greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

WE'VE BEEN THROUGH A BIT TOGETHER THIS YEAR WITH EARTHQUAKES, FLOODS AND KING TIDES BUFFETING US. THROUGH ALL THIS WE AT **GREATER WELLINGTON REGIONAL COUNCIL** WERE RIGHT BY YOUR SIDE DOING WHAT WE NEEDED TO DO TO HELP YOU GET THROUGH. THIS INCLUDES PRODUCING THIS **ANNUAL REPORT/ PŪRONGO Ā TAU 2016/17**. TO CELEBRATE THE RESILIENCE AND STRENGTH OF OUR GREATER COMMUNITIES WE'VE PRODUCED THIS VERY SPECIAL EDITION FOR **2016/17**. IT'S NO SECRET THAT AS A REGION WE ARE BUILT TOUGH. A TRUE TESTAMENT TO THE KIWI CAN-DO ATTITUDE. IN RECOGNITION OF OUR EXTRAORDINARY JOURNEY, WE'VE CREATED A FULL AND FRANK REPORT, WHICH LAYS OUT ALL THE KEY FACTS IN BLACK AND WHITE.

LIMITED EDITION

OVER THE LAST YEAR WE'VE HELPED YOU THROUGH SOME TOUGH TIMES. WE WANT TO GUIDE YOU THROUGH THIS REPORT AS BEST WE CAN. JUST OVER THE PAGE WE HAVE HIGHLIGHTED ALL THE KEY POINTS COVERED IN THE REPORT AND EVEN PROVIDED YOU WITH PAGE NUMBERS SO YOU CAN JUMP STRAIGHT TO THE AREAS THAT INTEREST YOU THE MOST.

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IHIRANGI

AUDITORS

Audit New Zealand on behalf of the Auditor-General

BANKERS

ANZ Bank New Zealand Limited

TREASURY ADVISERS

PwC New Zealand

CHAIR'S FOREWORD
KŌRERO WHAKATAKI A TE HEAMANA

This past year has been one of rapid adaptation and some re-ordering of the council's key priorities. It has brought a new focus on what really matters to the people of Greater Wellington and how the council can reinforce the resilience of the region's transport, water supply and other vital infrastructure. It has also brought home the realisation that we need to be more assertive in protecting the region's natural capital and leading a more collective approach to the very real risks presented by climate change.

The effects of the November 2016 earthquake and the large scale flooding that quickly followed the quake were a wake-up call to all of us. The effects of these were felt across much of the council's work and resulted in costs that had not been provided for. Yet they did not disrupt our ability to deliver core services to the community and provided reassuring evidence of this council's ability to deal with major disruption.

Working with the government and other councils we have begun the process of building a more resilient and connected infrastructure to withstand shocks. These emergencies have shown that, when it matters, central and local government can work together very effectively.

Public transport is undergoing rapid evolution. Numerous improvements to the quality of the service are being introduced. New bus contracts have been signed with the promise of a steady conversion of the region's bus fleet to full electric and far lower emissions. We are now well on the way to a new, simplified fare structure, new bus routes and an integrated ticketing regime. Hard decisions have had to be made in order to ensure we can deliver a genuine 21st century public transport system and prepare the way for mass transit within the short to medium term.

Real progress is being made in providing a blueprint for the region when it comes to natural resources management with a single integrated plan that looks to the future. The council has led a new drive to achieve practical results in climate change mitigation and adaptation and to bring greater clarity for ratepayers on the often unsettling implications of natural hazards.

We are blessed with an exceptional management team and it is a tribute to the staff that morale has remained high in spite of the severe dislocations of office and meeting room space that the earthquake invoked. The quality of the organisation's work has remained consistently high across the board and that, in a time of deep uncertainty, is the most reassuring factor of all.

Chris Laidlaw

CHIEF EXECUTIVE'S FOREWORD
KŌRERO WHAKATAKI A TE POU WHAKAHAERE

We live in an extraordinary region filled with diverse communities that are truly proud to call it their home. Over the past year we've faced circumstances which have both tested our communities and Greater Wellington as an organisation, and through it all we have stood tall and continue to work toward a greater future for our communities.

While the November earthquake and the floods that hit the region had an undeniable impact on us all we continued to provide our core services and, through adversity, we learnt valuable lessons about the resilience of both our region and the customers we serve.

We are beginning to see the tangible effects of climate change and the work being done by Greater Wellington to identify what impact this may have for us all and the changes we have implemented to ensure that we are able to protect our environment for future generations.

Our customers are increasingly expecting more digital engagement with us and we have risen to the challenge in this regard with the large number of customers who have downloaded our Metlink commuter smartphone app. This year we also produced online maps showing flood hazards to help both our customers and our local councils access critical information.

It has been a transformational year for Greater Wellington. While it hasn't been easy it's been heartening to see how our communities engaged with us and supported us in our work. The nature of the work we do means that we have to make some big decisions, and we understand the impact of these can be emotive, as they affect our communities day to day lives. Hearing your voice is an important part of the work we do.

We cannot operate without the region's customers' support nor the support we receive from our partners including mana whenua, local and central government and academia. Finally, I thank all the staff of Greater Wellington who everyday bring a huge level of passion and pride to the work they are doing to ensure we create a brighter, vibrant and sustainable region which will continue to thrive into the future.

Greg Campbell

COMMUNITY OUTCOMES
KO NGĀ HUA MŌ TE HAPORI

We work to constantly improve the region to ensure it's a place where people want to live and thrive. Our community outcomes reflect the ambition and energy of the people who choose to live here.

We're involved in providing many of the often unseen and unsung services people take for granted but which underpin the quality of life in the region. We aspire to improve the overall wellbeing of the region and align our work to five community outcomes to achieve this.

STRONG ECONOMY	A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.
CONNECTED COMMUNITY	People are able to move around the region efficiently and our communications networks are effective and accessible.
RESILIENT COMMUNITY	A community that plans for the future, adapts to change and is prepared for emergencies.
HEALTHY ENVIRONMENT	An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.
ENGAGED COMMUNITY	An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.

GWRC ACTIVITIES ALIGNED	STRONG ECONOMY	CONNECTED COMMUNITY	RESILIENT COMMUNITY	HEALTHY ENVIRONMENT	ENGAGED COMMUNITY
REGIONAL LEADERSHIP	✓	✓	✓	✓	✓
PUBLIC TRANSPORT	✓	✓		✓	✓
WATER SUPPLY	✓		✓	✓	✓
ENVIRONMENT	✓			✓	✓
FLOOD PROTECTION AND CONTROL WORKS	✓		✓	✓	✓
PARKS				✓	✓

OUR PLACE IN YOUR WORLD
KO TE WĀHI KI A MĀTOU

Taking care of the things that really matter

The work we do at Greater Wellington touches on your lives every day. From the public transport you ride on, to the water you drink or swim in and the regional parks you explore, we are working to deliver our communities the best possible experience.

When we say we are working toward a greater wellington region, we really mean it. Everything we do is to shape our region to be the very best it can be - now and into the future.

PROMOTING AND PRESERVING OUR NATURAL AND CULTURAL HERITAGE by embracing our role as the guardians of our network of regional parks and forests. This includes maintaining existing facilities and creating new facilities looking to the future needs of our park users. This year we recorded:

4.38 million visits to our regional parks

17,293 volunteer hours in helping plant, maintain and restore our parks

68% of the region's population visiting our parks

PROTECTING OUR BIODIVERSITY by actively controlling the spread of pest animal and plants and being actively involved in predator free initiatives across the region as well as planting to control erosion, weed control and involving the community to plant native trees in our regional parks, during 2016/17 this included:

14 significant wetlands being improved through our Wetland Programme

89 sites identified as having have high value biodiversity are being actively managed

3,207 properties surveyed to identify and control pest plants

A TRIAL OF GOODNATURE TRAPS as an alternative to poisons for possums and stoats

PROMOTING ACTIVE TRANSPORT through our sustainable transport programme which encourages communities across our region to get out of their cars and commute via pedestrian and pedal power.

60 children per day are using *Te Ara o Whareora* cycleway through the dunes at Queens Elizabeth Park to travel to school

4,399 children and adults learned cycle safety skills through our Pedal Ready programme

Over 4,000 children tracked 50,000 daily walking and cycling during *Movin' March* through our passport competition – based on an average of 1km per journey this inspired over 50,000km of potential car travel to be replaced by active transport

PROVIDING WORLD CLASS PUBLIC TRANSPORT through a focus on continuing to improve our network of trains, buses, ferries, to provide greater connection across the region. Highlights include:

13.1 million rail passenger journeys, 24.4 million bus journeys, 196 thousand ferry journeys

Customer satisfaction at **92%** overall

NEW RAIL OPERATOR Transdev Wellington commenced operations

Successfully tendered and awarded **9** bus operating contracts

30,000 downloads of the new Metlink Commuter smartphone app

Mountain biker Julia Congalton enjoys the challenging tracks in Belmont Regional Park.

OUR KEY ACHIEVEMENTS FOR 2016/17
KO NGĀ PAE EKENGA I NGĀ TAU 2016/17

Contact centre receives national recognition

Our contact centre staff (including Caitlyn Taniela – pictured left) receive over 20,000 enquiries each month. In August 2016 our contact team leader Rhonda Brown received the Team Leader of the Year award from the Contact Centre Institute of New Zealand (CCiNZ).

The award celebrated her achievements in managing this transition in a smooth manner and creating a truly superb multi-purpose contact centre which allows us to provide a greater customer experience to everyone in the region.

THE WICKED WEEK THAT WAS*

7.8 EARTHQUAKE

AFTERSHOCKS

TSUNAMI

FLOODS

TORRENTIAL RAIN

GALES – 140KM/HR

TORNADOS

KING TIDES/SUPERMOON

BOMB SCARES

TRAFFIC ACCIDENTS & JAMS

ROAD CLOSURES

SWARM OF BEES IN HUTT VALLEY

CRUISE SHIP WITHOUT POTABLE WATER

*All of the above happened during the week of 14th November
– taken from a whiteboard at WREMO
(Wellington Region Emergency Management Office)

LEADING THE REGION THROUGH ADVERSITY
ARAHANGA I TE ROHE I NGĀ KŌAROTANGA

November 2016 was a turbulent time for the region. While the focus was on the Kaikoura earthquake, only one day later the region was hit by extreme weather conditions and flooding. Throughout these events Greater Wellington took a lead in helping our region recover, build resilience and stand tall through the tough times that we found ourselves facing one after the other.

Greater Wellington has a key role working with the Wellington Regional Emergency Management Office managing the civil defence response across the region, providing support, building resilience and sending out key messaging for communities who were affected by the earthquake.

This real life experience tested our people and provided some valuable insight into the needs of our communities and how we at Greater Wellington operate during these times. As a result the need to provide more robust and up to date information for business and communities in the region was identified.

Two separate websites were created to help people get prepared and better provide critical messages to our communities quickly and reliably as soon as there is an emergency.

- WREMO.org.nz website has been designed to swiftly and accurately provide key messaging to the communities at the time of an event.
- GetPrepared.org.nz allows our communities to learn more about what they need to do before an event to prepare themselves prior to emergency events.

One of the core services greatly affected by the November events was our Metlink public transport network.
The Metlink.org.nz website recorded its busiest day shortly after the earthquake and floods with almost 60,000 customers clicking to explore how they would they would be able to move around the region to continue their day to day lives.

While we can never foresee when these events may occur nor understand how our communities will cope, the events of November 2016 demonstrated to us all that as a region we are resilient. It also showed that Greater Wellington plays a pivotal role in helping our communities respond and recover, as well as the importance of ensuring our plans are robust and adaptable.

ADAPTING TO THE CHANGING CLIMATE
URUTAU KI TŌ TĀTOU ĀHUARANGI HURIHURI

As the guardians and stewards of our region, Greater Wellington is committed to creating a brighter future for our communities. This means we cannot shy away from our responsibility to plan and prepare for the very real changes we are likely to face as a result of the changing climate. It is clear that already the early effects of climate change are happening, and that this is the biggest environmental challenge we face together. Everyone in our region will be affected.

Our Climate Change Strategy was adopted in 2015 and guides the work we do in this area. As part of implementing this Strategy, in October 2016 we changed our corporate vehicle policy to prioritise the purchase of electric vehicles. In practice this means we only purchase petrol or diesel vehicles when no suitable electric option is available. We now have eight electric or hybrid vehicles in our fleet and this will continue to grow.

The most significant piece of the work in the climate change area for this year was the commissioning of a report from NIWA. This significant research study and subsequent report provides a projection of how the region is likely to be affected by climate change.

Our Public Transport Operating Model (PTOM) was the first in New Zealand to incentivise operators to provide low emission bus fleets. We signed a contract with Tranzit Coachlines and Uzabus and this includes the introduction of 32 electric buses over three years from 2018.

Awareness campaigns for active transport encourage our residents to reduce reliance on private vehicles by walking, cycling and ride sharing. These programmes are achieving significant reach across the region. One example of this in action, the Aotearoa Bike Challenge, saw 1,916 participants from 167 workplaces cycle a total of 285,719 kilometres during February 2017. If these same journeys were taken in private vehicles an estimated 57 tonnes of carbon dioxide would have been emitted across the region.

Greater Wellington continues to encourage employees to reduce waste, recycle and compost. Across its three main offices, Greater Wellington diverts approximately twenty tonnes of recyclable and organic waste from landfill each year.

We also have a role to play in managing and maintaining forests in the region which draw carbon dioxide down from the atmosphere (carbon sequestration). Possum control and Key Native Ecosystem (KNE) programmes help maintain the carbon sequestration capacity of forests located within the 129,000 hectares under our management (the KNE programme encompasses 48,000 hectares of mostly forest ecosystems and regional possum control covers over 81,000 hectares of the region). Trees planted through our biodiversity and parks programmes, along with erosion control initiatives, have resulted in thousands of new trees and shrubs being planted each year.

While we cannot stop climate change from happening, we intend to take the lead and continue to adapt our own practices and educate our customers on how we can best work together to adapt to our changing climate.

PROTECTING OUR MOST PRECIOUS RESOURCE - WATER
TIAKINA TŌ TĀTOU TINO RAWA – TE WAI

Behind the scenes

During the year the quality of freshwater across the country was at the forefront of people's minds more than it had ever been before. With the release of the National Policy Statement on Freshwater Management and increased media coverage on the quality of our water communities were increasingly talking about the importance of protecting this precious resource.

The quality and quantity of our water has been a key focus for us at Greater Wellington for a long time. As the wholesale supplier of the region's drinking water and as an organisation committed to protecting and enhancing our environment we have a proud history of ensuring the community has access to drinkable water.

Following the development of our proposed Natural Resources Plan in 2015, the hearing of submissions started during the year, the Whaitua Committee model was created to allow communities to have direct input to the water quality and quantity in their local catchment. The committees exist within local catchment areas to allow community members to establish bottom lines for the management of water for the future.

As part of our role in providing wholesale drinking water to the metropolitan district and city councils in our region, Greater Wellington manages two protected water catchments – the Hutt and Wainuiomata/ Orongorongo water collection areas. Together these areas provide around 65 percent of the Wellington metropolitan area's drinking water. During the year a new management plan was developed for these areas, which outlines a management approach of the catchments upstream of the water intakes to minimise the need for water treatment and ensure optimum water quality for consumption.

The plan supports the ongoing limitation of public access to these important catchment areas and active management of threats including maintaining low numbers of pest animals which contribute to giardia and cryptosporidium in our water ways. Setting core goals and actions for collaborative management of these areas by Wellington Water and Greater Wellington is an important milestone.

It is critical that the planning and implementation of work to protect and maintain our water quality continues with our partners and communities. We all have a relationship to freshwater and from this comes a shared responsibility to ensure it's here to stay in a way which we can all use.

Working with communities to enhance our wetlands and waterways

At Greater Wellington we are working alongside landowners to help them protect the environment through our Healthy Waterways programmes. Excluding livestock from waterways and wetlands in our region is an effective way of improving both the quality of our water and providing a healthier habitat for aquatic plants and animals.

The Wetland and the Riparian programmes were created to provide support and financial assistance to landowners to protect and restore streams, rivers and wetlands which are significant to the biodiversity within our region. These sites have been identified by our biodiversity and land management teams alongside community and mana whenua and are home to vulnerable native plants and animals as well as having significance to Māori.

Through these Healthy Waterways programmes, landowners can apply for funding to fence and plant significant waterways to restrict stock access and reduce the polluted runoff reaching the water as well as the risks of erosion over time.

In Wairarapa, the Healthy Waterways programme has enabled landowners to bring in the community to work alongside us and other key groups to improve and enhance the significant waterways at the Kourarau Dam near Gladstone.

Local farmers David Blackwood and Mike Murray own land surrounding the dam. Noting the land and water surrounding the dam had been identified as significant by mana whenua, they realised stock would need to be kept away from the waterways.

After applying for funding through the Healthy Waterways programme the farmers met with Greater Wellington, iwi, The Fish and Game Council and neighbours to form a group to determine how best to protect the area while ensuring the dam would continue to be attractive and useable by the whole community.

They decided on a three stage project, the first of which has already been completed. During stage one they built fences to prevent livestock from entering the water and held a planting day with local school children. At this planting day the children learnt about the importance of protecting our environment as well as the Māori history of the area.

With the proposed Natural Resources Plan requiring stock to be excluded from significant waterways by mid-2018, this project has demonstrated that proactive action by both landowners and the community, working alongside Greater Wellington, is beneficial to our waterways and wetlands future.

FINANCES AT A GLANCE
HE PŪRONGO PŪTEA

ANNUAL REVENUE

2015/16 ACTUAL	2016/17 ACTUAL	2016/17 ANNUAL PLAN
$238.1M	**$296.5M**	$298.0M

$147.0M from rates

$149.5M from grants & other sources

ANNUAL EXPENDITURE

2015/16 ACTUAL	2016/17 ACTUAL	2016/17 ANNUAL PLAN
$233.3M	**$295.5M**	$296.7M

CAPITAL EXPENDITURE

2015/16 ACTUAL	2016/17 ACTUAL	2016/17 ANNUAL PLAN
$130.0M	**$47.7M**	$60.8M

DEBT

2015/16 ACTUAL	2016/17 ACTUAL	2016/17 ANNUAL PLAN
$312.4M	**$327.5M**	$365.5M

GREATER WELLINGTON ACHIEVED AN OPERATING SURPLUS OF $1.0 MILLION COMPARED TO A BUDGETED $1.3 MILLION. Significant earthquake related costs were incurred during the year including loss of dividend from CentrePort. Spending was controlled elsewhere to reduce the impact.

GREATER WELLINGTON'S NET SURPLUS IS $18.9 MILLION COMPARED TO A BUDGETED SURPLUS OF $6.5 MILLION, GIVING RISE TO A FAVOURABLE VARIANCE OF $12.4 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 $48 MILLION DURING THE YEAR ON ASSET RENEWALS AND NEW ASSETS FROM A BUDGETED CAPITAL EXPENDITURE PROGRAMME OF $61 MILLION. The difference to budget is mainly due to timing of Riverlink property purchases and Public Transport spend.

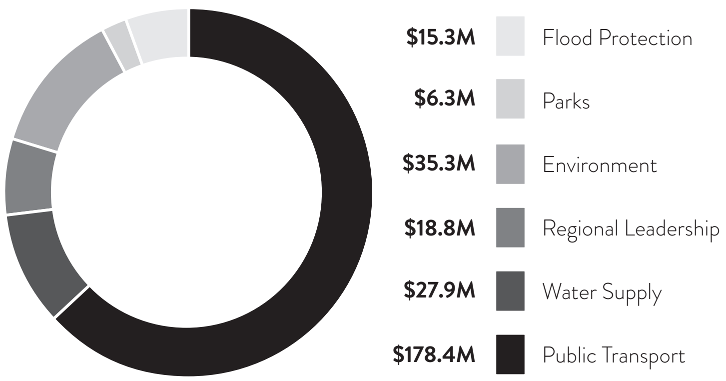
GREATER WELLINGTON HAS MAINTAINED ITS AA CREDIT RATING.

OUR DEBT IS BELOW PLANNED LEVELS – net debt is $328 million, compared to our plan of $366 million.

	Greater Wellington		
	2017 Actual $000s	**2017 Budget $000s**	**2016 Actual $000s**
Revenue	296,465	298,040	238,050
Expenditure	(295,470)	(296,708)	(233,269)
Operational surplus / (deficit)	**995**	**1,332**	**4,781**
Fair value gains / (losses)	17,918	5,179	(34,674)
Transport improvement expenditure	(1,056)	-	(784)
Net surplus/ (deficit) for the year	**18,913**	**6,511**	**(29,893)**

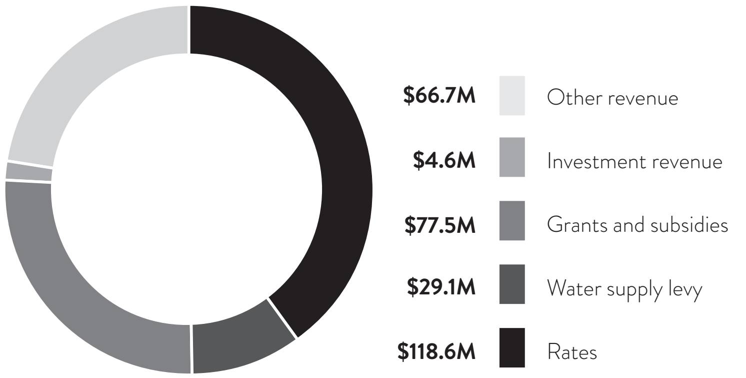
$11.28 per residence per week is all it costs to pay for the wide range of services that Greater Wellington Regional Council provides.

Operational expenditure by activity group



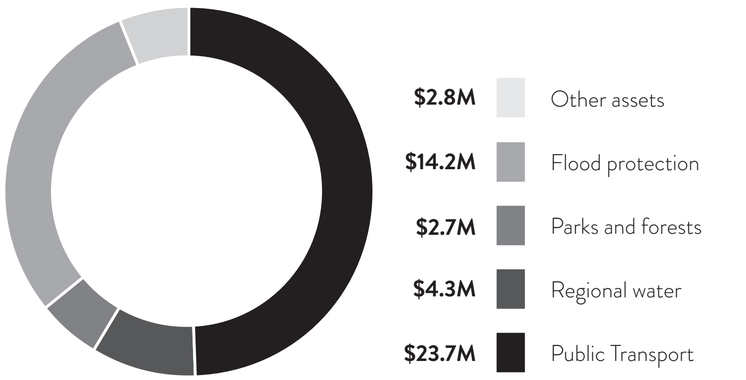
Revenue

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

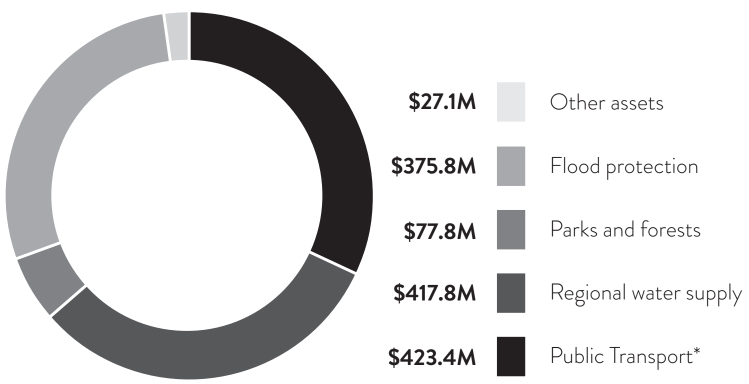
Greater Wellington spent $48 million on capital and improvement expenditure. Which highlights councils continued infrastructure investment in Public Transport, Flood Protection, Water Supply and Parks & Forests.



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.



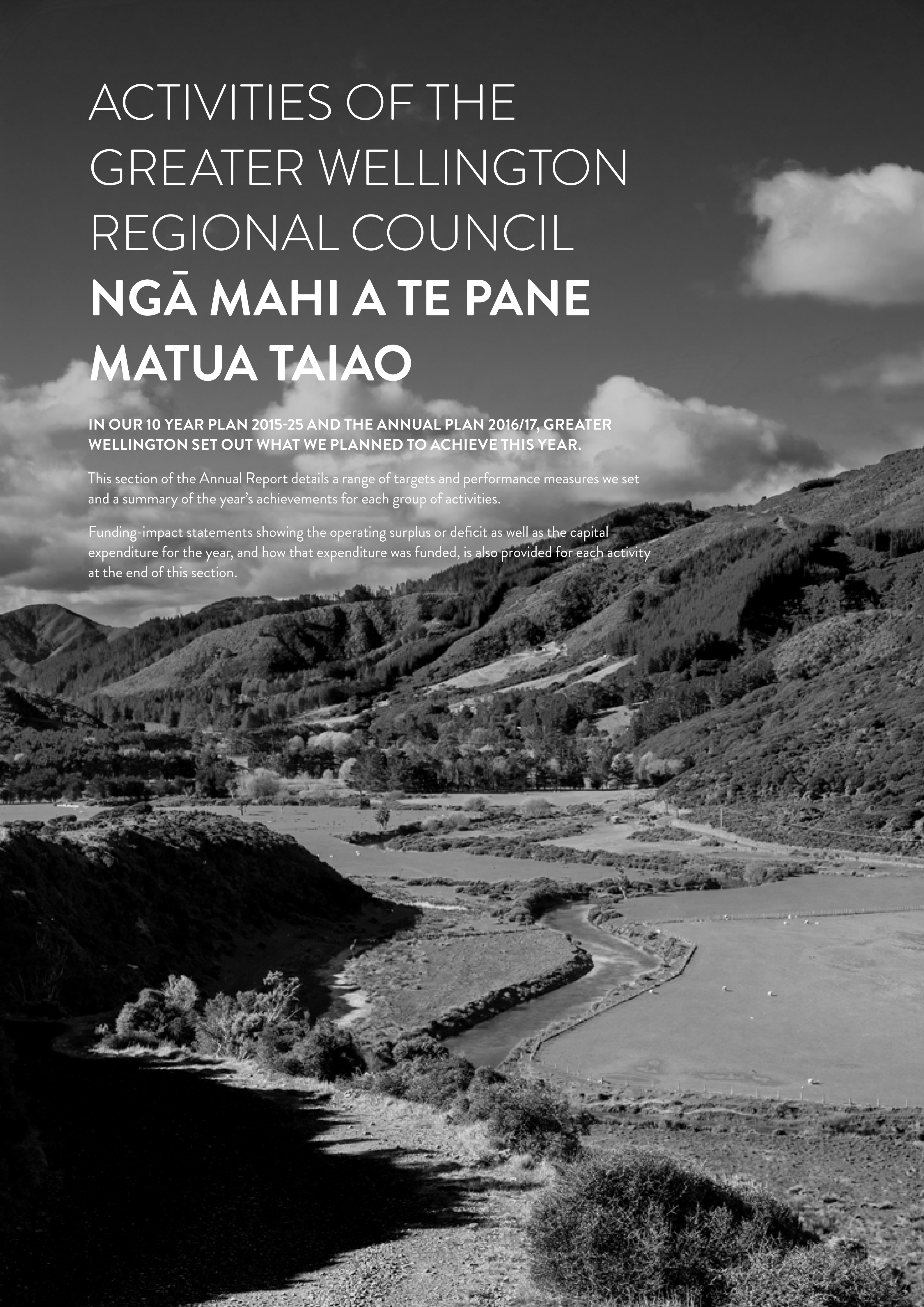
* Includes $408.5m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

ACTIVITIES OF THE GREATER WELLINGTON REGIONAL COUNCIL
NGĀ MAHI A TE PANE MATUA TAIAO

IN OUR 10 YEAR PLAN 2015-25 AND THE ANNUAL PLAN 2016/17, GREATER WELLINGTON SET OUT WHAT WE PLANNED TO ACHIEVE THIS YEAR.

This section of the Annual Report details a range of targets and performance measures we set and a summary of the year's achievements for each group of activities.

Funding-impact statements showing the operating surplus or deficit as well as the capital expenditure for the year, and how that expenditure was funded, is also provided for each activity at the end of this section.



Protecting the future of our digital infrastructure and data

The region has a growing reputation as a tech-capital, consequently there was an opportunity for us to lead a coordinated discussion about the development of Cyber Security skills and expertise within the region.

This is an area that affects everyone from their personal email and bank accounts through to our businesses, core service providers and central government. It is important that our online information is protected.

Following extensive research and engagement with business, tertiary institutes and government agencies, a report on Cyber Security Skills was produced in the 2016/17 year.

It provided a series of recommendations to government and businesses to help address the growing demand from the cyber security sector for specialist skills.

Further workshops have been held to discuss the recommendations featured in the report and Greater Wellington has participated in a number of government workshops looking at policy and training programme modifications that better respond to emerging technologies and their rapidly changing workforce needs.

Work is continuing with the National Cyber Office, Wellington Regional Economic Development Agency and business looking at how business might work better with education providers to support intern programmes and graduates.

REGIONAL LEADERSHIP
NGĀ KAIHAUTŪ O TE ROHE

COMMUNITY OUTCOMES:

- Strong economy
- Resilient community
- Connected community

ACTIVITIES:

- Relationships with Māori
- Wellington Regional Strategy
- Regional transport planning and programmes
- Climate change planning and activities
- Corporate sustainability
- Regional initiatives
- Emergency management
- Democratic services

Our Regional Leadership activities focus on the things that really matter to our communities. Economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network, a beautiful and healthy environment; these are the things that we protect and enhance for everyone across our region.

Greater Wellington works with partners to develop long-term, sustainable solutions to the critical issues our region is facing, and to create opportunities for growth and improvement. Our relationships with mana whenua commit us to ensuring a Māori perspective on and involvement in our decisions and activities; and we provide advice to ensure strong governance within council.

We actively participate in regional and national advisory groups and committees covering matters from sector performance, maritime issues and transport, including topics from reducing our carbon emissions through to school buses. These forums provide the opportunity to ensure we promote the needs of the Wellington region.

Relationships with Māori

Greater Wellington recognises the important role mana whenua hold as the kaitiaki of our region and works closely with iwi to ensure that their voice is heard and understood.

The year in summary

In 2016/17, there was a strong focus on responding to existing and new statutory obligations. The new obligations associated with the Marine and Coastal Area Act 2011 and the Resource Legislation Amendment Act 2017, including the new Mana Whakahono-ā-rohe obligations, will change the way we work with mana whenua going forward. Council also worked closely with the Office of Treaty Settlements and Ngāti Kahungunu Wairarapa Tamaki Nui a Rua on their Treaty of Waitangi redress interests in council holdings to help settle their negotiations with the Crown.

Other highlights included completing negotiations and signing a new Integrated Catchment Management Agreement for the Ōtaki River with Ngā Hapū o Otaki, which sets out cooperative processes to improve outcomes in that area. We also worked closely with Ngāti Kahungunu ki Wairarapa to develop Te Kahu: Cultural Health monitoring framework for the Ruamāhanga catchment. This framework allows both mātauranga Māori and scientific knowledge to come into play when assessing and monitoring the health status of a waterway.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Greater Wellington has the organisational capability and capacity to work with Māori	Percentage of staff who have completed Te Ara Matua training and other individualised training	13%	13%	19%	Achieved
	NEW TARGET: Percentage of general and senior managers who have completed Te Ara Matua training and other individualised training	13%	13%	13%	Achieved
Provide opportunities for Māori to be actively involved in decision making	Completion of actions identified in the Wellington Regional Council Stocktake of obligations to Māori	No baseline – Stocktake report was pending.	TBC on receipt of Stocktake Report	This work has been deferred[1]	Not achieved

No unplanned activity

1 Planning is underway to incorporate recommendations from the Stocktake into the Māori Partnership Framework implementation Plan

Llani Harding

Kairuruku/Project Coordinator from Te Hunga Whiriwhiri - the team who oversee our relationship with Mana Whenua and tikanga Māori across the organisation

MANA WHENUA PARTNERS IN THE REGION INCLUDE:

- **TARANAKI WHĀNUI KI TE UPOKO O TE IKA A MAUI REPRESENTED BY THE PORT NICHOLSON BLOCK SETTLEMENT TRUST**
- **NGĀTI TOA RANGATIRA REPRESENTED BY TE RŪNANGA O TOA RANGATIRA INC**
- **NGĀTI RAUKAWA KI TE TONGA REPRESENTED BY NGĀ HAPŪ Ō OTAKI**
- **TE ATI AWA KI WHAKARONGOTAI REPRESENTED BY THE ATI AWA KI WHAKARONGOTAI CHARITABLE TRUST**
- **TE RUNANGANUI O TARANAKI WHĀNUI KI TE UPOKO O TE IKA A MAUI**
- **NGĀTI KAHUNGUNU KI WAIRARAPA REPRESENTED BY THE NGĀTI KAHUNGUNU KI WAIRARAPA CHARITABLE TRUST**
- **RANGATĀNE Ō WAIRARAPA REPRESENTED BY RANGITĀNE Ō WAIRARAPA INC**

Wellington Regional Strategy

The Wellington Regional Strategy aims to strengthen the region's economy while creating an environment which highlights that we are an attractive and innovative place to work and live in, now and into the future. The Wellington Regional Strategy Office coordinates some of the focus areas in the strategy and provides support to the WRS Committee who provide political leadership and oversight of the work undertaken. The Wellington Regional Economic Development Agency (WREDA), which is a joint council controlled organisation with Wellington City Council, is responsible for implementing much of the Wellington Regional Strategy.

The Year in Summary

Early in the year we organised a successful two day economic development conference in Wairarapa with the theme Building Resilient Local Communities. Over 80 attendees from across the country were there and our speakers included the Hon. Steven Joyce and Dale Williams, the former Mayor of Otorohanga. The key messages we saw emerge during the event were the importance of investing in our people, growing their skills and growing local businesses.

The Wairarapa Water Project was another key focus area during the year. By utilising a land use modelling tool produced by BERL we developed a report which highlighted the community and economic benefits water storage and irrigation could have for the region.

Support was provided to Victoria University to research and report on 'people skills' issues in government and knowledge industries based on business surveys by Victoria University students and summer research projects. We also worked in partnership with Careers New Zealand and Victoria University summer interns to prepare a report on the opportunities and constraints internships provide to both students and businesses.

A consortium was established to develop an understanding of design in New Zealand and the impact it has on the economy. In conjunction with this national initiative, Greater Wellington worked with Massey University and WREDA on a regional project to profile the wider creative industry in Wellington.

Our key projects and programmes

What we said we would do	What we did
Provide regional economic reports, forecasts, indicator tools and analysis	Annual economic profiles and reports including: • the Genuine Progress Index (GPI) was updated; • we prepared a report on capability in the design sector (in partnership with DesignCo) • an economic report for Water Wairarapa Several workshops and research on other sectors of the economy were also undertaken.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved/ Not Achieved
Promote economic growth in the region through the WRS Office, the WRS Committee and WREDA	Completion of projects in accordance with the WRS Office annual business plan	5	100% projects completed per WRS Office annual business plan.	100%[2]	Achieved

Unplanned activity

- Greater Wellington partnered with WREDA to enable Wellington to be a regional partner in Techweek 2017, an annual week of events that grows and supports New Zealand technology, design and innovation. Techweek was run for the first time in 2016 in Auckland and on the suggestion of the Minister of Economic Development; the 2017 event was run across the country. Wellington hosted over 50 events with topics ranging from artificial intelligence to cyber security to coding for kids.
- Greater Wellington assisted in the delivery of a major business-led event on the future of work and how the region can respond to future trends, developed in conjunction with the regional Business Gold Awards.

2 Seven projects completed or progressed as per business plan

Regional transport planning and programmes

The Regional Land Transport Plan (RLTP) is a long-term plan to transform Wellington region's transport network to a world-class, efficient and sustainable network that integrates public transport, private vehicles, cyclists and pedestrians. It includes a six year programme of activities to be undertaken by all Approved Organisations (including the New Zealand Transport Agency and all councils). The RLTP is developed by the Regional Transport Committee (a committee of Greater Wellington) and approved by Greater Wellington.

The year in summary

We continued our collaborative involvement in a range of large transport projects; the most significant of these is Let's Get Wellington Moving, which addresses the projected population increase in Wellington city and the need to provide transport options which meet the needs of our growing region. We want a future that reduces congestion and creates a safer, reliable and resilient transport system which enhances the liveability within the central city.

Other key projects included investigations for the Petone to Grenada link road, Melling transport improvements/Riverlink and the Hutt Valley to Wellington cycleway. We continued to lead investigations into regional transport network resilience and options for better organising regional transport analytics to inform better decision making.

We provided planning advice and advocacy on integrated transport on behalf of the region at national transport forums and submissions were made on documents such as the draft Government Policy Statement on Land Transport and New Zealand Transport Agency's Long Term Strategic View. Advice was also provided on proposed district plan changes through the region. The mid-term review of the Regional Land Transport Plan commenced and our partners (New Zealand Transport Agency and territorial authorities) are now engaged in the process.

Our key projects and programmes

What we said we would do	What we did
Regional freight network programme business case	Funding approval from NZTA was not secured. As a result this business case was put on hold and will be reconsidered as part of Let's Get Wellington Moving.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Maintain a current policy framework to guide development of the regional land transport network	Maintain an operative Regional Land Transport Plan (RLTP) and develop Programme Business Cases (PBC) to support implementation of the Plan	No baseline	100%	100%	Achieved
	Completion of annual monitoring report and acceptance by RTC	No baseline	As scheduled	As scheduled	Achieved[3]
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	90%	90%	84%	Not achieved
	Mode shift in workplace and school travel plan programmes	4% increase in active travel trips to school for school travel programme. 5% increase in cycling trips and 22% decrease in car trips for Active a2b.	Workplace and school travel programme participants increase their use of sustainable transport modes	Workplace and school travel programme participants increased their use of sustainable transport modes	Achieved

3 The Annual Monitoring Report can be found on the Greater Wellington website at http://www.gw.govt.nz/assets/Transport/Regional-transport/RLTP-2015/Annual-Monitoring-2015-onwards/RLTP-Annual-Monitoring-Report-2015-16.pdf

Climate change planning and activities

We are taking a proactive approach to addressing the challenges climate change is going to bring to the region. At Greater Wellington we are committed to using the best scientific information to plan for our future as well prioritising initiatives that will help the region move a low carbon economy. We strive to mitigate, adapt to and raise awareness about the effects of climate change on our communities.

The Year in Summary

We continue to champion climate change preparation and awareness, through the development of a Climate Change Consideration Process, which requires all new initiatives and all Council and committee decisions to include a climate change assessment.

This ensures that Greater Wellington has a consistent, organisation wide system in place that enables the council to assess emissions associated with an activity and to consider how the changing climate could affect Greater Wellington's functions and services in the future. Futureproofing for the impacts of climate change requires robust information about the anticipated changes, enabling Greater Wellington to manage uncertainty while preparing for inevitable change.

The council commissioned NIWA to undertake an analysis of the impact of climate change in the region and to produce a report providing us with up to date projections and other key information. This information will now be applied to specific projects to help future-proof the region from the effects of adverse events, for example Riverlink design and build.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Strengthen the long term resilience and sustainability of the Wellington region through climate change mitigation, adaptation, and awareness	A Climate Change Strategy Implementation Plan is developed and agreed	N/A	Milestones achieved as defined in Implementation Plan.	A summary of progress to date was reported to the Environment Committee [4]	Not applicable
	Greater Wellington's corporate GHG emissions are measured and reported and a reduction in council emissions is demonstrated	N/A[5]	Reduction in baseline.	2015-16 GHG emissions: Corporate Emissions 1,126 tonnes CO2-e. 2016-17 GHG emissions: Corporate Emissions = 1,528 tonnes of CO2-e.	Not Achieved[6]
	A policy of assessing the climate change implications of all council projects/ proposals is implemented	N/A[7]	100% of Council projects/ proposals are assessed in terms of possible climate change impacts.	The process for assessing the climate change implications of all new initiatives, and in Council and Committee papers was implemented in May 2017.	Achieved

No unplanned activity

4 There are no milestones identified in the Strategy; however a number of initiatives are identified which are reported on to the Environment Committee. The Climate Change Strategy Implementation Plan progress report, which was presented to the Environment Committee in August 2017 can be found at http://www.gw.govt.nz/committee-meetings-calendar/detail/7389.

5 Baseline established in 2015/16.

6 Following the November earthquake, emissions sources such as workplace transport rose significantly. Employee commute and waste were also up due to a new method of assessment.

7 Policy developed and agreed by Council in 2015/16.

Corporate Sustainability

Greater Wellington has established a Green House Gas (GHG) corporate emissions monitoring and reporting system to help enable the council to better understand and track its emissions reduction progress. The main sources of Greater Wellington's corporate emissions include workplace travel, employee commute, and electricity use in offices and over 100 small sites. The table below details Greater Wellington's corporate emissions by source for the 2016/17 financial year.

2016-17 Emissions Relative to Totals

Source	Tonnes CO2e	Corporate %	% of Total
Scope One Emissions: from sources owned or controlled by Greater Wellington			
Back-up generators	1.2	0.08%	0.03%
Gas	31.8	2.07%	0.80%
Vehicle Fleet	648.7	42.30%	16.27%
Scope Two Emissions: from the generation of electricity purchased by Greater Wellington			
Electricity	362.4	23.63%	9.09%
Scope Three Emissions: occur as a consequence of Greater Wellington activities but from sources it does not fully own or control			
Electricity transmission & distribution	29.5	1.92%	0.74%
Gas transmission & distribution	3.7	0.24%	0.09%
Taxi (Business travel)	2.3	0.15%	0.06%
Rental vehicles (Business travel)	0.2	0.01%	0.01%
Air travel (Business travel)	91.2	5.95%	2.29%
Bus and train (Business travel)	5.5	0.36%	0.14%
Employee commute	297.9	19.42%	7.47%
Waste to landfill	28.2	1.84%	0.71%
Recycling	25.7	1.68%	0.64%
Bulk water service emissions (Wellington Water)	2,459.6	(excluded)	61.68%
Corporate Emissions	1,533.6	100%	
Total Emissions	**3,987.7**		**100%**

Note: Any discrepancy due to emissions being rounded to nearest 0.0 tonnes CO2e for reading ease.

Emissions under the domain of Wellington Water are excluded from the Corporate Emissions category and included in total emissions calculations.

Transport

Corporate Emissions within Greater Wellington are dominated by the fuel used to run our vehicle fleet including cars and off-road vehicles. An opportunity for us to lower our fleet vehicle emissions is by limiting fuel usage. In one year, following the completion of research regarding electric vehicle adoption and the implementation of an electric vehicle first policy, our fleet now boasts three fully electric cars and five electric-hybrid off-road vehicles. Feasibility plans for more vehicles and charging stations continue. As a greater variety of vehicles and charging station options become available we anticipate a greater proportion of our fleet will be electrified, significantly reducing fleet emissions over the coming years.

During the 2016/17 year, the Greater Wellington vehicle fleet travel and hence emissions increased by 29 percent following the Kaikoura earthquake, a wet winter, and disruptions to Greater Wellington main office. Council meetings and workplace travel between regional sites was the only option available to ensure Greater Wellington services continued during this time.

Electricity

A large proportion of Greater Wellington's total footprint is attributed to electricity that Wellington Water uses to pump water reserves for the four cities within the region (62 percent in 2016-17). A wet summer in 2016 significantly reduced the need to use water reservoir pumps, resulting in pumping emissions down 20 percent (or 5000 tonnes of CO2-e) on the previous year. This highlights how weather plays an important part in changes of total corporate emissions year to year.

Greater Wellington is committed to continue feasibility research to reduce corporate electricity use. This helps us make informed decisions and achieve return on investment when the updating of energy related equipment, such as in building and small site systems, becomes feasible and cost effective.

Waste

The removal of the ground floor of Shed 39 from use following the Kaikoura earthquake saw waste related emissions jump up from less than one percent to over three percent of total. Although waste is not significant proportion of total corporate emissions, it's important for us to lead by example in reducing the environmental impact of waste in all its forms. Greater Wellington continues to encourage employees to reduce waste, recycle and compost. Across its three main offices, Greater Wellington diverts approximately 20 tonnes of recyclable and organic waste from landfill each year.

Regional initiatives

Greater Wellington leads and partners with others on initiatives that will bring significant economic, social and environmental benefits to regional communities.

The year in summary

Water Wairarapa, in partnership with Crown Irrigation Investments Limited, implemented a refocused work programme to assess the financial viability of the proposed water scheme at Wakamoekau. An extensive baseline financial modelling exercise was completed in late 2016. This included a thorough assessment of water user information obtained during interviews over the preceding four years to build a water uptake profile. The work also included a review of water reliability to validate water delivery service levels and command area extent.

Water Wairarapa assisted the funding of the climate change and variability report undertaken by NIWA. This information, along with the planned release of water quality and quantity limits by the Ruamahanga Whaitua Committee during 2017, has allowed the project to start the development of a reframed work programme that will assess the ability of a proposed scheme to provide for regional resilience against reduced water availability.

Our key projects and programmes

What we said we would do	What we did
Complete the Wellington Region Spatial Plan	A project plan for spatial planning was developed and discussed by the Regional Chief Executives Group during the 2015/16 year. At that time other councils did not support a programme of regional spatial planning. In addition there was concern it would duplicate work the Local Government Commission had commissioned on spatial planning in the Wellington region. Subsequent to the LGC work a decision was made to not pursue further work in this area at this time.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (Water Wairarapa, previously WWUP)	Progression of the Water Wairarapa as per the project plan	Options identification and refinement phases completed.	Resource consent application prepared.	Pre-feasibility investigations completed	Not achieved[8]
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	1,376	1,500	1,095	Not achieved[9]

No unplanned activity

8 The work programme for this project was revised in 2016. Resource consent application is not scheduled to be prepared until 2019.

9 This is a demand driven scheme that is open for homeowners to participate in should they wish to.

Emergency Management

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities who are prepared for and able to respond to and recover from emergencies. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

The year in summary

WREMO was activated following the 7.8 magnitude Kaikoura earthquake on November 14 and remained open for 12 days as it led the region through the post-earthquake recovery and the storms that followed.

Other significant activity included the development of Community Emergency Hubs, which have been implemented across 80 percent of the region. These hubs are designed to harness the 'unofficial' response in a way that targets the specific needs generated at a local level.

Significant progress was made in developing the Wellington Region Earthquake Plan (WREP) which aligns with the revised Wellington Earthquake National Initial Response Plan. The WREP defines activities required in the first seven days following a 7.0+ earthquake centred on our own fault lines. This plan will form the basis for a scenario based Emergency Operations Centre training throughout the next financial year.

Our key projects and programmes

What we said we would do	What we did
Develop a Pre-disaster Recovery Framework to proactively anticipate recovery issues and build capacity to improve recovery outcomes before a disaster occurs (multi-year project)	The first phase of recovery planning focused on assessing how long it would take for infrastructure to get back on line through different time frames. This provides the cities and districts with a clearer idea of the many short, medium and long-term challenges associated with recovery. With a first version of this assessment completed, consultation is under way to socialise the framework and to assist cities complete their local recovery framework.
Develop an improved model for delivery of emergency response (multi-year project)	Effective emergency response comprises three key components: facilities, systems, and trained people. The region has six dedicated fit-for-purpose Emergency Operations Centres plus a contract to use a well-appointed building for a coordination centre. Whereas during the latter half of 2016, considerable attention was given to training for and enhancing tsunami response systems and plans; during the first half of 2017, considerable effort was applied to developing a comprehensive regional earthquake plan. This is now over 50 percent complete. The current training programme has been in operation for 30 months and continues to build capability and capacity within council response teams.
Rationalisation of Business As Usual (BAU) functions (multi-year project)	Initiatives include using Design Thinking and Appreciative Inquiry as the basis for rethinking our approach to traditional sector challenges, creating a more visual workplace, and the rationalisation of the regional VHF communications network. This last project is now complete apart from installation of the final few radios.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline 2014 unless otherwise stated	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
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?	85%	82%	N/A[10]	N/A
	Percentage of households with sufficient emergency food and water to last for at least 7 days	New Question	N/A	69%	N/A
	Do you know the first names of five neighbours on your street?	57% (2016)	N/A	52%	N/A
	Annual activation test for each EOC	No baseline	100%	100%	Achieved
	Number of Community Response Plans completed	10%	30%	67%[11]	Achieved

Unplanned activity

The emergency events of November 2016 had a considerable impact on scheduled activities, resulting in reprioritisation and acceleration against planned milestones. For instance, the annual plan called for 50 percent of the Community Emergency Hubs to have access arrangements in place by 30 June 2017, with the remainder complete by 30 June 2020. The acceleration programme resulted in an achievement of roughly 80 percent, with the remainder to be completed by 30 June 2018. Other unplanned major activities included the replacement of the existing website with two new sites developed, which focused on better meeting the needs of the public before, during and after an emergency event; an increased number of preparedness symposia to meet the increased public demand.

10 Performance measure has changed (new measure is percentage of households with sufficient emergency food and water to last for at least 7 days). The measure was adjusted to reflect emerging requirements arising from November 2016 events.

11 The community response plans will evolve according to how communities see themselves as distinct from other communities.

Democratic Services

Making sure the public can have a say in our decision making is crucial to an open democracy. Greater Wellington creates opportunities to be involved through our council and committee meetings, public submissions and community consultation. Every three years, local elections give ratepayers the opportunity to decide who will represent them on their regional council for the next term.

The year in summary

Following the 2016 triennial elections, the newly formed Council established its governance structure for the 2016-2019 triennium. In April 2017, the Council established the 'Wairarapa Committee', to provide a particular focus on Wairarapa matters.

What we said we would do	What we did
Conduct the 2016 triennial local government elections	The Council's 2016 triennial elections were successfully conducted in October 2016.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
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%	Achieved
Provide statutory information in a timely manner	Percentage of logged official information requests for which a decision is made and communicated to the requestor within the prescribed statutory timeframes	No baseline	100%	98.2%	Not achieved*

*Three responses were provided outside of the statutory deadlines due to processing issues. These issues have been addressed

No unplanned activity

THIS DOCUMENT HAS BEEN DESIGNED AND PRINTED TO SUSTAIN A FAIR BIT OF WEAR AND TEAR, WHY NOT TAKE IT FOR A FIELD TRIP AND READ IT IN ONE OF OUR AWESOME LOCATIONS:

On board the Eastbourne Ferry

In a carriage on one of our Metlink Matangi Trains

Among the birds at Kaitoke regional park

In one of our nine regional parks

Sipping a latté in a Greytown café

Beside the shores at Paekakariki Beach

Metlink Digital Assets – Transforming how customers find travel information

More of our customers are using the Metlink website, more often. The number of visitors has grown by over 11 percent this year. The value of our digital relationship with customers was highlighted during the earthquake and several significant weather events. During the flooding and slips that occurred a few days after the November earthquake, the website recorded its busiest day, with almost 60,000 people finding crucial travel information.

As well as undertaking improvements to the Metlink website, an upgrade of the real-time information system has been initiated, which will improve its accuracy and future proof it to allow new functionality such as providing on-bus real-time information and comparisons with door-to-door travel times and costs with other modes of travel.

The Metlink Commuter App was launched in February 2017 to provide real time information for frequent users of public transport. The app allows users to track their vehicle; see when the next service is due at a stop or station; and receive notifications of delays and service updates. The application has had around 30,000 downloads.

Metlink.org.nz award winning website

Greater Wellington's public transport website metlink.org.nz won the 2016 WebAward for outstanding achievement in web development in the world's premier competition for web developers and advertising agencies. The WebAward Competition sets the standard of excellence for website development with independent expert judges from around the world reviewing sites in 96 industries. Marks are given for ease of use, content, design and technology.

PUBLIC TRANSPORT
NGĀ WAKA TŪMATANUI

COMMUNITY OUTCOMES:

- Connected community
- Strong economy
- Resilient community
- Healthy environment

ACTIVITIES:

- Metlink public transport network planning
- Rail operations and asset management
- Bus and ferry operations and asset management
- Metlink fares and ticketing, and customer services and information

Through our public transport network which includes the buses, trains and ferries we strive to seamlessly connect the communities across our region to the places where they live, work and play. As a region we have a culture of using public transport and we are committed to providing high quality public transport solutions that are accessible to all.

This year we commenced the new rail operations contract with Transdev Wellington, and following a tendering process, selected Tranzit Group and Uzabus as contractors to run key parts of our bus operations from mid-2018. NZBus and Mana will also continue to run some services. The awarding of the new operating contracts is an important step to implement a new low emissions bus fleet including fully electric double-decker buses, 10 of which are due to be introduced in mid-2018.

Our fares and ticketing systems have been other key focus areas over the year, with Snapper being appointed to provide all bus ticketing across the region and a comprehensive review of fares undertaken in preparation for the new bus environment.

Metlink public transport network planning

The Metlink public transport network currently operating in the Wellington region is a network of bus, train and harbour ferry services. Our role is to make sure our bus, train, and ferry network works well, meets people's needs and provides value for money and is able to connect the communities in our region to their homes, workplaces and recreational activities.

The year in summary

Following the signing of the contract in the previous financial year our rail services are now operating under the Transdev Wellington rail contract. This rail contract is the first move toward a performance-based contract for our train, bus and harbour ferry services. These contracts will mean the services provided to our customers will be improved and provide strong incentives for operators to grow patronage by making our public transport options easier and smarter for our passengers. Alongside the new contracts, the Wellington rail services were merged under the Metlink brand with rail staff wearing Metlink branded uniforms and all rail information integrated into the Metlink website.

We're currently working with our four bus operators to run all of the buses on a new bus network that will better meet customers' needs and improve efficiency and importantly integrate with the rail timetable.

Our key projects and programmes

What we said we would do	What we did
Undertake targeted reviews of some Metlink services in preparation for the introduction of the new public transport operating model contracts	We reviewed a number of key urban bus services and incorporated the findings into tender documentation for the new public transport operating model (PTOM) contracts, to commence in 2018. We started a review of school bus services, completed a capacity and journey time review of Karori and Johnsonville services.
Review reliability of Metlink service timetables for inclusion in new public transport operating model contracts	PTOM Timetables were drafted and reviewed in relation to both running times and capacity modelling. This has been undertaken with specialist software which gives us a high level of confidence in their accuracy. The information was included in the RFT and contract awards.
Improve Metlink bus service journey times on core routes by reviewing bus stop spacing and locations based on an analysis of service delays and passenger numbers	Bus stop spacing is being considered as part of the implementation of new bus stops and changes to existing bus stops for the new Wellington City bus network, starting in 2018. Bus stop spacing was reviewed as part of the Island Bay cycleway, as this section of road forms part of the future north-south core bus route in Wellington City.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Maintain a current policy framework to manage the region's public transport	Regional Public Transport Plan is reviewed and adopted in accordance with the Land Transport Management Act 2003	RPTP (adopted in June 2014)	Review RPTP	Two minor variations made to the Regional Public Transport Plan to keep it relevant.	Achieved
Increase public transport boardings per capita	Passenger boarding's per capita	72.3	73.3	73.6	Achieved

No unplanned activity

Rail operations and asset management

Greater Wellington contracts the operator (Transdev) to provide all metro rail services, the rail network owner (KiwiRail) to provide rail network control, maintenance and renewals and owns all railway stations (except Wellington Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

The year in summary

During 2016/17 rail patronage in our region grew by 300,000 passenger journeys to 13.1 million. This is the first year we have exceeded 13 million since we began recording patronage levels in the 1990s.

We transitioned to a new performance-based Passenger and Vehicle Services Partnering Agreement with Transdev. The new partnership has resulted in a stronger focus on the performance of services across the network and has led to over a thousand more seats being added to services on each of the Hutt Valley and Kapiti Lines.

Improvements across our rail assets continued throughout the year including refurbishments of both the Taita and Masterton railway stations and increased Park and Ride capacity at Upper Hutt and Trentham. The final Matangi train units also entered service this year meaning that all 83 Matangi trains are now in operation.

Our key projects and programmes

What we said we would do	What we did
Maintain and improve rail assets, including trains and station buildings	Delivered the last of the 35 Matangi 2 units Refurbished Taita and Masterton stations Replaced lights at Manor Park platform and Upper Hutt and Naenae subways Upgraded Tawa, Heretaunga and Ava North pedestrian bridges for earthquake resilience Replaced Pukerua Bay shelter Replaced signage at a number of stations
Procure and transition to new PTOM rail services and rolling stock maintenance contract	Contracts completed. Transdev Wellington took over operations in July 2016.
Transition to integrated fares and ticketing on rail services	In 2016/17 Greater Wellington: Developed a package of fare initiatives for public consultation Developed a framework that will guide the transition of fare products, initially for rail and more recently for bus Developed a pathway for fully integrated ticketing via a national consortium
Park and Ride development	Completed Park and Ride facilities at Upper Hutt and Trentham stations, and commenced work at Waikanae and Solway.

Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2016/17 Target	2016/17 Actual	
Deliver rail services in accordance with the published timetable[12]	Percentage of scheduled services delivered	99.2%	≥99.5%	97.2% (99.8%)	Achieved
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line: 95.4%	≥95.0%	82.5% (96.2%)	Achieved
		Hutt line: 95.3%	≥95.0%	90.8% (97.4%)	Achieved
		Johnsonville line: 93.3%	≥95.0%	95.4% (98.2%)	Achieved
		Wairarapa line: 74.5%	≥85.0%	48.8% (73.7%)	Not Achieved[13]
Maintain and improve rail rolling stock, stations, subways, over-bridges and car parks in accordance with rail asset management plans	Average condition rating[14]	Rolling stock – EMU fleet Matangi 1.0 Ganz 3.7	≤3.0	Matangi 2.0 Ganz no longer in service	Achieved
		Rolling stock – Carriage fleet : SW 2.2	≤3.0	2.5	Achieved
		Stations (buildings & shelters): 2.6	≤2.5	2.4	Achieved
		Subways / over-bridges: 2.4	≤2.5	2.5	Achieved
		Carparks: 2.0	≤2.5	2.4	Achieved
Customer satisfaction with passenger rail services	Percentage of rail users who are satisfied with their trip overall[15]	89.7%	≥90.0%	92.8%	Achieved

Unplanned activity

Ava South pedestrian bridge was substantially damaged during the November 2016 earthquake, requiring it to be urgently partially demolished for safety reasons. At the time of the earthquake, a design to strengthen the bridge had been completed. However, as a result of the earthquake, further design and more extensive construction work is now required.

At the request of KiwiRail and to improve the performance of the Wairarapa services by reducing speed restrictions, an additional $1 million of funding was allocated to renewing track assets on the Wairarapa Line.

12 The performance measure for reliability and punctuality has changed since the last financial year. The baseline was set using the previous measurement regime. The results in brackets show the performance using last year's measurement regimes which were calculated in the following way:

The percentage of scheduled services delivered was previously calculated based on the number of services that were cancelled. It is now calculated based on whether the service left its origin station more than 30 seconds early, whether it stopped at all stations and whether it ran the service with less than the contracted number of train units as well as cancelled services the percentage of scheduled services on-time to 5 minutes by line was previously only measured at Wellington Station. It is now measured at all origin and destination stations and at key stations across the network.

13 Rectifying some of the challenges with the Wairarapa line is the subject of 2 major business cases (1 for track infrastructure and 1 for rolling stock) and an ongoing engagement with stakeholders.

14 1 = very good and 5 = very poor

15 Satisfied = score of 6-10 on a scale of 0-10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Bus and Ferry Operations and Asset Management

Tendering new bus operating contracts, working towards the new bus network for Wellington city in 2018, ensuring the current bus and ferry network runs well for all passengers and building and enhancing bus stops and shelters have all been a focus in 2016/17.

The Year in Summary

Nine new bus operating contracts were successfully tendered and awarded during the year. The competitive tender process resulted in a positive outcome for customers, ratepayers and taxpayers. Tranzit and Uzabus will operate many key routes across the region while NZBus and Mana will continue to operate some routes in Wellington city and Newlands/Tawa respectively.

A number of service reviews were completed which were implemented in November and December 2016, and January and April 2017. Timetables were refined to improve journey time reliability for customers. Additional bus services were provided at peak times for Karori and Johnsonville, as well as some additional school services from Wilton, Karori, Kowhai Park and Island Bay.

Our key projects and programmes

What we said we would do	What we did
Procure and transition to new PTOM bus and ferry contracts	We successfully tendered and awarded nine of 16 bus operating contracts. The tender process was very competitive resulting in a very good outcome for customers, ratepayers and taxpayers.
Plan and implement the new Wellington City bus network	We continued to refine future bus services to be delivered as part of the new Wellington bus network in 2018, in response to customer feedback and changing and growing demand across the city. We consulted on new bus stop locations and changes to some existing bus stops. Detailed planning of minor works required for the new network was undertaken with Wellington City Council, with work underway now. Survey and development of a vegetation control plan for roads that double decker buses will travel along was completed. Marketing and communications planning to inform customers of the pending bus service and ticketing changes in 2018 was initiated and is continuing.
Maintain and improve bus assets, including bus shelters, signage, interchanges and other fixed assets	Installed 24 new bus shelters, and refreshed 37 existing shelters. Installed five new Real Time Information screens, three new information totems, and 497 replacement Metlink/restricted parking (RP5) bus stop signs. Upgraded bus shelters at Bunny St interchange Lower Hutt, and increased frequency of cleaning to two to three times per week there.
Prepare and agree the business case for Bus Rapid Transit in Wellington	An indicative Business Case was completed for NZTA and this project has now been integrated into "Let's Get Wellington Moving".

Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2016/17 Target	2016/17 Actual	
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	99.1%	≥99.0%	99.1%	Achieved
	Percentage of scheduled services on-time to 10 minutes (punctuality)	99.7%	≥98.0%	99.8%	Achieved
Maintain and improve bus stop facilities and interchanges	Average condition score of all bus shelters maintained by Greater Wellington [16]	2.6	Improvement on previous year[17]	1.8	Achieved
Customer satisfaction with passenger bus services	Percentage of bus users who are satisfied with their trip overall[18]	91.8%	≥90.0%	91.6%	Achieved

Unplanned activity

Upgraded and improved the wayfinding and real-time information signage at the Wellington Railway Station bus interchange.

16 1 = very good and 5 = very poor
17 The result for 2015/16 was 2.63
18 Satisfied = score of 6-10 on a scale of 0-10

Metlink fares and ticketing, and customer services and information

The customer is at the forefront of much of what we do in public transport. Fares and ticketing is a direct touch-point for customers, which is why we are working towards a fully integrated fares and ticketing system for all Metlink trains, buses and ferries. This will bring big advantages to passengers, but is some way off as we need to fit in with national plans for electronic ticketing.

The year in summary

An important decision was made to implement an interim bus ticketing solution. Snapper will provide interim bus ticketing services across our entire bus fleet from 2018. Preparations are well underway to implement this.

Following a comprehensive review of fares, we propose to introduce free bus transfers and a number of other initiatives including a tertiary student discount and off-peak fares on the entire network. The changes to fares are timed to come into effect in July 2018 with the new bus operating environment.

A large programme of work was initiated in 2016 to better understand customer information needs. This has resulted in a review of website usability and accessibility and a plan for improvements to our online and real-time passenger information so the changing expectations of customers can be met over the next five years.

Our key projects and programmes

What we said we would do	What we did
Integrated fares and ticketing	In 2016/17 Greater Wellington: Developed a package of fare initiatives for decision and public consultation Developed a framework that will guide the transition of fares products, initially for rail and more recently for bus Worked with other regions and the New Zealand Transport Agency to develop and confirm a pathway for national ticketing. As lead agency within a consortium of regions (GRETS), completed a market sounding to inform the procurement process for national ticketing Initiated a project to work with Snapper to extend the Snapper system to all buses by the time the new bus network is introduced in 2018.
Ongoing review and enhancement of customer information systems	Introduction of a new Metlink website, which is also accessible on mobile devices, provided improved usability and more services online. Integrated all rail, bus and ferry information onto a single Metlink website. Introduced systems in the Greater Wellington Customer Contact Centre which have improved customer response times.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Provide Metlink public transport service information to the public	Percentage of users who are satisfied with the service they receive accessing Metlink public transport information via a call centre, web and mobile sites, and real time information[19]	Call centre: 73.3%	Increase on previous year	88.8%	Achieved
		Web and mobile sites: 78.3%	Increase on previous year	86.0%	Achieved
		Real time information: 78.0%	Increase on previous year	87.7%	Achieved

No unplanned activity

19 Satisfied = score of 6-10 on a scale of 0-10

Total mobility

The Total Mobility scheme assists people with a permanent disability or impairment to access appropriate transport to enhance their community participation. This assistance is provided in the form of subsidised door to door transport services wherever scheme transport providers operate.

The year in summary

This year we have completed customer, transport provider and community assessor engagement workshops. These workshops have led to a better understanding of the issues that some of our customers face. We are also building closer relationships with the people in the community who are completing our assessments and changing the ways we monitor transport operator performance. During the year we introduced new wheelchair accessible vehicles into Porirua, Hutt Valley and Wairarapa. We've seen a 3.8 percent growth in the number of total mobility trips for the year.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of users who are satisfied with the overall service of the scheme[20]	96%	≥97%	99%	Achieved

No unplanned activity

20 Satisfied = score of 6-10 on a scale of 0-10

WATER SUPPLY
NGĀ PUNA WAI

Future proofing the region's water supply for the immediate future and for generations to come drives the work programme for Wellington Water. Greater Wellington owns and manages around $815 million worth of water supply assets.

Our water supply system must be robust and ensure sufficient drinking-water is available now and in the future. We must also be able to cope with emergencies and the long-term impacts of climate change.

COMMUNITY OUTCOMES:

- Strong economy
- Resilient community
- Healthy environment

ACTIVITIES:

- Water quality
- Water availability
- Sustainability

The year in summary

The year presented a number of challenges in terms of water supply. We commenced a review of our priorities to ensure we are placing our resources in the right place, to ensure the region is able to meet head on the challenges to come in future years. The earthquake again made us reflect on the need to have a resilient water supply system.

We made a number of changes to our work programme during the year revisiting our priorities as reported under our key projects and programmes.

We made significant progress on a five-council approach to water supply resilience across the Wellington region. With the support of Government funding in 2017/18 this will include investment in the Community Infrastructure Resilience project. This aims to provide a limited water supply to customers close to their homes immediately after a major earthquake.

Our key projects and programmes

What we said we would do	What we did
Complete a detailed design of the Cross Harbour Pipeline	The Cross Harbour Pipeline project was included in the LTP to improve resilience of the bulk water network by providing an alternative supply of water to Wellington city. Investigation work has progressed on alternative and complementary options. This has included investigating the feasibility of abstracting drinking water from the Waiwhetu aquifer beneath the Wellington harbour. Exploratory drilling is planned for early in 2017/18.
Complete the Cathodic protection of the Kaitoke pipeline near Silverstream	Cathodic Protection (CP) is an asset management initiative that extends the life of our steel pipelines. This reduces costs in the long term by deferring the need for costly renewals. A new CP system at Silverstream is part of the CP programme identified in the LTP. Construction work was nearly completed in 2016/17, however issues with water quality at the Waterloo WTP prevented a necessary shutdown on the pipeline. This has delayed final commissioning until the third quarter of 2017/18 at the earliest.
Replace a first Waterloo well	Condition assessment work on some of the Waterloo wells has indicated they may be in better condition than previously thought. This has allowed replacement of the first Waterloo well to be deferred.

Measuring our performance

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2016/17 Target	2016/17 Actual	
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0	Achieved
	Number of taste complaint events related to the bulk water supply	1	<5	5	Not achieved[21]
	High level of customer satisfaction – complains from TAs on:	Drinking water clarity[22]	<5	0	Achieved
		Drinking water odour[23] - 0	<5	4	Achieved
		Drinking water pressure or flow[24] - 1	<5	0	Achieved
	Percentage compliance with the DWSNZ 2005.[25]	Microbiological (Protozoa) compliance[26] - 100%	100%	100% at Water Treatment Plants (WTPs)	Achieved
		Microbiological (Bacterial) compliance[27] - 100%	100%	Te Marua WTP - Yes	Achieved
				Wainuiomata WTP - Yes	Achieved
				Waterloo WTP - No	Not achieved[28]
				Gear Island WTP - Yes	Achieved
				Zones - Yes	Achieved
		Aesthetic compliance[29] - 100%	100%	Four WTPs and Zones - Yes	Achieved
		Chemical compliance[30] - 100%	100%	Four WTPs and Zones - Yes	Achieved
	Maintain grading from Ministry of Health for the local water supply distribution	Te Marua, Wainuiomata and Gear Island treatment plans: A1	Maintain current grading	Grading maintained	Achieved
		Waterloo treatment plant: B	Maintain current grading	Grading maintained	Achieved
		Distribution system: A1	Maintain current grading	Grading maintained	Achieved

21 The positive E.coli sample result that occurred in April 2017 resulted in chlorination of the Lower Hutt water supply that has remained in place. This resulted in some taste complaints from residents.
22 Non-Financial Performance Measure Rules 2013 measure 4(a)
23 Non-Financial Performance Measure Rules 2013 measure 4(b)
24 Non-Financial Performance Measure Rules 2013 measure 4(c)

Level of service	Performance measure	Performance targets			Achieved / Not Achieved
		Baseline (2014)	2016/17 Target	2016/17 Actual	
Bulk water supply is continuous and secure	Number of shut-offs of the wholesale water supply network resulting in loss of water or pressure to consumers	0	0	0	Achieved
	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes by implementing the methodology for assessing improvements to the resilience	Asset Management Plan & Annual Works Programme in place	Plan for an implement resilience improvements	Completed 94% all planned network resilience improvements	Not achieved [31]
	Sufficient water is available to meet unrestricted demand[32]	Modelled probability of annual water supply shortfall – 0.4%	<=2%	0.2%	Achieved
	Attendance for urgent call-outs[33]	Time from local authority receiving notification to service personnel reaching site[34] - No baseline	60 minutes	N/A	N/A[35]
		Time from local authority receiving notification to service personnel confirming resolution [36] - No baseline	4 hours	N/A	N/A[37]
	Attendance for non-urgent call-outs[38]	Time from local authority receiving notification to service personnel reaching site [39] - No baseline	36 hours	35 minutes	Achieved
		Time from local authority receiving notification to service personnel confirming resolution [40] - No baseline	15 days	30 minutes	Achieved
	Drinking water consumption[41]	Average consumption of drinking water per day per resident (L/p/d)[42] within the TA District [43] - No baseline	Less than 374 L/p/d	351 L/p/d	Achieved
Environmental Impact of Bulk Water activities is minimised	Achieve full compliance with all resource consents and environmental regulations	Full compliance	Full compliance	Not full compliance	Not achieved [44]

Unplanned activity

The Macaskill Lakes algae and aquifer bacteria issues required an urgent response and commitment to treatment improvements at Te Marua water treatment plant and Waterloo water treatment plant respectively. The challenges also created significant network constraints that required careful management to ensure a continuous supply of safe drinking water.

25 DWSNZ performance reporting has been separated into Protozoa, Bacteria, Aesthetic and Chemical requirements instead of the grouping shown in the 2015-25 LTP. In addition, performance has been reported as "Yes" or "No" instead of percent compliance as implied by the 100% target. This is to align with the mandatory reporting requirements for the DIA Non-Financial Performance Measures.

26 Non-Financial Performance Measure Rules 2013 measure 1(a)

27 Non-Financial Performance Measure Rules 2013 measure 1(a)

28 We are anticipating advice from Regional Public Health in the first quarter of 2017/18 that Waterloo WTP was not compliant with the bacteriological requirements of the standard. This was due to two positive E.coli results (in December 2016 and April 2017). Prior to December 2016 E.coli had never been detected. The cause of the deterioration in water quality is being investigated, including whether the November 2016 Kaikoura earthquake may have been a contributing factor. The water leaving the treatment plant remained safe to drink. Continuous chlorination for previously unchlorinated supply to Hutt City was implemented in April 2017 and an improvement to the treatment process including UV disinfection is planned for 2017/18.

29 Non-Financial Performance Measure Rules 2013 measure 1(a)

30 Non-Financial Performance Measure Rules 2013 measure 1(b)

31 We completed 94% of the network resilience improvement programme (year-end expenditure of $376k out of $400k budget).

32 Other than by routine hosing restrictions and drought situations with a severity greater than 1 in 50 years

33 This is a new internal measure, not included in the Long Term Plan 2015-25.

34 No events occurred

35 Non-Financial Performance Measures Rules 2013 measure 3(a)

36 Non-Financial Performance Measures Rules 2013 measure 3(b)

37 No events occurred

38 This is a new internal measure, not included in the Long Term Plan 2015-25.

39 Non-Financial Performance Measures Rules 2013 measure 3(c)

40 Non-Financial Performance Measures Rules 2013 measure 3(d)

41 This is a new internal measure, not included in the Long Term Plan 2015-25.

42 L/p/d = Litres per day

43 Non-Financial Performance Measures Rules 2013 measure 5

44 We were non-compliant with the requirements for one discharge consent at Wainuiomata WTP. We are working with Greater Wellington Regional Council Environmental Regulation to resolve all outstanding issues. We were compliant with the requirements of all other resource consents. As previously reported, we remain non-compliant with requirements of the HSNO Act for 11 plastic chemical storage tanks at our Water Treatment Plants. We are on track for completing remedial works in 2017/18. WorkSafe are satisfied the risks are being managed proactively.

GREATER WELLINGTON MONITORS THE REGION'S AIR, LAND AND WATER THROUGH LONG-TERM ENVIRONMENTAL MONITORING PROGRAMMES THAT MEASURE:

- AIR QUALITY AT SEVERAL PERMANENT SITES AND TRAFFIC-RELATED AIR POLLUTION AT 10 MICRO SITES
- SOIL QUALITY AT OVER 100 SITES
- TERRESTRIAL BIODIVERSITY AT NEARLY 80 SITES
- RAINFALL, RIVER LEVELS AND GROUNDWATER LEVELS AT APPROXIMATELY 60 SITES
- GROUNDWATER QUALITY AT NEARLY 70 SITES
- WATER QUALITY AND ECOSYSTEM HEALTH AT OVER 50 RIVER AND STREAM SITES AND IN A NUMBER OF LAKES
- THE ECOLOGICAL HEALTH OF SEVERAL BEACH AND ESTUARY SITES AND OUR TWO HARBOURS

Children from local schools play a huge part every year in our planting days where thousands of trees are placed in our Regional Parks

ENVIRONMENT
TE TAIAO

COMMUNITY OUTCOMES:

- Healthy environment
- Strong economy
- Engaged community

ACTIVITIES:

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

Clean air, clean water, safe harbours and forests sheltering native birds and wildlife – we can take none of these things for granted.

Maintaining, enhancing and protecting our environment requires a focus on sustainable land use, biodiversity, pest control, pollution prevention and careful use of resources.

Greater Wellington works to: encourage biodiversity and restore ecosystems that have been damaged by pollution and overuse; develop the regional policies and plans that ensure sustainable use of our natural resources; monitor the state of our environment and provide scientific advice and information; assess and monitor resource consents; fight pest plants and animals; minimise the loss of erodible land; manage ecologically important sites; and provide navigational and response services for our harbours. In managing these areas we also work with landowners and communities who have a shared interest.

Resource management

Resource management planning future proofs our region's natural capital by developing the plans, rules and support that will ensure sustainable use of our many physical and natural resources. We assess applications under the Resource Management Act for activities that will have an impact on our natural resources – such as discharging into or taking water from a river. We monitor air, land and water quality and ecology, ensure people are meeting the requirements of their resource consent, and respond to pollution incidents.

The year in summary

During 2016/17 we processed 571 resource consents, assessed 1,566 consents for compliance, and responded to 1,260 notifications for environmental incidents. We took enforcement action 103 times during the year, including 34 abatement notices, 38 infringement notices and 18 charges laid.

As a community we all want to live in a healthy environment. Our work collecting information on the quality of the air, land and water provides us with great insights on the things we need to do now and for future generations. During the year we continued to capture data and information on these areas. We use this information to help guide any changes that need to be made in how we manage our environment and is also used in collaboration with relevant partners and the community to guide their decision making. For example a microbial forecasting model has been developed for identifying the clarity of water in Porirua Harbour and will be trialled in the 2017/18 summer swimming season. We have also worked with Wellington Water on an investigation programme into the contamination of the Waihetu Aquifer and also completed the Waingawa groundwater quality investigation.

During our annual Restoration Day members of the public and volunteers learn from our staff, here our staff are teaching people about the native reptiles in our region at Whitireia Park in Porirua.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Provide an up-to-date policy framework to manage the region's natural and physical resources	Regional Policy Statement is maintained and operative	Regional Policy Statement is operative	Identified changes are adopted	Undergoing identification process for any plan changes. Review required by 2023.	Achieved
	Regional plans are reviewed and adopted	Draft Natural Resources Plan available September 2014	Proposed Natural Resources Plan is made public	Hearings have commenced during 2017 since the Proposed Natural Resources plan was notified in July 2015.	Achieved
	Whaitua Committees are implemented	Ruamāhanga & Porirua Committees established	Ruamāhanga Committee releases Whaitua Implementation Plan	Ruamāhanga Committee will release the Whaitua Implementation Plan by end of 2017.	Not achieved
	Develop Regional Natural Hazards Management Strategy	Strategy development work commenced	Regional Natural Hazards Management Strategy adopted	Endorsed by all councils.	Achieved
Process resource consents in a timely manner	Percentage of resource consents processed within 20 working days[45]	100%	100%	99.8%	Not achieved[46]
Monitor and enforce compliance with regional plans and resource consents	Percentage of significant & environmental non-compliance that is reported within one month (including what follow up measures are being undertaken)	100%	100%	75.9%	Not applicable [47]
	Percentage of reported environmental incidents that are responded to, investigated and enforcement actions completed within statutory timeframes	100%	100%	99.0%	Not achieved[48]
Provide timely, appropriate and accessible information on regional catchment state trends	Percentage of data collected that is made available within agreed timelines[49]	90%	90%	99%	Achieved
	Number of reports downloaded[50]	New measure	>894 page views	916 page views	Achieved
	Stakeholder satisfaction with the quality and usability of the reports provided	New measure	Establish baseline	Baseline not established due to lack of responses to survey	Not achieved

No unplanned activity

45 This measure relates to non-notified consents only, as notified consents cannot be processed within 20 days. Some consents can be processed in greater than 20 working days if a s37 agreement under the RMA is in place.
46 One consent was not processed within timeframes due to an administrative error
47 TThe current reporting system is not accurate as some data is over-ridden, distorting any figures available. The figure is likely higher that the figure identified above.
48 115 incidents were not investigated and concluded within 4 months for various reasons.
49 Different methodology is now applied to this measure given changes in how we manage our data. This is measures as the number of "missing records" (telemetered data) as a percentage of total records.
50 This measure reflects the number of page views of our annual monitoring reports webpage.

Land management

Greater Wellington works with the farming sector to manage the impacts of farming on the environment. Soil erosion, soil health and water quality are all affected by the way farmers use their land. We work alongside farmers to prepare Farm Environment Plans to help identify and manage critical source areas where sediment, nutrients and other contaminants may discharge to waterways, wetlands and the coastal marine area.

The year in summary

During the last year good progress has been maintained in contacting landowners who have sites of significance, as scheduled in the Proposed Natural Resources Plan (PNRP). To date, 75 percent of the sites have been inspected. Of these landowners 40 percent have already fenced for stock exclusion while another 45 percent expressed a positive response to fencing.

Fifteen new Farm Environment Plans were completed for the 2016/17 financial year. These were predominantly in the Wairarapa Moana catchment, bringing the total number of Farm Environment Plans in the region to fifty-nine. A spend of just under $520,000 on contestable fund projects was achieved for the financial year. The funding has been split across a variety of land uses with projects being predominantly focused on riparian or effluent management issues. This has been the first year of the contestable fund and it has proven to be effective as a process of allocating funding to farmers through the region whilst targeting work on the priority catchments identified in the Proposed Natural Resources Plan.

The planting programme associated with the Wellington Regional Erosion Control Initiative was affected by low soil moisture levels through the early part of the winter. In particular this affected the poplar and willow planting programme and a number of clients cancelled orders or reduced their individual programme. A total of 20,430 poplar and willow poles were planted during the year. In addition 100 hectares of erosion prone land was afforested or reversion to native species was progressed.

Our key projects and programmes

What we said we would do	What we did
Expansion of the Farm Environment Plans in priority catchment areas.	New Farm Environment Plans have been prepared for Wairarapa Moana (12), Porirua (2) and Otaki (1) catchments.
Ongoing delivery of the Wellington Regional Erosion Control Initiative programme, with a focus on erosion-prone land in the Ruamahanga whaitua	134 properties in the region implemented a Wellington Regional Erosion Control Initiative programme, 50 percent of the properties are located in the Ruamahanga catchment.
Continuation of the supply of poplar and willow poles, and eco-sourced native plants from the Akura Conservation Centre	Akura supplied 23,800 poles in total (86 percent of which were supplied to the Wellington Regional Erosion Control Initiative programme). This number is below the budgeted figure of 28,000 poles. 33,400 (54 percent) co-sourced native plants were supplied out of a total native plant order of 61,400.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Work collaboratively with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Percentage of hill-country erosion prone land covered by an active Farm Plan	76.5%	78%	79%	Achieved
	Hectares of erosion-prone land planted	400	500	446.1	Not Achieved [51]
	Percentage of dairy farms with an active Farm Environment Plan	15%	21%	22%	Achieved

No unplanned activity

51 Low soil moisture levels through the early part of winter reduced demand for poplar and willow poles.

Biodiversity management

Biodiversity means the variety of plants and animals living in healthy ecosystems. Threats to biodiversity include pest plants and animals and intensive land use. Wetlands are particularly important for biodiversity, but across Wellington region fewer than three percent of our original wetlands remain.

Greater Wellington's Biodiversity Strategy has the vision that "Healthy ecosystems thrive in the Wellington region and provide habitat for native biodiversity". To achieve this we manage ecologically important sites across the region, support landowner and community work to protect biodiversity, and provide biodiversity-related advice.

The year in summary

In 2016/17 our newly established Wetland Programme supported 11 landowners to improve the condition of 14 significant wetlands. Support included developing Restoration Management Plans, and financially contributing to activities such as fencing, weed control and planting. Through our Key Native Ecosystem (KNE) programme we planned and coordinated ecological restoration at 58 sites of high ecological value across the region.

We continued working with iwi and other partners to restore the catchments of Wairarapa Moana and Te Awarua-o-Porirua Harbour. We raised awareness with schools and communities about these sites' important ecological and cultural values and funded community groups to carry out restoration projects. Public awareness and education events included Seaweek 2017 and the Next Generation Restoration themed Restoration Day which celebrated the work of our many volunteers.

We published a new guidance document; identifying and protecting significant indigenous biodiversity in the Wellington region. It clarifies how territorial authorities can protect significant biodiversity in line with the objectives of the Regional Policy Statement. A subsequent workshop with the region's territorial authorities identified shared challenges and options, and generated momentum for a collaborative approach to protecting biodiversity through provisions in district plans.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Work with the regional community to improve the region's indigenous biodiversity	Number of identified high value biodiversity sites under active management[52]	120	80	89	Achieved
	Progress towards ecological management objectives[53]	No baseline	95%	97.5%	Achieved

No unplanned activity

52 Active management can include improving legal protection, fencing, and undertaking the control of plant and animal pests
53 Progress is assessed by reviewing management activities' direct contribution towards ecological management objectives

Every year we hold a restoration day event where members of community groups and schools who have volunteered in our parks can learn new techniques

Pest management

Wellington region's environment, economy and quality of life all benefit from avoiding the introduction of new pest plants and animals and limiting the spread of those that are already here. Greater Wellington regulates, inspects and monitors pest plants, provides direct pest control activities like spraying and supports community work to reduce pest numbers.

The year in summary

Greater Wellington delivered 81,700 ha of possum control under our Regional Possum Predator Control Programme and intensive pest plant and pest animal control at 64 high biodiversity sites in our Key Native Ecosystems programme.

We regularly assisted the public with pest plant and animal issues. This included advice and assistance for the control of various pest plants, possums, rabbits, wasps and magpies. We also continued to provide education on pest management issues to primary, secondary and tertiary students.

Greater Wellington continue with efforts to minimise the impact of pest plants in the region. We surveyed 3,702 properties, identifying and controlling a range of Total Control plant species. We trialled novel ways to apply X-tree basal herbicide treatment for woody weed species, a method that allows for more efficient and safe tree-weed control with the reduced use of herbicide and machinery.

Trials of a range of new control and monitoring techniques continued. The Goodnature A12 possum and A24 rat and stoat traps have been trialled as an alternative to toxins for the initial control of these species when moving into new areas. We established the Halo project around the Zealandia sanctuary and a range of other pest management initiatives with our territorial authority partners. We also continued our efforts to eradicate rooks from the region controlling 33 nests at 11 active rookeries; targeting the last known rook colonies in the region.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites with reproductively active plants	Nil	Nil	75	Not Achieved [54]
	Number of possums in the Regional Possum Predator Control Programme area (RPPCP) (<5% Residual Trap Catch)	Low Less than 5% Residual Trap Catch	Low : <5%	Low : <5%	Achieved [55]
	Number of rabbits in the region (<5 on the Modified McLean Scale)	Low Less than 5 on the Modified McLean Scale (MMS)	Low : < 5	Low : < 5	Achieved

No unplanned activity

54 A very wet and cool season delayed plant growth and development. Inspections and subsequent control operations were delayed accordingly, allowing some annual species to mature and reproduce. 56 new sites were located during delimiting surveys conducted over the year.

55 Monitoring of 12 operational areas has been completed. Post operation weighted RTC of 2.0% was achieved.

Harbour management

To keep our harbours (Wellington and Porirua) clean and safe for everyone, Greater Wellington provides marine oil spill response services, all-weather navigational aids in the harbours, a 24/7 harbour communication station at Beacon Hill and boating safety education campaigns.

The year in summary

During 2016/17 over 87 events took place on Wellington and Porirua harbours. We monitor these events to ensure safety is maintained including the sharing of water space with other harbour users.

In conjunction with CentrePort, we carried out a self-assessment of our Safety Management System following the guidelines set by Maritime New Zealand's Code working group. The conclusion was that the system complies with the Code. We also implemented some updates at the same time to ensure we maintain our very high level of operations.

We held two oil spill response exercises in accordance with our Maritime New Zealand obligations. Greater Wellington staff, as well as other response agencies and staff from the local marine and oil industries participated. We received 19 reports of oil spills; in 16 of those an amount of hydrocarbon was seen and two required a clean-up response by Greater Wellington. Six infringements were issued to recreational boat operators during the year for breaches of the Bylaws.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
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%	Achieved
	That all navigational aids are working, 24 hours a day, seven days a week	100%	100%	99.87%	Not achieved[56]
	Percentage of reports of unsafe boating incidents investigated and appropriate actions taken	100%	100%	100%	Achieved
	Percentage of harbour oil spills responded to within 30 minutes and clean up started within one hour	100%	100%	100%	Achieved
	Percentage of coastal oil spills responded to within 30 minutes and clean up started within 3 hours	100%	100%	100%	Achieved

No unplanned activity

56 The Island Bay lead lights were extinguished for one night due to a power supply problem outside of our control. This affected a very small number of local fishing vessels.

Three agencies working together for Lower Hutt

Hutt City is the second largest centre in our region and over 100,000 people live, work and play in and around the city. To make the city thrive, Hutt City Council, Greater Wellington Regional Council and the New Zealand Transport Agency are working together to keep the city safe from flooding, improve the city's lifestyle and environment and get traffic flowing. Together, Hutt City Council, Greater Wellington Regional Council and the New Zealand Transport Agency have engaged with communities of Hutt city to understand what they want from RiverLink.

Greater Wellington and Hutt City Council are committed to funding the core parts of RiverLink. The New Zealand Transport Agency is responsible for funding state highway intersection improvements. Together we are working out the best sequence and timing for these inter-related improvements of this 20 year project.

Engagement has begun and together we've been asking the residential and business communities what they want for Hutt City to turn the dream of a better city lifestyle into a reality.

Our design work continues and during the next year we will complete a full project design, costings and a programme for construction.


RiverLink

FLOOD PROTECTION AND CONTROL WORKS
TE TIAKI ME TE ARAHI WAIPUKE

COMMUNITY OUTCOMES:

- Strong Economy
- Resilient community
- Engaged community
- Healthy environment

ACTIVITIES:

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

As global weather patterns change and become more unpredictable, our communities need to feel secure that their lives, homes, and livelihoods will be protected during a significant flood.

Greater Wellington works with communities to develop flood management plans, provide flood warnings, maintain and build flood protection works along nearly 300 kilometres of stopbank, and provide increasingly in-demand advice and consultation services.

Our activities in this area are: understanding flood risk; maintaining flood protection and control works; and improving flood security.

Understanding flood risk

Our Flood Management Planning involves significant community consultation, information, and engagement. The goal is that communities can make informed decisions about flood risk and flood protection, supported by the best scientific and engineering expertise.

The year in summary

Work continued on the development of floodplain management plans for the Te Kauru and Waiohine catchments in Wairarapa. Resourcing these investigations and the necessary community engagement has been more intensive than anticipated and resulted in delays in commencing other floodplain management plans in the region. A significant milestone for our flood warning advisory work has been the publishing of flood hazard maps on the Greater Wellington website, development of an improvement plan for the flood warning network and trialling a flood forecasting model for Te Awa Kairangi/Hutt River. These three pieces of work will lead to an improved ability to advice the community of flood risk and allow them to respond appropriately.

Our key projects and programmes

What we said we would do	What we did
Commence implementation of the Floodplain Management Plan for Te Kauru Upper Ruamahanga	Progress continues on rural options development but option development for the Masterton urban area is on hold until the flood hazard has been agreed with Masterton District Council.
Commence implementation of the Waiohine Floodplain Management Plan	A draft Plan was been completed and was released for public consultation. Strong concerns raised by community about cost and protection options. Review underway with community.
Complete the Waiwhetu Floodplain Management Plan	This project has been deferred due to delays in completing other Flood Management Plans.
Flood Forecasting development (joint project with WREMO)	A trial flood forecasting model is operational. We are in discussions with the software supplier and providers of weather forecast data about next steps to improve the forecasts.
Review the Otaki Floodplain Management Plan	Work has progressed on the development of the scope for this project in close partnership with Nga Hapu O Otaki. Several work streams are underway.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Improving information and understanding of flood risk in the community	Percentage of high hazard flood prone land covered by a flood hazard map	13.0%	13.0%	43.0%	Achieved[57]
	Percentage of catchments with Flood Management Plans in place	20.0%	20.0%	25.0%	Achieved
	Disseminate flood hazard maps within six months of completion	No baseline	100%	100%	Achieved
	Flood warning information is relayed to WREMO within one hour of receipt	100%	100%	100%	Achieved[58]

Unplanned activity

The development of a floodplain management plan for the Waiohine River in Greytown received significant public feedback and required a major change in how we have engaged with that community. We have made significant changes to the process and are working with the community on the development of this plan in a more collaborative way.

57 The way this measure is assessed has been revised to get a more accurate measure of progress.
58 Note that only the flood warning information relevant to WREMO is relayed within one hour of receipt.

Maintaining flood protection and control works

Physical flood protection is about stopbanks, river works and detention dams. Our region has one of the largest flood protection networks in the country; Greater Wellington manages 800 kilometres of river channels, maintains 300 kilometres of stopbanks, and provides access, tracks and planting so communities can continue to enjoy their riversides.

The year in summary

We have had a very successful year completing river maintenance programmes and improving the region's flood protection assets. Maintenance activities have included clearing river channels, removing blockages, undertaking river realignments, improving bank protection structures and maintaining river berms. We responded to a number of moderate events during the year, particularly significant in the western part of the region. These events resulted in some property flooding and damage to a number of flood protection assets. Seven thousand (7,000) tonnes of rock has been placed along river beds to repair erosion damage and maintain river alignments and 18,400 willow poles were planted to strengthen river berms.

Our rivers continue to be very popular for community recreation and organised events. A number of environmental enhancements were completed including improvements to access trails and amenities and planting of 13,000 native plants, with the valued support of community groups.

Our key projects and programmes

What we said we would do	What we did
Resource Consents Project	New consents to undertake river management work in the western part of the region have been notified and submissions received. We are now working with submitters to try and resolve issues that were raised.
Asset Management Planning Improvementsz	Asset Management Plan updated and improvement projects completed. The value of assets maintained by Council has increased from $260m in 2012 to $386m as valued at June 2017.
Implement new Health and Safety Legislation	2016/17 Health and Safety Plan implemented.
Develop changing work practices	The draft Code of Practice and the Environmental Monitoring Plan were updated. Individual management plans for schemes have also been developed.
Develop Community Partnerships	A catchment Management Agreement with Nga Hapu O Otaki has been signed.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Infrastructure is managed to agreed levels of service	Annual maintenance programme completed so that schemes are maintained to their full service potential[59]	100%	100%	100%	Achieved
	Flood damage identified, prioritised and repair programme agreed with the community[60]	100%	100%	100%	Achieved
Minimise the environmental impact of flood protection works	All flood protection works are undertaken in accordance with the draft Code of Practice.	100%	100%	100%	Achieved
	Consent compliance	100%	100%	100%	Achieved

Unplanned activity

A significant flood across the region in November 2016 caused some damage but was able to be repaired by adjusting other work programmes and bringing in extra contractor resources.

59 Non-Financial Performance Measures Rules 2013 measure for maintenance
60 Non-Financial Performance Measures Rules 2013 measure for repairs

Improving flood security

Once a Flood Management Plan has been approved, we undertake the planning, gain consents, and undertake construction that will provide the needed flood protection to families, businesses, and communities.

The year in summary

The key projects for improving flood security have been RiverLink (Hutt River City Centre Upgrade Project) and the Jim Cooke Park stopbank upgrade. Work on the RiverLink project has resulted in a stronger alignment with Hutt City Council and New Zealand Transport Agency projects, and with continued public engagement a technical preliminary design has been completed.

Jim Cooke Park stopbank upgrade project physical works have been completed, providing 100 year return period level of protection to a large section of the Waikanae community and is the final major stopbanking project proposed in the Waikanae Floodplain Management Plan. The Jim Cooke Park works were complete on time and within budget despite an extremely wet summer which is a credit to the designers and contractors working together to achieve the desired outcome.

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Our key projects and programmes

What we said we would do	What we did
RiverLink (Hutt River City Centre project) – complete statutory approvals and progress with land entry agreements.	Completed technical design to support decision making to proceed to statutory approvals. Decision point deferred to 2018 due to alignment of project with Hutt City Council and New Zealand Transport Agency work programmes. Progressed land acquisition for identified properties. Aligned programmes, within RiverLink project, with Hutt City Council's Making Places Project and New Zealand Transport Agency's Melling Intersection Investigations.
Pinehaven Stream Floodplain Management Plan Implementation – Progress with land entry agreements and commence construction	Assisted Upper Hutt City Council's Plan Change 42 process (Mangaroa and Pinehaven Flood Hazard Extents) and commenced with a detailed design for consenting and construction of physical works identified in the Floodplain Management Plan. The implementation programme was adjusted to align with Upper Hutt City Council funding structure and completion of Plan Change 42. Work is funded 50 percent by Greater Wellington and 50 percent by Upper Hutt City Council.
Jim Cook Park stopbank (Waikanae River) – complete construction	Completed construction of Jim Cooke Park Stopbank Upgrade. Amenity and environmental enhancement parts of the project will be completed during 2017/18.
Otaki River – progress with bank edge protections Chrystalls to Gorge Alignment and construction decisions for Mouth to SH1 (pending review)	This work was deferred until the review of the Otaki River Floodplain Management Plan is completed. Repairs were completed on Traceys Groynes bank edge protection.
Otaki River – investigate land entry agreements for South Stopbank (pending review)	This work was deferred due to the commencement of a review of the Otaki River Floodplain Management Plan.
Lower Wairarapa Development Scheme – complete the 2016/17 works programme including boulder protection works, lowering of berms and upgrading of Barrage control gear	Work programme implemented. One project was delayed pending approval of land entry agreements.
Waiohine Floodplain Management Plan Implementation – progress with land entry agreements and commence construction	This work has been deferred pending approval of the Waiohine Floodplain Management Plan.
Environmental Strategy Implementation – progress with environmental enhancement works in Hutt, Otaki and Waikanae rivers	We completed a number of small projects to improve ecological and amenity outcomes sought by the Environmental Strategies for the Te Awa Kairangi / Hutt, Otaki and Waikanae Rivers.
Te Awa Kairangi/Hutt River Māoribank & Ebdentown Riverbed Stabilisation – complete the planning and design phase	Work was not required at Māoribank due to earlier stabilisation work continuing to be successful. Ebdentown Rock protection work completed.
Lower Waitohu Stream – complete planning and design for the South Waitohu stopbank	Land entry agreements continued to be secured. Māori
Te Kauru Upper Ruamahanga FMP Implementation – commence the planning and design phase and land entry agreements	Deferred pending completion of the Te Kauru Upper Ruamahanga FMP.
Strategic land purchased in advance of physical works	Properties across the region were successfully purchased in advance of physical works.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Improve the communities resilience to flooding	Percentage of Floodplain Management Plan implemented	Te Awa Kairangi / Hutt – 30%	30%	30%	Achieved
		Otaki - 47%	50%	47%[61]	Not Achieved
		Waikanae – 45%	45%	45%	Achieved
		LWVDS[62] - 43%	57%	51%[63]	Not Achieved
	Percentage of stopbanks that meet design standard	87%[64]	87%[65]	87%	Achieved

Unplanned activity

In addition to the programmed activities, Greater Wellington has been able to complete a number of additional projects that have improved community resilience outcomes including:

- Waiwhetu Stream – design for repair and fish passage modification to St Ronans Avenue Weir
- Te Awa Kairangi/Hutt River – Belmont rock line and groyne edge protection installed to address erosion damage
- Te Awa Kairangi/Hutt River – Taita Reach, Robin Maud memorial planting and environmental improvement plans
- Otaki River – Traceys groynes, repaired flood damage to structures
- Waikanae River – Rock protection installed to repair flood damage.

61 Waitohu Stopbank upgrade not completed.
62 Lower Wairarapa Valley Development Scheme.
63 Whaka Stream upgrade, PEDL stopbank realignment projects not completed. Symmonds scour protection completed.
64 These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.
65 These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.

Parks put to the test during a turbulent year

This year has been one of the wettest in recent times, with the effects keenly felt across the parks network. Post-Earthquake floods in November 2016 caused slips and washouts in the Korokoro Valley and Whitireia, while the wet summer saw a decline in visitor numbers, increased vegetation cutbacks, numerous event cancellations, and a drop in locals camping in the parks. On the bright side, previous repair work in the Korokoro Valley meant that the tracks were reopened within only a few weeks rather than months.

Continued growth in local tourism has ensured camping numbers remained steady, on par with a fine summer two years ago.

High winds combined with coastal storm surges had a considerable impact at Queen Elizabeth Park, washing away parts of the Coastal Track and undermining other areas. One section of track near Paekakariki was realigned and we are planning to address problematic sections near Raumati South. The signs are clear that park infrastructure will need to be relocated inland at Paekakariki to anticipate further coastal erosion.

PLACES AND SPACES FOR OUR COMMUNITIES TO EXPLORE AND ENJOY

PARKS
NGĀ PAPA WHENUA

COMMUNITY OUTCOMES:

- Engaged community
- Healthy environment

ACTIVITIES:

- Parks planning
- Visitor services

Greater Wellington's regional parks are a place for everyone to explore, learn about our about vast natural history and protect our biodiversity.

We manage nine parks and two water collection areas across the region, totalling over 50,000ha. Each one is a unique natural area; together they offer a huge range of recreational opportunities and experiences.

Our regional parks, forests and trails

AKATARAWA FOREST: 15,000 hectares of rugged wilderness between Upper Hutt and the Kapiti coast, popular for motorised recreation, mountain biking, horse riding, hunting and tramping.

BATTLE HILL FARM FOREST PARK: a working farm, campground and site of one of the last battles between Māori and early colonial forces.

BELMONT REGIONAL PARK: the open hills and forests between Porirua and Hutt Valley, historic Korokoro Dam, WWII ammunition stores, original Wellington-Pauatahanui coach road.

EAST HARBOUR REGIONAL PARK: sheltered valleys, sweeping bays, lighthouse and wetlands, includes Baring Head, Butterfly Creek and the freshwater Parangarahu Lakes.

KAITOKE REGIONAL PARK: Rata, rimu and beech shelter the the Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and a setting for Lord of the Rings.

PAKURATAHI FOREST: home to the 18km Rimutaka Rail Trail over restored railway bridges and through historic tunnels.

QUEEN ELIZABETH PARK: 650 hectares edged by a sandy beach, pa sites, World War II US Marine Camps, tramways museum. Rare dune landscape, peat swamps and pastoral views.

WAINUIOMATA RECREATION AREA: peaceful and sheltered valley ideal for family outings, picnics, and easy walks.

While not a regional park, **WHITIREIA PARK** is jointly managed via a Park Board with Ngati Toa Rangatira. It has great views of Porirua Harbour and Mana Island, coastal cliffs, beaches and streams with swimming, snorkelling, rock climbing and golf.

As well the parks we have we also have recreational river trails which the public are able to enjoy.

HUTT RIVER TRAIL

The Hutt River Trail which starts at Hikoikoi Reserve on Petone's Marine Parade and stretches 29 kilometres along the eastern riverbank of Te Awa Kairanga/Hutt River. Throughout the journey you can explore two sites where The Lord of the Rings was filmed. During 2016/17 over one million visitors made use of the Hutt River Trail.

WAIKANAE RIVER TRAIL

The Waikanae River flows from the western foothills of the Tararua Ranges about 50 km north of Wellington. The upper catchment covers 125 square kilometres of predominately regenerating native bush, mature forest and pasture. Around about 40 to 50 people per day use the river trail for cycling, walking, and dog walking. Other activities the river trail is used for include horse riding, running, fishing, and access to swimming sites.

OTAKI RIVER TRAIL

This 3.5 km walkway starts at the highway near Winstone's shingle crushing plant, and runs along the top of the stopbank to the estuary at the river mouth. Around 140 people per week use the trail for walking (often with children and dogs), cycling, fishing and horse riding.

Parks planning

Our Parks Network Plan enables us to manage our parks network as a whole, along with making specific provisions for the unique character of each park. Parks planning also involves assessing applications for leases, licences, and supporting other developments within the network.

The year in summary

Two updates to the Parks Network Plan (PNP) were made in 2016/17. After extensive consultation with stakeholders and the public a revised motorised recreation access map for Akatarawa Forest Park was developed and incorporated into the PNP. The revised map sees a number of trails removed for environmental protection purposes and other commonly used trails in pine forest areas incorporated into the network. At the same time camping policy changes were made to identify maximum stay periods at campgrounds.

After extensive liaison with the Wellington Group of Riding for Disabled and discussions with park neighbours, short and long term sites at Battle Hill Farm Forest Park were identified for their operations. The group moved into Battle Hill in October 2016, utilising Greater Wellington's homestead for administration and building a temporary riding arena in the southern homestead paddock. The group have settled in well with the many other equestrian activities at Battle Hill. They have now prepared a proposal for a covered riding arena in Abbotsfield. This will be publicly notified in 2017/18.

Partnering to Improve Baring Head

Greater Wellington and the Friends of Baring Head, working together on the Baring Head lighthouse complex redevelopment in East Harbour Regional Park, received the first grant funds for the project from the Stout Trust. This was a significant milestone and will enable initial restoration works to take place with project management support from Naylor Love. Other significant contributions came from Massey University Design students who developed concept proposals for interpreting stories to visitors and wayfinding signage.

Other project work included the development of communication material to support the Friends seek funding for a series of mini-projects, such as restoring the power house generator building as a day visitor centre, developing a lookout for day visitors and a children's discovery trail. When fully redeveloped Baring Head will become an interesting and iconic recreation and tourism visit destination for Wellington.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2016/17 Target**	**2016/17 Actual**	**Achieved / Not Achieved**
Maintain a current policy framework to manage the regional park network	Parks Network Plan is maintained and operative	No baseline	Whitireia Park Management Plan adopted	The Whitireia Park Management Plan was completed and approved in the 2015/16 year (ahead of schedule). This year, PNP amendments were approved for Akatarawa Forest Park and camping policy.	Achieved
			Changes to Parks Bylaws adopted	Bylaws Adopted 8 July 2016	Achieved
			Baring Head Lighthouse Complex Conservation Plan reviewed and Plan changes consulted	Conservation Plan completed	Achieved

Unplanned activity

A number of other concession proposals and preliminary proposals were received for works within Belmont Regional Park and the process of officer assessment commenced. This included two proposals relating to the Transmission Gully motorway development and another for an area of recreation reserve in the Dry Creek area.

In 2015 a new management plan was developed for Whitireia Park. Assistance was provided in implementation activities including the development of a new dog on-leash area with signage at Onehunga Bay and working alongside Porirua City Council, we improved access at the Te Onepoto entrance of the park.

Assistance was provided with development of concessions for commercial dog walkers in regional parks.

Visitor services

By providing visitor amenities and services, maintaining tracks and working with volunteers on environmental and recreational projects we assist visitors and community groups and ensure the parks remain safe, well used, and well maintained.

The year in summary

This year there has been a strong focus on risk mitigation for two of our historic dams – the Birchville Dam in the Akatarawa Forest and the Woollen Mills Dam in Belmont Regional Park. Historic water level controls were reactivated at the Birchville Dam, so that we could lower the water level and the potential downstream impact in case of failure as the result of a large earthquake. Repair work on the Woollen Mills Dam has addressed undermining of the headwall as a result of the May 2015 floods.

Large scale stream retirement programmes have been completed in Belmont Regional Park and Queen Elizabeth Park, with fencing to exclude stock, protect high value ecological areas and ultimately downstream water quality. Further large areas of Belmont Regional Park in the Duck Creek and Cannons Creek catchments will be retired and/or re-vegetated as part of the Transmission Gully environmental mitigation works.

The Wellington branch of the Riding for Disabled Association moved into Battle Hill Farm Forest Park, occupying offices in the homestead and building a temporary open-air arena nearby. They have settled in well to the park.

While the wet weather throughout the year put a dampener on visitation, on-park volunteer hours have continued to grow to the highest levels yet. Volunteers are growing and planting trees, building and maintaining tracks, controlling pest plants and animals, and relaying our history through events and interpretation. They make an enormously valuable contribution to our parks network and to the quality of experience we offer to all our visitors.

Our key projects and programmes

What we said we would do	What we did
Queen Elizabeth Park Entranceway redevelopment	Completed planning, including all necessary approvals, and site preparations for the new Visitor Hub buildings. This included relocation and extension of the existing Park Ranger office to provide for staff office space and a meeting room near the park nursery.
Recreational improvements in Belmont Regional Park to mitigate impact of Transmission Gully Motorway. These include new tracks to improve access between Hill Road and Old Coach Road, and provide easy downhill mountain biking in the Stratton Street valley. The Korokoro Dam surrounds will be landscaped to better cater for high visitor numbers.	Plans were completed and consents secured ready for construction of both the Hill Road- Old Coach Road track and the Stratton St mountain bike skills area in the summer 17/18. We completed a full track upgrade, including realignment and replacement of structures, on the main loop to the Korokoro Dam from the Oakleigh St entrance.
Ongoing asset replacement and maintenance programme across parks network.	The programme of works has rationalised and reduced the total number of park assets, disposing of some assets which were at their end of life or entailed a high risk of failure, and replacing these with more resilient and efficient solutions. Examples of this work include the removal of old farm buildings at Queen Elizabeth Park, and the replacement of old bridges and ramps at Battle Hill and Belmont Regional Park with simpler and more durable solutions. Greater Wellington now actively manages around 7,250 assets worth an estimated $79 million.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2016/17 Target	2016/17 Actual	Achieved / Not Achieved
Provide facilities and services that support the community enjoying, valuing and participating in regional parks	Percentage of the population that has visited a regional park in the last 12 months	64%	66%	68%	Achieved
	Number of visits to a regional park in the last 12 months	No baseline	Increase on baseline	4.38 million	N/A
	Percentage of regional park visitors that are satisfied with their experience	89%	≥90%	95%	Achieved
	Percentage increase in volunteer hours for current staff effort	9,984 hours	≥ previous year	73%[66]	Achieved
	Average asset condition[67]	2	≤3	2.24	Achieved

Unplanned activity

A new loop road has been constructed on the Top Terrace of Kaitoke Regional Park, starting near the Park Ranger office. This improves access for campers to the entire area, enabling them to spread out, especially in the busy summer season.

Camping has become established at the Dry Creek entrance to Belmont Regional Park, with the site being cheap and relatively close to Wellington City and the ferry terminal. There was an estimated 3,600 camper nights this year, up from virtually none two years ago. To cater for this activity, together with day visitors, a new flush toilet block has been installed east of the bridge over Dry Creek.

66 numbers increased to 17,293 hours

67 1 = excellent and 5 = very poor

FINANCIAL IMPACT STATEMENTS FOR GREATER WELLINGTON'S ACTIVITIES

REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding	-	-	-	-	-
General rate	6,613	6,983	7,903	6,974	6,517
Targeted rates	7,886	7,857	8,820	8,065	6,739
Subsidies and grants for operating purposes	883	1,868	1,621	1,682	1,910
Fees, charges, and targeted rates for water supply	18	18	3	3	2
Fines, infringement fees, and other receipts [1]	2,801	2,146	1,936	1,813	3,451
Total operating funding	**18,201**	**18,872**	**20,283**	**18,537**	**18,619**
Applications of operating funding					
Payments to staff and suppliers	(16,974)	(18,037)	(18,524)	(17,719)	(17,386)
Finance costs	(871)	(978)	(1,257)	(1,190)	(921)
Internal charges and overheads applied	(927)	(667)	(334)	(281)	(708)
Total applications of operating funding	**(18,772)**	**(19,682)**	**(20,115)**	**(19,190)**	**(19,015)**
Surplus/(deficit) of operating funding	**(571)**	**(810)**	**168**	**(653)**	**(396)**
Sources of capital funding					
Subsidies and grants for capital expenditure	11	179	183	164	-
Increase / (decrease) in debt	280	2,515	(1,365)	2,721	1,598
Gross proceeds from asset sales	-	31	78	30	18
Total sources of capital funding	**291**	**2,725**	**(1,104)**	**2,915**	**1,616**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	28	(762)	(2,321)	(1,015)	(622)
(Increase) / decrease in investments[2]	(112)	(1,565)	2,821	(1,769)	(807)
(Increase) / decrease in reserves	420	412	436	522	209
Total applications of capital funding	**280**	**(1,915)**	**936**	**(2,262)**	**(1,220)**
Surplus/(deficit) of funding	**0**	**-**	**-**	**-**	**-**
Depreciation on Regional Leadership assets	418	355	515	423	327

[1] This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

[2] 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 10 Year Plan 2015-25.

All figures on this page exclude GST

REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Wellington Regional Strategy	4,800	4,778	4,840	4,725	4,731
Emergency Management	3,513	3,364	3,573	2,919	2,970
Democratic Services	2,347	2,144	2,253	2,050	2,352
Relationships with Maori	900	899	952	905	905
Regional transport planning and programmes	2,880	3,288	3,232	3,136	3,241
Regional initiatives 1	3,761	4,399	5,433	4,802	4,420
Total operating funding	**18,201**	**18,872**	**20,283**	**18,537**	**18,619**
Applications of operating funding					
Wellington Regional Strategy	(4,673)	(4,767)	(4,826)	(4,711)	(4,848)
Emergency Management	(3,643)	(3,299)	(3,380)	(3,228)	(3,187)
Democratic Services	(2,283)	(2,409)	(2,383)	(1,948)	(2,035)
Relationships with Maori	(695)	(898)	(921)	(904)	(933)
Regional transport planning and programmes	(3,206)	(3,201)	(3,291)	(3,227)	(3,234)
Regional initiatives [1]	(4,272)	(5,108)	(5,314)	(5,172)	(4,778)
Total applications of operating funding	**(18,772)**	**(19,682)**	**(20,115)**	**(19,190)**	**(19,015)**
Capital expenditure					
Capital project expenditure	(28)	(650)	(1,995)	(910)	(7)
Plant and equipment	-	(14)	(63)	(5)	(453)
Vehicles	-	(98)	(263)	(100)	(162)
Total capital expenditure	**(28)**	**(762)**	**(2,321)**	**(1,015)**	**(622)**

[1] This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

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 2015-25

All figures on this page exclude GST

PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate	-	-	-	-	-
Targeted rates	59,939	59,939	61,050	54,940	54,940
Subsidies and grants for operating purposes	60,611	78,670	73,576	75,436	63,110
Fees, charges, and targeted rates for water supply	50,446	48,312	49,326	-	18
Fines, infringement fees, and other receipts [1]	4,010	1,862	2,238	2,202	2,180
Total operating funding	**175,006**	**188,783**	**186,190**	**132,578**	**120,248**
Applications of operating funding					
Payments to staff and suppliers	(160,786)	(164,539)	(155,940)	(109,656)	(109,022)
Finance costs	(12,581)	(12,584)	(15,275)	(10,835)	(10,063)
Internal charges and overheads applied	(5,081)	(5,081)	(3,904)	(3,514)	(3,514)
Total applications of operating funding	**(178,448)**	**(182,204)**	**(175,119)**	**(124,005)**	**(122,599)**
Surplus/(deficit) of operating funding	**(3,442)**	**6,579**	**11,071**	**8,573**	**(2,351)**
Sources of capital funding					
Subsidies and grants for capital expenditure	13,364	1,839	10,443	4,774	13,071
Increase / (decrease) in debt	10,186	16,196	6,241	128,995	114,187
Gross proceeds from asset sales	-	-	-	10	-
Total sources of capital funding	**23,550**	**18,035**	**16,684**	**133,779**	**127,258**
Applications of capital funding					
- to meet additional demand	(537)	-	-	(2,720)	(2,504)
- to improve the level of service	(446)	(1,680)	(19,495)	(2,809)	(793)
- to replace existing assets	(1,712)	(1,925)	(982)	(1,181)	(1,054)
(Increase) / decrease in investments [2]	(19,909)	(28,034)	(10,002)	(139,623)	(109,827)
(Increase) / decrease in reserves	2,497	7,025	2,724	3,981	(10,728)
Total applications of capital funding	**(20,108)**	**(24,614)**	**(27,755)**	**(142,352)**	**(124,907)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Public Transport assets	1,245	1,440	1,809	1,479	1,162

[1] This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets

[2] 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 10 Year Plan 2015-25.
All figures on this page exclude GST

PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Metlink public transport network planning	2,370	1,993	2,918	2,649	1,786
Rail operations and asset management	108,237	120,968	121,109	68,980	58,653
Bus and ferry operations and asset management	53,804	55,758	54,668	54,307	53,182
Metlink customer services and information	7,821	7,199	4,594	3,853	3,825
Total mobility	2,774	2,865	2,901	2,789	2,802
Total operating funding	**175,006**	**188,783**	**186,190**	**132,578**	**120,248**
Applications of operating funding					
Metlink public transport network planning	(2,134)	(1,993)	(2,918)	(2,929)	(2,515)
Rail operations and asset management	(107,772)	(108,725)	(109,461)	(58,322)	(59,518)
Bus and ferry operations and asset management	(58,251)	(61,971)	(55,174)	(54,602)	(53,684)
Metlink customer services and information	(6,339)	(6,662)	(3,789)	(3,412)	(3,287)
Total mobility	(2,897)	(2,853)	(2,889)	(2,777)	(2,811)
Total applications of operating funding (excluding improvements)	**(177,393)**	**(182,204)**	**(174,231)**	**(122,042)**	**(121,815)**
Improvement Expenditure					
Rail operations and asset management	-	-	-	-	-
Bus and ferry operations and asset management	(1,054)	-	(888)	(1,963)	(784)
Total improvement expenditure	**(1,054)**	**-**	**(888)**	**(1,963)**	**(784)**
Total applications of operating funding (including improvements)	**(178,447)**	**(182,204)**	**(175,119)**	**(124,005)**	**(122,599)**
Net surplus/(deficit) of operating funding	**(3,441)**	**6,579**	**11,071**	**8,573**	**(2,351)**
Investment in Greater Wellington Rail Ltd					
Rail operations and asset management	(19,909)	(28,034)	(10,002)	(139,623)	(109,827)
Capital project expenditure					
New public transport shelters, signage,	-	-	(20,477)	-	-
pedestrian facilities and systems	(1,268)	(3,605)	-	(6,671)	(907)
Land and buildings	-	-	-	-	(612)
Plant and equipment	(1,428)	-	-	-	(2,833)
Vehicles	-	-	-	(40)	-
Total capital expenditure	**(2,696)**	**(3,605)**	**(20,477)**	**(6,711)**	**(4,352)**
Total investment in Public transport Infrastructure	**(23,659)**	**(31,639)**	**(31,367)**	**(148,297)**	**(114,963)**

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 10 Year Plan 2015-25

All figures on this page exclude GST

WATER SUPPLY

FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate	-	-	-	-	-
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Fines, infringement fees, and other receipts [1]	31,204	30,117	30,968	28,901	29,074
Total operating funding	**31,204**	**30,117**	**30,968**	**28,901**	**29,074**
Applications of operating funding					
Payments to staff and suppliers	(22,748)	(21,016)	(19,070)	(18,461)	(20,086)
Finance costs	(3,862)	(3,911)	(4,457)	(4,198)	(4,157)
Internal charges and overheads applied	(1,259)	(1,259)	(1,441)	(1,297)	(1,297)
Total applications of operating funding	**(27,869)**	**(26,186)**	**(24,968)**	**(23,956)**	**(25,540)**
Surplus/(deficit) of operating funding	**3,335**	**3,931**	**6,000**	**4,945**	**3,534**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	3,732	2,841	3,123	2,816	3,057
Gross proceeds from asset sales	307	-	-		3
Total sources of capital funding	**4,039**	**2,841**	**3,123**	**2,816**	**3,060**
Applications of capital funding					
- to meet additional demand	-	(50)	-	-	-
- to improve the level of service	(2,071)	(1,745)	(3,499)	(2,268)	13
- to replace existing assets	(2,208)	(2,225)	(2,629)	(3,137)	(4,137)
(Increase) / decrease in investments [2]	(3,020)	(2,753)	(2,995)	(2,611)	(2,724)
(Increase) / decrease in reserves	(75)	1	-	255	254
Total applications of capital funding	**(7,374)**	**(6,772)**	**(9,123)**	**(7,761)**	**(6,594)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Bulk Water Levy [1]	29,098	29,098	29,468	27,600	27,604
Depreciation on Water assets	11,170	10,677	11,281	11,369	10,867

[1] This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest 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 10 Year Plan 2015-25.

All figures on this page exclude GST

WATER SUPPLY

FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Water Supply	31,204	30,117	30,968	28,901	29,074
Total operating funding	**31,204**	**30,117**	**30,968**	**28,901**	**29,074**
Applications of operating funding					
Water Supply	(27,869)	(26,186)	(24,968)	(23,956)	(24,464)
Total applications of operating funding	**(27,869)**	**(26,186)**	**(24,968)**	**(23,956)**	**(24,464)**
Capital expenditure					
Water sources	-	(220)	(225)	(50)	(16)
Water treatment plants	(2,649)	(1,220)	(1,248)	(1,320)	(913)
Pipelines	(267)	(1,055)	(1,079)	(668)	(1,838)
Pump stations	(201)	(40)	(41)	(493)	(195)
Reservoirs	-	-	-	-	-
Monitoring and control	(294)	(350)	(358)	(560)	(650)
Seismic protection	(296)	-	-	-	(398)
Energy	-	-	-	-	-
Other	(564)	(1,080)	(3,120)	(2,259)	(105)
Land and buildings	-	-	-	-	-
Plant and equipment	(9)	(55)	(57)	(55)	(6)
Vehicles	-	-	-	-	(3)
Total capital expenditure	**(4,279)**	**(4,020)**	**(6,128)**	**(5,405)**	**(4,124)**

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 10 Year Plan 2015-25.

All figures on this page exclude GST

ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate	26,211	26,211	26,378	24,957	24,957
Targeted rates	484	484	578	408	408
Subsidies and grants for operating purposes	250	293	-	-	306
Fees, charges, and targeted rates for water supply	5,199	4,133	4,243	4,145	5,292
Fines, infringement fees, and other receipts [1]	4,853	3,964	4,088	3,954	4,075
Total operating funding	**36,997**	**35,085**	**35,287**	**33,464**	**35,038**
Applications of operating funding					
Payments to staff and suppliers	(32,473)	(32,620)	(33,326)	(30,820)	(31,373)
Finance costs	(82)	(156)	(124)	(91)	(90)
Internal charges and overheads applied	(2,696)	(2,734)	(1,793)	(1,614)	(1,580)
Total applications of operating funding	**(35,251)**	**(35,510)**	**(35,243)**	**(32,525)**	**(33,043)**
Surplus/(deficit) of operating funding	**1,746**	**(425)**	**44**	**939**	**1,995**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	897	2,902	1,107	(119)	(590)
Gross proceeds from asset sales	260	333	89	266	169
Total sources of capital funding	**1,157**	**3,235**	**1,196**	**147**	**(421)**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(1,773)	(1,939)	-	-	(123)
- to replace existing assets	(632)	(1,273)	(1,104)	(1,127)	(1,011)
(Increase) / decrease in investments [2]	-	-	-		-
(Increase) / decrease in reserves	(498)	402	(136)	41	(440)
Total applications of capital funding	**(2,903)**	**(2,810)**	**(1,240)**	**(1,086)**	**(1,574)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Environment assets	619	695	620	671	700

[1] 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 10 Year Plan 2015-25.

All figures on this page exclude GST

ENVIRONMENT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Resource management	19,223	17,237	16,972	16,437	17,952
Land management	4,914	5,480	6,005	5,300	4,903
Biodiversity management	4,680	4,648	4,490	4,374	4,452
Pest management	5,952	5,535	5,575	5,185	5,522
Harbour management	2,228	2,185	2,245	2,168	2,209
Total operating funding	**36,997**	**35,085**	**35,287**	**33,464**	**35,038**
Applications of operating funding					
Resource management	(18,394)	(17,713)	(17,438)	(15,646)	(17,061)
Land management	(4,413)	(5,474)	(5,795)	(5,102)	(4,492)
Biodiversity management	(4,567)	(4,731)	(4,444)	(4,530)	(4,312)
Pest management	(5,822)	(5,606)	(5,512)	(5,250)	(5,145)
Harbour management	(2,055)	(1,986)	(2,054)	(1,997)	(2,033)
Total applications of operating funding	**(35,251)**	**(35,510)**	**(35,243)**	**(32,525)**	**(33,043)**
Capital expenditure					
Capital project expenditure	(1,474)	(2,180)	(205)	(148)	(83)
Land and buildings	-	-	-	-	(21)
Plant and equipment	(513)	(531)	(543)	(589)	(543)
Vehicles	(418)	(501)	(356)	(390)	(487)
Total capital expenditure	**(2,405)**	**(3,212)**	**(1,104)**	**(1,127)**	**(1,134)**

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 10 Year Plan 2015-25

All figures on this page exclude GST

FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate	10,171	10,171	10,210	8,987	8,987
Targeted rates	7,005	7,005	7,293	6,742	6,742
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	1	-	-	-	2
Fines, infringement fees, and other receipts [1]	3,087	2,517	2,131	2,033	2,139
Total operating funding	**20,264**	**19,693**	**19,634**	**17,762**	**17,870**
Applications of operating funding					
Payments to staff and suppliers	(10,045)	(9,265)	(9,519)	(8,828)	(8,685)
Finance costs	(3,501)	(3,732)	(4,147)	(3,577)	(3,477)
Internal charges and overheads applied	(1,752)	(1,752)	(1,047)	(942)	(942)
Total applications of operating funding	**(15,298)**	**(14,749)**	**(14,713)**	**(13,347)**	**(13,104)**
Surplus/(deficit) of operating funding	**4,966**	**4,944**	**4,921**	**4,415**	**4,766**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	10,241	17,167	8,810	7,257	3,813
Gross proceeds from asset sales	60	93	95	64	12
Total sources of capital funding	**10,301**	**17,260**	**8,905**	**7,321**	**3,825**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(14,062)	(21,051)	(12,449)	(10,512)	(6,955)
- to replace existing assets	(106)	(282)	(288)	(193)	(257)
(Increase) / decrease in investments2	(386)	(340)	(459)	(420)	(349)
(Increase) / decrease in reserves	(713)	(532)	(630)	(611)	(1,030)
Total applications of capital funding	**(15,267)**	**(22,205)**	**(13,826)**	**(11,736)**	**(8,591)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Flood Protection and Control assets	928	939	952	944	938

[1] This includes revenue from the sales of shingle, rental income and direct contributions from territorial authiorities 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 10 Year Plan 2015-25.

All figures on this page exclude GST

FLOOD PROTECTION AND CONTROL WORKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Understanding flood risk	2,580	2,470	2,174	1,954	2,024
Maintaining flood protection and control works and Improving flood security	17,684	17,223	17,460	15,808	15,846
Total operating funding	**20,264**	**19,693**	**19,634**	**17,762**	**17,870**
Applications of operating funding					
Understanding flood risk	(2,598)	(2,212)	(1,873)	(1,720)	(1,709)
Maintaining flood protection and control works and Improving flood security	(12,700)	(12,537)	(12,840)	(11,627)	(11,395)
Total applications of operating funding	**(15,298)**	**(14,749)**	**(14,713)**	**(13,347)**	**(13,104)**
Capital expenditure					
Hutt River improvements	(10,415)	(15,652)	(5,829)	(2,052)	(4,581)
Otaki River improvements	(2,080)	(2,445)	(954)	(3,234)	(736)
Wairarapa scheme	(903)	(1,804)	(5,057)	(3,743)	(978)
Other flood protection	(653)	(1,150)	(609)	(1,483)	(822)
Land and buildings	-	-	-	-	-
Plant and equipment	(11)	(12)	(12)	(8)	(2)
Vehicles	(106)	(270)	(276)	(185)	(93)
Total capital expenditure	**(14,168)**	**(21,333)**	**(12,737)**	**(10,705)**	**(7,212)**

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 10 Year Plan 2015-25.

All figures on this page exclude GST

PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate	6,176	6,176	6,096	5,920	5,920
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	38	-	-	-	61
Fees, charges, and targeted rates for water supply	186	166	180	201	188
Fines, infringement fees, and other receipts [1]	862	575	597	598	876
Total operating funding	**7,262**	**6,917**	**6,873**	**6,719**	**7,045**
Applications of operating funding					
Payments to staff and suppliers	(4,806)	(4,659)	(5,199)	(5,387)	(5,330)
Finance costs	(311)	(363)	(465)	(355)	(293)
Internal charges and overheads applied	(1,452)	(1,452)	(764)	(692)	(692)
Total applications of operating funding	**(6,569)**	**(6,474)**	**(6,428)**	**(6,434)**	**(6,315)**
Surplus/(deficit) of operating funding	**693**	**443**	**445**	**285**	**730**
Sources of capital funding					
Subsidies and grants for capital expenditure	45	-	-	-	981
Increase / (decrease) in debt	1,871	2,698	1,079	2,232	479
Gross proceeds from asset sales	60	52	53	75	66
Total sources of capital funding	**1,976**	**2,750**	**1,132**	**2,307**	**1,526**
Applications of capital funding					
- to meet additional demand	(805)	-	-	-	(747)
- to improve the level of service	(121)	-	-	-	(92)
- to replace existing assets	(1,732)	(3,939)	(1,741)	(3,495)	(1,455)
(Increase) / decrease in investments	-	-	-	-	-
(Increase) / decrease in reserves	(11)	746	164	903	38
Total applications of capital funding	**(2,669)**	**(3,193)**	**(1,577)**	**(2,592)**	**(2,256)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Parks assets [2]	2,221	2,149	2,271	2,164	2,201

[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 0n 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 10 Year Plan 2015-25.

All figures on this page exclude GST

PARKS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Operating funding					
Parks Planning	592	549	259	262	262
Visitor Services	6,670	6,368	6,614	6,457	6,783
Total operating funding	**7,262**	**6,917**	**6,873**	**6,719**	**7,045**
Applications of operating funding					
Parks Planning	(514)	(629)	(259)	(262)	(223)
Visitor Services	(6,002)	(5,811)	(6,134)	(5,913)	(6,096)
Protecting the environment of regional parks	(53)	(34)	(35)	(259)	4
Total applications of operating funding	**(6,569)**	**(6,474)**	**(6,428)**	**(6,434)**	**(6,315)**
Capital expenditure					
Battle Hill Farm Forest Park	(6)	(14)	(14)	(41)	(103)
Belmont Regional Park	(689)	(893)	(442)	(602)	(498)
Queen Elizabeth Park	(1,372)	(1,449)	(930)	(987)	(1,059)
Whitireia Park	(2)	(107)	(7)	(110)	(5)
Pakuratahi Forest	(79)	(333)	(85)	(355)	(113)
Akatarawa Forest	(103)	(5)	(6)	(142)	(3)
Wainuiomata Recreation Area	(29)	(15)	(16)	(24)	(22)
Kaitoke Regional Park	(41)	(22)	(22)	(122)	(138)
East Harbour Regional Park	(87)	(807)	-	(876)	(80)
Other	(114)	(100)	(21)	-	-
Capital project expenditure	**(2,522)**	**(3,745)**	**(1,543)**	**(3,259)**	**(2,021)**
Land and buildings	-	-	-	-	-
Plant and equipment	(30)	-	-	-	(15)
Vehicles	(106)	(194)	(198)	(236)	(258)
Total capital expenditure	**(2,658)**	**(3,939)**	**(1,741)**	**(3,495)**	**(2,294)**

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 10 Year Plan 2015-25.

All figures on this page exclude GST

COUNCIL CONTROLLED ORGANISATIONS AND INVESTMENTS
TĀ TE KAUNIHERA RŌPŪ ME NGĀ MAHI HAUMI

Overview

Greater Wellington 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.

Greater Wellington'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, Greater Wellington 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 need for rates revenue. Regional rates would need to be 8% higher without the revenue from Greater Wellington's investments.

Treasury management

Greater Wellington'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

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington 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 to us directly in the market place. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

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

Liquid financial deposits

Greater Wellington holds $33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly-owned subsidiaries, Port Investments. We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our 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

Greater Wellington 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 Financial Services Limited and Airtel Ltd

Greater Wellington has minor equity interests in Civic Financial Services Limited and Airtel Ltd. These investments are owned directly by Greater Wellington rather than via the WRC Holdings Group.

Wellington Regional Economic Development Agency (WREDA)

WREDA is the region's economic development agency which was established to implement the Wellington Regional Strategy. Greater Wellington 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 Greater Wellington have been absorbed into WREDA.

Westpac Stadium

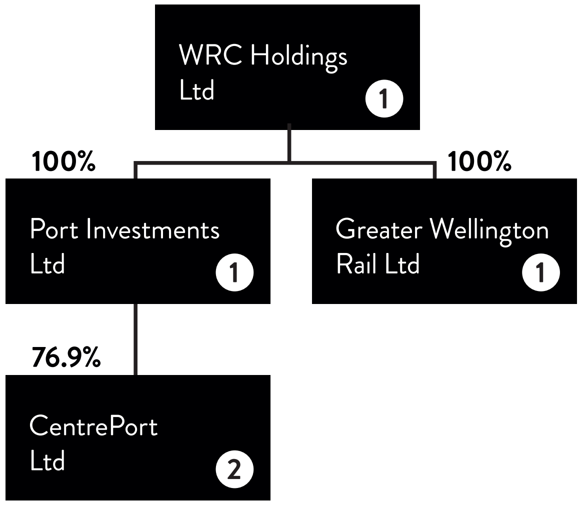
The Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

Greater Wellington provided a $25 million loan to the Wellington Regional Stadium Trust to plan and build the stadium. It is the Trust's principal funder. Greater Wellington services and repays this loan through a targeted stadium rate.

Greater Wellington appoints one of its Councillors to the Wellington Regional Stadium Trust and jointly with the Wellington City Council appoints other trustees. Greater Wellington also monitors the Trust's performance against its statement of intent.

WRC Holdings Group

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



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

2 Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council-Controlled Organisation in accordance with the Local Government Act 2002

WRC Holdings Ltd and Port Investments Ltd are, in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Greater Wellington Rail Limited. Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was 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 Greater Wellington'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 Greater Wellington's prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future. Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

The primary objectives of WRC Holdings Ltd are to support Greater Wellington'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:

	Actual 2017	Target 2017	Actual 2016
Dividend distribution $000s	0.00	3,552	3,578
Dividend distribution %	0.00%	100%	70%
Return on equity[68]	(0.04)%	1.6%	3.6%
Return on assets[69]	(0.03)%	1.9%	3.4%

Performance targets

	Actual 2017	Target 2017	Actual 2016
Net profit/(deficit) before tax	$48.6 million	$(.4) million	$(11.3) million
Net profit/(deficit) after tax[70]	$36.1 million	$1.50 million	$(23.7) million
Earnings before interest, tax and depreciation.	$82.9 million	$34.6 million	$20.6 million
Return on total assets[71]	8.0%	1.0%	(0.40)%
Return on shareholders' funds[72]	8.1%	0.3%	(6.39)%
Stakeholders equity to total assets	61.1%	60.8%	56.8%
Dividends[73]	$0.00	$3.6 million	$3.6million

The net surplus before tax and on earnings before interest, tax, depreciation and amortisation (EBITDA) variance is predominately due to insurance proceeds from the earthquakes.

The variance to the targets is due to the effects of the November earthquakes that significantly impacted CentrePort. This has seen insurance revenues exceed expenditures after initial earthquake costs have been incurred.

The result includes asset impairments, but excludes revaluation losses on infrastructure assets of $54 million, mostly related to the impact of resilience to CentrePort land.

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

- Samantha Sharif (Chair)
- Prue Lamason (Deputy Chair)
- Roger Blakeley
- Barbara Donaldson
- Ian McKinnon.

68 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
69 Based on earnings before interest and tax divided by average assets.
70 Net profit after tax, but before deduction of minority interest.
71 Earnings before interest and tax as a percentage of average total assets.
72 Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest.
73 Dividends (interim and final) paid or payable to the shareholder.

Greater Wellington Rail Ltd

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

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 83 Matangi units

Performance targets

	Actual 2017	Target 2017	Actual 2016
Return on equity[74]	(5.9%)	(5.0%)	(7.4)%
Return on assets[75]	(4.4%)	(4.2%)	(5.7)%

Return on equity and return on assets is lower than target mainly due to a write down of the residual GANZ Mavag inventory. The targeted negative return is due to GWRL running a deficit as depreciation is not funded by grant, with capital expenditure paid for by equity injections.

74 Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
75 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).

	Actual 2017	Target 2017	Actual 2016
Dividend distribution $000s	0	3,625	3,691
Dividend distribution%	0%	100%	96%
Return on equity[76]	(21.2)%	138.3%	142.6%
Return on assets[77]	(1.2)%	9.8%	10.5%

Port Investments Limited did not receive a dividend from CentrePort due to the November Earthquakes.

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

76 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
77 Based on earnings before interest and tax divided by average assets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CentrePort Limited

		Actual 2017	Target 2017	Actual 2016
Net profit	before tax	$10.8 million	$17.6 million	$16.6 million
Net profit	after tax	$39.0 million	$14.4 million	$14.5 million
Return on total assets[78]		4.2%	7.6%	7.6%
Return on shareholders' funds[79]		4.3%	6.9%	8.6%
Dividends distribution as		1.8%	45%	47%
a percentage of NPAT				
Dividend[80]		$0.7 million	$6.5 million	$6.8 million
Interest cover ratio[81]		3.7	4.1	4.1
Gearing ratio[82]		18.5%	39%	36.2%

The directors of CentrePort Ltd are:

- Lachie Johnstone (Chair)
- Richard Janes (Deputy chair)
- Mark Petersen
- David Benham
- Sophie Haslem
- John Monaghan

78 Net profit before interest and tax as a percentage of average total assets.
79 Net profit after tax as a percentage of average shareholders' funds.
80 For forecasting purposes the base of 40% (rounded to the nearest $100k) has been used for out-year reporting.
81 The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and deprecation, divided by interest expense.
82 Total liabilities divided by total assets.

Safety and Security

Objective	Performance measure	Performance target FY17	Q4 (full year) Report against Target
Year on year improvement towards zero harm	Implementation of two year action plan	Review and renew plan	Two year plan renewed
	Lost Time Injury Frequency (per 200,000 hours worked)	< 4.0	4.0
	Lost Time Injury Severity (per 200,000 hours worked)	< 60	79
	bSafe Reports (incident and near miss reports)	> 700	1289 bSafe reports
Maintain tertiary level of compliance with the ACC Workplace Safety Management Practices (WSMP)	Tertiary status maintained	Status retained	The final audit under the now cancelled WSMP system was cancelled as a result of the earthquake. ACC are developing an improved safety management standard, with which CentrePort will aim to align.
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Due to the cancellation of the WSMP audit we plan to complete a selfaudit using the AS/NZS 4801 framework. A WSMP selfaudit was completed in November 2016 prior to the November 14 earthquake.
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	The policy remains current.
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	There have been no breaches of the PHSC.
	Risk assessments of new tasks or reviews post-incident completed	All new task risk assessments and post-incident reviews complete	Current.
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance has been maintained.

Environmental Performance Targets

Objective	Performance measure	Performance target FY16	Q4 (full year) Report against Target
Ensure regulatory compliance	Compliance breaches	Zero	Achieved Infrastructure damage due to the November 2016 earthquake (e.g. to stormwater and sewage systems) resulted in unauthorized temporary discharges which were remedied or for which resource consents are being sought.
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification complete (note 1 below	Deferred Delayed to FY18 due to November 2016 Earthquake
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Decrease from previous year	Not Achieved 27 incidents (14 in FY16) Increase in reported incident numbers due in part to EQ damage and improvements in reporting systems.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Not Achieved Three noise complaints received (two received about operations at Seaview Wharf and one about piling for EQ repairs)
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO2equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete	In Progress Completion delayed due to November 2016 Earthquake.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	Achieved
	Solid waste to landfill (quantity)	Waste monitoring system (and reduction plan) developed	In Progress Waste minimization practices being included in recovery work for November 2016 Earthquake.
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least 3 per annum	Achieved
	Iwi engagement	Pre lodgement consultation undertaken for 100% of resource consent applications	Achieved
	Transparency	Performance against targets reported in Annual Report	Achieved
Develop a culture of awareness and responsibility	Board subcommittee (Health Safety and Environment) meeting frequency	At least 4 per annum	Achieved
	Internal 'sustainability sub-committee' meeting frequency	At least 3 per annum	In progress Sustainability aspects are being incorporated into current recovery work for November 2016 Earthquake.

Notes: 1. Based on a three stage certification process to achieve ISO 14001 (using EnviroMark or similar)

Social Performance Targets	Progress Update
Contribute to the desired outcome of the Wellington Regional Strategy through:	
The provision of workplace opportunities and skills enhancements of our employees.	As part of the recovery process following the November 2017 earthquake, CentrePort has provided existing employees whose roles were affected by the resultant reduction in business, such as container services, with training in new skills to enable them to undertake alternative duties within the business. In doing so CentrePort has also been able to retain skilled employees that may otherwise have sought employment outside of Wellington and the wider region. In addition, CentrePort has resourced for key professional and operational roles in support of the Port's recovery, and in areas where business activity and growth has remained strong. These resources have come from the local community, other regions and off shore. As part of preparing for the return of business in areas such as containers, CentrePort has recently initiated further recruitment exercises that have provided employment opportunities primarily for local and regional people, and provided advancement opportunities for internal staff.
Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.	CentrePort was severely impacted by the 14 November 2016 Kaikoura Earthquake. This impacted the business providing quality port services to support local and international trade. The Port is currently in the process of restoring modified operations. There is a large temporary works project to secure the ship to shore cranes and the Port is expecting its first ship service since the earthquake on 18 September 2017 which would be a significant milestone. A number of other shipping lines have confirmed their return in the September / October period which is very positive for the local economy. The Port will continue to work through the short term recovery following the earthquake followed by implementing a medium and longer term operating model to assist in driving trade to pre-earthquake levels.
Collaborating with key partners of CentrePort's business to improve service outcomes	CentrePort has been working with a large group of relevant stakeholders on the development of the Wellington Region Lifelines business case. CentrePort has committed funding to the development of this business case and staff time to the group. CentrePort has also been working with Government agencies to assist on their national response plans for a Wellington event. CentrePort has also been working with GEER (a research group for Geotech/Seismic performance). This is independent and comprises the University of Canterbury.
Supporting the regional community by investing in community sponsorship.	CentrePort is committed to supporting organisations that share its values and make a difference in the communities. This is done in a number of ways, including providing support and sponsorship to employees involved in community activities, and promoting employee led events that contribute to various charity organisations, including beneficiaries of Loud Shirt Day and the Wellington City Mission. CentrePort also has a close link with members of the community through interactions with school groups and participation in career expos. CentrePort also continues to support and work with a number of organisations using Wellington Harbour for education or recreation, such as the Royal Port Nicholson Yacht Club and Wellington Youth Sailing Trust; and the Hikitia crane. CentrePort also supports the Hutt Valley and Wellington Chambers of Commerce.
To meet regularly with representative community groups.	CentrePort met regularly with community groups as part of the Environmental Consultative Committee. Meetings were held in September 2016 and May 2017, and separate post-earthquake updates were provided. In addition, various community groups and individuals were engaged directly regarding Port related initiatives such as the proposed development of Kaiwharawhara Point and the Channel Deepening Project.

General Performance Targets	Progress Update
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.	Performed annually in conjunction with SOI preparation.
CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.	Completed for FY17

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%.

Wellington Regional Economic Development Agency (WREDA)

WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. Under an agreement between all the councils in the region WREDA was established in late 2014. It is owned jointly by Wellington City Council (80% shareholding) and Greater Wellington (20% shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in the region. WREDA implements the Wellington Regional Strategy and will support other plans which are currently being developed.

Performance targets

At the time of finalising the 10 Year Plan 2015-25 performance measures and targets were under negotiation with WREDA. WREDA have now finalised their 2016-2019 Statement of Intent which articulates their performance objectives over that period. These performance measures are reported annually to Greater Wellington via the WRS Committee. At the time of finalising this report, Greater Wellington was still awaiting WREDA's Annual Report for 2016/17.

Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, storm-water and waste-water service delivery in the four cities of the Wellington Region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20% share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

Performance targets

Wellington Water's performance targets, and performance for the 2016/17 year, are set out in the Water Supply section above.[83]

83 Pages 39-40 of this document sets out the performance report as against LTP measures, as included in the WW annual report.

INVESTMENTS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2017

	2016/17 Actual $000s	2016/17 Annual Plan $000s	2016/17 Long Term Plan $000s	2015/16 Long Term Plan $000s	2015/16 Actual $000s
Sources of operating funding					
General rate[1]	(10,041)	(10,038)	(9,588)	(10,317)	(10,317)
Targeted rates	2,676	2,676	2,677	2,676	2,676
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	552	-	-	-	722
Fines, infringement fees, and other receipts [2,3]	25,095	27,546	24,876	23,946	27,125
Total operating funding	**18,282**	**20,184**	**17,965**	**16,305**	**20,206**
Applications of operating funding					
Payments to staff and suppliers	(1,412)	(1,441)	(1,465)	(1,926)	(2,000)
Finance costs	(16,813)	(16,162)	(14,017)	(12,108)	(12,981)
Internal charges and overheads applied	(39)	-	-	-	(34)
Total applications of operating funding	**(18,264)**	**(17,603)**	**(15,482)**	**(14,034)**	**(15,015)**
Surplus/(deficit) of operating funding	**18**	**2,581**	**2,483**	**2,271**	**5,191**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	1,656	9,070	1,745	6,039	(20,151)
Gross proceeds from asset sales	42	38	39	38	18
Total sources of capital funding	**1,698**	**9,108**	**1,784**	**6,077**	**(20,133)**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(440)	-	-	-	-
- to replace existing assets	(65)	(497)	(121)	(118)	(102)
(Increase) / decrease in investments[2]	1,185	(1,148)	(1,167)	(2,385)	3,453
(Increase) / decrease in reserves	(2,396)	(10,044)	(2,979)	(5,845)	11,591
Total applications of capital funding	**(1,716)**	**(11,689)**	**(4,267)**	**(8,348)**	**14,942**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Investment assets	501	356	358	381	506

1 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.
2 Other receipts include revenue from internal income from public transport to fund the rail infrastructure that will is 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.
3 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	21,733	21,629	17,620	17,197	19,723
Investment in Greater Wellington Rail Ltd [3]	-	-	10,002	139,623	-

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 10 Year Plan 2015-25.

All figures on this page exclude GST

FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 30 JUNE 2017

GREATER WELLINGTON REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2017

		Council			Group	
	Note	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Restated* Actual 2016 $'000
Operating revenue						
Rates and levies	3	147,055	146,562	136,044	147,055	136,044
Transport operational grants and subsidies	3	64,036	69,944	65,408	64,036	65,408
Transport Improvement grants and subsidies	3	13,419	15,460	14,053	13,419	14,053
Other revenue	3	72,962	66,080	24,954	139,477	96,628
		297,472	298,046	240,459	363,987	312,133
Other gains / (losses) net		(1,007)	-	(2,409)	(1,103)	(1,351)
Total operating revenue and gains		**296,465**	**298,046**	**238,050**	**362,884**	**310,782**
Operating expenditure						
Employee benefits	4	(42,493)	(43,557)	(41,243)	(65,570)	(63,267)
Grants and subsidies		(144,317)	(148,403)	(94,260)	(133,678)	(81,255)
Depreciation and amortisation	5	(18,221)	(17,514)	(17,624)	(41,822)	(41,177)
Finance expenses		(16,477)	(16,534)	(12,464)	(27,039)	(20,655)
Other operating expenses	6	(72,906)	(69,835)	(66,894)	(118,581)	(115,982)
Transport improvement expenditure		(1,056)	(865)	(784)	(1,056)	(784)
Total operating expenditure		**(295,470)**	**(296,708)**	**(233,269)**	**(387,746)**	**(323,120)**
Operating surplus/(deficit) before other items and tax		995	1,338	4,781	(24,862)	(12,338)
Share of associate's surplus/(deficit)		-	-	-	(18,569)	7,086
Earthquake related items:						
Insurance deductible expenses	8	-	-	-	(19,305)	-
Impairment of assets	8	-	-	-	(59,412)	-
Insurance progress payment receivable	8	-	-	-	166,042	-
Other fair value changes						
Gain / (loss) financial instruments	7	17,918	5,179	(34,674)	28,248	(42,514)
Fair value gain/(loss) on investment property	7	-	-	-	-	3,027
Gain on Sale of Investment Property	7	-	-	-	-	227
Total fair value movements		**17,918**	**5,179**	**(34,674)**	**115,573**	**(39,260)**
Surplus/(deficit) before tax		18,913	6,517	(29,893)	72,142	(44,512)
Tax (expense)/benefit	**9**	**-**	**-**	**-**	**(10,884)**	**(10,827)**
Surplus from continuing operations		**18,913**	**6,517**	**(29,893)**	**61,258**	**(55,339)**
Operating surplus / (deficit) after tax		**18,913**	**6,517**	**(29,893)**	**61,258**	**(55,339)**
Other comprehensive revenue and expenses						
Increases / (decreases) in revaluations		**67,107**	**-**	**-**	**13,045**	**(247)**
Total other comprehensive income		**67,107**	**-**	**-**	**13,045**	**(247)**
Total comprehensive income		**86,020**	**6,517**	**(29,893)**	**74,303**	**(55,586)**
Surplus is attributable to:						
Attributed to:						
Equity holders of the Parent		86,020	6,517	(29,893)	73,778	(58,267)
Non-controlling interest		-	-	-	525	2,681
		86,020	**6,517**	**(29,893)**	**74,303**	**(55,586)**

* See note 35 for details relating to the restatement as a result of an error. note 33.

GREATER WELLINGTON REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Council			Group	
	Note	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Restated* Actual 2016 $'000
ASSETS						
Current assets						
Cash and cash equivalents	11	346	5,160	2,281	567	3,274
Trade and other receivables	12	35,638	14,964	42,199	42,752	45,864
Other financial assets	14	46,154	47,027	47,257	46,154	47,257
Inventories	13	3,104	-	3,097	4,526	16,502
Derivatives	21	11	-	-	11	-
Current tax receivables		-	-	-	601	621
Other current assets	8	-	-	-	62,684	-
Total current assets		**85,253**	**67,151**	**94,834**	**157,295**	**113,518**
Non-current assets						
Other financial assets	14	52,139	33,480	46,628	52,139	46,628
Property, plant and equipment	16	933,661	916,141	858,309	1,475,338	1,467,047
Intangible assets	17	8,083	-	9,017	11,370	12,063
Investment in subsidiaries	20	249,145	272,902	231,365	-	-
Investment properties	19	-	-	-	12,022	37,272
Derivatives	21	260	-	293	260	293
Investments accounted for under the equity method		-	-	-	404	360
Deferred tax assets	10	-	-	-	27,616	15,192
Investments in joint ventures	15	-	-	-	59,398	79,211
Total non-current assets		**1,243,288**	**1,222,523**	**1,145,612**	**1,638,547**	**1,658,066**
Total assets		**1,328,541**	**1,289,674**	**1,240,446**	**1,795,842**	**1,771,584**
LIABILITIES						
Current liabilities						
Derivatives	21	914	-	329	914	365
Trade and other payables	22	42,422	35,594	35,302	45,474	36,344
Interest bearing liabilities	23	96,767	85,509	57,383	96,913	58,259
Employee benefits liabilities and provisions	24	2,935	-	2,811	6,088	5,951
Total current liabilities		**143,038**	**121,103**	**95,825**	**149,389**	**100,919**
Non-current liabilities						
Interest bearing liabilities	23	230,700	280,000	255,000	310,780	401,050
Derivatives	21	34,616	-	55,072	43,394	74,145
Deferred tax liabilities	10	-	-	-	116,166	92,958
Employee benefits liabilities and provisions	24	201	-	583	953	1,489
Total non-current liabilities		**265,517**	**280,000**	**310,655**	**471,293**	**569,642**
Total liabilities		**408,555**	**401,103**	**406,480**	**620,682**	**670,561**
Net assets		**919,986**	**888,571**	**833,966**	**1,175,160**	**1,101,023**
EQUITY						
Retained earnings		338,420	385,017	318,759	550,492	502,098
Other reserves		581,566	503,554	515,207	578,897	552,467
Minority interest		-	-	-	45,771	46,458
Total equity		**919,986**	**888,571**	**833,966**	**1,175,160**	**1,101,023**

CHRIS LAIDLAW
Chair

31 October 2017

GREG CAMPBELL
Chief Executive

31 October 2017

DAVE HUMM
General Manager Corporate
& Chief Financial Officer

31 October 2017

GREATER WELLINGTON REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Council			Group	
		Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Restated* Actual 2016 $'000
Opening Equity		**833,966**	**882,054**	**863,859**	**1,101,023**	**1,163,666**
Effect on accumulated funds of restatement		-	-	-	-	(5,486)
Total comprehensive income as restated		**833,966**	**882,054**	**863,859**	**1,101,023**	**1,158,180**
Total comprehensive revenue & expenses previously reported		18,913	6,517	(29,893)	61,258	(55,339)
Dividend to noncontrolling interest		-	-	-	(162)	(1,571)
Asset revaluation movements		67,107	-	-	13,045	(247)
Total closing equity at 30 June		**919,986**	**888,571**	**833,966**	**1,175,160**	**1,101,023**
Components of equity						
Asset revaluation reserves						
Opening asset revaluation reserves		475,791	477,256	477,257	513,096	514,809
Asset revaluation movements		67,107	-	-	13,045	(247)
Transfers to accumulated funds		**971**	**-**	**(1,466)**	**917**	**(1,466)**
Closing asset revaluation reserve		543,869	477,256	475,791	527,058	513,096
Other reserves						
Opening other reserves		39,416	36,315	27,639	39,371	27,594
Transfers to accumulated funds		(9,656)	(10,017)	(8,353)	(9,656)	(8,353)
Transfers from accumulated funds		6,302	-	19,035	6,302	19,035
Interest earned		1,285	-	1,095	1,285	1,095
Closing other reserves		37,347	26,298	39,416	37,302	39,371
Retained earnings						
Opening accumulated funds		318,759	368,483	358,963	548,556	621,263
Correction of error	35	-	-	-	-	(5,486)
Restated opening balance		318,759	368,483	358,963	548,556	615,777
Operating surplus / (deficit) after tax		18,913	6,517	(29,893)	61,258	(55,339)
Interest allocated to reserves		(1,285)	-	(1,095)	(1,285)	(1,095)
Other transfers to reserves		(6,302)	-	(19,035)	(6,302)	(19,035)
Transfers from reserves		9,656	10,017	8,353	9,656	8,353
Dividend to non-controlling interest		-	-	-	(162)	(1,571)
Other transfers from reserves		(971)	-	1,466	(917)	1,466
Other adjustment		-	-	-	-	-
Closing accumulated funds		**338,770**	**385,017**	**318,759**	**610,804**	**548,556**
Total closing equity at 30 June		**919,986**	**888,571**	**833,966**	**1,175,160**	**1,101,023**

GREATER WELLINGTON REGIONAL COUNCIL
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2017

		Council			Group	
	Note	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Restated* Actual 2016 $'000
Cashflow from operating activities						
Receipts from customers		-	-	-	63,927	73,534
Rates revenue received		116,691	117,464	110,892	116,691	110,892
Water supply levy received		29,098	29,098	27,604	29,097	27,604
Government subsidies received		77,621	85,404	70,345	77,620	70,345
Interest received		4,556	6,037	4,368	4,145	4,142
Dividends received		3,682	-	2,481	1,304	5,899
Fees, charges and other revenue		65,540	60,043	33,049	64,906	29,667
Subvention received		-	-	-	-	405
Payments to suppliers and employees		(103,084)	(260,659)	(119,996)	(183,552)	(182,756)
Payment of grants and subsidies		(144,317)	-	(95,045)	(133,678)	(82,040)
Interest paid		(16,262)	(16,534)	(12,105)	(26,898)	(20,058)
Income tax paid / (refund)		-	-	-	-	(2,617)
Business loss of rents	8	-	-	-	8,985	-
Temporary works	8	-	-	-	(19,305)	-
Business Interruption Temporary works	8	-	-	-	19,305	-
Net cash from (used in) operating activities	**25**	**33,525**	**20,853**	**21,593**	**22,547**	**35,017**
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		1,107	-	-	7,803	-
Earthquake insurance payments receieved		**-**	**-**	**-**	**75,066**	**-**
		1,107	-	-	82,869	-
Sale of property, plant and equipment		-	567	77	-	78
Purchase of property, plant and equipment		(27,855)	(41,068)	(17,475)	(46,626)	(29,115)
Purchase of intangible assets		-	-	-	-	(315)
Development of investment properties		-	-	-	(2,076)	(311)
Acquisition of investments		(21,831)	(28,034)	(116,678)	(4,051)	(116,678)
EQ Capital expenditure		-	-	-	(2,357)	-
Investment in joint venture		**-**	**-**	**-**	**-**	**(40)**
Net cash flow from investing activities		(48,579)	(68,535)	(134,076)	27,759	(146,381)
Cash flows from financing activities						
Borrowings		13,119	68,593	108,539	13,149	108,567
Loan funding		-	-	-	(66,000)	-
Debt repayment		-	(13,105)	-	-	-
Dividends paid to non-controlling interests		**-**	**-**	**-**	**(162)**	**(1,569)**
Net cash from financing activities		**13,119**	**55,488**	**108,539**	**(53,013)**	**106,998**
Net increase / (decrease) in cash and cash equivalents		(1,935)	7,806	(3,944)	(2,707)	(4,366)
Cash and cash equivalents at the beginning of year		2,281	(2,646)	6,225	3,274	7,113
Acquisition of subsidiary		**-**	**-**	**-**	**-**	**527**
Cash, cash equivalents, and bank overdrafts at the end of the year	**11**	**346**	**5,160**	**2,281**	**567**	**3,274**

GREATER WELLINGTON REGIONAL COUNCIL
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Council			
	Actual 2017 $'000	**Budget 2017 $'000**	**Actual 2016 $'000**	**Budget 2016 $'000**
Sources of operating funding				
General rate	40,784	39,504	36,935	36,522
Targeted rates	77,172	77,960	71,500	72,830
Subsidies and grants for operating purposes	61,783	83,386	65,408	77,118
Interest and dividends from investments	4,603	6,037	8,445	6,283
Fees, charges, and targeted rates for water supply	50,021	50,850	2,315	4,582
Fines, infringement fees, and other receipts [1]	**50,026**	**38,291**	**41,839**	**37,922**
Total operating funding	**284,389**	**296,028**	**226,442**	**235,257**
Applications of operating funding				
Payments to staff and suppliers	(261,116)	(262,659)	(199,161)	(198,704)
Finance costs	(16,477)	(16,534)	(12,464)	(15,427)
Total applications of operating funding	**(277,593)**	**(279,193)**	**(211,625)**	**(214,131)**
Surplus / (deficit) of operating funding	**6,796**	**16,835**	**14,817**	**21,126**
Sources of capital funding				
Subsidies and grants for capital expenditure [2]	13,420	2,018	14,052	4,938
Increase / (decrease) in debt	27,074	45,471	114,331	145,937
Gross proceeds from asset sales	744	567	331	523
Total sources of capital funding	**41,238**	**48,056**	**128,714**	**151,398**
Applications of capital funding				
to meet additional demand	(3,759)	(50)	(3,251)	(2,720)
to improve the level of service	(18,304)	(26,415)	(7,950)	(15,589)
to replace existing assets	(5,791)	(14,603)	(10,309)	(13,226)
Increase / (decrease) in investments	(22,244)	(33,840)	(110,255)	(146,808)
Increase / (decrease) in reserves	2,064	10,017	(11,766)	5,819
Total applications of capital funding	**(48,034)**	**(64,891)**	**(143,531)**	**(172,524)**
Surplus / (deficit) of capital funding	**(6,796)**	**(16,835)**	**(14,817)**	**(21,126)**
Funding balance	**0**	**0**	**0**	**0**
Depreciation on council assets	18,225	17,514	17,624	18,519
Water supply levy	29,098	29,098	27,604	27,600

[1] This includes the Water Supply Levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua city councils

[2] Grants for improvement and investments have been reclassified into subsidies and grants for capital expenditure in 2017 actuals while it was excluded in 2017 budget.

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 201525.

All figures on this page exclude GST

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
- Rebudgeted 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 Jul16 $'000	Deposits $'000	Withdrawals $'000	Closing balance Jun17 $'000
Area of benefit reserves					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	618	511	(550)	579
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	19,096	1,008	(3,878)	16,226
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	1,649	154	(723)	1,080
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	862	290	(167)	985
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	206	-	231
WREMO reserve	Contributions by other local authorities to run the WREMO	210	6	(55)	161
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	7,295	943	(681)	7,557
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	2,274	422	(118)	2,578
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	216	7	-	223
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,975	272	-	2,247
Rural fire reserve	To help manage the costs of rural fire equipment.	69	2	-	71
Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	559	14	(325)	248
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	3,330	979	(2,080)	2,229
LTP reserve	To manage the variation in costs in developing the long term plan	163	238	-	401
Rebudgeted reserve	To manage the variation in costs in developing the long term plan, expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18	1,075	2,531	(1,075)	2,531
		39,416	7,583	(9,652)	37,347

All figures on this page exclude GST

GREATER WELLINGTON REGIONAL COUNCIL
DEBT
AS AT 30 JUNE 2017

	Opening balance 2016 $'000	Additions $'000	Repayments $'000	Closing balance 2017 $'000	Finance costs $'000
Regional leadership					
Strategic planning	164	22	(108)	78	10
Wairarapa water use project	3,299	-	-	3,299	182
Warm Wellington	11,537	2,369	(2,257)	11,649	679
Public transport					
Public transport	239,599	49,070	(35,276)	253,393	12,581
Water supply					
Water supply	69,366	6,894	(3,161)	73,099	3,862
Environment					
Environment	1,215	1,869	(438)	2,646	82
Flood protection and control works					
Flood protection and control works	58,045	14,050	(3,908)	68,187	3,501
Parks					
Parks	4,845	2,522	(535)	6,832	311
Investments					
Stadium	3,310	-	(2,432)	878	190
Property and other	5,753	1,329	(1,442)	5,640	346
	397,133	**78,125**	**(49,557)**	**425,701**	**21,744**

	Council Actual 2017 $'000
Total activities debt	425,701
Treasury internal funding (1)	(98,934)
	326,767
External debt (current)	96,767
External debt (non-current)	230,700
	327,467

(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

NOTES TO THE 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.

The financial statements of GWRC are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 31 October 2017.

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 ongoing basis.

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

(I) PROPERTY, PLANTS & EQUIPMENT AND INVESTMENT PROPERTY

Operational Port Land was revalued as at 31 December 2016. Investment property was revalued to fair value as at 30 June 2017.

The board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property. The extents of future infrastructure costs that will be incurred to create investment property sites at Harbour Quays are estimated and they have been taken into account when determining the fair value of investment property.

(II) CAPITAL WORKS IN PROGRESS

This includes capital projects requiring resource consent to proceed. The Board and management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the project have been determined that will proceed.

(III) JOINT CONTROL OF HARBOUR QUAYS SPECIAL PURPOSE VEHICLES (SPVS)

Note 15 describes Harbour Quay A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of the CentrePort. The SPVs have issued mandatory convertible notes to the Accident Compensation Corporation (ACC). These notes provide the ACC with joint control over the SPVs. The SPVs have been accounted for as joint ventures of the Group.

In addition, management has made the estimations and judgements on the useful life of assets as stated per note 2 - Depreciation and Financial Instruments categories in note 25 (e).

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 2017.

2.2 Significant event - Kaikoura earthquake 14 November 2016

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on the CentrePort Limited Group. The earthquake extensively damaged the Port infrastructure, land and investment properties. The effect of these quakes are reflected in these financial statements based on the information available to the date these financial statements are signed. Detailed engineering assessments have not been completed at the date of these financial statements and the final insurance proceeds are unknown.

(1) IMPAIRMENT OF ASSETS

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of that those assets have suffered an impairment loss. Subsequent to the earthquake which was an indication of impairment, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cashgenerating unit to which the asset belongs.

(2) REVENUE RECOGNITION - INSURANCE REVENUE

An estimate of the amount recoverable for Business Interruption and Loss of Rents has been made for the period in which the revenue and expenses are recorded and is included as Insurance income receivable. The insurers have made progress payments towards the material damage insurance claim and this is recorded as income on the basis it is known. The total amount recoverable for Material Damage under the insurance claim is not yet known and is not recorded.

2.3 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 19.

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.

INTERESTS IN JOINT VENTURES

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of PBE IPSAS 26 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, profit and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

2.4 Revenue

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

(3) RATES AND LEVIES

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

(4) 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.

(5) USER CHARGES

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

(6) DIVIDENDS

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

(7) 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.

(8) 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.

2.5 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

2.6 Property, plant and equipment

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

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

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

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

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 daytoday servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Infrastructural assets are revalued every 5 years.

Operational assets are carried at cost less accumulated depreciation

FLOOD PROTECTION

The flood protection infrastructure assets were valued at 30 June 2017 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 and Opus

International Consultants. He concluded that the 2017 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 2017 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 2017. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, 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 urbanbased 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.

Water catchment and ruralbased 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 2016. 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 revenue and expenses 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 revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses 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 revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its 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 revenue and expenses, then it is recognised in the statement of revenue and expenses. A decrease in the value on revaluation is recognised in the statement of revenue and expense where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

The remaining property, plant and equipment are 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 straightline 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
Regional water supply infrastructural assets	3 to 150 years

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

2.7 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 revenue and expense.

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

Software	2 to 5 years

NEW ZEALAND EMISSION TRADING SCHEME

New Zealand Units (NZUs) 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 revenue and expense. 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.

2.8 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 surplus or deficit in the period in which they arise. The Group has three classes of investment properties:

1. Developed investment properties
2. Land available for 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 revenue and expense in the period in which they arise.

2.9 Impairment of assets

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 revenue and expense, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cashgenerating using to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Cash generating assets are assets that are held with the primary objective of generating a commercial return. Non cash generating assets are assets other than cash generating assets.

If the recoverable amount off an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cashgenerating unit) is reduced to its recoverable amount. An impairment loss is recognised in the statement of revenue and expenses immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cashgenerating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (cashgenerating unit) in prior years. A reversal of an impairment loss is recognised in the statement of revenue and expenses immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

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 revenue and expenses

- 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 revenue and expenses.

Financial assets 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 cannot 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 revenue and expenses.

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 revenue and expenses.

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 REVENUE AND EXPENSE

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 revenue and expenses is reclassified from equity to the statement of revenue and expenses.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of revenue and expenses.

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 revenue and expenses.

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 tradedate, 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 revenue and expenses, 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 group 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 revenue and expenses.

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.

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.

2.14 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 revenue and expenses.

2.15 Income tax

Income tax in the statement of revenue and expenses for the year comprises current and deferred tax. Income tax is usually recognised in the statement of revenue and expenses, 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 revenue and expenses.

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 revenue and expenses 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.

2.20 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.

Consolidated entity as lessee:

Operating lease payments are recognised as an expense on a straightline basis over the lease term.

Consolidated entity as lessor:

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 to 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease incentive

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised as a reduction of rental income on a straight line basis.

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 revenue and expenses.

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 daytoday 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 Long Term 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 Standards, amendments, and interpretations issued but not yet effective

PBBE IPSAS 36 Disclosures of interest in other entities effective date 1 January 2019

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

PBE IFRS 9 Financial Instruments effective date 1 January 2021

This standard has been released in advance of IPSASB issuing a new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for-profit sector.

Impairment of revalued assets (amendments to PBE IPSAS 21 and 36) - effective date 1 January 2019

The amendment brings revalued property, plant and equipment and intangible assets within the scope of PBE IPSAS 21 and PBE IPSAS 26.

PBE IPSAS 35 Consolidated financial statements effective date 1 January 2019

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

PBBE IPSAS 37 Joint arrangements effective date 1 January 2019

Establishes two types of joint arrangements (1) joint operations and (2) joint ventures based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement.

3 Revenue from exchange and non-exchange transactions

	Council			Group	
	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Revenue from exchange transactions:					
Water supply	29,098	29,098	27,604	29,098	27,604
Subsidiaries revenue	-	-	-	57,115	72,201
Dividends	104	3,320	3,699	104	121
Interest received	4,499	2,716	4,746	4,567	4,626
Rental income	-	-	-	11,962	7,662
Other exchange revenue	2,781	1,817	1,409	2,783	1,560
Total exchange	**36,482**	**36,951**	**37,458**	**105,629**	**113,774**
Revenue from non-exchange transactions:					
General rates	40,784	39,504	36,935	40,784	36,935
Targeted rates	77,173	77,960	71,505	77,173	71,505
Rates, remissions & rebates	664	665	680	664	680
Grants & subsidises	64,036	69,944	65,408	64,036	65,408
Transport improvement grants	13,419	15,461	14,053	13,419	14,053
Provision of goods & services	64,914	57,561	14,420	62,282	9,778
Total non-exchange	**260,990**	**261,095**	**203,001**	**258,358**	**198,359**
Total exchange and non-exchange	**297,472**	**298,046**	**240,459**	**363,987**	**312,133**

4 Employee benefits

	Council			Group	
	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Other employee benefits expense	39,921	41,279	38,869	62,998	60,095
Defined contribution plan employer contributions	2,572	2,278	2,374	2,572	3,172
Total personnel costs	**42,493**	**43,557**	**41,243**	**65,570**	**63,267**

5 Depreciation and amortisation

	Council		Group	
	Actual 2017 $'000	**Actual 2016 $'000**	**Actual 2017 $'000**	**Actual 2016 $'000**
Port wharves and paving	-	-	1,596	2,710
Land and buildings	201	181	791	1,003
Plant and equipment	1,374	1,241	4,080	4,478
Rail rolling stock	-	-	14,645	12,972
Rail infrastructure	-	-	3,868	3,630
Motor vehicles	856	846	856	846
Flood protection	622	626	622	626
Water infrastructure	11,124	10,822	11,124	10,822
Transport infrastructure	956	871	956	871
Navigational aids	74	77	74	77
Parks and forests	2,124	2,120	2,124	2,120
Amortisation Computer software	890	840	1,086	1,022
	18,221	**17,624**	**41,822**	**41,177**

6 Other operating expenditure

	Council			Group	
	Actual 2017 $'000	**Budget 2017 $'000**	**Actual 2016 $'000**	**Actual 2017 $'000**	**Actual 2016 $'000**
Other operating expenses					
Fees to principal auditor for financial statements	212	190	204	438	311
Other services provided by other auditor	-	-	-	-	15
Impairment of trade receivables	158	-	(541)	158	(541)
Insurance	1,452	1,300	1,515	5,472	5,244
Directors' fees	-	-	-	497	483
Fees for accounting services	-	-	-	-	52
Subscriptions LGNZ	374	370	670	374	670
Operating lease rentals	2,202	2,358	1,803	4,245	2,679
Energy and utilities	2,676	2,957	2,942	4,765	5,249
Councillor fees and costs	1,297	1,241	1,185	1,297	1,185
Repairs and maintenance expenses	6,310	4,169	4,792	22,978	23,095
Materials and Supplies	14,078	14,799	13,773	14,078	14,911
Contractors and consultants	36,713	36,135	35,212	36,949	36,511
Other operating expenses	7,434	6,316	5,339	27,330	26,118
Total other expenditure	**72,906**	**69,835**	**66,894**	**118,581**	**115,982**

7 Fair value movements

	Council			Group	
	Actual 2017 $'000	Budget 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Fair value movements in other assets					
Stadium advance	**245**	**245**	**227**	**245**	**227**
Fair value movements in financial instruments					
Loans	(1,965)	(1,965)	(1,819)	(1,965)	(1,819)
Interest rate swaps	19,849	6,898	(36,265)	30,179	(43,878)
Carbon credits	(211)	-	3,183	(211)	3,183
	17,673	**4,933**	**(34,901)**	**28,003**	**(42,514)**
Fair value movements of investment properties					
Investment properties (developed property)	-	-	-	-	3,027
	17,918	**5,178**	**(34,674)**	**28,248**	**(39,260)**

8 Earthquake Related Costs

Kaikoura Earthquake

A 7.8 magnitude earthquake struck in the early hours of 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the Container services and the Investment property portfolio held by the Port. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process has commenced and engineering damage assessments are being completed. Extensive repairs are still to be commenced and this brings considerable uncertainty in relation to the final quantification of insurance claims. The Group is working closely with independent advisors and the insurers assessors to progress the claim.

CentrePort Limited has a total insured value (in relation to port infrastructure) of $600m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of $100m were received by CentrePort Limited in the year ended 30 June 2017. This payment was applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage. CentrePort Properties Limited received a progress payment of $3.4m.

CentrePort Properties Limited, including its associate entities (SPVs') has a total insured value of their property portfolio of $276.3m including loss of rents (of up to $49.8m). The indemnity period is 36 months. A progress payment of $10.0m has been received in the 2017 financial year. A further $3.7m has been paid in relation to the property deductible buy down policy. Initial draft damage assessment reports for the investment properties have been prepared by independent advisors. Insurance and property related impacts for CentrePort Properties Limited are included in the Group line items as expanded on below. As the SPVs are equity accounted, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 15

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2017:

	Material Damage $'000	Business Interruption $'000	Total $'000
Loss of gross profits and rents	-	8,985	8,985
Temporary works expenditure incurred to date	-	19,305	19,305
Material damage preliminary estimates	137,752	-	137,752
Total Insurance income in the year ended 30 June 2017	**137,752**	**28,290**	**166,042**
Total Insurance Income	137,752	28,290	166,042
Less progress payments received	(75,068)	(28,290)	(103,358)
Receivable as at 30 June 2017	**62,684**	**-**	**62,684**

Impairment of Assets

CentrePort determined that the earthquake on 14 November was an indicator of impairment as per NZ IAS 36, Impairment of Assets. CentrePort's key infrastructural assets such as wharfs and pavements are held at cost less depreciation. These assets were subject to technical and engineering assessments following the earthquake to assess whether they were partly or completely damaged and need to be derecognised. Those assets considered to be destroyed have been completely written off. For assets that were partially damaged CentrePort has estimated the impairment adjustments. However as engineering estimates are not yet complete these estimates may be subject to change in future periods.

	Total $'000
Asset impairment arising out of the earthquake:	
Estimated asset impairments relating to damaged assets	52,851
Impairment and fair value writedown on investment properties owned by Centerport Properties Ltd	6,561
	59,412

Impairment Sensitivity Analysis

Of the $59m impairment, $47m relates to assets that are completely destroyed and fully written off and $12m relates to estimates of impairment for partially damaged assets ranging from 10% to 80%. If the percentage of estimated damage is altered by +/- 10% this would result in an increase or decrease in the impairment provision (and therefore total comprehensive revenue and expenditure) by $1.2m

Port Land

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. The estimated resilience work cost of $63m is based on a square metre rate of $164,000 based on recent work undertaken to stabilise the container wharf. This adjustment represents a critical accounting estimate as actual costs may differ significantly once the work is fully scoped. A 5% increase or decrease in the square metre rate or land area would result in movement in the fair value of land of $3.1m. See note 16

Business Interruption

An estimate of the amount recoverable for Business Interruption and Loss of Rents has been made for the period to 30 June 2017. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods.

A change to the estimated loss of revenue of + /- 10% would result in an increase / decrease in the business interruption income estimate accrued of $1m.

Material Damage Insurance Receivable

CentrePort Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the group insurance policies, however, as damage assessments and repairs have not been completed the final settlement amount has not yet been agreed.

As damage assessments for all assets have not yet been fully completed, assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. Insurance proceeds have not been recognised where further work is required to quantify repair costs and related insurance income. These amounts will be clarified in due course as the insurance claim progresses. There is, therefore, the potential for adjustments to be made in future years to recognise further insurance proceeds and these proceeds may be material.

There is no material contingent asset in relation to the commercial property claim with the exception of the Wellington Port Coldstores Limited and Harbour Quays F1F2 Limited properties. See note 15

Earthquake deductible expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. These total $18.3m of which $13.5m relates to CentrePort Infrastructure and $4.8m relates to commercial property assets.

Net Insurance Recovery Associates and Joint Ventures

The estimated Wellington Port Coldstore insurance proceeds for material damage have been accounted for in the year ended 30 June 2017. CentrePort owns 50% of the Coldstore and its share of the net impact of $3.6m income has been included in the associate earnings for the year.

The estimated impact of the Kaikoura on the SPV entities is a $27.2m loss. This has been included in the Share of profit/(loss) of investments using the equity method.

For further information on the material assumptions and sensitivities related to the impact of the earthquake refer to note 15 for the impact on associates and joint ventures.

Tax impact

Refer to note 9 for information on the material assumptions and sensitivities related to the impact of the earthquake on income tax.

9 Taxation

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (benefit)	-	-	50	1,824
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-	(1,600)	9,003
Impact of changes to building depreciation	-	-	12,434	-
Tax expense	**-**	**-**	**10,884**	**10,827**
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) before taxation	**18,913**	**(29,893)**	**72,142**	**(44,512)**
Income tax expense / (benefit) calculated at 28%	5,296	(8,370)	20,200	(12,463)
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	77,191	74,790	85,464	79,954
Non-assessable income	(83,231)	(67,223)	(95,318)	(72,307)
Land and buildings reclassification	-	-	712	(784)
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	1,725	1,499	-	-
Tax effect of imputation credits	(1,002)	(661)	(1,002)	(661)
Temporary differences	-	-	2,462	17,030
Permanent differences	-	-	16	(130)
(Under) / over provision of income tax in previous year	21	(35)	(1,650)	188
Tax expense	**-**	**-**	**10,884**	**10,827**

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 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Tax expense / (benefit) is attributable to:				
Continuing operations	-	-	10,884	10,827
	-	**-**	**10,884**	**10,827**

(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 2017 year, no subvention payments were made (2016: Nil) and no loss offsets occurred (2016: Nil).

The 2017 financial statements for the parent do not include any subvention payments to be received (2016: Nil) for utilisation of the GWRC's net losses.

Key assumptions

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is the allocation of $117m of the insurance proceeds to assets that are likely to be deemed disposed of for tax purposes. The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non taxable capital gains of $32m (tax effect of $9m) being the proceeds over and above the original cost. The historic tax depreciation claimed on the assets deemed to be destroyed that is likely to be recovered by Inland Revenue has been reflected as a deferred tax liability (tax effect $17m). The remainder of the proceeds are deemed to be taxable as the related expenditure on repairs will be deductible.

10 Deferred tax

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
The balance comprises temporary differences attributable to:				
Tax losses	-	-	21,542	(8,823)
Temporary differences	-	-	6,074	(6,369)
	-	**-**	**27,616**	**(15,192)**
Other				
Temporary differences	-	-	(116,166)	92,958
Subtotal other	**-**	**-**	**(116,166)**	**92,958**
Total deferred tax liabilities	**-**	**-**	**(88,550)**	**77,766**

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	Insurance Recoverable $'000	Total $'000
Balance at 1 July 2015	(556)	(78,447)	1,001	3,211	6,028	-	(68,763)
Charged to income	(422)	(13,533)	18	2,139	2,795	-	(9,003)
Balance at 30 June 2016	**(978)**	**(91,980)**	**1,019**	**5,350**	**8,823**	**-**	**(77,766)**

Movements Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance Recoverable $'000	Total $'000
Group							
Balance at 1 July 2016	(978)	(91,980)	1,019	5,350	8,823	-	(77,766)
Charge to income	1,432	11,672	2,143	(2,892)	12,719	(35,908)	(10,834)
Charge to equity	-	50	-	-	-	-	50
Balance at 30 June 2017	**454**	**(80,258)**	**3,162**	**2,458**	**21,542**	**(35,908)**	**(88,550)**

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Tax losses	5,175	3,450	-	-
Temporary differences	-	-	-	-
	5,175	**3,450**	**-**	**-**

The net deferred balance comprises of deferred tax asset of $27,616 and deferred tax liability of $116,166

Tax losses not recognised

GWRC has $18.484 million of unrecognised tax losses at Parent level (2016: $12.322 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was $5.175 million (2016: $3.450 million).

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

11 Cash and cash equivalents

	Council		Group	
	Actual 2017 $'000	**Actual 2016 $'000**	**Actual 2017 $'000**	**Actual 2016 $'000**
Cash at bank and in hand	96	2,096	317	3,089
Water supply contingency investment	-	59	-	59
Material damage property insurance fund	250	126	250	126
Total cash and cash equivalents	**346**	**2,281**	**567**	**3,274**

Cash-at-bank and on-hand earns interest at the official cash rate. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short-term deposit rates and the fair value of cash and cash equivalents is the stated value.

As at 30 June 2017 there is no water supply contingency investment (2016: $59,000, 3.05%). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2017 there is a $250,000 (2016: $126,000) material damage business interruption property insurance contingency investment which is invested at an interest rate of 3.35% (2016: 3.05%). Bank deposits are available for day to day cash management and are recorded at fair value.

12 Trade and other receivables

	Council		Group	
	Actual 2017 $'000	**Actual 2016 $'000**	**Actual 2017 $'000**	**Actual 2016 $'000**
Non-exchange				
Rates outstanding*	9,495	8,241	9,495	8,245
Trade Customers**	11,020	10,138	17,796	25,056
Accrued revenue	10,401	8,374	10,454	8,406
Related party receivables	-	8,427	-	-
Less provision for impairment of receivables	(1,032)	(886)	(1,032)	(886)
Dividend Receivable	-	3,578	-	-
Other receivable	-	-	100	73
Pre-payments	1,179	268	1,341	874
Total debtors and other receivables from non-exchange	**31,063**	**38,140**	**38,154**	**41,768**
Exchange				
Water levies receivables	2,918	2,345	2,918	2,345
Other receivable	1,657	1,714	1,657	1,728
Pre-payments	-	-	23	23
Total debtors and other receivables from exchange transactions	**4,575**	**4,059**	**4,598**	**4,096**
Total debtors and other receivables	**35,638**	**42,199**	**42,752**	**45,864**

* 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.

**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.

Provision for impairment of receivables

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Opening balance	(886)	(1,427)	(886)	(1,427)
Movement	(146)	541	(146)	541
Closing balance	**(1,032)**	**(886)**	**(1,032)**	**(886)**

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2017.

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Not past due	33,073	41,354	38,639	43,552
Past due 31-60 days	1,813	86	2,532	335
Past due 61-90 days	564	303	724	928
Past due > 90 days	188	456	857	1,050
Total gross trade receivables	**35,638**	**42,199**	**42,752**	**45,865**

13 Inventories

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Depots	124	124	124	124
Water supply	2,636	2,570	2,634	2,571
Rail	-	-	-	12,277
Wairarapa	305	364	305	364
Emergency management	39	39	39	39
CentrePort spare stock	-	-	1,305	1,010
CentrePort fuel and stock	-	-	119	117
Total inventory	**3,104**	**3,097**	**4,526**	**16,502**

No inventories are pledged as securities for liabilities (2016: Nil)

14 Other financial assets

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Stadium advance	3,305	3,060	3,305	3,060
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 borrower notes	4,480	4,080	4,480	4,080
Warm Wellington funding	11,649	11,537	11,649	11,537
Bank deposits with maturity terms more than three months	23,000	23,000	23,000	23,000
Other investments (bonds and notes)	10,000	10,000	10,000	10,000
Water supply contingency investment	28,344	25,679	28,344	25,679
Material damage property insurance contingency fund	9,694	9,094	9,694	9,094
Major Flood recovery fund	5,875	5,489	5,875	5,489
	98,293	**93,885**	**98,293**	**93,885**
Current financial assets	46,154	47,257	46,154	47,257
Non-current financial assets	52,139	46,628	52,139	46,628
Total financial assets	**98,293**	**93,885**	**98,293**	**93,885**

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 Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. At 30 June 2017 Greater Wellington expects that the advance will be fully repaid. The advance is not repayable until all nonsettlor 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%. None of the other financial assets are either past due or impaired (2016: no impairment).

Civic Assurance

GWRC holds 80,127 shares (2016: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

Wellington Water Limited

GWRC has invested $150,000 in shares with Wellington Water Limited. Wellington Water manges water treatment and supply, storm water and waste water services in the Wellington Region.

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 (2016: 1,866,000). It has also invested $4,480,000 (2016: $4,080,000) in LGFA borrower notes, which return on average 2.50% as at 30 June 17 (2016: 2.88%). 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 their being at risk of imminent default.

Warm Wellington

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 $5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

The Warm Wellington Balance is classified as loans and receivable. Due to the difficulty of estimating accurately the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

Bank deposits with maturity terms more than three months

GWRC has invested $23,000,000 (2016: $23,000,000) of its funds in short term deposits with a rate of 3.66% (2016: 3.38%). They are recorded at fair value.

Other Investments (bonds and notes)

Bank bonds/notes are not exchange traded and the fair value is the stated value. The amount receivable at maturity is $10,000,000 (2016: $10,000,000). The interest rate is 4.89% (2016: 4.89%).

Water supply contingency fund

GWRC is holding $28,344,000 (2016: $25,679,000) water supply contingency funds. These are invested as follows: $9,966,000 (2016: 12,155,000) in term deposits, $7,000,000 (2016: $7,000,000) in a Floating Rate Note and $11,200,000 ($2016: $6,200,000) in bank bonds. The weighted average rate is 3.86% (2016: 3.84%). The investments are recorded at fair value.

Material damage property insurance contingency fund

GWRC has invested $9,694,000 (2016: $9,094,000) of its material damage property insurance contingency funds in short term deposits and a bank bond with an average rate of 4.34% (2016: 4.42%). The investments are recorded at fair value.

Major flood contingency fund

GWRC has invested $5,875,000 (2016: $5,489,000) of its major flood contingency funds in a short term deposit with a rate of 3.60% (2016: 3.30%). The deposit is recorded at fair value.

15 Aggregated joint venture information

Name of joint venture	Principal activity	2017 Percentage ownership %	2016 Percentage ownership %
Harbour Quays A1 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays D4 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays F1F2 Limited*	Commercial rental property	76.9%	76.9%
Direct Connect Container Services Limited*	Transport hubbing and logistics	38.5%	38.5%
Wellington Port Coldstore Limited*	Cold storage of produce	38.5%	38.5%

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).

* All companies are incorporated and operate in New Zealand

** For commercial sensitivity purposes, the financial information of associates is not disclosed.

	Council and Group	
	Actual 2017 $'000	Actual Restated* 2016 $'000
Group		
Carrying amount at beginning of year	79,211	83,736
Correction of error	-	(5,486)
Equity accounted earnings of joint ventures*	(18,614)	7,021
Dividends from joint ventures	(1,200)	(5,785)
Transfer net assets of CentrePac Limited joint venture to wholly owned subsidiary on acquisition of remaining interest	-	(300)
Investment in Direct Connect Series Limited	-	25
Carrying amount at end of year	**59,397**	**79,211**
Represented by:		
Harbour Quays A1 Limited	16,085	16,807
Harbour Quays D4 Limited	13,071	14,404
Harbour Quays F1F2 Limited	24,312	45,869
Individually immaterial associates	5,929	2,131
	59,397	**79,211**

Earthquake damage

The investment properties owned by the SPV companies and the Wellington Port Coldstore were significantly damaged in the November 2016 earthquake. CentrePort's equity accounted earnings from these entities have been affected by the estimated cost of earthquake related costs and insurance proceeds accounted for in these entities.

CentrePort Properties Limited is managing the insurance process for the SPV group and Wellington Port Coldstore Limited. Work has commenced on the insurance claim process. The claim was not submitted at 30 June 2017. During the year, the SPV group received a non-specific advance of $10.3m.

A summary of the SPV earthquake treatment follows. These include a number of critical accounting estimates and judgements.

Harbour Quays A1 Limited

The Statistics New Zealand building sustained significant damage to the building as a result of the Kaikoura earthquake. Damage assessment reports have been completed and they conclude that the building is destroyed and is uneconomic to repair or restore the damage. The building has been fully impaired in the financial statements for the year ended 30 June 2017. The property has an insured value of $43.0m and has been accounted for on the basis that the insurance claim for total loss of the building will be accepted. The Company had a Business Interruption loss of rents policy which covers a 36 month indemnity period. Due to the tenants rent free period under their lease (up to February 2018), Business Interruption proceeds have not been received in the financial year ended 30 June 2017.

Harbour Quays D4 Limited

The Customhouse property was damaged in the earthquake and damage assessments have concluded that both structural and non-structural damage was caused however it was relatively minor compared to the damage sustained by other buildings. The building has an insured value of $38.5m and a Business Interruption loss of rents policy which covers a 36 month indemnity period. An estimate of the amount recoverable for Business Interruption Loss of Rents has been included as insurance income receivable. The estimated costs to repair the building (total of $3m) has been recognised as a material damages receivable, after taking the deductible into account.

Harbour Quays F1F2 Limited

BNZ House sustained significant damage and initial damage assessment reports conclude that it is likely that the building will be deemed to be uneconomic to repair or restore however there is considerable uncertainty in relation to this. The building has an insured value of $111.5m and Business Interruption Loss of Rents which covers a 36 month indemnity period expiring November 2019. The financial statements for HQ F1F2 Limited have been prepared on the basis that the insurance claim for the earthquake damage to the building will be accepted, however they reflect the uncertainty relating to whether this will be for the full loss to the building (being the indemnity value of $84.8m) or for building repairs (which could range from a lowest estimate of $60m up the full sum insured of $111.5m).

The property impairment and the estimated amounts receivable for insurance are critical accounting judgements. As the property has been fully written off and a minimum estimate of the insurance receivable has been recognised there is the potential for adjustments to be made in future years that may be material.

Wellington Port Coldstore Limited

The Coldstore sustained significant damage to the building as a result of the Kaikoura earthquake. Damage assessment reports have been completed and they conclude that the building is destroyed and is uneconomic to repair or restore the damage. The building has been fully impaired in the financial statements for the year ended 30 June 2017. The property has an insured value and business interruption policy of $21.1m, however the financial statements reflect a $13.0m settlement value including business interruption of $14.5m. The business interruption policy is for a 12 month indemnity period.

The property impairment and the estimated amounts receivable for insurance are critical accounting judgements. As the property has been fully written off and a minimum estimate of the insurance receivable has been recognised there is the potential for adjustments to be made in future years that may be material. For further details relating to the associate net earthquake insurance recovery see note 8.

Joint Venture Company Mandatory Convertible Note (MCN) Conversion Derivative

Joint Control of Harbour Quays Special Purpose Vehicles (SPVs), MCNs have been issued to the ACC as joint venture partner. The MCNs are convertible to equity in March 2024 (or September 2026 at CentrePort Properties Limited (CPPL) option).

On conversion, the issuer will issue to the noteholder shares to the value of the face value of the notes or 50% of the value of the securities on issue at that date, whichever is higher. The value of MCNs are adjusted annually by the consumer price index.

A conversion derivative liability is recognised on the balance sheets of the joint venture companies when the CPI adjusted fair value of the Mandatory Convertible Note is expected to be less than 50% of the conversion property values. This is a change from previous years calculation when the derivative was deemed to arise when the fair value of the MCNs exceeded 50% of the security value (refer note 29). The liability reflects the variance between forecast growth in the value of Mandatory Convertible Notes and the estimated terminal values of the commercial properties over the term of the Mandatory Convertible Notes discounted present value.

The MCN derivatives are financial instruments with risk attaching to CPPL's investment in the 3 joint venture companies. The conversion derivatives have a $nil liability on the balance sheets of the three joint venture companies at 30 June 2017 (2016: restated $8.4m).

This is because the value of each building has decreased compared to 2016 and the Index Adjusted Principal Amounts (IAPAs) have increased. Consequently the differential between 50% of the expected value of the securities at conversion date and the IAPA at conversion date has decreased.

The forecast security values for F1F2 and A1 at conversion in 2024 or 2026 are based on the properties being fully repaired and reoccupied or rebuilt using insurance proceeds and reoccupied. As the carrying value of the MCNs are significantly above 50% of the security values there are no material sensitivity exposures as the forecast security values would need to increase significantly before a mandatory convertible note conversion liability would need to be recorded.

16 Property, plant and equipment

Council 2017	Cost / revaluation 1 Jul 2016 $'000	Transfers into 2016 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2016 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Transfers $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2017 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2017 $'000
Operating assets													
At cost & valuation													
Land and buildings	11,825	(48)	(1,884)	9,893	4,056	(548)	-	(193)	(273)	-	15,012	(2,077)	12,935
Plant and equipment	16,683	-	(10,906)	5,777	557	-	(1,462)	(822)	647	-	16,425	(11,728)	4,697
Motor vehicles	7,236	-	(4,524)	2,712	859	(672)	-	(200)	-	-	7,423	(4,724)	2,699
Total	**35,744**	**(48)**	**(17,314)**	**18,382**	**5,472**	**(1,220)**	**(1,462)**	**(1,215)**	**374**	**-**	**38,860**	**(18,529)**	**20,331**
Infrastructural assets													
At cost & revaluation													
Flood protection	313,536	48	(9,337)	304,247	4,314	(64)	-	1,645	766	64,861	383,461	(7,692)	375,769
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	-	-	2,172	(320)	1,852
Parks and forests	84,048	-	(5,942)	78,106	1,518	-	-	(2,124)	320	-	85,886	(8,067)	77,819
Transport infrastructure	16,227	-	(1,600)	14,627	1,226	(70)	-	(934)	57	-	17,440	(2,534)	14,906
Water infrastructure	456,528	-	(32,662)	423,866	706	(667)	-	(11,010)	4,892	-	461,459	(43,674)	417,785
Capital work in progress	17,155	-	-	17,155	14,596	-	-	-	(6,552)	-	25,199	-	25,199
Total	**889,666**	**48**	**(49,787)**	**839,927**	**22,360**	**(801)**	**-**	**(12,497)**	**(517)**	**64,861**	**975,617**	**(62,287)**	**913,330**
Total Council	**925,410**	**-**	**(67,101)**	**858,309**	**27,832**	**(2,021)**	**(1,462)**	**(13,712)**	**(143)**	**64,861**	**1,014,477**	**(80,816)**	**933,661**

Council 2016	Cost / revaluation 1 Jul 2015 $'000	Transfers into 2015 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2015 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Transfers $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2016 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2016 $'000
Operating assets													
At cost & valuation													
Land and buildings	10,577	534	(1,709)	9,402	1,590	(6)	-	(175)	(870)	-	11,825	(1,884)	9,941
Motor vehicles	6,961	-	(4,550)	2,411	1,218	(938)	-	26	(5)	-	7,236	(4,524)	2,712
Plant and equipment	16,498	-	(10,629)	5,869	575	(991)	-	(277)	601	-	16,683	(10,906)	5,777
Total	**34,036**	**534**	**(16,888)**	**17,682**	**3,383**	**(1,935)**	**-**	**(426)**	**(274)**	**-**	**35,744**	**(17,314)**	**18,430**
Infrastructural assets													
At cost & valuation													
Flood protection	308,937	-	(8,711)	300,226	3,734	-	-	(626)	865	-	313,536	(9,337)	304,199
Navigational aids	2,165	-	(180)	1,985	21	(13)	-	(66)	(1)	-	2,172	(246)	1,926
Parks and forests	85,216	(2,773)	(3,862)	78,581	1,718	(124)	-	(2,080)	11	-	84,048	(5,942)	78,106
Transport infrastructure	14,410	-	(737)	13,673	3,352	(2,498)	-	(863)	963	-	16,227	(1,600)	14,627
Water infrastructure	444,916	2,239	(21,894)	425,261	946	(123)	-	(10,768)	8,550	-	456,528	(32,662)	423,866
Capital work in progress	24,799	-	-	24,799	4,170	-	-	-	(11,814)	-	17,155	-	17,155
Total	**880,443**	**(534)**	**(35,384)**	**844,525**	**13,941**	**(2,758)**	**-**	**(14,403)**	**(1,426)**	**-**	**889,666**	**(49,787)**	**839,879**
Total Council	**914,479**	**-**	**(52,272)**	**862,207**	**17,324**	**(4,693)**	**-**	**(14,829)**	**(1,700)**	**-**	**925,410**	**(67,101)**	**858,309**

Group 2017	Cost / revaluation 1 Jul 2016 $'000	Transfers into 2016 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2016 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Transfers $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2017 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2017 $'000
Operating assets													
Land and buildings	125,106	(48)	(16,317)	108,741	4,148	(548)	(71,293)	(786)	26,616	9,012	92,984	(17,093)	75,891
Plant & Equipment	83,623	-	(40,932)	42,691	5,999	(1,548)	(9,173)	849	3,475	-	82,376	(40,083)	42,293
Motor vehicles	7,229	-	(4,524)	2,705	859	(672)	-	(200)	-	-	7,416	(4,724)	2,692
Total	**215,958**	**(48)**	**(61,773)**	**154,137**	**11,006**	**(2,768)**	**(80,466)**	**(137)**	**30,091**	**9,012**	**182,776**	**(61,900)**	**120,876**
Infrastructural assets													
At cost & valuation													
Flood protection	313,536	48	(9,337)	304,247	4,314	(64)	-	1,646	766	64,861	383,461	(7,692)	375,769
Parks and forests	84,048	-	(5,943)	78,105	1,518	-	-	(2,124)	320	-	85,886	(8,067)	77,819
Capital works in progress	64,969	-	-	64,969	35,920	-	(5,860)	-	(55,180)	-	39,849	-	39,849
Port wharves and paving	97,300	-	(49,365)	47,935	1,214	-	(35,309)	(362)	4,465	-	67,670	(49,727)	17,943
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	-	-	2,172	(320)	1,852
Transport infrastructure	425,231	-	(33,373)	391,858	14,824	(400)	-	(19,334)	36,495	-	476,150	(52,707)	423,443
Water infrastructure	456,529	-	(32,661)	423,868	706	(667)	-	(11,010)	4,892	-	461,461	(43,674)	417,787
Rec item	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,443,785**	**48**	**(130,925)**	**1,312,908**	**58,496**	**(1,131)**	**(41,169)**	**(31,258)**	**(8,242)**	**64,861**	**1,516,649**	**(162,187)**	**1,354,462**
Total Group	**1,659,743**	**-**	**(192,698)**	**1,467,045**	**69,502**	**(3,899)**	**(121,635)**	**(31,395)**	**21,849**	**73,873**	**1,699,425**	**(224,087)**	**1,475,338**

Group 2016	Cost / revaluation 1 Jul 2015 $'000	Transfers into 2015 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2015 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Transfers $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2016 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2016 $'000
Operating assets													
Land and buildings	123,678	537	(15,314)	108,901	1,595	(6)	-	(1,003)	(473)	(226)	125,106	(16,317)	108,789
Plant and Equipment	80,201	-	(37,420)	42,781	607	(991)	-	(3,513)	3,805	-	83,623	(40,932)	42,691
Motor vehicles	6,961	-	(4,550)	2,411	1,211	(938)	-	26	(5)	-	7,229	(4,524)	2,705
Total Group's property, plant and equipment	**210,840**	**537**	**(57,284)**	**154,093**	**3,413**	**(1,935)**	**-**	**(4,490)**	**3,327**	**(226)**	**215,958**	**(61,773)**	**154,185**
Infrastructural assets													
Flood protection													
Flood protection	308,937	-	(8,711)	300,226	3,734	-	-	(626)	865	-	313,536	(9,337)	304,199
Parks and forests	85,216	(2,772)	(3,862)	78,582	1,718	(124)	-	(2,080)	11	-	84,048	(5,943)	78,105
Capital work in progress	66,948	-	-	66,948	46,747	-	-	-	(48,728)	-	64,969	-	64,969
Port wharves and paving	93,919	-	(46,655)	47,264	-	-	-	(2,710)	3,599	(218)	97,300	(49,365)	47,935
Navigational aids	2,165	-	(180)	1,985	21	(13)	-	(66)	(1)	-	2,172	(246)	1,926
Transport infrastructure	304,560	-	(16,124)	288,436	92,895	(2,956)	-	(17,249)	30,732	-	425,231	(33,373)	391,858
Water infrastructure	444,916	2,239	(21,894)	425,261	946	(123)	-	(10,768)	8,550	-	456,529	(32,661)	423,868
Total infrastructural assets	**1,306,661**	**(533)**	**(97,426)**	**1,208,702**	**146,061**	**(3,216)**	**-**	**(33,499)**	**(4,972)**	**(218)**	**1,443,785**	**(130,925)**	**1,312,860**
Total Group's property, plant and equipment	**1,517,501**	**4**	**(154,710)**	**1,362,795**	**149,474**	**(5,151)**	**-**	**(37,989)**	**(1,645)**	**(444)**	**1,659,743**	**(192,698)**	**1,467,045**

Infrastructural assets further disclosures

Council 2017	Closing book value $'000	Additions: Constructed by Council $'000	Additions: Assets transferred to Council $'000	Estimated replacement cost $'000
Infrastructural assets				
Water treatment plants & facilities	197,991	3,992	-	202,941
Other water assets	219,794	1,606	-	225,290
Flood protection and control works	375,768	5,080	-	375,768
Total infrastructural assets	**793,553**	**10,678**	**-**	**803,999**

Council 2016	Closing book value $'000	Additions: Constructed by Council $'000	Additions: Assets transferred to Council $'000	Estimated replacement cost $'000
Infrastructural assets				
Water treatment plants & facilities	201,793	612	-	206,837
Other water assets	222,075	334	-	227,627
Flood protection and control works	304,199	-	-	314,996
Total infrastructural assets	**728,067**	**946**	**-**	**749,460**

Capital Work in Progress

Capital work in progress includes capital projects requiring resource consent to proceed. The Board and management regularly reviews these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the projects have been determined they will proceed.

Borrowing costs capitalised

During the year no borrowing costs were capitalised (2016: nil).

Operational Port Land

The Operational port land is comprised of the following land values:

	2017 $'000
Industrial Zoned Land	79,590
Commercial Zoned	8,831
Total Operational Port Land	**88,421**
Provision for Resilience	(63,000)
Carrying Value Operational Port Land	25,421
Carrying Value Operational Other Port Land	25,231
Carrying Value Operational Port Land 30 June 2017	**50,652**

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting.

Operational Port Land was independently valued by registered valuers of the firm Bayleys on 30 June 2017. The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2017 operational port land subject to valuation was assessed to have a total value of $110.5m. Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- Sales of land or development sites within the wider Wellington region
- Size, shape, location and access to services
- Road frontage , exposure to vehicles
- Allowable height and density of use.

Key assumptions underlying the valuation are set out below:

(i)Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition post-earthquake.

(ii)Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

Freehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Operational Port Land				
Industrial Zoned	$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value -$40 -$600 psm	+/- 5% ($4.0m)
Commercial Zoned	$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value -$750 -$2,100 psm	+/- 5% ($0.4m)

Valuation Approach Operational Port Leasehold Land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land,
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. To this figure is added the value of right to renew if perpetual lease or the PV of the total market value of the site deferred until lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Leasehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Operational port land	$25,231	Comparison to sales of industrial land in similar locations	Weighted average land value -$120 -$2,100/sqm	+/- 5% ($1.3m)

Port Land Resilience

The geotechnical stability of the land, settlement and risk of ongoing business interruption has influenced the valuation. The Asset Management Plan includes significant ground resilience expenditure planned for the next 5 years to stabilise the land and further work is being undertaken to improve the seismic resilience in the land and erosion impact.

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. The estimated resilience work cost of $63m is based on a square metre rate of $164,000 based on recent work undertaken to stabilise the container wharf. This adjustment represents a critical accounting estimate as actual costs may differ significantly once the work is fully scoped. A 5% increase/decrease in the square metre rate or land area would result in movement in the fair value of land of $3.1m.

17 Intangible assets

Council	Software $'000	*Emission units $'000	Total $'000
Year ended 30 June 2016			
Opening net book amount	2,957	1,887	4,844
Additions	143	-	143
Acquisition of subsidiary	(532)	-	(532)
Revaluation	-	3,183	3,183
Transferred to patents	1,687	-	1,687
Amortisation charge	(308)	-	(308)
Revaluation	-	-	-
Closing net book amount	**3,947**	**5,070**	**9,017**
At 30 June 2016			
Cost and valuation	10,984	5,070	16,054
Valuation	-	-	-
Accumulated amortisation and impairment	(7,037)	-	(7,037)
Net book amount	**3,947**	**5,070**	**9,017**
Year ended 30 June 2017			
Opening net book amount	3,947	5,070	9,017
Additions	24	-	24
Disposals	-	-	-
Revaluation	-	(211)	(211)
Transfers	143	-	143
Amortisation charge	(890)	-	(890)
Closing net book amount	**3,224**	**4,859**	**8,083**
At 30 June 2017			
Cost and valuation	11,151	4,859	16,010
Accumulated amortisation and impairment	(7,927)	-	(7,927)
Net book amount	**3,224**	**4,859**	**8,083**

Group	Goodwill $'000	Software $'000	*Emission units $'000	Total $'000
Year ended 30 June 2016				
Opening net book amount	2,675	3,349	1,887	7,911
Additions	14	299	-	313
Revaluation	-	(532)	3,183	2,651
Transferred to patents	-	1,687	-	1,687
Amortisation charge	(15)	(484)	-	(499)
Closing net book amount	**2,674**	**4,319**	**5,070**	**12,063**
At 30 June 2016				
Cost	2,674	14,620	5,070	22,687
Accumulated amortisation and impairment	-	(10,301)	-	(10,624)
Net book amount	**2,674**	**4,319**	**5,070**	**12,063**
Year ended 30 June 2017				
Opening net book amount	2,674	4,319	5,070	12,063
Acquisition of subsidiary	-	459	-	459
Additions	-	-	-	-
Revaluation	-	-	(211)	(211)
Disposal	-	-	-	-
Transfers	-	141	-	141
Amortisation charge	-	(1,082)	-	(1,082)
Closing net book amount	**2,674**	**3,837**	**4,859**	**11,370**
At 30 June 2017				
Cost and valuation	2,674	15,190	4,859	22,723
Accumulated amortisation and impairment	-	(11,353)	-	(11,353)
Net book amount	**2,674**	**3,837**	**4,859**	**11,370**

No intangible assets are pledged as security for liabilities.

* GWRC received allocations of New Zealand units for the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date.

18 Insurance coverage, asset values and contingency funds

Section 31 A (a) LG Act Amendment Act No 3

a) The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured.

	Value of assets covered by insurance $'000	Maximum level of insurance coverage $'000
Council assets	591,291	607,422
Rolling Stock	430,303	140,000
Total	**1,021,594**	**747,422**

b) The total value of all assets of the local authority that are selfinsured, and the value of any fund maintained by the local authority

	Value of fund maintained $'000	Total value of assets selfinsured $'000
Council assets	106,554	812,907
Rolling stock	-	290,303
Total	**106,554**	**1,103,210**

Maximum Probable Loss (MPL) approach is used to determine the level of funds required to meet a catastrophic event.

In the case of Water below ground assets the MPL level is $74.1 million compared to an optimised replacement cost of $617 million.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan and Emergency Management Plan.

The total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares it building & equipment insurance with these four Councils to the value of $600 million

19 Investment properties

GWRC holds no investment in properties.

The Group's investment properties comprise of CentrePort Limited Group developed and undeveloped investment properties.

Investment properties are revalued every year and are valued in accordance with New Zealand Property Institute Practice Standard 3 - Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information.

CentrePort Limited Group (CentrePort)

Investment properties are revalued every year. Investment properties were valued on 30 June 2017 by independent registered valuers Bayleys.

The fair value of Investment Property has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting.

The fair value of the investment property at 30 June 2017 is $12.0 million (2016: $37.2 million).

The determination of fair value includes allowance for land and infrastructure works yet to be completed, consistent with the Harbour Quays Development plan approved by the CentrePort Board. This includes above and below ground services and some seawall strengthening.

During the year, $21.6m of Leasehold Land was transferred to Port Operational Land.

CentrePort estimates the extent of future infrastructure costs that will be incurred to create investment property sites at Harbour Quays. These future costs have been taken into account when determining the fair value of Investment Property.

The property sustained significant damage to the buildings as a result of the Kaikoura earthquake. Damage assessment reports are being undertaken. The valuations have been prepared on the basis that the property is structurally sound and did not take into account any costs to remedy the building following the earthquake. The impairment provision reflects the repair work to be completed.

Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in Note 16. This hierarchy reflects the significance of the inputs used in making the measurements.

All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

Freehold investment property

Each freehold investment property is valued on an income capitalisation and discounted cash flow basis using the direct sales comparison approach and market derived parameters for rental and yields. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

Leasehold investment property

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are comparable recent rental settlements on a rate per square metre of land, perpetually renewable or terminating lease rental review periods forecast trends for interest rates and market based property yields.

Market rental is assessed using both the Classic Approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and theTraditional Approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Improved Properties	7,750	Capitalised rental checked to freehold land value	Market capitalisation rate of 8.75%	+ /- 0.25%+$0.2m / $0.2m
Total developed investment property	7,750			
Development sites commercial	15,422	Direct sales comparison	Weighted average land value $550 to $2,100psm	+/- 5% ($0.8m)
Total land available for development	15,422			

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Developed investment properties brought forward	-	-	15,676	19,298
Additions / (disposals)	-	-	229	(3,600)
Reclassification to property, plant and equipment	-	-	(15,676)	-
Impairment and change in the value of developed investment property	-	-	(229)	(22)
Developed investment properties carried forward	**-**	**-**	**-**	**15,676**
Land available for development brought forward	-	-	21,596	23,836
Additions / (disposals)	-	-	2,700	(5,116)
Transfer from / (to) developed investment property	-	-	-	(37)
Transfer to Port Land	-	-	(5,942)	(81)
Depreciation	-	-	-	(63)
Impairment and change in the value of developed investment property	-	-	(6,332)	3,057
Land available for development carried forward	**-**	**-**	**12,022**	**21,596**
	-	**-**	**12,022**	**37,272**

20 Investments in subsidiaries and associates

Name of entity	Relationship	Equity holding 2017 %	Equity holding 2016 %
WRC Holdings Limited	Subsidiary of GWRC	100	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	100	100
CentrePort Limited	Subsidiary of Port Investments Limited	76.9	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Wellington Regional Economic Development Agency	Minority Interest	20	20
Wellington Water Limited	Council Controlled Organisation	20	20

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

All significant intragroup transactions have been eliminated on consolidation.

	Actual 2017 $'000	Actual 2016 $'000
WRC Holding Limited shares	248,995	231,215
Wellington Water Limited	150	150
Total investment in subsidiaries	**249,145**	**231,365**

For commercial sensitivity purposes, the financial information of associates is not disclosed.

21 Derivative financial instruments

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Current asset portion				
Interest rate swap	11	-	11	-
Total current asset portion	**11**	**-**	**11**	**-**
Non-current asset portion				
Interest rate swaps	260	293	260	293
Total non-current asset portion	**260**	**293**	**260**	**293**
Total derivative financial instruments assets	**271**	**293**	**271**	**293**
Current liability portion				
Interest rate swaps	914	329	914	365
Total current liability portion	**914**	**329**	**914**	**365**
Non-current liability portion				
Interest rate swaps	34,616	55,072	43,394	74,145
Total non-current liability portion	**34,616**	**55,072**	**43,394**	**74,145**
Total derivative financial instruments liabilities	**35,530**	**55,401**	**44,308**	**74,510**

For more information on interest rate swaps and foreign exchange contracts, please refer to note 26 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

22 Trade and other payables

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Exchange				
Trade payables	31,521	22,983	40,764	33,726
Deposits and bonds	-	-	80	80
Revenue in advance	2,473	596	2,473	596
Accrued interest on borrowings	**2,157**	**1,942**	**2,157**	**1,942**
Non-exchange				
Amounts due to related parties	6,272	9,781	-	-
Total current creditors and other payables	**42,423**	**35,302**	**45,474**	**36,344**

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

23 Debt

	Note	Council Actual 2017 $'000	Council Actual 2016 $'000	Group Actual 2017 $'000	Group Actual 2016 $'000
Current debt liabilities					
Commercial Paper	(ii)	46,767	32,826	46,767	32,826
Floating rate notes	(v)	50,000	-	50,000	-
Bank loans	(iii)	-	24,557	146	25,433
Total current debt liabilities		**96,767**	**57,383**	**96,913**	**58,259**
Non-current debt liabilities					
Secured					
Committed lines	(i)	700	-	700	-
Bank loans	(iv)	-	-	80,080	146,050
Total secured non-current interest bearing borrowings		700	-	80,780	146,050
Floating rate notes	(v)	230,000	255,000	230,000	255,000
Total non-current debt liabilities		**230,700**	**255,000**	**310,780**	**401,050**
Total debt liabilities		**327,467**	**312,383**	**407,693**	**459,309**

Terms and conditions

i) GWRC has no overdraft facility. As at 30 June 2017 Greater Wellington had undrawn credit lines of $69,300,000 (2016: $70,000,000), of which $35,000,000 mature in 2019 and $35,000,000 mature in 2020. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. Any borrowings are subject to a charge over rates under which the lenders provide funds.

As at 30 June 2017 GWRC had money market borrowings of $700,000 (2016: nil) under a bank facility maturing in 2019.

ii) As of 30 June 2017 GWRC has issued three (2016: three) commercial paper issues which all mature within three month from balance date. Their weighted average interest rate is 2.00% (2016: 2.37%).

iii) As at 30 June 2017 Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 5.20% (2016: 4.51%) and is recorded at amortised cost.

iv) WRC Holdings Limited has a bank loan facility of $44,000,000 which is undrawn (2016: $44,000,000 undrawn) and is secured by a debenture over uncalled capital in the company. As the facility is undrawn there is no interest rate charged on the facility as at 30 June 2017 (2016: undrawn). The rate charged on the commercial paper was 2.00% at 30 June 2017 (2016: 2.38%).

v) As at 30 June 2017 GWRC has issued ten (2016: nine) floating rate notes of $25,000,000 each. They mature in December 2017 (two), March 2019, May 2021, April 22, June 24, June 25, June 26, April 27 and April 33 (2016: December 2017 (two), March 2019, May 2021, April 22, June 24, June 25, June 26 and April 27. The interest rates are ranging between 2.4375% and 3.1650% (2016: 2.77% and 3.575%). GWRC has also issued one $30,000,000 (2016: one) floating rate note with a maturity of April 2023. The interest rate is 2.565% p.a (2016: 2.93%). The Interest rate of the Floating Rate Notes is reset quarterly based on the 90day bank bill rate plus a margin.

In December 2011 Wellington Regional Council (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of $150,000,000 (2016: $150,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to Wellington Regional Council.

24 Employee Entitlements and provisions

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Current Liability				
Employee benefits	2,494	2,501	5,647	5,641
Earthquake repair works	441	-	441	-
Restructuring	-	310	-	310
	2,935	**2,811**	**6,088**	**5,951**
Non-current portion				
Employee benefits	201	583	953	1,489
Total Employee Benefit Liabilities	**3,136**	**3,394**	**7,041**	**7,440**

	Annual Leave $'000	Long Service Leave $'000	Restructuring $'000	Earthquake repair works $'000	Total $'000
Council					
2017					
Opening carrying value	2,501	583	310	-	3,394
Addition	-	-	-	441	441
Amounts used	(7)	(382)	(310)	-	(699)
Carrying amount at end of year	**2,494**	**201**	**-**	**441**	**3,136**

	Annual Leave $'000	Long Service Leave $'000	Restructuring $'000	Total $'000
Council				
2016				
Opening carrying value	2,381	563	1,200	4,144
Addition	120	20	-	140
Amounts used	-	-	(890)	(890)
Carrying amount at end of year	**2,501**	**583**	**310**	**3,394**

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

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Restated* Actual 2016 $'000
Surplus / (deficit) after tax	18,913	(29,893)	61,258	(55,339)
Add / (less) non-cash items				
Depreciation and amortisation	18,221	17,623	41,881	41,177
Non-cash assets	-	-	-	-
Impairment of property, plant and equipment	-	-	-	233
Sale of fixed assets	1,304	2,681	1,396	1,623
Equity accounted earnings from associate companies	-	-	19,769	(1,314)
Change in value of future tax benefit	-	-	20,643	9,002
Inventory adjustment	-	-	127	4,901
EQ related cost	-	-	59,412	-
Changes in fair value of emission units	211	(3,183)	211	(3,183)
Changes in fair value of investment property	-	-	-	(3,027)
Changes in fair value of derivative financial instruments	(19,846)	36,265	(30,179)	43,904
Changes in fair value of stadium advance	(244)	(227)	(245)	(227)
Changes in fair value of crown loans	1,965	1,819	1,965	1,819
Movement in provision for impairment of doubtful debts	146	(542)	146	(543)
Add / (less) movements in working capital				
Accounts receivable	(3,047)	8,698	5,548	10,895
Warm Wellington receivable	(112)	(807)	(112)	(807)
Inventory	(12)	27	11,841	(5,222)
Provisions	(310)	(890)	-	(890)
Borrowings	-	-	(730)	(133)
Accounts payable	17,021	(10,117)	(10,784)	(162)
Employee provisions	(389)	139	(389)	423
Insurance receivable	-	-	(62,685)	-
Tax	-	-	(9,787)	(388)
Other	-	-	(310)	2,174
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	(296)	-	(21,607)	(120,912)
Accounts receivable related to fixed assets	-	-	(7,100)	-
Inc/(Dec) in creditors and other payables	-	-	17,782	111,013
Inc/(Dec) Gain/Loss on disposal of property, plant and equipment	-	-	(297)	-
Inc/(Dec) in insurance progress payment schedule	-	-	(75,066)	-
Inc/(Dec) in employee entitlements	-	-	(141)	-
Net cash inflow/(outflow) from operating activities	**33,525**	**21,593**	**22,547**	**35,017**

26 Financial instruments

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

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

(A) MARKET RISK

Currency Risk

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

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

As at 30 June 2017 the Council does not have any foreign exchange contracts (2016: nil). In the Group there is no FX contract as per 30 June 2017 (2016: no contract).

Fair value interest rate risk

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2017 the Group had entered into the following interest rate swap agreements:

	Council		Group	
Movement in interest rate:	**2017 $'000**	**2016 $'000**	**2017 $'000**	**2016 $'000**
Less than one year	55,000	20,000	55,000	20,000
One to two years	60,000	55,000	75,000	55,000
Two to five years	105,000	135,000	105,000	165,000
Greater than five years	285,000	315,000	335,000	395,000
Total fair value interest rate risk	**505,000**	**525,000**	**570,000**	**635,000**

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington are $505,000,000 (2016: $525,000,000) and for the Group $570,000,000 (2016: $635,000,000). At 30 June 2017, the fixed interest rates of swaps of the Council vary from 2.24% to 5.835% (2016: 2.24% to 5.835%). At balance date the swap arrangements of the Group are ranging from 1.98% to 5.96% (2016: 2.24% to 5.96%).

Cashflow interest rate risk

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

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

Sensitivity analysis

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

30 June 2017	Council	Council	Council	Council	Group	Group	Group	Group
Interest rate risk	**+1% Surplus/ (deficit) $'000**	**+1% Equity $'000**	**-1% Surplus/ (deficit) $'000**	**-1% Equity $'000**	**+1% Surplus/ (deficit) $'000**	**+1% Equity $'000**	**-1% Surplus/ (deficit) $'000**	**-1% Equity $'000**
Financial assets								
Cash at bank and term deposits	3	-	(3)	-	6	-	(6)	-
Water supply contingency	100	-	(100)	-	100	-	(100)	-
Bank deposits	230	-	(230)	-	230	-	(230)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Material damage property insurance contingency fund	58	-	(58)	-	58	-	(58)	-
Major flood recovery fund	59	-	(59)	-	59	-	(59)	-
Derivatives	(333)	-	344	-	(333)	-	344	-
Bank Bonds / Floating Rate Note	70	-	(70)	-	70	-	(70)	-
Financial liabilities								
Committed and uncommitted lines	(7)	-	7	-	(808)	-	808	-
Commercial paper	(468)	-	468	-	(468)	-	468	-
Floating Rate Notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	23,909	-	(26,231)	-	27,070	-	(29,674)	-
Total sensitivity to interest rate risk	**20,873**	**-**	**(23,177)**	**-**	**23,229**	**-**	**(25,822)**	**-**

30 June 2016	Council	Council	Council	Council	Group	Group	Group	Group
Interest rate risk	**+1% Surplus/ (deficit) $'000**	**+1% Equity $'000**	**-1% Surplus/ (deficit) $'000**	**-1% Equity $'000**	**+1% Surplus/ (deficit) $'000**	**+1% Equity $'000**	**-1% Surplus/ (deficit) $'000**	**-1% Equity $'000**
Financial assets								
Cash at bank and term deposits	23	-	(23)	-	33	-	(33)	-
Water supply contingency	122	-	(122)	-	122	-	(122)	-
Bank deposits	230	-	(230)	-	230	-	(230)	-
New Zealand Local Government Funding Agency Limited borrower notes	41	-	(41)	-	41	-	(41)	-
Material damage property insurance contingency fund	51	-	(51)	-	51	-	(51)	-
Major flood recovery fund	55	-	(55)	-	55	-	(55)	-
Derivatives	(326)	-	344	-	(326)	-	344	-
Bank Bonds / Floating Rate Notes	70	-	(70)	-	70	-	(70)	-
Financial liabilities								
Committed and uncommitted lines	-	-	-	-	(1,461)	-	1,461	-
Commercial paper	(328)	-	328	-	(328)	-	328	-
Floating rate notes	(2,550)	-	2,550	-	(2,550)	-	2,550	-
Derivatives	27,553	-	(30,458)	-	34,327	-	(37,818)	-
Total sensitivity to interest rates	**24,941**	**-**	**(27,828)**	**-**	**30,264**	**-**	**(33,737)**	**-**

EXPLANATION OF SENSITIVITY ANALYSIS - GWRC

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling $346,000 (2016: $2,281,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $3,000 (2016: $23,000) and negative $3,000 (2016: -$23,000) respectively.

2) Water Supply Contingency Investment

There are $9,966,000 (2016: $12,155,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of $100,000 (2016: $122,000) and negative $100,000 (2016: -$122,000) respectively.

3) Bank deposits

There are $23,000,000 (2016: 23,000,000) invested in term deposits with a maturity term of more then 3 months. A movement in interest rates of plus or minus 1% has an effect on interest income of $230,000 (2016: 230,000) and negative $230,000 (2016: -230,000) respectively.

4) New Zealand Local Government Funding Agency Limited borrower notes

There are $4,480,000 (2016: $4,080,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $45,000 (2016: $41,000) and negative $45,000 (2016: -$41,000) respectively.

5) Material Damage Property Insurance contingency fund

There are $5,785,000 (2016: $5,096,000) invested in material damage business interruption insurance contingency fund. A movement in interest rates of plus or minus 1% has an effect on interest income of $58,000 (2016: $51,000) and negative $58,000 (2016: -$51,000) respectively.

6) Major Flood Recovery Fund

There are $5,875,000 (2016: $5,489,000) invested in flood recovery contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of $59,000 (2016: $55,000) and negative $59,000 (2016: -$55,000) respectively.

7) Derivatives

a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling $271,000 (2016: $293,000). A movement in interest rates of plus 1% results in a loss of $333,000 (2016: $326,000 loss). A movement in interest rates of minus 1% results in a profit of $344,000 (2016: $344,000 profit).

b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling negative $35,531,000 (2016: -$55,401,000). A movement in interest rates of plus 1% results in a gain of $23,909,000 (2016: $27,553,000). A movement in interest rates of minus 1% results in a net loss of $26,231,000 (2016: $30,458,000 loss).

c) Foreign exchange contracts

GWRC had not entered into any foreign exchange contracts as at 30 June 2017 (2016: Nil). The fair value of any contracts at the end of the year was $Nil (2016: $Nil). A movement on foreign exchange rates of plus or minus 10% has no impact (2016: No impact).

8) Bank bonds/ Floating Rate Notes

There are $32,287,000 (2016: $27,522,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $70,000 (2016: $70,000) and negative $70,000 (2016: -$70,000) respectively.

9) Committed and Uncommitted Lines

Money market borrowing under committed and uncommitted lines totalled $700,000 (2016: nil). A movement of plus or minus 1% in market interest rates has an effect on interest expense of $7,000 (2016: nil).

10) Commercial paper

The issued commercial paper has a value of $46,767,000 (2016: $32,826,000). A movement in interest rates of plus 1% increases interest expenses of $468,000 (2016: $328,000) and 1% reduction in interest rates decreases interest costs by $468,000 (2016: $328,000).

11) Floating rate notes borrowings

The issued Floating Rate Notes have a value of $280,000,000 (2016: $255,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of $2,800,000 (2015: $2,550,000). A movement in interest rates of 1% lower has an effect of $2,800,000 (2016: $2,550,000) lower interest expense.

EXPLANATION OF SENSITIVITY ANALYSIS - GROUP

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling $567,000 (2016: $3,274,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of $6,000 (2016: $33,000) and negative $6,000 (2016: -$33,000) respectively.

2) Water Supply Contingency Investment

There are $9,966,000 (2016: $12,155,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of $100,000 (2016: $122,000) and negative $100,000 (2016: -$122,000) respectively.

3) Bank deposits

There are $23,000,000 (2016: $23,000,000) invested in term deposits with a maturity term of more than 3 months. A movement in interest rates of plus or minus 1% has an effect on interest income of $230,000 (2016: $230,000) and negative $230,000 (2016: -$230,000) respectively.

4) New Zealand Local Government Funding Agency Limited borrower notes

There are $4,480,000 (2016: $4,080,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $45,000 (2016: $41,000) and negative $45,000 (2016: -$41,000) respectively.

5) Material Damage Property Insurance Contingency Fund

There are $5,785,000 (2016: $5,096,000) invested in material damage business interruption insurance contingency fund. A movement in interest rates of plus or minus 1% has an effect on interest income of $58,000 (2016: $51,000) and negative $58,000 (2016: -$51,000) respectively.

6) Major Flood Recovery Fund

There are $5,875,000 (2016: $5,489,000) invested in flood recovery contingency term deposits. A movement in interest rates of plus or minus 1% has an effect on interest income of $58,000 (2016: $55,000) and negative $58,000 (2016: -$55,000) respectively.

7) Derivatives

a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling $271,000 (2016: $293,000). A movement in interest rates of plus 1% results in a loss of $333,000 (2016: $326,000 loss). A movement in interest rates of minus 1% results in a profit of $344,000 (2016: $344,000 profit).

b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling negative $44,308,000 (2016: $74,510,000). A movement in interest rates of plus 1% results in a gain of $27,070,000 (2016: $34,327,000). A movement in interest rates of minus 1% results in a net loss of $29,674,000 (2016: $37,818,000 loss).

c) Foreign exchange contracts

There were no foreign exchange contracts in GWRC Group as at 30 June 2017 (2016: nil). The fair value of any contracts at the end of the year was $nil (2016: $nil). A movement on foreign exchange rates by plus or minus 10% has no impact (2016: no impact).

8) Bank bonds / Floating Rate Notes

There are $32,287,000 (2016: $27,522,000) invested in bonds and notes. A movement in interest rates of plus or minus 1% has an effect on interest income of $70,000 (2016: $70,000) and negative $70,000 (2016: $70,000) respectively.

9) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled $80,780,000,000 (2016: $146,050,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of $808,000 (2016: $1,461,000). A movement in interest rates of 1% lower has an effect of $808,000 (2016: $1,461,000) lower interest expense.

10) Commercial paper

The issued commercial paper has a value of $46,767,000 (2016: $32,826,000). A movement in interest rates of plus 1% increases interest expenses of $468,000 (2016: $328,000) and 1% reduction in interest rates decreases interest costs by $468,000 (2016: $328,000).

11) Floating Rate Notes borrowing

The issued Floating Rate Notes have a value of $280,000,000 (2016: $255,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of $2,800,000 (2016: $2,550,000). A movement in interest rates of 1% lower has an effect of $2,800,000 (2016: $2,550,000) lower interest expense.

(B) CREDIT RISK

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

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

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

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

Concentration of credit risk

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

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

Insurance receivables credit risk

A total of $63 million was recognised as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. Within the Associates results a total of $104 million was recognised as a receivable. The credit ratings of each institution as published by Standard & Poor's are rated AA and above as at the date of these financial statements.

26 Financial instruments (continued)

	Council		Group	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash at bank and term deposits	23,346	25,281	23,567	26,273
Trade and other receivables	35,638	42,199	42,752	45,865
Bank bonds / notes	32,287	27,522	32,287	27,522
New Zealand Local Government Funding Agency Limited borrower notes	4,480	4,080	4,480	4,080
Stadium advance	3,305	3,060	3,305	3,060
Derivative financial instrument assets	271	293	271	293
Water supply contingency investment	9,967	12,155	9,967	12,155
Material damage property insurance contingency fund	5,785	5,096	5,785	5,096
Major flood recovery fund	5,875	5,489	5,875	5,489
Insurance receivable	-	-	62,685	-
Total credit risk	**120,954**	**125,175**	**190,974**	**129,833**

Credit quality of financial assets

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

	Council		Group	
Counterparties with credit ratings	2017 $'000	2016 $'000	2017 $'000	2016 $'000
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	4,480	4,080	4,480	4,080
Cash at bank and term deposits				
AA-	31,419	32,275	31,640	33,267
A+	-	15,746	-	15,746
A	13,554	-	13,554	-
Total	**44,973**	**48,021**	**45,194**	**49,013**
Bank bonds / notes				
AA-	32,287	27,522	32,287	27,522
Derivative financial instruments				
AA-	271	293	271	293

(C) LIQUIDITY RISK

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

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

Contractual maturity analysis of financial liabilities

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

30 June 2017	Less than 3 months $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000	Contractual cashflows $'000	Carrying amount $'000
Council 2017							
Financial liabilities							
Trade and other payables	-	42,422	-	-	-	42,422	42,422
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
Total financial liabilities	**48,743**	**97,285**	**31,731**	**65,333**	**171,912**	**415,004**	**369,889**
Council 2016							
Financial liabilities							
Trade and other payables	-	35,302	-	-	-	35,302	35,302
Commercial paper	33,000	-	-	-	-	33,000	32,826
Floating rate notes	1,945	5,798	56,952	66,837	170,799	302,331	255,000
Crown loans	-	26,521	-	-	-	26,521	24,557
WRCH Group Loans	-	-	-	-	-	-	-
Total financial liabilities	**34,945**	**67,621**	**56,952**	**66,837**	**170,799**	**397,154**	**347,685**
Group 2017							
Financial liabilities							
Trade and other payables	-	45,474	-	-	-	45,474	45,474
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
Crown loans	-	-	-	-	-	-	-
WRCH Group Loans	222	6,566	70,205	-	12,846	89,839	80,080
Total financial liabilities	**48,965**	**106,903**	**101,936**	**65,333**	**184,758**	**507,895**	**453,021**
Group 2016							
Financial liabilities							
Trade and other payables	-	36,344	-	-	-	36,344	36,344
Commercial paper	33,000	-	-	-	-	33,000	32,826
Floating rate notes	1,945	5,798	56,952	66,837	170,799	302,331	255,000
Crown loans	-	26,521	-	-	-	26,521	24,557
WRCH Group Loans	876	8,698	31,581	129,060	-	170,215	146,926
Total financial liabilities	**35,821**	**77,361**	**88,533**	**195,897**	**170,799**	**568,411**	**495,653**

(d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

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

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

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

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

Council	Significant non observable inputs $'000	Observable inputs $'000	Quoted market price $'000	Total $'000
30 June 2017				
Financial assets				
Bank bonds / notes	-	32,288	-	32,288
New Zealand Local Government Funding Agency Limited borrower notes	-	4,480	-	4,480
Stadium advance	3,305	-	-	3,305
Derivative financial instrument assets	-	271	-	271
Total assets	**3,305**	**37,039**	**-**	**40,344**
Financial liabilities				
Derivative financial instrument liabilities	-	35,530	-	35,530
Floating rate notes	-	280,000	-	280,000
Crown loans	-	-	-	-
Total liabilities	**-**	**315,530**	**-**	**315,530**

	Significant non observable inputs $'000	Observable inputs $'000	Quoted market price $'000	Total $'000
30 June 2016				
Financial assets				
Bank bonds / notes	-	27,522	-	27,522
New Zealand Local Government Funding Agency Limited borrower notes	-	4,080	-	4,080
Stadium advance	3,060	-	-	3,060
Derivative financial instrument assets	-	293	-	293
Total assets	**3,060**	**31,895**	**-**	**34,955**
Financial liabilities				
Derivative financial instrument liabilities	-	55,401	-	55,401
Fixed rate bonds	-	-	-	-
Floating rate notes	-	255,000	-	255,000
Crown loans	24,557	-	-	24,557
Total liabilities	**24,557**	**310,401**	**-**	**334,958**

Group	Significant non observable inputs $'000	Observable inputs $'000	Quoted market value $'000	Total $'000
30 June 2017				
Financial assets				
Bank bonds / notes	-	32,288	-	32,288
New Zealand Local Government Funding Agency Limited borrower notes	-	4,480	-	4,480
Stadium advance	3,305	-	-	3,305
Derivative financial instrument assets	-	271	-	271
Total assets	**3,305**	**37,039**	**-**	**40,344**
Liabilities				
Derivative financial instrument liabilities	-	44,308	-	44,308
Floating rate notes	-	280,000	-	280,000
Bank loans	-	80,080	-	80,080
Crown loans	-	-	-	-
Total liabilities	**-**	**404,388**	**-**	**404,388**
30 June 2016				
Financial assets				
Bank bonds / notes	-	27,522	-	27,522
New Zealand Local Government Funding Agency Limited borrower notes	-	4,080	-	4,080
Stadium advance	3,060	-	-	3,060
Derivative financial instrument assets	-	293	-	293
Total assets	**3,060**	**31,895**	**-**	**34,955**
Financial liabilities				
Derivative financial instrument liabilities	-	74,510	-	74,510
Floating rate notes	-	255,000	-	255,000
Bank loans	-	146,050	-	146,050
Crown loans	24,557	-	-	24,557
Total liabilities	**24,557**	**475,560**	**-**	**500,117**

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

Valuation techniques with significant non observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance of the level 3 fair value measurements.

Council	Level 3 $'000
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expense	245
Maturing debt / Transfer out	(26,521)
Balance at 30 June 2017	**3,305**
Balance at 1 July 2015	25,571
Gain and losses recognised in the operating surplus or deficit	1,819
Gain and losses recognised in other comprehensive revenue and expense	227
Balance at 30 June 2016	**27,617**

Group	Level 3 $'000
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expense	245
Maturing debt / Transfer out	(26,521)
Balance at 30 June 2017	**3,305**
Balance at 1 July 2015	25,571
Gain and losses recognised in the operating surplus or deficit	1,819
Gain and losses recognised in other comprehensive revenue and expense	227
Balance at 30 June 2016	**27,617**

There was no change to the valuation assumptions.

These balances represent the stadium advance valued at $3,305,000 (2016: $3,060,000). Per 30 June 2017 the interest free crown loans had been repaid (2016: $24,557,000).

(e) Financial instrument categories

Council	Assets at fair value through surplus or deficit $'000	Assets at fair value through other comprehensive revenue and expense $'000	Shares, Loans and receivables $'000	Held to maturity investments $'000	Total $'000
Assets					
30 June 2017					
Cash and cash equivalent	-	-	346	-	346
Receivables and pre-payments	-	-	35,638	-	35,638
Derivative financial instruments	271	-	-	-	271
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	4,480	4,480
Warm Wellington Funding	-	-	11,649	-	11,649
Bank Bonds / Notes	-	-	-	10,000	10,000
Bank Deposits with maturity terms more than 3 months	-	-	-	23,000	23,000
Stadium advance	3,305	-	-	-	3,305
Water Supply Contingency Investment	-	-	-	28,344	28,344
Major Flood Recovery Fund	-	-	-	5,875	5,875
Material Damage Property Insurance Contingency Fund	-	-	-	9,694	9,694
Total assets	**3,576**	**-**	**49,729**	**81,393**	**134,698**
30 June 2016					
Cash and cash equivalent	-	-	2,281	-	2,281
Receivables and pre-payments	-	-	42,199	-	42,199
Derivative financial instruments	293	-	-	-	293
NZ Local Government Funding Agency Shares	-	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	-	80	-	80
Wellington Water Limited Shares	-	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	-	4,080	4,080
Warm Wellington Funding	-	-	11,537	-	11,537
Bank Bonds / Notes	-	-	-	10,000	10,000
Bank Deposits with maturity terms more than 3 months	-	-	-	23,000	23,000
Stadium advance	3,060	-	-	-	3,060
Water Supply Contingency Investment	-	-	-	25,679	25,679
Major Flood Recovery Fund	-	-	-	5,489	5,489
Material Damage Property Insurance Contingency Fund	-	-	-	9,094	9,094
Total assets	**3,353**	**-**	**58,113**	**77,342**	**138,808**

Assets	Derivatives for hedging $'000	Assets at fair value through other comprehensive revenue and expense $'000	Loans and receivables $'000	Held to maturity investments $'000
Group				
30 June 2017				
Cash and cash equivalents	-	-	567	-
Receivables and pre-payments	-	-	42,752	-
Derivative financial instruments	271	-	-	-
NZ Local Government Funding Agency Shares	-	-	1,866	-
Local Government Insurance Corp Shares	-	-	80	-
Wellington Water Limited Shares	-	-	150	-
Bank Bonds / Notes	-	-	-	10,000
Warm Wellington Funding	-	-	11,649	-
NZ Local Government Funding Agency Borrowers Notes	-	-	-	4,480
Bank Deposits with maturity terms more than 3 months	-	-	-	23,000
Stadium advance	3,305	-	-	-
Water Supply Contingency Investment	-	-	-	28,344
Major Flood Recovery Fund	-	-	-	5,875
Material Damage Property Insurance Contingency Fund	-	-	-	9,694
Total assets	**3,576**	**-**	**57,064**	**81,393**
30 June 2016				
Cash and cash equivalent	-	-	3,274	-
Receivables and pre-payments	-	-	45,864	-
Derivative financial instruments	293	-	-	-
NZ Local Government Funding Agency Shares	-	-	1,866	-
Local Government Insurance Corp Shares	-	-	80	-
Wellington Water Limited Shares	-	-	150	-
Bank Bonds / Notes	-	-	-	10,000
Warm Wellington Funding	-	-	11,537	-
NZ Local Government Funding Agency Borrowers Notes	-	-	-	4,080
Bank Deposits with maturity terms more than 3 months	-	-	-	23,000
Stadium advance	3,060	-	-	-
Water Supply Contingency Investment	-	-	-	25,679
Major Flood Recovery Fund	-	-	-	5,489
Material Damage Property Insurance Contingency Fund	-	-	-	9,094
Total assets	**3,353**	**-**	**62,771**	**77,342**

Liabilities	Liabilities at fair value through surplus or deficit $'000	Measured at amortised cost $'000
Council		
30 June 2017		
Trade and other payables	-	42,422
Crown Loans	-	-
Committed Lines	-	700
Commerical paper	-	46,767
Floating rate notes	-	280,000
Derivative financial instruments	35,530	-
Total liabilities	**35,530**	**369,889**
30 June 2016		
Trade and other payables	-	35,302
Crown Loans	-	24,557
Commerical paper	-	32,826
Floating rate notes	-	255,000
Derivative financial instruments	55,401	-
Total liabilities	**55,401**	**347,685**

Liabilities	Liabilities at fair value through surplus or deficit $'000	Measured at amortised cost $'000
Group		
30 June 2017		
Trade and other payables	-	45,474
Crown Loans	-	-
Commerical paper	-	46,767
Bank loans	-	80,780
Floating rate notes	-	280,000
Derivative financial instruments	44,308	-
Total liabilities	**44,308**	**453,021**
30 June 2016		
Trade and other payables	-	36,344
Crown Loans	-	24,557
Commerical paper	-	32,826
Bank loans	-	146,050
Floating rate notes	-	255,000
Derivative financial instruments	74,510	-
Total liabilities	**74,510**	**494,777**

27 Contingencies

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Legal proceedings and obligations	120	110	120	110
Uncalled capital WRC Holdings Limited				
50,000,000 $1 shares uncalled and unpaid	50,000	50,000	-	-
8,000,000 $1 shares, called and paid to 70.0 cents per share (Uncalled 30.0 cents)	-	2,400	-	-
170,200,000 $1 shares, 139,424,024 shares called and paid	19,276	30,776	-	-
6,700,000 $1 shares, called and paid	-	-	-	-
10,100,000 $1 shares, 6,220,000 called and paid	-	3,880	-	-
Guarantee for CentrePort debt obligations	150,000	150,000	-	-
New Zealand Local Government Funding Agency Limited				
1,866,000 $1 shares uncalled and unpaid	1,866	1,866	1,866	1,866
Total contingencies	221,262	239,032	1,986	1,976

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with 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 councils.

The Group has significant claims on its insurers in relation to the Kaikoura earthquake on 14 November 2016. Claims have yet to be assessed and finalised. In the Company's Statement of Intent issued to the shareholders earlier in the year, preliminary estimates were that a further $200m of material damage claims would be settled over and above the insurance proceeds recognised at 30 June 2017 in relation to Port infrastructure amounts. Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

Full provision has been made for insurance claims on the commercial properties with the exception of the Coldstore and F1F2 note 15

28 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect the Council and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

The Council has paid Wellington Regional Economic Development Agency (WREDA) totals grants of $4.2m during the year (2016: $4.3m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for Wellington. The Council has collected these funds for the grant via the targeted WRS rate from all ratepayers.

Key management personnel

Council	Parent Actual 2017 $'000	Parent Actual 2016 $'000
Remuneration	1,023	995
Fulltime equivalent members	13	13
Executive Leadership Team including the Chief Executive		
Remuneration	2,043	2,019
Fulltime equivalent members	8	8
Total key management personnel remuneration	**3,066**	**3,014**
Total fulltime equivalent personnel	**21**	**21**

Due to the difficulty in determining the fulltime equivalent for Councillors, the fulltime equivalent figure is taken as the number of Councillors.

29 Remuneration

Chief Executive remuneration

For the year ending 30 June 2017, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of $426,212 (2016: $405,480).

	Actual 2017 $	Actual 2016 $
Councillor remuneration		
Councillor J Aitken	24,569	78,100
Councillor R Blakeley	51,302	-
Councillor J Brash	63,476	62,538
Councillor P Bruce	19,671	62,592
Councillor I McKinnon	50,956	-
Councillor A Staples	51,653	-
Councillor B Donaldson	92,944	92,772
Councillor P Gaylor	47,594	-
Councillor S Greig	21,692	68,447
Councillor S Kedgley	73,198	62,739
Councillor K Laban	63,476	62,538
Chair C Laidlaw	157,126	157,220
Councillor P Lamason	73,613	64,979
Councillor G McPhee	2,261	66,433
Councillor D Ponter	73,726	7,749
Councillor P Swain	77,245	77,955
Councillor D Ogden	43,805	-
Councillor N Wilson	34,630	84,360
Councillor and Former Chair F Wilde	-	54,752
Total Councillors remuneration	**1,022,937**	**1,003,174**

Employee remuneration

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other parttime, fixed term and casual employees as at the end of the reporting period, 30 June 2017,

	Number of employees	
	2017	**2016**
$60,000 and below	102	118
$60,001 $79,999	166	155
$80,000 $99,999	98	102
$100,000 $119,999	64	67
$120,000 $139,999	21	19
$140,000 $159,999	11	10
$ 160,000 $179,999	17	14
$180,000 $219,999	8	9
$220,000 $439,999	9	6
Total Employees	**496**	**500**
The number of full time employees as at 30 June 2017	402	408
The full time equivalent number of all other non-full time employees	72	64
The number of employees receiving total remuneration of less than $60,000	102	118

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Excluding the Chief Executive, the top band range is $220,000 - $439,999.

30 Capital commitments and operating leases

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Capital commitments				
Property, plant and equipment	4,728	4,172	86,839	36,617

WRC Holdings Limited and Port Investments Limited has no capital or operating commitments as at 30 June 2017 (2016: nil)

CentrePort at balance date had commitments in respect of contracts for capital expenditure are $1.9 million for the Group (2016: $10.1 million). This relates to the purchase of a new pilot launch, work on satellite sites and on Seaview.

An additional $8.8m was committed at June 2017 relating to the contract to secure the Ship to Shore Container Cranes.

CentrePort has significant claims for damage to port infrastructure assets and properties which will result in significant capital expenditure repairs and reinstatement. In the Company's Statement of Intent to its shareholder, the Company has estimated this to be $197.5m for the group over the next 3 years. Total earthquake capital repairs and reinstatement costs are likely to exceed this sum and will extend beyond the next three years. The total earthquake repairs and reinstatement costs are yet to be determined.

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $71.4 million (2016: $22.3 million). This relates to the heavy maintenance the rolling stock.

Operating leases as lessee

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

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Within one year	1,469	1,664	2,358	4,621
After one year but no more than five years	1,282	3,195	3,462	5,762
More than five years	348	365	1,099	1,233
Total non-cancellable operating leases	**3,099**	**5,224**	**6,919**	**11,616**

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year $1,635,547 was recognised as an expense in the statement of comprehensive income (2016: $1,548,713). Contingent rent was not paid (2016: nil).

Operating leases as lessor

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

	Council		Group	
	Actual 2017 $'000	Actual 2016 $'000	Actual 2017 $'000	Actual 2016 $'000
Within one year	2,120	1,992	10,468	6,752
After one year but no more than five years	6,359	5,977	32,047	14,039
More than five years	**9,231**	**11,153**	**35,857**	**19,379**
Future minimum lease payments expected to be received in relation to non-cancellable subleases of operating leases not recognised in the financial statements	**17,710**	**19,122**	**78,372**	**40,170**

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

31 Severance payments

There was one employee (2016: one) who received a severance payment of $5,000 (2016: $5,519.67). This disclosure has been made in accordance with Section 33 of schedule 10 of the Local Government Act 2002.

32 Rating base information

	Total
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	201,188
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	115,449,288,806
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.	51,607,938,000

33 Major variances between actual and budget

Statement of comprehensive revenue and expenses	Council Actual 2017 $'000	Council Budget 2017 $'000
Revenue		
Rates and levies	147,055	146,562
Transport operational grants and subsidies	64,036	69,944
Other revenue	71,955	66,074
Total operational revenue	**283,046**	**282,580**
Expenditure		
Finance costs	(16,477)	(16,534)
Operational Expenditure	(277,937)	(280,174)
Operational surplus / (deficit) for the year before transport improvements	**(11,368)**	**(14,128)**
Transport Improvements grants and subsidies revenue	13,419	15,460
Transport improvement expenditure	(1,056)	-
Net revenue / (expenditure) for transport improvements	**12,363**	**15,460**
Surplus / (deficit) for the year before tax and fair value gains / losses	995	1,332
Asset Revaluation	67,107	-
Fair value gains / (losses) in revenue and expenditure statement	17,918	5,179
Total comprehensive income / (deficit) for the year	**86,020**	**6,511**
Balance sheet		
Assets	-	-
Current	85,253	67,151
Non-current	1,243,288	1,222,523
Total assets	**1,328,541**	**1,289,674**
Liabilities		
Ratepayers equity	919,986	888,571
Current debt	143,038	121,103
Non-current liabilities	265,517	280,000
Total equity and liabilities	**1,328,541**	**1,289,674**
Statement of cash flow		
Cashflows from operating activities	33,525	20,853
Cashflows from investing activities	(48,579)	(68,535)
Cashflows from financing activities	13,119	55,488
	-	-
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**(1,935)**	**7,806**
Cash and cash equivalents at the beginning of the year	**2,281**	**(2,646)**
Cash and cash equivalents at the end of the year	**346**	**5,160**

GWRC's net operating surplus for the 2016/17 year before fair value gains and losses was $1.0 million, compared with a budgeted surplus of $1.3 million. Including fair value movements of ($17.9 million), asset revaluation ($67.1 million) and tax the net surplus was $86.0 million, which is $79.5 million ahead budget

SIGNIFICANT COMPONENTS OF THIS VARIANCE ARE:

1. Rates and levies

GWRC rates and levies revenue was $0.5 million higher due to:

- Growth in the number of local City Councils rating units resulted an additional $1.3million in general rates collected
- Reduced targeted rates collected for Warm Wellington by local City Councils of $0.8million, as some ratepayers have paid off there Warm Wellington loan during the year. This settlement by ratepayers of their Warm Greater Wellington rate is reflected in other revenue noted below.

2. Grants and subsidies revenue

GWRC primarily receives grant revenue to fund various key transport programmes and projects. Grants and subsidy revenue is $5.9 million lower than budget which reflects lower than planned claimable costs for key transport programmes and projects.

3. Other revenue

GWRC receives revenue from external fees and charges, interest revenue and any gains/(losses) on the disposal of assets. Other revenue was $5.9 million higher due to:

- Additional interest revenue from investments of $1.8 million higher, due to higher cash balances being held during the year and favourable deposit rates.
- Additional consents revenue of $1.5 million primarily from the Roads of National Significance (RONS) projects and other consenting activities
- Additional rail fare revenue of $2.4 million due to higher than expected patronage growth during the year.
- Lower dividends and subvention payments $3.7 million received from Centre Port.
- Additional revenue of $1.3 million from the National Ticketing Programme.
- Additional revenue of $0.8 million from stakeholders for Wellington Regional Infrastructure Resilience Business case.
- Additional Warm Wellington revenue of $0.8million reflecting ratepayers during the year who settle their Warm Greater Wellington rate.

4. Operational Costs

GWRC operational expenditure is $2.7 lower due to:

- Reduced costs for Regional Transport Planning initiatives $0.8 million due to delays in agreeing work programmes with third parties.
- Reduced costs for Wairarapa Water Use Project $0.4 million reflecting changes in funding partner contributions to the project.
- Additional costs for Water Supply $2.2 million reflecting additional water health quality work, alternate water source exploration, higher depreciation on assets capitalised during year, and loss on assets disposed of.
- Additional consent costs $1.2 million associated with the RONS programme. These were recovered from NZTA.
- Additional costs for Wellington Regional Infrastructure Resilience Business Case $0.8 million to support the development of this business case for the region. This was funded from stakeholder contributions.
- Reduced costs of $0.8 million reflecting delays in the timing of hearings for the Natural Resource Plan.
- Reduced Public Transport costs were incurred of $4.5 million due to lower expenditure on the Public Transport Operating Model project, Fares & Ticketing project, operator payments, trolley overhead wire maintenance and diesel costs.

5. Fair value adjustments

The main adjustment is the non cash $17.9million increase in interest rate swap valuations. These swaps provide long term certainty for the cost of borrowing. The favourable movement is due to our contract swap rates being lower than the equivalent actual market rates, and reflects the upward trend in interest rates. GWRC's average swap rate at 30 June is 4.89%.

6. Total Assets

The assets have increased $85 million during the year, reflecting the revaluation of flood protection infrastructure $67million and the continued investment in GW Rail primarily for the Matangi train purchase and on going improvements.

7. Cash flow

Overall cash and cash equivalents have decreased mostly due to a greater level of contingency deposits of more than 90 days. Financial assets have increased $4 million.

34 Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2016: Nil).

Financials statements will be authorised for issue by Council on 31 October 2017.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

35 Correction of error

The CentrePort Group have undertaken a detailed review of the calculations relating to the valuation of the SPV Mandatory Convertible Notes Derivative. An error has been identified relating to how the calculation of the equity option is reflected in the financial statements.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2016 $'000	Increase / (Decrease) $'000	30 June 2016 Restated $'000	30 June 2015 $'000	Increase / (Decrease) $'000	30 June 2015 Restated $'000
Statement of Financial Position (extract)						
Investment in Joint Ventures	90,990	(11,779)	79,211	83,728	(5,486)	78,242
Net assets	1,112,802	(11,779)	1,101,023	1,163,666	(5,486)	1,158,180
Retained earnings	511,156	(9,058)	502,098	574,647	(4,219)	570,428
Minority interest	49,179	(2,721)	46,458	46,616	(1,267)	45,349
Total equity	**(1,112,802)**	**11,779**	**(1,101,023)**	**(1,163,666)**	**5,486**	**(1,158,180)**

	30 June 2016 $'000	Increase / (Decrease) $'000	30 June 2016 Restated $'000	30 June 2015 $'000	Increase / (Decrease) $'000	30 June 2015 Restated $'000
Statement of Comprehensive Revenue and expense (extract)						
Share of associate profit accounted for using the equity method	13,379	(6,293)	7,086	7,711	(5,486)	2,225
(Deficit) / surplus before taxation and subvention payment	(38,219)	(6,293)	(44,512)	(19,984)	(5,486)	(25,470)
Income tax benefit / (expense)	(10,827)	-	(10,827)	4,284	-	4,284
Net (deficit) / surplus after tax for the year	**(49,046)**	**(6,293)**	**(55,339)**	**(15,700)**	**(5,486)**	**(21,186)**

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDED 30 JUNE 2017

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

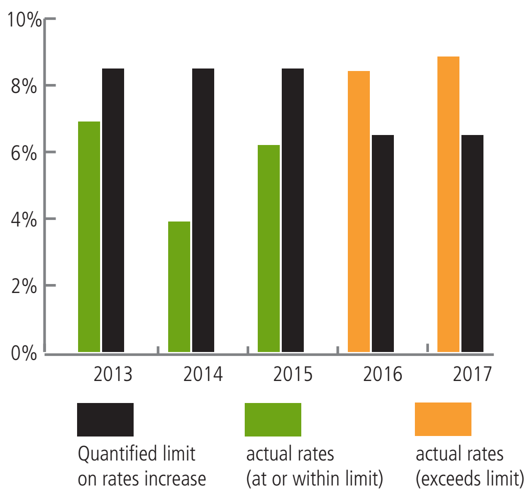
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Greater Wellington Regional Council.

It is also important to keep in mind the overall strategy and policies Greater Wellington has also adopted when reading these graphs. These are included within the 10 Year Plan 2015-25.

Rates (increases) affordability

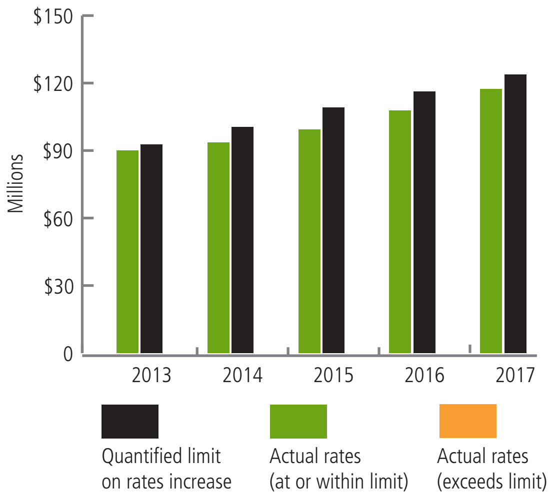
Greater Wellington adopted an average increase of 6.5% per annum (around $31 per year for the average residential ratepayer) in its 10 Year Plan 2015-25 as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

Rate increases in 2016/17 were greater than the 6.5% average over the duration of the 10 year plan. This is primarily due to the timing of capital programmes, which are weighted more to the earlier years of the plan.



Rates income affordability

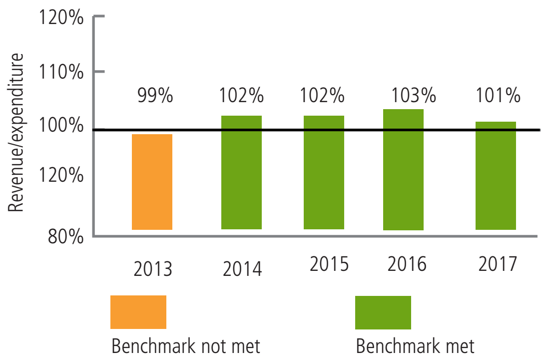
This graph shows the total rates actually.



Balanced Budget

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

Over recent years Greater Wellington Regional Council has been exceeding this benchmark test.

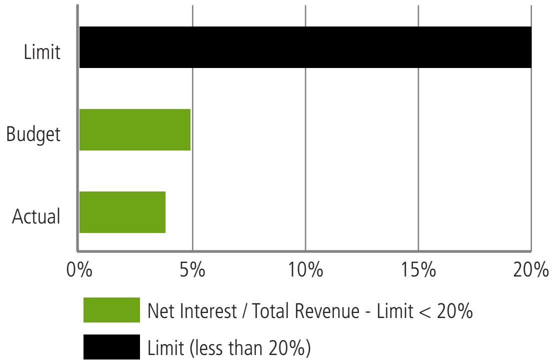


Financial Strategy Financial Limits

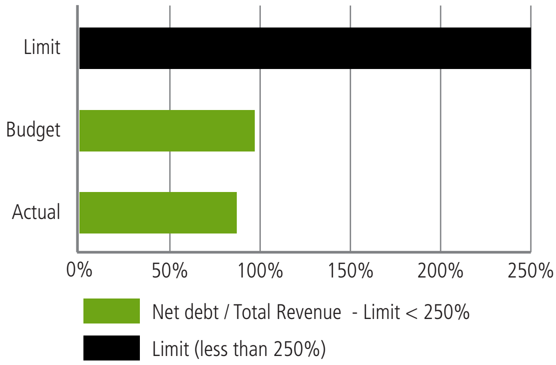
The goal of Greater Wellington's Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers' investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that Greater Wellington adopted in its 10 Year Plan 2015-25.

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

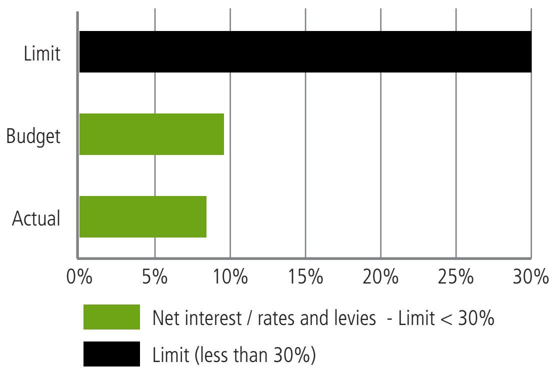
Net interest / Total revenue – Limit < 20%



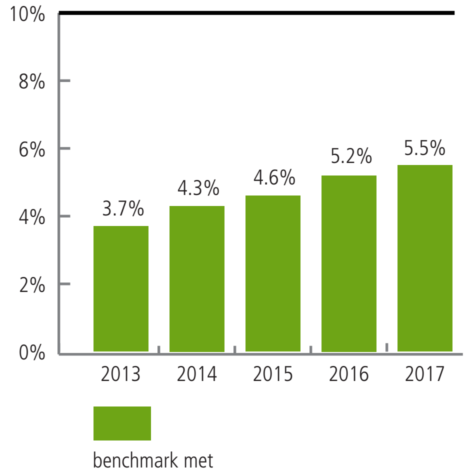
Net debt / Total revenue - Limit < 250%



Net interest / Rates and levies - Limit < 30%



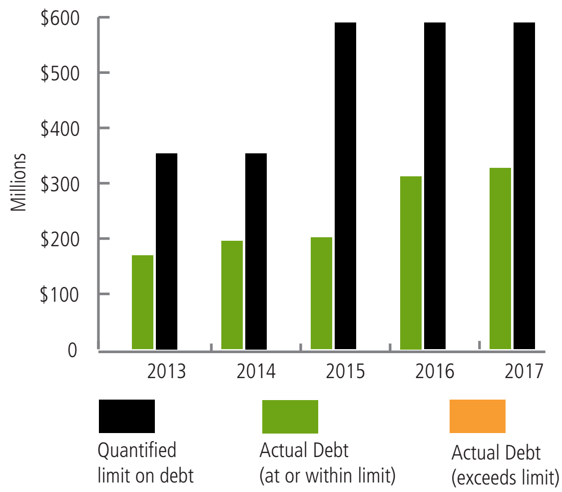
Debt affordability graphs – Debt Servicing



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.

Greater Wellington Regional Council continues to satisfy this benchmark test.

Debt affordability graphs – Debt balance



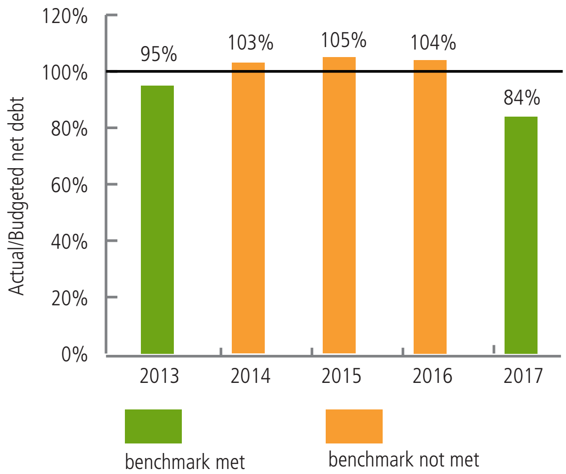
This graph shows the actual debt compared to the debt limit adopted in the 10 Year Plan 2015-25. In the 10 Year Plan 2015-25 the debt projection was for it to peak at $373 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Greater Wellington Regional Council is satisfying this benchmark test.

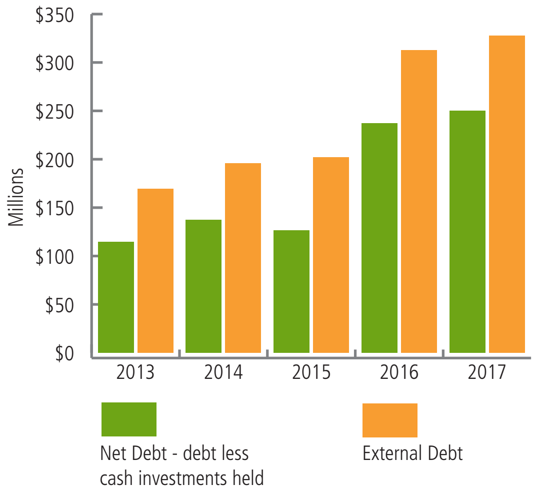
Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100% indicate that our actual result is close to what we planned.

Greater Wellington Regional Council meets this benchmark.



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

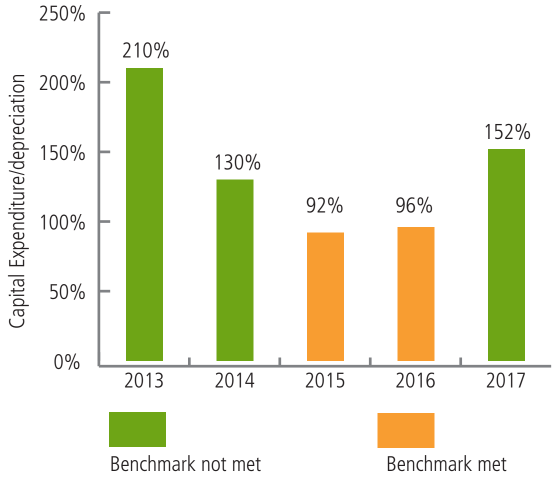


Essential Services

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.

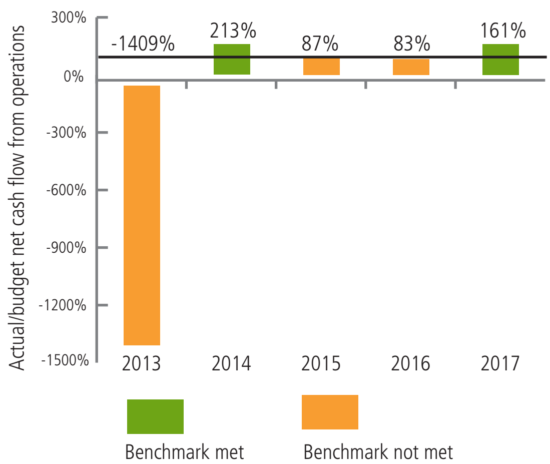
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

With very long life assets it will not be unexpected to have large periods of time where the results are below this benchmark level.



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.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

COMPLIANCE

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

RESPONSIBILITY

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

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2017 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Chris Laidlaw	Greg Campbell	Dave Humm
Chair	Chief Executive	Chief Financial Officer
31 October 2017	31 October 2017	31 October 2017

AUDIT REPORT
HE PŪRONGO AROTAKE PŪTEA

Independent Auditor's Report

TO THE READERS OF THE GREATER WELLINGTON REGIONAL COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Auditor General is the auditor of Greater Wellington Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 122 to 125 and 127 to 193:
  - ◊ present fairly, in all material respects:
    - ◊ the Regional Council and Group's financial position as at 30 June 2017;
    - ◊ the results of the operations and cash flows for the year ended on that date; and
  - ◊ comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the funding impact statement on page 126, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the section entitled Activities of Greater Wellington Regional Council on pages 21 to 89:
  - ◊ presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2017, including:
    - ◊ the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - ◊ the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - ◊ complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 92, 94, 96, 98, 100, 102 & 118 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 92, 94, 96, 98, 100, 102 & 118 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 194 to 196 which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long term plan and annual plans.

Uncertainties related to the effects of the Kaikoura earthquake

Without modifying our opinion, we draw attention to Note 8 of the financial statements, which explains how the Kaikoura earthquake affected the Regional Council and Group. This note explains the assumptions around the insurance proceeds expected to be received, the extent of the impairment of assets, and related tax treatment, and the inherent uncertainties involved in estimating them. Note 15 also explains how the Kaikoura earthquake affected the equity accounted results of the Group's joint ventures, including uncertainties involved in estimating earthquake related costs and insurance proceeds.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the section entitled 'Activities of Greater Wellington Regional Council', as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 20, 93, 95, 97, 99, 101, 103, 105 to 117, 197, and 201 to 203, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit and our report on the disclosure requirements, an independent assurance review under the Regional Council and Group's Debenture Trust Deed, and a probity audit for the Public Transport Operating Model, we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.

Andy Burns

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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COUNCIL COMMITTEE STRUCTURE **KO TE TŪ Ā KOMITI O TE KAUNIHERA**

AS AT SEPTEMBER 2017

(C) Chair

(D) Deputy Chair (if appointed)

Council

Cr Laidlaw (c)
Cr Donaldson (d)

Chief Executive Employment Review	Environment	Finance, Risk and Assurance	Regional Transport	Sustainable Transport	Te Upoko Taiao – Natural Resources Plan	Wairarapa	Wellington Regional Strategy
Cr Ian McKinnon (c)	Cr Sue Kedgley (c) Cr Jenny Brash (d)	Cr Paul Swain (c)	Cr Barbara Donaldson (c) Cr Chris Laidlaw (d)	Cr Paul Swain (c) Cr Daran Ponter (d)	Cr Daran Ponter (co-c) Hikitia Ropata (co-c)	Cr Staples (c) Cr Barbara Donaldson (d)	Mayor, Justin Lester (c) Cr Roger Blakeley (d)

GREATER WELLINGTON STRUCTURE
KO TĀ TE PANE MATUA TAIAO TŪ

GREG CAMPBELL
Chief Executive

Wayne O'Donnell General Manager, Catchment Management	**Nigel Corry** General Manager, Environment Management	**Wayne Hastie** General Manager, Public Transport	**Luke Troy** General Manager, Strategy	**Dave Humm** General Manager, Corporate Services / Chief Financial Officer	**Lucy Matheson** General Manager, People and Customer	**Monica Fraser** Te Pou Whakarae / Te Hunga Whiriwhiri	**Jeremy Holmes** Regional Manager WREMO
Biosecurity	Environmental Policy	Bus & Ferry Operations	Strategic & Corporate Planning	Finance	Customer Contact		
Biodiversity	Environmental Regulation	Rail Operations	Regional Transport Planning	Information, Communication & Technology	Human Resources		
Flood Protection	Environmental Science	Public Transport Planning	Sustainable Transport	Legal, Asset Management and Procurement	Health & Safety		
Land Management	Harbours	PTTP	Democratic Services	Treasury	Customer Engagement		
	Parks			Programme Management Office			
	Water Wairarapa Project						

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

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November 2017
GW/CP-G-17/111

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