACC and CentrePort Properties Limited with ACC's purchase completed using mandatory convertible notes. These notes convert to equity in March 2024 (or September 2026 at CentrePort Properties Limited's option).

	Council and Group	
	Actual 2015 \$'000	Actual 2014 \$'000
<b>Group</b>		
Carrying amount at beginning of year	80,179	82,844
Investment in joint ventures	-	-
Equity accounted earnings of joint ventures*	7,564	1,806
Dividends from joint ventures	(4,015)	(4,029)
Transfer net assets of TSL joint venture to wholly owned subsidiary on acquisition of remaining interest	-	(442)
Carrying amount at end of year	<u>83,875</u>	<u>80,179</u>
Represented by:		
Harbour Quays A1 Limited	16,824	17,427
Harbour Quays D4 Limited	15,843	14,368
Harbour Quays F1F2 Limited	48,868	45,908
Individually immaterial associates	2,193	2,476
	<u>83,728</u>	<u>80,179</u>

\* The 2014 equity accounted earnings in joint ventures included provisions for earthquake repairs of \$5,598,000 after tax arising from the earthquakes of 20 July 2013 and 16 August 2013. notes 34 and 31.

## 19 Property, plant and equipment

Council 2015	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operating assets</b>											
Land and buildings	10,392	(1,674)	8,718	1,552	(568)	-	(799)	-	10,577	(1,709)	8,868
Plant and equipment	13,349	(10,347)	3,002	851	(742)	-	3,063	-	16,498	(10,629)	5,869
Motor vehicles	8,021	(4,996)	3,025	1,288	(2,259)	-	(89)	-	6,961	(4,550)	2,411
<b>Total</b>	<b>31,762</b>	<b>(17,017)</b>	<b>14,745</b>	<b>3,691</b>	<b>(3,569)</b>	<b>-</b>	<b>2,175</b>	<b>-</b>	<b>34,036</b>	<b>(16,888)</b>	<b>17,148</b>
<b>Infrastructural assets</b>											
<u>At cost &amp; revaluation</u>											
Flood protection	307,313	(7,987)	299,326	1,599	-	-	25	-	308,937	(8,711)	300,226
Navigational aids	1,848	(1,226)	622	56	(817)	-	-	1,078	2,165	(180)	1,985
Parks and forests	83,028	(2,003)	81,025	2,500	-	(546)	234	-	85,216	(3,862)	81,354
Transport infrastructure	9,677	-	9,677	3,976	(98)	-	855	-	14,410	(737)	13,673
Water infrastructure	438,454	(10,481)	427,973	206	(811)	-	7,067	-	444,916	(21,894)	423,022
Capital work in progress	24,969	-	24,969	9,974	-	-	(10,145)	-	24,798	-	24,798
<b>Total</b>	<b>865,289</b>	<b>(21,697)</b>	<b>843,592</b>	<b>18,311</b>	<b>(1,726)</b>	<b>(546)</b>	<b>(1,964)</b>	<b>1,078</b>	<b>880,443</b>	<b>(35,384)</b>	<b>845,059</b>
<b>Total Council</b>	<b>897,051</b>	<b>(38,714)</b>	<b>858,337</b>	<b>22,002</b>	<b>(5,295)</b>	<b>(546)</b>	<b>211</b>	<b>1,078</b>	<b>914,479</b>	<b>(52,272)</b>	<b>862,207</b>
Council 2014	Cost / revaluation 1 Jul 2013 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2013 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2014 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2014 \$'000
<b>Operating assets</b>											
Land and buildings	7,799	(1,574)	6,225	2,658	(93)	28	-	-	10,392	(1,674)	8,718
Motor vehicles	7,871	(4,395)	3,476	744	(594)	-	-	-	8,021	(4,996)	3,025
Plant and equipment	12,978	(10,602)	2,376	870	(1,366)	867	-	-	13,349	(10,347)	3,002
<b>Total</b>	<b>28,648</b>	<b>(16,571)</b>	<b>12,077</b>	<b>4,272</b>	<b>(2,053)</b>	<b>895</b>	<b>-</b>	<b>-</b>	<b>31,762</b>	<b>(17,017)</b>	<b>14,745</b>
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood protection	304,813	(7,316)	297,497	1,993	-	507	-	-	307,313	(7,987)	299,326
Navigational aids	1,745	(1,212)	533	46	(7)	64	-	-	1,848	(1,226)	622
Parks and forests	60,744	(1,683)	59,061	11	(1,404)	(47)	-	23,724	83,028	(2,003)	81,025
Transport infrastructure	13,796	(631)	13,165	1,867	(1,282)	(1,854)	-	(2,850)	9,677	-	9,677

## 19 Property, plant and equipment (continued)

Capital work in progress	-	-	-	-	-	-	-	3,219	438,454	(10,481)	427,973
Water infrastructure	428,954	-	428,954	1,987	(269)	4,563	-	-	-	-	-
Capital work in progress	15,326	-	15,326	15,692	-	(6,049)	-	-	24,969	-	24,969
<b>Total</b>	<b>825,378</b>	<b>(10,842)</b>	<b>814,536</b>	<b>21,596</b>	<b>(2,962)</b>	<b>(2,816)</b>	<b>-</b>	<b>24,093</b>	<b>865,289</b>	<b>(21,697)</b>	<b>843,592</b>
<b>Total Council</b>	<b>854,026</b>	<b>(27,413)</b>	<b>826,613</b>	<b>25,868</b>	<b>(5,015)</b>	<b>(1,921)</b>	<b>-</b>	<b>24,093</b>	<b>897,051</b>	<b>(38,714)</b>	<b>858,337</b>

Note: Revaluations are net of accumulated depreciation written back

Group 2015	Cost / revaluation 1 Jul 2014 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2014 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Transfers \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2015 \$'000
<b>Operating assets</b>											
Land and buildings	122,240	(13,920)	108,320	1,554	(619)	(334)	858	(870)	123,678	(15,314)	108,364
Plant & Equipment	77,568	(38,064)	39,504	868	(5,494)	-	7,259	19	80,201	(37,420)	42,785
Motor vehicles	8,022	(4,996)	3,026	1,287	(2,259)	-	(89)	-	6,961	(4,550)	2,411
<b>Total</b>	<b>207,830</b>	<b>(56,980)</b>	<b>150,850</b>	<b>3,709</b>	<b>(8,372)</b>	<b>(334)</b>	<b>8,028</b>	<b>(851)</b>	<b>210,840</b>	<b>(57,284)</b>	<b>153,560</b>
<b>Infrastructural assets</b>											
<u>At cost &amp; valuation</u>											
Flood protection	307,314	(7,987)	299,327	1,600	-	-	23	-	308,937	(8,711)	300,226
Parks and forests	83,028	(2,003)	81,025	2,500	-	(549)	237	-	85,216	(3,862)	81,354
Capital works in progress	59,780	-	59,780	38,535	-	-	(31,366)	-	66,948	-	66,948
Port wharves and paving	82,736	(37,787)	44,949	-	(539)	849	11,722	-	93,919	(46,655)	47,264
Navigational aids	1,848	(1,226)	622	56	(817)	-	-	1,078	2,165	(180)	1,985
Transport infrastructure	289,444	(10)	289,434	9,337	(358)	-	6,137	-	304,560	(16,124)	288,436
Water infrastructure	438,453	(10,481)	427,972	208	(811)	-	7,066	-	444,916	(21,894)	423,022
Rec item	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,262,603</b>	<b>(59,494)</b>	<b>1,203,109</b>	<b>52,236</b>	<b>(2,525)</b>	<b>300</b>	<b>(6,181)</b>	<b>1,078</b>	<b>1,306,661</b>	<b>(97,426)</b>	<b>1,209,235</b>
<b>Total Group</b>	<b>1,470,433</b>	<b>(116,474)</b>	<b>1,353,959</b>	<b>55,945</b>	<b>(10,897)</b>	<b>(34)</b>	<b>1,847</b>	<b>227</b>	<b>1,517,501</b>	<b>(154,710)</b>	<b>1,362,795</b>

Greater Wellington Regional Council  
Notes to the financial statements  
30 June 2015  
(continued)

**19 Property, plant and equipment (continued)**

Group 2014	Cost / revaluation 1 Jul 2013 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2013 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Impairment losses \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2014 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2014 \$'000
<b>Operating assets</b>											
Land and buildings	115,969	(12,997)	102,972	2,667	(93)	6,926	(6,700)	3,471	122,240	(13,920)	108,320
Capital work in progress	76,405	(35,347)	41,058	1,102	(1,403)	1,468	-	(4)	77,568	(38,064)	39,504
Motor vehicles	7,872	(4,395)	3,477	744	(594)	-	-	-	8,022	(4,996)	3,026
<b>Total Group's property, plant and equipment</b>	<b>200,246</b>	<b>(52,739)</b>	<b>147,507</b>	<b>4,513</b>	<b>(2,090)</b>	<b>8,394</b>	<b>(6,700)</b>	<b>3,467</b>	<b>207,830</b>	<b>(56,980)</b>	<b>150,850</b>
<b>Infrastructural assets</b>											
<u>Flood protection</u>											
Flood protection	304,814	(7,316)	297,498	1,993	-	507	-	-	307,314	(7,987)	299,327
Parks and forests	60,744	(1,683)	59,061	11	(1,404)	(47)	-	23,724	83,028	(2,003)	81,025
Capital work in progress	17,982	-	17,982	53,491	-	(11,693)	-	-	59,780	-	59,780
Port wharves and paving	86,865	(35,255)	51,610	-	-	270	(4,399)	-	82,736	(37,787)	44,949
Navigational aids	1,745	-	532	46	(7)	64	-	-	1,848	(1,226)	622
Transport infrastructure	346,033	(1,213)	307,662	6,001	(3,418)	(1,810)	-	(2,153)	289,444	(10)	289,434
Water infrastructure	428,953	(38,371)	428,953	1,987	(269)	4,563	-	3,219	438,453	(10,481)	427,972
<b>Total infrastructural assets</b>	<b>1,247,136</b>	<b>(83,838)</b>	<b>1,163,298</b>	<b>63,529</b>	<b>(5,098)</b>	<b>(8,146)</b>	<b>(4,399)</b>	<b>24,790</b>	<b>1,262,603</b>	<b>(59,494)</b>	<b>1,203,109</b>
<b>Total Group's property, plant and equipment</b>	<b>1,447,382</b>	<b>(136,577)</b>	<b>1,310,805</b>	<b>68,042</b>	<b>(7,188)</b>	<b>248</b>	<b>(11,099)</b>	<b>28,257</b>	<b>1,470,433</b>	<b>(116,474)</b>	<b>1,353,959</b>

Note: Revaluations are net of accumulated depreciation written back