If calling please ask for: Democratic Services

18 October 2018

Finance, Risk and Assurance Committee

Order Paper for meeting to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Wednesday, 24 October 2018 at 9.30am

Membership of Committee

Cr Swain (Chair)

Cr Blakeley
Cr Laidlaw
Cr McKinnon
Cr Donaldson
Cr Lamason
Cr Ogden

Kim Skelton

Recommendations in reports are not to be construed as Council policy until adopted by Council

Finance, Risk and Assurance Committee

Order Paper for meeting to be held on Wednesday, 24 October 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9.30am.

Public Business

Public Excluded Business

Please note that these minutes remain unconfirmed until the meeting of the Finance, Risk and Assurance Committee on 24 October 2018

Report 18.415
18/09/2018
File: CCAB-22-383

Minutes of the Finance, Risk and Assurance Committee meeting held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington, on Tuesday, 18 September 2018 at 9:30am

Present

Councillors Swain (Chair), Blakeley, Donaldson, Laidlaw, McKinnon, and Ogden.

Kim Skelton.

Public Business

1 **Apologies**

Moved *(Cr Donaldson/ Cr Swain)*

That the Committee accepts the apology for absence from Councillor Lamason.

The motion was **CARRIED**.

2 **Conflict of Interest declarations**

Kim Skelton advised that she is no longer contracted with NZ Transport Agency.

3 **Public Participation**

Mike Mellor spoke to item 9 on the agenda, *Summary risk report*.

4 **Confirmation of the Public minutes and the Public Excluded minutes of 17 May 2018**

Moved *(Cr McKinnon/ Cr Blakeley)*

That the Committee confirms the Public minutes and the Public Excluded minutes of 17 May 2018, Reports 18.198 and 18.199.

The motion was **CARRIED**.

5 **Action items from previous Finance, Risk and Assurance Committee meetings**

Report 18.335 File: CCAB-22-357

Moved *(Cr Donaldson/ Cr Blakeley)*

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

6 **Economic update on the Wellington Region**

Oral presentation

Dave Grimmond, Economist, gave a presentation to the Committee regarding the current and future economic climate in the Wellington Region.

Dave Grimmond discussed statistics around GDP, rates per filled job, regional rates, and population. These statistics were then used to forecast future economic projections for the Region, where construction as an activity is expected to remain strong for the next decade (plus), and high-value private services are expected in the areas where growth is concentrated.

Dave Grimmond outlined an assessment of industry importance and performance, and where the industries with the highest potential for growth are located through the Region.

7 **Disclosure of declarations of members' interests**

Francis Ryan, Manager, Democratic Services, spoke to the report.

Report 18.331 File: CCAB-22-356

Moved *(Cr Donaldson/ Cr McKinnon)*

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *Notes the current GWRC process for managing members' interests is consistent with the Auditor-General's best practice guidelines.*

4. *Recommends:*

    a. *making GWRC's biannual declaration of members' interests a public document;*

    b. *publishing GWRC's policies and processes for managing conflicts of interest.*

The motion was **CARRIED**.

The meeting was adjourned at 11:04am and reconvened at 11:15am.

8 **Health, Safety and Wellbeing update**

Lucy Matheson, General Manager, People and Customer, spoke to the report.

Report 18.405 File: CCAB-22-367

Moved *(Cr McKinnon/ Cr Ogden)*

That the Committee:

1. *Receives the report.*

2. *Endorses the content of the report.*

The motion was **CARRIED**.

9 **Summary risk report**

Mike Timmer, Treasurer, spoke to the report.

Report 18.378 File: CCAB-22-369

Moved *(Cr McKinnon/ Cr Donaldson)*

That the Committee:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

10 **Summary of financial statements for year end 30 June 2018**

Mark Ford, Manager, Strategic Finance, spoke to the report.

Report 18.379 File: CCAB-22-362

Moved *(Cr McKinnon/ Ms Skelton)*

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

11 **Business Assurance Outcomes**

Mike Timmer, Treasurer, spoke to the report.

Report 18.408 File: CCAB-22-363

Moved *(Cr Laidlaw/ Cr Ogden)*

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

12 **General Managers' report to the Finance, Risk and Assurance Committee meeting on 18 September 2018**

Wayne O'Donnell, General Manager, Catchment Management, gave a presentation to the Committee outlining the GetHomeSafe App as a risk management tool, and new initiatives in the management of contractors' fatigue levels using tools in the field.

Report 18.354 File: CCAB-22-360

Moved *(Ms Skelton/ Cr McKinnon)*

That the Committee:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

The meeting closed at 12:28pm.

P Swain
(Chair)

Date:

5

Report	**18.425**
Date	17 October 2018
File	CCAB-22-390
Committee	**Finance, Risk and Assurance Committee**
Authors	**Sam Gain, Acting General Manager, Corporate Services, and Lucy Matheson, General Manager, People and Customer**

Action items from previous meetings

Attachment 1 lists items raised at Finance, Risk and Assurance Committee meetings that require actions or follow-ups from officers. All action items include an outline of current status and a brief comment. Once the items have been completed and reported to the Committee they will be removed from the list.

No decision is being sought in this report. This report is for the Committee's information only.

Recommendations

That the Committee:

1. ***Receives** the report.*

2. ***Notes** the content of the report.*

Report approved by:	Report approved by:
Sam Gain Acting General Manager, Corporate Services	**Lucy Matheson** General Manager, People and Customer

Attachment 1: Action items from previous meetings

6

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.474**
Date	18 October 2018
File	CCAB-22-406
Committee	**Finance, Risk and Assurance Committee**
Author	**Mark Ford, Manager, Strategic Finance**

Annual Report for the year ended 30 June 2018

1. Purpose

To provide the Committee with Greater Wellington Regional Council's (GWRC) Draft Annual Report and Draft Financial Statements for the year ended 30 June 2018 for review.

2. Background

Under the Local Government Act 2002, the Council is formally required to adopt its Annual Report by 31 October each year. **Attachment 1**, the Draft Annual Report,

The Annual Report 2018 reports against the Long Term Plan 2015-25.

We are continuing to work with Audit New Zealand to finalise the annual report. At this stage it is expected that there will be no major changes required. Jacques Coetzee, Associate Audit Director, from Audit New Zealand will be in attendance at the Committee meeting to provide an update on the audit status.

Jacques Coetzee, Associate Director, and Zirus Zuber, Audit Manager, from Audit New Zealand will be in attendance at the Council meeting on 31 October 2018 to summarise the results of the annual audit and to answer any questions that the Council may have.

3. Role of the Committee

In respect of the Annual Report 2018, the Committee is acting as the Audit Committee of the Council. Its role is to carry out a detailed review of the Annual Report with a focus on the Financial Statements, and recommend that Council approves the Annual Report, subject to any changes required.

4. Financial Performance

Greater Wellington continued to focus on enhancing it's financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net surplus of $7.6m was $1.7m favourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds and Kaikoura earthquake related insurance revenue.

This is partially offset by additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, Optimus (core system replacement) and NEXT (integrated ticketing) projects, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

Greater Wellington invested $65.7m in the regions infrastructure with key programmes of work across the organisation. Capital expenditure was $16.9 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

Greater Wellington had a strong performance against it's financial measures.
Refer to the full Annual Report for these.

5. Reserves

A detailed analysis of reserve movements during the 2017/18 year is provided, along with explanations of variances between budgeted and actual reserve movements, set out in **Attachment 2**. All variances between budgeted and actual reserve movements will need to be approved by the Council at its meeting on 31 October 2018 as part of its adoption of the Annual Report 2018.

The Council has four types of reserves which are categorised as follows:

> *Reserves for each different area of benefit*
>
> These reserves are used where there is a discrete set of rate or levy payers as distinct from the general rate, for example, Regional Water Supply, Public Transport, River Rates, and the Wairarapa Schemes.
>
> Any funding surplus or deficit relating to these areas of benefit is applied to the specific reserves, in proportion to their respective revenue and financing policy ratios.

Contingency reserves

GWRC has traditionally set aside reserves that can be made available when a specific unforeseen event occurs, for example, the flood contingency reserve.

The release of these funds generally can only be approved by a Committee and/or the Council. There is some delegation to the Chief Executive and General Managers. These reserves are long-term in nature.

Special reserves

The special reserves of GWRC are the Election Reserve and Corporate Systems Reserve. The reserves smooth the costs of elections and system upgrades.

Reserves where there has been rebudgeting of expenditure

If a specific project has not been completed during the financial year, and if it is appropriate, it is rebudgeted for the following year.

Funds are made available in the following year for these projects. The main mechanism for this is the use of a reserve, so that GWRC does not rate the community twice for the same project.

6. Non-financial results

GWRC is required to compare its actual performance with the intended level of performance set out in the Long Term Plan 2015-25 and any changes outlined in the Annual Plan 2017/18.

2017/18 was a mostly successful year for GWRC having achieved its intended level of performance, and meeting most of its performance targets as outlined in the draft Annual Report and Summary Annual Report.

7. Communications

A press release will be prepared for the Council meeting on 31 October 2018. The Council is required, one month after adoption of its Annual Report, to make the report and a summary document available to the public. The draft Summary Annual report is **Attachment 3.**

8. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

8.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

8.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers consider that the matter is of a procedural nature and has no direct bearing on climate change.

9. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

9.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

This Committee is being asked to recommend to Council that it adopt the Annual Report. The Council is required to formally adopt the Annual Report.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

9.2 Engagement

No engagement is required.

10. Recommendations

That the Committee:

1. ***Receives** the report.*
2. ***Notes** its contents.*

3. ***Recommends*** *that Council approves the following net amounts, in addition to those budgeted, being added to (or deducted) from the respective reserves, subject to any changes requested by the Committee:*

Reserve	Balance	Ref.
Public Transport Rate Reserve	1,809,685	B1
Sustainable Transport Department Reserve	37,611	B2
Transport Planning Reserve	(40,271)	B3
Transport Data & Analysis Reserve	231,460	B4
Possum Predator Rate Reserve	28,746	B5
Wai Rating Schemes-Catchment Awhea	(3,001)	A1
Wai Rating Schemes-Catchment Whareama	(602)	A2
Wai Rating Schemes-Catchment Homewood	(4,909)	A3
Wai Rating Schemes-Catchment Mataikona	44	A4
Wai Rating Schemes-Catchment Maungaraki	883	A5
Wai Rating Schemes-Catchment Kaiwhata	(3,607)	A6
Wai Rating Schemes-Drainage	156,513	A7
Wai Shingle Royalty	67,945	A8
Wai Rating Schemes-River LWVD-Opex	60,848	A9
Wai Rating Schemes-River Waiohine-Opex	2,476	A10
Wai Rating Schemes - Gladstone	5,103	B6
Wai Rating Schemes-River Waipoua	29,777	A11
Wai Rating Schemes-River Waingawa	5,875	A12
Wai Rating Schemes-River Lower Taueru	416	B7
Wai Rating Schemes-River Lower Whangaehu	360	A13
Wai Rating Schemes- Te Ore Ore	6,835	A14
Wai Rating Schemes - Mt Bruce	17,780	A15
Wai Rating Schemes - Kopuaranga	1,371	A16
Wairarapa Workshop	7,172	A17
WREMO Reserve (TA contributions)	(9,544)	B8
Biodiversity Key Native Eco System Reserve	18,679	A18
Iwi Projects Reserve	114,000	A19
LTP Reserve (finance audit)	160,000	B9
Annual Plan & LTCCP Costs & Review (SCEG)	160,000	B10
Forestry Infrastucture Reserve	(140,690)	B11
Regional Parks Reserve	10,743	B12
Bioworks	(10,213)	B13
River Rate Reserve-Hutt City	(296,976)	A20
River Rate Reserve-Kapiti Coast	(82,471)	B14
River Rate Reserve-Porirua City	3,518	A21
River Rate Reserve-Upper Hutt City	33,504	A22
River Rate Reserve-Wellington City	4,928	A23
Election Reserve	(90,000)	A24
IT Operations Capex Reserve	(404,745)	A25
IT Operations Capex Reserve	1,343,800	B15
Wgtn Regional Strategy - Office Wakefield street Grow Wellington	325,062	A26
WRS Reserve - Grow Wellington	100,683	B16
2016 Earthquake Insurance Proceeds	562,000	A27
Rebudget 18/19:Parks Policy wbs	70,000	A28
Rebudget 18/19:LM - Riparian Management WBS	527,500	A29
Rebudget 18/19:Tier 2 monitoring	36,121	A30

Rebudget 18/19:Infra Studies/Investigation	*19,600*	*A31*
Rebudget 18/19:Trolley Bus - OH Decommisssioning	*141,705*	*A32*
Rebudget 18/19:Fares and Ticketing Establishment Admin	*87,399*	*A33*
Rebudget 18/19:Fares and Ticketing Establishment Other	*118,262*	*A34*
Rebudget 18/19:Fares and Ticketing Establishment Admin (b)	*178,366*	*A35*
Rebudget 18/19:Masterton Building Strengthening - Capex	*11,145*	*A36*
Rebudget 18/19:PC's - Capex	*67,437*	*A37*
Rebudget 18/19:IT Capex - SAP (Hardware & Software)	*157,400*	*A38*
Rebudget 18/19:Transport Model CAPEX.	*44,534*	*A39*
Rebudget 18/19:Resource consent project	*13,719*	*A40*
Rebudget 18/19:Te Kauru FMP development	*2,541*	*A41*
Rebudget 18/19:Waiohine rive scheme capex	*15,103*	*A42*
Rebudget 18/19:Te Kauru capex wbs	*18,879*	*A43*
Rebudget 18/19:Pinehaven Stream Improvements	*18,124*	*A44*
Rebudget 18/19:Manor Park river and stopbank works	*7,136*	*A45*
Rebudget 18/19:Hutt Environmental strategy implementation	*4,908*	*A46*
Rebudget 18/19:LWVD River Scheme Capex	*30,206*	*A47*
Rebudget 18/19:Whaka Stream Project	*6,796*	*A48*
Rebudget 18/19:Ebdentown rocklining	*13,404*	*A49*
Rebudget 18/19:Harbours diving platform	*5,487*	*A50*
Rebudget 18/19:Akatarawa - Asset Mngt. - Capex	*1,699*	*A51*
Rebudget 18/19:Battle Hill - Asset Mngt. - Capex	*4,246*	*A52*
Rebudget 18/19:Belmont - Asset Mngt. - Capex	*5,096*	*A53*
Rebudget 18/19:QEP - Asset Mngt. - Capex (QEP LTP Heritage Precinct)	*21,147*	*A54*
Rebudget 18/19:EH Baring Head Bridges	*24,923*	*A55*
Rebudget 18/19:Asset Management Capex - Fences	*4,544*	*A56*
Rebudget 18/19:Chemical Tanks Replacement	*9,404*	*A57*
Rebudget 18/19:Capex - Bus Stop Facilities New	*11,762*	*A58*
Rebudget 18/19:Capex - Bus Stop Facilities Renewals	*3,361*	*A59*
Rebudget 18/19:Capex - Customer Information Systems.	*5,611*	*A60*
Rebudget 18/19:Matangi 2 Driver Simulator	*28,462*	*A61*
Rebudget 18/19:Park and Ride Development	*34,534*	*A62*
Rebudget 18/19:SW & SE Cars - Heavy Maint/Overhauls	*24,780*	*A63*
Rebudget 18/19:Matangi - Heavy Maint/Overhauls	*261,709*	*A64*
Rebudget 18/19:Rail Rolling Stock Minor Improvements	*14,340*	*A65*
Rebudget 18/19:Capex Interim Bus Ticketing Solution	*25,666*	*A66*

4. ***Recommends** that Council adopts the Annual Report and Summary Annual Report for the year ended 30 June 2018, subject to receiving final audit clearance and any changes requested by the Committee.*

Report prepared by:	Report approved by:	Report approved by:	Report approved by:
Mark Ford Manager, Strategic Finance	**Dave Humm** CFO	**Luke Troy** General Manager, Strategy	**Samantha Gain** General Manager, Corporate Services (Acting)

Attachment 1: Draft Annual Report
Attachment 2: Explanations of Unbudgeted Reserve Movements for the year ended 30 June 2018
Attachment 3: Summary Annual Report

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Greater Wellington Regional Council

Annual Report 2017/18
Pūrongo ā Tau 2017/18

Inside Cover

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Auditors
Audit New Zealand on behalf of the Auditor-General

Bankers
ANZ Bank New Zealand Limited

Treasury advisers
PwC New Zealand

Chair's foreword – Kōrero whakataki a te heamana

This last year saw us build the roadmap for the next 10 years through the creation of our Long Term Plan. Alongside this, we asked the community to provide feedback on the way we fund our public transport and flood protection. There was vigorous discussion within the community and we really valued the fact that you, our ratepayers, were open and honest in talking to us about what we have planned.

It is important for us, as your elected representatives, to ensure our decisions are robust, tested and based on providing the best for the region across all of the major areas in which we work: water supply, environmental protection, biodiversity, regional resilience and public transport.

During the past 12 months, both Council and our staff at Greater Wellington have been focused on launching the Public Transport Transformation Programme in which our Metlink bus services would be transformed to accommodate the future needs of our region.

With such a large-scale change, which has a tangible effect on almost everyone who lives in the community, we worked extremely hard to prepare the region for the changes. While the transformation for Wellington City wasn't launched in the 2017/18 financial year, it would be remiss of me not to touch on this at this time.

The changes to public transport were always going to be confusing and disruptive, and the public response to them emotional, because for so many people across the region there is a personal connection to our transport network. The decommissioning of the trolley buses was a large shift for many in our community, but it was necessary in order to build a new, more flexible network with a commitment to introduce modern electric buses across the region.

At the time of writing, there is still public concern about the bus network roll-out, particularly in Wellington City. We understand the change has caused dirsuptions, but I can reassure you our goal remains to deliver excellent public transport within the region, while continuing to provide other critical projects and activites in our key areas.

Chris Laidlaw

Chief Executive's foreword – Kōrero whakataki a te pou whakahaere

As a regional council we are uniquely placed to touch our customers' lives. Everything we do is to enhance the lives of our diverse and proud communities. During the past year, we have been enhancing the way we share the stories of what we are doing every day in your communities to make a better future of our extraordinary region.

This year, our customers were engaged with us as we collectively built the path for the next 10 years through our Long Term Plan. You told us, through the record number of submissions on that plan and the concurrent Revenue and Financing Policy, what you thought of the process. We listened and acted on your views.

We have been telling our story digitally this year. We have shared how the work we do has an impact on our customers and shown sides of our organisation that are not always apparent to the public.

Due to the breadth of the work we deliver on behalf of the region, there are some services we provide that receive more attention from the public and the media. However, it's important to us that we still share the lesser known stories.

For every bus or train that takes you on a journey through our region, and for every adventure you discover within our regional parks, there is an equally fascinating story of our people working behind the scenes. They help to ensure we continue to build on what we do best and protect what you value the most.

In this Annual Report we are shining a light on the lesser known work of our people as they take care of the things that really matter. Whether it is cultivating native trees to enhance our natural assets, controlling pests or creating a highly ambitious plan for water management through our Whaitua Committees, I hope you take the time to read the stories of the positive impact Greater Wellington is having every day in your region.

As we lead the region forward, we are not able to work alone. We have enjoyed a strengthened relationship with the communities we serve and our partners, including mana whenua, and local and central government. We trust these will continue to grow as we work together to build a brighter tomorrow.

This was highlighted for us this year when we were awarded an AA rating in the Local Government New Zealand CouncilMARK™ excellence programme – one of only two councils to achieve this high a mark in the programme. The independent assessors noted a near-universal acknowledgement that the council is now operating as a highly collaborative partner.

Finally, I thank all of the officers who are at the frontline of the work we do to deliver on our shared vision for this region. I appreciate the dedication of all the Greater Wellington staff and I am proud to present this report demonstrating what we have achieved during the past year.

Greg Campbell

Message from the Chair of Ara Tahi

As kaitiaki and mana whenua of the region, our traditional practice of kaitiakitanga has developed from centuries of observation and experience from which our knowledge and cultural practice is based. This knowledge, handed down from our ancestors, ensures that our footsteps on the environment have a positive influence for our future generations.

Since 1993, we have committed to a relationship with council that manifested in 2013 as a Memorandum of Partnership. The partnership recognises our dual roles in the management of the region and our responsibility to plan wisely for the future. We work alongside each other to embed our respective knowledge to achieve the best outcome for our community.

During 2017/18, our partnership with council has achieved the following:

- Working in partnership at all levels – Ara Tahi, Te Upoko Taiao and ensured Māori representatives are appointed to standing committees of Council

- Influencing and embedding our cultural heritage and values through policy, strategy, and council's programmes of work including:
  - proposed natural resources plan
  - Whaitua implementation planning
  - integrating catchment management
  - park management

We are pleased with the partnership approach to the management of the region. We have also recognised the genuine desire within council to continuously improve opportunities for mana whenua across all areas of council's operations. Our partnership has spanned 25 years. in 2018/2019, mana whenua and council are reviewing our partnership to plan our next 25 years. We will utilise what we look to our past for, to inform our way forward. We look forward to our next 25 years with the regional council.

Me huri whakamuri, ka titiro whakamua – Utilising our past to inform our future

Mahinarangi Hakaraia

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 i*mprove the overall wellbeing of the region* and align our work to five community outcomes to achieve this.

Outcome	**What does that mean?**
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.*

Our place in your world – Ko te Wāhi ki a Mātou

Total staff: 455
Female: 191
Male: 264

Our region

- Makes up 3% of New Zealand's total land area from Wellington City in the south to Ōtaki on the west coast and Pukaha Mt Bruce in the east.
- An area of 8,049 km
- Responsible for 320km rivers and 280km of stopbanks

- On the first anniversary of the 2016 Kaikoura earthquake, communities took part in a **Tsunami Hikoi** practising drop-cover-hold and tsunami evacuation
- We received national and international recognition for the innovative design and content of our **Earthquake Planning Guide**
- Rail patronage grew by more than 400,000 passenger journeys

More than 2,000 responses were received during public engagement on Let's Get Wellington Moving

- 91 schools representing 24,355 students participated in the active travel initiative **Movin March**
- **Pedal Ready cycle skills training** was delivered to 6,000 adults and children
  - 148 children and five adults taught to ride a bike for the first time
  - 104 adults took part in electric bike taster sessions

- 1.8 million visits across the parks network
- 95% visitor satisfaction with their park experience
- 35,000 camping nights at campgrounds at Kaitoke, Battle Hill and Belmont Regional Parks
- 35,000 trees planted on six parks

3,600 tonnes of rock was placed along river banks to repair erosion damage and maintain river alignments

11,900 willow poles were planted to strengthen river buffers

Financial overview of our performance

This overview provides a summary of the major aspects of our financial management and results for the 2017/18 year.

We have produced this overview to give Greater Wellington residents a snapshot of our finances. Full details are provided later in the report. Refer to the full Annual Report for the full financial statements as well as the costs of providing services for each activity, comparing what was spent with what was budgeted.

Greater Wellington continued to focus on enhancing it's financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net surplus of $7.6m was $1.7m favourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds, and Kaikoura earthquake related insurance revenue.

This is partially offset by additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, Optimus (core system replacement) and NEXT (integrated ticketing) projects, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

Greater Wellington invested $65.7m in the regions infrastructure with key programmes of work across the organisation. Capital expenditure is $16.9 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by River Link property acquisition timing and additional costs for the Waterloo water quality project.

$315.6 million
revenue from rates, grants & other sources

$7.6 million
net surplus after tax for 2017/18

$1.5 billion
of total assets managed by GWRC

$ 65.7 million
capital spend for 2017/**18**

$314.5 million
costs of running the Greater Wellington region

$4.23
costs of delivering all Council services per rating unit per day

$379.6 million
borrowing position at the end of 2017/18

AA credit rating
with Standard & Poor indicating good financial health

Akura Nursery – enhancing our local environment, one seedling at a time

On more than 42 hectares near Masterton, a small number of dedicated Greater Wellington staff at Akura Nursery work through the coldest months to provide over 280,000 seedlings, and 345,000 poplar and willow trees and seedlings to the region. These plants prevent erosion, enhance soil quality, protect our waterways, increase the region's biodiversity and sequester harmful carbon emissions.

The nursery was developed 33 years ago primarily so we could grow our own poplar and willow trees. This was to meet the demand from our land management teams, who work with farmers across the region to ensure soil quality and hillside erosion is controlled by planned plantings. Developing our own nursery allowed us to create a highly managed system that meets our specific needs. The trees also play a critical role in our flood protection work and riparian planting projects.

Across the 42 hectares are hundreds of planted rows, which accommodate about 20 varieties of poplar and willow trees. The trees are pruned, harvested, and bundled by contractors to prepare them for distribution. Each variety of tree is grown for a specific environment – coastal plantings, swampy land or hillside farms. Both the Akura staff and the land management advisors work hard to ensure that they are providing the right plant for the right spot.

The staff who tend Akura are justifiably proud of what they have achieved in the nursery. In 2007 a retail section was added, selling more than 50 species of native plants propagated from seeds and eco-sourced from across the Wairarapa, alongside fertilizer, spades and other equipment. With the increasing number of lifestyle blocks in the area, the retail side is becoming increasingly popular and customers appreciate the staff's sound advice.

Since the introduction of the retail section, the Akura Nursery has become one of the only nurseries of its kind. It doesn't require any ratepayer funding to provide the willow, and poplar trees for the land management work undertaken across the region. All revenue from retail sales is put back into the nursery to upgrade equipment and fund day-to-day operations.

Akura Nursery is a one-stop shop where you can get the plants and advice to allow those plants to thrive and protect our biodiversity for the future.

Ramaroa – bringing our rich Māori, European and natural heritage to life

The rich Māori, European and natural heritage of Queen Elizabeth Park is on display with the opening of the award-winning Ramaroa Heritage Centre at Mackays Crossing. Ramaroa comprises a large meeting room capable of seating 60 people. This space can be booked by community groups and other organisations for their own activities or to learn more about the park.

The name Ramaroa is Māori in origin with 'rama' meaning light and 'roa' meaning long. Ramaroa can be interpreted as eternal flame or guiding light, projecting a radiance that invites and connects the community and visitors to the park. Naming the building Ramaroa reaffirms the significance of an ancestral connection for the local iwi, Ngāti Toa Rangatira, Ngāti Haumia and Te Ātiawa ki Whakarongotai.

In addition to providing a name, the iwi were involved every step of the way towards its establishment. They provided a cultural impact assessment, set up archaeological protocols for artefacts found during excavation and cultural monitoring during earthworks, blessed the site before commencement, designed the kowhaiwhai panels and whakairo (carving), and led the dawn opening ceremony. The project and building represent our partnership with mana whenua in action.

When designing Ramaroa, architect Ben Gilpin drew inspiration from the park's rich and diverse history, from its lengthy Māori heritage as well as US Marines occupation during World War Two. The building, which has been recognised with two 2018 Wellington/Wairarapa Architectural Design Awards, a 2018 NZ Signs Award and the Window Association of NZ Design Award 2018, reflects this heritage.

It refers both to the traditional Māori wharenui and the tent structures from the Marine camp. Two separate gable buildings are linked by a gullwing roof. Ramaroa's central support posts are adorned with a Manaia guardianship figure, showing kaitiakitanga for our people, flora and fauna – the taonga of Queen Elizabeth Park. The roof, tilted walls and large decks reference both a traditional Māori 'wharenui' and military style tents used by US Marines who once occupied this area.

Biosecurity – innovation and working with local communities are the way forward

Smothering, strangling, displacing, infecting, browsing, killing. There are many ways pest plants and animals can seriously threaten the health of our native and productive plants and animals and, as a consequencce, undermine our biodiversity and primary production. In the past year we've made great progress in using innovative methods, and exciting new equipment to improve our biodiversity through biosecurity measures.

In Te Ahumairangi Hill we're partnering with Wellington City Council to investigate the successful control of rat numbers *without* poison. This would not only save costs in servicing bait stations each year, but also would reduce the risk to other animals that aren't targets. The replacement-bait of choice? Chocolate. Our biosecurity team has set up several self-setting traps with chocolate lures that are checked every three months.

The rodent numbers are being monitored by tracking tunnels – tubes with ink on the floor that show footprints. These are showing numbers remaining at low levels. The site also has chew cards with peanut butter smeared on them. These let us know what kind of pests are visiting by looking at bite marks left in the cards. They're being used at the Te Ahumairangi Hill to monitor possums, and so far none has been found thanks to the ongoing work around the rest of the town belt. The chew cards are used to great effect throughout the region to understand what pests we're dealing with.

Porirua Scenic Reserve is a beautiful example of lowland kohekohe podocarp and tawa podocarp forest that has been receiving a greater level of protection from our biosecurity staff. We're working with Porirua City Council to tackle several pests, including tradescantia, old man's beard, gorse, broom, possum, stoat, hedgehog, feral cat, ratsand stock that occasionally find a hole in the fence. A total of 214 bait stations control possums and rats, and 31 traps are for stoats, all checked every three months. Since our work started in 1995, there has been a significant increase in birds such as tui and grey warbler, and self-introductions of kakariki and bell bird.

There are other areas where we are starting to see fantastic results after many years of work to control pest animals. A great example is the rook programme. Rooks are large black birds with glossy feathers that are native to Great Britain and Europe. They like to eat crop seedlings. This often means entire paddocks have to be re-sown. From 1985 to 1994, the number of rooks increased tenfold in our region. Since 1992 we've been working hard to bring numbers back down, and in the past 10 years they have decreased across the region by 86% as a result.

Our fleet of vehicles has also been updated with new technology. Our new whisper-quiet electric farm bikes are perfect for night shooting of possum, rabbits and hares as the team can almost silently cover ground. The new e-bikes are also very lightweight and able to manoeuvre on tight tracks, so it's possible to cover a much larger area than-bulky regular motorbikes. The e-bikes are also very environmentally friendly.

We are tackling these and many more biosecurity issues across the region by planning for the next 20 years with the proposed Regional Pest Management Plan 2019-2039. Submissions for the plan ended in July 2018. After public hearings late in 2018, the new plan is on track to be adopted in early 2019.

The Ruamāhanga Whaitua Committee – success through community engagement

The Ruamāhanga Whaitua Committee has worked with the community, scientists and leaders over the last four years studying the whaitua (water catchment area). The study is aimed at understanding whaitua characteristics, the pressures facing it, alongside the cultural, economic, and environmental values the community associate with its waterbodies, and management options appropriate to its unique waterways and communities.

The Whaitua committee members are appointed following a public submission period to form a group of local people tasked with recommending ways to maintain and improve the quality of our fresh water. The Ruamāhanga Whaitua Committee was established in December 2013, and is working to produce a Whaitua Implementation Programme (WIP). That programme will contain recommendations for the integrated management of land and water resources within the catchment and will be set out in GWRC's Natural Resources Plan.

During 2017/18, the committee finalised the full range of recommendations including acceptable limits of water usage for urban and rural users, these recommendations will go on to form their Whaitua Implementation Programme, which will be presented to Council in the first quarter of the next financial year. A Whaitua Implementation Programme describes the ways the community who live within the whaitua want to manage their water now and for future generations, through a range of integrated tools, policies and strategies.

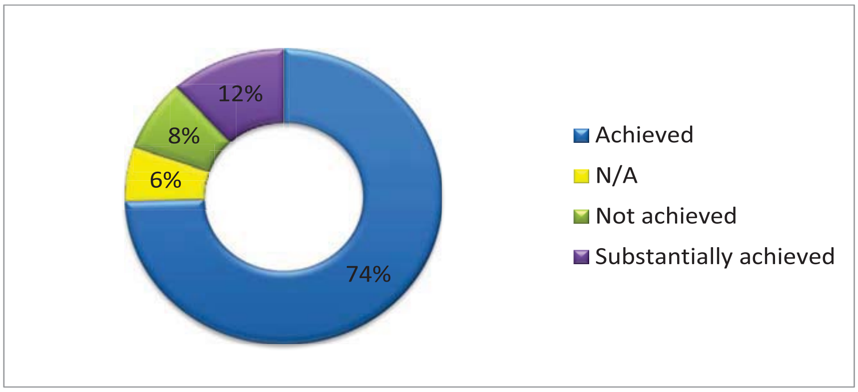
When the recommendations from the Whaitua Implementation Programme are adopted these will be incorporated into our Natural Resources Plan.

Getting to this stage has involved a truly connected community engagement effort. In April/May 2018, the Whaitua Committee went back to speak at community halls where they had met over the previous four years building the plan, to share with the community the draft recommendations. This was part of a long series of engagement sessions and knowledge gathering which had helped shape the Ruamāhanga Whaitua Implementation Programme.

The Ruamāhanga Whaitua Committee was the first committee to be established and reaching this point has shown us the benefits of this collaborative policy development and the confidence, trust and belief the Committee expressed in front of their peers. The credit for producing such a powerful and challenging document goes to the community-led process and ultimately the people of Wairarapa for supporting the committee.

Reaching our non-financial targets

Greater Wellington has a range of annual performance targets for each group of activities, which are set in our Long Term Plan 2015-25. As you can see from the graph below, Greater Wellington has achieved 75 percent of its performance targets for the 2017/18 year.



Key:

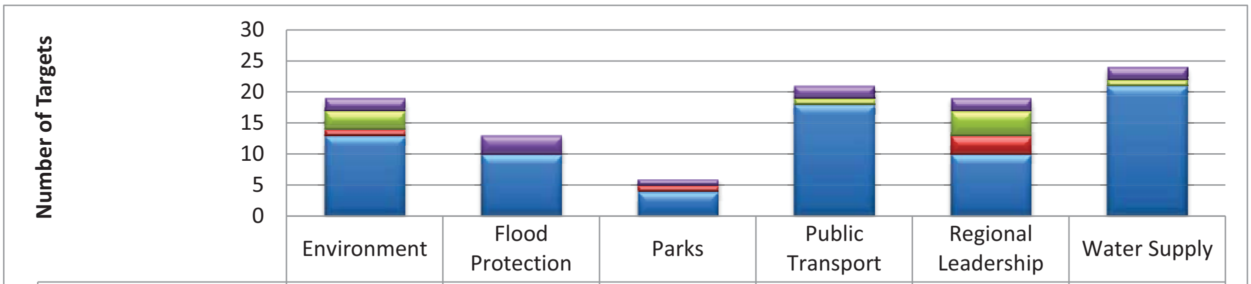
Not achieved	Performance targets not met were outside a variance of 5%
Substantially achieved	Performance targets were within a 1-5% variance of the target
Not applicable	These include changes `

The targets identified as "not achieved', were of a moderate nature, including pre-identified timing changes. They are outlined below:

- The number of applications to join the Warm Greater Wellington scheme was lower than the target, but well in line with this year's expectations
- Greater Wellington's corporate greenhouse gas emissions were not reduced due to the impact of having to move and set up alternative offices as a result of the November 2016 earthquake
- The percentage of hill-country erosion-prone land covered by an active Farm Plan is lower than the target
- The percentage of scheduled Wairarapa services on-time to 5 minutes was well under target and the issues have been addressed in the Long Term Plan 2018-28
- The percentage of significant and environmental non-compliance that is reported within one month
- Whaitua committees implemented did not meet the original programme plan due to the level of community engagement required to reach a mutually beneficial outcome

By activity group

The following graph provides a breakdown of Greater Wellington's performance against the targets by Activity Group. Further details on our performance against our targets can be found in each section.



	Environment	Flood Protection	Parks	Public Transport	Regional Leadership	Water Supply
Substantially achieved	2	3	1	2	2	2
Not achieved	3			1	4	1
N/A	1		1		3	
Achieved	13	10	4	18	10	21

Finances at a glance – He Pūrongo Pūtea

Annual revenue

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$296.5m	$315.6m	$318.3m

$153.0 million from rates

$162.6 million from grants & other sources

Annual expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$295.5m	$314.5m	$311.4m

Capital expenditure

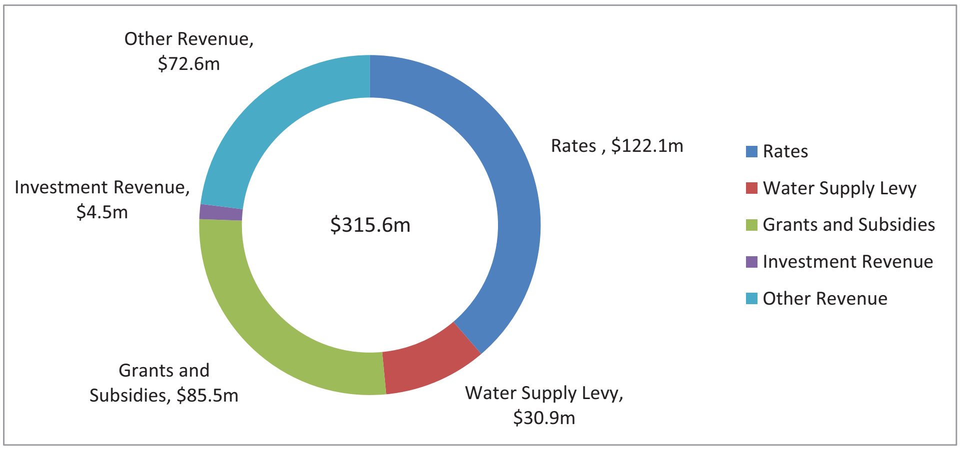
2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$47.7m	$65.7m	$82.5m

Debt

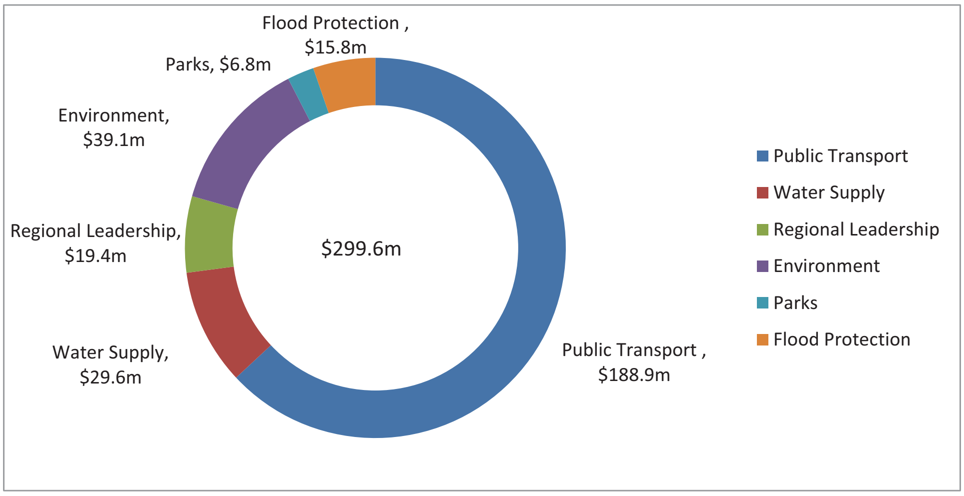
2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$327.5m	$379.6m	$396.2m

Financial Summary

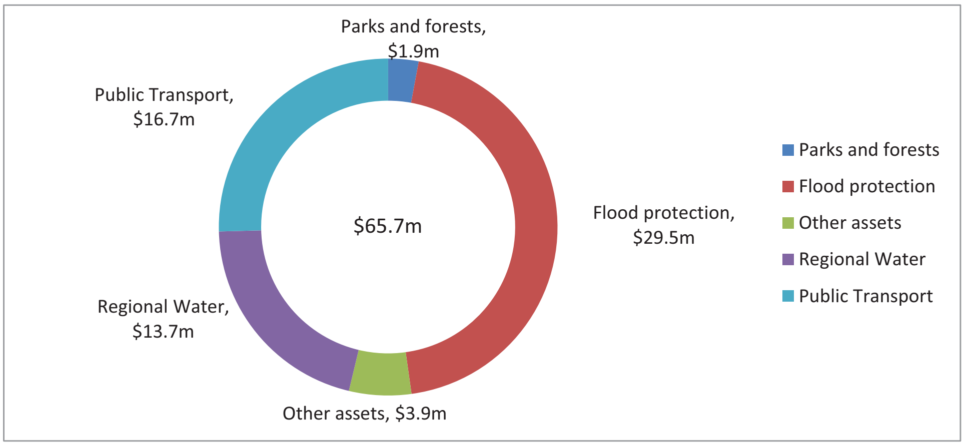
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges and investment income.

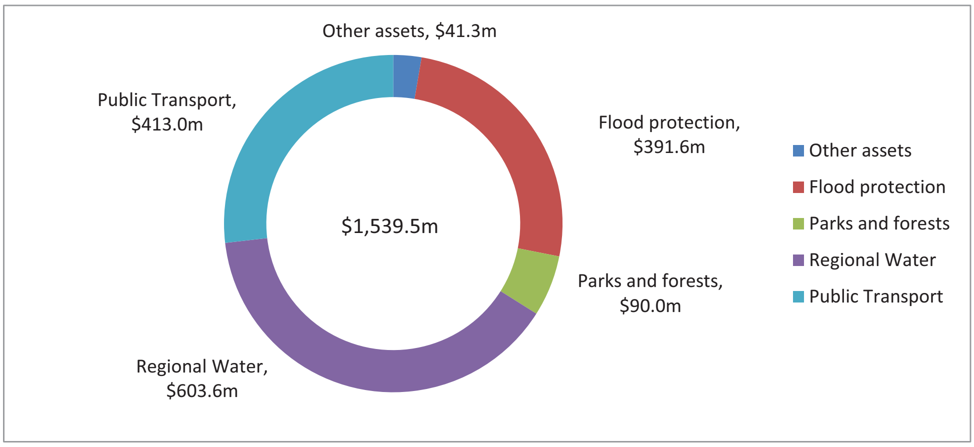


The below pie chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.



Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.





The above chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks and forests. Public transport includes $398.3m 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 2017/18, Greater Wellington set out what we planned to achieve this year. This section of the Annual Report sets out in detail a range of targets and performance measures we set, and a summary of the year's achievements.

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.

Leading and partnering – making our region extraordinary

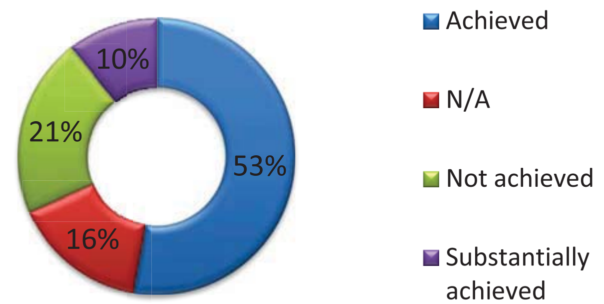
Regional leadership – Ngā Kaihautū o te Rohe

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



3 performance targets were noted as Not Applicable. This relates to targets under climate change and emergency management reflecting changes in targets and measurement since being set.

Our Regional Leadership activities focus on developing and maintaining strong relationships and collaborative programmes at a regional level. Economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network; 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. Mana whenua partners in the region include:

- Taranaki Whānui ki te Upoko o te Ika, who is represented by the Port Nicholson Block Settlement Trust
- Ngāti Toa Rangatira, who is represented by Te Rūnanga o Toa Rangatira Inc
- Ngāti Raukawa ki te Tonga, who is represented by Ngā Hapū ō Ōtaki
- Te Ati Awa ki Whakarongotai, who is represented by the Atiawa ki Whakarongotai Charitable Trust
- Ngāti Kahungunu ki Wairarapa, who is represented by the Ngāti Kahungunu ki Wairarapa Charitable Trust
- Rangitane o Wairarapa, who is represented by Rangitāne ō Wairarapa Inc

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. We work closely with iwi to ensure that their voice is heard and understood. There are significant benefits to working in partnership with mana whenua. A partnership builds trust, facilitates communication, enables each party to share information and resources that results in improved understanding and outcomes of mutual benefit.

The year in summary

In 2017/18, mana whenua were engaged across all areas of our organisation. Our partnership can be seen in action through mana whenua representation in Greater Wellington working groups and committees, through the way we plan and the projects we deliver.

Council has worked closely with iwi on a range of activities during the year, including: development of the Long Term Plan 2018-28, which enabled mana whenua the opportunity to influence the long term direction for council; and council strategies that enable mana whenua to articulate their cultural heritage and values. We have continued to support the Treaty Settlement processes for Ngāti Kahungunu and Ngāti Rangitāne. Also, we continue to advance our Integrated Catchment Management Agreement for the Ōtaki River with Ngā Hapū o Otaki, which sets out cooperative processes to improve outcomes in that area.

Three of our mana whenua have been key participants in Whaitua Implementation Planning and we continue to work with iwi to develop Cultural Health Monitoring Frameworks and Iwi Management Plans. These significant pieces of work ensure that both mātauranga Māori and scientific knowledge are considered when assessing and monitoring the health status of the environment.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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	11%	13%	20%	Achieved
	NEW TARGET: Percentage of general and senior managers who have completed Te Ara Matua training and other individualised training	13%[1]	13%	11%	Not achieved [2]
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 to align with the review of the partnership under way in 2018/19[3]	Not achieved

No unplanned activity

[1] Baseline of 13% established in 2016/17 Annual Report
[2] Training not included in this result includes working with senior staff on support for one off meetings.
[3] Recommendations from the Stocktake are planned to be included in the Māori Partnership Framework Implementation Plan.

Wellington regional strategy

The Wellington Regional Strategy is the region's economic development strategy, which aims to strengthen the region's economy while creating an environment which highlights that we are an attractive and innovative place in which to work and live, now and into the future. The Wellington Regional Strategy Office coordinates some of the focus areas in the strategy and supports 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, the WRS Committee, supported by the WRS Office, began developing a Wellington Regional Investment Plan (WRIP). The plan will identify the transformational projects that will drive economic growth across the region and provide the basis for discussion with central government and other partners. The early focus has been on research and economic analysis, which is guided by a steering group of senior staff from the region's councils, Wellington Regional Economic Development Agency (WREDA) and the New Zealand Transport Agency. Workshops have been held with stakeholders from across the region as well as council chief executives and mayors.

After discussions with Ara Tahi about the Wellington Regional Investment Plan, it was agreed that a Māori Economic Development Strategy and action plan would be developed. When completed, this plan will be integrated into the Wellington Regional Investment Plan, as well as providing a focus for action for the Māori economy. As a first step in this process, a report on the Māori economy in the Wellington Region has been completed and presented to Ara Tahi and the WRS Committee.

A targeted series of business forums were held to further develop the research on 'people skills' in a technology era. They were completed by Victoria University (with support from the WRS Office) over the past couple of years. These forums were run were in partnership with Victoria University and the Gold Awards. The aim was to identify opportunities and issues for the region in the future labour market area. It forms part of the work in developing a regional labour market plan.

Support was provided to WREDA, in partnership with the Department of the Prime Minister and Cabinet, to develop a resource for businesses on making it easier to employ interns. The initial focus was on developing a web-based resource for cyber security businesses to encourage development in this industry, but with the ability to be extended to all industries.

Information and support has been provided to develop a business land demand report, required under new legislation (National Policy Statement on Urban Development Capacity) for high growth areas.

The WRS Office continues to coordinate meetings of the Wellington Economic Development Managers Group, which is a forum for sharing information and coordinating economic development projects across the region's councils.

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 including: - The Genuine Progress Index (GPI) was updated - Infometrics regional report - The 2018 Quality of Life survey for the Wellington region We also developed an economic forecasting model with employment and population implications for the region.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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%	Achieved [4]

Unplanned activity

The Wellington Regional Strategy Office has supported the development of a Wairarapa Economic Development Strategy and Action Plan, in parallel with the development of the Wellington Regional Investment Plan. This plan will be integrated into the wider regional plan and will also provide the Wairarapa with a strong, focused plan for growth. Several workshops were held with iwi and other key stakeholders in Wairarapa.

[4] 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

A significant project was completed with the mid-term review of the Regional Land Transport Plan. The main focus of the review was to update the regional programme of transport projects for 2018-21. This programme is our region's bid for central government funding from the National Land Transport Fund for the transport projects and activities in the region. It includes the projects of all of the territorial authorities, NZ Transport Agency and Greater Wellington, and will be used to input to the National Land Transport Plan.

The new Government Policy Statement has led to significant change within the transport sector, with an increased emphasis on safety, public transport, walking and cycling. This requires correspondent responses to the signals and policy announcements to ensure the region is well placed to put forward a coherent programme.

Active involvement in a range of large transport projects in the region continued, most significantly the Let's Get Wellington Moving project. Let's Get Wellington Moving aims to provide for Wellington's population growth, and enhance liveability and improve access through transport and urban realm improvements in central Wellington City. We continued to lead investigations into options for better organising of regional transport analytics to inform better decision making, and worked jointly with the Public Transport Policy Team to prepare a park and ride strategy for the region.

Planning advice and advocacy was provided on integrated transport on behalf of the region at national transport forums, and submissions prepared on a wide range of documents, including the new Government Policy Statement and proposed district plan changes.

A suite of programmes promoting the use of safe and sustainable transport to help ease issues of congestion and road safety, resulted in 6,000 adults and children being taught cycle skills across the region, 2,405 people from 286 organisations participating in the Aotearoa Bike Challenge 2018 – Wellington, and 91 schools representing 24,355 students participating in Movin' March, the active travel promotion for schools.

Our key projects and programmes

What we said we would do	What we did
Regional freight network programme business case	This has been subsumed into the Let's Get Wellington Moving and port programmes.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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% RLTP mid-term review completed	Achieved
	Completion of annual monitoring report and acceptance by RTC	No baseline	As scheduled	Completed	Achieved [5]
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	87%	90%	94%	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.[6]	Achieved

5 The Annual Monitoring Report can be found on the GWRC website at http://www.gw.govt.nz/assets/2016-17-Annual-Monitoring-Report-for-RLTPWeb.pdf.

6 There was a 74% increase in Movin March figures and a 58% increase in the Aotearoa Bike Challenge.

Climate change planning and activities

We are proactively 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 to 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

Greater Wellington continues to champion climate change preparation and awareness, through our Climate Change Consideration Process. This requires all new initiatives and all council and committee decisions to include a climate change assessment and ensures we have a consistent, organisation-wide system 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 2017, Greater Wellington commissioned NIWA to analyse the impact of climate change in the region and report on up-to-date projections and other key information. This report was released in August 2017 and has been made available as online interactive GIS maps https://mapping1.gw.govt.nz/GW/ClimateChange_StoryMap/#.

A Wellington Region Climate Change Working Group was established in late 2017. It provides a forum for all councils in the Wellington Region to network, discuss issues, share information and where appropriate, achieve a consistent approach across all jurisdictions on climate change mitigation (reducing greenhouse gas emissions) and adaptation (preparing for impacts such as sea level rise, drought and enhanced natural hazards effects).

During the year, Greater Wellington's Chair, along with 38 other mayors and regional council chairs, signed a Local Government Leaders Declaration on Climate Change. A Local Government Position Statement on Climate Change was also released, which details key actions and policy changes to manage the effects of climate change on New Zealand's communities. The objective is to provide a focus on key joint central and local government actions and policy changes needed to manage climate change effects on communities.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 target	2017/18 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.	Milestones were not defined, however a summary of progress to date will be reported to the Environment Committee[7]	N/A
	Greater Wellington's corporate GHG emissions are measured and reported and a reduction in council emissions is demonstrated	N/A[8]	Reduction on previous year.	2015-16 GHG emissions: Corporate Emissions 1,256[9] tonnes CO_{2-e}. 2016-17 GHG emissions: Corporate Emissions = 1,528 tonnes of CO_{2-e}. 2017-18 GHG emissions: Corporate 1,629 tonnes of CO_{2-e}.	Not achieved [10]
	A policy of assessing the climate change implications of all council projects/proposals is implemented	N/A[11]	100% of council projects/proposals are assessed in terms of possible climate change impacts.	All council projects/proposals are assessed. The process for assessing the climate change was implemented in May 2017.	Achieved

No unplanned activity

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[7] There are no milestones identified in the strategy; however several initiatives are identified which are reported on to the Environment Committee. The Climate Change Strategy Implementation Plan progress report will be presented to the Environment Committee in September 2018.
[8] Baseline established in 2015/16.
[9] Adjustment from previously reported 2015/16 total of 1,126 tCO_{2-e} due to improved methods of calculation.
[10] The uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions and further electric vehicle charging investment, and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.
[11] Policy developed and agreed by council in 2015/16.

Corporate sustainability

Greater Wellington has established greenhouse gas corporate emissions monitoring and reporting to help enable the council to better understand and track its emissions reduction progress. Main sources of Greater Wellington's corporate emission include workplace travel, employee commute, and electricity use. The table below details Greater Wellington corporate emissions by source for the 2017/18 financial year in tonnes of carbon dioxide equivalent ($tC0_{2\text{-}e}$). As noted, under the Climate Change performance measures, the uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions, further electric vehicle charging stations; and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.

Source	Tonnes $CO_{2\text{-}e}$	Corporate %	% of Total
Scope One Emissions: from sources owned or controlled by GWRC			
Back-up generators	0.1	0.01%	0.0%
Gas	44.5	2.73%	1.1%
Vehicle Fleet	596.5	36.61%	14.6%
Scope Two Emissions: from the generation of electricity purchased by Greater Wellington			
Electricity	350.7	21.53%	8.6%
Scope Three Emissions: occur as a consequence of Greater Wellington activities but from sources it does not fully own or control			
Electricity transmission & distribution	28.6	1.76%	0.7%
Gas transmission & distribution	5.2	0.32%	0.1%
Taxi (business travel)	4.1	0.25%	0.1%
Rental vehicles (business travel)	0.06	0.00%	0.0%
Air travel (business travel)	101.2	6.21%	2.5%
Bus and train (business travel)	21.7	1.33%	0.5%
Employee commute	414.9	25.47%	10.1%
Waste to landfill	24.5	1.50%	0.6%
Recycling	35.2	2.16%	0.9%
Bulk water service emissions (Wellington Water)	2,458.8	(excluded)	60.1%
Corporate emissions	1,629.2	100%	
Total emissions	4,088.0		100%

[Table footnote:]
Emissions under the domain of Wellington Water, a separate Council Controlled Organisation, are excluded from the corporate emissions category, and included in total corporate emissions calculations.

Transport

Most of Greater Wellington's corporate emissions are from the fuel used to run its vehicle fleet, city vehicles and off-road vehicles that are essential to deliver our services. A key opportunity for Greater Wellington to lower emissions comes from its fleet vehicles; this happens through our electric-vehicle-first policy, buying petrol vehicles only when there is no electric or hybrid vehicle option.

Electricity

Wellington Water-purchased electricity produces a significant proportion of Greater Wellington's emissions. This energy is used to pump water to reserves for four city councils within the region. In dryer years, more electrical energy is used to top up aquifers to ensure these cities have safe drinking water. Wellington Water lowers electricity emissions by installing gravity-fed mini-hydro generators in the pumping system, and these zero-emissions devices reduce electricity emissions by 10 percent annually.

There are opportunities to reduce emissions in Greater Wellington's three main offices. We remain committed to continue to reduce corporate electricity use when possible, and the best opportunity is a relocation to new office buildings or a new build. This year we worked on comprehensive procurement requests that fully consider a building's energy performance and all manner of sustainability issues, including electric vehicle charging, for when an office is changed or rebuilt.

Waste

Greater Wellington continues to encourage employees to reduce waste, to recycle and compost. Across its three main offices, Greater Wellington diverts about 20 tonnes of recyclable and organic waste from the 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

During the 2017/18 year, we continued our support of the Water Wairarapa project. Increasingly severe water shortages are predicted in Wairarapa due to future climate change effects. This will affect water quality and availability in the area. Council consulted on the issue of continued funding of the project during the development of the long term plan. Based on community feedback, we agreed that funding of the project would not continue beyond the 2018/19 year. Greater Wellington is partnering with Wairarapa councils to look at ways of ensuring greater certainty of water supply for Wairarapa.

During the year, The Northern Gateway Futures programme was established to examine development opportunities for the Wellington Port area. This includes four areas of work and is being undertaken collaboratively with six partner agencies. A governance structure consisting of a Chairs Forum and a Programme Steering Group has been established, managed by a programme director. The work comprises of the following:

- Investigating the central New Zealand supply chain and the role of Centreport within that, to enable the shareholders to make informed investment decisions
- Centreport regeneration plan
- Programme business case for a new ferry terminal
- Land use context – to inform planning decisions for any surplus port land as well as the future development of adjacent land

Our key projects and programmes

What we said we would do	What we did
Complete the Wellington Region Spatial Plan	As reported in the 2016/17 Annual Report, 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. There was also 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)	2017/18 Target	2017/18 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 Water Wairarapa as per the project plan	Options identification and refinement phases completed.	Consent application decisions imminent with project funders and owners identified.	Climate change and Whaitua water resource limit effects were assimilated into the project design and hence consent implications. Future project investigations will now be conducted by a Wairarapa-based company	Not achieved

				established to advance the project through demand proofing and the consent stages.	
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	1,121	Not achieved

Unplanned activity

The Northern Gateway Futures programme of work was unplanned and is covered under *the year in summary* on the previous page.

Emergency management

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities that 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

In response to the 7.8 magnitude Kaikoura earthquake that impacted the region in November 2016, the region began a programme to create a 'step change' in vision and strategy for the region's emergency management approach. A review was done of the Civil Defence and Emergency Management (CDEM) function in the region and a new direction agreed. A draft five-year CDEM Group Plan was developed and will be shared at the local, regional and national level before implementation in 2019.

Work also continued on the Wellington Region Earthquake Plan (WREP) – the plan that outlines what will occur in the first seven days after a major earthquake centred on our own fault lines. The content of the WREP has been used as the basis for various regional and local training sessions and exercises. In addition, work has continued on developing the region's Community Emergency Hubs, which will be the focal point for communities to organise their own 'unofficial' response to a significant event.

On 14 November 2017 – the first anniversary of the 2016 Kaikoura earthquake – early childhood centres, schools, businesses, councils and communities practised drop-cover-hold and tsunami evacuation. The event is now scheduled to become an annual national event known as Tsunami Hikoi.

In the last week of June, all households in the region received a copy of an award-winning Earthquake Planning Guide. The guide uses behavioural psychology to encourage people to take incremental steps to get their families and homes ready for an emergency. Not only was the guide well received by residents of the region, but it was nationally and internationally recognised for its innovative design and content.

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)	In late 2017, WREMO led a series of workshops to explore the powers and processes that councils could use in recovery. The workshops were the first of their kind for councils in the region. In December, the Ministry for Civil Defence and Emergency Management produced a national guideline on the subject. Between January and June, the region worked to align its work with what is being done in other parts of the country and to contribute to the development of recovery training material for councils and key agencies.
Develop an improved model for delivery of emergency response (multi-year project)	A draft version of the Wellington Region Earthquake Plan has been completed and is now being shared with partner agencies. Local (city and district) versions of the plan are now being developed. Work also continued on developing the region's Community Emergency Hubs, with 90% now standardised with a common set of equipment and mobile radio functionality.
Rationalisation of Business As Usual (BAU) functions (multi-year project)	Over the past year all WREMO's information has been transferred to a single IT platform. This transfer has not only helped improve staff productivity, but also has provided a virtual platform for Response Team members from around the country to share New Zealand Response Team information.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline 2014 unless otherwise stated	2017/18 Target	2017/18 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 [12]	N/A
	Percentage of households with sufficient emergency food and water to last for at least seven days	New question	Baseline to be established 2018/19	10%	N/A
	Annual activation test for each EOC	No baseline	100%	100%	Achieved
	Number of Community Response Plans completed	10%	60%	60%	Achieved

Unplanned activity

In February, ex-Tropical Cyclone Gita was forecast to be a severe weather event affecting the Wellington region. We took actions to prepare the region. While the storm did not affect the region as anticipated, some of the peripheral impacts of the storm included: the closure of Wellington Airport due to strong winds; the closure of State Highway 1 between Pukerua Bay and Paekākāriki due to storm damage to the sea wall; evacuation of several houses in Paraparaumu due to storm water flooding; and damage to several Titahi Bay boatsheds due to large waves.

[12] This measure was changed part way through the year to the new measure.

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, electors can decide who will represent them on their regional council for the next term.

The year in summary

A total of 56 council, committee and subcommittee meetings were held during the 2017/18 year. During the year council consulted on its Long Term Plan for 2018-28 and the Revenue and Financing Policy. Council received submissions on both consultations and during May held hearings to finalise the plan and policy, taking into account feedback from the community.

What we said we would do	What we did
Undertake a review of the council's representation arrangements.	The council considered a report on the 2018 representation review at its meeting on 14 June 2018. The council deferred a decision on its initial representation proposal for the 2019 triennial elections to its meeting of 16 August 2019.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 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%	98.5%	Not achieved [13]

No unplanned activity

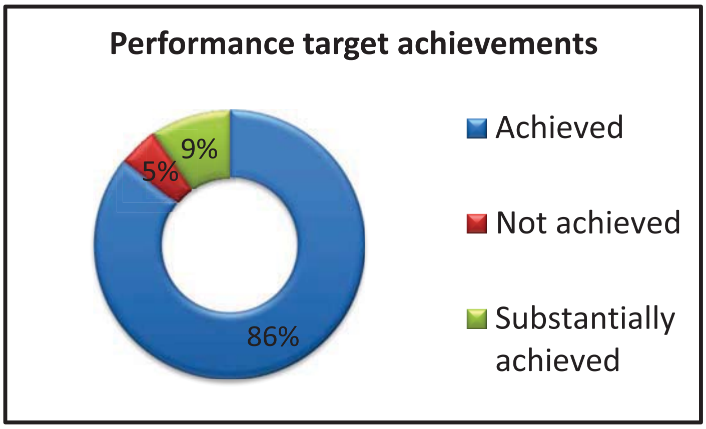
[13] Three responses were provided outside of the statutory deadlines due to processing issues. These issues have been addressed

Connecting our extraordinary region

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. The region has a culture of using public transport and we are committed to providing high quality public transport solutions that are accessible to all.

This year has been building up to a transformation of our services. To carry more people more often, we've prepared rejigged timetables across the region, so the new network connecting Metlink buses, trains and ferries works better for more customers. We prepared the way for a new bus network for Wellington City with changes to bus routes, stops and frequency of services. A new generation of planet-friendly buses has been rolled out across the region, operated under new contracts in partnership with our bus operators Tranzit Group, NZ Bus, Uzabus and Mana. Bringing it all together, we've introduced a new Snapper ticketing system on all buses and made our fares simpler and fairer across the Metlink network.

We continue to work with our rail operator (Transdev) on improvements to punctuality. We have increased rail capacity at peak times on the Kāpiti Line, and we are conducting a trial to increase capacity on the Wairarapa Line.

At the time of preparing this Annual Report Greater Wellington has been rolling out the new bus network system. We acknowledge that there have been issues embedding the new bus network services which are being addressed and will be reported on in our next year's Annual Report.

Metlink public transport network planning

The Metlink public transport network operating in the Wellington region is a network of bus, train and harbour ferry services. Our role is to make sure our network works well, meets people's needs, 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

The procurement process for all bus operating contracts under the Public Transport Operating Model concluded with the final contract signed in June. From July 2018, our bus services will be operating under new performance partnering contracts with Tranzit Group, NZ Bus, Uzabus and Mana.

Significant work was undertaken to prepare for implementation of the new Wellington network. This included working with all operators to prepare for the transition, while also transforming our processes and systems to be ready for the new contracts.

Our key projects and programmes

What we said we would do	What we did
Ongoing targeted reviews of Metlink services to ensure they continue to meet customer needs, deliver value for money, and maintain timetable reliability.	We reviewed school bus services in Johnsonville, Tawa and Porirua in 2017 to ensure that current operational practice was reflected in operator contracts and customer information, and to ensure service levels were suitable for demand. We also improved bus services in Kāpiti and the Wairarapa in 2017 by providing more buses, better connections to rail services and more coverage of central and suburban Waikanae. Following public consultation, we prepared for the introduction of a new fares schedule and concessions policy. In early 2018 we reviewed and amended some central Wellington school bus services to ensure network resources were deployed more effectively where they were needed most.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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)	RPTP remains updated	RPTP up to date – no changes required	Achieved
Increase public transport boardings per capita	Passenger boardings per capita	72.3	73.7	74.7	Achieved

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 2017/18, rail patronage in our region grew by more than 400,000 passenger journeys to 13.6 million. At peak times we have seen a growth of 6 percent and average workday peak rail patronage holding at just under 40,000 passengers.

We have begun out-of-service trials to increase capacity on the busiest Wairarapa train services, by lengthening trains from eight to nine carriages. We have reconfigured a carriage to operate on the Wairarapa Line, increasing capacity and resilience to Wairarapa services.

In response to rolling stock performance issues on the Wairarapa Line, we commissioned an independent investigation to determine root causes. The findings identified areas for improvement across the network and made a number of recommendations, which will help address the performance issues. These recommendations are being addressed and implemented.

Improvements across our rail assets continued throughout the year, including refurbishment of the Porirua Station, shelter replacement at Manor Park and Ava stations and repairs to pedestrian bridges. The enforcement of Park & Ride terms and conditions to encourage safe and courteous parking has begun and has improved parking behaviour.

The final Ganz Mavag trains were disposed of, which has freed up yard space and reduced the incidence of vandalism on the network.

Our key projects and programmes

What we said we would do	What we did
Maintain and improve rail assets, including trains and station buildings	• Manor Park and Ava shelter replacement • Porirua Station refurbishment • Kenepuru Bridge cosmetic upgrade • Continued the major repairs to Ava Station pedestrian bridge • Steelwork repairs to Raroa pedestrian bridge • Heavy maintenance programme under way on the Matangi trains
Park & Ride development	Completed an extension to the Park & Ride facilities at Pomare and modified the design of additional parks at Porirua to include rain gardens in the drainage scheme.
Rail Scenario 1 initiative from the Regional Public Transport Plan with station upgrades beginning from 2017/18	The start of these works is tied to wider rail network developments associated with a major joint funding application with KiwiRail. An initial direct Crown funding application was moved to the National Land Transport Fund process, which has pushed out the funding and implementation timeframes to a mid-2018/19 start.

Transition to integrated fares and ticketing on rail services	A new fares schedule with new concessions and simplified rail products was prepared to be introduced during the roll-out of the 2018 network changes. We worked with national partners (NZTA, Auckland Transport) to confirm the partnership and procurement approach for national ticketing.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not Achieved
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	≥99.5%	99.74%	Achieved
	Percentage of scheduled services on-time to 5 minutes by line	Kāpiti Line: 95.4%	≥95.0%	96.93%	Achieved
		Hutt Line: 95.3%	≥95.0%	96.63%	Achieved
		Johnsonville Line: 93.3%	≥95.0%	99.04%	Achieved
		Wairarapa Line: 74.5%	≥85.0%	64.06%	Not Achieved
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	≤3.0	2.0	Achieved
		Rolling stock – Carriage fleet : SW 2.2	≤3.0	2.9	Achieved
		Stations (buildings & shelters): 2.6	≤2.5	2.3	Achieved
		Subways/over-bridges: 2.4	≤2.5	2.5	Achieved
		Carparks: 2.0	≤2.5	2.3	Achieved
Customer satisfaction with passenger rail services	Percentage of rail users who are satisfied with their trip overall[15]	89.7%	≥90.0%	92%[16]	Achieved

Unplanned activity

We refurbished the interior of the old Paraparaumu station building due to a poor condition rating.

We modified the Wairarapa carriage air-conditioning system to provide better cooling in a very hot summer. We introduced additional peak services on the Kāpiti Line to address increasing demand.

[14] 1 = very good and 5 = very poor
[15] Satisfied = score of 6-10 on a scale of 0-10
[16] Please note that the maximum margin of error for this target is ±2.1%.

Bus and ferry operations, and asset management

Working with operators, planning for big new infrastructure projects, fine-tuning timetables across the region and gearing up for the Wellington bus network's biggest revamp in 20 years have been just some of the things we've been up to in 2017/18.

The year in summary

Significant work to prepare for the implementation of the new Metlink network took place. This included a several service reviews completed between mid-2017 to early 2018, including reviews of school bus services in Tawa, Porirua and central Wellington, and increased coverage and timetable refinements in Kāpiti. This was to ensure that planned bus services would match passenger travel needs, and to highlight any discrepancies between contracted and operator performance before the new network began. Planning was also undertaken to prepare for the introduction of low-emission double-decker buses (including 10 all-electric double-decker buses).

The trolley buses were decommissioned and work began in October 2017 to remove the overhead trolley network and associated infrastructure. The project went smoothly and without incident. Work was undertaken to timeline and budget and is scheduled to be completed on time by November 2018.

New contracted bus services went live in the Wairarapa in late April 2018 and then in the Hutt Valley in mid-June 2018. As part of its new contracted service, Wairarapa was provided with a new low-emission bus fleet.

Construction of bus hubs in Wellington was behind schedule and they were not ready when the new Wellington network began on 15 July 2018. Temporary shelters and signage were put in place, and have remained where required at all unfinished hub sites. A number of issues were encountered as part of the roll-out on 15 July and will be reported on in our next year's Annual Report.

Our key projects and programmes

What we said we would do	What we did
Procure and transition to new PTOM bus and ferry contracts	The procurement process was concluded for all bus operating contracts under the Public Transport Operating Model (PTOM). Council approved the key components of Greater Wellington's Ferry Procurement Procedure. This is the first stage of the ferry procurement process.
Plan and implement the new Wellington City bus network	This included the: • Staged release of 2018 bus network customer information and on-line journey tool to coincide with the new network roll-out • Ongoing removal of overhead wiring for decommissioned trolley buses • We have begun the construction and civil work for seven new bus hubs in Wellington. These new hubs will not be complete in time for the introduction of the new Wellington City bus network. Temporary hubs will be in place.
Maintain and improve bus assets, including bus shelters, signage, interchanges and other fixed assets	We have continued to maintain and improve facilities at our bus stops across the region. This year we renewed 27 bus shelters and installed another 18 new shelters. More than 50 new stops were installed across the region. In preparation for the new Wellington bus network we arranged for: changes to be made to 92 stops; the removal of 48 stops from the network; new signage at Wellington Station and at all stops along the Golden Mile.
Transition to integrated fares and ticketing on bus and ferry services	Developed and prepared for a new fares schedule and implemented the rollout of Snapper on Metlink buses in Wairarapa. Worked with national partners (NZTA, Auckland Transport) to confirm partnership and procurement approach for national ticketing.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	99.1%	≥99.0%	99.1%[17]	Achieved
	Percentage of scheduled services on-time to 10 minutes (punctuality)	99.7%	≥98.0%	99.8%[18]	Achieved
Maintain and improve bus stop facilities and interchanges	Average condition score of all bus shelters maintained by Greater Wellington [19]	2.6	Improvement on previous year[20]	1.1	Achieved
Customer satisfaction with passenger bus services	Percentage of bus users who are satisfied with their trip overall[21]	91.8%	≥90.0%	91%[22]	Achieved

Unplanned activity

We were required to construct temporary hubs as the new bus hubs were not completed in time for the new Wellington bus network.

17 Results cover YTD May. Reporting changed from June due to new contracting requirements.
18 Results cover YTD May. Reporting changed from June due to new contracting requirements.
19 1 = very good and 5 = very poor
20 The result for 2016/17 was 1.8
21 Satisfied = score of 6-10 on a scale of 0-10
22 Please note that the maximum margin of error for this target is ±2.6%.

Metlink fares and ticketing, and customer services and information

The customer is at the forefront of what we do in public transport. Fares and ticketing is a direct point of contact 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 in terms of ease of payment and simpler fares, but is some way off as we need to fit in with national plans for electronic ticketing.

Information is also a key point of contact for customers, especially leading up to significant changes in the network. Information has played an essential role in making the transition to new fares, timetables and routes as seamless as possible. The role of the Metlink website and app is becoming increasingly important as more of our customers seek digital information.

The year in summary

Following region-wide public engagement, a new fares schedule and concessions policy was adopted. Timed to come into effect with the new bus network changes and extension of Snapper in July 2018, the new fares included a 25 percent off-peak discount, 25 percent tertiary concession, 50 percent accessible concession, and free bus-to-bus transfers within a 30-minute window. A general 3 percent fare increase was agreed to offset part of the increased cost of running the network.

As an interim ticketing solution, Snapper was extended to Metlink buses in Wairarapa and there was considerable preparation for Snapper to go live on the new network in July 2018. The scope and partnership approach for national ticketing was firmed up, leading to the release of the first stage of the procurement of the national ticketing solution (Project NEXT).

A large customer information programme was carried out to support the 2018 changes. This included providing customers information about the upcoming changes through various information channels, the development of an online tool to allow customers to plan and compare their new routes in the new Wellington City bus network and improvement to the content and usability of the Metlink website. We also refreshed the Metlink brand across the new bus fleet.

Our key projects and programmes

What we said we would do	What we did
Integrated fares and ticketing	Prepared a new fares schedule with new concessions and pricing across the Metlink public transport network to go live in time for the July 2018 network changes. Prepared for the implementation of the Snapper extension to the Wairarapa and outstanding services in the Hutt Valley for Metlink buses. Worked with national partners (NZTA, Auckland Transport) to confirm partnership and procurement approach for national ticketing.
Ongoing review and enhancement of customer information systems	Ongoing refinement of the Metlink website user experience. Informing customers about the upcoming 2018 network changes. Refreshed the Metlink brand to apply consistent Metlink livery across all the new bus fleet. Improved content and usability of the Metlink website. Implemented interactive voice response (IVR) to improve customer information and access to self-service channels. Progressed new technical architecture of the RTI system (called Omnibus), so sign and website accuracy and network performance reporting can be improved from late-2018.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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[23]	Call centre: 73.3%	Increase on previous year[24]	82%	Not achieved
		Web and mobile sites: 78.3%	Increase on previous year[25]	87%	Achieved
		Real time information: 78.0%	Increase on previous year[26]	87%	Not achieved

Unplanned activity

Wairarapa rail customers were engaged through a social media poll to gain feedback on proposed improvements to provide more capacity on the line. This was also an opportunity to join their discussion about their concerns and plans for the line.

[23] Satisfied = score of 6-10 on a scale of 0-10
[24] The result for 2016/17 was 88.8%
[25] The result for 2016/17 was 86%
[26] The result for 2016/17 was 87.7%

Total mobility

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

The year in summary

Total Mobility patronage for 2017/18 increased by 5.8 percent on the previous year.

This year we trained 24 new Total Mobility assessors and continued to strengthen our relationships with the disability support organisations working in our community. These relationships proved invaluable for preparing Total Mobility customers for the introduction of the new bus network.

We also focused on making Total Mobility print information more accessible. We reformatted our print communications and developed the Annual Total Mobility Customer Satisfaction Survey in accordance with Easy Read principles. This resulted in a significant increase to the response rate.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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[27]	96%	≥97%	97%	Achieved

No unplanned activity

[27] Satisfied = score of 6-10 on a scale of 0-10

Keeping our most precious resource flowing to our customers

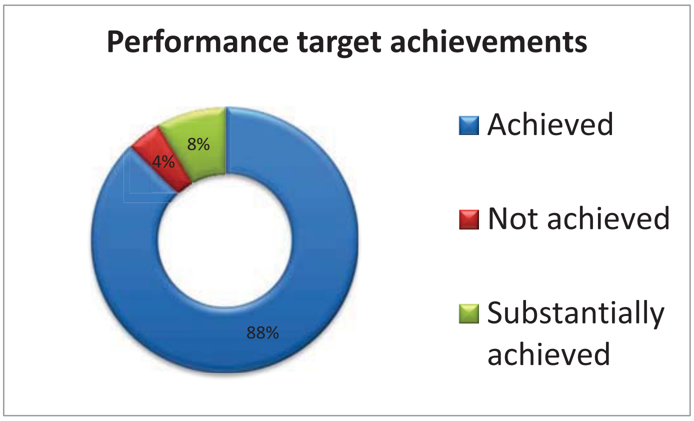
Water supply – Ngā Puna Wai

COMMUNITY OUTCOMES:

Strong economy
Resilient community
Healthy environment

ACTIVITIES:

Water quality
Water availability
Sustainability



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 water supply assets with a replacement cost of around $1,150 million.

Our water supply system must be resilient to shocks and stresses, and must ensure sufficient safe and healthy 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.

The year in summary

We've had a busy year making sure that our customers remain confident that the drinking water we provide is safe and wholesome.

Following the discovery of E. coli in the water supplying the Waterloo Water Treatment Plant, we progressed an urgent upgrade to add ultraviolet (UV) light and chlorine disinfection to the treatment process. This is part of a multi-barrier system that provides assurance that water supplied to everyone who lives and works in the metropolitan Wellington region is safe. Introducing UV treatment to Waterloo wasn't easy. We appreciated the patience of residents and the community as we disrupted traffic to dig up roads to install the new pipes needed to cope with the UV treatment process.

A safe and reliable water supply is essential to public health, and the social and economic progress of our region. The findings from stage two of the Government's Havelock North Drinking Water Inquiry have reinforced this importance. The inquiry proposed six fundamental principles of drinking-water safety and we have worked to understand how we can integrate these into our service.

Our key projects and programmes

What we said we would do	What we did
Commence construction of the Cross Harbour Pipeline	An investigation into options to provide an alternative supply to Wellington was undertaken in 2017/18. Two options were investigated – the cross harbour pipeline and bores. The preferred option had not been decided before the end of June 2017.
Replace the Kaitoke pipeline near Silverstream	Investigations were completed in 2017/18 to confirm the preferred pipe route which includes a realignment of the existing pipeline at Silverstream Bridge and a new resilient crossing of the Hutt River and Wellington Fault. Design and consenting will progress over the next two years with construction expected in 2020/21.
Waterloo and Gear Island wellfield renewal	An aquifer contamination incident in 2017 highlighted risks associated with the Waiwhetu aquifer that were not previously recognised. During 2017/18 work began on developing a wellfield renewal strategy. This work will consider all known risk factors and determine the best location and timing for renewal of the Waterloo and Gear Island wells.
Commence replacement of the Wainuiomata pipeline (completion 2018/19)	A detailed condition assessment was completed on the existing 750mm cast iron pipeline. It was found to be in better condition than previously thought. The pipe is now expected to continue to provide service through to 2040. This has resulted in deferral of the pipe replacement.

Measuring our performance

Level of service	Performance measure	Performance targets				
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0	0	Achieved
	Number of taste complaint events related to the bulk water supply	1	5	<5	1	Achieved
	High level of customer satisfaction – from TAs on:	Drinking water clarity[28]	0	<5	0	Achieved
		Drinking water odour[29] - 0	4	<5	0.01	Achieved
		Drinking water pressure or flow[30] - 1	0	<5	0	Achieved
	Percentage compliance with the DWSNZ 2005. [31]	Microbiological (Protozoa) compliance[32] - 100%	100%	100%	100%	Achieved
		Microbiological (Bacterial) compliance[33] - 100%	Te Marua WTP – 100%	100%	Te Marua WTP – 100%	Achieved
			Wainuiomata WTP – 100%		Wainuiomata WTP – 100%	Achieved

28 Non-Financial Performance Measure Rules 2013 measure 4(a)
29 Non-Financial Performance Measure Rules 2013 measure 4(b)
30 Non-Financial Performance Measure Rules 2013 measure 4(c)
31 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.
32 Non-Financial Performance Measure Rules 2013 measure 1(a)
33 Non-Financial Performance Measure Rules 2013 measure 1(a)

			Waterloo WTP – not achieved		Waterloo WTP – 100%	Achieved
			Gear Island WTP – 100%		Gear Island WTP – 100%	Achieved
			Zones – 100%		Zones – 100%	Achieved
		Aesthetic compliance[34] - 100%	100%	100%	100%	Achieved
		Chemical compliance[35] - 100%	100%	100%	100%	Achieved
	Maintain grading from Ministry of Health for the local water supply distribution	Te Marua, Wainuiomata and Gear Island treatment plants: A1	Grading maintained	Maintain current grading	Grading maintained	Achieved
		Waterloo treatment plant: B[36]	Grading maintained	Maintain current grading	Grading maintained	Achieved
		Distribution system: A1	Grading maintained	Maintain current grading	Grading maintained	Achieved
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	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	94% planned improvements completed – Not achieved	Plan for and implement resilience improvements	63% [37]	Not achieved
	Sufficient water is available to meet unrestricted demand[38]	Modelled probability of annual water supply shortfall – 0.4%	0.2%	<=2%	5.7%	Not achieved [39]
	Attendance for urgent call-outs[40]	Time from local authority receiving notification to service personnel reaching site[41] - No baseline	N/A – no events occurred	60 minutes	0 (no events)	Achieved
		Time from local authority receiving notification to service personnel confirming resolution [42] - No baseline	N/A – no events occurred	4 hours	0 (no events)	Achieved
	Attendance for non-urgent call-outs[43]	Time from local authority receiving notification to service personnel reaching site [44] - No baseline	35 minutes	36 hours	60 minutes	Achieved
		Time from local authority receiving notification to service	30 minutes	15 days	47 minutes	Achieved [46]

[34] Non-Financial Performance Measure Rules 2013 measure 1(a)
[35] Non-Financial Performance Measure Rules 2013 measure 1(b)
[36] The Waterloo treatment plant has a current assessment of B which reflects a non-chlorinated rating. The treatment plant is now chlorinated and has not yet been reassessed to reflect this improvement.
[37] Calculated based on year-end actual expenditure of $257k against a budget of $405k (63%)
[38] Other than by routine hosing restrictions and drought situations with a severity greater than 1 in 50 years
[39] The network is currently not able to meet the 1 in 50 year drought resilience level of service target due to a capacity limitation at Te Marua water treatment plant that became apparent during the aquifer contamination incident in 2017. An initial assessment was completed in 2017/18. This provided a range of high level options with variable benefits, risks and likely costs. Additional investigations will be required in 2018/19 before the preferred option can be determined.
[40] This is a new internal measure, not included in the Long Term Plan 2015-25.
[41] Non-Financial Performance Measures Rules 2013 measure 3(a)
[42] Non-Financial Performance Measures Rules 2013 measure 3(b)
[43] This is a new internal measure, not included in the Long Term Plan 2015-25.
[44] Non-Financial Performance Measures Rules 2013 measure 3(c)

		personnel confirming resolution [45] - No baseline				
	Drinking water consumption[47]	Average consumption of drinking water per day per resident (L/p/d)[48] within the TA District [49] - No baseline	351 L/p/d	Less than 374 L/p/d	359 L/p/d	Achieved
Environmental Impact of Bulk Water activities is minimised	Achieve full compliance with all resource consents and environmental regulations	Full compliance	One non-compliance was recorded	Full compliance	One non-compliance only was recorded [50]	Not achieved

No unplanned activity

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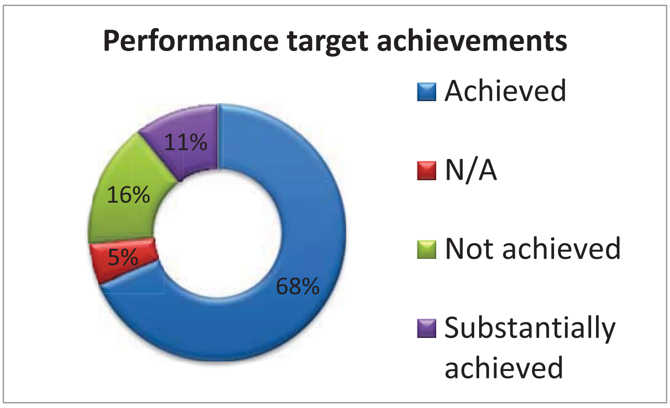
[46] This can be shorter than on-site times due to the ability to address some breakdowns remotely.
[45] Non-Financial Performance Measures Rules 2013 measure 3(d)
[47] This is a new internal measure, not included in the Long Term Plan 2015-25.
[48] L/p/d = Litres per day
[49] Non-Financial Performance Measures Rules 2013 measure 5
[50] Discharge of supernatant (water treatment by-product) to the Wainuiomata River breached the maximum consented dissolved aluminium concentration on three occasions during the year. An investigation was completed and the issue was resolved. This will be recorded as a non-compliance against this consent. All other consents are expected to achieve full compliance. We remain non-compliant with requirements of the HSNO Act for 11 plastic chemical storage tanks at our water treatment plants. Remedial works are expected to be completed in 2018/19. WorkSafe are satisfied the risks are being managed proactively.

Caring for our natural capital

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't take 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
- implement our regional plans by assessing and monitoring resource consent
- 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 providing the plans, rules and support to ensure sustainable use of our many physical and natural resources. We assess applications under the Resource Management Act for activities that will affect 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

Greater Wellington has been involved in some large pieces of work in this area during 2017/18. Work has included managing the proposed Natural Resources Plan and working through the whaitua committee process to develop implementation plans across the region, and managing consents to achieve Greater Wellington's goal to protect and enhance the environment.

The proposed Natural Resources Plan was notified in July 2015. During 2017/18, hearings have been held for three independent commissioners to hear views on the proposed provisions of the Plan. The hearings began in May 2017 and continued throughout the year, covering a range of issues that the plan will cover:

- Air quality management, land use in riparian margins and stock access to water bodies, & soil conservation
- Water allocation & natural form and function
- Water quality & stormwater
- Beds of lakes and rivers, wetlands and biodiversity, discharges to land
- Coast, natural hazards, significant historic heritage values, contaminated land, hazardous substances, discharges within community drinking water supply protection areas

This work has involved expert input from across Greater Wellington and has provided the commissioners with the best advice to help them in their decision making process. The hearings panel will be making a decision by the end of March 2019.

The Ruamāhanga Whaitua Committee has spent the past four years studying the whaitua – understanding the characteristics, its pressures, the cultural, economic, and environmental values residents associate with its waterbodies, and management options appropriate to its unique waterways and communities. The committee has now finalised the recommendations that form their Whaitua Implementation Programme (WIP). The WIP describes the ways people from the catchment want to manage their water now and for future generations through a range of integrated tools, policies and strategies. The WIP includes recommendations on managing contaminants, water allocation and river management, and sets freshwater objectives and limits for each freshwater management unit (FMU) – the many varied waterbodies that make up the catchment.

Collaborative consenting projects have featured strongly in last year's work programme. Carterton Wastewater consent applications were publicly notified but approved without a public hearing. This was based on a high level of support from the community and on the back of close work between Greater Wellington and Carterton District Council to develop affordable and environmentally advanced wastewater options. We have also been trialling new models of collaboration, in partnership with Wellington Water, mana whenua and a host of other partners, to inform management and consenting Porirua's wastewater treatment plant and network. Alongside Wellington Water, Hutt City Council and Regional Public Health, we also progressed significantly investigations into Hutt Aquifer contamination risks; and worked closely with these partners and territorial authorities across the region to form a Joint Working Group to begin to respond to recommendations on national three-waters issues, as a result of the Havelock North (water supply contamination) Inquiry.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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	No changes identified. Review due by 2023	Achieved
	Regional plans are reviewed and adopted	Draft Natural Resources Plan available September 2014	Proposed Natural Resources Plan is made public	Publicly notified in 2015; public hearings under way in 2017.	Achieved
	Whaitua Committees are implemented	Ruamāhanga and Porirua Committees established	Porirua Committee releases Whaitua Implementation Plan Wellington Harbour Hutt Valley Committee established	Porirua Committee has completed analysis. Final WIP due to be completed end of 2018. Wellington Harbour and Hutt Valley Whaitua Committee established by council December 2017.	Not achieved
Process resource consents in a timely manner	Percentage of resource consents processed within 20 working days[51]	100%	100%	99% [52]	Not achieved
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%	84% [53]	Not achieved
	Percentage of reported environmental incidents that are responded to, investigated and enforcement actions completed within statutory timeframes	100%	100%	99% [54]	Not achieved
Provide timely, appropriate and accessible information on regional catchment state trends	Percentage of data collected that is made available within agreed timelines[55]	90%	90%	99%	Achieved
	Number of reports downloaded[56]	>894 page views (baseline established 2015/16)	Increase against baseline	1,199 page views	Achieved
	Stakeholder satisfaction with the quality and usability of the reports provided	New measure	Increase against baseline [57]	N/A	N/A

[51] 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.
[52] 7 consents out of 769 were processed outside of statutory timeframes. All consents processed outside statutory timeframes were minor exceedances i.e. 1-3 working days approx.
[53] 15 consents were reported more than 1 month after non-compliance was observed. More than half of the consents reported after 1 month were reported within a 2 month period. No formal investigations were required.
[54] 13 incidents reported to the Environmental Hotline were not investigated and concluded within four months during the 2017/2018 year
[55] Different methodology is now applied to this measure given changes in how we manage our data. This is measured as the number of "missing records" (telemetered data) as a percentage of total records.
[56] This measure reflects the number of page views of our annual monitoring reports webpage.
[57] Baseline not established in 2016/17 due to lack of responses to survey.

No unplanned activity

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 riparian sites of significance, as scheduled in the Proposed Natural Resources Plan. To date, 94 percent of the 99 Category 1 riparian sites have been inspected. Of these landowners, 61 percent have already fenced for stock exclusion or have no stock present. We've had a positive response from landowners towards stock exclusion, with 93 percent of landowners wanting to engage in the programme.

Approval of new farm plans has been placed on hold while we align these with the Whaitua process and involve industry partners. The programme continues to be widely promoted. The number of dairy farms in the region engaged in the programme is now at 32 percent of the region's approximately 170 dairy farms, indicating that the programme is succeeding in engaging land owners to take more action on farms to improve water quality and biodiversity values.

A total of 25,474 poplar and willow poles were planted during the year. In addition, 65.3 hectares of erosion-prone land was afforested and 186.9 hectares of 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.	72 projects approved for funding across the region, 75% of which were in priority catchments identified in the pNRP.
Ongoing delivery of the Wellington Regional Erosion Control Initiative programme, with a focus on erosion-prone land in the Ruamahanga whaitua	Total programme outputs for the 2017/18 year for erosion-prone land treatment included 25,474 poplar and willow poles planted on 440 hectares; 65.3 hectares of other exotic tree treatment; and 186.9 hectares of native planting or reversion treatment.
Continuation of the supply of poplar and willow poles, and eco-sourced native plants from the Akura Conservation Centre	Akura supplied 28,814 poles in total (88 percent of which were supplied to the Wellington Regional Erosion Control initiative Programme). 67,584 (73 percent) eco-sourced native plants were supplied out of a total native plant order of 92,527. In addition to this figure, 54,623 mānuka seedlings were supplied for the conversion of land for erosion control purposes with a mānuka honey production incentive.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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 [58] Farm Plan	76.5%	79%	54%	Not Achieved
	Hectares of erosion-prone land planted	400 hectares per annum (2014)	450 hectares per annum	693 hectares planted [59]	Achieved
	Percentage of dairy farms with an active Farm Environment Plan	15%	22%	32%	Achieved

No unplanned activity

[58] "active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past five years.

[59] Includes 507 hectares planted and 186 hectares native reversion.

Biodiversity management

The Wellington region's native biodiversity has declined since people arrived and the ecosystems that support it face ongoing threats and pressures. Wetlands are particularly important for biodiversity, but across the Wellington region less than 3 percent of our original wetlands remain.

Greater Wellington's Biodiversity Strategy sets a framework that guides how we work towards our biodiversity 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

During 2017/18 we undertook a range of work to protect and enhance the biodiversity of the region. Through our Key Native Ecosystem (KNE) programme, we planned and coordinated ecological restoration at 58 sites of high ecological value across the region. Our Wetland Programme supported 20 landowners to improve the condition of 25 significant wetlands. Support included developing Restoration Management Plans and financially contributing to activities such as fencing, weed control and planting.

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 activities included Restoration Day, which celebrated the wider community's contributions to restoring our region's ecosystems, and our continued funding of the Enviroschools programme.

We provided advice on biodiversity policy and planning matters to various internal and external parties on request, and supported the hearing process for the Proposed Natural Resources Plan. We also developed a Regional Biodiversity Planning Group to enable cross-council collaboration and consistency in implementing biodiversity provisions of the Regional Policy Statement in district plans. The forum supports coordinated identification and protection of significant biodiversity sites across the region.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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[60]	120	80	97	Achieved
	Progress towards ecological management objectives[61]	No baseline	95%	96%	Achieved

No unplanned activity

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

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 or mitigating impacts of those already here. Greater Wellington regulates, inspects and monitors pest animals and plants, provides direct pest control activities against pest plants and animals, provides pest management services (cost recovery) and supports community work to reduce pest numbers.

The year in summary

Supporting our focus to eradicate pests from the region, Greater Wellington delivered 92,800ha of possum control under our Regional Possum Predator Control Programme and intensive pest plant and pest animal control at 58 high biodiversity sites in our Key Native Ecosystems programme.

We regularly helped the public with pest plant and animal issues, which included advice and assistance for the control of various pest plants and pest animals. We also continued to provide education on pest management issues to primary, secondary and tertiary students.

Greater Wellington continues with efforts to minimise the impact of pest plants in the region. We surveyed 3930 properties, identifying and controlling a range of Total Control plant species. We trialled novel ways to apply X-Tree basal herbicide[62] 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.

Our staff developed an innovative improvement for the Goodnature A24 rat and stoat trap, making it very effective against hedgehogs at the dotterel nesting sites in the region. This ensured a very successful egg and hatchling survival rate. We also continued our efforts to eradicate rooks from the region, controlling 16 nests at eight active rookeries. We are now targeting the last known rook colonies in the region.

We partnered with Wellington City Council and the Next Foundation to be part of the visionary Predator Free Wellington project. Our pest animal expert designed the first-ever plan to eradicate rat and mustelids from the Miramar peninsula, which received strong support from national experts.

The review of the future direction of pest management in the region has reached a significant milestone. In June 2018, the council released a Proposed Regional Pest Management Plan 2019-2039 (RPMP) for public consultation. The RPMP is likely to be working by June 2019.

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62 X-Tree Basal is a pre-mixed triclopyr BEE and oil product which uses biodiesel and a special penetrant as the oil carrier to control pest plants. After trials it appears to be very effective on notoriously hard-to-kill species such as holly and evergreen buckthorn, with considerably less labour required.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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	43 known sites and 17 new sites	Not achieved
	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%		Achieved [63]
	Number of rabbits in the region (<5 on the Modified McLean Scale)	Low Less than 5 on the Modified McLean Scale (MMS)	Low : < 5		Achieved

Unplanned activity

We delivered additional pest animal control projects for territorial authorities and the NZ Transport Agency (e.g. a very successful goat control operation on the Paekākāriki escarpment).

[63] (overall RTC 0.8%, measured over 6 projects)

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

Greater Wellington co-ordinated water space and ensured safety plans were in place for more than 80 organised events on Wellington Harbour during summer. One event triggered an emergency service response.

We continued to provide education material and advice to recreational boat users on boat ramps and on the water. We participated in Maritime NZ's "No Excuses" enforcement campaign, along with Maritime NZ and Police staff, which included an increased presence on the water in Kāpiti. Seven infringement notices were issued over this summer for bylaw breaches.

Our staff at Wellington Harbour Radio assisted Centreport to ensure the more than 12,000 commercial shipping movements in and out of the harbour did so safely, as well as providing advice and assistance to recreational users. At least one major search and rescue operation was avoided because of staff vigilance.

Two oil spill response exercises were held in accordance with our agreement with Maritime NZ. These involved staff from across Greater Wellington as well as industry and other councils. We responded to 21 reports of oil in the water. Of these, one needed minor response action and we assisted an oil company to confirm no leaks from their pipeline after another report.

We assisted three boat owners whose boats had come off moorings, one vessel aground and aided the recovery of a vehicle from the foreshore, mostly in poor weather conditions.

In partnership with Centreport we continue to review and maintain safety procedures in accordance our Port & Harbour Safety Code Safety Management System. We are also working to increase our engagement with stakeholders.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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%	100%	Achieved
	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

Unplanned activity

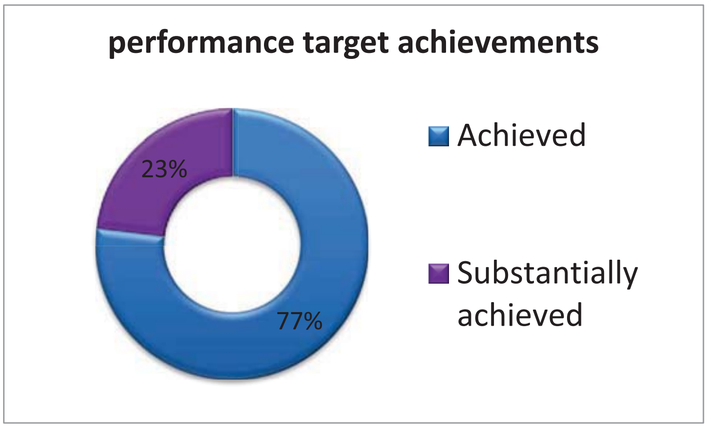
Our signal station at Beacon Hill was repainted two years earlier than planned due to some minor earthquake damage.

Protecting lives and livelihoods

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 that flood risk to their lives, homes and livelihoods is appropriately managed.

Greater Wellington works with communities to develop floodplain management plans, provide flood warnings, maintain and build flood protection works, 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 Floodplain Management Planning involves significant community consultation, information and engagement. The goal is that communities can make informed decisions about how to manage flood risk and what levels of flood protection are appropriate, supported by the best scientific and engineering expertise.

The year in summary

Our work for the 2017/18 year has focused on developing two key floodplain management plans. We have completed the Te Kauru (Upper Ruamahanga) draft Floodplain Management Plan (Volume 1 and 2) and it has been endorsed for consultation by Masterton District Council and Carterton District Council. Consultation on these has begun and work on the Masterton urban area options will soon be under way. The Waiohine River revised flood mapping has been peer reviewed and released as interim flood maps for development of the Waiohine Floodplain Management Plan. Stopbanking options to protect Greytown have been consulted on with the community. The number of options has been narrowed from six to three, and will soon narrow further to a preferred option. Work continues to define the best long-term operational management objectives and other responses, such as possible planning controls and emergency management improvements.

In addition, work has progressed in the following areas:

- Flood hazard information for the Mangatarere Stream was publicly released
- Consultation on draft flood hazard plans for the Porirua Stream has begun in conjunction with Porirua City for its stormwater flood hazard study
- Revised modelling of the Hutt River flood hazard has begun and has been peer reviewed. Modelling of breach scenarios is continuing and will be completed next year
- Involvement continues with the Peka Peka to Ōtaki Expressway Project, where we are providing input on flooding-related matters
- 807 requests for advisory information have been responded to over the year
- We continued to provide a flood warning service

Our key projects and programmes

What we said we would do	What we did
Complete development of Te Kauru Upper Ruamahanga FMP	Progress with FMP development continues, volumes 1 and 2 containing rural options and general options have been completed, but option development for the Masterton urban area (volume 3) is on hold until the flood hazard has been agreed with Masterton District Council.
Complete development of the Waiohine Floodplain Management Plan	Council is working through a community-led approach to developing a Floodplain Management Plan for the Waiohine River and specifically determining appropriate levels of protection for Greytown. Completion of the FMP is being done through a collaborative process with the community.
Complete the Waiwhetu Floodplain Management Plan	This project has been deferred due to delays in completing other Floodplain Management Plans. It is scheduled to recommence restart in 2019/20.
Review the Ōtaki Floodplain Management Plan	This work is largely complete with draft recommendations being discussed with iwi partners before consultation with the community in September 2018

Begin development of Lower Ruamahanga Floodplain Management Plan (LWVD Scheme)	Deferred due to delays in completing other FMPs. This work will now be incorporated into a wider evaluation of the lower Wairarapa valley and is scheduled to begin in 2021/22.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 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%	42%	Achieved
	Percentage of catchments with Flood Management Plans in place	20.0%	20.0%	25%	Achieved
	Disseminate flood hazard maps within six months of completion	No baseline (NB: in 2016/17 achieved 100%)	100%	100%	Achieved
	Flood warning information is relayed to WREMO within one hour of receipt	100%	100%	100%	Achieved

Unplanned activity

The following pieces of work which had not been planned for have been completed:

- Release of flood hazard modelling information for the Mangatarere Flood Study Area
- Completion of the Hutt River Environmental Strategy review
- Porirua Stream draft flood hazard mapping. This is to be part of Porirua City Council District Plan review consultation beginning next year

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 assets valued at $386m, including 800 kilometres of river channels and 275 kilometres of stopbanks. We provide access tracks and planting so communities can continue to enjoy their rivers.

The year in summary

We have had another successful year completing river management programmes and improving the region's flood protection assets. Fortunately, there have not been any significant floods. Maintenance activities have included clearing river channels, removing blockages, undertaking river realignments, improving bank protection structures and maintaining river berms. A total of 3,600 tonnes of rock have been placed along riverbanks to repair erosion damage and maintain river alignments, and 11,900 willow poles have been planted to strengthen river buffers.

Our river margins continue to be very popular for recreational activities and events, and 12,700 native plants were planted with support from the community, along with environmental enhancements and improvements to access trails and amenities.

Our key projects and programmes

What we said we would do	What we did
Resource consents project	Discussions are continuing with submitters to resolve any issues without the need for formal hearings. A resolution on the way forward is likely. Renewal of the Barrage Gates operating consent is under way. Porirua Stream consents for gravel and stream works are on hold subject to discussions with Porirua City Council.
Asset Management Planning Improvements	The asset management improvement programme continued. The 2018 Asset Management Plan is being developed. The Asset Performance Tool was applied to scheme assets.
Implement new Health and Safety Legislation	2017/18 Health and Safety Plan implemented. The systems are promoting a healthy culture and working well to keep staff safe.
Develop changing work practices	The draft Code of Practice and the Environmental Monitoring Plan were further developed and discussed with stakeholders. Work commenced to disseminate the Code of Practice and communicate the intent of the code to staff.
Develop Community Partnerships	Strengthening of stakeholder relationships through ongoing support being provided to community interest groups, undertaking community walkovers of the Waikanae and Ōtaki river schemes and with activities in the Summer Events Programme.

Measuring our performance

Level of service	Performance measure	Performance targets				
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 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[64]	100%	100%	100%	100%	Achieved
	Flood damage identified, prioritised and repair programme agreed with the community[65]	100%	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%	100%	Achieved
	Consent compliance	100%	100%	100%	100%	Achieved

Unplanned activity

Installation of a fish pass ramp on the St Ronans Avenue weir, Waiwhetu Stream, was completed, including associated citizen science activities. The St Ronans Avenue weir was a barrier to upstream fish migration and installation of the fish pass contributes to regional biodiversity outcomes.

Te Awa Kairangi/Hutt River – flood damage repair of Belmont erosion protection structures

64 Non-Financial Performance Measures Rules 2013 measure for maintenance
65 Non-Financial Performance Measures Rules 2013 measure for repairs

Improving flood security

Once a Floodplain Management Plan has been approved, we undertake the planning, gain consents and undertake the works that will provide the needed flood risk management for families, businesses and communities.

The year in summary

RiverLink has been the major focus of the 2017/18 work programme. It reached a major milestone in June 2018 when the preliminary design was approved by Hutt City Council and Greater Wellington Regional Council. Funding to complete design and construct the project was also approved in the 2018-2028 Long Term Plans of both councils.

In Upper Hutt, work continued in support of Upper Hutt City Council towards implementing the jointly developed Pinehaven Stream Floodplain Management Plan. In Kāpiti, the finishing of works linked to the completed Jim Cooke Park stopbank upgrade continued. These works are improving recreation, amenity and environmental outcomes in those areas. In Wairarapa, the Tainui improvement project was successfully completed.

Several work programmes forecast to reach implementation stage during the 2017/18 financial year have been delayed while in their Flood Plain Management Planning (FMP) investigation process stage, or as the result of an FMP review process. This has affected the timing for implementation of these works. The forecasts have been revised in the 2018-2028 LTP.

Our key projects and programmes

What we said we would do	What we did
RiverLink (Hutt River City Centre project) – complete detailed designs and procure construction tenders.	The preliminary design was completed and approval given by Hutt City Council and Greater Wellington Regional Council to proceed to detailed design and consenting. The LTP 2018-28 includes $125m to complete the flood protection works as outlined in the preliminary design. We progressed land acquisition for identified properties required to carry out the flood protection upgrade components of RiverLink. Approximately 60% of the land necessary for the works has now been acquired on a willing buyer, willing seller basis. A trial wetland was developed by Greater Wellington and Hutt City Council to test use of river berm areas for stormwater treatment to support delivery of freshwater quality outcomes.
Pinehaven Stream Floodplain Management Plan Implementation – Progress with construction	Assisted with Upper Hutt City Council's District Plan Change 42 process (Mangaroa and Pinehaven Flood Hazard Extents). Two appeals have been made to the Plan Change decision and consenting and construction of physical works identified in the Floodplain Management Plan is deferred until these are resolved.
Ōtaki River – progress with bank edge protections - Chrystalls Bend to Gorge - Construction decisions for rivermouth to SH1 (*pending review*)	This work was deferred until the review of the Ōtaki River Floodplain Management Plan is completed.
Ōtaki River – investigate land entry agreements for south stopbank (*pending review*)	This work was deferred pending completion of review of Ōtaki River Floodplain Management Plan.

Lower Wairarapa Development Scheme – complete the 2017/18 works programme	Projects affected by delays with land entry agreements. Tainui Improvement Project completed.
Waiohine Floodplain Management Plan Implementation – progress with construction	This work has been deferred pending completion of the Waiohine Floodplain Management Plan
Environmental Strategy Implementation – progress with environmental enhancement works in Hutt, Ōtaki and Waikanae rivers	This year several native planting projects have been undertaken, including at Taita/Pomare and Belmont. We continue to work with and support the activities of Friends of the Rivers and Streams groups across the region, which enable delivery of environmental strategy outcomes.
Te Awa Kairangi/Hutt River Māoribank & Ebdentown Riverbed Stabilisation – progress with construction	Work was not required at Māoribank due to earlier stabilisation work continuing to be successful. Ebdentown rock protection work completed.
Lower Waitohu Stream – complete South Waitohu stopbank	Deferred pending land entry agreement resolution.
Te Kauru Upper Ruamahanga FMP Implementation – complete the planning and design phase and commence construction	Deferred pending completion of the Te Kauru Upper Ruamahanga FMP.
Strategic land purchased in advance of physical works	No opportunities arose during the year beyond those planned as part of our major projects.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	**2017/18 Target**	**2017/18 Actual**	**Achieved/not achieved**
Improve the communities' resilience to flooding	Percentage of Floodplain Management Plan implemented	Te Awa Kairangi/Hutt – 30%	30%	30%	Achieved
		Ōtaki - 47%	50%	47%	Not achieved
		Waikanae – 45%	56%	45%	Achieved
		LWVDS[66] - 43%	63%	51%	Not achieved [67]
	Percentage of stopbanks that meet design standard	87%[68]	85%[69]	83%	Not achieved

Unplanned activity

The following work which had not been planned for was completed:

- Te Awa Kairangi/Hutt River – design of erosion protection adjacent to Port Road, Seaview, Lower Hutt
- Ōtaki River – Chrystalls Bend stopbank upgrade, support for NZ Transport Agency PP2Ō, Ōtaki River bridge
- Waikanae River – Jim Cooke Park stopbank ground surface condition improvements
- Pinehaven Stream – Pinehaven Reserve planting in support of Pinehaven School

[66] Lower Wairarapa Valley Development Scheme.
[67] This target measured a 10 year timeline to complete the work. The work has now been extended beyond the original 10 years and consequently the targets have not been med. These targets have been reviewed and updated for the 2018-28 Long Term Plan.
[68] 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.
[69] 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.

Places and spaces for our communities to explore and enjoy

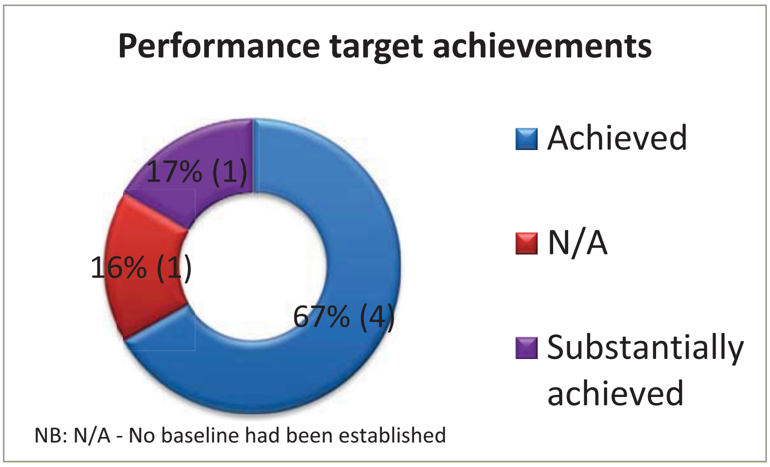
Parks – Ngā Papa Whenua

COMMUNITY OUTCOMES:

Engaged community
Healthy environment

ACTIVITIES:

Parks planning
Visitor services



Greater Wellington's regional parks are places where everyone can explore, learn about our vast natural history and protect our biodiversity.

We manage nine parks and two water collection areas across the region, totalling more than 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 Kāpiti coast, popular for motorised recreation, mountain biking, horse riding, hunting and tramping.

Battle Hill Farm Forest Park: a working farm, wetlands and remnant forest, plus a popular campground and site of one of the last battles between Māori and early colonial forces.

Belmont Regional Park*:* the open hills and forested valleys 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 Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and the film setting for "Rivendell" in *The Lord of the Rings*.

Pakuratahi Forest: home to the Remutaka Rail Trail over restored railway bridges and through historic tunnels. Extensive horse riding and mountain biking trails near the popular Tunnel Gully and Mt Climie.

Queen Elizabeth Park: 638 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. Site of the historic Lower Dam, one of the first water supply dams for Wellington City.

While not a regional park*,* **Whitireia Park** is jointly managed via a park board with Ngāti Toa Rangatira and serviced by Greater Wellington. It has great views of Porirua Harbour and Mana Island, coastal cliffs, beaches and streams with swimming, snorkelling, rock climbing and golf.

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

Hutt River Trail
The Hutt River Trail 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, more than a million visitors used the Hutt River Trail.

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

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

Parks planning

Our composite Parks Network Plan for eight regional parks and forests enables us to manage our park network as a whole, along with making specific provisions for the unique character of each park. The two water collection areas have their own management plan, and Whitireia Park is managed by a park board. Parks planning also involves assessing applications for leases and licences, and supporting other developments within the network such as planning studies for significant works.

The year in summary

The current Parks Network Plan was developed in 2010 and is now being reviewed. To support public feedback about what should change in our parks, a discussion document, *Everything is Connected*, was released this year, along with two supporting documents and a summary document. The aim of the consultation was to seek feedback and suggestions from the public and park stakeholders to inform the development of a new Parks Network Plan.

A wide range of consultation and engagement activities took place during the consultation period, including an online survey, direct mail, a series of social media (Facebook and Instagram) posts on a range of topics, meetings, and discussions with mana whenua partners and interested stakeholders and groups across the region such as friends groups, drop-in sessions, and a workshop for Queen Elizabeth Park stakeholders. The annual parks telephone survey also took place with additional questions to identify general community sentiment about this park and general questions to inform management plan preparation.

Significant park leases signed this year included a long-term lease for Riding for Disabled at Battle Hill Farm Forest Park. The group then began work to construct a covered riding arena which will be made available for periodic hire by other park users when completed. The riding facility will enable therapeutic riding activities to take place in all weather conditions. The local community has provided a high level of support to Riding for Disabled through volunteering and other activities.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Maintain a current policy framework to manage the regional park network	Parks Network Plan is maintained and operative	No baseline	Parks Network Plan development extended over two financial years	Development was completed. Initial consultation to seeking feedback to inform a new Parks Network Plan has been undertaken	Achieved

Unplanned activity

A long-term lease application for new life saving club rooms at Paekākāriki was delayed while climate change implications, and in particular coastal erosion, were thoroughly investigated. Coastal erosion in this area is already affecting visitor facilities such as tracks and roads.

Visitor services

By providing visitor amenities and services, maintaining tracks and other facilities, liaising with licence holders and working with volunteers, we assist visitors and community groups and ensure the parks remain safe, well used and well presented.

The year in summary

During 2017/18, patronage of the regional parks continued to grow. We had record-breaking camping numbers as a result of the hot and dry weather. The percentage of the population visiting a regional park in the last 12 months has again increased.

We undertook a range of maintenance work and upgrades to our assets throughout the year, both in terms of our ongoing maintenance and in response to ex-tropical cyclone Gita. Queen Elizabeth Park took the brunt of the cyclone, while the Wainui stream pedestrian bridge was damaged and there was significant damage to coastal tracks near Paekākāriki and Raumati South. This type of damage only serves to highlight the need for the retreat of park infrastructure from the coastal zone, for which planning is under way. Final remediation works to the historic Woollen Mills Dam headwall and spillway from the May 2015 floods were completed, which included a new fish passage alongside the spillway. We also completed the final stage of removing weed and sediment within two kilometres of the North Whareroa water at Queen Elizabeth Park, which will improve native fish habitat.

Ramaroa was opened (see separate story on page xx) and several mountain biking facilities were improved – from track development projects undertaken with volunteer support, to a new car park at Tunnel Gully. A new "bike skills" area at Stratton Street has proved very popular with children and adults alike.

Our key projects and programmes

What we said we would do	What we did
Queen Elizabeth Park entranceway redevelopment	Completed construction and opened the new Ramaroa building at the Mackays Crossing entranceway, which includes the Kotare meeting room, park ranger's office, park toilets and covered deck area.
Ongoing asset replacement and maintenance programme across parks network	Completed construction of the new Kaeaea Track from Muritai Park to the Main Ridge in the East Harbour Regional Park northern forest. Finalised planning processes for major works, including the Baring Head vehicle bridge, the multi-use track from Hill Road to Old Coach Road and the Kaitawa Pou lookout area. We now actively manage 7,042 assets worth an estimated $77 million.

Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide facilities and services that support the community	Percentage of the population that has visited a regional park in the last 12 months	64%	67%	72%	Achieved
	Number of visits to a regional park in the last 12 months	No baseline	Increase on	1.8 million	Not applicable [70]

[70] Baseline established at 2017/18 figure.

enjoying, valuing and participating in regional parks			baseline		
	Percentage of regional park visitors who are satisfied with their experience	89%	≥90%	95%	Achieved
	Percentage increase in volunteer hours for current staff effort	9,984 hours	≥ previous year	62%	Not achieved [71]
	Average asset condition[72]	2	≤3	2.12	Achieved

Unplanned activity

Working with the family-owned Maclean Trust, we agreed a six-year partnership to restore peatlands to swamp forest in the northeast of Queen Elizabeth Park. This involved working with consultants to develop a restoration plan that will capture and treat water entering the park via highway and residential drainage systems, and a total 25 hectares of weed control and native planting. The first tranche (4ha) of planting was planned for early July 2018.

Fundraising during the period by the Friends of Baring Head Charitable Trust enabled substantial progress with restoration of the Baring Head lighthouse complex. Asbestos was removed and new roofs installed on the historic garage and generator shed. Through a separate three-way partnership between the Friends, Greater Wellington and the Million Metres programme, a large-scale riparian planting programme was started beside the Wainuiomata River at Baring Head in East Harbour Regional Park.

[71] In 2016/17 there were 17,293 volunteer hours recorded, which is significantly higher than usual, and 16,160 in 2017/18. So while there were significant volunteer hours in 2017/8, it does not represent an increase on the previous year.
[72] 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 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Operating funding					
Wellington Regional Strategy	4,974	4,939	4,960	4,840	4,800
Emergency Management	3,589	3,452	3,740	3,573	3,513
Democratic Services	2,171	1,954	2,225	2,253	2,347
Relationships with Maori	1,055	1,034	944	952	900
Regional transport planning and programmes	3,241	3,021	3,339	3,232	2,880
Regional initiatives [1]	4,255	4,466	5,244	5,433	3,761
Total operating funding *	**19,285**	**18,866**	**20,452**	**20,283**	**18,201**
Applications of operating funding					
Wellington Regional Strategy	(4,806)	(5,105)	(4,946)	(4,826)	(4,673)
Emergency Management	(3,510)	(3,395)	(3,483)	(3,380)	(3,643)
Democratic Services	(1,903)	(1,806)	(2,072)	(2,383)	(2,283)
Relationships with Maori	(933)	(1,033)	(943)	(921)	(695)
Regional transport planning and programmes	(3,504)	(3,442)	(3,364)	(3,291)	(3,206)
Regional initiatives [1]	(4,754)	(5,000)	(5,147)	(5,314)	(4,272)
Total applications of operating funding	**(19,410)**	**(19,781)**	**(19,955)**	**(20,115)**	**(18,772)**
Capital expenditure					
Capital project expenditure	(172)	(550)	(1,416)	(1,995)	(28)
			-	-	
Land and buildings	-	-	-	-	-
Plant and equipment	-	(45)	(47)	(63)	-
Vehicles	(198)	(150)	(178)	(263)	-
Total capital expenditure	**(370)**	**(745)**	**(1,641)**	**(2,321)**	**(28)**

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

REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Sources of operating funding					
General rate	7,272	7,272	8,089	7,903	6,613
Targeted rates	7,301	8,004	8,807	8,820	7,886
Subsidies and grants for operating purposes	1,122	1,369	1,614	1,621	883
Fees and charges	18	18	3	3	18
Fines, infringement fees, and other receipts [1]	3,575	2,203	1,939	1,936	2,801
Total operating funding	**19,288**	**18,866**	**20,452**	**20,283**	**18,201**
Applications of operating funding					
Payments to staff and suppliers	(17,968)	(18,134)	(18,373)	(18,524)	(16,974)
Finance costs	(872)	(1,076)	(1,129)	(1,257)	(871)
Internal charges and overheads applied	(571)	(571)	(453)	(334)	(927)
Total applications of operating funding	**(19,411)**	**(19,781)**	**(19,955)**	**(20,115)**	**(18,772)**
Surplus/(deficit) of operating funding	**(123)**	**(915)**	**497**	**168**	**(571)**
Sources of capital funding					
Subsidies and grants for capital expenditure	51	281	401	183	11
Increase / (decrease) in debt	(54)	1,820	(2,290)	(1,365)	280
Gross proceeds from asset sales	65	45	52	78	-
Total sources of capital funding	62	2,146	(1,837)	(1,104)	291
Applications of capital funding					
- to meet additional demand	-		-	-	0
- to improve the level of service	-		-	-	-
- to replace existing assets	(370)	(745)	(1,641)	(2,321)	(28)
(Increase) / decrease in investments[2]	453	(1,211)	2,821	2,821	(112)
(Increase) / decrease in reserves	(22)	725	160	436	420
			-	-	
Total applications of capital funding	**61**	**(1,231)**	**1,340**	**936**	**280**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Depreciation on Regional Leadership assets	170	255	460	515	418

[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

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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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	-	-	-	-	-
Targeted rates	64,656	64,656	67,874	61,050	59,939
Subsidies and grants for operating purposes	67,509	87,685	80,425	73,576	60,611
Fees and charges	50,995	48,063	103,041	49,326	50,446
Fines, infringement fees, and other receipts [1]	4,514	2,273	2,207	2,238	4,010
Total operating funding	**187,674**	**202,677**	**253,547**	**186,190**	**175,006**
Applications of operating funding					
Payments to staff and suppliers	(170,337)	(172,792)	(216,733)	(155,940)	(160,786)
Finance costs	(12,757)	(13,562)	(15,772)	(15,275)	(12,581)
Internal charges and overheads applied	(5,853)	(5,853)	(3,968)	(3,904)	(5,081)
Total applications of operating funding	**(188,947)**	**(192,207)**	**(236,473)**	**(175,119)**	**(178,448)**
Surplus/(deficit) of operating funding	**(1,273)**	**10,470**	**17,074**	**11,071**	**(3,442)**
Sources of capital funding					
Subsidies and grants for capital expenditure	16,355	6,921	9,838	10,443	13,364
Increase / (decrease) in debt	(26,096)	15,777	16,257	6,241	10,186
Gross proceeds from asset sales	4	10	10	-	-
Total sources of capital funding	(9,737)	22,708	26,105	**16,684**	**23,550**
Applications of capital funding					
- to meet additional demand	(179)	(5,976)	-	-	(537)
- to improve the level of service	(7,571)	(11,664)	(20,898)	(19,495)	(446)
- to replace existing assets	(1,753)	(1,720)	(1,101)	(982)	(1,712)
(Increase) / decrease in investments [2]	(7,197)	(17,990)	(22,157)	(10,002)	(19,909)
(Increase) / decrease in reserves	1,189	4,172	977	2,724	2,497
Total applications of capital funding	**(15,511)**	**(33,178)**	**(43,179)**	**(27,755)**	**(20,108)**
Surplus/(deficit) of funding	**(26,521)**	**-**	**-**	**-**	**-**
Depreciation on Public Transport assets	1,670	1,662	3,788	1,809	1,245

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

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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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Metlink public transport network planning	1,937	2,174	3,462	2,918	2,370
Rail operations and asset management	111,859	123,761	128,791	121,109	108,237
Bus and ferry operations and asset management	59,701	61,278	109,434	54,668	53,804
Metlink customer services and information	11,046	12,538	8,848	4,594	7,821
Total mobility	3,131	2,926	3,012	2,901	2,774
Total operating funding	**187,674**	**202,677**	**253,547**	**186,190**	**175,006**
Applications of operating funding					
Metlink public transport network planning	(1,510)	(2,174)	(2,905)	(2,918)	(2,134)
Rail operations and asset management	(109,784)	(109,466)	(110,063)	(109,461)	(107,772)
Bus and ferry operations and asset management	(64,078)	(69,329)	(112,659)	(55,174)	(58,251)
Metlink customer services and information	(9,081)	(8,317)	(7,840)	(3,789)	(6,339)
Total mobility	(3,234)	(2,921)	(3,006)	(2,889)	(2,897)
Total applications of operating funding (excluding improvements)	**(187,687)**	**(192,207)**	**(236,473)**	**(174,231)**	**(177,393)**
Improvement Expenditure					
Rail operations and asset management	-	-	-	-	-
Bus and ferry operations and asset management	(1,260)	-	-	(888)	(1,054)
Total improvement expenditure	(1,260)	-	-	(888)	(1,054)
Total applications of operating funding (including improvements)	**(188,947)**	**(192,207)**	**(236,473)**	**(175,119)**	**(178,447)**
Net surplus/(deficit) of operating funding	**(1,273)**	**10,470**	**17,074**	**11,071**	**(3,441)**
Investment in Greater Wellington Rail Ltd					
Rail operations and asset management	**(7,197)**	**(17,990)**	**(22,157)**	**(10,002)**	**(19,909)**
Capital project expenditure					
New public transport shelters, signage,				(20,477)	
pedestrian facilities and systems	(7,275)	(19,320)	(21,958)		(1,268)
Land and buildings	-	-			-
Plant and equipment	(2,228)	-			(1,428)
Vehicles	-	(40)	(41)		-
Total capital expenditure	**(9,503)**	**(19,360)**	**(21,999)**	**(20,477)**	**(2,696)**
Total investment in Public transport Infrastructure	**(17,960)**	**(37,350)**	**(44,156)**	**(31,367)**	**(23,659)**

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	-	-			-
Targeted rates	-	-			-
Subsidies and grants for operating purposes	-	-			-
Fees and charges	-	-			-
Fines, infringement fees, and other receipts [1]	32,511	32,170	32,934	30,968	31,204
Total operating funding	**32,511**	**32,170**	**32,934**	**30,968**	**31,204**
Applications of operating funding					
Payments to staff and suppliers	(23,566)	(19,820)	(19,446)	(19,070)	(22,748)
Finance costs	(4,653)	(4,417)	(5,189)	(4,457)	(3,862)
Internal charges and overheads applied	(1,333)	(1,333)	(1,465)	(1,441)	(1,259)
Total applications of operating funding	**(29,552)**	**(25,570)**	**(26,100)**	**(24,968)**	**(27,869)**
Surplus/(deficit) of operating funding	**2,959**	**6,600**	**6,834**	**6,000**	**3,335**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	13,902	9,421	22,511	3,123	3,732
Gross proceeds from asset sales	-	-	-	-	307
Total sources of capital funding	13,902	9,421	22,511	**3,123**	4,039
Applications of capital funding					
- to meet additional demand			-	-	-
- to improve the level of service	(12,518)	(8,892)	(21,354)	(3,499)	(2,071)
- to replace existing assets	(1,138)	(4,026)	(4,583)	(2,629)	(2,208)
(Increase) / decrease in investments[2]	(3,272)	(3,180)	(3,408)	(2,995)	(3,020)
(Increase) / decrease in reserves	67	77	-	-	(75)
Total applications of capital funding	**(16,861)**	**(16,021)**	**(29,345)**	**(9,123)**	**(7,374)**
Surplus/(deficit) of funding	**-**	**-**	**-**	**-**	**-**
Bulk Water Levy [1]	30,863	30,863	31,215	29,468	29,098
Depreciation on Water assets	10,801	10,514	10,981	11,281	11,170

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Water Supply	32,511	32,170	32,934	30,968	31,204
Total operating funding	**32,511**	**32,170**	**32,934**	**30,968**	**31,204**
Applications of operating funding					
Water Supply	(29,552)	(25,570)	(26,100)	(24,968)	(27,869)
Total applications of operating funding	**(29,552)**	**(25,570)**	**(26,100)**	**(24,968)**	**(27,869)**
Capital expenditure					
Water sources	-	-	(1,657)	(225)	-
Water treatment plants	(2,128)	(2,839)	(1,489)	(1,248)	(2,649)
Pipelines	(482)	(995)	(12,048)	(1,079)	(267)
Pump stations	(10)	(40)	(42)	(41)	(201)
Reservoirs	-	-	-	-	-
Monitoring and control	(50)	(350)	(367)	(358)	(294)
Seismic protection	-	-	-	-	(296)
Energy	-	-	-	-	
Other	(10,985)	(8,639)	(10,276)	(3,120)	(564)
Land and buildings	-	-			-
Plant and equipment	(1)	(55)	(58)	(57)	(9)
Vehicles	-	-			-
Total capital expenditure	**(13,656)**	**(12,918)**	**(25,937)**	**(6,128)**	**(4,279)**

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	27,844	27,844	27,880	26,378	26,211
Targeted rates	534	534	636	578	484
Subsidies and grants for operating purposes	352	297	-	-	250
Fees and charges	5,599	5,250	4,349	4,243	5,199
Fines, infringement fees, and other receipts [1]	4,761	3,771	4,233	4,088	4,853
Total operating funding	**39,090**	**37,696**	**37,098**	**35,287**	**36,997**
Applications of operating funding					
Payments to staff and suppliers	(35,400)	(34,875)	(33,788)	(33,326)	(32,473)
Finance costs	(168)	(206)	(149)	(124)	(82)
Internal charges and overheads applied	(3,550)	(3,595)	(1,822)	(1,793)	(2,696)
Total applications of operating funding	**(39,118)**	**(38,676)**	**(35,759)**	**(35,243)**	**(35,251)**
Surplus/(deficit) of operating funding	**(28)**	**(980)**	**1,339**	**44**	**1,746**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	1,044	1,782	(245)	1,107	897
Gross proceeds from asset sales	57	119	41	89	260
Total sources of capital funding	1,101	1,901	(204)	**1,196**	**1,157**
Applications of capital funding					
- to meet additional demand	-		-	-	-
- to improve the level of service	-	-	-	-	(1,773)
- to replace existing assets	(1,402)	(1,721)	(987)	(1,104)	(632)
(Increase) / decrease in investments[2]	-	-	-	-	-
(Increase) / decrease in reserves	329	800	(148)	(136)	(498)
Total applications of capital funding	**(1,073)**	**(921)**	**(1,135)**	**(1,240)**	**(2,903)**
Surplus/(deficit) of funding	**-**	**-**	**-**	-	-
Depreciation on Environment assets	705	781	695	620	619

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 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Operating funding					
Resource management	20,423	19,885	17,967	16,972	19,223
Land management	5,216	5,044	6,429	6,005	4,914
Biodiversity management	4,865	4,778	4,591	4,490	4,680
Pest management	6,283	5,773	5,835	5,575	5,952
Harbour management	2,303	2,216	2,276	2,245	2,228
Total operating funding	**39,090**	**37,696**	**37,098**	**35,287**	**36,997**
Applications of operating funding					
Resource management	(21,187)	(20,641)	(17,134)	(17,438)	(18,394)
Land management	(4,924)	(5,454)	(6,211)	(5,795)	(4,413)
Biodiversity management	(4,683)	(4,767)	(4,543)	(4,444)	(4,567)
Pest management	(6,181)	(5,759)	(5,770)	(5,512)	(5,822)
Harbour management	(2,143)	(2,055)	(2,101)	(2,054)	(2,055)
Total applications of operating funding	**(39,118)**	**(38,676)**	**(35,759)**	**(35,243)**	**(35,251)**
Capital expenditure					
Capital project expenditure	(558)	(881)	(105)	(205)	(1,474)
Land and buildings	(14)	-	-	-	-
Plant and equipment	(518)	(672)	(706)	(543)	(513)
Vehicles	(312)	(168)	(176)	(356)	(418)
Total capital expenditure	**(1,402)**	**(1,721)**	**(987)**	**(1,104)**	**(2,405)**

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	10,679	10,679	10,870	10,210	10,171
Targeted rates	7,310	7,310	8,011	7,293	7,005
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	2	-	-	-	1
Fines, infringement fees, and other receipts [1]	3,464	3,163	2,221	2,131	3,087
Total operating funding	**21,455**	**21,152**	**21,102**	**19,634**	**20,264**
Applications of operating funding					
Payments to staff and suppliers	(9,575)	(9,505)	(9,690)	(9,519)	(10,045)
Finance costs	(4,332)	(4,385)	(4,682)	(4,147)	(3,501)
Internal charges and overheads applied	(1,939)	(1,939)	(1,064)	(1,047)	(1,752)
Total applications of operating funding	**(15,846)**	**(15,829)**	**(15,436)**	**(14,713)**	**(15,298)**
Surplus/(deficit) of operating funding	**5,609**	**5,323**	**5,666**	**4,921**	**4,966**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	24,476	16,643	10,290	8,810	10,241
Gross proceeds from asset sales	250	78	84	95	60
Total sources of capital funding	24,726	16,721	10,374	**8,905**	**10,301**
Applications of capital funding					
- to meet additional demand	-		-	-	-
- to improve the level of service	(29,224)	(21,079)	(14,498)	(12,449)	(14,062)
- to replace existing assets	(268)	(302)	(316)	(288)	(106)
(Increase) / decrease in investments[2]	(402)	(346)	(500)	(459)	(386)
(Increase) / decrease in reserves	(441)	(317)	(726)	(630)	(713)
Total applications of capital funding	**(30,335)**	**(22,044)**	**(16,040)**	**(13,826)**	**(15,267)**
Surplus/(deficit) of funding	**(0)**	**-**	**-**	-	-
Depreciation on Flood Protection and Control asse	1,100	978	1,126	952	928

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Understanding flood risk	2,942	2,815	2,389	2,174	2,580
Maintaining flood protection and control works and Improving flood security	18,513	18,337	18,713	17,460	17,684
Total operating funding	**21,455**	**21,152**	**21,102**	**19,634**	**20,264**
Applications of operating funding					
Understanding flood risk	(2,406)	(2,473)	(2,057)	(1,873)	(2,598)
Maintaining flood protection and control works and Improving flood security	(13,440)	(13,356)	(13,379)	(12,840)	(12,700)
Total applications of operating funding	**(15,846)**	**(15,829)**	**(15,436)**	**(14,713)**	**(15,298)**
Capital expenditure					
Hutt River improvements	(27,501)	(16,595)	(7,011)	(5,829)	(10,415)
Otaki River improvements	(870)	(964)	(823)	(954)	(2,080)
Wairarapa scheme	(235)	(2,308)	(6,034)	(5,057)	(903)
Other flood protection	(618)	(1,212)	(630)	(609)	(653)
Land and buildings	-	-	-	-	-
Plant and equipment	(38)	(123)	(129)	(12)	(11)
Vehicles	(230)	(179)	(187)	(276)	(106)
Total capital expenditure	**(29,492)**	**(21,381)**	**(14,814)**	**(12,737)**	**(14,168)**

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Sources of operating funding					
General rate	6,582	6,582	6,270	6,096	6,176
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	10	-	-	-	38
Fees and charges	223	137	185	180	186
Fines, infringement fees, and other receipts [1]	781	675	611	597	862
Total operating funding	**7,596**	**7,394**	**7,066**	**6,873**	**7,262**
Applications of operating funding					
Payments to staff and suppliers	(4,885)	(4,722)	(5,337)	(5,199)	(4,806)
Finance costs	(422)	(430)	(526)	(465)	(311)
Internal charges and overheads applied	(1,506)	(1,506)	(771)	(764)	(1,452)
Total applications of operating funding	**(6,813)**	**(6,658)**	**(6,634)**	**(6,428)**	**(6,569)**
Surplus/(deficit) of operating funding	**783**	**736**	**432**	**445**	**693**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	45
Increase / (decrease) in debt	722	2,391	1,120	1,079	1,871
Gross proceeds from asset sales	121	118	44	53	60
Total sources of capital funding	843	2,509	1,164	**1,132**	**1,976**
Applications of capital funding					
- to meet additional demand	-		-	-	(805)
- to improve the level of service	-		-	-	(121)
- to replace existing assets	(1,909)	(3,609)	(1,760)	(1,741)	(1,732)
(Increase) / decrease in investments	-	-	-	-	-
(Increase) / decrease in reserves	283	364	164	164	(11)
Total applications of capital funding	**(1,626)**	**(3,245)**	**(1,596)**	**(1,577)**	**(2,669)**
Surplus/(deficit) of funding	**-**	**-**	**-**	-	-
Depreciation on Parks assets [2]	2,329	2,271	2,273	2,271	2,221

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 2018

	2017/18 Actual $000s	2017/18 Annual Plan $000s	2017/18 Long Term Plan $000s	2016/17 Long Term Plan $000s	2016/17 Actual $000s
Operating funding					
Parks Planning	699	679	266	259	592
Visitor Services	6,897	6,715	6,800	6,614	6,670
Protecting the environment of regional parks	-	-			-
Total operating funding	**7,596**	**7,394**	**7,066**	**6,873**	**7,262**
Applications of operating funding					
Parks Planning	(692)	(740)	(266)	(259)	(514)
Visitor Services	(6,118)	(5,883)	(6,332)	(6,134)	(6,002)
Protecting the environment of regional parks	(3)	(35)	(36)	(35)	(53)
Total applications of operating funding	**(6,813)**	**(6,658)**	**(6,634)**	**(6,428)**	**(6,569)**
Capital expenditure					
Battle Hill Farm Forest Park	(30)	(227)	(146)	(14)	(6)
Belmont Regional Park	(444)	(442)	(271)	(442)	(689)
Queen Elizabeth Park	(801)	(1,237)	(1,057)	(930)	(1,372)
Whitireia Park	(18)	(139)	(13)	(7)	(2)
Pakuratahi Forest	(77)	(120)	-	(85)	(79)
Akatarawa Forest	(8)	(144)	(1)	(6)	(103)
Wainuiomata Recreation Area	-	(39)	-	(16)	(29)
Kaitoke Regional Park	(12)	(32)	(8)	(22)	(41)
East Harbour Regional Park	(172)	(862)	-	-	(87)
Other	1	-	(109)	(21)	(114)
Capital project expenditure	(1,561)	(3,242)	(1,605)	(1,543)	(2,522)
Land and buildings	(34)	-	-	-	-
Plant and equipment	(161)	(50)	-	-	(30)
Vehicles	(153)	(317)	(155)	(198)	(106)
Total capital expenditure	**(1,909)**	**(3,609)**	**(1,760)**	**(1,741)**	**(2,658)**

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 percent 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 $1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. 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 councils' 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 holds 6,000ha of forested land, of which about 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 percent stake in this agency, with the other 80 percent being held by Wellington City Council. Grow Wellington and Creative HQ, which were 100 percent-owned by Greater Wellington, have been absorbed into WREDA.

Westpac Stadium

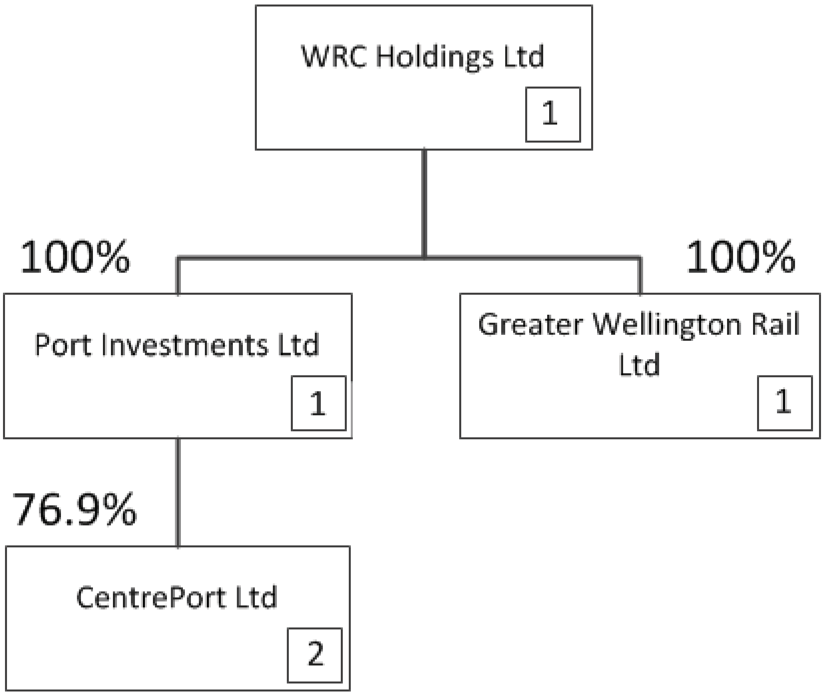
Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

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
mmercial 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. Every year, WRC Holdings Ltd provides to Greater Wellington, as 100 percent 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 parent financial performance targets are:

	Actual 2018	Target 2018	Actual 2017
Dividend distribution $000s		-	-
Dividend distribution %	0.0%	-%	0.0%
Return on equity[73]	(0.1)%	-%	(0.0)%
Return on assets[74]	0.3%	0.4%	0.%
Shareholders' funds to total assets	83.4%	84.2%	82.0%

WRC Holdings group financial performance targets are:

	Actual 2018	Target 2018	Actual 2017
Net profit/(deficit) before tax	$ 23.8 million	$77.3 million	$48.6 million
Net profit/(deficit) after tax[75]	$ 23.1 million	$78.1 million	$36.1 million
Earnings before interest, tax and depreciation	$ 60.0million	$105 million	$82.9 million
Return on total assets[76]	5.1%	17.0%	8.0%
Return on shareholders' funds[77]	3.1%	11.9%	5.3%
Stakeholders' funds to total assets	65.8%	66.2%	61.1%
Dividends[78]	-	-	-

The main drivers for the variance to target are lower insurance proceeds than budgeted by CentrePort, this is a timing issue, higher expenditure at CentrePort. These flow through to the returns on equity and assets.

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

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

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

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

- 83 Matangi units
- 2 remote controlled shunt crabs
- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

Performance targets

	Actual 2018	**Target 2018**	**Actual 2017**
Shareholders' funds to total assets	(81%)	(81.7)%	(80.0)%
Operating costs are maintained overall within budget	Complied	Complied	Complied

Port Investments Ltd

Port Investments Ltd is an investment vehicle that owns 76.9 percent of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1 percent-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 2018	Target 2018	Actual 2017
Dividend distribution $000s	-	-	-
Dividend distribution%	-	-	-
Return on equity[79]	18.8%	(87.3)%	(21.2)%
Return on assets[80]	1.0%	(0.2)%	(1.2)%
Shareholders' funds to total assets	5.2%	1.9%	5.3%

Port Investments Limited received a $1.5 million dividend from CentrePort earlier than assumed by the plan.

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

[79] 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

[80] Based on earnings before interest and tax divided by average assets

CentrePort Limited

	Actual 2018	Target 2018	Actual 2017
Net profit before tax	$ 15.2 million	$20.1 million	$10.8 million
Net profit after tax	$ 11.8 million	$15.9 million	$39 million
Return on total assets[81]	6.0%	10.8%	4.2%
Return on shareholders' funds[82]	5.5%	8.0%	4.3%
Dividends distribution as a percentage of NPAT	16.9%	0%	1.8%
Dividend[83]	$1.5 million	-	$0.78 million
Interest cover ratio[84]	11	11	3.7
Gearing ratio[85]	9%	16.3%	18.5%

Directors of CentrePort Ltd are:

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

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

Safety and Security Performance Targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Year-on-year improvement towards zero harm	Implementation of five-year action plan	Year one action items completed	Performance measure replaced by a rolling 2 year H&S strategy. Action items on track
	Lost time injury frequency (per 200,000 hours worked)	≤ 3.6	2.42
	Lost time injury severity (per 200,000 hours worked)	≤ 50	7.73
	bSafe reports (incident and near miss reports)	> 800	1,253
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	This measure has been replaced with a safe+ audit from Worksafe and ACC. Audit completed
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	Policy reviewed
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	No breaches of PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	Assessment and reviews complete
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 maintained. Audit completed in November 2017

Environmental Performance Targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Ensure regulatory compliance	Compliance breaches	Zero	No compliance breaches. Proactive approach being taken to compliance. Resource consents obtained or being sought as required e.g. soil disturbance and stormwater discharges.
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification complete (note 1 below	Audit and certification not completed. Development of updated EMS is underway. Completion expected in 2018.
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 10% decrease from base line – NB new incident reporting system introduced	31 incidents in FY18. Improvements made to reporting system and culture of reporting.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Three complaints received (relating to noise and waste issues). Mitigation measures introduced in each case
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO_2 equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete (reduction targets for FY19-20 to be set) Verified annual emissions inventory complete	Emissions reduction plan still in development as part of EMS. Completion expected in 2018.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	Recapture technology used for all container fumigation
	Solid waste to landfill (quantity)	Waste minimization plan developed. Waste minimization	Available reuse of 26,058t of concrete, 3,868m3 of asphalt

		integrated into EQ recovery projects	and 1,100t of metal.
Improve stakeholder relations	Environmental Consultative Committee meeting frequency Iwi engagement Transparency	At least three per annum Pre-lodgement consultation undertaken for 100% of resource consent applications Performance against targets reported in Annual Report	Two meetings held. Third meeting planned for August 2018 Pre-lodgement consultation undertaken for all resource consent applications Reported.
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency Internal 'sustainability sub committee' meeting frequency	At least four per annum At least three per annum	Four meetings held Monthly meetings held

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	To continue to support the regeneration of the business, CentrePort has recruited a significant number of key professional and operational roles across all levels of the business. This has provided employment opportunities primarily for local and regional people, and provided advancement opportunities for internal staff. The Container Services Platform for Growth Project which aims to deliver our two-three year container growth plan has required us to conduct large scale targeted training resulting in multi-skilled employees and further recruitment of operational managers and employees.
Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade	CentrePort continues to implement a series of projects of works on port to repair and remediate the impact of the November 2016 Kaikoura earthquake. Modifying operations and innovative solutions has enabled CentrePort to not only return to pre-quake levels of operation (despite a reduced operational footprint) but to achieve record volumes in most areas. The ship-to-shore cranes returned to service in September 2017 after being out of action for ten months, and container volumes are on track to return to pre-quake levels with strong growth indicators for the future. CentrePort has a series of medium term focus areas supported by projects that are enabling the business, increasing resilience, and reinstating/repairing earthquake impacts. These all support CentrePort's longer-term 'regeneration' planning which is currently in process.
Collaborating with key partners of CentrePort's business to improve service outcomes	CentrePort continues to invest in and work with partners on the hinterland hub network serviced by CentreRail to create logistics chains solutions and efficiencies for customers
Supporting the regional community by investing in community sponsorship	CentrePort partners with organisations / events to help promote commerce and prosperity, as well as trying to make a difference in communities. CentrePort staff are involved in participating in fundraising events such as Loud Shirt Day and interacting with community organisation recipients such as City Mission. CentrePort has continued sponsorships of the ExportNZ awards, the Whanganui Chamber of Commerce, the Wellington Youth Sailing Trust, and the Maritime Heritage Trust of Wellington (Hikitea Floating Crane fund).
To meet regularly with representative community groups	CentrePort met regularly with community groups as part of the Environmental Consultative Committee. Meetings were held in November 2017 and March 2018, community group members attended port tours and separate post earthquake updates were provided. In addition, various community groups and individuals were engaged directly regarding Port related initiatives such as the use of Kaiwharawhara Point for waste minimisation.

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.	Performance targets are reviewed and agreed in the development of the Statement of Intent.
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.	Quarterly reporting has been scheduled with the shareholders.
CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.	Quarterly reporting has been scheduled with the shareholders.

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 percent shareholding) and Greater Wellington (20 percent 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 being negotiated with WREDA. WREDA's 2016-2019 Statement of Intent articulates its 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 awaiting WREDA's Annual Report for 2017/18.

Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, stormwater and wastewater 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 percent 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 2017/18 year, are set out in the Water Supply section.[86]

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[86] Pages 41-44 of this document sets out the performance report against the 10 Year Plan 2015-25 measures, as included in the Wellington Water Annual Report.

INVESTMENTS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018

	2017/18 Actual	2017/18 Annual Plan	2017/18 Long Term Plan	2016/17 Long Term Plan	2016/17 Actual
	$000s	$000s	$000s	$000s	$000s
Sources of operating funding					
General rate[1]	(9,898)	(9,898)	(7,245)	(9,588)	(10,041)
Targeted rates	978	978	965	2,677	2,676
Subsidies and grants for operating purposes	-	-	-	-	-
Fees and charges	125	-	-	-	552
Fines, infringement fees, and other receipts [2,3]	28,161	27,239	24,648	24,876	25,095
Total operating funding	**19,366**	**18,319**	**18,368**	**17,965**	**18,282**
Applications of operating funding					
Payments to staff and suppliers	(2,470)	(2,462)	(1,297)	(1,465)	(1,412)
Finance costs	(19,819)	(19,244)	(16,146)	(14,017)	(16,813)
Internal charges and overheads applied	(45)	-	-	-	(39)
Total applications of operating funding	**(22,334)**	**(21,706)**	**(17,443)**	**(15,482)**	**(18,264)**
Surplus/(deficit) of operating funding	**(2,968)**	**(3,387)**	**925**	**2,483**	**18**
Sources of capital funding					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	30,772	9,966	7,417	1,745	1,656
Gross proceeds from asset sales	12	19	40	39	42
Total sources of capital funding	30,784	9,985	7,457	**1,784**	**1,698**
Applications of capital funding					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	(440)
- to replace existing assets	(1,225)	(719)	(6,520)	(121)	(65)
(Increase) / decrease in investments[2]	739	1,519	(433)	(1,167)	1,185
(Increase) / decrease in reserves	(809)	(7,398)	(1,429)	(2,979)	(2,396)
Total applications of capital funding	**(1,295)**	**(6,598)**	**(8,382)**	**(4,267)**	**(1,716)**
Surplus/(deficit) of funding	**26,521**	**-**	**-**	-	-
Depreciation on Investment assets	348	368	374	358	501

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	23,603	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

All figures on this page exclude GST

Financial Statements – he purongo putea

Annual Report disclosure statement for year ended 30 June 2018

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.

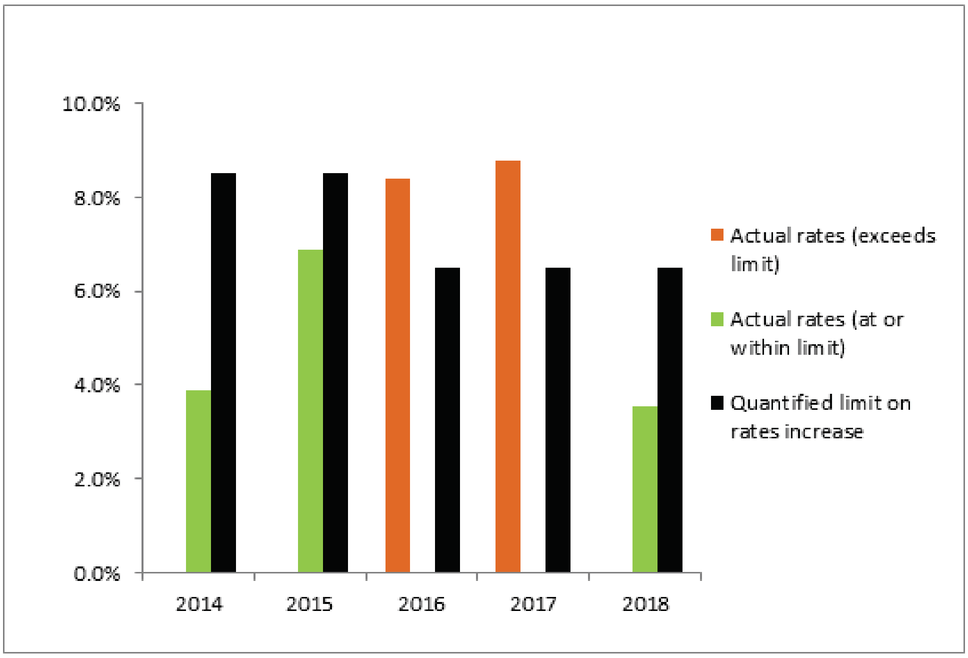
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Greater Wellington Regional Council.

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 2017/18 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.



Greater Wellington Regional Council
Draft Financial Statements
for the year ended 30 June 2018

Contents

Greater Wellington Regional Council
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Operating revenue						
Rates and levies	3	**152,995**	**154,825**	147,055	**152,995**	147,055
Transport operational grants and subsidies	3	**69,059**	**72,647**	64,036	**69,059**	64,036
Transport Improvement grants and subsidies	3	**16,406**	**23,905**	13,419	**16,406**	13,419
Other revenue	3	**77,132**	**66,905**	72,962	**154,137**	139,477
		315,592	**318,282**	297,472	**392,597**	363,987
Other gains / (losses) - net		**(1,679)**	**37**	(1,007)	**(2,117)**	(1,103)
Total operating revenue and gains		**313,913**	**318,319**	296,465	**390,480**	362,884
Operating expenditure						
Employee benefits	4	**(46,118)**	**(46,244)**	(42,493)	**(71,343)**	(65,570)
Grants and subsidies		**(148,056)**	**(156,669)**	(144,317)	**(135,872)**	(133,678)
Depreciation and amortisation	5	**(18,644)**	**(17,930)**	(18,221)	**(42,462)**	(41,822)
Finance expenses		**(19,843)**	**(19,921)**	(16,477)	**(32,170)**	(27,039)
Other operating expenses	6	**(78,921)**	**(70,673)**	(72,906)	**(132,683)**	(118,582)
Transport improvement expenditure		**(1,262)**	**-**	(1,056)	**(1,262)**	(1,056)
Total operating expenditure		**(312,844)**	**(311,437)**	(295,470)	**(415,792)**	(387,747)
Operating surplus/(deficit) before other items and tax		**1,069**	**6,882**	995	**(25,312)**	(24,863)
Share of associate's surplus/(deficit)		**-**	**-**	-	**23,081**	(18,569)
Earthquake related items:						
Insurance deductible expenses	8	**-**	**-**	-	**(33,628)**	(19,305)
Impairment of assets	8	**-**	**-**	-	**(2,596)**	(59,412)
Insurance progress payment receivable	8	**-**	**-**	-	**55,583**	166,042
Other fair value changes						
Gain / (loss) financial instruments	7	**(8,684)**	**9,250**	17,918	**94**	28,248
Fair value gain/(loss) on investment property	19	**-**	**-**	-	**(975)**	-
Total fair value movements		**(8,684)**	**9,250**	17,918	**18,478**	115,573
Surplus/(deficit) before tax		**(7,615)**	**16,132**	18,913	**16,247**	72,141
Tax (expense)/benefit	9	**-**	**-**	-	**1,254**	(10,884)
Surplus from continuing operations		**(7,615)**	**16,132**	18,913	**17,501**	61,257
Operating surplus / (deficit) after tax		**(7,615)**	**16,132**	18,913	**17,501**	61,257
Other comprehensive revenue and expenses						
Increases / (decreases) in revaluations		**195,041**	**54,655**	67,107	**195,041**	13,045
Total other comprehensive income		**195,041**	**54,655**	67,107	**195,041**	13,045
Total comprehensive income		**187,426**	**70,787**	86,020	**212,542**	74,302
Surplus is attributable to:						
Attributed to:						
Equity holders of the Parent		**187,426**	**70,787**	86,020	**203,742**	73,777

		Council			Group	
						Restated*
		Actual	**Budget**	Actual	**Actual**	Actual
		2018	**2018**	2017	**2018**	2017
	Note	**$'000**	**$'000**	$'000	**$'000**	$'000
Non-controlling interest		**-**	**-**	-	**8,800**	525
		187,426	**70,787**	86,020	**212,542**	74,302

Greater Wellington Regional Council
Statement of Financial Position
As at 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
ASSETS						
Current assets						
Cash and cash equivalents	11	**5,308**	**21,318**	346	**7,622**	567
Trade and other receivables	12	**37,674**	**21,849**	35,638	**46,937**	42,752
Other financial assets	14	**73,056**	**30,466**	46,154	**73,056**	46,154
Inventories	13	**3,097**	**-**	3,105	**4,448**	4,525
Derivatives	21	**206**	**-**	11	**206**	11
Current tax receivables		**-**	**-**	-	**-**	601
Other current assets	8	**-**	**-**	-	**59,268**	62,684
Total current assets		**119,341**	**73,633**	85,254	**191,537**	157,294
Non-current assets						
Other financial assets	14	**21,801**	**39,162**	52,139	**21,801**	52,139
Property, plant and equipment	16	**1,164,799**	**989,389**	933,661	**1,702,425**	1,475,338
Intangible assets	17	**10,487**	**-**	8,083	**13,698**	11,370
Investment in subsidiaries	20	**256,595**	**271,527**	249,145	**-**	-
Investment properties	19	**-**	**-**	-	**13,679**	12,022
Derivatives	21	**450**	**-**	260	**450**	260
Investments accounted for under the equity method		**-**	**-**	-	**487**	404
Deferred tax assets	10	**-**	**-**	-	**21,332**	27,616
Investments in joint ventures	15	**-**	**-**	-	**74,584**	59,398
Total non-current assets		**1,454,132**	**1,300,078**	1,243,288	**1,848,456**	1,638,547
Total assets		**1,573,473**	**1,373,711**	1,328,542	**2,039,993**	1,795,841
LIABILITIES						
Current liabilities						
Derivatives	21	**671**	**-**	914	**671**	914
Trade and other payables	22	**41,737**	**26,689**	42,423	**48,577**	45,474
Interest bearing liabilities	23	**99,622**	**166,168**	96,767	**121,662**	96,913
Employee benefits liabilities and provisions	24	**2,790**	**-**	2,935	**6,310**	6,088
Total current liabilities		**144,820**	**192,857**	143,039	**177,220**	149,389
Non-current liabilities						
Interest bearing liabilities	23	**280,000**	**230,000**	230,700	**324,080**	310,780
Derivatives	21	**41,047**	**-**	34,616	**41,047**	43,394
Deferred tax liabilities	10	**-**	**-**	-	**109,566**	116,166
Employee benefits liabilities and provisions	24	**194**	**-**	201	**839**	953
Total non-current liabilities		**321,241**	**230,000**	265,517	**475,532**	471,293
Total liabilities		**466,061**	**422,857**	408,556	**652,752**	620,682
Net assets		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159
EQUITY						
Retained earnings		**332,077**	**372,942**	338,420	**559,163**	550,491
Other reserves		**775,335**	**577,912**	581,566	**773,967**	578,897
Minority interest		**-**	**-**	-	**54,111**	45,771
Total equity		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159

		Council			Group	
						Restated*
		Actual	**Budget**	Actual	**Actual**	Actual
		2018	**Budget**	2017	**2018**	2017
	Note	**$'000**	**$'000**	$'000	**$'000**	$'000

Chris Laidlaw
Chair

31 October 2018

Greg Campbell
Chief Executive

31 October 2018

Dave Humm
General Manager Corporate Services
/ Chief Financial Officer
31 October 2018

Greater Wellington Regional Council
Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Opening Equity		**919,986**	**880,067**	833,966	**1,175,159**	1,101,023
Operating surplus /(deficit) after tax		**(7,615)**	**70,787**	18,913	**17,501**	61,258
Dividend to non-controlling interest		**-**	**-**	-	**(462)**	(162)
Asset revaluation movements		**195,041**	**-**	67,107	**195,041**	13,045
Total closing equity at 30 June		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159
Components of equity						
Asset revaluation reserves						
Opening asset revaluation reserves		**543,869**	**498,698**	475,791	**527,058**	513,096
Asset revaluation movements		**195,041**	**54,655**	67,107	**195,041**	13,045
Transfers from/(to) accumulated funds		**30**	**-**	971	**30**	917
Closing asset revaluation reserve		**738,940**	**553,353**	543,869	**722,129**	527,058
Other reserves						
Opening other reserves		**37,347**	**32,116**	39,416	**37,302**	39,371
Transfers to accumulated funds		**(6,348)**	**(7,557)**	(9,656)	**(6,348)**	(9,656)
Transfers from accumulated funds		**4,167**	**-**	6,302	**4,167**	6,302
Interest earned		**1,229**	**-**	1,285	**1,229**	1,285
Closing other reserves		**36,395**	**24,559**	37,347	**36,350**	37,302
Retained earnings						
Opening accumulated funds		**338,770**	**349,253**	318,759	**610,804**	548,556
Operating surplus / (deficit) after tax		**(7,615)**	**70,787**	18,913	**17,501**	61,258
Interest allocated to reserves		**(1,229)**	**-**	(1,285)	**(1,229)**	(1,285)
Other transfers to reserves		**(4,167)**	**(47,098)**	(6,302)	**(4,167)**	(6,302)
Transfers from reserves		**6,348**	**-**	9,656	**6,348**	9,656
Dividend to non-controlling interest		**-**	**-**	-	**(462)**	(162)
Other transfers from/(to) reserves		**(30)**	**-**	(971)	**(30)**	(917)
Other adjustment		**-**	**-**	-	**-**	-
Closing accumulated funds		**332,077**	**372,942**	338,770	**628,765**	610,804
Total closing equity at 30 June		**1,107,412**	**950,854**	919,986	**1,387,241**	1,175,159

	Note	Council Actual 2018 $'000	Council Budget 2018 $'000	Council Actual 2017 $'000	Group Actual 2018 $'000	Group Actual 2017 $'000
Receipts from customers		-	-	-	70,669	63,927
Rates revenue received		121,372	123,961	116,691	121,372	116,691
Water supply levy received		30,863	30,863	29,098	30,863	29,097
Government subsidies received		83,829	96,553	77,621	83,829	77,620
Interest received		4,313	3,043	4,556	4,355	4,145
Dividends received		105	-	3,682	605	1,304
Rent income		-	-	-	6,599	-
Fees, charges and other revenue		71,749	63,899	65,540	69,060	64,906
Payments to suppliers and employees		(127,290)	(273,587)	(103,084)	(202,296)	(183,552)
Payment of grants and subsidies		(148,056)	-	(144,317)	(135,872)	(133,678)
Interest paid		(18,783)	(19,686)	(16,262)	(31,282)	(26,898)
Income tax paid / (refund)		-	-	-	1,535	-
Business loss of rents	8	-	-	-	8,477	8,985
Temporary works	8	-	-	-	(36,678)	(19,305)
Business Interruption Temporary works	8	-	-	-	33,628	19,305
Net cash from (used in) operating activities	25	18,102	25,046	33,525	24,864	22,547
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		515	1,216	1,107	744	7,803
Earthquake insurance payments received		-	-	-	16,895	75,066
Cash balance from acquired joint venture		-	-	-	16,758	-
		515	1,216	1,107	34,397	82,869
Purchase of property, plant and equipment		(58,446)	(64,542)	(27,855)	(73,176)	(46,626)
Purchase of intangible assets		(16)	-	-	(174)	-
Development of investment properties		-	-	-	(2,707)	(2,076)
Acquisition of investments		(7,349)	(17,990)	(21,831)	101	(4,051)
EQ capital expenditure		-	-	-	(6,141)	(2,357)
Investment in joint venture		-	-	-	(7,750)	-
Other transfer		-	-	-	(90)	-
Net cash flow from investing activities		(65,296)	(81,316)	(48,579)	(55,540)	27,759
Cash flows from financing activities						
Loan funding		52,156	77,183	13,119	-	13,149
Loan funding		-	-	-	52,156	(66,000)
Debt repayment		-	(16,895)	-	(18,000)	-
Dividends paid to non-controlling interests		-	-	-	(462)	(162)
Net cash from financing activities		52,156	60,288	13,119	33,694	(53,013)

		Council			Group	
	Note	**Actual 2018 $'000**	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Restated* Actual 2017 $'000
Net increase / (decrease) in cash and cash equivalents		**4,962**	**4,018**	(1,935)	**3,018**	(2,707)
Cash and cash equivalents at the beginning of year		**346**	**17,300**	2,281	**567**	3,274
Cash, cash equivalents, and bank overdrafts at the end of the year	11	**5,308**	**21,318**	346	**3,585**	567

			Council	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	Budget 2017 $'000
Sources of operating funding				
General rate	41,351	42,479	40,784	39,504
Targeted rates	80,779	81,482	77,172	77,960
Subsidies and grants for operating purposes	69,058	89,351	61,783	83,386
Interest and dividends from investments	4,506	3,043	4,603	6,037
Fees and charges	52,929	53,783	50,021	50,850
Fines, infringement fees, and other receipts 1	51,021	40,979	50,026	38,291
Total operating funding	299,644	311,117	284,389	296,028
Applications of operating funding				
Payments to staff and suppliers	(275,694)	(273,587)	(261,116)	(262,659)
Finance costs	(19,608)	(19,686)	(16,477)	(16,534)
Total applications of operating funding	(295,302)	(293,273)	(277,593)	(279,193)
Surplus / (deficit) of operating funding	4,342	17,844	6,796	16,835
Sources of capital funding				
Subsidies and grants for capital expenditure	16,407	7,202	13,420	2,018
Increase / (decrease) in debt	45,924	52,731	27,074	45,471
Gross proceeds from asset sales	515	416	744	567
Total sources of capital funding	62,846	60,349	41,238	48,056
Applications of capital funding				
- to meet additional demand	(262)	(5,976)	(3,759)	(50)
- to improve the level of service	(49,231)	(41,635)	(18,304)	(26,415)
- to replace existing assets	(8,969)	(16,931)	(5,791)	(14,603)
Increase / (decrease) in investments	(9,678)	(21,208)	(22,244)	(33,840)
Increase / (decrease) in reserves	952	7,557	2,064	10,017
Total applications of capital funding	(67,188)	(78,193)	(48,034)	(64,891)
Surplus / (deficit) of capital funding	(4,342)	(17,844)	(6,796)	(16,835)
Funding balance	0	0	0	0
Depreciation on council assets	**18,644**	**17,930**	18,225	17,514
Water supply levy	**30,863**	**30,863**	29,098	29,098

This includes the Water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils

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

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in 10 Year Plan 2015-25

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
- Re-budgeted reserves – expenditure that has been rated for in one year when the project will not be completed until the following year.

Council created reserves	Purpose of the fund	Opening balance Jul-17 $'000	Deposits $'000	Withdrawals $'000	Closing balance Jun-18 $'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	**579**	**17**	**(189)**	**407**
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	**16,226**	**584**	**(2,347)**	**14,463**
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	**1,080**	**52**	**(171)**	**960**
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	**985**	**339**	**(42)**	**1,282**
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	**231**	**122**	**-**	**353**
WREMO reserve	Contributions by other local authorities to run the WREMO	**161**	**5**	**(85)**	**82**
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	**7,557**	**1,089**	**(759)**	**7,887**
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	**2,578**	**155**	**(224)**	**2,510**
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	**223**	**8**	**-**	**231**
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	**2,247**	**285**	**-**	**2,532**
Rural fire reserve	To help manage the costs of rural fire equipment.	**71**	**3**	**-**	**74**

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Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	**248**	**9**	**-**	**257**
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	**2,229**	**80**	**-**	**2,309**
Long term plan reserve	to manage variation in costs associated with Long term plan process	**401**	**9**	**-**	**410**
		-	**-**	**-**	**-**
Re-budget reserve					
Rebudgeted reserve	Expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18	**2,531**	**2,077**	**(2,531)**	**2,077**
Earthquake proceeds reserve	to manage future repair and maintenance due to Kaikoura earthquake	**-**	**562**	**-**	**562**
		37,347	**5,396**	**(6,348)**	**36,395**

All figures on this page exclude GST

	Opening balance 2017 $'000	Additions $'000	Repayments $'000	Closing balance 2018 $'000	Finance costs $'000
Regional leadership					
Strategic planning	78	178	(79)	177	8
Wairarapa water use project	3,299	-	-	3,299	185
Warm Wellington	11,649	2,144	(2,597)	11,196	679
Public transport					
Public transport	253,393	9,734	(35,417)	227,710	12,757
Water supply					
Water supply	73,099	17,361	(3,459)	87,001	4,651
Environment					
Environment	2,646	2,263	(470)	4,439	162
Flood protection and control works					
Flood protection and control works	68,187	29,218	(4,742)	92,663	4,332
Parks					
Parks	6,832	1,524	(672)	7,684	422
Investments					
Stadium	878	-	(878)	-	44
Property and other	5,640	29,607	(1,743)	33,504	363
	425,701	92,029	(50,057)	467,673	23,603

	Council Actual 2018 $'000
Total activities debt	467,673
Treasury internal funding (1)	(88,051)
	379,622
External debt (current)	99,622
External debt (non-current)	280,000
	379,622

(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

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 itself 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 the 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 2018. The financial statements were authorised for issue by Council on 31 October 2018.

Accounting judgements and estimations

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

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

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

(i) Property, Plants and Equipment and Investment Property

Operational Port Land was re-valued as at 30 June 2017. Investment property was revalued to fair value as at 30 June 2018.
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 extent 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 to 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 26 (e).

2 Accounting policies (continued)

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 2018.

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.

(i) 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 cash-generating unit to which the asset belongs.

(ii) 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 20.

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.

2 Accounting policies (continued)

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.

(i) **Rates and levies**
Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

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

(iii) **User charges**
Revenue from user charges is recognised when billed or earned on an accrual basis

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

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

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

2.5 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

2 Accounting policies (continued)

- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets

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

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

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

Revaluation
Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years, except operational port freehold land which is valued every three years.

Revaluation movements are accounted for on a class-of-asset basis. The fair value of revalued assets is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class-of-asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset 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 asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

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 2018. 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 2018 and have been valued using ODRC methodology by Bronek Kazmierow, Parks Principal Ranger - Assets and Maintenance. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

Public transport

2 Accounting policies (continued)

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 ODRC methodology.

Regional water supply
Regional water supply infrastructure assets were valued by John Freeman as at 30 June 2018 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 1 July 2018 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2018 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2018 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 30 June 2017. 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 using ODRC methodology 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.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

2 Accounting policies (continued)

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. 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 group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

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

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

Port, wharves and paving	10 to 50 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	10 to 75 years
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 35 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 156 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.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

2 Accounting policies (continued)

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

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 straight-line basis over the useful life of the asset as follows:

Software	2 to 5 years

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

Subsequently to initial recognition NZUs are revalued annually though the revaluation reserve.

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
3. Lessors interest

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 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

2 Accounting policies (continued)

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.

2 Accounting policies (continued)

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 trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 Accounting policies (continued)

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.

2.10 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.

2.11 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.

2.12 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.

2.13 Inventory

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

2.14 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.

2 Accounting policies (continued)

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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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 straight-line 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.

2 Accounting policies (continued)

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.

2.20 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.

2.21 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.

2.22 Statement of cash flow

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

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

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure.

2.23 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.

2.24 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

2 Accounting policies (continued)

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.

GWRC has not yet completed the assessment of the standard and the impact is not known.

3 Revenue from exchange and non-exchange transactions

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Revenue from exchange transactions:					
Water supply	**30,863**	**30,863**	29,098	**30,863**	29,098
Subsidiaries revenue	**-**	**-**	-	**68,584**	57,115
Dividends	**105**	**100**	104	**105**	104
Interest received	**4,401**	**2,943**	4,499	**4,401**	4,567
Rental income	**2,862**	**2,650**	2,781	**13,972**	14,745
Total exchange	**38,231**	**36,556**	36,482	**117,925**	105,629
Revenue from non-exchange transactions:					
General rates	**41,351**	**42,479**	40,784	**41,351**	40,784
Targeted rates	**80,780**	**81,483**	77,173	**80,780**	77,173
Rates, remissions & rebates	**656**	**-**	664	**656**	664
Grants & subsidises	**69,059**	**72,647**	64,036	**69,059**	64,036
Transport improvement grants	**16,406**	**23,905**	13,419	**16,406**	13,419
Provision of goods & services	**69,109**	**61,211**	64,914	**66,420**	62,282
Total non-exchange	**277,361**	**281,726**	260,990	**274,672**	258,358
Total exchange and non-exchange	**315,592**	**318,282**	297,472	**392,597**	363,987

4 Employee benefits

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Other employee benefits expense	**43,359**	**43,751**	39,921	**68,584**	62,998
Defined contribution plan employer contributions	**2,759**	**2,493**	2,572	**2,759**	2,572
Total personnel costs	**46,118**	**46,244**	42,493	**71,343**	65,570

5 Depreciation and amortisation

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Port wharves and paving	**-**	-	**994**	1,596
Land and buildings	**329**	201	**760**	791
Plant and equipment	**1,631**	1,374	**5,238**	4,080
Rail rolling stock	**-**	-	**14,522**	14,645
Rail infrastructure	**-**	-	**-**	3,868
Motor vehicles	**838**	856	**838**	856
Flood protection	**738**	622	**738**	622
Water infrastructure	**10,758**	11,124	**10,758**	11,124
Transport infrastructure	**1,088**	956	**5,138**	956
Navigational aids	**73**	74	**73**	74
Parks and forests	**2,251**	2,124	**2,251**	2,124
Amortisation - Computer software	**938**	890	**1,152**	1,086
	18,644	18,221	**42,462**	41,822

6 Other operating expenditure

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Other operating expenses					
Fees to principal auditor for financial statements audit	**219**	**505**	245	**565**	471
Fees to principal auditor for Long Term Plan and other services	**148**	**-**	-	**148**	-
Impairment of trade receivables	**119**	**-**	153	**119**	153
Rates and insurance	**1,669**	**1,335**	1,452	**9,199**	5,472
Directors' fees	**-**	**-**	-	**531**	497
Subscriptions LGNZ	**484**	**709**	374	**484**	374
Operating lease rentals	**2,318**	**2,622**	2,202	**3,199**	4,245
Energy and utilities	**3,028**	**3,104**	2,676	**3,028**	4,765
Councillor fees and costs	**1,637**	**1,264**	1,297	**1,637**	1,297
Repairs and maintenance expenses	**5,182**	**3,151**	6,315	**23,670**	22,983
Materials and supplies	**13,200**	**13,824**	14,078	**13,200**	14,078
Contractors and consultants	**46,492**	**38,036**	36,713	**46,492**	36,949
Other operating expenses	**4,425**	**6,124**	7,401	**30,411**	27,298
Total other expenditure	**78,921**	**70,673**	72,906	**132,683**	118,582

7 Fair value movements

	Council			Group	
	Actual 2018 $'000	**Budget 2018 $'000**	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Fair value movements in other assets					
Stadium advance	**(2,882)**	**265**	245	**(2,882)**	245
Fair value movements in financial instruments					
Loans	**-**	**-**	(1,965)	**-**	(1,965)
Interest rate swaps	**(5,802)**	**8,985**	19,849	**2,976**	30,179
Carbon credits	**-**	**-**	(211)	**-**	(211)
	(5,802)	**8,985**	17,673	**2,976**	28,003
Fair value movements of investment properties					
Investment properties	**-**	**-**	-	**(1,014)**	-
	(8,684)	**9,250**	17,918	**(920)**	28,248

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.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited. The Group received $100m of progress payments in 2018 for claims on these policies of which $60m related to CentrePort and $40m related to CentrePort Properties Limited.

CentrePort 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 $60m were received by CentrePort in the year ended 30 June 2018 (2017: $100m) bringing total progress payments received to 30 June 2018 to $160m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

CentrePort Properties Limited, including its associate entities (SPVs') has a total insured value of their property portfolio of $276.8m including loss of rents (of up to $49.8m). The indemnity period is 36 months.

CentrePort Properties Limited is managing the insurance claim for each of the SPVs and is responsible for distribution of non-specific progress payments received to date. CentrePort Properties Limited allocates progress payments to each SPV based on the current assessment of the claim as advised by the insurers assessor.

CentrePort Properties Limited received a progress payment of $40m in the year ended 30 June 2018 (2017: $10m) bringing total progress payments received to date to $50m. An allocation totalling $41.0m (2017: $7.2m) has been made to the SPVs.

8 Earthquake Related Costs (continued)

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.

	Material Damage $'000	Business Interruption $'000	Actual 2018 $'000	Actual 2017 $'000
Loss of gross profits and rents	-	8,477	8,477	8,985
Temporary works expenditure incurred to date	-	33,628	33,628	19,305
Material damage - preliminary estimates	13,478	-	13,478	137,751
Total insurance income	13,478	42,105	55,583	166,041
Total insurance income	151,229	70,395	221,624	166,041
Less progress payments received	(91,961)	(70,395)	(162,356)	(103,356)
Receivable as at 30 June 2018	59,268	-	59,268	62,685

Impairment of Assets

CentrePort determined that the earthquake on 14 November was an indicator of impairment as per PBE IPSAS 26, Impairment of Cash-Generating Assets and PBE IPSAS 21, Impairment of Non-Cash-Generating 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.

	Group	
	Actual 2018 $'000	Actual 2017 $'000
Asset impairment arising out of the earthquake:		
- Estimated asset impairments relating to damaged assets	**1,996**	51,207
- Impairment and fair value write-down on investment properties owned by Centerport Properties Ltd	**600**	12,761
	2,596	63,968

Impairment Sensitivity Analysis

Of the aggregate $66m impairment, $49m relates to assets that are completely destroyed and fully written off and $17m relates to estimates of impairment for partially damaged assets ranging from 10% to 80%. At balance date damage assessments are still ongoing and the impairment reflects the best estimate to date. 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 income) by $1.7m.

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. This adjustment is discussed in note 16.

Business Interruption

An estimate of the amount recoverable for Loss of Gross Profit and Rents has been made for the period to 30 June 2018. 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 and Loss of Rents income estimate accrued of $0.9m.

8 Earthquake Related Costs (continued)

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 a contingent asset in relation to the insurance claim for the Port, see note 27

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.

The Wellington Port Coldstore insurance claim was settled during the year ended 30 June 2018. Following conclusion of the claim, CentrePort purchased the remaining 50% of shares to increase its shareholding to 100%. Insurance proceeds on completion of the claim have been accounted for in the year ended 30 June 2018. CentrePort's share of the net impact on concluding the claim of $1.4m has been accounted for in the year ended 30 June 2018 (2017: $3.6m) and is included in the associate earnings for the year.

The estimated impact of the earthquake related items on the SPV entities is a net gain of $29.3m (2017: $27.2m loss).This has been included in the Share of profit/(loss) of investments using the equity method (note 15).

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 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (benefit)	**-**	-	**(938)**	50
Deferred tax expense / (income) relating to the origination and reversal of temporary differences (note 10)	**-**	-	**(355)**	(1,600)
Impact of changes to building depreciation (note 10)	**-**	-	**39**	12,434
Tax expense	**-**	-	**(1,254)**	10,884
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
Surplus / (deficit) from operations	**(7,615)**	18,913	**16,247**	72,141
Income tax expense / (benefit) calculated at 28%	**(2,132)**	5,296	**4,549**	20,200
Surplus / (deficit) not subject to taxation				
Non-deductible expenses	**84,238**	77,191	**87,823**	85,464
Non-assessable income	**(84,060)**	(83,231)	**(94,836)**	(95,318)
Land and buildings reclassification	**-**	-	**273**	712
Tax loss offsets from or subventions paid to Group companies	**-**	-	**-**	-
Unused tax losses and temporary differences not recognised as deferred tax assets	**1,887**	1,725	**-**	-
Tax effect of imputation credits	**-**	(1,002)	**-**	(1,002)
Temporary differences	**-**	-	**739**	2,462
Permanent differences	**-**	-	**344**	16
(Under) / over provision of income tax in previous year	**67**	21	**(146)**	(1,650)
Tax expense	**-**	-	**(1,254)**	10,884

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 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Tax expense / (benefit) is attributable to:				
Continuing operations	**-**	-	**(1,254)**	10,884
	-	-	**(1,254)**	10,884

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 2018 year, no subvention payments were made (2017: Nil) and no loss offsets occurred (2017: Nil).

The 2018 financial statements for the parent do not include any subvention payments to be received (2017: Nil) for utilisation of the GWRC's net losses.

10 Deferred tax

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
The balance comprises temporary differences attributable to:				
Tax losses	**-**	-	**18,266**	21,542
Temporary differences	**-**	-	**3,066**	6,074
	-	-	**21,332**	27,616
Other				
Temporary differences	**-**	-	**(109,566)**	(116,166)
Sub-total other	**-**	-	**(109,566)**	(116,166)
Total deferred tax liabilities	**-**	-	**(88,234)**	(88,550)

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 2016	(978)	(91,980)	1,019	5,350	8,823	-	(77,766)
Charged 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)

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 2017	454	(80,258)	3,162	2,458	21,542	(35,908)	(88,550)
Charge to income	138	3,001	(768)	(2,378)	(3,276)	3,599	316
Balance at 30 June 2018	592	(77,257)	2,394	80	18,266	(32,309)	(88,234)

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Tax losses	**7,062**	5,175	**-**	-
Temporary differences	**-**	-	**-**	-
	7,062	5,175	**-**	-

The net deferred balance comprises of deferred tax asset of $21,332 and deferred tax liability of $109,566

Tax losses not recognised

Greater Wellington has $25.221 million of unrecognised tax losses at Parent level (2017: $18.484 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was $7.062 million (2017: $5.175 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 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Cash at bank and in hand	**210**	96	**2,524**	317
Money Market	**2,300**	-	**2,300**	-
Water supply contingency investment	**2,548**	-	**2,548**	-
Material damage property insurance fund	**250**	250	**250**	250
Total cash and cash equivalents	**5,308**	346	**7,622**	567

Including the overdraft, the net cash and cash equivalents is a current asset of $3.6m (2017: $0.6m).

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 2018 there are $2,300,000 (2017: nil) invested in a money market term deposit at 1.75% (2017: nil).

GWRC has invested $2,548,000 (2017: nil) of its bulk water supply contingency funds in two term deposits with a maturity of three months or less since inception with a weighted average rate of 3.02% (2017: nil). The bank term deposits are recorded at fair value.

As at 30 June 2018 there is a $250,000 (2017: $250,000) material damage business interruption property insurance contingency investment which is invested at an interest rate of 3.00% (2017: 3.35%). Bank deposits are available for day to day cash management and are recorded at fair value.

12 Trade and other receivables

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Rates outstanding*	**12,358**	9,495	**12,358**	9,495
Trade Customers**	**7,955**	11,020	**16,822**	17,796
Accrued revenue	**11,601**	10,401	**11,657**	10,454
Less provision for impairment of receivables	**(1,151)**	(1,032)	**(1,436)**	(1,032)
Other receivable	**-**	-	**382**	100
Prepayments	**1,573**	1,179	**1,816**	1,364
Water levies receivables	**3,592**	2,918	**3,592**	2,918
Other receivable	**1,746**	1,657	**1,746**	1,657
Total debtors and other receivables	**37,674**	35,638	**46,937**	42,752

* 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.

12 Trade and other receivables (continued)

Provision for impairment of receivables

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Opening balance	**(1,032)**	(886)	**(1,055)**	(886)
Movement	**(119)**	(146)	**(381)**	(146)
Closing balance	**(1,151)**	(1,032)	**(1,436)**	(1,032)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2018.

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Not past due	**35,778**	33,073	**43,344**	38,639
Past due 31-60 days	**112**	1,813	**1,338**	2,532
Past due 61-90 days	**377**	564	**466**	724
Past due > 90 days	**1,407**	188	**1,789**	857
Total gross trade receivables	**37,674**	35,638	**46,937**	42,752

13 Inventories

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Depots	**124**	124	**124**	124
Water supply	**2,655**	2,637	**2,655**	2,633
Rail	**-**	-	**-**	-
Wairarapa	**279**	305	**279**	305
Emergency management	**39**	39	**39**	39
CentrePort spare stock	**-**	-	**1,237**	1,305
CentrePort fuel and stock	**-**	-	**114**	119
Total inventory	**3,097**	3,105	**4,448**	4,525

No inventories are pledged as securities for liabilities (2017: Nil)

14 Other financial assets

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Stadium advance	**423**	3,305	**423**	3,305
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	**4,880**	4,480	**4,880**	4,480
Warm Wellington funding	**11,196**	11,649	**11,196**	11,649
Bank deposits with maturity terms more than three months	**33,000**	23,000	**33,000**	23,000
Other investments (bonds and notes)	**-**	10,000	**-**	10,000
Water supply contingency investment	**28,646**	28,344	**28,646**	28,344
Material damage property insurance contingency fund	**8,489**	9,694	**8,489**	9,694
Major Flood recovery fund	**6,277**	5,875	**6,277**	5,875
	94,857	98,293	**94,857**	98,293

Current financial assets	**73,056**	46,154	**73,056**	46,154
Non-current financial assets	**21,801**	52,139	**21,801**	52,139
Total financial assets	**94,857**	98,293	**94,857**	98,293

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. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%. GWRC expects the advance to be repaid by 2070.

Civic Assurance

GWRC holds 80,127 shares (2017: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2017: 1,866,000). It has also invested $4,880,000 (2017: $4,480,000) in LGFA borrower notes, which return on average 2.70% as at 30 June 18 (2017: 2.50%). 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.

14 Other financial assets (continued)

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. As it is not feasible to determine 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 $33,000,000 (2017: $23,000,000) of its funds in short term deposits with an average rate of 3.49% (2017: 3.66%). They are recorded at fair value.

Other Investments (bonds and notes)

GWRC has no investments (2017: $10,000,000) in bank bonds/notes as part of their liquidity investments. The interest rate in 2017 was 4.89%. The investments were not exchange traded and the fair value was the stated value.

Water supply contingency fund

GWRC is holding $28,646,000 (2017: $28,344,000) water supply contingency funds. These are invested as follows: $10,446,000 (2017: 9,966,000) in term deposits, $7,000,000 (2017: $7,000,000) in a Floating Rate Note and $11,200,000 (2017: $11,200,000) in bank bonds. The weighted average rate is 3.80% (2017: 3.86%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. An additional $2,548,000 (2017: nil) of water supply contingency funds are part of 'Cash and Cash Equivalents'.

Material damage property insurance contingency fund

GWRC has invested $8,489,000 (2017: $9,694,000) of its material damage property insurance contingency funds in short term deposits and a bank bond with an average rate of 4.39 % (2017: 4.34%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. An additional $250,000 (2017: $250,000) of material damage property insurance funds are part of 'Cash and Cash Equivalents'.

Major flood contingency fund

GWRC has invested $6,277,000 (2017: $5,875,000) of its major flood contingency funds in a short term deposit with a rate of 3.41% (2017: 3.60%). The deposit is recorded at fair value.

15 Aggregated joint venture information

Name of joint venture	Principal activity	2018 Percentage ownership %	2017 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	**76.9%**	38.5%

The remaining 50% shareholding of Wellington Port Coldstore Limited was acquired during the year and from acquisition date is accounted for as a subsidiary.

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 2018 $'000	Actual Restated* 2016 $'000
Group		
Carrying amount at beginning of year	**59,397**	79,212
Equity accounted earnings of joint ventures*	**22,999**	(18,614)
Dividends from joint ventures	**(500)**	(1,200)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	**(7,312)**	-
Carrying amount at end of year	**74,584**	59,398
Represented by:		
Harbour Quays A1 Limited	**18,157**	16,085
Harbour Quays D4 Limited	**13,599**	13,071
Harbour Quays F1F2 Limited	**42,952**	24,312
Individually immaterial associates	**(124)**	5,930
	74,584	59,398

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. Work has commenced on the insurance claim process.

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

15 Aggregated joint venture information (continued)

Harbour Quays A1 Limited

The Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. Damage assessments concluded that the building is destroyed and is uneconomic to repair or restore the damage. This building was demolished during the year ended 30 June 2018 and turned into a carpark. The property has an insured indemnity value of $36.45m plus demolition costs and has been accounted for on the basis that the insurance claim for the total loss of the building will be accepted. The Company has a Business Interruption loss of rents policy which covers a 36 month indemnity period.

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. The building has been repaired and reoccupied since December 2017, with $3 million of material damage income recorded.

Harbour Quays F1F2 Limited

BNZ House sustained significant damage in the earthquake and damage assessment reports conclude that the building is destroyed and is uneconomic to repair or restore. The building has an insured indemnity value of $84.8m 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 for the full loss to the building (being the indemnity value of $84.8m). This is a change from the prior year where the expected proceeds from the insurance claim were based on the estimated cost to repair the building.

The property impairment and the estimated amounts receivable for insurance are critical accounting judgements. As the property has been fully written off and an 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

Wellington Port Coldstores Ltd (WPCL) formerly owned and operated a cold storage business located at CentrePort. The coldstore building sustained significant damage as a result of the Kaikoura earthquake and the building was written-off in 2017. In January 2018 the insurance claim for damage to the building was settled and WPCL received $15.7m of insurance proceeds, which was in addition to the $4m previously received.

Joint Venture Company Mandatory Convertible Note (MCN) Conversion Derivative

MCNs have been issued by the SPVs to the ACC. The MCNs are convertible to equity in March 2024 (or September 2026 at CentrePort Properties Limited's discretion).

On conversion, the SPV will issue to the MCN holder shares to the value of the index adjusted principal amount (IAPA) of the notes or 50% of the value of the securities on issue at that date, whichever is higher.

A conversion derivative liability is recognised on the balance sheets of the SPVs when the IAPA is expected to be less than 50% of the security values at the conversion date. The liability reflects the variance between the present value of (i) the forecast growth in the index adjusted present amount of the MCN value, and (ii) 50% of the estimated values of the securities at the conversion date.

The MCN derivatives are financial instruments with risk attaching to CPPL’s investment in the SPVs. The conversion derivatives have a $nil liability on the balance sheets of the SPVs at 30 June 2018 (2017: $nil).

Acquisition of Wellington Port Coldstores Ltd

CentrePort initially acquired a 50% shareholding in WPCL from Hamstead Enterprises Ltd in July 2008 and recognised the investment as an associate.

On 31 January 2018 CentrePort acquired the remaining 50% shareholding in WPCL for cash of $7.8m.

The fair value of CentrePort’s existing 50% shareholding at the date of the transaction was assessed at $7.3m. This gives rise to a fair value loss of $0.5m for CentrePort’s existing shareholding in WPCL in the Statement of Comprehensive Income in 2018.

16 Property, plant and equipment

Council 2018	Cost / revaluation 1 Jul 2017 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2017 $'000	Current year additions $'000	Current year disposals $'000	Net Depreciation $'000	Current year Impairment charges $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2018 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2018 $'000
Operating assets											
At cost & valuation											
Land and buildings	15,012	(2,077)	12,935	15,640	(1,560)	(324)	-	-	29,092	(2,401)	26,691
Plant and equipment	16,425	(11,728)	4,697	3,493	(4,268)	2,628	-	-	15,660	(9,111)	6,549
Motor vehicles	7,423	(4,724)	2,699	1,133	(957)	67	-	-	7,599	(4,657)	2,942
Total	**38,860**	**(18,529)**	**20,331**	**20,266**	**(6,785)**	**2,371**	**-**	**-**	**52,351**	**(16,169)**	**36,182**
Infrastructural assets											
At cost & revaluation											
Flood protection	383,461	(7,692)	375,769	18,082	(179)	(738)	(1,341)	-	400,021	(8,428)	391,593
Navigational aids	2,172	(320)	1,852	-	-	(73)	-	-	2,172	(393)	1,779
Parks and forests	85,886	(8,067)	77,819	2,047	(154)	(2,225)	-	12,554	90,041	-	90,041
Transport infrastructure	17,440	(2,534)	14,906	908	(61)	(1,081)	-	-	18,287	(3,615)	14,672
Water infrastructure	461,459	(43,674)	417,785	14,117	(450)	(10,525)	-	182,695	603,622	-	603,622
Capital work in progress	25,199	-	25,199	1,711	-	-	-	-	26,910	-	26,910
Total	**975,617**	**(62,287)**	**913,330**	**36,865**	**(844)**	**(14,642)**	**(1,341)**	**195,249**	**1,141,053**	**(12,436)**	**1,128,617**
Total Council	**1,014,477**	**(80,816)**	**933,661**	**57,131**	**(7,629)**	**(12,271)**	**(1,341)**	**195,249**	**1,193,404**	**(28,605)**	**1,164,799**

16 Property, plant and equipment (continued)

Council 2017	Cost / revaluation 1 Jul 2016 $'000	Transfers into 2015 $'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	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	3,783	(548)	-	(193)	15,012	(2,077)	12,935
Motor vehicles	16,683	-	(10,906)	5,777	1,204	-	(1,462)	(822)	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**	**5,846**	**(1,220)**	**(1,462)**	**(1,215)**	**38,860**	**(18,529)**	**20,331**
Infrastructural assets											
At cost & valuation											
Flood protection	313,536	48	(9,337)	304,247	5,080	(64)	-	1,645	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	1,837	-	-	(2,124)	85,886	(8,067)	77,819
Transport infrastructure	16,227	-	(1,600)	14,627	1,283	(70)	-	(934)	17,440	(2,534)	14,906
Water infrastructure	456,528	-	(32,662)	423,866	5,596	(667)	-	(11,010)	461,459	(43,674)	417,785
	17,155	-	-	17,155	8,044	-	-	-	25,199	-	25,199
Total	**889,666**	**48**	**(49,787)**	**839,927**	**21,840**	**(801)**	**-**	**(12,497)**	**975,617**	**(62,287)**	**913,330**
Total Council	**925,410**	**-**	**(67,101)**	**858,309**	**27,686**	**(2,021)**	**(1,462)**	**(13,712)**	**1,014,477**	**(80,816)**	**933,661**

16 Property, plant and equipment (continued)

Group 2018	Cost / revaluation 1 Jul 2017 $'000	Transfers into 2016 $'000	Accumulated depreciation $'000	Carrying amount 1 Jul 2017 $'000	Current year additions $'000	Current year disposals $'000	Current year impairment charges $'000	Net Depreciation $'000	Revaluation surplus $'000	Cost / revaluation 30 Jun 2018 $'000	Accumulated depreciation $'000	Carrying amount 30 Jun 2018 $'000
Operating assets												
Land and buildings	92,984	-	(17,093)	75,891	18,729	(2,382)	(451)	(750)	-	108,884	(17,847)	91,037
Plant & Equipment	82,376	-	(40,083)	42,293	19,572	(4,401)	-	(5,390)	-	97,546	(45,473)	52,073
Motor vehicles	7,416	-	(4,724)	2,692	1,140	(957)	-	67	-	7,599	(4,657)	2,942
Total	**182,776**	**-**	**(61,900)**	**120,876**	**39,441**	**(7,740)**	**(451)**	**(6,073)**	**-**	**214,029**	**(67,977)**	**146,052**
Infrastructural assets												
At cost & valuation												
Flood protection	383,461	-	(7,692)	375,769	18,081	(179)	(1,341)	(738)	-	400,021	(8,429)	391,592
Parks and forests	85,886	-	(8,067)	77,819	2,047	(154)	-	(2,225)	12,554	90,041	-	90,041
Capital works in progress	39,849	-	-	39,849	30,726	(32,238)	-	-	-	38,337	-	38,337
Port wharves and paving	67,670	-	(49,727)	17,943	549	-	-	(501)	-	68,219	(50,228)	17,991
Navigational aids	2,172	-	(320)	1,852	-	-	-	(73)	-	2,172	(393)	1,779
Transport infrastructure	476,150	-	(52,707)	423,443	9,281	(4,777)	-	(14,935)	-	480,635	(67,624)	413,011
Water infrastructure	461,461	-	(43,674)	417,787	14,115	(450)	-	(10,525)	182,695	603,622	-	603,622
Total	**1,516,649**	**-**	**(162,187)**	**1,354,462**	**74,799**	**(37,798)**	**(1,341)**	**(28,997)**	**195,249**	**1,683,047**	**(126,674)**	**1,556,373**
Total Group	**1,699,425**	**-**	**(224,087)**	**1,475,338**	**114,240**	**(45,538)**	**(1,792)**	**(35,070)**	**195,249**	**1,897,076**	**(194,651)**	**1,702,425**

16 Property, plant and equipment (continued)

Group 2017	Cost / revaluation 1 Jul 2016 $'000	Transfers into 2015 $'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	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	30,764	(548)	(71,293)	(786)	9,012	92,984	(17,093)	75,891
Plant and Equipment	83,623	-	(40,932)	42,691	9,474	(1,548)	(9,173)	849	-	82,376	(40,083)	42,293
Motor vehicles	7,229	-	(4,524)	2,705	859	(672)	-	(200)	-	7,416	(4,724)	2,692
Total Group's property, plant and equipment	**215,958**	**(48)**	**(61,773)**	**154,137**	**41,097**	**(2,768)**	**(80,466)**	**(137)**	**9,012**	**182,776**	**(61,900)**	**120,876**
Infrastructural assets												
Flood protection	313,536	48	(9,337)	304,247	5,079	(64)	-	1,646	64,861	383,461	(7,692)	375,769
Parks and forests	84,048	-	(5,943)	78,105	1,838	-	-	(2,124)	-	85,886	(8,067)	77,819
Capital work in progress	64,969	-	-	64,969	35,920	(55,180)	(5,860)	-	-	39,849	-	39,849
Port wharves and paving	97,300	-	(49,365)	47,935	5,679	-	(35,309)	(362)	-	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	51,319	(400)	-	(19,334)	-	476,150	(52,707)	423,443
Water infrastructure	456,529	-	(32,661)	423,868	5,596	(667)	-	(11,010)	-	461,461	(43,674)	417,787
Total infrastructural assets	**1,443,785**	**48**	**(130,925)**	**1,312,908**	**105,431**	**(56,311)**	**(41,169)**	**(31,258)**	**64,861**	**1,516,649**	**(162,187)**	**1,354,462**
Total Group's property, plant and equipment	**1,659,743**	**-**	**(192,698)**	**1,467,045**	**146,528**	**(59,079)**	**(121,635)**	**(31,395)**	**73,873**	**1,699,425**	**(224,087)**	**1,475,338**

16 Property, plant and equipment (continued)

Infrastructural assets - further disclosures

Council 2018	**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	260,177	784	-	451,851
Other water assets	330,806	691	-	700,037
Flood protection and control works	391,593	18,081	-	416,471
Total infrastructural assets	**982,576**	**19,556**	**-**	**1,568,359**

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**

16 Property, plant and equipment (continued)

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 (2017: nil).

Operational Port Land

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was $110.5m (which excludes $3.1m of land acquired during the year ended 30 June 2017) which was adjusted by $63m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2018.

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

	2018 $'000
Industrial Zoned Land	**79,590**
Commercial Zoned	**8,831**
Other Port Land	**25,231**
Total Operational Port Land	**113,652**
Provision for Resilience	**(63,000)**
Carrying Value Operational Port Land	**50,652**
Additions, Transfers, and Disposals of Port Land	**2,739**
Carrying Value Operational Port Land 30 June 2018	**53,391**

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).

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:

16 Property, plant and equipment (continued)

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

(i) 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.

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

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.

16 Property, plant and equipment (continued)

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	Capitalised market rental checked to comparable sales of freehold land	Weighted average land value - $120 - $2,100 psm	+/- 5% ($1.3m)

Port Land Resilience

An adjustment of $63m (2017: $63m) has been made to the fair value of Operational Port Land at 30 June 2018 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of $9.5m.

Greater Wellington Rail Limited (GWRL)

GWRL infrastructural assets and its rolling stock were independently valued 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.

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

17 Intangible assets

Council	Software $'000	*Emission units $'000	Total $'000
Year ended 30 June 2017			
Opening net book amount	3,947	5,070	9,017
Additions	167	-	167
Disposals	-	-	-
Revaluation	-	(211)	(211)
Transfers	-	-	-
Net 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
Valuation	-	-	-
Accumulated amortisation and impairment	(7,927)	-	(7,927)
Net book amount	3,224	4,859	8,083
Year ended 30 June 2018			
Opening net book amount	3,224	4,859	8,083
Additions	1,324	878	2,202
Disposals	-	-	-
Revaluation	-	1,140	1,140
Transfers	-	-	-
Net amortisation charge	(938)	-	(938)
Closing net book amount	3,610	6,877	10,487
At 30 June 2018			
Cost and valuation	11,614	6,877	18,491
Accumulated amortisation and impairment	(8,004)	-	(8,004)
Net book amount	3,610	6,877	10,487

17 Intangible assets (continued)

Group	**Goodwill $'000**	**Software $'000**	***Emission units $'000**	**Total $'000**
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)
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	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

Group	**Goodwill $'000**	**Software $'000**	**Emission Units $'000**	**Total $'000**
Year ended 30 June 2018				
Opening net book amount	2,674	3,837	4,859	11,370
Additions	-	1,612	878	2,490
Revaluation	-	-	1,140	1,140
Disposal	-	(103)	-	(103)
Amortisation charge	-	(1,199)	-	(1,199)
Closing net book amount	2,674	4,147	6,877	13,698
At 30 June 2018				
Cost and valuation	2,674	15,839	6,877	29,613
Accumulated amortisation and impairment	-	(11,692)	-	(15,915)
Net book amount	2,674	4,147	6,877	13,698

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	**687,111**	607,578
Rolling Stock	**429,700**	140,000
Total	**1,116,811**	747,578

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

	Value of fund maintained $'000	Total value of assets self-insured $'000
Council assets	**89,216**	1,154,137
Rolling stock	**-**	289,700
Total	**89,216**	1,443,837

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI) targeting the Wellington Fault based on a magnitude (Mw) 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event. The combined estimate for the Water underground assets and Flood Protection assets has been calculated at $173 million by Tonkin & Taylor and Aon.

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 Emergency Management Plan.

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.

Land Available for Development and Lessors Interests - Valuation

The Land Available for Development and Lessors Interests were valued on 30 June 2018 by independent registered valuers of the firm Bayleys. The property is 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. After allowing for impairment, based on the expected cost to reinstate the land, the fair value of the investment property valued was $13.515 million (2017: $12.022 million).

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 the traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

19 Investment properties (continued)

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	8,100	Capitalised rental checked to freehold land value	Market capitalisation rate of 9.25%	+ / - 0.25%+$0.2m / -$0.2m
Development sites commercial	23,409	Direct sales comparison	Weighted average land value $600 to $1,950 psm (excl. common area) less allowance for infrastructure costs and demolition costs	+/- 5% ($1.1m)

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Developed investment properties brought forward	**-**	-	**-**	15,676
Additions / (disposals)	**-**	-	**-**	229
Reclassification to property, plant and equipment	**-**	-	**-**	(15,676)
Impairment and change in the value of developed investment property	**-**	-	**-**	(229)
Developed investment properties carried forward	**-**	-	**-**	-
Land available for development brought forward	**-**	-	**12,022**	21,596
Additions / (disposals)	**-**	-	**2,507**	2,700
Transfer from / (to) developed investment property	**-**	-	**-**	-
Transfer to Port Land	**-**	-	**-**	(5,942)
Impairment and change in the value of developed investment property	**-**	-	**-**	(6,332)
Increase / (decrease) in fair value	**-**	-	**(1,014)**	-
Land available for development carried forward	**-**	-	**13,515**	12,022
Transfers from Property, Plant, and Equipment	**-**	-	**127**	-
Fair value change	**-**	-	**37**	-
Lessors interest carried forward	**-**	-	**164**	-
	-	-	**13,679**	12,022

20 Investments in subsidiaries and associates

Name of entity	Relationship	Equity holding 2018 %	2017 %
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 intra-group transactions have been eliminated on consolidation.

	Actual 2018 $'000	Actual 2017 $'000
WRC Holding Limited shares	**256,445**	248,995
Wellington Water Limited	**150**	150
Total investment in subsidiaries	**256,595**	249,145

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

21 Derivative financial instruments

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Current asset portion				
Interest rate swap	**206**	11	**206**	11
Total current asset portion	**206**	11	**206**	11
Non-current asset portion				
Interest rate swaps	**450**	260	**450**	260
Total non-current asset portion	**450**	260	**450**	260
Total derivative financial instruments - assets	**656**	271	**656**	271
Current liability portion				
Interest rate swaps	**671**	914	**671**	914
Total current liability portion	**671**	914	**671**	914
Non-current liability portion				
Interest rate swaps	**41,047**	34,616	**41,047**	43,394
Total non-current liability portion	**41,047**	34,616	**41,047**	43,394
Total derivative financial instruments - liabilities	**41,718**	35,530	**41,718**	44,308

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 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Trade payables	**28,364**	31,521	**43,317**	40,764
Deposits and bonds	**-**	-	**6**	80
Revenue in advance	**2,037**	2,473	**2,037**	2,473
Accrued interest on borrowings	**3,217**	2,157	**3,217**	2,157
Amounts due to related parties	**8,119**	6,272	**-**	-
Total current creditors and other payables	**41,737**	42,423	**48,577**	45,474

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		Group	
		Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Current debt liabilities					
Bank overdraft	(i)	**-**	-	**4,037**	-
Commercial paper	(ii)	**74,622**	46,767	**74,622**	46,767
Floating rate notes	(iii)	**25,000**	50,000	**25,000**	50,000
Bank loans	(iii)	**-**	-	**18,003**	146
Total current debt liabilities		**99,622**	96,767	**121,662**	96,913
Non-current debt liabilities					
Committed lines	(i)	**-**	700	**-**	700
Bank loans	(iv)	**-**	-	**44,080**	80,080
Fixed rate bond	(vi)	**25,000**	-	**25,000**	-
Floating rate notes	(v)	**255,000**	230,000	**255,000**	230,000
Total non-current debt liabilities		**280,000**	230,700	**324,080**	310,780
Total debt liabilities		**379,622**	327,467	**445,742**	407,693

Terms and conditions

The Council provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

i) GWRC has no overdraft facility. As at 30 June 2018 Greater Wellington had undrawn credit lines of $105,000,000 (2017: $69,300,000), of which $35,000,000 mature in 2020 and $70,000,000 mature in 2021. All three facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. These borrowings are subject to a charge over rates.

As at 30 June 2018 the Group had a bank overdraft balance of $4,037,000 (2017: $nil).

ii) As of 30 June 2018 GWRC has issued three (2017: three) tranches of commercial paper which all mature within three month from balance date. Their weighted average interest rate is 2.07% (2017: 2.0%).

iii) On 18 December 2014 CentrePort entered into new revolving cash advance agreements with ANZ Bank New Zealand Limited, Commonwealth Bank Of Australia Limited and Westpac Banking Corporation Limited. The bank facilities total $125 million with renewal dates ranging from 1 to 4 years. Included in the bank facilities is an evergreen facility of $25 million subject to a 13 month cancellation notice. As at 30 June 2018 the Group has $18 million (2017: $36 million) borrowed under these facilities.

iv) WRC Holdings Limited has commercial paper of $44.3 million (2017: $44.3 million) on issue which is supported by a $44 million (2017: $44 million) bank facility with the Commonwealth Bank of Australia Limited. The debt is secured by $50 million of uncalled shares from Wellington Regional Council. The security is maintained by Trustee Executors. The interest rate charged as at 30 June 2018 was 2.025% p.a. (2017: 2.00% p.a.).

v) As at 30 June 2018 GWRC has issued ten (2017: ten) floating rate notes of $25,000,000 each. They mature in March 2019, May 21, April 22, October 23, June 24, June 25, June 26, April 27, April 29 and April 33 (2017: December 2017 (two), March 19, May 21, April 22, June 24, June 25, June 26 April 27 and April 33). The interest rates are ranging between 2.4975% and 2.9325% (2017: 2.4375% and 3.1650%). GWRC has also issued one $30,000,000 (2017: one) floating rate note with a maturity of April 2023. The interest rate is 2.6250% p.a (2017: 2.565%). The Interest rate of the floating rate notes is reset quarterly based on the 90-day bank bill rate plus a margin.

vi) GWRC has issued one (2017: nil) fixed rate bond. The $25,000,000 bond has a 4.31% coupon and is due for repayment in April 2031.

23 Borrowings (continued)

In December 2011 GWRC (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of $125,000,000 (2017: $150,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to GWRC.

24 Employee Entitlements and provisions

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Current Liability				
Employee benefits	**2,790**	2,494	**6,310**	5,647
Earthquake repair works	**-**	441	**-**	441
	2,790	2,935	**6,310**	6,088
Non-current portion				
Employee benefits	**194**	201	**839**	953
Total Employee Benefit Liabilities	**2,984**	3,136	**7,149**	7,041

	Annual Leave $'000	Long Service Leave $'000	Restructuring $'000	Earthquake repair works $'000	Total $'000
Council					
2018					
Opening carrying value	2,494	201	-	441	3,136
Addition	296	-	-	-	296
Amounts used	-	(7)	-	(441)	(448)
Carrying amount at end of year	**2,790**	**194**	**-**	**-**	**2,984**

	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**

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

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Restated* Actual 2017 $'000
Surplus / (deficit) after tax	**(7,615)**	18,913	**17,501**	61,257
Add / (less) non-cash items				
Depreciation and amortisation	**18,644**	18,221	**42,691**	41,881
Non cash assets	**-**	-	**-**	-
Impairment of property, plant and equipment	**-**	-	**-**	-
Sale of fixed assets	**1,970**	1,304	**2,011**	1,396
Equity accounted earnings from associate companies	**-**	-	**(22,581)**	19,769
Change in value of future tax benefit	**-**	-	**(1,950)**	20,643
Inventory adjustment	**-**	-	**-**	127
EQ related cost	**-**	-	**2,596**	59,412
Changes in fair value of emission units	**(878)**	211	**(878)**	211
Gain on disposal of fixed asset	**-**	-	**32**	-
Changes in fair value of investment property	**-**	-	**826**	-
Changes in fair value of derivative financial instruments	**8,684**	(19,846)	**(94)**	(30,179)
Changes in fair value of stadium advance	**-**	(244)	**-**	(245)
Changes in fair value of crown loans	**-**	1,965	**-**	1,965
Movement in provision for impairment of doubtful debts	**119**	146	**119**	146
Add / (less) movements in working capital				
Accounts receivable	**(4,358)**	(3,047)	**(4,574)**	5,548
Warm Wellington receivable	**453**	(112)	**452**	(112)
Inventory	**9**	(12)	**82**	11,841
Provisions	**-**	(310)	**-**	-
Borrowings	**-**	-	**(146)**	(730)
Accounts payable	**1,075**	17,021	**3,387**	(10,784)
Employee provisions	**290**	(389)	**112**	(389)
Insurance receivable	**-**	-	**3,417**	(62,685)
Tax	**-**	-	**2,232**	(9,787)
Working capital recognised on WPC acquisition	**-**	-	**(1,900)**	-
Other	**-**	-	**(13)**	(310)
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	**(291)**	(296)	**(537)**	(21,607)
Accounts payable related to EQ capital expenditure	**-**	-	**(842)**	-
Accounts receivable related to fixed assets	**-**	-	**-**	(7,100)
Inc/(Dec) in creditors and other payables	**-**	-	**-**	17,782
Inc/(Dec) Gain/Loss on disposal of property, plant and equipment	**-**	-	**(290)**	(297)
Inc/(Dec) in insurance progress payment schedule	**-**	-	**(16,895)**	(75,066)
Inc/(Dec) in employee entitlements	**-**	-	**-**	(141)
Other	**-**	-	**106**	-
Net cash inflow/(outflow) from operating activities	**18,102**	33,525	**24,864**	22,546

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 2018 the Council does not have any foreign exchange contracts (2017: nil). In the Group there is no FX contract as per 30 June 2018 (2017: 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 as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2018 the Group had entered into the following interest rate swap agreements:

	Council		Group	
Interest Rate Swap Contracts	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Less than one year	**60,000**	55,000	**60,000**	55,000
One to two years	**45,000**	60,000	**45,000**	75,000
Two to five years	**105,000**	105,000	**105,000**	105,000
Greater than five years	**305,000**	285,000	**305,000**	335,000
Total fair value interest rate risk	**515,000**	505,000	**515,000**	570,000

At 30 June 2018, the fixed interest rates of swaps of the Council vary from 2.8175% to 5.6850% (2017: 2.24% to 5.8350%). At balance date the swap arrangements of the Group are ranging from 2.8175% to 5.6850% (2017: 1.98% 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 floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. 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.

26 Financial instruments (continued)

(a) Market risk (continued)

Sensitivity analysis

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

30 June 2018 Interest rate risk	Council +1% Surplus/ (deficit) $'000	Council +1% Equity $'000	Council -1% Surplus/ (deficit) $'000	Council -1% Equity $'000	Group +1% Surplus/ (deficit) $'000	Group +1% Equity $'000	Group -1% Surplus/ (deficit) $'000	Group -1% Equity $'000
Financial assets								
Cash at bank and term deposits	53	-	(53)	-	76	-	(76)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	330	-	(330)	-	330	-	(330)	-
Water supply contingency investment	104	-	(104)	-	104	-	(104)	-
Material damage property insurance contingency fund	47	-	(47)	-	47	-	(47)	-
Major flood recovery fund	63	-	(63)	-	63	-	(63)	-
Bank Bonds / Floating Rate Note	70	-	(70)	-	70	-	(70)	-
Derivatives	(1,014)	-	1,063	-	(1,014)	-	1,063	-
Financial liabilities								
Committed and uncommitted lines	-	-	-	-	(661)	-	661	-
Commercial paper	(746)	-	746	-	(746)	-	746	-
Floating Rate Notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	24,784	-	(27,250)	-	24,784	-	(27,250)	-
Total sensitivity to interest rate risk	20,936	-	(23,353)	-	20,298	-	(22,715)	-

30 June 2017 Interest rate risk	Council +1% Surplus/ (deficit) $'000	Council +1% Equity $'000	Council -1% Surplus/ (deficit) $'000	Council -1% Equity $'000	Group +1% Surplus/ (deficit) $'000	Group +1% Equity $'000	Group -1% Surplus/ (deficit) $'000	Group -1% Equity $'000
Financial assets								
Cash at bank and term deposits	3	-	(3)	-	6	-	(6)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	230	-	(230)	-	230	-	(230)	-
Water supply contingency investment	100	-	(100)	-	100	-	(100)	-
Material damage property insurance contingency fund	58	-	(58)	-	58	-	(58)	-
Major flood recovery fund	59	-	(59)	-	59	-	(59)	-
Bank Bonds / Floating Rate Notes	70	-	(70)	-	70	-	(70)	-
Derivatives	(333)	-	344	-	(333)	-	344	-
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 rates	20,866	-	(23,177)	-	23,229	-	(25,822)	-
Derivatives - cash flow hedges	23,909	-	(26,231)	-	27,070	-	(29,674)	-
Total increase/ (decrease)	23,909	-	(26,231)	-	27,070	-	(29,674)	-

26 Financial instruments (continued)

(a) Market risk (continued)

(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. The repayment of the stadium advance is expected in the year 2070.

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 other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Insurance receivables credit risk

A total of $59 million is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The SPVs recognised insurance receivable of $91 million at balance date. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

26 Financial instruments (continued)

(b) Credit risk (continued)

	Council		Group	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Cash at bank and term deposits	**38,308**	23,346	40,622	23,567
Trade and other receivables	**37,674**	35,638	46,937	42,752
Bank Bonds / Floating Rate Note	**22,053**	32,287	22,053	32,287
New Zealand Local Government Funding Agency Limited borrower notes	**4,880**	4,480	4,880	4,480
Stadium advance	**423**	3,305	423	3,305
Derivative financial instrument assets	**656**	271	656	271
Water supply contingency investment	**10,414**	9,967	10,414	9,967
Material damage property insurance contingency fund	**4,669**	5,785	4,669	5,785
Major flood recovery fund	**6,277**	5,875	6,277	5,875
Insurance receivable	**-**	-	59,268	62,685
Total credit risk	**125,354**	120,954	**196,199**	190,974

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	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	4,880	4,480	**4,880**	4,480
Cash at bank and term deposits				
AA-	57,121	31,419	**59,435**	31,640
A	2,547	13,554	**2,547**	13,554
Bank Bonds / Floating Rate Note				
AA-	22,053	32,287	**22,053**	32,287
Derivative financial instruments				
AA-	656	271	**656**	271

(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.

26 Financial instruments (continued)

Contractual maturity analysis of financial liabilities

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

30 June 2018	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 2018							
Financial liabilities							
Trade and other payables	-	41,737	-	-	-	41,737	41,737
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	33,618	39,008	25,000
Total financial liabilities	76,894	73,324	8,017	71,863	256,776	486,874	421,359
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
Group 2018							
Financial liabilities							
Trade and other payables	-	48,577	-	-	-	48,577	48,577
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	66,318	71,708	25,000
WRCH Group Loans	220	22,700	44,300	-	-	67,220	66,120
Total financial liabilities	77,114	102,864	52,317	71,863	289,476	593,634	494,319
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

26 Financial instruments (continued)

(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 2018				
Financial assets				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
Total assets	423	27,589	-	28,012

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

Financial liabilities				
Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Total liabilities	-	346,718	-	346,718

30 June 2017	**Significant non observable inputs $'000**	**Observable inputs $'000**	**Quoted market price $'000**	**Total $'000**
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
Fixed rate bonds	-	-	-	-
Floating rate notes	-	280,000	-	280,000
Total liabilities	-	315,530	-	315,530

Group	**Significant non observable inputs $'000**	**Observable inputs $'000**	**Quoted market value $'000**	**Total $'000**
30 June 2018				
Financial assets				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
Total assets	423	27,589	-	28,012
Liabilities				
Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
Bank loans	-	66,120	-	66,120
Total liabilities	-	412,838	-	412,838

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

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	-	44,308	-	44,308
Floating rate notes	-	280,000	-	280,000
Bank loans	-	80,080	-	80,080
Total liabilities	-	404,388	-	404,388

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

26 Financial instruments (continued)

(d) Fair value hierarchy disclosures (continued)

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 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
Balance at 30 June 2018	423
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 expenses	245
Maturing debt / transfer out	(26,521)
Balance at 30 June 2017	3,305

Group

	Level 3 $'000
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
Balance at 30 June 2018	423
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

The repayment schedule and the expected repayment date of the stadium advance changed, leading to a write back of the fair value by $2,882,000 (2017: $245,000 write up) to $423,000 (2017: $3,305,000).

26 Financial instruments (continued)

(e) Financial instrument categories

Council	Assets at fair value through surplus or deficit $'000	Shares, Loans and receivables $'000	Held to maturity investments $'000	Total $'000
Assets				
30 June 2018				
Cash and cash equivalents	-	210	5,098	5,308
Receivables and pre-payments	-	37,674	-	37,674
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	-	-	4,880	4,880
Warm Wellington Funding	-	11,196	-	11,196
Bank Bonds / Notes	-	-	-	-
Bank Deposits with maturity terms more than 3 months	-	-	33,000	33,000
Stadium advance	423	-	-	423
Water Supply Contingency Investment	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	8,489	8,489
Major Flood Recovery Fund	-	-	6,277	6,277
Derivative financial instruments	656	-	-	656
Total assets	1,079	51,176	86,390	138,645
30 June 2017				
Cash and cash equivalents	-	346	-	346
Receivables and pre-payments	-	35,638	-	35,638
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	10,000	21,649
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
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
Total assets	3,576	49,729	81,393	134,698

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Assets	Assets at fair value through surplus or deficit $'000	Shares, Loans and receivables $'000	Held to maturity investments $'000	Total $'000
Group				
30 June 2018				
Cash and cash equivalents	-	2,524	5,098	7,622
Receivables and pre-payments	-	46,937	-	46,937
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	-	-	4,880	4,880
Warm Wellington Funding	-	11,196	-	11,196
Bank Deposits with maturity terms more than 3 months	-	-	33,000	33,000
Stadium advance	423	-	-	423
Water Supply Contingency Investment	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	8,489	8,489
Major Flood Recovery Fund	-	-	6,277	6,277
Derivative financial instruments	656	-	-	656
Total assets	1,079	62,753	86,390	150,222
30 June 2017				
Cash and cash equivalent	-	567	-	567
Receivables and prepayments	-	42,752	-	42,752
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
Bank Bonds / Notes	-	-	10,000	10,000
Warm Wellington Funding	-	11,649	-	11,649
NZ Local Government Funding Agency Borrowers Notes	-	-	4,480	4,480
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
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
Total assets	3,576	57,064	81,393	142,033

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Liabilities	Liabilities at fair value through surplus or deficit $'000	Measured at amortised cost $'000	Total $'000
Council			
30 June 2018			
Trade and other payables	-	41,737	41,737
Commercial paper	-	74,622	74,622
Floating rate notes	-	280,000	280,000
Fixed Rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
Total liabilities	41,718	421,359	463,077
30 June 2017			
Trade and other payables	-	42,422	42,422
Committed Lines	-	700	700
Commercial paper	-	46,767	46,767
Floating rate notes	-	280,000	280,000
Derivative financial instruments	35,530	-	35,530
Total liabilities	35,530	369,889	405,419

Liabilities	Liabilities at fair value through surplus or deficit $'000	Measured at amortised cost $'000	Total $'000
Group			
30 June 2018			
Trade and other payables	-	48,577	48,577
Commercial paper	-	74,622	74,622
Bank loans	-	66,120	66,120
Floating rate notes	-	280,000	280,000
Fixed rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
Total liabilities	41,718	494,319	536,037
30 June 2017			
Trade and other payables	-	45,474	45,474
Commercial paper	-	46,767	46,767
Bank loans	-	80,780	80,780
Floating rate notes	-	280,000	280,000
Derivative financial instruments	44,308	-	44,308

26 Financial instruments (continued)

(e) Financial instrument categories(continued)

Total liabilities	44,308	453,021	497,329

27 Contingencies

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Legal proceedings and obligations	**-**	120	**-**	120
Uncalled capital - WRC Holdings Limited				
50,000,000 $1 shares uncalled and unpaid	**50,000**	50,000	**-**	-
170,200,000 $1 shares, 158,374,024 shares called and paid	**11,826**	19,276	**-**	-
Guarantee for CentrePort debt obligations	**125,000**	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	**188,692**	221,262	**1,866**	1,986

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. Total security stock certificates on issue is $8,594m (2017: $8,205m).

The Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies. However, the damage assessments and repairs have not been completed and the final settlement amount has not yet been agreed.

In the CentrePort Group's Statement of Intent issued to shareholders, $400m of insurance proceeds are forecast to be recognised over the period to 30 June 2020 in relation to port operations, of which CentrePort has recognised $210m to 30 June 2018.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   see 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 $4.3m during the year (2017: $4.2m). 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

	Parent Actual 2018 $'000	Parent Actual 2017 $'000
Council		
Remuneration	**1,101**	1,023
Full-time equivalent members	**13**	13
Executive Leadership Team including the Chief Executive		
Remuneration	**2,355**	2,043
Full-time equivalent members	**9**	8
Total key management personnel remuneration	**3,456**	**3,066**
Total full-time equivalent personnel	**22**	**21**

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

29 Remuneration

Chief Executive remuneration

For the year ending 30 June 2018, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of $429,886 (2017: $426,212).

	Actual 2018 $	Actual 2017 $
Councillor remuneration		
Councillor J Aitken	**-**	24,569
Councillor R Blakeley	**79,812**	51,302
Councillor J Brash	**64,855**	63,476
Councillor P Bruce	**-**	19,671
Councillor I McKinnon	**77,458**	50,956
Councillor A Staples	**83,030**	51,653
Councillor B Donaldson	**97,878**	92,944
Councillor P Gaylor	**74,164**	47,594
Councillor S Greig	**-**	21,692
Councillor S Kedgley	**81,594**	73,198
Councillor K Laban	**64,855**	63,476
Chair C Laidlaw	**167,166**	157,126
Councillor P Lamason	**83,419**	73,613
Councillor G McPhee	**-**	2,261
Councillor D Ponter	**81,328**	73,726
Councillor P Swain	**80,790**	77,245
Councillor D Ogden	**64,855**	43,805
Councillor N Wilson	**-**	34,630
Total Councillors remuneration	**1,101,204**	1,022,937

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 part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2018,

	Number of employees 2018	**2017**
$60,000 and below	**106**	102
$60,001 - $79,999	**156**	166
$80,000 - $99,999	**112**	98
$100,000 - $119,999	**76**	64
$120,000 - $139,999	**33**	21
$140,000 - $159,999	**14**	11
$160,000 - $179,999	**15**	17
$180,000 - $199,999	**7**	8
$200,000 - $239,999	**9**	-
$240,000 - $440,000	**6**	9
	-	-
Total Employees	**534**	496
The number of full time employees as at 30 June 2018	**473**	402
The full time equivalent number of all other non-full time employees	**43**	72
The number of employees receiving total remuneration of less than $60,000	**106**	102

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. Including the Chief Executive, the top band range is $240,000 - $440,000.

30 Capital commitments and operating leases

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Capital commitments				
Capital expenditure contracted for at balance date but not yet incurred	**6,511**	4,728	**83,253**	86,839

WRC Holdings Limited and Port Investments Limited has no capital or operating commitments as at 30 June 2018 (2017: nil)

At balance date CentrePort had commitments for expenditure of $5.1m for the Group (2017: $1.9m). This relates to Kings Wharf Partial demolition, E-Sites Remediation, Demolition of Thorndon Container Wharf, Shed 51 Cruise Terminal, Seaview Wharf and Straddle House Floor.

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $71.6 million (2017: $71.4 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 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Within one year	**2,574**	1,469	**2,919**	2,358
After one year but no more than five years	**2,439**	1,282	**3,433**	3,462
More than five years	**613**	348	**1,268**	1,099
Total non-cancellable operating leases	**5,626**	3,099	**7,620**	6,919

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 $2,109,478 was recognised as an expense in the statement of comprehensive income (2017: $1,635,547). Contingent rent was not paid (2017: 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 non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2018 $'000	Actual 2017 $'000	**Actual 2018 $'000**	Actual 2017 $'000
Within one year	**2,703**	2,120	**16,632**	10,468
After one year but no more than five years	**6,428**	6,359	**56,074**	32,047
More than five years	**9,150**	9,231	**41,438**	35,857
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	**18,281**	17,710	**114,144**	78,372

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

31 Severance payments

There was one employee (2017: one) who received a severance payment of $22,910 (2017: $5,000). 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:		203,833
(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:	$	121,089,177,322
(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.	$	54,587,166,081

33 Major variances between actual and budget

Statement of comprehensive revenue and expenses	**Council Actual 2018 $'000**	Council Budget 2018 $'000
Revenue		
Rates and levies	**152,995**	154,825
Transport operational grants and subsidies	**69,059**	72,647
Other revenue	**75,453**	66,942
Total operational revenue	**297,507**	294,414
Expenditure		
Finance costs	**(19,843)**	(19,921)
Operational Expenditure	**(291,739)**	(291,516)
Operational surplus / (deficit) for the year before transport improvements	**(14,075)**	(17,023)
Transport Improvements grants and subsidies revenue	**16,406**	23,905
Transport improvement expenditure	**(1,262)**	-
Net revenue / (expenditure) for transport improvements	**15,144**	23,905
Surplus / (deficit) for the year before tax and fair value gains / losses	**1,069**	6,882
Asset Revaluation	**195,041**	54,655
Fair value gains / (losses) in revenue and expenditure statement	**(8,684)**	9,250
Total comprehensive income / (deficit) for the year	**187,426**	70,787

Balance sheet		
Assets	-	-
- Current	**119,627**	73,633
- Non-current	**1,454,132**	1,300,078
Total assets	**1,573,759**	1,373,711
Liabilities		
- Ratepayers equity	**1,107,412**	950,854
- Current liabilities	**145,106**	192,857
- Non-current liabilities	**321,241**	230,000
Total equity and liabilities	**1,573,759**	1,373,711

Statement of cash flow		
Cashflows from operating activities	**18,102**	25,046
Cashflows from investing activities	**(65,296)**	(81,316)
Cashflows from financing activities	**52,156**	60,288
	-	-
Net increase / (decrease) in cash, cash equivalents and bank overdraft	**4,962**	4,018
Cash and cash equivalents at the beginning of the year	**346**	17,300
Cash and cash equivalents at the end of the year	**5,308**	21,318

GWRC's 2017/18 net operating surplus before fair value gains and losses is $1.0 million, compared with a budgeted surplus of $6.9 million. Including asset revaluation ($195.0 million), fair value movements (negative $8.7 million) and net surplus of $187.4 million which is $116.6 million ahead of budget.

33 Major variances between actual and budget (continued)

Significant components of this variance are:

1. Rates and levies

GWRC rates and levies revenue was $1.8 million lower due to:

- - Lower rates revenue due to lower rates payments received to correct prior year's error of $1.7m, offset by a growth in the number of local City Councils rating units resulting to an additional $ 0.6 million in general rates collected.
- - Reduced targeted rates collected for Warm Wellington by local City Councils of $0.7million, as some ratepayers have paid off their Warm Wellington loan during the year. This settlement by ratepayers of their Warm Greater Wellington rate is noted below in other revenue.

2. Grants and subsidies revenue

GWRC primarily receives grant revenue to fund various key transport programmes and projects. Grants and subsidy revenue is $3.6 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 $8.5 million higher due to:

- Additional rail fare revenue of $2.5 million due to higher than expected patronage growth during the year.

-Additional revenue of $2.0 million due to the timing of external contributions to the National Ticketing Programme.

- Additional revenue of $1.3m received for the building and business interruption earthquake insurance.

-Additional interest revenue of $1.2 million due to the prefunding of debt and favourable deposit rates.

- Additional revenue of $1 million from stakeholders for the Wellington Regional Infrastructure Resilience Business case.

- Additional revenue of $0.9 million relating to the Emission Trading Scheme

- Additional Warm Wellington revenue of $0.7 million reflecting ratepayers during the year who settle their Warm Greater Wellington rate.

4. Transport improvements

GWRC primarily receives grant revenue to fund various key transport programmes and projects that are capital in nature. Grants and subsidy revenue is $8.8 million lower than budget which reflects lower than planned claimable capital and debt servicing costs for key transport programmes and projects.

33 Major variances between actual and budget (continued)

5. Fair value adjustments

Fair value is $17.9 million unfavourable to budget reflecting the decrease of the fair value of the swaps due to the continued decrease of market interest rates from 2016/17 and write-down of the Wellington Regional Stadium Trust advance.

7. Total Assets

The assets have increased by $200 million during the year, reflecting the revaluation of water supply and parks infrastructure, investments in water quality, Riverlink and key transport projects.

9. Cash flow

Overall cash and cash equivalents are significantly lower than budget due to a lower opening cash position which reflects the change on investment portfolio to a longer term.

34 Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2017: Nil).

Subsequent to balance date, CentrePort received a non specific insurance advance of $50m and CentrePort Properties Group received a non specific insurance advance of $50m of which $3.6m has been allocated to Harbour Quays A1Limited and $46.3m to Harbour Quays F1F2 Limited.

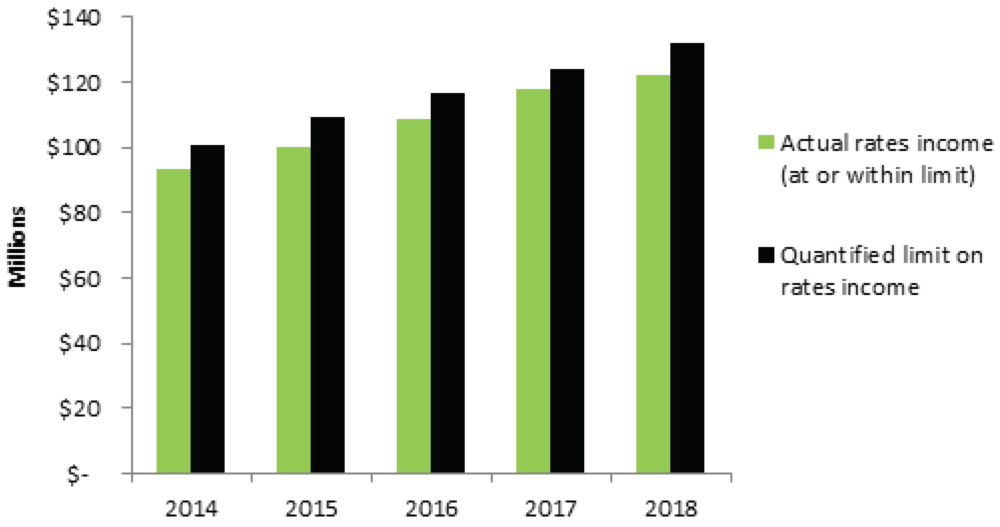
Subsequent to balance date, CentrePort Properties Ltd and the insurers have agreed terms for a final settlement of the insurance claim for CentrePort Properties Ltd, Harbour Quays A1 Ltd, Harbour Quays D4 Ltd and Harbour Quays F1F2Ltd. At the date of signing, the final settlement documentation has not been finalised.

Financials statements will be authorised for issue by Council on 31 October 2018.

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.

Rates income affordability

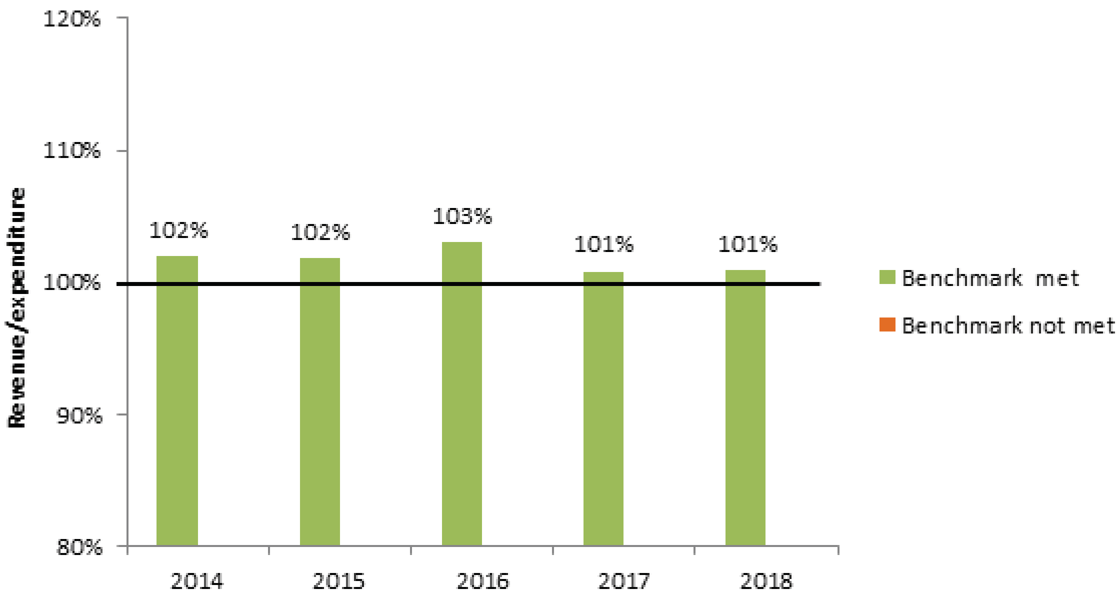
This graph shows the total rates actually.



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.

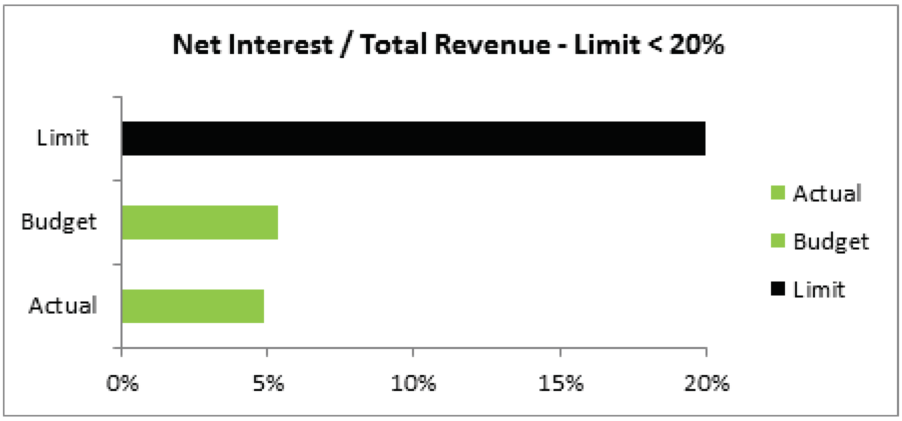
Over recent years Greater Wellington Regional Council has been exceeding this benchmark test.

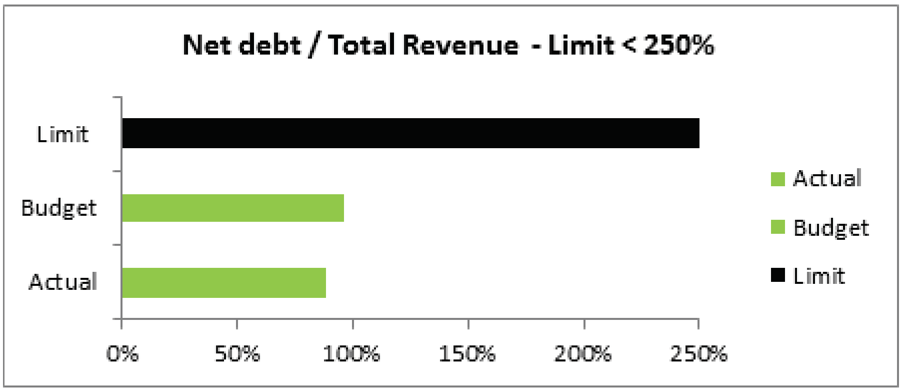


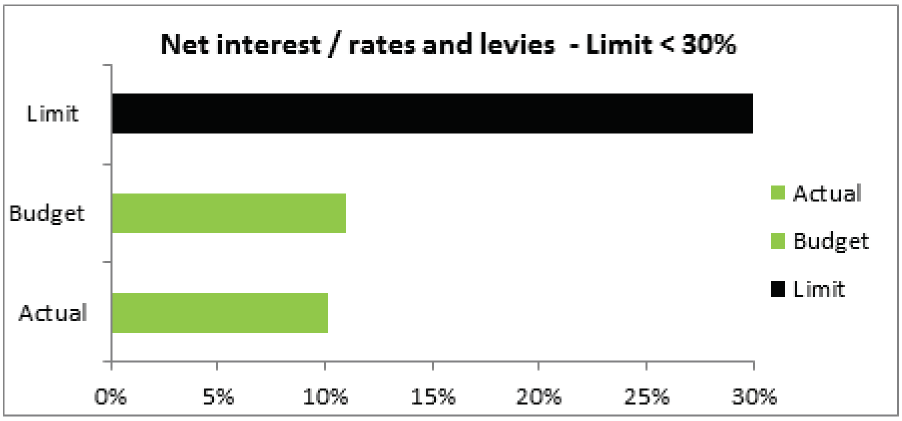
Financial Strategy Financial Limits

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.

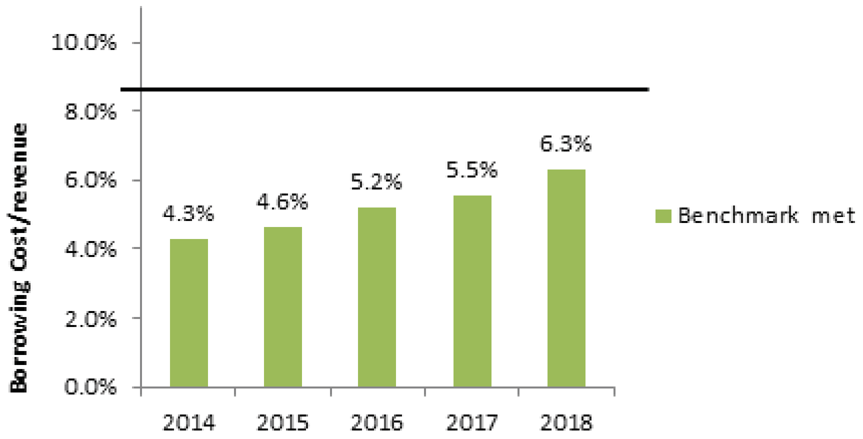
These graphs show that Greater Wellington is being managed within these financial prudential limits.







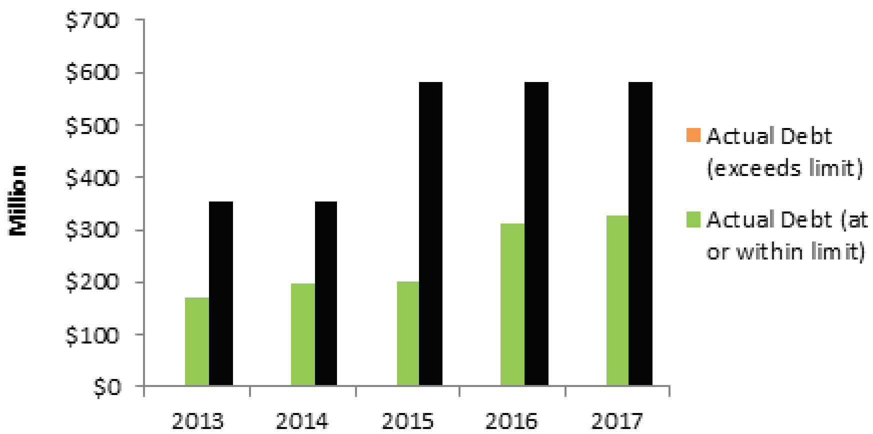
Debt affordability graphs – Debt Servicing



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



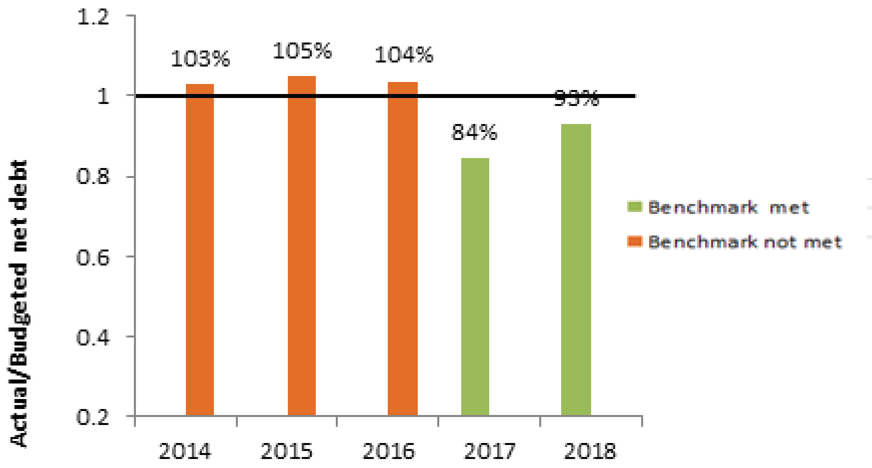
This graph shows the actual debt compared to the debt limit adopted in the 10 Year Plan 2015-25. In the 10 Year Plan 2015-25 the debt projection was for it to peak at $427 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Greater Wellington Regional Council is satisfying this benchmark test.

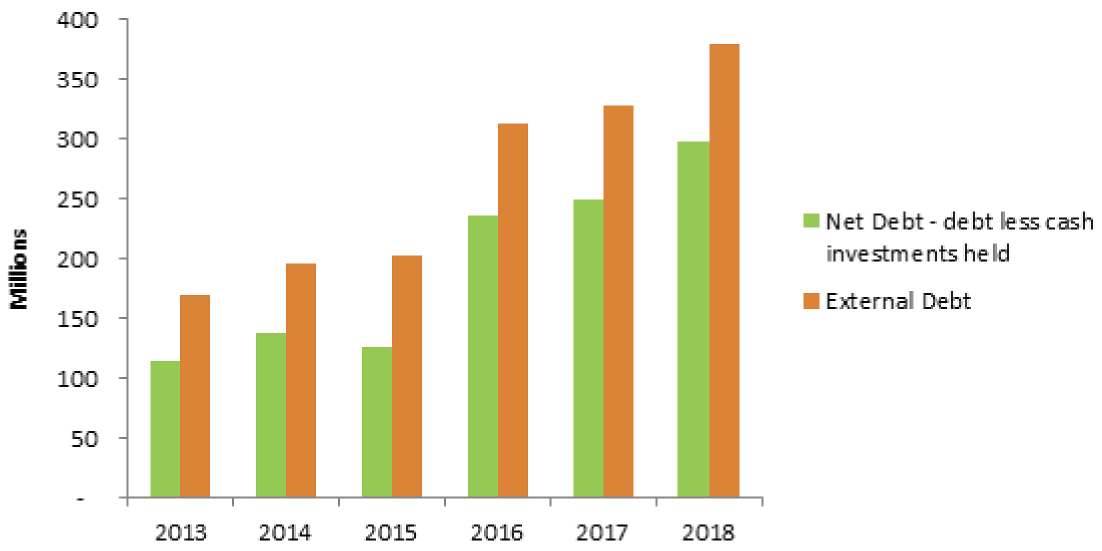
Debt affordability graphs – Debt benchmark

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.

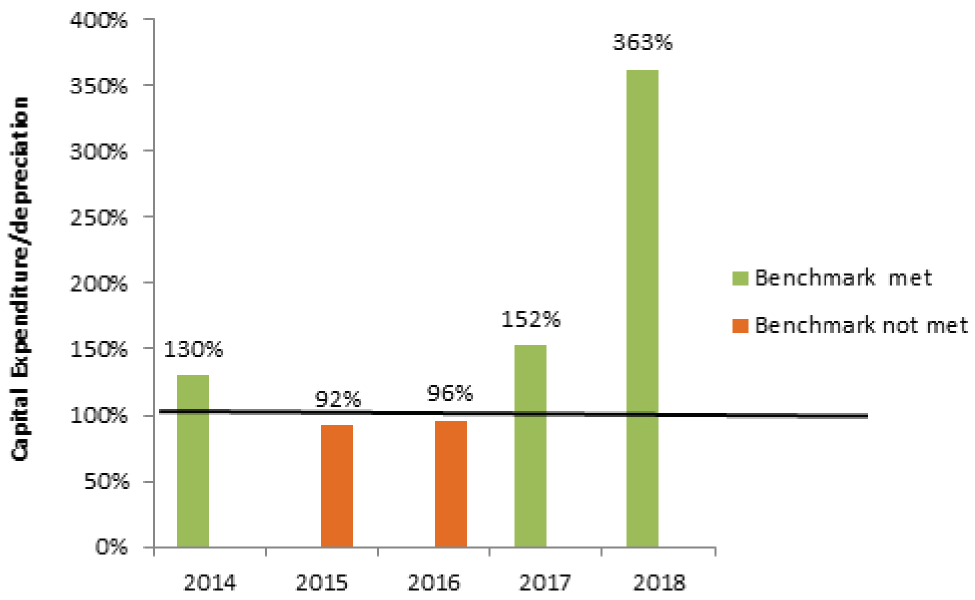


Essential Services

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.

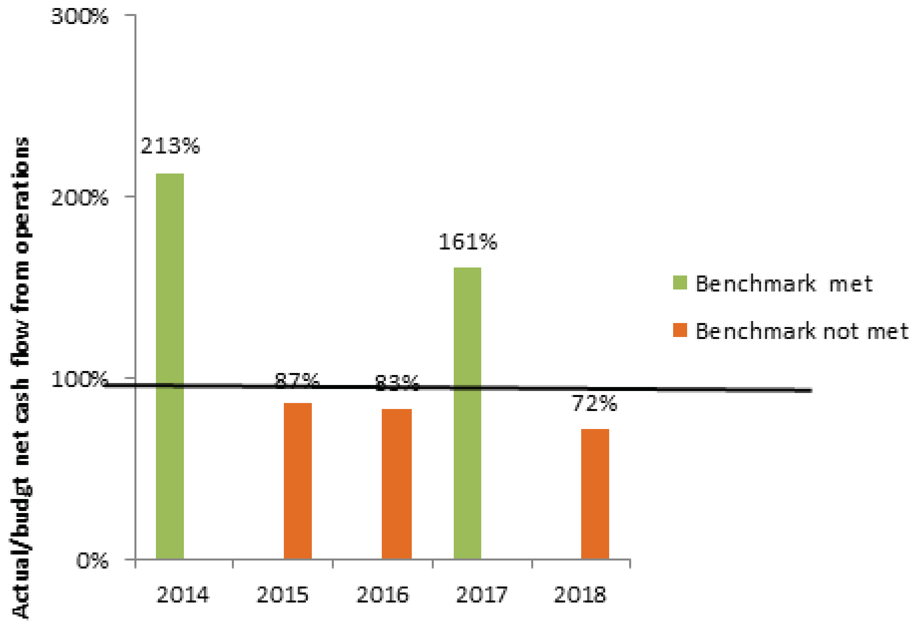
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

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 2018 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 2018	31 October 2018	31 October 2018

Audit Report – He Pūrongo Arotake Pūtea

Other information

Regional Councillors – Ngā Māngai a Rohe

KAPITI COAST

Penny Gaylor
M 027 664 8869
penny.gaylor@gw.govt.nz

LOWER HUTT

Ken Laban
T 04 971 8982
M 029 200 0044
ken.laban@gw.govt.nz

Prue Lamason
T 04 566 7283
M 021 858 964
prue.lamason@gw.govt.nz

David Ogden
T 04 569 2058
M 027 445 2650
david.ogden@gw.govt.nz

PORIRUA-TAWA

Jenny Brash
T 04 233 8217
M 027 354 4233
jenny.brash@gw.govt.nz

Barbara Donaldson (Deputy Chair)
T 04 237 0773
M 021 976 747
barbara.donaldson@gw.govt.nz

UPPER HUTT

Paul Swain
T 04 528 7830
M 021 270 9113
paul.swain@gw.govt.nz

WAIRARAPA

Adrienne Staples
T 06 308 9119
M 027 446 8060
adrienne.staples@gw.govt.nz

WELLINGTON

Roger Blakeley
M 021 229 6928
roger.blakeley@gw.govt.nz

Sue Kedgley
T 04 384 9123
M 021 270 9088
sue.kedgley@gw.govt.nz

Chris Laidlaw (Chair)
T 04 830 4246
M 027 425 4668
chris.laidlaw@gw.govt.nz

Ian McKinnon
T 04 472 6832
M 027 472 6831
ian.mckinnon@gw.govt.nz

Daran Ponter
T 04 475 9959
M 027 454 0689
daran.ponter@gw.govt.nz

Council committee structure – Ko te Tū ā Komiti o te Kaunihera

As at September 2018

(c) Chair
(d) Deputy Chair (if appointed)

Council
Cr Laidlaw (c)
Cr Donaldson (d)

Chief Executive Employment Review
Cr Ian McKinnon (c)

Environment
Cr Sue Kedgley (c)
Cr Jenny Brash (d)

Finance, Risk and Assurance
Cr Paul Swain (c)

Regional Transport
Cr Barbara Donaldson (c)
Cr Chris Laidlaw (d)

Sustainable Transport
Cr Barbara Donaldson (c)
Cr Daran Ponter (d)

Te Upoko Taiao – Natural Resources Plan
Cr Daran Ponter (co-c)
Hikitia Ropata (co-c)

Wairarapa
Cr Staples (c)
Cr Barbara Donaldson (d)

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

For more information, please contact Greater Wellington:

Wellington office	Masterton office	www.gw.govt.nz	
PO Box 11646	PO Box 41	info@gw.govt.nz	
Wellington 6142	Masterton 5840		
T 04 384 5708	T 06 378 2484	**Facebook**	**October 2018**
F 04 385 6960	F 06 378 2146	**Twitter**	GW/CP

Reserve	Closing Balance 2018	Adjusted Transfer to Reserves	Transfer to Reserves	Difference	Notes	Adjusted Transfer from Reserves YTD	Transfer from Reserves	Difference	Notes
1. Area of Benefit Reserves									
Public Transport Rate Reserve	14,463,354					2,346,455	4,156,140	1,809,685	B1
Sustainable Transport Department Reserve	735,184					131,145	168,756	37,611	B2
Transport Planning Reserve	199,748					40,271		(40,271)	B3
Transport Data & Analysis Reserve	25,156					(12,730)	218,730	231,460	B4
Wai Bovine TB Rate - Bov TB	255,061								
Possum Predator Rate Reserve	128,346					1,254	30,000	28,746	B5
Wai Rating Schemes-Catchment Awhea	62,031	1,599	4,600	(3,001)	A1				
Wai Rating Schemes-Catchment Whareama	98,433	9,330	9,932	(602)	A2				
Wai Rating Schemes-Catchment Homewood	19,572	(2,477)	2,432	(4,909)	A3				
Wai Rating Schemes-Catchment Mataikona	51,073	1,969	1,925	44	A4				
Wai Rating Schemes-Catchment Maungaraki	21,765	2,169	1,286	883	A5				
Wai Rating Schemes-Catchment Kaiwhata	62,215	313	3,920	(3,607)	A6				
Wai Rating Schemes-Drainage	1,076,016	132,359	(24,154)	156,513	A7				
Wai Shingle Royalty	248,999	67,945		67,945	A8				
Wai Rating Schemes-River LWVD-Opex	1,964,915	320,734	259,886	60,848		315,218	315,218		
Wai Rating Schemes-River Waiohine-Opex	785,308	20,678	18,202	2,476	A10				
Wai Rating Schemes - Gladstone	75,759					1,622	6,725	5,103	B6
Wai Rating Schemes-River Waipoua	226,015	36,778	7,001	29,777	A11				
Wai Rating Schemes-River Waingawa	172,263	11,122	5,247	5,875	A12				
Wai Rating Schemes-River Lower Taueru	6,458					953	1,369	416	B7
Wai Rating Schemes-River Lower Whangaehu	9,395	558	198	360	A13				
Wai Rating Schemes-River Upper Mangatarere	37,630								
Wai Rating Schemes- Te Ore Ore	336,130	15,881	9,046	6,835	A14				
Wai Rating Schemes - Mt Bruce	80,463	3,776	(14,004)	17,780	A15				
Wai Rating Schemes - Kopuaranga	(14,609)	17,478	16,107	1,371	A16				
Wai Rating Schemes-River Waiohine - Capex	(99,951)					57,281	57,281		
Wairarapa Workshop	59,662	7,172.00		7,172.00	A17				
WREMO Reserve (TA contributions)	81,904					84,544	75,000	(9,544)	B8
Biodiversity Key Native Eco System Reserve	367,191	58,679	40,000	18,679	A18				
Wairarapa Moana Ministry for the Environment Reserve	163,147								
Iwi Projects Reserve	353,339	114,000		114,000	A19				
LTP Reserve (finance audit)	169,033						160,000	160,000	B9
Annual Plan & LTCCP Costs & Review (SCEG)	240,943						160,000	160,000	B10
Forestry Infrastucture Reserve	714,401					27,750	(112,940)	(140,690)	B11
Regional Parks Reserve	407,121					189,257	200,000	10,743	B12
Bioworks	821,496					195,213	185,000	(10,213)	B13
River Rate Reserve-Hutt City	672,404	(161,976)	135,000	(296,976)	A20				
River Rate Reserve-Kapiti Coast	673,480					82,471		(82,471)	B14
River Rate Reserve-Porirua City	139,459	3,518		3,518	A21				
River Rate Reserve-Upper Hutt City	956,121	48,504	15,000	33,504	A22				
River Rate Reserve-Wellington City	225,807	4,928		4,928	A23				

2. Contingency Reserves									
Resource Investigations	113,868								
Wairapa Planning	117,495								
Wellington	2,531,837	200,000	200,000						
Plantation Forestry	73,742								
3. Special Reserves									
Election Reserve	256,847		90,000	(90,000)	A24				
IT Operations Capex Reserve			404,745	(404,745)	A25				
Treasury and Planning Systems Reserve									
IT Operations Capex Reserve	2,308,772						1,343,800	1,343,800	B15
Wgtn Regional Strategy - Office Wakefield street Grow Wellin	1,186,935	298,741	(26,321)	325,062	A26				
WRS Reserve - Grow Wellington	94,691					42,335	143,017	100,683	B16
2016 Earthquake Insurance Proceeds	562,000	562,000		562,000	A27				
Rebudget 17/18:Battle Hill - Ranger maintenance						30,000	30,000		
Rebudget 17/18:Tier 2 monitoring						96,000	96,000		
Rebudget 17/18:River Water Quality & Ecology						30,000	30,000		
Rebudget 17/18:Catchment monit - Ruamahanga						35,500	35,500		
Rebudget 17/18:Regional Hazard Management Strategy						34,000	34,000		
Rebudget 17/18:GW EMO cc						35,000	35,000		
Rebudget 17/18:PH Biodiversity Management						40,000	40,000		
Rebudget 17/18:LM - Riparian Management WBS						600,000	600,000		
Rebudget 17/18:Bio Plants Admin						50,000	50,000		
Rebudget 17/18:Parks Policy wbs						60,000	60,000		
Rebudget 17/18:RLTP						50,000	50,000		
Rebudget 17/18:Programme Business Cases						150,000	150,000		
Rebudget 17/18:Belmont - Asset Mngt. - Capex						7,576	7,576		
Rebudget 17/18:Belmont - Asset Mngt. - Capex 2						5,404	5,404		
Rebudget 17/18:QEP - Asset Mngt. - Capex						54,225	54,225		
Rebudget 17/18:EH Tracks remetalling						3,282	3,282		
Rebudget 17/18:Pencarrow upgrade (dredging dependant)						8,425	8,425		
Rebudget 17/18:Harbours diving platform						5,462	5,462		
Rebudget 17/18:Hinds point light						1,706	1,706		
Rebudget 17/18:Collaborative Modelling Project (capex)						28,274	28,274		
Rebudget 17/18:Resource consent project						23,730	23,730		
Rebudget 17/18:Lower Waitohu Improvements						7,582	7,582		
Rebudget 17/18:LWVD River Scheme Capex						25,442	25,442		
Rebudget 17/18:Te Kauru capex wbs						21,061	21,061		
Rebudget 17/18:Pinehaven Stream Improvements						10,531	10,531		
Rebudget 17/18:Hutt Environmental strategy implementatior						2,106	2,106		
Rebudget 17/18:City Centre Upgrade						189,552	189,552		
Rebudget 17/18:Transport Model CAPEX.						15,979	15,979		
Rebudget 17/18:CAPEX - Office20xx						1,023	1,023		
Rebudget 17/18:IT Capex - GIS (aerial photography)						32,520	32,520		

Rebudget 17/18:IT Capex - CRM					12,694	12,694
Rebudget 17/18:IT Capex - SaaS implementations					6,347	6,347
Rebudget 17/18:CAPEX - Perfornance Indicator Reporting Laye					6,347	6,347
Rebudget 17/18:Belmont - Asset Mngt. - Capex Stoney Mills					12,440	12,440
Rebudget 17/18:Depot Shunt Crab - LTP					2,639	2,639
Rebudget 17/18:Matangi - Heavy Maint/Overhauls					106,478	106,478
Rebudget 17/18:SW & SE Cars - Heavy Maint/Overhauls					77,643	77,643
Rebudget 17/18:M1 Retrofit - Contingency					91,494	91,494
Rebudget 17/18:Matangi 2 Driver Simulator					42,123	42,123
Rebudget 17/18:Matangi 2 Contingency.					15,887	15,887
Rebudget 17/18:Park and Ride Development					12,856	12,856
Rebudget 17/18:Capex Interim Bus Ticketing Solution					32,613	32,613
Rebudget 18/19:Parks Policy wbs	70,000	70,000	70,000	A28		
Rebudget 18/19:LM - Riparian Management WBS	527,500	527,500	527,500	A29		
Rebudget 18/19:Tier 2 monitoring	36,121	36,121	36,121	A30		
Rebudget 18/19:Infra Studies/Investigation	19,600	19,600	19,600	A31		
Rebudget 18/19:Trolley Bus - OH Decommisssioning	141,705	141,705	141,705	A32		
Rebudget 18/19:Fares and Ticketing Establishment Admin	87,399	87,399	87,399	A33		
Rebudget 18/19:Fares and Ticketing Establishment Other	118,262	118,262	118,262	A34		
Rebudget 18/19:Fares and Ticketing Establishment Admin (b)	178,366	178,366	178,366	A35		
Rebudget 18/19:Masterton Building Strengthening - Capex	11,145	11,145	11,145	A36		
Rebudget 18/19:PC's - Capex	67,437	67,437	67,437	A37		
Rebudget 18/19:IT Capex - SAP (Hardware & Software)	157,400	157,400	157,400	A38		
Rebudget 18/19:Transport Model CAPEX.	44,534	44,534	44,534	A39		
Rebudget 18/19:Resource consent project	13,719	13,719	13,719	A40		
Rebudget 18/19:Te Kauru FMP development	2,541	2,541	2,541	A41		
Rebudget 18/19:Waiohine rive scheme capex	15,103	15,103	15,103	A42		
Rebudget 18/19:Te Kauru capex wbs	18,879	18,879	18,879	A43		
Rebudget 18/19:Pinehaven Stream Improvements	18,124	18,124	18,124	A44		
Rebudget 18/19:Manor Park river and stopbank works	7,136	7,136	7,136	A45		
Rebudget 18/19:Hutt Environmental strategy implementatior	4,908	4,908	4,908	A46		
Rebudget 18/19:LWVD River Scheme Capex	30,206	30,206	30,206	A47		
Rebudget 18/19:Whaka Stream Project	6,796	6,796	6,796	A48		
Rebudget 18/19:Ebdentown rocklining	13,404	13,404	13,404	A49		
Rebudget 18/19:Harbours diving platform	5,487	5,487	5,487	A50		
Rebudget 18/19:Akatarawa - Asset Mngt. - Capex	1,699	1,699	1,699	A51		

Rebudget 18/19:Battle Hill - Asset Mngt. - Capex	4,246	4,246		4,246	A52			
Rebudget 18/19:Belmont - Asset Mngt. - Capex	5,096	5,096		5,096	A53			
Rebudget 18/19:QEP - Asset Mngt. - Capex (QEP LTP Heritage Precinct)	21,147	21,147		21,147	A54			
Rebudget 18/19:EH Baring Head Bridges	24,923	24,923		24,923	A55			
Rebudget 18/19:Asset Management Capex - Fences	4,544	4,544		4,544	A56			
Rebudget 18/19:Chemical Tanks Replacement	9,404	9,404		9,404	A57			
Rebudget 18/19:Capex - Bus Stop Facilities New	11,762	11,762		11,762	A58			
Rebudget 18/19:Capex - Bus Stop Facilities Renewals	3,361	3,361		3,361	A59			
Rebudget 18/19:Capex - Customer Information Systems.	5,611	5,611		5,611	A60			
Rebudget 18/19:Matangi 2 Driver Simulator	28,462	28,462		28,462	A61			
Rebudget 18/19:Park and Ride Development	34,534	34,534		34,534	A62			
Rebudget 18/19:SW & SE Cars - Heavy Maint/Overhauls	24,780	24,780		24,780	A63			
Rebudget 18/19:Matangi - Heavy Maint/Overhauls	261,709	261,709		261,709	A64			
Rebudget 18/19:Rail Rolling Stock Minor Improvements	14,340	14,340		14,340	A65			
Rebudget 18/19:Capex Interim Bus Ticketing Solution	25,666	25,666		25,666	A66			
TOTAL DEPARTMENT RESERVES	**36,395,474**	**4,173,564**	**1,419,934**	**2,753,634**		6,033,838	9,638,895	**3,605,058**

Explanation of Unbudgeted Reserve Movements

A1	Additional maintenance expenditure on Catchment Awhea scheme
A2	Additional maintenance expenditure on Catchment Whareama scheme
A3	Additional maintenance expenditure on Catchment Homewood scheme
A4	Funding surplus for the year transferred to the Catchment Mataikona scheme
A5	Funding surplus for the year transferred to the Catchment Maungaraki scheme
A6	Additional maintenance expenditure on Catchment Kaiwhata scheme
A7	Funding surplus for the year transferred to Drainage schemes
A8	Funding surplus for the year transferred to the Shingle Reserve
A9	Funding surplus for the year transferred to the River LWVD-Opex scheme
A10	Funding surplus for the year transferred to the River Waiohine-Opex scheme
A11	Funding surplus for the year transferred to the River Waipoua scheme
A12	Funding surplus for the year transferred to the River Waingawa scheme
A13	Funding surplus for the year transferred to the River Lower Whangaehu scheme
A14	Funding surplus for the year transferred to the Te Ore Ore scheme
A15	Funding surplus for the year transferred to the Mt Bruce scheme
A16	Funding surplus for the year transferred to the Kopuaranga scheme
A17	Funding surplus for the year transferred to the Wairarapa Workshop reserve
A18	Funding surplus for the year transferred to the Biodiversity Key Native Eco System Reserve
A19	Funding surplus for the year transferred to the Iwi Projects Reserve
A20	Additional operating expenditure transferred from the Hutt City Rate Reserve
A21	Funding surplus for the year transferred to the Porirua City Rate Reserve
A22	Funding surplus for the year transferred to the Upper Hutt City Rate Reserve
A23	Funding surplus for the year transferred to the Upper Wellington City Rate Reserve
A24	Election Reserve for Election 19/20 year
A25	Rebudget change in ICT Capital Plan
A26	Contractor Vacancies and delay in special projects
A27	Operational savings retained for future Council Elections
A28	Funding surplus for the year retained for future WRS expenditure
A29	Rebudget 18/19:LM - Riparian Management WBS
A30	Rebudget 18/19:Tier 2 monitoring
A31	Bus stop rationalisation delayed, rebudget for the project to start in 2018/19
A32	Overhead wire decommissioning is debt fund. This is rebudget of the opex portion
A33	Rebudget Fares and Ticketing Establishment Admin
A34	Rebudget Fares and Ticketing Establishment Other
A35	Rebudget Fares and Ticketing Establishment Admin (additional submission)
A36	Rebudget Masterton Building
A37	Rebudget change in priorities as per ICT Capital Plan
A38	Rebudget change in priorities as per ICT Capital Plan
A39	Delayed expenditure due to re-allocation of resources
A40	Rebudget 18/19:Resource consent project
A41	Rebudget 18/19:Te Kauru FMP development
A42	Rebudget 18/19:Waiohine rive scheme capex
A43	Rebudget 18/19:Te Kauru implementation
A44	Rebudget 18/19:Pinehaven Stream Improvements
A45	Rebudget 18/19:Manor Park river and stopbank works
A46	Rebudget 18/19:Hutt Environmental strategy implementation
A47	Rebudget 18/19:LWVD River Scheme Capex
A48	Rebudget 18/19:Whaka Stream Project
A49	Rebudget 18/19:Ebdentown rocklining
A50	Rebudget 18/19:Harbours - Mana diving platform
A51	Rebudget 18/19:Akatarawa replace vehicle bridge with culvert crossing
A52	Rebudget 18/19:Battle Hill Summit walking track upgrade
A53	Rebudget 18/19:Belmont track construction and signage
A54	Rebudget 18/19:QEP Heritage Precinct and track upgrade
A55	Rebudget 18/19:Baring Head Bridge upgrade
A56	Rebudget 18/19:Ebdentown rocklining
A57	Rebudget 18/19:Chemical tanks
A58	Rebudgeted planned installations of new faciliaties
A59	Rebudgeted planned renewals of new faciliaties
A60	Rebudget of Website & RTI
A61	Rebudget of matangi 2 driver simulator
A62	Rebudget of Paremata & Porirua - Park & Ride developments
A63	Rebudget of SW & SE carriage heavy maintenance
A64	Rebudget of Matangi heavy maintenance
A65	Rebudget Rail Rolling Stock Minor Improvements
A66	Rebudget of IBTS
B1	Reserve transfer out of capex was lower than budget due to timing
B2	Funding surplus for the year transferred to Sustainable Transport Reserve
B3	Delayed expenditure due to re-allocation of resources
B4	Delayed expenditure due to re-allocation of resources
B5	Funding surplus transferred to the Possum Predator Rate Reserve
B6	Funding surplus for the year transferred to the Gladstone scheme
B7	Funding surplus for the year transferred to the River Lower Taueru scheme
B8	Additional expenditure transferred from WREMO Reserve
B9	Reserve for LTP implemented in 19/20
B10	Annual Plan LTCCP implement in 19/20
B11	Delay of disposal of surplus property at Stoney Creek to the Forestry Infrastructure Reserve
B12	Reduced capital expenditure transfer from the Regional Parks Reserve (NZTA)
B13	Additional expenditure transferred from Bioworks Reserve
B14	Additional maintenance expenditure from Kapiti District Council Rate Reserve
B15	Rebudget change in priorities as per ICT Capital Plan
B16	Delay in project timings

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Greater Wellington Regional Council

Summary Annual Report 2017/18

Welcome to our summary of the Annual Report 2017/18

Each year Greater Wellington delivers an Annual Report including audited financial statements. The Council adopted our Annual Report 2017/18 on 30 October 2018.

This summary report provides a snapshot of the full Annual Report 2017/18, which you can find on our website, in any of our public offices and at libraries across the region.

While this document does not provide the level of detail you will find in the full report you will find key highlights of our activities over the year and be able to gain an understanding of our financial position.

Over the past 12 months at Greater Wellington our focus has been on responding to and preparing for an ever changing environment. We continue to focus on building and maintaining resilient infrastructure and apply the lessons we have learnt from the Kaikoura Earthquake of November 2016.

We have also been working on some big projects, one of which is the Public Transport transformation programme and specifically the roll out of the new bus network. At the time of preparing our annual report we were working through some challenges and hope to be in a position to report on our new and improved bus network system in our next year’s report.

The adoption of the Long Term Plan 2018-28 has provided us a strong roadmap for the future and we are grateful for those in the community who took the time to provide their feedback as we collectively created our plan for the decade to move the region forward.

We hope you enjoy this insight into our year and all of the exciting projects we have delivered to our communities.

Chris Laidlaw **Greg Campbell**

Regional Councillors – pictures to be inserted

KAPITI COAST

Penny Gaylor
M 027 664 8869
penny.gaylor@gw.govt.nz

LOWER HUTT

Ken Laban
T 04 971 8982
M 029 200 0044
ken.laban@gw.govt.nz

Prue Lamason
T 04 566 7283
M 021 858 964
prue.lamason@gw.govt.nz

David Ogden
T 04 569 2058
M 027 445 2650
david.ogden@gw.govt.nz

PORIRUA-TAWA

Jenny Brash
T 04 233 8217
M 027 354 4233
jenny.brash@gw.govt.nz

Barbara Donaldson (Deputy Chair)
T 04 237 0773
M 021 976 747
barbara.donaldson@gw.govt.nz

UPPER HUTT

Paul Swain
T 04 528 7830
M 021 270 9113
paul.swain@gw.govt.nz

WAIRARAPA

Adrienne Staples
T 06 308 9119
M 027 446 8060
adrienne.staples@gw.govt.nz

WELLINGTON

Roger Blakeley
M 021 229 6928
roger.blakeley@gw.govt.nz

Sue Kedgley
T 04 384 9123
M 021 270 9088
sue.kedgley@gw.govt.nz

Chris Laidlaw (Chair)
T 04 830 4246
M 027 425 4668
chris.laidlaw@gw.govt.nz

Ian McKinnon
T 04 472 6832
M 027 472 6831
ian.mckinnon@gw.govt.nz

Daran Ponter
T 04 475 9959
M 027 454 0689
daran.ponter@gw.govt.nz

Working for you – who we are and what we do

Greater Wellington's Long Term Plan 2015/25 and subsequent annual plans set out the work we planned to deliver for 2017/18 and how that work aligned to the five community outcomes. This document provides a summary of the work we have delivered through the year and how our finances were managed.

Improving quality of life through attaining the Community Outcomes

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 communications networks are effective and accessible
Resilient Community	A regional community that plans for the future, adapts to climate 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	People participate in shaping the region's future, take pride in the region, value the region's urban and rural landscapes, and enjoy the region's amenities

Greater Wellington is responsible for a wide range of activities that contribute to the overall wellbeing of the Wellington region reflected in the community outcomes:

- providing protection from flooding
- delivering the Metlink public transport network
- looking after the environment, the land, the seas and waterways
- managing parks and trails for your recreational use
- providing long-term and sustainable initiatives for the region, from travel options to economic programmes.

Did you know? Some interesting facts

Our region at a glance

- Makes up 3% of New Zealand's total land area from Wellington City in the south to Ōtaki on the west coast and Pukaha Mt Bruce in the east.
- An area of 8,049 km
- 320km rivers and we manage 280km of stopbanks

Our Earthquake Planning Guide received national and international recognition for its innovative design AND content.

91 schools representing 24,355 students participated in the active travel initiative **Movin March**

1.8 million visits were made to our regional parks

Our **Pedal Ready** scheme trained **6,000** adults and children, including the Wellington police on bikes

35,000 trees were planted on six parks

Peak time rail use increased by 6%

3,600 tonnes of rock was placed along river banks to repair erosion damage and maintain river alignments

11,900 willow poles were planted to strengthen river buffers

Financial overview

This overview provides a summary of the major aspects of our financial management and results for the 2017/18 year.

We have produced this overview to give Greater Wellington residents a snapshot of our finances. Full details are provided later in the report. Refer to the full Annual Report for the full financial statements as well as the costs of providing services for each activity, comparing what was spent with what was budgeted.

Financial performance

Greater Wellington continued to focus on enhancing its financial management and sound financial position. We performed strongly in managing operating costs and debt levels.

The year-end net surplus of $7.6m was $1.7m favourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds and Kaikoura earthquake related insurance revenue.

This is partially offset by additional water treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, Optimus (core system replacement) and NEXT (integrated ticketing) projects, KiwiRail network insurance, other PT transformation costs, remediation of a prior year rates issue, and lower NZTA grants.

Greater Wellington invested $65.7m in the regions infrastructure with key programmes of work across the organisation. Capital expenditure was $16.9 million favourable to budget primarily due to timing of Public Transport-related projects, off-set by RiverLink property acquisition timing and additional costs for the Waterloo water quality project.

Greater Wellington had a strong performance against its financial measures. Refer to the full Annual Report for these.

$315.6 million
revenue from rates, grants & other sources

$314.5 million
costs of running the Greater Wellington region

$7.6 million
net surplus after tax for 2017/18

$4.23
costs of delivering all Council services per rating unit per day

$1.5 billion
of total assets managed by GWRC

$379.6 million
borrowing position at the end of 2017/18

$ 65.7 million
capital spend for 2017/18

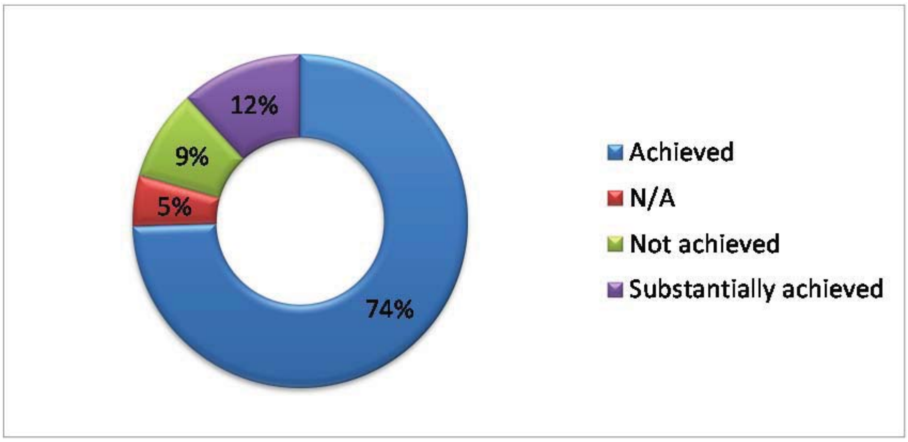
AA credit rating
with Standard & Poor indicating good financial health

How well did we measure up?

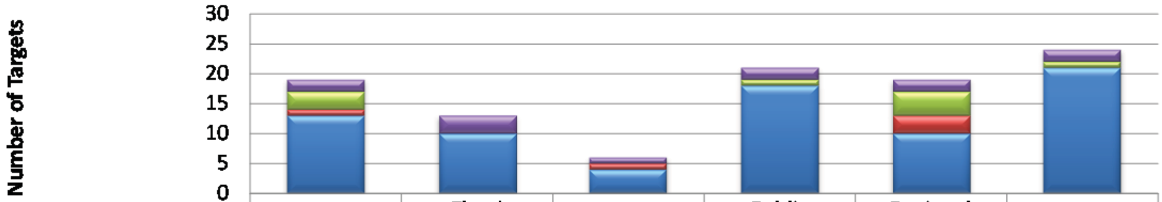
Greater Wellington reports against 102 performance targets as outlined in the Long Term Plan 2015-25. Overall, we have worked successfully with the community in meeting most of our performance targets and agreed work programme.

As displayed in the graph below **86 percent** of the performance **targets were met or substantially achieved.** Those identified as substantially achieved were within a one to five percent variance of the target. Only six were outside of the one to five percent range.

Five percent of the measures were assigned as Not Applicable. Targets that fell within this category reflect measures where we were unable to get an accurate measurement or instances when targets have been updated since publication of the Long Term Plan 2015-25.



The graph below displays the total number of non-financial performance targets by Activity Group. Further details on the performance targets can be found in the full Annual Report and are summarised further in this document.



	Environment	Flood Protection	Parks	Public Transport	Regional Leadership	Water Supply
Substantially achieved	2	3	1	2	2	2
Not achieved	3			1	4	1
N/A	1		1		3	
Achieved	13	10	4	18	10	21

How well did we meet our financial targets?

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$296.5 m	$315.6 m	$318.3 m

$153.0 million
from rates

$162.6 million
from grants & other sources

Annual expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$295.5 m	$314.5 m	$311.4 m

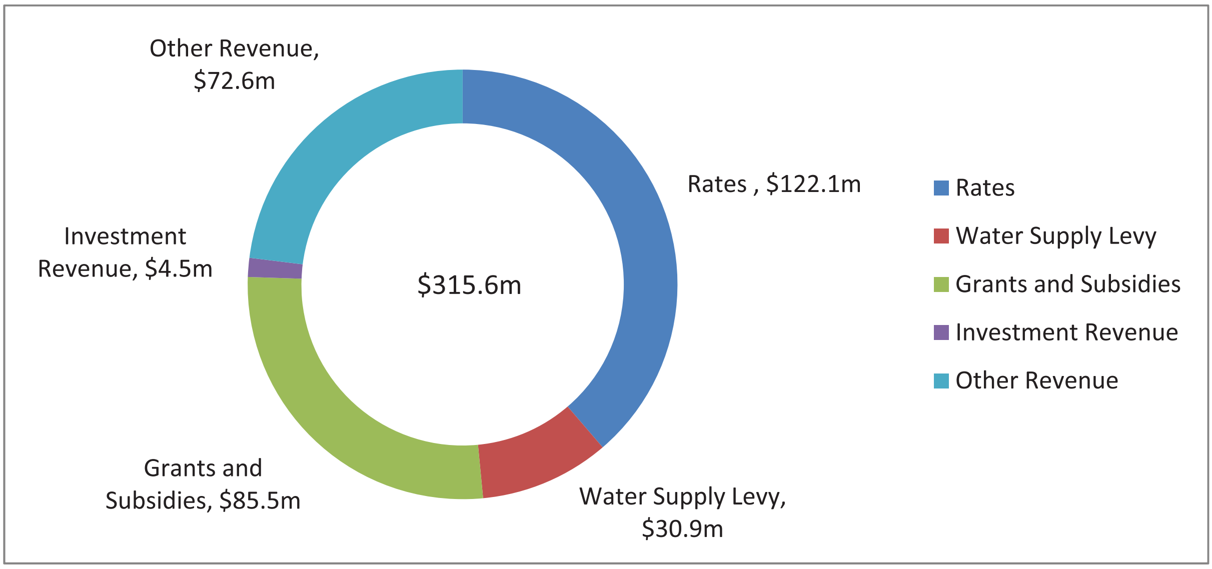
Capital expenditure

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$47.7 m	$65.7 m	$82.5 m

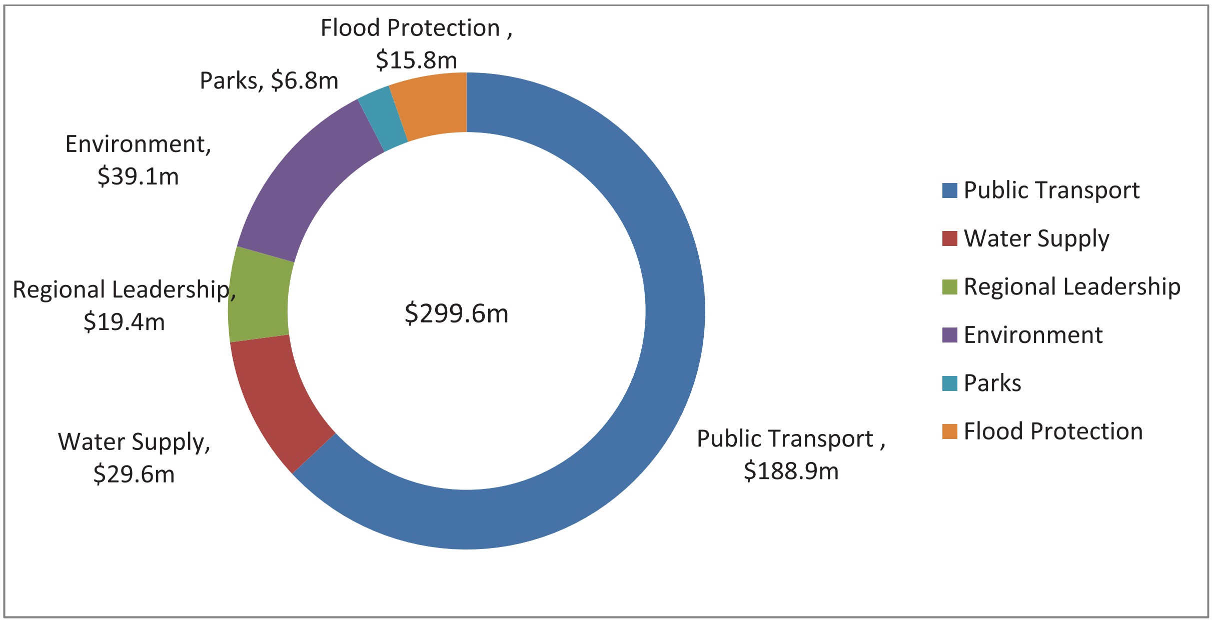
Debt

2016/17 Actual	2017/18 Actual	2017/18 Annual Plan
$327.5 m	$379.6 m	$396.2 m

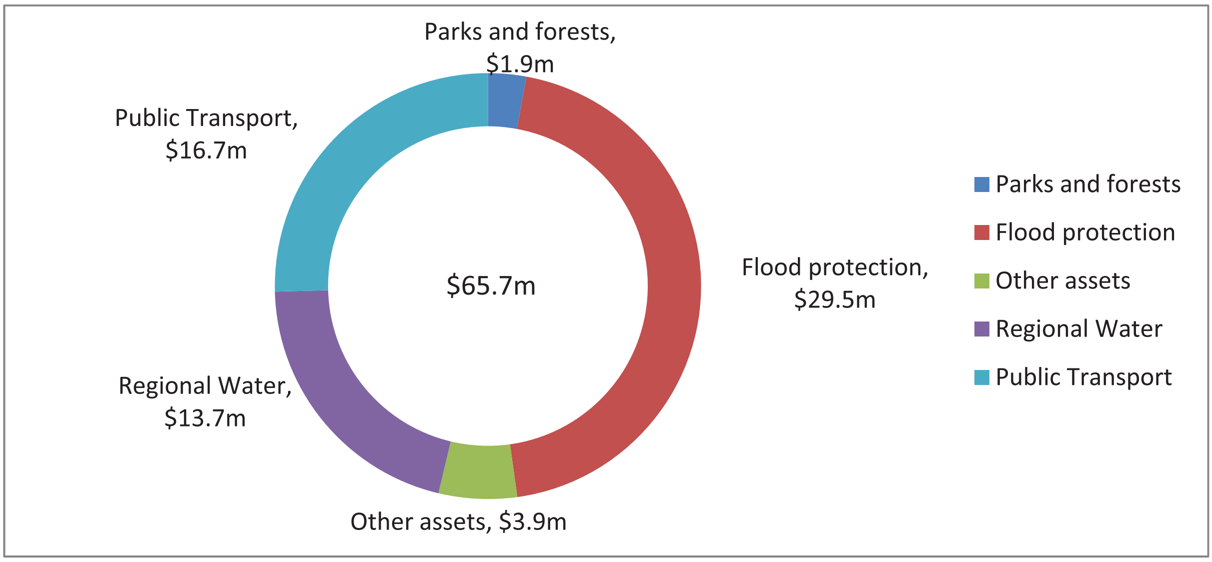
Financial Summary



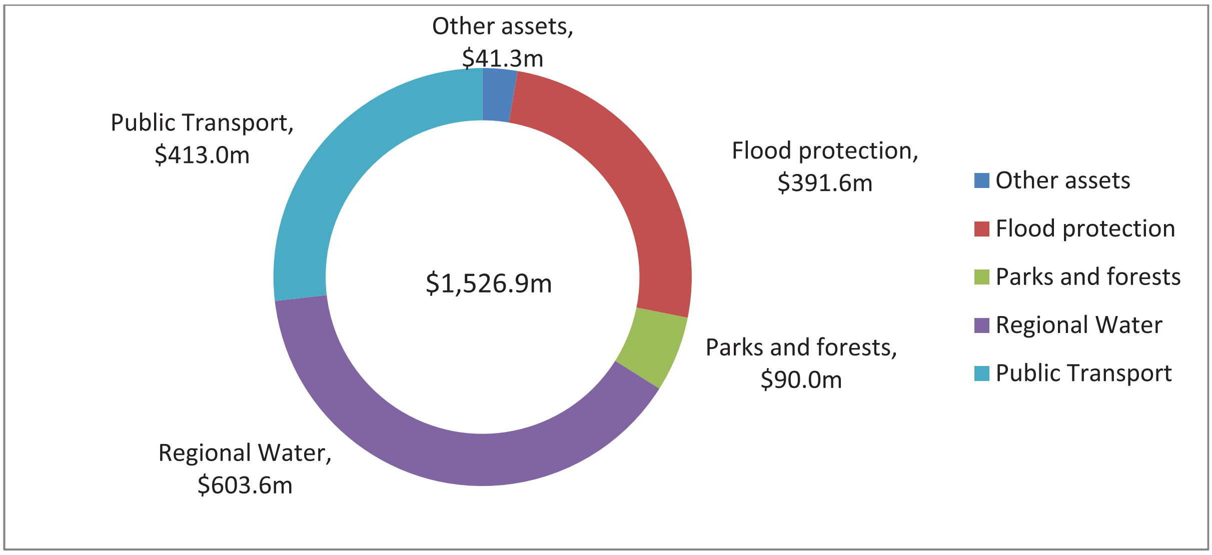
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include the water supply levy, fees, charges and investment income.



The above chart illustrates Greater Wellington's operational expenditure by strategic area outcomes.



Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection, water supply and parks and forests.



The above chart illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks and forests assets. Public transport includes $398.3m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary.

Akura Nursery – enhancing our local environment, one seedling at a time

On more than 42 hectares near Masterton, a small number of dedicated Greater Wellington staff at Akura Nursery work through the coldest months to provide over 280,000 seedlings, and 345,000 poplar and willow trees and seedlings to the region. These plants prevent erosion, enhance soil quality, protect our waterways, increase the region's biodiversity and sequester harmful carbon emissions.

The nursery was developed 33 years ago primarily so we could grow our own poplar and willow trees. This was to meet the demand from our land management teams, who work with farmers across the region to ensure soil quality and hillside erosion is controlled by planned plantings. Developing our own nursery allowed us to create a highly managed system that meets our specific needs. The trees also play a critical role in our flood protection work and riparian planting projects.

Across the 42 hectares are hundreds of planted rows, which accommodate about 20 varieties of poplar and willow trees. The trees are pruned, harvested, and bundled by contractors to prepare them for distribution. Each variety of tree is grown for a specific environment – coastal plantings, swampy land or hillside farms. Both the Akura staff and the land management advisors work hard to ensure that they are providing the right plant for the right spot.

The staff that tend Akura are justifiably proud of what they have achieved in the nursery. In 2007 a retail section was added, selling more than 50 species of native plants propagated from seeds and eco-sourced from across the Wairarapa, alongside fertilizer, spades and other equipment. With the increasing number of lifestyle blocks in the area, the retail side is becoming increasingly popular and customers appreciate the staff's sound advice.

Since the introduction of the retail section, the Akura Nursery has become one of the only nurseries of its kind. It doesn't require any ratepayer funding to provide the willow, and poplar trees for the land management work undertaken across the region. All revenue from retail sales is put back into the nursery to upgrade equipment and fund day-to-day operations.

Akura Nursery is a one-stop shop where you can get the plants and advice to allow those plants to thrive and protect our biodiversity for the future.

Ramaroa – bringing our rich Māori, European and natural heritage to life

The rich Māori, European and natural heritage of Queen Elizabeth Park is on display with the opening of the award-winning Ramaroa Heritage Centre at Mackays Crossing. Ramaroa comprises a large meeting room capable of seating 60 people. This space can be booked by community groups and other organisations for their own activities or to learn more about the park.

The name Ramaroa is Māori in origin with 'rama' meaning light and 'roa' meaning long. Ramaroa can be interpreted as eternal flame or guiding light, projecting a radiance that invites and connects the community and visitors to the park. Naming the building Ramaroa reaffirms the significance of an ancestral connection for the local iwi, Ngāti Toa Rangatira, Ngāti Haumia and Te Ātiawa ki Whakarongotai.

In addition to providing a name, the iwi were involved every step of the way towards its establishment. They provided a cultural impact assessment, set up archaeological protocols for artefacts found during excavation and cultural monitoring during earthworks, blessed the site before commencement, designed the kowhaiwhai panels and whakairo (carving), and led the dawn opening ceremony. The project and building represent our partnership with mana whenua in action.

When designing Ramaroa, architect Ben Gilpin drew inspiration from the park's rich and diverse history, from its lengthy Māori heritage as well as US Marines occupation during World War Two. The building, which has been recognised with two 2018 Wellington/Wairarapa Architectural Design Awards, a 2018 NZ Signs Award and the Window Association of NZ Design Award 2018, reflects this heritage.

It refers both to the traditional Māori wharenui and the tent structures from the Marine camp. Two separate gable buildings are linked by a gullwing roof. Ramaroa's central support posts are adorned with a Manaia guardianship figure, showing kaitiakitanga for our people, flora and fauna – the taonga of Queen Elizabeth Park. The roof, tilted walls and large decks reference both a traditional Māori 'wharenui' and military style tents used by US Marines who once occupied this area.

Biosecurity - innovation and working with local communities are the way forward

Smothering, strangling, displacing, infecting, browsing, killing. There are many ways pest plants and animals can seriously threaten the health of our native and productive plants and animals and, as a consequence, undermine our biodiversity and primary production. In the past year we've made great progress in using innovative methods, and exciting new equipment to improve our biodiversity through biosecurity measures.

In Te Ahumairangi Hill we're partnering with Wellington City Council to investigate the successful control of rat numbers *without* poison. This would not only save costs in servicing bait stations each year, but also would reduce the risk to other animals that aren't targets. The replacement bait of choice? Chocolate. Our biosecurity team has set up several self-setting traps with chocolate lures that are checked every three months.

The rodent numbers are being monitored by tracking tunnels – tubes with ink on the floor that show footprints. These are showing numbers remaining at low levels. The site also has chew cards with peanut butter smeared on them. These let us know what kind of pests are visiting by looking at bite marks left in the cards. They're being used at the Te Ahumairangi Hill to monitor possums, and so far none has been found thanks to the ongoing work around the rest of the town belt. The chew cards are used to great effect throughout the region to understand what pests we're dealing with.

Porirua Scenic Reserve is a beautiful example of lowland kohekohe podocarp and tawa podocarp forest that has been receiving a greater level of protection from our biosecurity staff. We're working with Porirua City Council to tackle several pests, including tradescantia, old man's beard, gorse, broom, possum, stoat, hedgehog, feral cat, rats~~,~~ and stock that occasionally find a hole in the fence. A total of 214 bait stations control possums and rats, and 31 traps are for stoats, all checked every three months. Since our work started in 1995, there has been a significant increase in birds such as tui and grey warbler, and self-introductions of kakariki and bell bird.

There are other areas where we are starting to see fantastic results after many years of work to control pest animals. A great example is the rook programme. Rooks are large black birds with glossy feathers that are native to Great Britain and Europe. They like to eat crop seedlings. This often means entire paddocks have to be re-sown. From 1985 to 1994, the number of rooks increased tenfold in our region. Since 1992 we've been working hard to bring numbers back down, and in the past 10 years they have decreased across the region by 86% as a result.

Our fleet of vehicles has also been updated with new technology. Our new whisper-quiet electric farm bikes are perfect for night shooting of possum, rabbits and hares as the team can almost silently cover ground. The new e-bikes are also very lightweight and able to manoeuvre on tight tracks, so it's possible to cover a much larger area than-bulky regular motorbikes. The e-bikes are also very environmentally friendly.

We are tackling these and many more biosecurity issues across the region by planning for the next 20 years with the proposed Regional Pest Management Plan 2019-2039. Submissions for the plan ended in July 2018. After public hearings late in 2018, the new plan is on track to be adopted in early 2019.

The Ruamāhanga Whaitua Committee – success through community engagement

The Ruamāhanga Whaitua Committee has worked with the community, scientists and leaders over the last four years studying the whaitua (water catchment area). The study is aimed at understanding whaitua characteristics, the pressures facing it, alongside the cultural, economic, and environmental values the community associate with its waterbodies, and management options appropriate to its unique waterways and communities.

The Whaitua committee members are appointed following a public submission period to form a group of local people tasked with recommending ways to maintain and improve the quality of our fresh water. The Ruamāhanga Whaitua Committee was established in December 2013, and is working to produce a Whaitua Implementation Programme (WIP). That programme will contain recommendations for the integrated management of land and water resources within the catchment and will be set out in GWRC's Natural Resources Plan.

During 2017/18, the committee finalised the full range of recommendations including acceptable limits of water usage for urban and rural users, these recommendations will go on to form their Whaitua Implementation Programme, which will be presented to Council in the first quarter of the next financial year. A Whaitua Implementation Programme describes the ways the community who live within the whaitua want to manage their water now and for future generations, through a range of integrated tools, policies and strategies.

When the recommendations from the Whaitua Implementation Programme are adopted these will be incorporated into our Natural Resources Plan.

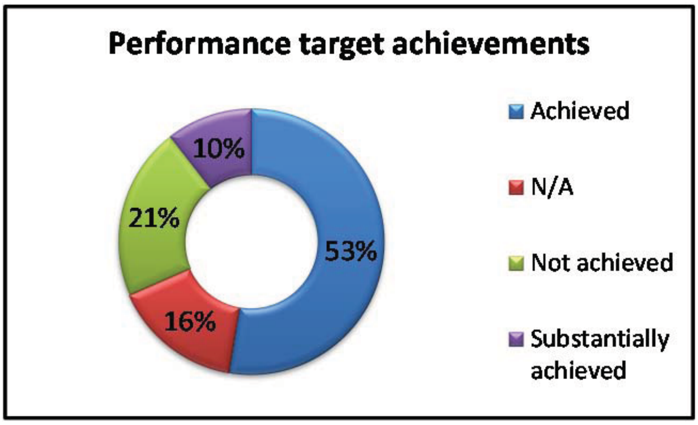
Getting to this stage has involved a truly connected community engagement effort. In April/May 2018, the Whaitua Committee went back to speak at community halls where they had met over the previous four years building the plan, to share with the community the draft recommendations. This was part of a long series of engagement sessions and knowledge gathering which had helped shape the Ruamāhanga Whaitua Implementation Programme.

The Ruamāhanga Whaitua Committee was the first committee to be established and reaching this point has shown us the benefits of this collaborative policy development and the confidence, trust and belief the Committee expressed in front of their peers. The credit for producing such a powerful and challenging document goes to the community-led process and ultimately the people of Wairarapa for supporting the committee.

Regional leadership

Our Regional Leadership activities focus on the things that really matter to our communities - providing for economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network, and a beautiful and healthy environment.

What we did:

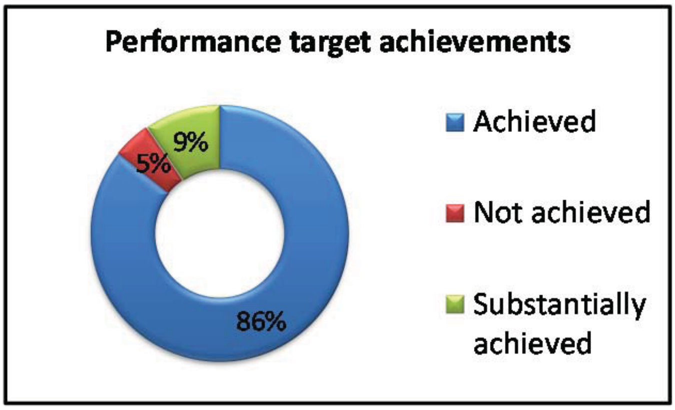


- Maori cultural heritage and values strongly reflected in the development of key strategic documents;
- Progressing the development of a Wellington Regional Investment Plan in partnership with other local agencies and central government;
- Completion of a review of the Regional Land Transport Plan which supports the funding decisions of central government for the region’s transport needs now and in the future, including Let’s Get Wellington Moving;
- Significant work by the Wellington Regional Emergency Management Office and partners to improve our response and resilience to emergency events in the region.

Public transport

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.

What we did:



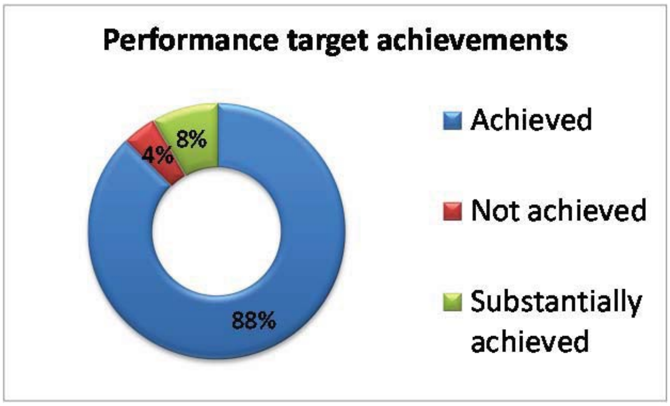
- Significant preparation for the roll-out of the new Metlink network transition.
- Integrated fares and ticketing to support the network roll-out using Snapper as an interim ticketing solution.
- A new fare structure was prepared for roll-out of the new network – 25% off-peak discount, 25% tertiary concession, 50% accessible concession and free bus transfers within a 30 minute window.
- Increased rail capacity on the Kapiti line.
- Additional park & ride facilities to cater for the ever growing number of commuters.
- Provided a subsidised taxi service for those members of the public unable to use buses or trains.

Water supply

Future proofing the region's bulk water supply to the four cities (Wellington, Hutt, Upper Hutt and Porirua) for the immediate future and for generations to come.

What we did:

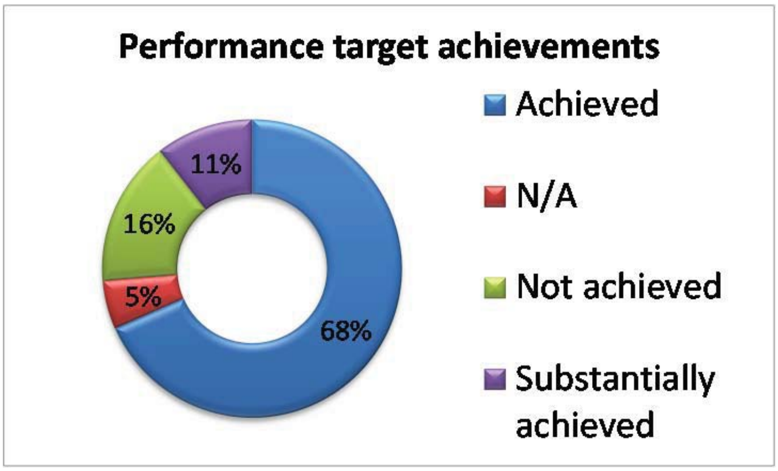
- Provided safe drinking water to the four cities.
- Undertook investigative work into options for an alternative water supply to Wellington – cross harbour pipeline or bores.
- The replacement value of the Water Supply assets increased to $1.151m, a 39% increase.
- Upgraded the Waterloo Water Treatment Plan to add ultraviolet (UV) light and chlorine disinfection to the treatment process in response to discovery of E. coli.



Environment

Greater Wellington is one of the entities who have a role in looking after our environment. We are a regulator and also a provider of services. We invest in environmental assets and services because they matter not only for the communities in our region but for all New Zealanders.

What we did:



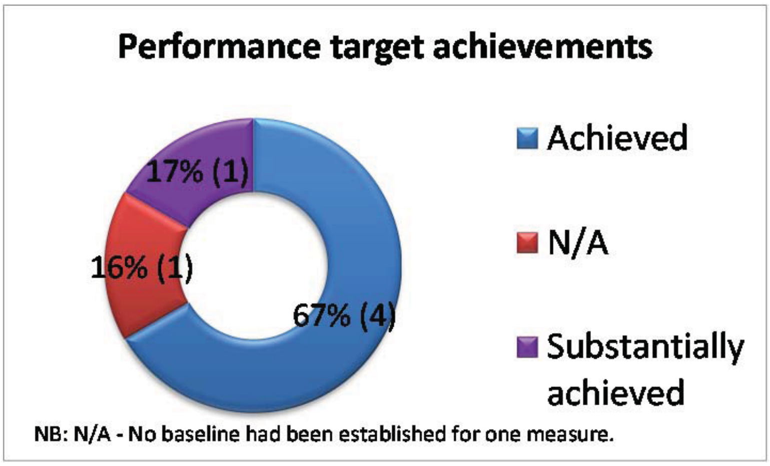
- Progressed the proposed Natural Resources Plan. The Plan is designed to integrate the Wellington Region's five existing regional plans – the Regional Coastal Plan, Regional Freshwater Plan, Regional Soil Plan, Regional Air Quality Management Plan and Regional Plan for Discharges to Land. Developed with others and through partnership with mana whenua, the proposed Plan recognises the relationship that Māori with ancestral claims to the region have with the region's natural and physical resources.
- We have worked with landowners to improve water quality and protect other sites of importance throughout the region, for example we worked with landowners to install fencing to exclude stock and planted poplar and willow poles to address issues of land erosion.
- Joined with Wellington City Council and the Next Foundation to be part of the Predator Free Wellington project.
- Continued to monitor air, water and soil quality in the region.

Parks

Greater Wellington's regional parks are a place for everyone to explore, learn about our 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.

What we did:



- We went out to the community with *Everything is Connected*, a discussion document on the Parks Network Plan seeking community feedback to inform our next plan.
- We signed a long term lease for Riding for Disabled at Battle Hill Farm Forest Park.
- A new "bike skills" area at Stratton Street, Belmont Regional Park, was opened – proving very popular with children and adults alike.
- We continued to maintain and improve the facilities available to the public, which is especially important given the continued growth in visitors and campers to our regional parks.
- We opened Ramaroa, a brand new facility at Queen Elizabeth Park. Read the full story on page xx.

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, wetlands and remnant forest plus a popular campground and site of one of the last battles between Māori and early colonial forces.

Belmont Regional Park*:* the open hills and forested valleys 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 Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and the film setting for "Rivendell" in the Lord of the Rings.

Pakuratahi Forest: home to the Rimutaka Rail Trail over restored railway bridges and through historic tunnels. Extensive horse riding and mountain biking trails near the popular Tunnel Gully and Mt Climie.

Queen Elizabeth Park: 638 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. Site of the historic Lower Dam, one of the first water supply dams for Wellington city.

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

As well as the parks 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 1 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.

Financial Statements

Summary statement of comprehensive revenue and expense for the year ended 30 June 2018	Greater Wellington			Greater Wellington Group	
	2018	2018	2017	2018	2017
	Actual	Budget	Actual	Actual	Actual
	$000s	$000s	$000s	$000s	$000s
Operational revenue	297,507	294,414	283,046	374,074	349,465
Finance costs	(19,843)	(19,921)	(16,477)	(32,170)	(27,039)
Operational Expenditure	(291,739)	(291,516)	(277,937)	(382,360)	(359,652)
Operational surplus / (deficit) for the year before transport improvements	**(14,075)**	**(17,023)**	**(11,368)**	**(40,456)**	**(37,226)**
Transport Improvement Grants and subsidies	16,406	23,905	13,419	16,406	13,419
Transport improvement expenditure	(1,262)	-	(1,056)	(1,262)	(1,056)
Net revenue / (expenditure) for transport improvements	**15,144**	**23,905**	**12,363**	**15,144**	**12,363**
Surplus / (deficit) for the year before tax and fair value gains / (losses)	**1,069**	**6,882**	**995**	**(25,312)**	**(24,862)**
Share of Equity accounted investments surplus / (deficit)	-	-	-	23,081	(18,569)
Fair value gains / (losses) in profit and loss	(8,684)	9,250	17,918	(881)	28,248
Earthquake related items	-	-	-	19,359	87,325
Tax on continuing operations	-	-	-	1,254	(10,884)
Surplus / (deficit) after tax	(7,615)	16,132	18,913	17,501	61,258
Other comprehensive revenue and expense					
Increases / (decreases) in revaluations	195,041	54,655	67,107	195,041	13,045
Fair value movements in other comprehensive revenue and expense	-	-	-		
Total comprehensive revenue and expense for the year	**187,426**	**70,787**	**86,020**	**212,542**	**74,303**
Attributed to:					
Non controlling interest				203,742	73,778
Equity holders of the parent				8,800	525
Total comprehensive revenue and expense for the year	**187,426**	**70,787**	**86,020**	**212,542**	**74,303**

Summary statement of changes in equity for the year ended 30 June 2018	Greater Wellington			Greater Wellington Group	
	2018	2018	2017	2018	2017
	Actual	Budget	Actual	Actual	Actual
	$000s	$000s	$000s	$000s	$000s
Equity - opening balance as at 1 July	919,986	880,067	833,966	1,175,160	1,101,023
Total comprehensive revenue and expense for the year	187,427	70,787	86,020	212,542	74,303
Dividend to non controlling interest	-	-	-	(462)	(162)
		-			
Closing equity at 30 June	**1,107,413**	**950,854**	**919,986**	**1,387,240**	**1,175,160**
Equity attributed to:					
Equity holders of the parent	1,107,413	950,854	919,986	1,333,129	1,129,389
Non controlling interests	-	-	-	54,111	45,771
Closing equity at 30 June	**1,107,413**	**950,854**	**919,986**	**1,387,240**	**1,175,160**

Summary statement of financial position	**Greater Wellington**			**Greater Wellington Group**	
As at 30 June 2018	**2018**	**2018**	**2017**	**2018**	**2017**
	Actual	**Budget**	**Actual**	**Actual**	**Actual**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Current assets	119,341	73,633	85,254	191,537	157,295
Non-current assets	1,454,132	1,300,078	1,243,288	1,848,456	1,638,547
Total assets	**1,573,473**	**1,373,711**	**1,328,542**	**2,039,993**	**1,795,842**
Current liabilities	144,820	192,857	143,039	177,220	149,389
Non-current liabilities	321,241	230,000	265,517	475,532	471,293
Total liabilities	**466,061**	**422,857**	**408,556**	**652,752**	**620,682**
Net Assets	**1,107,412**	**950,854**	**919,986**	**1,387,241**	**1,175,160**
Equity attributed to:					
Equity holders of the parent	1,107,413	950,854	919,986	1,333,129	1,129,389
Non controlling interests	-	-	-	54,111	45,771
Total equity	**1,107,412**	**950,854**	**919,986**	**1,387,240**	**1,175,160**

Summary statement of cashflows	**Greater Wellington**			**Greater Wellington Group**	
for the year ended 30 June 2018	**2018**	**2018**	**2017**	**2018**	**2017**
	Actual	**Budget**	**Actual**	**Actual**	**Actual**
	$000s	**$000s**	**$000s**	**$000s**	**$000s**
Cashflows from operating activities	18,102	25,046	33,525	24,864	22,547
Cashflows from investing activities	(65,296)	(81,316)	(48,579)	(55,540)	27,759
Cashflows from financing activities	52,156	60,288	13,119	33,694	(53,013)
Net increase / (decrease) in cash, cash equivalents	**4,962**	**4,018**	**(1,935)**	**3,018**	**(2,707)**
Opening cash equivalents	346	17,300	2,281	567	3,274
Closing cash equivalents	**5,308**	**21,318**	**346**	**3,585**	**567**

Explanations to financial variances from budget

1. **Operational revenue**
   The operational revenue is higher mainly due to additional rail fare revenue, external contribution to National Ticketing Programme, interest revenue and a one-off earthquake insurance payout, partially offset by lower rates revenue and NZTA grants and subsidies.

2. **Operational expenditure and Finance costs**
   The operational expenditure and finance costs are in line with the budget.

3. **Transport improvements grants and subsidies**
   Transport improvements revenue is significantly lower than budget due to lower claimable costs for key transport programs and projects.

4. **Fair value**
   Fair value is significantly unfavourable to budget due to a decrease in the fair value of the swaps from declining market interest rates and write-down of the Wellington Regional Stadium Trust advance.

5. **Total assets**
   The total assets have increased mainly due to the revaluation of water supply and parks infrastructure, investments in water quality, Riverlink and key transport projects.

6. **Total liabilities**
   The total liabilities are higher due to an unfavorable fair value movement for derivative.

7. **Cash flow**
   Overall cash and cash equivalents are significantly lower than budget due to a lower opening cash position which reflects the change on investment portfolio to a longer term.

Refer to the annual report for the detailed explanations to financial variances from budget.

Audit Report

For more information, please contact Greater Wellington:

Wellington office	Masterton office	www.gw.govt.nz	
PO Box 11646	PO Box 41	info@gw.govt.nz	
Wellington 6142	Masterton 5840		
T 04 384 5708	T 06 378 2484	**Facebook**	**October 2018**
F 04 385 6960	F 06 378 2146	**Twitter**	GW/CP

7

Report	**18.475**
Date	18 October 2018
File	CCAB-22-407

Committee	**Finance, Risk and Assurance Committee**
Author	**Mark Ford, Finance Manager**

Summary of financial statements to 30 September 2018

1. Purpose

For the Committee to receive the summary performance report for the three months to 30 September 2018 and also an updated full year forecast to 30 June 2019.

2. Background

This report provides a review of the financial performance of GWRC activities for the relevant period (**Attachment 1**).

Overall, GWRC is in a favourable financial position against budget for the year-to-date position, and currently marginally over budget for the full year forecast.

2.1 Full year forecast

Forecast operating surplus (before capital grants and fair value changes) is **$1.4m favourable to budget**. The variance is driven by savings in the trolley bus decommissioning project, rail and bus operating costs and additional interest earned from the prefunding of debt. This is offset by PTTP transformation costs as well as Natural Resources plan hearing and Whaitua implementation costs.

Capital expenditure is forecast to be **$2.5m favourable to budget** due to the timing on rolling stock, depot shunt, lower spend on station renewals and upgrades and the timing of the Ngauranga Reservoir strengthening and Cross Harbour Pipeline project. This is partially offset by the timing of bus hub spend between 2018 and 2019, Omnibus and Interim Bus Ticketing solution.

2.2 Year to 30 September 2018

Actual operating performance (before capital grants and fair value changes) is **$3.6m favourable to budget**. The variance relates partially to lower trolley bus decommissioning costs as well as timing on activity across all groups other than Investment Management. Capital expenditure is **$10.4m favourable to budget** primarily due to timing on Public Transport related projects with small timing variations in Catchment, Environment, and Corporate Services.

3. Communication

There is no communication required.

4. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

4.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

4.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

5. The decision-making process and significance

No decision is being sought in this report.

6. Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Committee:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:	Report approved by:
Mark Ford Finance Manager	**Dave Humm** Chief Financial Officer	**Samantha Gain** General Manager Corporate Services (Acting)

Attachment 1: Financial Summary

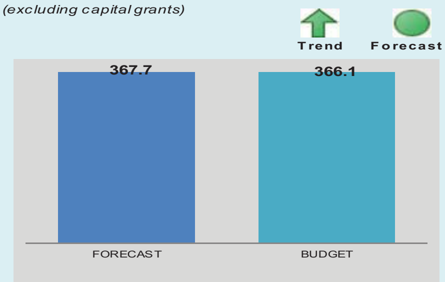
Council Financial Summary – Full Year Forecast vs Budget

OPERATING SURPLUS

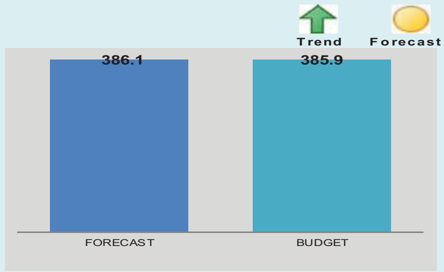
-$18.4m

$1.4m Favourable

OPERATING REVENUE ($m)
(excluding capital grants)



OPERATING EXPENDITURE ($m)

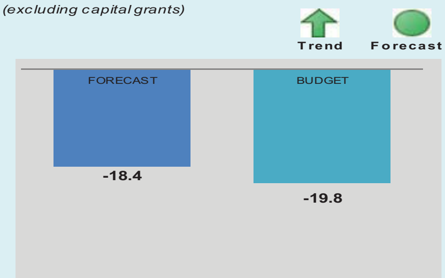


CAPITAL EXPENDITURE - NET

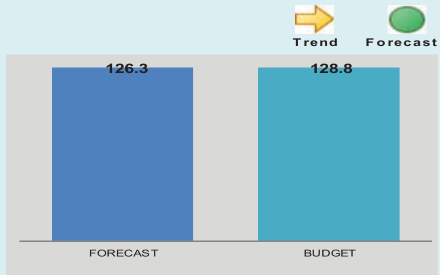
$126.3m

$2.5m Favourable

OPERATING SURPLUS/(DEFICIT)
(excluding capital grants)

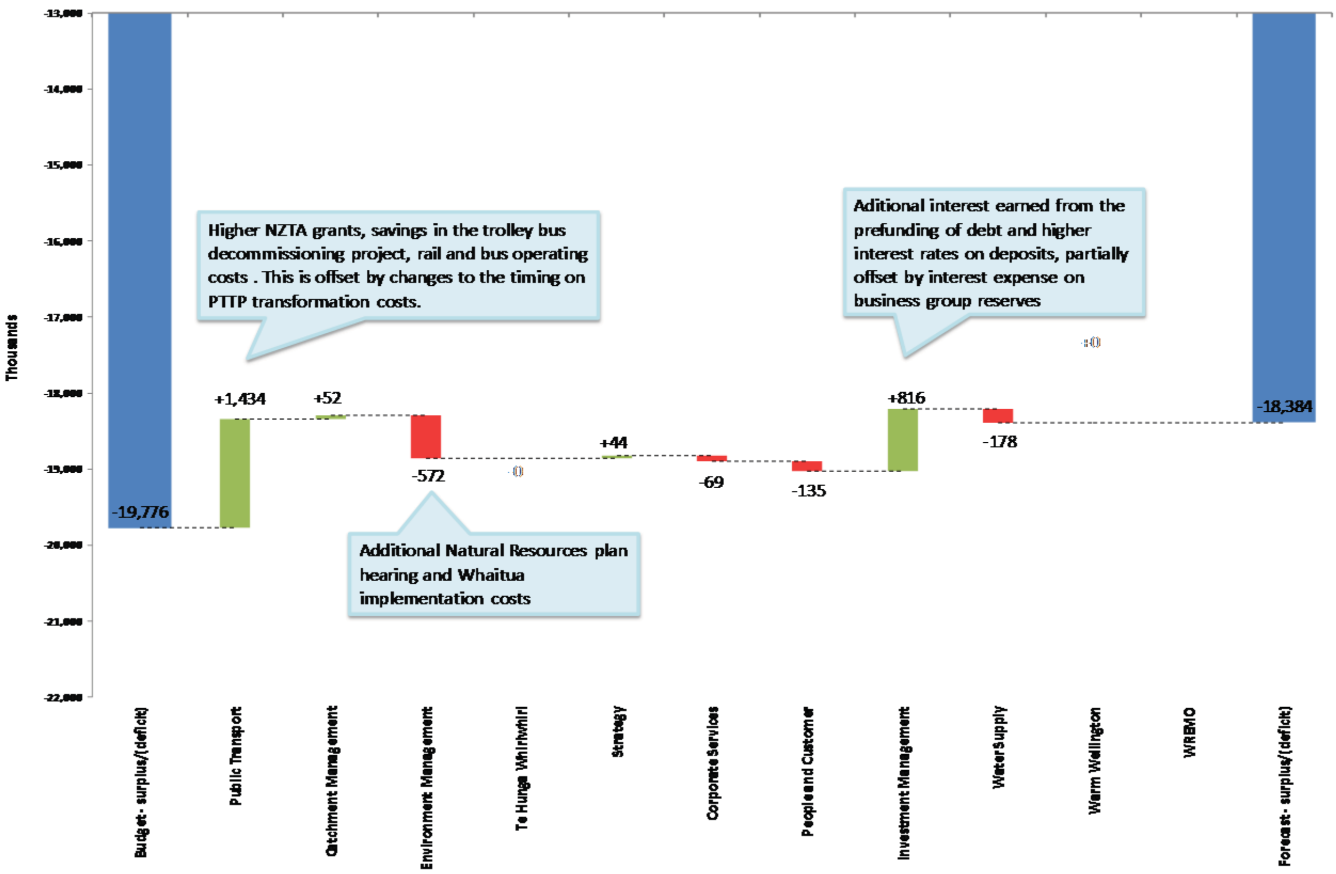


CAPITAL EXPENDITURE - NET ($m)



Operating Surplus/(Deficit): Budget v. Forecast (full year)

(numbers exclude Capex revenue)



Council Summary

Forecast operating surplus (before capital grants and fair value changes) is $1.4m favourable to budget. The variance is driven by savings in the trolley bus decommissioning project, rail and bus operating costs and additional interest earned from the prefunding of debt. This is offset by changes to PTTP transformation costs as well as Natural Resources plan hearing and Whaitua implementation costs.

Full Year by Business Group

Operating Revenue: $1.6m Favourable

Public Transport is $0.5m favourable to forecast due to higher NZTA grants ($0.5m). Overall Public Transport revenue is forecast to be in line with budget, which is effectively $1.3m favourable due to bus revenue under new PTOM contract commencing 15 days later than budgeted.

Catchment is $0.2m unfavourable to forecast due to revised RiverLink rent revenue ($0.3m), offset by NZTA contributions to the Peka Peka to Ōtaki expressway ($0.1m).

Water Supply is $0.2m favourable to forecast due to higher contingency reserve interest revenue.

Investment Management is $1.1m favourable to forecast reflecting additional interest earned from the prefunding of debt and higher interest rates on deposits.

Operating Expenditure $0.2m Unfavourable

Public Transport is $0.9m favourable to forecast due to savings in the trolley bus decommissioning project ($1.5m), bus operating costs ($0.7m) and lower rail operating contract costs ($1.3m). This is partially offset by timing and changes to PTTP transformation costs ($2.3m)

Catchment is $0.3m favourable to forecast mostly due to the timing of the Riparian programme ($0.4m)
Environment is $0.6m unfavourable to forecast due to additional Natural Resources plan hearing ($0.5m) and Whaitua implementation costs ($0.1m).
Water Supply is $0.3m unfavourable to forecast due to the timing of capital resource cost recoveries driven by the low capital spend noted below.

Investment Management is $0.3m unfavourable to forecast due to the increased interest expense on the prefunding of debt and reserve for other business groups.

Capital Expenditure $2.5m Favourable

Public Transport is $1.0m unfavourable to forecast due to the timing on bus hubs spend between 2018 and 2019 ($5.4m) as well as an overall increase related to the extended implementation, Omnibus, Interim Bus Ticketing Solution, and other transition related assets ($1.6m). This is partially offset by the timing on rolling stock and depot shunt and lower spend on station renewals and upgrades ($6m).

Catchment is $0.5m favourable to forecast due to the timing of the Lower Wairarapa Valley Development stopbank upgrade.

Investment Management is $0.5m unfavourable to forecast due to Vivian Street and Masterton departmental building fit out costs.
Water Supply is $3.5m favourable to forecast due to the timing of the Ngauranga reservoir strengthening ($2.5m) and Cross Harbour Pipeline project ($1m).

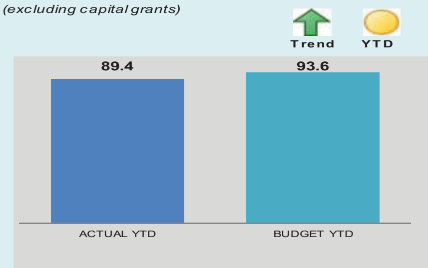
Council Financial Summary – Actual vs Budget - 30 September 2018

OPERATING SURPLUS

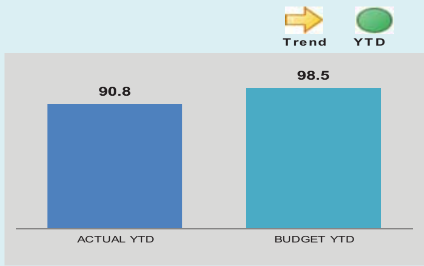
-$1.4m

$3.6m Favourable YTD

OPERATING REVENUE ($m)
(excluding capital grants)



OPERATING EXPENDITURE ($m)

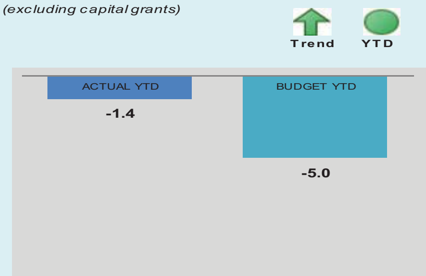


CAPITAL EXPENDITURE - NET

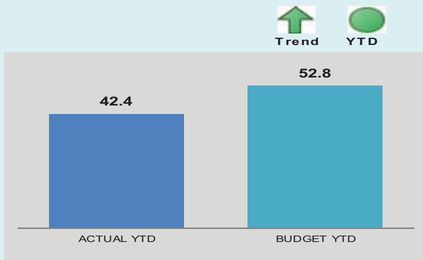
$42.4m

$10.4m Favourable YTD

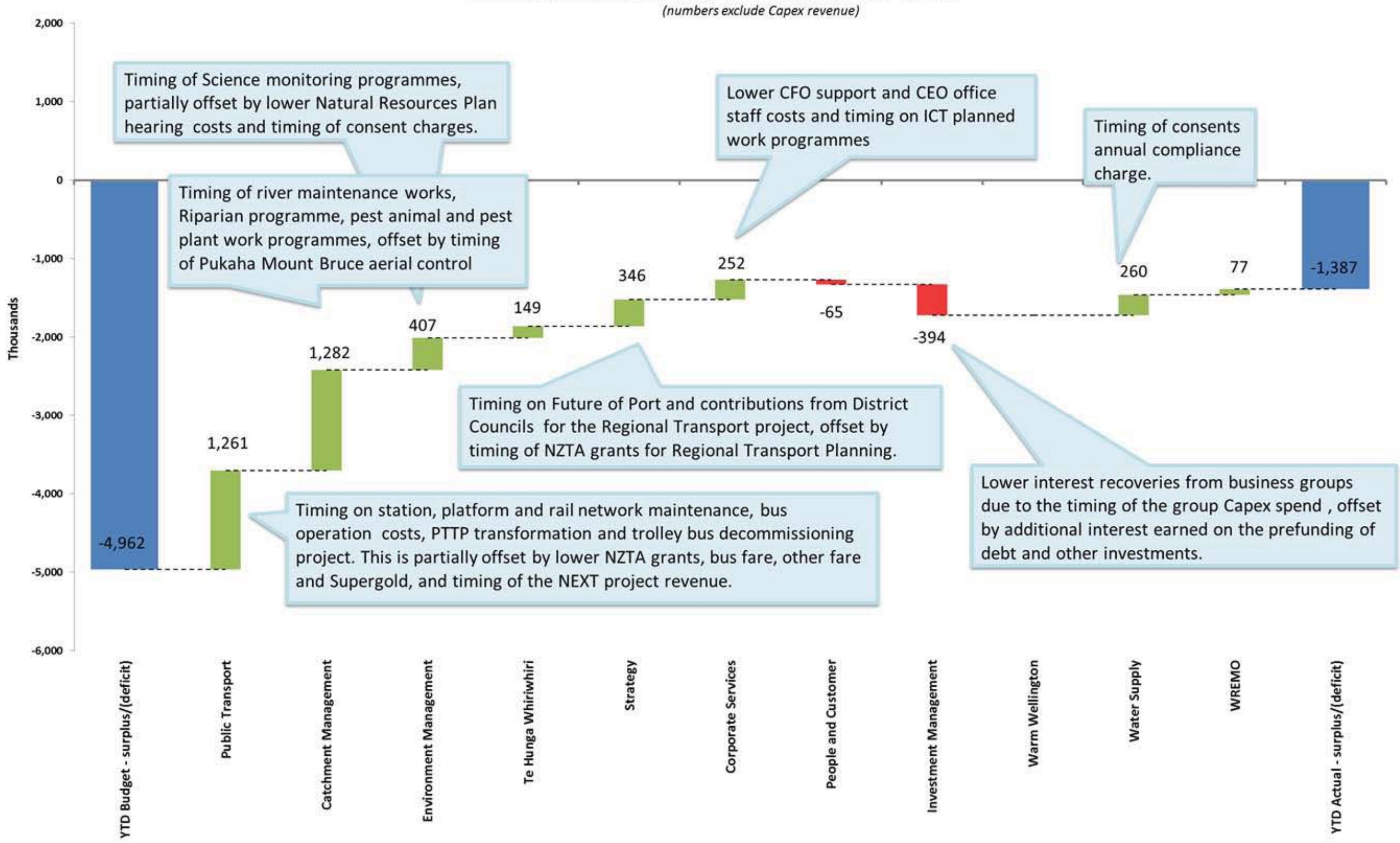
OPERATING SURPLUS /(DEFICIT)
(excluding capital grants)



CAPITAL EXPENDITURE - NET ($m)



Operating Surplus/(Deficit): YTD Budget v. YTD Actual
(numbers exclude Capex revenue)



Council Summary

Actual operating performance (before capital grants and fair value changes) is $3.6m favourable to budget. The variance relates partially to lower trolley bus decommissioning costs as well as timing on activity across all groups other than Investment Management.

YTD by Business Group

Operating Revenue: $4.2m Unfavourable

Public Transport is $3.7m unfavourable to budget due lower NZTA grants ($1.4m), bus fare revenue commencing later than budgeted ($1.3m), other fare and super gold ($0.3m) and timing of revenue for the NEXT (integrated ticketing) project ($0.4m), and bus advertising revenue ($0.2m).

Catchment is $0.2m unfavourable to budget due to the timing of Intensive Farm Planning revenue ($0.2m) and Pukaha Mount Bruce aerial control for the Department of Conservation ($0.1m), offset by the timing of Riverbank carpark rent and NZTA contribution to the Peka Peka to Ōtaki expressway ($0.1m).

Environment is $0.2m unfavourable to budget reflecting timing of consent processing and charges.

Strategy is $0.4m unfavourable to budget due to the timing of NZTA grants on claimable costs for Sustainable Transport and Regional Transport Planning.

Investment Management is $0.4m favourable to budget reflecting additional interest earned from the prefunding of debt and other investments due to higher interest rates.

Operating Expenditure $7.7m Favourable

Public Transport is $5.0m favourable to budget reflecting lower trolley bus decommissioning costs ($1.2m), lower bus operation costs mostly due to later commencement of PTOM than budgeted ($1.3m), timing on station, platform and rail network maintenance ($0.8m), timing on PTTP transformation ($0.5m) and on Project NEXT ($0.6m) and depreciation and finance costs ($0.5m).

Catchment is $1.5m favourable to budget reflecting timing of river maintenance works ($0.6m), Riparian and Intensive Farm Planning programmes ($0.6m) and establishment of pest animal and pest plant work programmes ($0.2m).

Environment is $0.6m favourable to budget due to the timing of Science monitoring programmes ($0.3m) and consent processing costs ($0.5m), partially offset by Natural Resources Plan hearing costs ($0.2m).

Strategy is $0.8m favourable to budget reflecting lower staff costs, timing of Future of Port project and contributions from District Councils for the Regional Transport project, partially offset by timing of costs for Sustainable Transport.

Corporate Services is $0.4m favourable to budget mainly due to lower staff costs in CFO support and CEO office and timing on ICT planned work programmes.

Water Supply is $0.2m favourable to budget due to the timing of consents annual compliance charge.

Investment Management is $0.8m unfavourable to budget reflecting lower interest recoveries from business groups due to the timing of the group Capex spend and additional interest expense from the prefunding of debt.

Capital Expenditure $10.4m Favourable

Public Transport is $9.0m favourable to budget reflecting timing on Waterloo depot land ($2.3m), Matangi 2 driver simulator ($1.5m), rolling stock and depot shunt ($1.2m), bus hubs ($1.1m), on-board systems ($0.6m), lower spend on station renewals and upgrades ($1.7m) and Matangi trains heavy maintenance ($1.6m).

Catchment is $0.4m favourable to budget due to the timing of Hutt, Kapiti and Wairarapa minor projects and contributions from Upper Hutt City Council for the Pinehaven stream upgrade ($0.5m), partially offset by tractor replacement costs.

Environment is $0.5m favourable to budget due to the timing of the Wellington-Hutt Whaitua Collaborative Modelling ($0.4m) and various park projects ($0.1m).

Corporate Services is $0.4m favourable to budget reflecting timing of ICT planned work programmes due to the prioritisation of PTOM programmes.

Council Financial Summary ('000s)

Statement of Revenue and Expense by Business Group - Forecast vs Budget

	FULL YEAR			FULL YEAR			FULL YEAR		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
$000	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**
Group									
Public Transport	242,117	241,612	505	239,786	240,715	929	2,331	897	1,434
Catchment Management	40,083	40,293	210	30,910	31,172	262	9,173	9,121	52
Environment Management	31,723	31,723	0	26,900	26,328	572	4,824	5,396	572
Te Hunga Whiriwhiri	1,330	1,330	0	1,192	1,192	0	138	138	0
Strategy	13,317	13,329	12	14,174	14,229	56	(856)	(900)	44
Corporate Services	2,137	2,137	0	19,458	19,388	69	(17,321)	(17,252)	69
People and Customer	195	180	15	9,526	9,376	150	(9,330)	(9,195)	135
Investment Management	(4,868)	(6,003)	1,135	(3,732)	(4,051)	320	(1,137)	(1,952)	816
Water Supply	34,458	34,308	150	40,978	40,651	328	(6,520)	(6,342)	178
Warm Wellington	3,237	3,237	0	3,237	3,237	0	0	0	0
WREMO	3,999	3,999	0	3,684	3,684	0	314	314	0
TOTAL	**367,728**	**366,145**	**1,583**	**386,112**	**385,921**	**191**	**(18,384)**	**(19,776)**	**1,392**

Statement of Revenue and Expense by Business Group - Actual vs Budget

	YEAR TO DATE			YEAR TO DATE			YEAR TO DATE		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
$000	**Actual YTD**	**Budget YTD**	**Variance**	**Actual YTD**	**Budget YTD**	**Variance**	**Actual YTD**	**Budget YTD**	**Variance**
Group									
Public Transport	58,110	61,845	3,735	56,780	61,775	4,996	1,330	70	1,261
Catchment Management	10,575	10,760	185	7,258	8,726	1,468	3,317	2,034	1,282
Environment Management	7,991	8,219	228	5,785	6,420	635	2,207	1,799	407
Te Hunga Whiriwhiri	333	333	1	146	295	148	187	38	149
Strategy	2,913	3,332	420	2,449	3,215	766	463	117	346
Corporate Services	407	534	127	4,395	4,774	379	(3,988)	(4,240)	252
People and Customer	53	45	7	2,414	2,342	72	(2,362)	(2,297)	65
Investment Management	(1,483)	(1,912)	429	(154)	(977)	823	(1,329)	(936)	394
Water Supply	8,628	8,589	39	10,001	10,221	220	(1,373)	(1,632)	260
Warm Wellington	877	809	68	877	809	68	(0)	0	0
WREMO	985	1,000	15	824	916	91	161	84	77
TOTAL	**89,388**	**93,553**	**4,165**	**90,775**	**98,516**	**7,740**	**(1,387)**	**(4,962)**	**3,575**

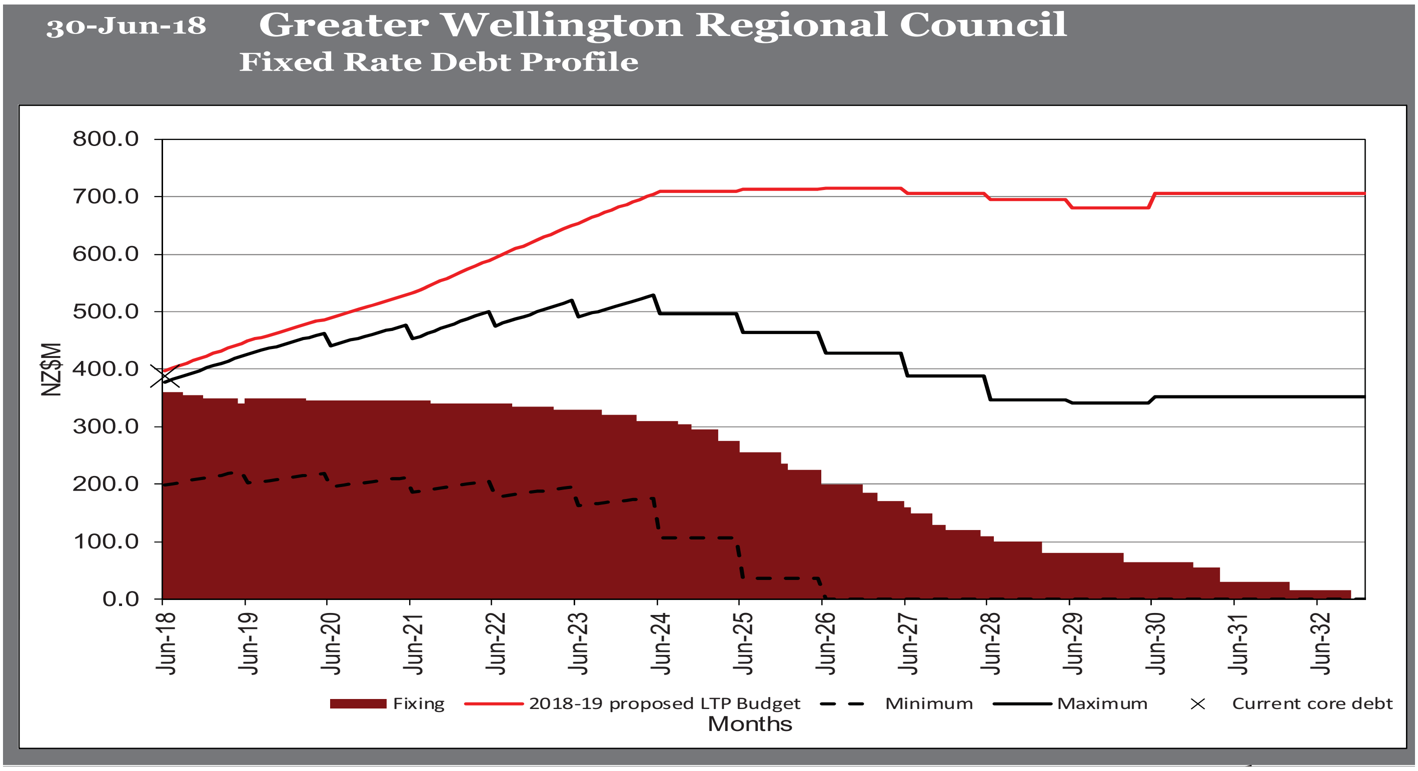
Capital Expenditure by Business Group

	YEAR TO DATE			FULL YEAR		
$000	**Actual YTD**	**Budget YTD**	**Variance**	**Forecast**	**Total Budget**	**Variance**
Group						
Public Transport (incl investment)	35,003	44,019	9,015	77,700	76,785	915
Catchment Management	3,428	3,846	418	17,725	18,203	478
Environment Management	185	677	492	6,839	6,839	0
Strategy	42	225	183	915	915	0
Corporate Services	1,166	1,520	354	10,563	10,433	130
People and Customer	27	15	12	700	700	0
Investment Management	169	120	49	705	250	455
Water Supply	2,413	2,401	12	11,145	14,645	3,500
TOTAL	**42,433**	**52,822**	**10,389**	**126,292**	**128,770**	**2,478**

Compliance with Treasury Risk Management Policy

Total Council Limit Compliance Analysis		Compliant Yes	Compliant No	actual %
Debt Interest Rate Policy Parameters				
Current	50% - 95%	✓		88%
year 1	45% - 95%	✓		78%
year 2	40% - 90%	✓		70%
year 3	35% - 85%	✓		65%
year 4	30% - 80%	✓		57%
year 5	25% - 75%	✓		50%
year 6	15% - 70%	✓		44%
year 7	5% - 65%	✓		36%
year 8	0% - 60%	✓		28%
year 9	0% - 55%	✓		23%
year 10	0% - 50%	✓		16%
year 11	0% - 45%	✓		12%
year 12	0% - 40%	✓		9%
year 13	0% - 35%	✓		4%
year 14	0% - 30%	✓		2%
year 15	0% - 25%	✓		0%
The maturity of total external debt less liquid financial investments to fall within the following timebands				
0 - 3 years	15% - 60%	✓		33%
3 - 5 years	15% - 60%	✓		27%
> 5 years	10% - 60%	✓		40%

		Compliant Yes	Compliant No	actual %
Countreparty credit exposure with New Zealand registerd banks which have a credit rating of at least A-, long term, and A2 short term		✓		
Other counterparty exposure within policy limits		✓		
Maximum counterparty exposure with a NZ registered bank is within $86 million limit		✓		
The repricing of liquid financial investments are to occur within the following timebands				
0 -1 year	40% - 100%	✓		93%
1 - 3 years	0% - 60%	✓		0%
3 - 5 years	0% - 40%	✓		7%
5 -10 years	0% - 20%	✓		0%
Core Council External Borrowing Limits - Ratios				
Net Debt / Total Revenue < 250%		✓		95.2%
Net interest / Total Revenue < 20%		✓		5.0%
Net interest / Annual rates and levies < 30%		✓		10.2%
Liquidity > 110%		✓		115%



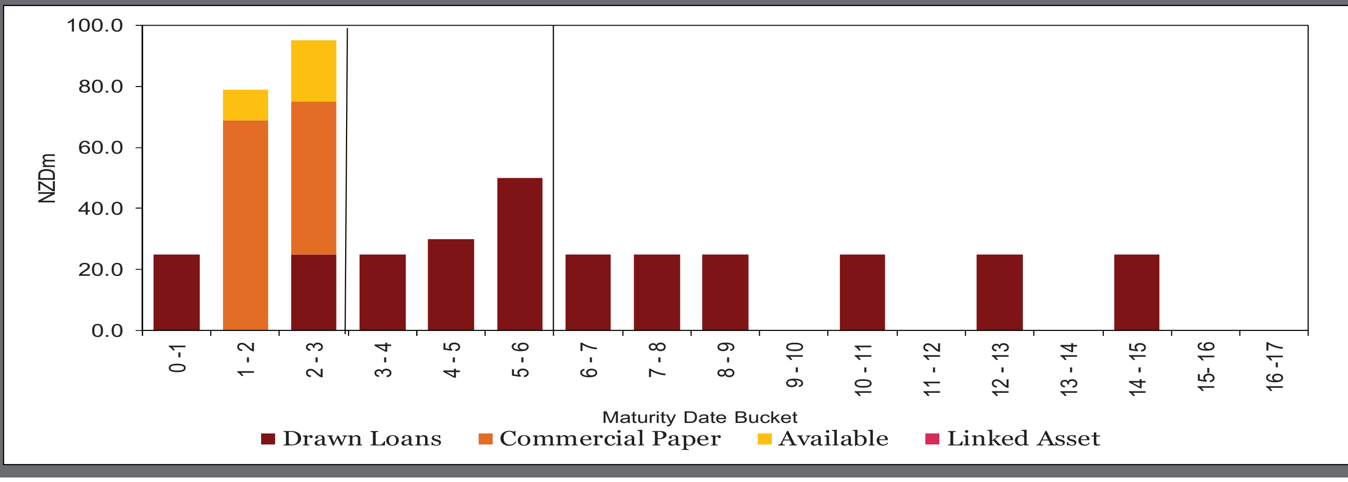
30-Jun-18

Greater Wellington Regional Council
Funding Maturity Chart

Committed Loan/Stock/Facilities $454m
12 month debt forecast $448.9m
Current Core Debt $388.7m

Policy Liquidity Ratio >= 110%
Current Liquidity Ratio 115%

0 - 3 years	3 - 6 years	6 years plus
15%-60%	15%-60%	10%-60%
44%	23%	33%



Report	**18.430**
Date	10 September 2018
File	CCAB-22-391
Committee	**Finance, Risk and Assurance Committee**
Author	**Mike Timmer, Treasurer**

Fossil Fuel Divestment

1. Purpose

This report provides the feedback we have received from banks in relation to our letter to them in relation to fossil fuel divestment. Our letter highlighted our policy on fossil fuels and sought their comments in relation to reducing risk associated with their financial involvement with fossil fuels and their bank's policy around it.

2. Background

The Council Chair wrote to the Chief Executives of following intuitions on 5th July 2018:

- Westpac
- KiwiBank
- Commonwealth Bank of Australia
- National Australia Bank
- Local Government Funding Agency
- ANZ Banking Group

A copy of the letter which is generic is appended as **Attachment 1.**

We received back responses from all the intuitions. These are appended as **Attachment 2-7.**

3. Comment

I have summarised below the general comments received from them and where references have been given attempted to provide pertinent comments and summaries in relation to those documents.

There is a whole host of information available from the Australian banks and the inserted links in each section provide further information if required.

Westpac

Answered by the New Zealand CEO.

Westpac are very committed to fossil fuel reduction. They have a Climate Change Position Statement and 2020 Action plan. These can be found here:

https://www.westpac.com.au/about-westpac/sustainability/our-strategy/

The plan has an Environmental, Social and Governance Risk (ESG) element and has 5 core principles underlying their approach (page 5) to addressing climate change.

1. A transition to net zero emission economy is required
2. Economic growth and emissions reductions are complementary goals.
3. Addressing climate change creates financial opportunities
4. Climate related risk is a financial risk
5. Transparency and disclosure matters.

This is backed by an action plan:

1. Provide finance to back climate change solutions
2. Support businesses that manage their climate related risks
3. Help individual customers respond to climate change
4. Improve and disclose climate change performance
5. Advocate for policies that stimulate investment in climate change solutions

Westpac have committed to reduce lending to Coal mining over time and recognise that a reduction of emission intensity of electricity networks (thermal generation) is critical for the economy to reach zero net emissions over time.

They want to support businesses that manage climate change via financing climate change solutions. They are very progressive at supporting and actively engaging and promoting lower emissions, as well climate change initiatives.

Westpac claim to be the only bank who publishes their lending exposures.

This year Westpac was recognised via the Dow Jones Sustainability Index as the world's most sustainable bank for the fourth year in a row. This is all about ESG and incorporates of course an element of climate change as part of the environmental section.

KiwiBank

Answered by the CEO.

Has no investment in or lending to fossil fuel manufacturing and production companies. Kiwibank is developing policy on their ESG approach.

Commonwealth Bank Australia (CBA)

Answered by the CEO's delegate.

Commonwealth Bank referred us to their Annual report which includes an update on the Groups climate stance. It can be found here;

https://www.commbank.com.au/about-us/investors/annual-reports.html?ei=gsa_generic_annual-report

- Looking at the report on page 48 they have a plan which has a phased approach to developing policy, completed pre 2018 and then a plan over the next two years. Their works also focus on how climate change impacts on their business in terms of risk to their lending portfolio.

- They have a section on Environment Social Governance (ESG) on page 40 which includes commentary on transitioning to a low carbon economy, investing in renewable energy resources. There is also a comment that the bank has made good progress on reducing energy and subsequent emissions measured by tonnes of Co_2 per FTE.

- The information we have been directed to is much less than the other banks have provided, other than KiwiBank, who have no exposures.

Interesting to note but unrelated that the bank ran afoul of the Australian Prudential Regulation Authority's (APRA) reporting requirement regarding a number of financial practices and inadequate risk management practices at the bank that shook the foundations of culture and Governance at CBA. CBA now have to hold $1 billion extra of capital.

National Australia Bank (NAB)

Answered by the CEO's delegate.

National Australia Bank is supportive of the transition to a low carbon economy consistent with the Paris agreement to limit global warming to less than 2 degrees above pre-industrial levels.

Their approach has been to increase environmental financing to support large scale renewable energy projects, like electricity from renewable sources, wind generation with committed targets. See Sustainability report discussed below.

The bank commenced a phased review of the banks risk appetite for carbon intensive, low carbon and climate sensitive sectors, notably areas being coal mining, oil/gas, and agriculture. They have indicated they will support existing customer across mining and energy, but they will no longer support new coal mining projects.

The bank has signed a Climate Related Financial Disclosures statement to support its voluntary recommendations.

Furthermore they produced an 84 page report on Sustainability in 2017. This report can be found here:

https://www.nab.com.au/about-us/corporate-responsibility/environment

The report like CBA's looks at the wider gambit of risk management and sustainability, with the report having a focus ESG and Risk Management principles.

- Page 22 of the report is telling in that lending to fossil fuel industries is not reducing.
- Page 64 of the report has some interesting facts on environmental impacts which all show improving trends and
- Page 65 sets in place performance targets to reduce impacts further.

ANZ Bank

Answered by the NZ CEO.

Supportive of low carbon future and support the broad intention for Parliament's Zero Carbon Bill.

The bank sees its role as encouraging, funding and facilitating its customers to transition to low carbon economy.

They have produced a Climate Change statement which is can be found here:

http://www.anz.com/about-us/corporate-sustainability/governance-risk/climate-change/

- Points of note are that they will fund and facilitate at least $10 billion (revised up to $15 billion as per their letter) of support to their customers to transition to low carbon economy via a number of initiatives.
- However they will consider financing new coal fired plants if they use new technology (as opposed to conventional technology) and high quality thermal coal to significantly reduce emissions.
- The bank is setting public targets to hold the bank accountable to lower its own green house gas emissions.

Their Corporate sustainability review is part of their annual report suite of documents and can be found here:

http://shareholder.anz.com/sites/default/files/anz_2017_corporate_sustainability_review.pdf

It is similar in many ways to that of CBA. It follows the framework of the Global Report Initiative (GRI) and is basically an ESG approach.

- Report has a section on Financed Emissions page 65 which tabulates the reduction of Co_2 e per MWh of electricity generated in Australia v the rest of the world. Notable this is not ANZ bank specific. However they do show their lending by sector and related emissions page 66.
- They have been active in the Green Bond issuance area for their clients and have issued a $600 million Green Bond in their name to fund in part their renewable energy projects for their clients.

- They have focused at reducing their Green House Gas (GHG) emissions from their banking premises via reduced energy usage.

- They have a number of measures that look at a whole host of environmental factors which include carbon related reduction areas. These are all reducing however Diesel and Vehicle fuel are going in the opposite direction. See pages 79-80 in the Environment section.

LGFA

Answered by the CEO.

They explain that their investments have no involvement in fossil fuel extraction activities. The CEO notes however that two if its supranational bond investments promote loans on Environment, Social and Governance ("ESG") factors.

LGFA remains very protective of its reputation and believes that any investment in such activities could damage its reputation.

High level summary

Bank / institution	Direct fossil fuel investment?	Indirect investment?	Further action required?
Westpac	Yes	Yes, probably	Monitor for reduction
KiwiBank	No	No	Watching brief annual update
CBA-ASB Bank in NZ	Yes	Yes probably	Monitor for reduction
NAB-BNZ in NZ	Yes	Yes, probably	Monitor for reduction
LGFA	No	No	Watching brief annual update
ANZ Banking Group	Yes	Yes, probably	Monitor for reduction

4. Conclusion

There are two organisations which have no fossil fuel investments or indirect investments.

The Australian banks are all doing something in the space of improving their reporting and have measures and an ESG framework which monitors amongst other things and reports on their carbon footprint, and to varying degrees seeks to reduce their lending to coal mining and carbon emitting ventures.

The focus of the banks has been to reduce their own Co_2 footprint and particularly where there is a profit motive e.g. reduce power consumption. They also are encouraging projects which replace Co_2 emissions (wind generation, solar power) by providing finance which is logical however the profit focus (e.g: still providing funding for high technology electricity from coal) still appears to be ahead of the need to reduce Co_2 emissions.

It would appear reducing their lending to Co_2 emitting industries abruptly is not on their agendas.

Therefore we should continue to monitor them, by asking them annually what they have done since the prior year to reduce their lending to carbon emitters.

5. Communication

There is no further communication required.

6. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

6.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate.

This report’s focus is looking at the climate change impacts our stakeholders and reflects the Council’ s climate change policy and action plans.

Officers note that the matter does not affect the Council’s interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

6.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

8. Recommendations

That the Committee:

1. ***Receives** the report.*
2. ***Endorses** the content of the report.*
3. ***Endorses** that banks are written to annually, to show them we are monitoring them, and to seek from them what they have done to reduce their investment in fossil fuel industries since last year.*

Report prepared by:	Report approved by:
Mike Timmer Treasurer	**Samantha Gain** General Manager, Corporate Services (Acting)

Attachment 1: Letter to the Banks – Fossil Fuel Divestment
Attachment 2-7: 6 letters from the Banks including the LGFA

5 July 2018

File Ref: EXTR-8-452

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

Shayne Elliott
Group CEO
ANZ
10/833 Collins Street
Melbourne
VIC 3000
Australia

Dear Mr Elliott

Fossil Fuel Divestment

I am writing to inform you of Greater Wellington Regional Council's policy on fossil fuel divestment and to seek your comments on your Institution's perspectives of the future.

<u>Greater Wellington Regional Council policy</u>

The Council adopted a Climate Change Strategy in October 2015. The strategy is designed to guide the Council's climate change response in regard to its functions and services and sets out a number of policies and actions to achieve the Strategy's overarching objectives.

The policy and action relevant to divestment are:

Policy 1.4: Demonstrate a commitment to low emissions across all our corporate activities and investments.

Action 1.4.C: Divest the council from any direct investment in fossil fuel extraction industries and investigate existing non direct investment with a view to preventing future investment where practical.

Performance measure: Steps are taken to divest GWRC of investment in fossil fuel and coal companies.

Action 1.4C has also been included in the Council's treasury policy.

Greater Wellington Regional Council's divestment status

During 2016, our Finance Department determined that the Council has no direct investments in fossil fuel extraction industries. Council investments are with the Local Government Funding Agency (LGFA) and a number of banks, including yours.

Your approach

During 2017, we corresponded with your organisation and other financial institutions to better understand the extent of their involvement in fossil fuel extraction and their positions on divestment and climate change action generally, in view of the possibility of financial involvement of GWRC with fossil fuel extraction.

As this is a dynamic area, we are seeking an update from you. Please let us know of your institution's current approach to reducing risk associated with any direct and indirect financial involvement with fossil fuels. For example, has your policy recently changed and whether or not there are any plans to have it reviewed.

Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

cc: David Hisco, NZ CEO, ANZ

5 July 2018

File Ref: EXTR-8-452

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

Brian Hartzer
Chief Executive Officer
Westpac
275 Kent Street
Sydney
NSW 2000
Australia

Dear Mr Hartzer

Fossil Fuel Divestment

I am writing to inform you of Greater Wellington Regional Council's policy on fossil fuel divestment and to seek your comments on your Institution's perspectives of the future.

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Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

cc: David McLean, NZ CEO

5 July 2018

File Ref: EXTR-8-452

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

Matt Comyn
Chief Executive Officer
Commonwealth Bank of Australia
48 Martin Place
Sydney
NSW 2000
Australia

Dear Mr Comyn

Fossil Fuel Divestment

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Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

cc: Vittoria Shortt, NZ CEO ASB

5 July 2018

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

File Ref: EXTR-8-452

Andrew Thorburn
Chief Executive Officer
National Australia Bank
500 Bourke Street
Melbourne
VIC 3000
Australia

Dear Mr Thorburn

Fossil Fuel Divestment

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Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

cc: Angela Mentis, NZ CEO, BNZ

5 July 2018

File Ref: EXTR-8-452

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

Mark Stephen
Chief Executive Officer
Kiwibank
Private Bag 39888
Wellington Mail Centre
Lower Hutt 5045

Dear Mr Stephen

Fossil Fuel Divestment

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Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

5 July 2018

Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington
T 04 384 5708
F 04 385 6960
www.gw.govt.nz

File Ref: EXTR-8-452

Mark Butcher
Chief Executive Officer
Local Government Funding Agency
PO Box 5704
Lambton Quay
Wellington 6145

Dear Mr Butcher

Fossil Fuel Divestment

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Many thanks for your co-operation.

Yours sincerely

Chris Laidlaw
Chair

Commonwealth Bank
Commonwealth Bank of Australia
ABN 48 123 123 124

Wellington Regional Council
26 JUL 2018

EXTR 8 467

C. Laidlaw
Cw Timmer

16 July 2018

Chris Laidlaw
Greater Wellington
Office of the Chairperson
PO Box 11646
Shed 39, Harbour Quays
Wellington 6142 NZ

Dear Mr Laidlaw

Re: Fossil Fuel Divestment

I refer to your letter dated 5 July 2018 and addressed to the CEO of the Commonwealth Bank.

Mr Comyn has asked that I respond on his behalf as the Group's corporate responsibility programs fall in my broader remit.

Our 2018 Annual Report which will include an update on the Group's climate stance will be released to the market on the 8th of August. If I may I will contact you following the release of the report with a detailed update on our progress. I trust this doesn't create any inconvenience.

Regards,

Kylie Macfarlane

Kylie Macfarlane
General Manager, Corporate Responsibility
Commonwealth Bank

David McLean
Chief Executive
Westpac New Zealand Limited
Level 4, Westpac on Takutai Square
16 Takutai Square
PO Box 934
Auckland 1140
New Zealand

27 July 2018

Chris Laidlaw
Chair
Greater Wellington Regional Council
P O Box 11646
Wellington

Dear Mr Laidlaw

Re: Fossil Fuel Divestment

Thank you for taking the time to write to us regarding fossil fuel divestment and Greater Wellington Regional Council. Brian Hartzer has passed on your letter to me as the CEO of Westpac New Zealand. At Westpac we care about the environment and believe that climate change is the biggest environmental issue we face. We are taking action on a number of fronts, and are actively developing policies to support our commitment to prepare for a 2°C economy.

Westpac Group revised its *Climate Change Position Statement and 2020 Action Plan* in early 2017, outlining our principles and actions to 2020. The core principles that guide and inform our approach are:

1. A transition to a net zero emissions economy is required
2. Economic growth and emissions reductions are complementary goals
3. Climate-related risk is financial risk
4. Addressing climate change creates financial opportunities
5. Disclosure matters.

Among other commitments, the Policy rules out financing coal mines in new coal basins, limits any new lending to other coal mines to the top 15% of coal quality globally and limits existing lending to mines that are in the top 25% of coal quality globally. This demonstrates our commitment to playing a responsible role in supporting the transition to a net zero emissions economy.

In New Zealand, with roughly 80% of our electricity coming from renewable sources, we recognise that we are operating in a very different environment to Australia. Our exposure to fossil fuel extraction is very small, and our lending to this sector has decreased by 55% over the past five years. We expect this trend to continue – you can follow our progress – Westpac is the only New Zealand bank to publish its lending exposures to those involved in fossil fuel extraction and production.

We specialise in minimising financial risks and maximising opportunities and we want to help our customers manage the transition to a low carbon economy. We also want to ensure capital investment flows to the parts of the economy where it is needed. We need to tackle this with urgency – the longer we wait the higher the cost and disruption we could face.

Westpac NZ recently published the *Climate Change Impact* report, carried out by Vivid Economics and EY, which found New Zealand could be $30 billion better off if early action is taken to help keep global warming to less than two degrees Celsius.

Faster development and uptake of clean technologies through our banking services is the most effective way we can help reduce the use of fossil fuels, and help to manage an orderly transition. Therefore we have set green growth lending targets, are developing products that help customers reduce the upfront costs of cutting emissions and are reducing our own environmental footprint. We currently provide $1.7bn in lending to companies providing climate change solutions (e.g. green buildings, forestry, green waste, low carbon transport) and were the first bank to make a market in the NZ Emissions Trading Scheme (ETS).

We launched our Westpac New Zealand 2020 sustainability strategy at the end of 2017. Our local climate change targets are:

- Reduce our operational emissions by 25%.
- Provide $2 billion in lending to climate change solutions.
- Convert 30% of our car fleet to electric vehicles or PHeV.

In 2017, Westpac NZ's investment arm, BT Funds Management NZ (BTNZ), signed the United Nations-supported Principles for Responsible Investment (PRI), publicly committing to adopting these principles to invest our customers' savings in a more sustainable and responsible manner.

Launched last week, Westpac NZ is one of the 13 leaders behind the *Climate Leaders Coalition, a* group of 60 business leaders who have signed a CEO statement, committing to tackle climate change and lower emissions.

Our NZ external Sustainability Advisory Panel helps to hold us to account, and encourages us to be more ambitious. We are lucky enough to have the experience of climate change experts Sir Rob Fenwick and Dr Jan Wright sitting on our Panel.

We hope this serves to update you on our commitment to climate change.

Yours sincerely

David McLean
Chief Executive
Westpac New Zealand Limited

Kiwibank Limited
Private Bag 39888
WELLINGTON 5045

www.kiwibank.co.nz

Wellington Regional Council
18 JUL 2018

10 July 2018

cc Cr Blakeley
- Cr Turner

Chris Laidlaw
Chair
Greater Wellington Regional Council
PO Box 11646
WELLINGTON 6142

Dear Chris,

Fossil fuel divestment

Thank you for your recent letter regarding Kiwibank's investment in fossil fuel extraction industries. First of all, we want to congratulate you on the policy stance that you've taken with Policy 1.4 and the Greater Wellington Regional Council Climate Change Strategy.

Since 2017, our response remains true in that Kiwibank Limited has no investment in or lending to fossil fuel manufacturing and production companies. As well as this, we have been working on a policy with regards to our Environmental, Social and Governance Risk, which includes a formal stance on our exposure to fossil fuel industries. This policy is currently going through final approval stages and once we have obtained all necessary approvals we will publish it on our website. We are also in the process of developing our sustainability framework and will also be releasing this publically once complete.

Yours sincerely,

Mark Stephen
Chief Executive (Acting)

19 August 2018

Chris Laidlaw
Chairperson
Greater Wellington Regional Council
PO Box 11646
Wellington

Dear Chris,

Fossil Fuel Extraction Divestment

Thank you for your letter outlining progress by Greater Wellington Regional Council on its policy on fossil fuel extraction divestment. Mike Timmer has also been in contact with us frequently over the past year to provide updates and a copy of your revised Treasury Management Policy in March 2018.

The exposure of LGFA to this type of investment has not changed with our asset book comprising short-term and long-term loans to councils and a Liquid Asset Portfolio. The Liquid Asset portfolio is comprised of New Zealand Government Bonds, bonds issued by the Asian Development Bank ("ADB") and our Norwegian equivalent Kommunalbanken ("KBN") and fixed income investments with ANZ, ASB, BNZ, HSBC, Kiwibank and Westpac banks.

None of these entities are engaged directly in fossil fuel extraction activities, while both ADB and KBN actively promote loans on Environmental, Social and Governance ("ESG") factors e.g. green lending.

Our Treasury Policy has not changed and although we have no outright restrictions on fossil fuel extraction organisations we wish to provide you with some comfort in that

- These companies would not meet our investment criteria due to their poor credit rating.
- Even if they met the investment criteria, we would not consider it appropriate to invest in them given your views as a shareholder.
- LGFA is very protective of its reputation and we believe that any investment in such activities could damage our reputation.

Kind regards,

Mark Butcher
Chief Executive

FILE REF
EXTR 8 473
Doc. No
Referred to
C Laidlaw
M Lee T

nab

Clare Nickson-Havens
Associate Director - Stakeholder Engagement
Corporate Affairs
National Australia Bank Limited
255 George Street
Sydney, NSW 2000
e: clare.nickson-havens@nab.com.au

Wellington Regional Council
08 AUG 2018

It would be useful to have a summary of these responses for Holdings Coy.

W

Chris Laidlaw,
Chair,
Greater Wellington Regional Council,
Office of the Chairperson,
PO Box 11646,
Shed 39, Harbour Quays,
Wellington,
New Zealand

30th July 2018

Dear Mr Laidlaw,

Thank you for your letter of 5th July 2018 to Andrew Thorburn regarding NAB's position on financing fossil fuel projects. I have been asked to respond on behalf of National Australia Bank Limited (NAB). For many years NAB has acknowledged that climate change is a major challenge for our economy and society. We support the transition to a low carbon economy, consistent with the international Paris Agreement to limit global warming to less than 2 degrees above pre-industrial levels.

In 2017, NAB refreshed our climate change strategy. This included considering opportunities to further reduce our own carbon footprint and help our customers to transition to a low carbon economy. As part of our refreshed strategy, we have increased our environmental financing for customers from $18bn by 2022 to $55bn by 2025 which includes lending to large-scale renewable energy projects (e.g. wind farms) and lending to support the development of 6-star residential mortgages. We have already provided $17.5bn towards this commitment. We also committed to sourcing more of our Australian electricity from renewable energy, increasing from 10% by 2018 to 50% by 2025.

We have commenced a phased review of NAB's risk appetite for carbon intensive low carbon and climate sensitive sectors. This includes resources (e.g. coal mining, oil and gas), agriculture, utilities (e.g. water and power generation), transport, energy intensive manufacturing, and property. While we will continue to support our existing customers across the mining and energy sectors, to facilitate an orderly transition to a low-carbon economy, NAB announced in 2017 that it will no longer finance new thermal coal mining projects.

In December 2017, NAB signed the Taskforce on Climate-Related Financial Disclosures (TCFD) Statement of Support to affirm its support for voluntary implementation of the recommendations of the TCFD; a set of voluntary recommendations for companies to disclose information on how they oversee and manage climate-related risks and opportunities as well as the material risks and opportunities to which they are exposed.

You can read more about our approach on pages 55 to 60 of NAB's Sustainability Report and page 60 of our 1H18 Investor Presentation available on our website nab.com.au.

If you would like to discuss any elements of NAB's corporate responsibility agenda, please do not hesitate to contact me.

Warm regards,

Clare Nickson-Havens
Associate Director, Stakeholder Engagement
Corporate Responsibility
NAB

cc Angela Mentis, CEO BNZ

David Hisco | Chief Executive Officer

ANZ

15 August 2018

Office of the Chairperson
Greater Wellington Regional Council
PO Box 11646
Manners Street
Wellington 6142

Dear Mr Laidlaw

Thank you for your letter dated 5 July 2018 to ANZ Group CEO Shayne Elliott about our position on fossil fuel exposures and climate change action generally.

ANZ shares the Greater Wellington Regional Council's ambition for a low carbon future, which we believe should be a carefully managed process. We recently signalled our support for the broad intentions of the proposed Zero Carbon Bill to provide a stable policy environment that creates certainty and establishes a long-term commitment to transition New Zealand to a low-emission, climate-resilient economy.

We believe our role as a bank is to encourage, fund and facilitate initiatives by our customers to transition to a low carbon economy. Our Climate Change Statement is available on ANZ.com and includes a commitment to fund and facilitate at least A$15 billion (revised upwards in 2017 from A$10 billion) by 2020 to do this. We are making good progress, with A$8.3 billion already used for low carbon and sustainable solutions such as green buildings, renewable energy (wind, solar and geothermal), low emissions transport and efficient irrigation - and we're keen to do more.

In addition to financing solutions to climate change challenges, we're also committed to facilitating an orderly transition to a low carbon economy. Our 2017 Corporate Sustainability Review confirms that our lending exposure to the most carbon intensive forms of energy generation has declined in recent years, which is consistent with the direction of the Paris Agreement (see pages 76-77).

In your letter you asked whether our policy has changed and whether we have plans to review it. We regularly measure our progress against the targets mentioned above in our twice yearly sustainability reporting to our shareholders. Our Environmental, Social and Governance Committee, led by ANZ's Chairman, is tasked with advising ANZ's management of sustainability issues and overseeing our risk management framework. In practice, this means we regularly discuss at the highest levels, whether our policies meet the changing landscape in respect of climate change. You can read more about our governance in our Corporate Sustainability Review.

At a practical level, our sustainable finance team delivers a range of finance and advisory services to support customers' investment in activities that reduce greenhouse gas emissions through green bonds, asset finance, and sustainability-linked lending. In 2018, we're leading the market in arranging green and sustainable bonds, having completed 14 deals totalling more than A$9 billion across multiple currencies in Australia, New Zealand and Asia.

Private Bag 92210, Auckland 1142 | Phone +64 9 252 6029 | Fax +64 9 252 6026 | anz.co.nz
ANZ Bank New Zealand Limited

In New Zealand, ANZ has very little lending to oil, coal and gas and it's been decreasing recently. In fact, as at June 2018 only 0.23% of our total lending in New Zealand is to the oil, gas and coal-fired electricity generation sector and 0.001% is to coal mining. We don't provide any project finance to coal fired power generation, and we don't directly finance oil and gas exploration.

We're also New Zealand's biggest lender to the renewable energy market. Our lending to the renewable energy sector is 0.64% of our total lending in New Zealand – almost triple our lending to non-renewables – and we expect this to increase in the future.

If you require any more information, please do not hesitate to contact ANZ New Zealand's Head of Corporate Affairs Peter Parussini (peter.parussini@anz.com).

Thanks again for getting in touch.

Yours sincerely

David Hisco
CEO New Zealand

10

Report	**18.480**
Date	17 October 2018
File	CCAB-22-409

Committee	**Finance, Risk and Assurance Committee**
Author	**David Querido, Manager: Health, Safety & Wellbeing**

Health, Safety and Wellbeing update

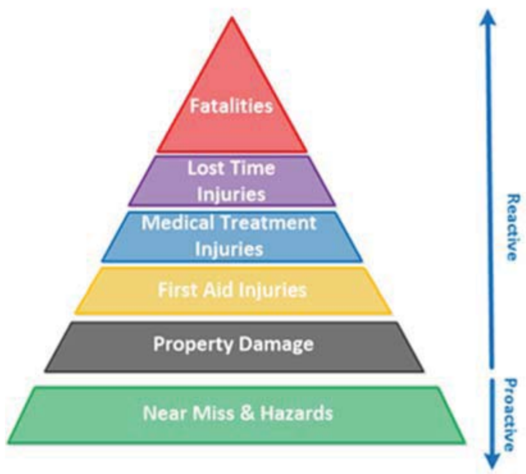
1. Purpose

To inform the Finance, Risk and Assurance Committee (the Committee) of the health, safety and wellbeing performance of Greater Wellington Regional Council (GWRC) and activity associated with GWRC's critical risk areas.

2. Understanding our health and safety risks

During the period from 1 September 2018 to 30 September 2018, a total of 71 health and safety-related events were recorded in KESAW (Keeping Everyone Safe at Work). The following diagram is a breakdown of the events by outcome.

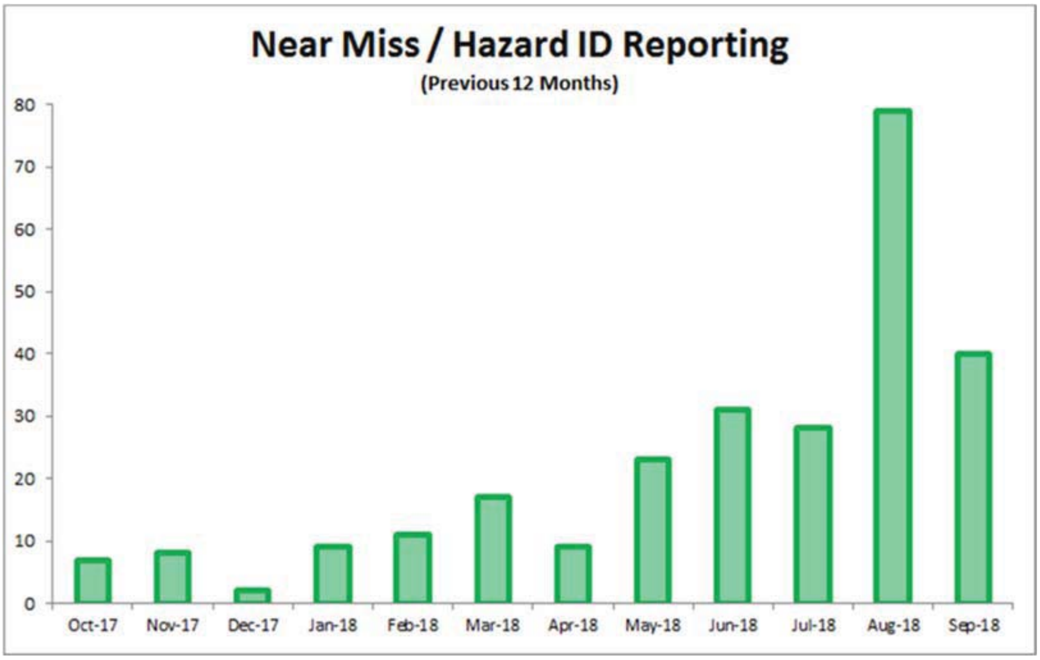
Event type	September 2018	YTD (from July 2018)
Total Events Reported	71	204
Fatalities	0	0
Lost Time Injuries (LTI)	0	2
Medical Treatment Injuries (MTI)	1	3
First Aid/Pain & Discomfort	13	26
Property damage	4	9
Near miss & hazard id reports	40	147
Other (not involving GW)	7	15



No Lost Time Injuries were reported in this period.

A total of 147 near miss reports were recorded since 1 July 2018, and 40 of those were in September 2018. Total number of near miss reports for FY17/18 was 130.

The increase in near miss reporting can be attributed to a campaign to lift near miss reports in the organisation.



3. Health and safety critical risk initiatives.

The following section provides a brief update on initiatives and activities associated with several of GWRC's identified critical risk areas over the period since the previous report, or planned for the near future.

3.1 Plant & Equipment Training

Staff are trained and competency assessed to safely use plant and equipment.

For new plant, staff are trained by the manufacturers or suppliers when the plant and equipment are introduced into the organisation.

For additional training, and where a national standard exists, for example use of Quads, staff follow the NZQA requirements to meet competency standards, this includes refresher training where required.

Where national standards do not exist, for example use of mini excavators, GW uses internal workplace assessors to ensure staff are competent in the use of plant and equipment under various operating conditions.

Opportunities for improvement include a GW standardising workplace assessment, competency and training provider, as each department tends to use their own system and providers. One of the deliverables from the Core Training Project currently underway in FY18/19 is to set just such a GW standard in assessment, competency and training provider.

3.2 Toolbox talks

Each month a toolbox talk pack is developed, published and circulated for discussion within team environments across the organisation.

The toolbox talk provides details on H&S performance include fleet stats (driver behaviour), learnings from significant incidents and near misses, covers off topics of interest on matters such as critical risks and controls, updates on wellbeing initiatives and other health, safety & wellbeing related matters.

Meeting notes are kept to record proceedings and any corrective action identified by the team requiring attention.

Toolbox talks have been very well received within the organisation and being held within most team within GW, thereby sharing the learnings and stimulating the ever important **health, safety & wellbeing conversations**, a hallmark of a high performance safety culture.

The October 2018 edition was the sixth since the inception of toolbox talk at GW.

3.3 Critical Risks Controls Project

Bowtie risk assessment analysis was completed on the third of five critical risks, i.e. Wellbeing. Next step is to use the material provide in the bowtie analysis process to develop a GW Wellbeing Strategy and Program.

3.4 Health and Wellbeing Project

Draft Wellbeing Policy has been developed and is currently out for internal stakeholder submission.

3.5 Core Training Project

This project is parked until the project lead returns from his secondment with Public Transport.

4. Communication

There is no communication required.

5. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

5.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

6. The decision-making process and significance

No decision is being sought in this report.

7. Engagement

Engagement on this matter is unnecessary.

8. Recommendations

That the Committee:

1. ***Receives** the report.*

2. ***Notes** the content of the report.*

Report prepared by:

David Querido
Manager, Health, Safety & Wellbeing

Report approved by:

Lucy Matheson
General Manager, People and Customer

That the Committee:

Excludes the public from the following part of the proceedings of this meeting namely:

Council Lending to WRC Holdings Limited

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
Council Lending to WRC Holdings Limited	*The information contained in this report relates to Greater Wellington Regional Council's (GWRC) banking facilities and pricing. Having this part of the meeting open to the public would disadvantage the banking providers' commercial position. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (i.e. to protect information where the making available of that information would be likely unreasonably to prejudice the commercial position of the person who supplied or is the subject of the information).*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.