

Greater Wellington Regional Council

Annual Report Summary 2015/16

FINAL DRAFT

Draft as 21 September 2016



Chair's report

Wellington region is up there with the best in the world has to offer when it comes to quality of life, but we can't take any of our advantages for granted. Over the last year Greater Wellington Regional Council has placed more emphasis on actively working alongside regional and national partners to futureproof our economy, environment, and infrastructure for the significant challenges we'll face in future years.

Work toward an international-standard public transport network progressed well, with the signing of a new contract for rail operations with Transdev Wellington, and work towards a similar performance-based tender for bus services. We began the process of transforming our council vehicle fleet to full electric, approved our Climate Change Strategy which sets out how we as a council will 'walk the talk' in reducing emissions in our operations, and organised the Electric Vehicle Symposium, which drew together international and national experts.

In 2015/16, we worked with employers and universities to develop the framework that will attract more smart industry to our region, and make sure the skills that industry needs are available. We completed the proposed Natural Resources Plan, the result of several years' work to revolutionise the way we manage our natural resources in concert with local communities in the five mega-catchments that make up the region. This collaborative approach will enable us to deal with the numerous threats to the integrity of the region's natural capital far more effectively.

As the impact of climate change increases, both water storages and flooding are issues we must continue to address. In 2015/16, the Lower Hutt community voted overwhelmingly for the flood protection scheme that will provide the highest level of flood protection proposed, and we progressed flood management planning in other parts of the region. We continued to explore water storage possibilities for the area, and Wellington Water continued its work to strengthen the infrastructure for bulk water supplies across the region.

Finally, I want to note that in November 2015 Warm Greater Wellington, the scheme that enables ratepayers to affordably insulate their homes, reached 10,000 households. Planning has begun for the next 10,000.

Warmest thanks to every one of our partners – including countless volunteers - who worked with us to make our region cleaner, greener, more productive and a better place to live.



Chris Laidlaw

Chief Executive's report

At Greater Wellington Regional Council, we aim to have genuine and meaningful conversations with our communities about what they want and need, over a range of subjects as diverse as water quality, flood protection, public transport, and how we manage and care for our natural resources.

Engagement has been a strong theme for us in 2015/16. Communities need open, honest, and clear information from us, and we need open and honest feedback from them. Even when people don't agree with a decision we've made, they need to know that they've had the chance to express their view, be heard, and have their view seriously considered.

In 2015/16, *Let's Get Wellington Moving* saw more than 10,000 people share their ideas about how to free up traffic congestion in Wellington City, particularly the airport to Ngauranga route. *Let's Get Wellington Moving* will result in a much more open flow of traffic around the city, making life better for business, communities and commuters -- including those on buses and bikes -- and its solutions will be based on the views of the people who use Wellington's roads every day.

We also gathered the views of thousands of people from hundreds of meetings across the region in developing the proposed Natural Resources Plan. The Plan will result in much simpler and clearer resource management across the region. The rules are better coordinated, landowners will have access to more support, and resource management policies and rules are integrated into one plan, rather than the current five.

The Lower Hutt community, armed with clear information, good data and clear options, made a significant decision in 2015/16 about their flood protection scheme, and preliminary work is already underway. Our engagement on this Riverlink project taught us about the power of communicating science in a way that's meaningful and relevant, and I'm committed to continued improvement in this area.

As the following pages will show, Greater Wellington is very much out there at the frontline of our communities. We're in every part of the region and our work touches the daily lives of everyone here. Many thanks to our partners from mana whenua, local and central government, industry, academia and across our communities for what we've achieved together in 2015/16.



Greg Campbell

Your part of the world

Our work gets us out and about all over this wonderful region. Here are a few of the places you may have seen us, working with our partners and volunteers, in 2015/16.

Protecting lives and livelihoods by developing flood management plans with communities, strengthening existing flood protection along riversides, maintaining \$263 million of flood protection assets, clearing streams and replacing bridges and tracks after heavy rain

- 6,500 properties to be protected by Riverlink project
- 6,500 tonnes of rock riprap laid and 43,400 trees planted along riversides
- 264,000 cubic metres of gravel removed from rivers

Keeping cyclists and pedestrians safe by teaching children and adults cycle safety skills, providing bus and bike safety workshops for drivers, staging a national design competition for reflective every day and high fashion wear

- 60 children a day using Te Ara o Whareora cycleway for their school commute
- Nearly 2000 children tracked their daily walking and cycling during Movin' March
- 455 people learned cycle safety skills at a Pedal Ready programme

Giving a glimpse of the future of transport with demonstrations of hybrid and double decker buses, a trial of bike racks on buses, and an Electric Vehicle Symposium; working with our partners toward a world-class transport network for the region

- 10,000 people responded to the *Let's Get Wellington Moving* survey about Wellington City traffic issues
- 170 participants shared their ideas at the Electric Vehicles Symposium

Improving the public transport experience by launching the new one-stop-shop passenger website www.metlink.org, signing up a new train operator and continuing the roll-out of a new train fleet, developing hundreds more Park & Ride spaces, building the new Upper Hutt train station, providing new and refurbished bus shelters, and installing artworks to deter graffiti

- 24.3 million bus passenger trips
- 12.8 million rail passenger trips
- 471 extra Park & Ride spaces funded
- 30,000 timetables a day viewed on the Metlink website
- \$100 million saved over 15 years with Transdev Wellington contract

Protecting biodiversity through controlling the spread of possums, rabbits and mustelids, planting to prevent erosion, digging out and spraying weeds, and organising community planting days

- 70,000 hectares of possum control
- 61 key biodiversity sites with intensive pest control

Building economic resilience by gathering evidence on current and future skills needs and industry demands in the Creative Digital Industries; concluding a three-year project with Victoria University of Wellington that connects graduates to future employers.

Promoting our natural and cultural heritage planning, managing, and helping visitors to our network of regional parks, forests and trails; completing new cycle and walkways, repairing flood damage, managing higher visitor numbers, improving facilities, protecting the environment.

- 1.2 million visits to our regional parks
- 30,000 summer campers at Kaitoke Regional Park
- 1,000,000 visitors to Hutt River Trail

Working with our volunteer partners at Restoration Day in Carterton, planting in Queen Elizabeth Park, monitoring shorebirds and freshwater mussel at Wairarapa Moana

Caring for our environment supporting volunteer groups, working with landowners, managing resource consents, planting for water quality and erosion control

- 145 properties implemented a Wellington Region Erosion Control Initiative (WRECI) programme
- We supplied over 29,000 poles for the WRECI
- 1332 environmental notifications responded to; 27 abatement notices and 17 infringements issued

Keeping you safe on the water ensuring the safe use of Wellington Harbour during events including dragon boating, waka ama, and fireworks displays; ensuring the safety of boats and bridge jumpers at Porirua; and clearing out storm debris.

Building our region's economic resilience

Networks, connections, relationships

Wellington region doesn't lack for talent or creativity. We have plenty of smart people here, and a start-up culture that embraces good ideas and innovation. What's less well developed is our sustainable business culture – the networks, connections and partnerships that create new opportunities and a self-sustaining momentum of growth.

Developing the strategy of how we can possibly harness and grow these sectors is our job and we work with the Wellington Regional Economic Development Agency (WREDA) to bring those ideas into reality.

Creative Digital Industries (CDI) is one of our region's economic growth areas, and we know that demand for CDI skills will continue to increase in all sectors, such as design, cybersecurity, film and screen. We'll gain much more from this opportunity if we approach it in a planned and collaborative way.

In 2015/16, Greater Wellington partnered with Callaghan Innovation and with a London-based market intelligence company to gather data to inform how we can attract investment, grow businesses, and promote exports from our CDI industry.

This work has resulted in a national project to demonstrate the importance of digital design to the New Zealand economy; a project led by Massey University, and based on the CDI work we initiated.

It also involved us running workshops for cybersecurity industry players to identify opportunities for collaboration; and developing with industry and with the Ministry of Business, Innovation and Employment a cybersecurity skills action plan that identified where industry growth is most likely. This model is now being replicated at a national level, with central government agencies and multi-national businesses involved.

By the Numbers:

The Wellington regional economy has grown 3.0% off the back of strong net migration, high business confidence levels and employment increasing by 4,167 jobs.

The service based industry contributes to 87% of the region's economy

67% of working age population in jobs

Getting to know our Knowledge Economy

Wellington region has the nation's highest concentration of web and digital based companies. Whether we're on the farm, in the mechanical workshop or studying data at a computer, technology and information drive much of our regional productivity. This makes us an excellent example of what's been called the weightless or invisible economy – a knowledge economy.

In 2013, Greater Wellington commissioned a three-year research programme into our knowledge economy, with a focus on finding out how business leaders perceive the business environment here, what they need of new graduates and what they think is most likely to attract talent to our region.

We worked with Victoria University on this research, which involved third-year business students getting out and asking the questions of their potential future employers.

The research programme finished in 2015/16; two reports on local business and their needs have been produced, with one more to come. As importantly, the programme promoted strong connections between 'town and gown' and enabled students to build relationships with business; 90 percent of the students who took part said the programme had very positive results for them.

Connecting the community

Creating a world-class public transport system for the whole region

Getting more passengers onto public transport is good for commuters, the economy and the environment.

A world-class destination like Wellington region needs a world-class public transport system: one that makes the bus, train or ferry a positive choice for people who want to get around easily and affordably. Greater Wellington funds the region's rail and bus operations together with the New Zealand Transport Agency; we own the trains and stations (except Wellington station); we plan the public transport network, and we provide information services for customers. All this gives us a lot of say in developing the public transport system the region deserves.

In 2015/16, we passed some great milestones on our journey towards an excellent transport network.

We completed a tender process to contract a new rail operator. A new performance-based contract has been put in place with a focus on improving safety and service reliability. We anticipate that this contract with Transdev Wellington will bring a better class of rail journey to its customers – and will save ratepayers \$100 million over the next 15 years.

We continued to upgrade to more comfortable, accessible, spacious and modern trains. Twenty-eight out of 35 new Matangi 2 units were delivered, and we completed upgrades to the Matangi 1 fleet. This meant we also had to say a fond, although perhaps timely, farewell to the Ganz-Mavag fleet, which arrived here from Hungary in the 1980s.

To make catching the train easier, and to free up parking in city centres, we built and planned for an additional 471 Park & Ride spaces at stations across the region. We built a fantastic new train station at Upper Hutt as well.

We put a lot of work into a Request for Tender for bus operations, which was released in August 2016. Similar to our achievement in rail, these services will be provided under new performance-based contracts which will deliver customer focused services.

Intensive planning continued for the introduction of the new Wellington bus network in 2018 which will provide more routes and new timetables with more frequent services. The changes will make our public transport service more reliable and easier for people to get to the places that they need to go. The planned changes follow extensive consultation with communities across Wellington City.

In 2015/16 we held very popular public demonstrations of hybrid and double-decker buses. We also launched the new Metlink site, giving customers at-your-fingertips information about schedules and routes.

By the numbers

Increase in bus passenger numbers: three percent (to 17 million)

Increase in number of rail trips: six percent (to 12.8 million)

Increase in customer satisfaction with current trip: three percent (to 93 percent)

Easier, better, smarter information

Commuters are voting with their fingertips with the new Metlink website, launched in October 2015 to give one-stop-shop information on routes, timetables and service updates.

www.metlink.org, which replaced two older websites, has had five million visits and 15 million page views since its launch; each day, an average of 30,000 timetables are viewed, and 7,500 trips are planned through the site's super-easy Journey Planner.

Twenty thousand people so far are signed up for a My Metlink account, which enables them to subscribe to emails and texts; customers can now buy their monthly passes online; 'real time' information means text, email, and Twitter alerts on train services go out each time the website is updated.

Number of MyMetlink account holders: 20,000 (growing by 100 a week)

New bus shelters built: 16

Existing bus shelters renewed: nine

New railway stations built: one (Upper Hutt Station)

Extra Park & Ride spaces funded: 471

New Matangi 2 trains delivered: 28 2-car units

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Managing the recreational environment

Encouraging people to relax, explore and enjoy our regional parks

Our regional parks are the jewels in the crown of our regional environment: beautiful outdoor spaces that are free for everyone to visit and that showcase our region's landscape and history. Railway trails, lighthouses, WWII Marine Camps and ammunition stores, battle sites and working farms – these are all to be found in Greater Wellington's network of regional parks, forests and trails.

We look after the parks, and our activities range from planning their use and development to providing public facilities and ranger services to maintaining the tracks, spraying for weeds, and cleaning up after storms – as in Belmont Regional Park after the floods of May 2015.

The 1:100 years rainfall damaged almost every structure in Belmont Park's Korokoro Valley, taking out three bridges, loading the tracks with debris, washing large sections away and leaving the park's most popular track, the Korokoro Valley track, unusable.

Repairs got properly underway in September, after inspections and assessments and the worst of the winter weather had passed; gravel and other debris was removed, tracks rebuilt and widened, bridges replaced and overall access improved.

The scale of work needed at Korokoro Valley meant we needed to put off some planned track building in other parks until next year, such as the planned walking track from Muritai Park in Eastbourne to Main Ridge in East Harbour Regional Park. However, a much improved and more easily maintained Korokoro Valley track reopened in May 2016.

We let new farming licences in 2015/16, in Queen Elizabeth Park and Belmont Regional Park; these will give much better public opportunities to visit working farms using modern farming practices.

With visitor and camper numbers at our parks increasing significantly in 2015/16, we installed new facilities and put some extra cleanup time into Kaitoke and Belmont Parks.

Six stunning kilometres

Before large-scale human settlement, sandy dunes ran all along the Kapiti coast from Paekakariki to Raumati South. Today the last remnant of this duneland is protected within the 650 hectares of Queen Elizabeth Park, along with several wetlands and a small stand of kahikatea forest. The Park is steeped in history, with the remains of pa sites and marine camps, and a tramway line that runs to Whareora Beach.

In January 2016 we opened the latest addition to Queen Elizabeth Park: the six-kilometre Te Ara o Whareora walking and cycling path that runs from Paekakariki to Raumati South. Already a huge hit with visitors, Te Ara o Whareora is also providing a safe cycling route for children getting to and from school. Around 60 children a day are using the path for their 'school commute'; over a year.

In 2015/16:

300,000 people visited our regional parks at least once
30,000 people enjoyed camping at Kaitoke Regional Park (8,000 more than the previous year)
22,000 trees planted in parks with the help of hundreds of volunteers

Bringing it all together

To care for our region's environment

What are our bottom lines for water and air quality, and how do we achieve them? How do we balance the needs of industry against our desire to protect and enhance our precious natural resources? Do we need more, or fewer, restrictions on land and water use? What mix of rules and support do we need for people to successfully restore and enhance waterways on their land?

These are the kinds of questions we've asked at hundreds of workshops, stakeholder hui, and public discussions across the region as we've worked towards a more effective way to manage our natural resources across Wellington region.

The result is the proposed Natural Resources Plan. The final Natural Resources Plan will replace our five existing plans for resource management (one each for air, water, land use, soil, and coast), and will support landowners and communities to meet national standards such as those set for water quality.

The process is being run by the Te Upoko Taiao Natural Resource Management Committee, which Greater Wellington established specifically to guide and oversee the Natural Resource Plan's development. With seven councillors and seven mana whenua appointees, the Committee set a whole new standard in bringing mana whenua values to the heart of our work.

While setting out to develop a more integrated plan, we also knew that the five catchments of Wellington region have very different characteristics and needs, from urban centres to high hill country. We also have to ensure that any plan meets the national standards for freshwater quality; and of course, water quality is directly affected by what we do on the land.

So Council planned to establish five catchment committees, or whitua, to lead their communities in determining their own values for water quality in their catchment, and what's needed to achieve them. Two whitua are established so far, in Porirua and Wairarapa, with three more to be established in the next few years.

The whitua are a big step forward in creating a genuinely community-led decision making. They're made up of local people with local knowledge, and mana whenua have a key role. Whitua plans for water quality will eventually be contained in the final Natural Resources Plan, giving the community a strong and genuine voice in environmental management.

The six mana whenua iwi in the region are:

- Ngāti Kahungunu ki Wairarapa - represented by Ngāti Kahungunu ki Wairarapa Trust
- Ngāti Raukawa ki te Tonga - represented by Ngā Hapū o Ōtaki
- Ngāti Toa Rangatira - represented by Te Rūnanga o Toa Rangatira Inc.
- Rangitāne o Wairarapa - represented by Rangitāne o Wairarapa Inc.
- Taranaki Whānui ki te Upoko o te Ika - represented by the Port Nicholson Block Settlement Trust
- Te Ātiawa ki Whakarongotai - represented by Āti Awa ki Whakarongotai Charitable Trust.

The five whitua of Wellington region

Across Wellington region, nearly half a million people live in cities, coastal towns, rural centres and farming districts. Covering 7,860 square kilometres, the landscape includes rugged ranges, rolling hill country, river plains, wetlands and coastal flats.

The great diversity of our region means its five catchments: Kapiti coast, Wairarapa coast, Ruamahanga river, Te Awarua o Porirua, and Wellington/Hutt Valley: each has very different characteristics and different demands on the water and land. It makes sense to establish a whitua in each catchment to ensure that local people who know local needs are at the helm. The collaborative modelling, too, will be undertaken for each whitua, so the data they get is as specific as possible to the waterways in their own catchment.

Protecting lives and livelihoods

Confronting the reality of a changing climate

The science is clear: as the impacts of climate change continue to bite, storms and floods will become more frequent and extreme. Our flood protection work ranges from raising awareness of flood hazard and risk, to developing flood management plans with communities and constructing the protection works that reduces risks to people and livelihoods.

The heaviest rainfall in recent years was in May 2015, when some of our rainfall and river monitoring sites showed more rain falling in one day than is usual during the entire month. None of the stopbanks we manage were breached in the floods, which is testament to our flood planning and control work with communities and shows the value of planning ahead for flood protection.

However, Porirua Stream reached a flow rate of 66 cubic metres per second, its highest flow since 1980, and tonnes of gravel were deposited in the stream near the central business district. We completed a huge clean-up operation in a matter of weeks, removing 3,600 cubic metres of gravel that we had carted off to Transmission Gully – saving ratepayers around \$40,000 in landfill fees.

During clean up operations, we also removed around six cubic metres of rubbish from the streambed – bikes, bottles, traffic cones, car tyres and golf balls being the primary culprits.

Three Flood Management Plans are currently operating across our region, for Te Awa Kairangi/Hutt River, Waikanae, and Otaki. A big achievement in 2015/16 was getting approval for the Pinehaven Flood Management Plan for Upper Hutt, following some intensive modelling and community engagement; in Wairarapa, the draft Waiohine Flood Management Plan went out for consultation, and in Lower Hutt we worked with the community to achieve consensus around new flood protection standards.

Maintaining our assets

Greater Wellington manages 290 kilometres of stopbanks along the region's nearly 800 kilometres of river, with nearly \$263 million worth of flood protection assets.

Maintaining our flood protection works in 2015/16 included strengthening riverbank edges with 6,500 tonnes of rock; preventing erosion by planting 33,000 plants along riverbanks; and extracting 264,000 cubic metres of gravel from riverbeds.

As communities become more aware of flood hazard and risk, we're getting more frequent requests for advice and information. In 2015/16 we developed a new web portal to deliver flood hazard and river management information, to meet this demand.



Riverlink is underway

In 2015/16, the Lower Hutt community gave its overwhelming support to the scheme that will provide flood protection to a 1 in 440 year standard for one hundred years.

The Riverlink Project will be one of the biggest flood protection schemes in the country. Preliminary design and costings are already underway, and discussions have begun with the owners of properties on Marsden and Pharazyn Streets, whose homes we need to purchase so we can widen the river channel and build higher stopbanks between Ewen and Kennedy-Good Bridges.

The riverside will be replanted and restored and amenities added so that it becomes a revitalised area for community activities, and will be an even more attractive part of the popular Hutt River Trail. We'll also take the opportunity to link the riverbank to parts of Lower Hutt's CBD, as part of the city's urban renewal strategy.

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Finances at a glance - He Pūrongo Pūtea

Annual revenue

2014/15
Actual
\$222.4m

2015/16
Actual
\$240.5m

2015/16
Annual Plan
\$240.3m

\$136 million
from rates

\$104.5 million
from grants & other sources

Annual expenditure

2014/15
Actual
\$218.5m

2015/16
Actual
\$233.3m

2015/16
Annual Plan
\$232.63

Capital expenditure

2014/15
Actual
\$53.9m

2015/16
Actual
\$133.0m

2015/16
Annual Plan
\$171.2m

Debt

2014/15
Actual
\$202m

2015/16
Actual
\$312.4m

2015/16
Annual Plan
\$350.3m

Greater Wellington achieved an operating surplus of \$4.8 million compared to a budgeted \$7.5 million. The lower than forecasted surplus reflects a number of movements, most significantly being the timing of transport improvement grants.

Greater Wellington's net deficit is \$29.9 million compared to a budgeted surplus of \$8.3 million, giving rise to an unfavourable variance of \$38.2 million. This is mainly due to the revaluation of interest rate swaps which does not impact the rates requirement.

Greater Wellington had a strong performance against its financial measures. These are financial 'benchmarks' that local bodies are required to report against as outlined in the 10 Year Plan 2015-25.

We spent \$133 million during the year on asset renewals and new assets from a budgeted capital expenditure programme of \$171 million. The difference to budgeted is mainly due to timing of delivery of the Matangi trains.

Greater Wellington has maintained its AA credit rating.

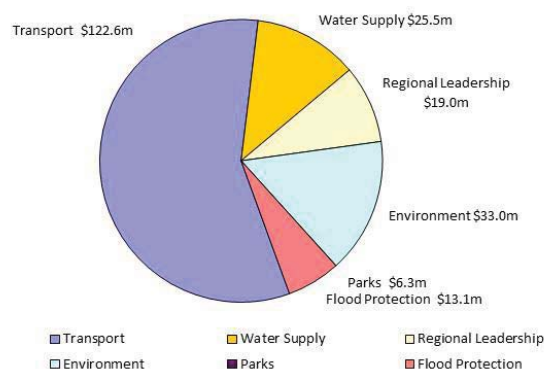
Our debt is below planned levels - net debt is \$312 million. We have investments of \$325 million.

Summary Statement of Revenue and Expenditure

| | Greater Wellington | | |
|---|--------------------------|--------------------------|--------------------------|
| | 2016 Actual \$000s | 2016 Budget \$000s | 2015 Actual \$000s |
| Revenue | 238,050 | 240,195 | 222,661 |
| Expenditure | (233,269) | (232,648) | (218,496) |
| Operating surplus / (deficit) | 4,781 | 7,547 | 4,165 |
| Fair value gains / (losses) | (34,674) | 782 | (19,518) |
| Net Surplus / (deficit) for the year | (29,893) | 8,329 | (15,353) |

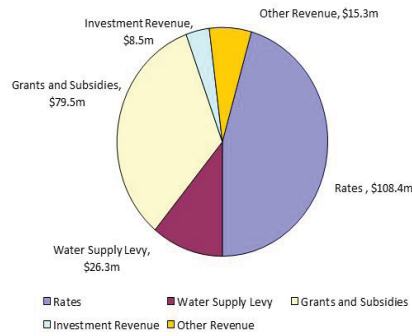
\$1.16 per residence per week is all it costs to pay for the wide range of services that Greater Wellington Regional Council provides.

Operational expenditure by strategic area



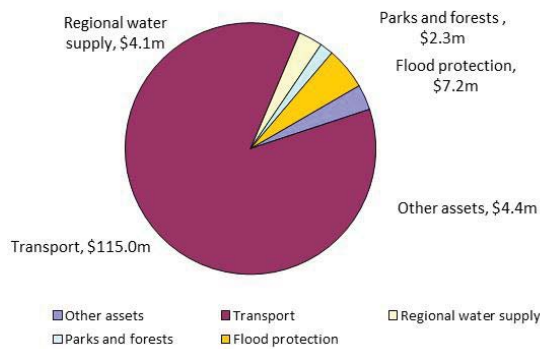
Revenue

Greater Wellington’s revenue is sourced primarily through rates, and grants from central government. Other revenue is from the water supply levy, fees and charges, and investment revenue.



Capital expenditure

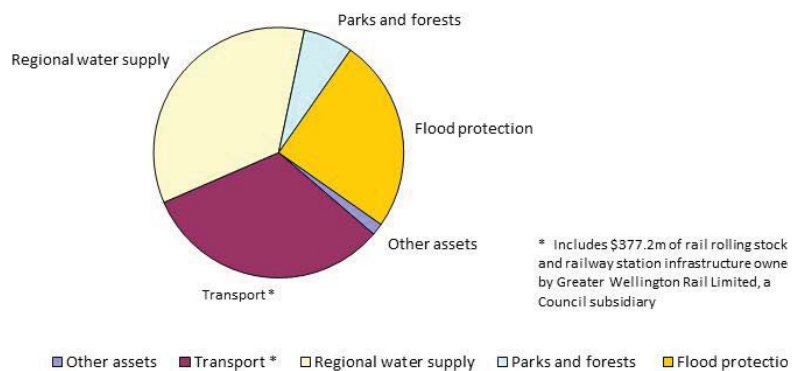
Greater Wellington spent \$133 million on capital and improvement expenditure. The transport number includes \$110 million for the new Matangi trains, flood protection, parks and water supply and infrastructure improvements. This illustrates the extent of the continued investment in public transport.



Property, plant and equipment

Greater Wellington looks after many important community assets. Our asset base consists of public transport, regional parks and forests, flood protection and regional water supply. Public transport assets include the new Matangi trains and all stations excluding Wellington station.

Continued management and investment in these assets is essential. Maintaining and updating the detailed asset management plans ensures the assets are available to the community now and in the future.



This is a summary of Greater Wellington Regional Council's (GWRC) activities for the year 1 July 2015 to 30 June 2016. The information has been extracted from our Annual Report 2015/16, which was adopted by the Council on 28th September 2016. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full annual report. These summary financial statements are presented in New Zealand dollars rounded to the nearest thousand.

Greater Wellington is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with the New Zealand Generally Accepted Accounting Practice, and comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of Compliance to this effect.

A summary report cannot be expected to provide a complete overview of Greater Wellington's activities as provided by the full annual report. For the full Annual Report 2015/16, please see www.gw.govt.nz or phone 0800 496 734.

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Audit report - He Pūrongo Arotake Pūtea

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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