

TE PANE MATUA TAIAO
GREATER WELLINGTON REGIONAL COUNCIL

Pūrongo ā Tau Annual Report 2021/22

We listen,
we partner,
we progress

He Tauākī Pūtea a Te Pane Matua Taiao mō ngā Hua

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Ko te Haumarū taiao me te waipuke

Environment and Flood Protection

ENVIRONMENT AND FLOOD PROTECTION FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
General rate	56,333	57,222	47,178	51,456
Targeted rates	8,504	9,172	8,533	9,908
Subsidies and grants for operating purposes	8,160	10,944	2,359	-
Interest and dividends from investments	111	-	-	-
Fees and charges	1,586	8,270	6,574	7,042
Fines, infringement fees, and other receipts	17,079	15,383	14,519	10,010
Total operating funding	91,773	100,991	79,163	78,416
Applications of operating funding				
Payments to staff and suppliers	(56,876)	(65,312)	(53,479)	(48,527)
Finance costs	(5,073)	(5,578)	(5,788)	(7,428)
Internal charges and overheads applied	(18,400)	(17,406)	(15,321)	(13,640)
Total applications of operating funding	(80,349)	(88,296)	(74,588)	(69,595)
Applications of operating funding				
Surplus/(deficit) of operating funding	11,424	12,695	4,575	8,821
Sources of capital funding				
Increase/(decrease) in debt	28,511	20,529	9,648	15,667
Gross proceeds from asset sales	73	261	193	246
Total sources of capital funding	28,584	20,790	9,841	15,913
Sources of capital funding				
Applications of capital funding				
- to meet additional demand	-	-	(1,129)	-
- to improve the level of service	(34,352)	(29,481)	(12,482)	(18,945)
- to replace existing assets	(1,972)	(3,966)	(914)	(4,801)
(Increase)/decrease in investments	(3,388)	(241)	391	(565)
(Increase)/decrease in reserves	(296)	203	(282)	(423)
Total applications of capital funding	(40,008)	(33,485)	(14,416)	(24,734)
Surplus/(deficit) of capital funding	(11,423)	(12,695)	(4,575)	(8,821)
Surplus/(deficit) of funding	-	-	-	-
Depreciation on assets	5,048	5,314	5,262	5,370

ENVIRONMENT AND FLOOD PROTECTION
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2022

Sources of operating funding	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Flood Protection and control works	30,452	33,454	25,143	27,248
Regional Parks	8,359	8,033	6,261	7,533
Resource management	26,097	27,794	24,054	23,225
Land management	8,872	11,856	8,551	6,073
Biodiversity management	6,921	6,291	4,957	4,954
Pest management	8,445	10,967	6,678	7,026
Harbour management	2,627	2,597	2,438	2,357
Total operating funding	91,773	100,992	78,082	78,416
Applications of operating funding				
Flood Protection and control works	(23,342)	(22,478)	(21,636)	(20,479)
Regional Parks	(7,032)	(6,998)	(7,035)	(6,617)
Resource management	(24,964)	(27,139)	(22,954)	(22,473)
Land management	(7,943)	(11,679)	(8,169)	(5,947)
Biodiversity management	(6,392)	(6,282)	(5,614)	(4,901)
Pest management	(7,911)	(11,154)	(6,649)	(6,872)
Harbour management	(2,766)	(2,567)	(2,530)	(2,306)
Total applications of operating funding	(80,350)	(88,297)	(74,587)	(69,595)
Capital expenditure				
Capital projects	11,001	32,345	13,467	22,942
Land and buildings	24,791	-	-	-
Plant and equipment	597	165	477	25
Vehicles	-	937	580	779
Total capital expenditure	36,389	33,447	14,524	23,746

Ngā Waka Tūmatanui

Metlink Public Transport

METLINK PUBLIC TRANSPORT

FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
General rate	–	–	–	–
Targeted rates	81,810	81,810	77,037	78,511
Subsidies and grants for operating purposes	129,664	97,488	118,614	76,830
Interest and dividends from investments	–	–	–	–
Fees and charges	52,290	97,348	79,778	99,738
Fines, infringement fees, and other receipts	4,221	5,016	8,912	2,759
Total operating funding	267,985	281,662	284,341	257,838
Applications of operating funding				
Payments to staff and suppliers	(254,033)	(251,991)	(249,330)	(215,856)
Finance costs	(9,814)	(10,259)	(11,927)	(14,731)
Internal charges and overheads applied	(16,259)	(14,764)	–	(10,477)
Total applications of operating funding	(280,106)	(277,014)	(261,257)	(241,064)
Surplus/(deficit) of operating funding	(12,121)	4,648	23,084	16,774
Sources of capital funding				
Subsidies and grants for capital expenditure	12,520	18,285	–	30,947
Increase/(decrease) in debt	14,826	9,262	(3,221)	11,443
Gross proceeds from asset sales	–	10	–	–
Total sources of capital funding	27,346	27,557	(3,221)	42,390
Applications of capital funding				
- to meet additional demand	–	–	(187)	–
- to improve the level of service	(3,659)	(3,328)	310	(28,708)
- to replace existing assets	(5,722)	(13,468)	(1,086)	(3,648)
(Increase)/decrease in reserves	7,841	(2,246)	2,190	157
(Increase)/decrease of investments	(13,685)	(17,655)	(16,710)	(26,651)
Total applications of capital funding	(15,225)	(32,205)	(19,863)	(59,164)
Surplus/(deficit) of capital funding	12,121	(4,648)	(23,084)	(16,774)
Surplus/(deficit) of funding	0	–	–	–
Depreciation on assets	5,392	6,296	5,337	9,389

METLINK PUBLIC TRANSPORT
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
Metlink network planning and operations	-	-	18,185	24,019
Rail operations and asset management	-	-	146,299	132,399
Bus and ferry operations and asset management	-	-	119,857	101,420
Strategy and Customer	20,777	2,406	-	-
Operations and Commercial Relationships	189,342	225,231	-	-
Assets and Infrastructure	57,867	54,025	-	-
Total operating funding	267,986	281,662	284,341	257,838
Applications of operating funding				
Metlink network planning and operations	-	-	(19,421)	(21,710)
Rail operations and asset management	-	-	(128,712)	(121,251)
Bus and ferry operations and asset management	-	-	(113,123)	(98,103)
Strategy and Customer	(2,458)	(2,099)	-	-
Operations and Commercial Relationships	(197,948)	(233,682)	-	-
Assets and Infrastructure	(79,700)	(41,233)	-	-
Total applications of operating funding	(280,106)	(277,014)	(261,256)	(241,064)
Investment in Greater Wellington Rail Limited				
Rail operations and asset management	13,685	17,655	16,709	26,651
Total sources of capital funding	13,685	17,655	16,709	26,651
Capital expenditure				
Public transport network and infrastructure	6,259	16,756	931	32,356
Land and Buildings	74	-	-	-
Plant and Equipment	3,048	-	33	-
Vehicles	-	-	-	-
Total capital funding expenditure	9,381	16,756	964	32,356
Total Investment in Public Transport Infrastructure	23,066	34,411	17,673	59,007

Ko te Mahere ā-Rohe me Ngā Rangapū

Regional Strategy and Partnerships

REGIONAL STRATEGY AND PARTNERSHIPS

FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
General rate	12,572	12,572	9,745	10,002
Targeted rates	7,569	7,559	7,610	9,034
Subsidies and grants for operating purposes	1,739	1,531	2,637	1,402
Interest and dividends from investments	722	-	-	-
Fees and charges	18	18	-	19
Fines, infringement fees, and other receipts	6,174	3,744	4,268	2,864
Total operating funding	28,794	25,424	24,260	23,321
Applications of operating funding				
Payments to staff and suppliers	(24,403)	(36,776)	(28,067)	(21,425)
Finance costs	(622)	(1,184)	(686)	(1,028)
Internal charges and overheads applied	(3,852)	(77)	(184)	(649)
Total applications of operating funding	(28,877)	(38,037)	(28,937)	(23,102)
Applications of operating funding				
Surplus/(deficit) of operating funding	(83)	(12,613)	(4,677)	219
Sources of capital funding				
Subsidies and grants for capital expenditure	650	510	-	-
Development and financial contributions	-	-	-	-
Increase/(decrease) in debt	(7,394)	14,425	3,930	(191)
Gross proceeds from asset sales	-	30	20	31
Total sources of capital funding	(6,744)	14,965	3,950	(160)
Sources of capital funding				
Applications of capital funding				
to meet additional demand	-	-	-	-
to improve the level of service	(63)	-	-	-
to replace existing assets	(1,007)	1,145	581	(108)
Increase (decrease) in reserves	7,897	1,379	749	47
Increase (decrease) of investments	-	(172)	(2,057)	2
Total applications of capital funding	(6,827)	(2,352)	(727)	(59)
Surplus/(deficit) of capital funding	83	12,613	4,677	(219)
Surplus/(deficit) of funding	-	-	-	-
Depreciation on assets	88	395	201	504

REGIONAL STRATEGY AND PARTNERSHIPS
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
Regional economic development	5,347	4,693	5,008	5,219
Emergency management	3,999	4,805	4,281	4,135
Democratic Services	2,636	2,642	2,891	2,387
Relationships with mana whenua and Māori	2,741	2,743	1,037	1,312
Regional transport and planning programmes	8,160	5,309	6,014	4,908
Regional integrated planning	4,641	4,105	5,029	5,360
Climate change	1,272	1,128	-	-
Total operating funding	28,796	25,425	24,260	23,321
Applications of operating funding				
Regional economic development	(3,944)	(4,691)	(4,826)	(5,332)
Emergency management	(4,513)	(4,735)	(3,795)	(4,062)
Democratic Services	(2,287)	(2,521)	(2,723)	(2,308)
Relationships with mana whenua and Māori	(2,947)	(2,741)	(1,230)	(1,305)
Regional transport and planning programmes	(9,626)	(15,818)	(12,738)	(4,711)
Regional integrated planning	(4,499)	(4,685)	(3,625)	(5,384)
Climate change	(1,062)	(2,845)	-	-
Total applications of operating funding	(28,878)	(38,036)	(28,937)	(23,102)
Capital expenditure				
Capital Projects	865	1,000	538	-
Land and Buildings	-	-	-	-
Plant and Equipment	-	45	-	5
Vehicles	205	100	43	103
Total capital expenditure	1,070	1,145	581	108

Ngā Puna Wai Water Supply

WATER SUPPLY FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
General rate	-	-	-	-
Targeted rates	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-
Interest and dividends from investments	746	-	-	-
Fees and charges	-	-	-	-
Fines, infringement fees, and other receipts	39,511	39,881	36,842	37,451
Total operating funding	40,257	39,881	36,842	37,451
Applications of operating funding				
Payments to staff and suppliers	(29,639)	(23,863)	(28,433)	(20,467)
Finance costs	(4,173)	(5,001)	(4,745)	(5,782)
Internal charges and overheads applied	(2,831)	(2,831)	(2,469)	(2,198)
Total applications of operating funding	(36,643)	(31,695)	(35,647)	(28,447)
Applications of operating funding				
Surplus/(deficit) of operating funding	3,614	8,186	1,195	9,004
Sources of capital funding				
Increase/(decrease) in debt	26,542	29,931	11,974	17,994
Other dedicated capital funding	-	5,000	-	-
Gross proceeds from asset sales	-	-	8	-
Total sources of capital funding	26,542	34,931	11,982	17,994
Sources of capital funding				
Applications of capital funding				
to meet additional demand	-	-	(72)	-
to improve the level of service	(11,499)	(12,976)	(830)	(3,666)
to replace existing assets	(14,265)	(22,271)	(8,793)	(19,349)
Increase (decrease) in reserves	(1,236)	(7,870)	(3,435)	(3,983)
Increase (decrease) of investments	(3,156)	-	(47)	-
Total applications of capital funding	(30,156)	(43,117)	(13,177)	(26,998)
Surplus/(deficit) of capital funding	(3,614)	(8,186)	(1,195)	(9,004)
Surplus/(deficit) of funding	-	-	-	-
Depreciation on assets	16,439	16,369	15,789	16,200
Water supply levy	39,319	39,319	35,860	35,892

WATER SUPPLY
 FUNDING IMPACT STATEMENT
 FOR THE YEAR ENDING 30 JUNE 2022

	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
Water Supply	40,257	39,881	36,842	37,451
Total operating funding	40,257	39,881	36,842	37,451
Applications of operating funding				
Water Supply	(36,643)	(31,695)	(35,647)	(28,447)
Total applications of operating funding	(36,643)	(31,695)	(35,647)	(28,447)
Capital expenditure				
Water Sources	-	-	625	21
Water treatment plants	5,865	10,579	1,422	1,650
Pipelines	18,743	14,326	3,167	17,088
Pump Stations	1,623	440	829	251
Reservoirs	32	470	-	-
Monitoring and Control	494	1,129	62	188
Seismic protection	-	-	-	-
Other	126	8,246	3,539	3,760
Total capital expenditure	26,883	35,190	9,644	22,958
Capital expenditure				
Land and Buildings	-	-	-	-
Plant and Equipment	24,029	57	51	57
Vehicles	-	-	-	-
Total capital expenditure	24,029	35,247	9,695	23,015



He tauākī pūtea Financial statements

He tauākī pūtea

Financial statements

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For the year ended 30 June 2022

	Note	Council		Group		
		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Restated Actual 2021 \$'000
Operating revenue						
Rates and levies	3	200,265	200,973	179,231	200,265	179,231
Transport operational grants and subsidies	3	139,991	109,964	114,788	139,991	114,788
Transport Improvement grants and subsidies	3	13,170	18,795	10,243	13,170	10,243
Other revenue	3	91,164	131,164	128,194	179,404	202,603
	3	444,590	460,896	432,456	532,830	506,865
Other gains/ (losses) net		(657)	61	116	(569)	1,183
Total operating revenue and gains		443,933	460,957	432,572	532,261	508,048
Operating expenditure						
Employee benefits	4	(67,660)	(64,260)	(61,868)	(93,622)	(86,499)
Grants and subsidies		(232,776)	(224,956)	(129,038)	(217,814)	(115,547)
Depreciation and amortisation	5	(31,857)	(30,546)	(29,196)	(66,332)	(57,461)
Finance expenses		(23,099)	(19,942)	(21,314)	(23,099)	(21,199)
Other operating expenses	6	(117,989)	(115,762)	(193,763)	(181,083)	(256,284)
Total operating expenditure		(473,381)	(455,466)	(435,179)	(581,950)	(536,990)
Operating surplus/(deficit) before other items and tax		(29,448)	5,491	(2,607)	(49,689)	(28,942)
Share of associate's surplus/(deficit)		-	-	-	1,537	135
Other fair value changes						
Fair value – Other assets	7	-	-	-	(21,000)	-
Gain / (loss) on financial instruments	7	64,561	14,110	32,775	64,561	32,775
Fair value gain/(loss) on investment property	7,18	-	-	-	4,842	(1,998)
Total fair value movements		64,561	14,110	32,775	48,403	30,777
Surplus/(deficit) before tax		35,113	19,601	30,168	251	1,970
Tax (expense)/benefit	8	-	-	-	10,548	1,095
Surplus from continuing operations		35,113	19,601	30,168	10,799	3,065
Operating surplus / (deficit) after tax		35,113	19,601	30,168	10,799	3,065
Other comprehensive revenue and expenses						
Share of associates' other comprehensive income		-	-	-	-	-
Revaluation gain/(loss) on infrastructure assets after tax	15	120,177	-	-	204,437	14,991
Deferred Tax recognised in Reserves		-	-	-	(19,852)	-
Increases/ (Decreases in valuations of other financial assets		11,717	-	4,689	11,717	4,689
Total other comprehensive income		131,894	-	4,689	196,302	19,680
Total comprehensive income		167,007	19,601	34,857	207,101	22,745
Surplus is attributable to:						
Attributed to:						
Equity holders of the Parent		167,007	19,601	34,857	215,217	22,100
Non controlling interest		-	-	-	8,116	645
		167,007	19,601	34,857	207,101	22,745

He tauākī ahumoni | Statement of financial position

As at 30 June 2022

	Note	Council		Group		
		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Restated Actual 2021 \$'000
Assets						
Current assets						
Cash and cash equivalents	10	16,517	21,012	4,675	158,141	196,792
Trade and other receivables	11	79,942	96,942	53,637	92,142	63,937
Other financial assets	13	117,167	30,313	157,452	117,167	113,452
Inventories	12	4,272	3,138	3,476	7,586	6,391
Derivatives	20	-	-	604	-	604
Current tax receivables		-	-	-	475	-
Total current assets		217,898	151,405	219,844	375,511	381,176
Non current assets						
Other financial assets	13	67,210	116,973	19,934	30,880	27,687
Property, plant and equipment	15	1,417,828	1,372,139	1,261,082	2,185,254	1,932,816
Intangible assets	16	28,608	-	16,351	28,965	19,542
Investment in subsidiaries	19	317,095	321,489	302,695	-	-
Investment properties	18	-	-	-	62,617	55,493
Derivatives	20	18,811	-	531	18,811	531
Investments accounted for under the equity method		-	-	-	13,821	727
Deferred tax assets	9	-	-	-	35,007	31,106
Total non current assets		1,849,552	1,810,601	1,600,593	2,375,355	2,067,903
Total assets		2,067,450	1,962,006	1,820,437	2,750,866	2,449,079
LIABILITIES						
Current liabilities						
Derivatives	20	96	-	1,120	96	1,120
Trade and other payables	21	87,163	69,092	63,335	95,960	71,716
Interest bearing liabilities	22	124,064	111,606	151,850	115,603	139,448
Employee benefits liabilities and provisions	23	6,912	-	8,373	10,571	11,549
Income tax payable		-	-	-	-	2,198
Total current liabilities		218,235	180,698	224,678	222,230	226,031
Non current liabilities						
Interest bearing liabilities	22	514,000	524,457	380,000	514,000	380,000
Derivatives	20	5,451	55,663	51,312	5,451	51,312
Deferred tax liabilities	9	-	-	-	140,650	127,223
Employee benefits liabilities and provisions	23	139	-	160	302	327
Service concession liability	15	24,615	-	26,291	24,615	26,291
Total non current liabilities		544,205	580,120	457,763	685,018	585,153
Total liabilities		762,440	760,818	682,441	907,248	811,184
Net assets		1,305,010	1,201,188	1,137,996	1,843,618	1,637,895
EQUITY						
Retained earnings		331,247	383,425	326,995	647,696	672,501
Other reserves		973,763	817,763	811,001	1,089,282	865,486
Minority interest		-	-	-	106,640	99,908
Total equity		1,305,010	1,201,188	1,137,996	1,843,618	1,637,895



Daran Ponter
Heamana Kaunihera | Chair
1 December 2022



Nigel Corry
Tumu Whakarae | Chief Executive
1 December 2022



Alison Trustrum Rainey
Āpiha Mātāmua Pūtea | Chief Financial Officer
1 December 2022

He tauākī whakamārama moni taurite | Statement of changes in equity

For the year ended 30 June 2022

	Council			Group	
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Restated Actual 2021 \$'000
Opening equity	1,137,997	1,180,576	1,103,138	1,637,897	1,619,766
Operating surplus /(deficit) after tax	35,112	19,601	30,169	10,799	3,067
Dividend to non controlling interest	-	-	-	(1,385)	(4,615)
Asset revaluation movements	120,177	-	-	184,585	14,992
Revaluation movement of other financial assets	-	-	4,689	11,717	4,689
Total closing equity at 30 June	1,305,010	1,201,188	1,137,996	1,843,618	1,637,897
Non controlling interest					
Opening non controlling interest	-	-	-	99,908	105,168
Share of operating surplus/(deficit)	-	-	-	5,005	(4,108)
Share of reserves movements	-	-	-	3,111	3,463
Dividends paid	-	-	-	(1,385)	(4,615)
Non controlling interest at end of year	-	-	-	106,639	99,908
Asset revaluation reserves					
Opening asset revaluation reserves	776,066	783,917	776,066	811,233	801,721
Subs opening equity adjustments	-	-	-	-	(2,017)
Increase (Decrease) in Asset Revaluation Reserves	120,177	-	-	184,692	14,992
Share of non-controlling interest	-	-	-	(3,111)	(3,463)
Transfers from/(to) accumulated funds	-	-	-	-	-
Closing asset revaluation reserve	896,243	783,917	776,066	992,814	811,233
Fair Value Reserve					
Opening fair value reserve	13,675	-	8,987	13,675	8,987
Current year movement	11,717	-	4,689	11,717	4,689
Closing fair value reserve	25,392	-	13,675	25,392	13,675
Other reserves					
Opening other reserves	47,336	38,943	34,538	25,847	34,491
Transfers from accumulated funds	11,930	(5,097)	20,785	-	-
Transfers to accumulated funds	(18,525)	-	(8,644)	(18,525)	(8,644)
Interest earned	667	-	656	667	-
Closing other reserves	41,408	33,846	47,335	7,989	25,847
Retained earnings					
Opening accumulated funds	300,918	262,287	283,546	687,235	669,399
Subs opening equity adjustments	-	-	-	-	2,017
Operating surplus / (deficit) after tax	35,112	-	30,169	10,799	3,067
Interest allocated to reserves	(667)	-	(656)	(667)	-
Other transfers to reserves	(11,930)	-	(20,785)	-	-
Transfers from reserves	18,525	-	8,644	18,525	8,644
Share on non controlling interest	-	-	-	(5,005)	4,108
Closing accumulated funds	341,958	262,287	300,918	710,887	687,235
Total closing equity at 30 June	1,305,010	1,201,188	1,137,996	1,843,618	1,637,895
Non-controlling interest	-	-	-	(8,116)	645

He tauākī kapewhiti | Statement of cash flow

For the year ended 30 June 2022

	Note	Council			Group	
		Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Cash-flows from operating activities						
Receipts from customers		-	-	-	83,648	80,959
Rates revenue received		158,566	161,654	141,692	158,566	141,692
Water supply levy received		39,319	39,319	35,860	39,319	35,860
Government subsidies received		183,854	128,759	158,437	183,853	158,437
Interest received		2,630	1,066	2,782	4,859	7,676
Dividends received		3,864	3,864	14,666	64	66
Rent income		-	-	-	6,665	6,642
Fees, charges and other revenue		34,018	126,234	112,526	33,232	111,751
Payments to suppliers and employees		(161,525)	(404,613)	(250,772)	(250,556)	(340,830)
Payment of grants and subsidies		(232,776)	-	(129,056)	(217,815)	(115,525)
Interest paid		(21,300)	(19,942)	(21,339)	(21,813)	(21,173)
Income tax paid / (refund)		-	-	-	(2,450)	(2,509)
Net cash from (used in) operating activities	24	6,650	36,341	64,794	17,572	63,045
Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		-	321	197	113	5,096
Investment withdrawals		-	6,120	-	-	-
Earthquake insurance payments received		-	-	-	-	-
Sale of investments (bonds & term deposits)		-	-	-	19,902	(176)
Cash balance from acquired joint venture		-	-	-	100	-
		-	6,441	197	20,115	4,920
Purchase of property, plant and equipment		(74,041)	(91,185)	(38,097)	(139,441)	(107,817)
Purchase of intangible assets		(3,261)	-	(576)	(3,261)	(576)
Development of investment properties		-	-	-	(2,340)	(2,797)
Acquisition of investments		(23,253)	(31,154)	(43,176)	(28,314)	(26,776)
Disposal of property, plant and equipment		(466)	-	-	(466)	-
Investment in joint venture		-	-	-	(10,845)	(7,680)
Net cash flow from investing activities		(101,022)	(115,898)	(81,651)	(164,552)	(140,725)
Cash flows from financing activities						
Loan funding		131,214	114,489	12,195	134,714	19,695
Debt repayment		(25,000)	(34,569)	-	(25,000)	-
Dividends paid to non controlling interests		-	-	-	(1,385)	(4,615)
Net cash from financing activities		106,214	79,920	12,195	108,329	15,080
Net increase / (decrease) in cash and cash equivalents		11,843	363	(4,662)	(38,651)	(62,600)
Cash and cash equivalents at the beginning of year		4,675	20,649	9,338	196,792	259,393
Cash, cash equivalents, and bank overdrafts at the end of the year	10	16,517	21,012	4,675	158,141	196,792

He tauākī pūtea kawekawe | Funding impact statement

For the year ended 30 June 2022

	Council			
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Budget 2021 \$'000
Sources of operating funding				
General rate	63,126	63,115	49,835	49,632
Targeted rates	98,885	98,541	93,521	94,326
Subsidies and grants for operating purposes	139,990	109,964	125,049	180,853
Interest and dividends from investments	7,154	4,930	17,140	4,725
Fees and charges	54,105	100,714	82,134	112,415
Fines, infringement fees, and other receipts ¹	67,855	64,839	64,801	54,882
Total operating funding	431,115	442,103	432,480	496,833
Applications of operating funding				
Payments to staff and suppliers	(411,187)	(404,976)	(384,689)	(475,563)
Finance costs	(23,099)	(19,942)	(21,314)	(21,664)
Total applications of operating funding	(434,286)	(424,918)	(406,003)	(497,227)
Surplus / (deficit) of operating funding	(3,171)	17,185	26,477	(394)
Sources of capital funding				
Subsidies and grants for capital expenditure	13,170	18,795	-	14,811
Increase / (decrease) in debt	104,539	74,822	54,255	76,475
Gross proceeds from asset sales	112	321	315	1,054
Total sources of capital funding	117,821	93,938	54,570	92,340
Applications of capital funding				
to meet additional demand	-	-	(1,345)	-
to improve the level of service	(49,573)	(45,785)	(13,950)	(49,877)
to replace existing assets	(26,298)	(45,037)	(23,375)	(28,372)
Increase / (decrease) in investments	(33,488)	(25,398)	(41,119)	11,032
Increase / (decrease) in reserves	(5,290)	5,097	(1,259)	(24,729)
Total applications of capital funding	(114,649)	(111,123)	(81,048)	(91,946)
Surplus / (deficit) of capital funding	3,172	(17,185)	(26,478)	394
Funding balance				
Depreciation on council assets	31,857	28,374	29,196	29,891
Water supply levy	39,319	39,319	35,860	35,860

¹ 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 the 2021/31 Long Term Plan.

All figures on this page exclude GST

He pūtea penapena | Financial reserves

For the year ended 30 June 2022

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 - 21 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun - 22 \$'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	57	1	-	58
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	11,982	192	(6,739)	5,435
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	539	9	(287)	261
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure	673	-	-	673
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	81	1	-	82
WREMO reserve	Contributions by other local authorities to run the WREMO	353	6	(125)	234
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	8,873	3,698	(2,942)	9,629
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	2,032	1,472	(866)	2,638
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	10	-	-	10
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	3,079	329	-	3,408
Rural fire reserve	To help manage the costs of rural fire equipment.	80	1	-	81
Special reserves					
Election reserve	To manage the variation in costs associated with the election cycle	351	6	-	357
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	1,000	16	-	1,016
Long Term Plan reserve	To manage variation in costs associated with Long term plan process	380	6	-	386
Masterton Building Reserve	To manage variation in costs associated with the Masterton Building	303	5	-	308
Wellington Analytics Reserve	Contribution by other local authorities for set up costs	120	802	-	922
Environmental Restitution Reserve	To manage variation in costs associated with environmental restoration projects	525	8	(144)	389
Low Carbon Acceleration Fund Reserve	To manage costs associated with reducing Council's carbon footprint	(78)	(3)	-	(81)
General Reserve	To manage variation in costs associated with new initiative projects	11,538	587	(2,571)	9,554
Re budget reserve					
Rebudgeted reserve	Expenditure that has been rated for in 2021/22 when the project will not be completed until 2022/23	4,851	5,454	(4,851)	5,454
Earthquake proceeds reserve	to manage future repair and maintenance due to the Kaikoura earthquake	586	9	-	595
		47,335	12,599	(18,525)	41,409

All figures on this page exclude GST.

Ko te Moni Tārewa | Debt

as at 30 June 2022

Debt position	Opening balance 2021 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2022 \$'000	Finance costs \$'000
Regional leadership					
Strategic planning	10,327	(3,934)	(813)	5,580	514
Warm Wellington	4,596	(1,632)	(1,374)	1,590	121
Public transport					
Public transport	236,719	30,343	(14,363)	252,699	8,612
Water supply					
Water supply	111,736	31,502	(4,960)	138,278	4,173
Environment					
Environment	6,733	870	(611)	6,992	249
Flood protection and control works					
Flood protection and control works	115,709	33,139	(5,118)	143,730	4,468
Parks					
Parks	9,880	924	(693)	10,111	356
Investments					
Property and other	54,926	3,996	(7,259)	51,663	1,971
	550,626	95,208	(35,191)	610,643	20,464
					Council Actual 2022 \$'000
Total activities debt					610,643
Treasury internal funding ⁵⁰					27,421
					638,064
					External debt (current)
					124,064
					External debt (non-current)
					514,000
					638,064

All figures on this page exclude GST.

⁵⁰ 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.

1. Reporting Entity

1.1 Reporting entity

Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. Greater Wellington's principal address is 100 Cuba Street, Wellington, New Zealand. Greater Wellington Group consists of Greater Wellington and its subsidiaries as disclosed below. The Group consists of Greater Wellington and its 100% subsidiary WRC Holdings Limited.

Greater Wellington 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 Greater Wellington 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).

The financial statements of Greater Wellington are for the year ended 30 June 2022. The financial statements were authorised for issue by the council on 1 December 2022.

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, Plant and Equipment and Investment Property

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022.

Greater Wellington 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.

(ii) Capital Work in Progress

This includes capital projects requiring resource consent to proceed. 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 has been determined to proceed.

(iii) Joint Control of Harbour Quays Special Purpose Vehicles (SPVs)

Note 14 describes Harbour Quays D4 Limited (the SPV) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of CentrePort Limited.

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

See note 14 for details.

(iv) Income tax calculations

See note 8 for details

2. Accounting Policies

2.1 Basis of preparation

Statement of compliance

The financial statements of the Greater Wellington and Group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements are prepared in accordance with Tier 1 PBE Accounting Standards and comply with PBE Accounting Standards.

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of Greater Wellington & 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..

2.2 Basis of consolidation

The consolidated financial statements include the Group. 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 is included in note 19.

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

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

All significant intercompany transactions are eliminated on consolidation.

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 statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

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

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

2.3 Borrowing costs

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of those assets. All other borrowing costs are recognised

as an expense in the period in which they are incurred.

2.4 Investment properties

Investment property, 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 the statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development

2.5 New Zealand Local Government Funding Agency

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

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

- Greater Wellington 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.

2.6 Foreign currency

In the event that the Group has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date

of transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the statement of comprehensive revenue and expenses.

2.7 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 when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses as incurred. Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

2.8 Provisions

A provision is recognised in the the statement of financial position when Greater Wellington and 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.

2.9 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.

2.10 Leases

Greater Wellington and 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 and 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease incentive

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

2.11 Service concession asset and liability

Greater Wellington (as guarantor) has entered into a service concession arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32. They are depreciated over a useful life of 30 years on a straight-line basis. An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

2.12 Overhead allocation and internal transactions

Greater Wellington allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the statement of comprehensive revenue and expenses.

Individual significant activity operating revenue and operating expenditure are stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in Greater Wellington and 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.

2.13 Equity

Equity is the community's interest in Greater Wellington and 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 Greater Wellington and the Group. The components of equity are accumulated funds, revaluation reserves and other reserves.

2.14 Statement of cash flow

The following are the definitions used in the statement of cash flow:

- (a) Operating activities comprise the principal revenue producing activities of the Group and other activities that are not considered to be investing or financing activities.
- (b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.
- (c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes

both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

2.15 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 Greater Wellington for the preparation of these financial statements.

2.16 Standards, amendments, and interpretations issued but not yet effective

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2022.

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 supersedes PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It is effective for the year ending 30 June 2023, with early adoption permitted. The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.

Revised hedge accounting requirements to better reflect the management of risks.

GWRL has not yet determined how the application of PBE IPSAS 41 will affect the carrying value of its financial instruments. Additional financial instrument disclosures may be required.

3. Revenue from exchange and non-exchange transactions

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

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

(iii) 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.

	Council		Group		
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Revenue from exchange transactions:					
Water supply	39,319	39,319	35,860	39,319	35,860
Subsidiaries revenue	-	-	-	66,003	61,949
Dividends	3,864	4,065	14,666	139	82
Interest received	3,290	865	2,466	5,304	5,831
Rental income	5,237	4,955	5,298	30,084	29,828
Total exchange	51,710	49,204	58,290	140,849	133,550
Revenue from non exchange transactions:					
General rates	62,395	63,113	49,835	62,395	49,835
Targeted rates	98,551	98,541	93,536	98,551	93,536
Rates, penalties, remissions & rebates	1,001	-	741	1,001	741
Grants & subsidises	139,991	109,964	114,788	139,991	114,788
Transport improvement grants	13,170	18,795	10,243	13,170	10,222
Provision of goods & services	77,772	121,279	105,023	76,874	104,194
Total non exchange	392,880	411,692	374,166	391,982	373,316
Total exchange and non exchange	444,590	460,896	432,456	532,830	506,865

4 Employee benefits

	Council		Group		
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Employee benefits					
Other employee benefits expense	64,021	61,620	56,431	88,756	81,062
Defined contribution plan employer contributions	3,639	2,640	5,437	4,866	5,437
Total personnel costs	67,660	64,260	61,868	93,622	86,499

Many public and private sector entities, including Greater Wellington Regional Council, are continuing to investigate historic underpayment of holiday entitlements. For such employers that have workforces that include differential occupational groups with complex entitlements, non-standard hours, allowances and/or overtime, the process of assessing compliance with the Holidays Act (2003) (the Act) and determining the underpayment is time consuming and complicated.

For the current year, Greater Wellington has a provision balance of \$1.31m for the Holiday Act remediation payment.

5 Depreciation and amortisation

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Depreciation and amortisation on assets				
Port wharves and paving	-	-	3,730	2,036
Land and buildings	990	615	2,101	1,488
Plant and equipment	3,591	2,618	8,600	7,116
Rail rolling stock	-	-	19,800	16,645
Motor vehicles	944	1,054	944	1,054
Flood protection	1,171	1,267	1,171	1,268
Water infrastructure	16,361	15,784	16,361	15,784
Transport infrastructure	2,912	3,289	7,734	7,495
Navigational aids	97	114	97	115
Parks and forests	1,900	2,118	1,900	2,119
Right to use	1,536	1,544	1,536	1,544
Amortisation Computer software	2,360	793	2,360	797
	31,857	29,196	66,332	57,461

6 Other operating expenditure

	Council		Group		
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Other operating expenses					
Fees to principal auditor for financial statements audit	271	283	417	622	167
Fees to principal auditor for Long Term Plan and other services	-	-	151	-	151
Impairment of trade receivables	(65)	-	342	(65)	242
Rates and insurance	4,229	3,033	2,848	11,207	10,430
Directors' fees	-	-	-	616	599
Subscriptions LGNZ	393	463	622	393	622
Operating lease rentals	5,053	5,912	5,041	5,053	7,270
Energy and utilities	3,296	3,726	3,850	3,296	3,850
Councillor fees and costs	1,268	1,256	1,421	1,268	1,421
Repairs and maintenance expenses	3,752	7,359	8,755	24,424	26,864
Materials and supplies	23,463	22,401	93,599	23,463	93,599
Contractors and consultants	74,771	69,781	66,978	95,121	88,377
Other operating expenses	1,558	1,548	9,738	15,685	22,692
Total other operating expenditure	117,989	115,762	193,763	181,803	256,284

7 Fair value movements

	Council		Group		
	Actual 2022 \$'000	Budget 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Fair value movements in financial instruments					
Interest rate swaps	64,561	14,110	32,775	64,561	32,775
Fair value change in other assets					
Impairment on other assets	-	-	-	(21,000)	-
Fair value movements of investment properties					
Investment properties	-	-	-	4,842	(1,998)
	64,561	14,110	32,775	48,403	30,777

8 Taxation

a) Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Greater Wellington and the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity

CentrePort Binding Ruling Tax Treatment Insurance Proceeds

The financial statements for the year ended 30 June 2021, included a \$23.5 million tax expense for the expected tax treatment of insurance proceeds. On 15 December 2021, CentrePort finalised the binding ruling with Inland Revenue to confirm the key assumptions underpinning the tax treatment of insurance proceeds. The binding ruling was released just before Greater Wellington finalised the 30 June 2021 annual report and a post balance date note was included in the 30 June 2021 financial statements. A decision was made by management not to change the financial statements and to make an adjustment in the 30 June 2022 financial statements. The following note includes restatements for the year ended 30 June 2021 to correct the error and the adjustments are explained in detail in Note 34.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	-	-	(222)	4,179
Adjustments recognised in the current period in relation to the deferred tax of prior periods	-	-	961	(3,457)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-	(11,287)	(1,818)
Tax expense	-	-	(10,548)	(1,096)
Surplus/(deficit) from operations	35,113	30,168	251	1,970
Income tax expense/(benefit) calculated at 28%	9,832	8,444	70	552
Surplus/(deficit) not subject to taxation	-	-	-	-
Non deductible expenses	125,368	115,710	130,739	120,128
Non assessable income	(133,995)	(119,703)	(141,093)	(124,293)
Land and buildings reclassification	-	-	(1,326)	633
Tax effect of unimputed portion of intercompany dividend	-	-	-	1,592
Tax loss offsets from or subventions paid to Group companies	-	-	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	273	1,232	-	-
Tax effect of imputation credits	(1,477)	(5,678)	-	(1,590)
Temporary differences	-	-	-	-
Recognition of deferred tax on buildings / Change in use of assets	-	-	460	(565)
Insurance Proceeds on non-depreciable assets	-	-	(1,478)	-
Permanent differences	-	-	2,140	1,723
(Under)/over provision of income tax in previous year	-	(6)	16	723
Tax expense	-	-	(10,548)	(1,096)

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

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Tax expense/(benefit) is attributable to:				
Continuing operations	-	-	(10,548)	(1,095)

b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiary Greater Wellington Rail Limited 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 2022 year, no subvention payments were made (2021: Nil) and no loss offsets occurred (2021: Nil).

The 2022 financial statements for the parent do not include any subvention payments to be received (2021: Nil) for utilisation of the Greater Wellington's net losses.

9 Deferred tax

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
The balance comprises temporary differences attributable to:				
Tax losses	-	-	34,018	30,522
Temporary differences	-	-	989	584
	-	-	35,007	31,106
Other				
Temporary differences	-	-	(140,650)	(127,223)
Sub total other	-	-	(140,650)	(127,223)
Total deferred tax liabilities	-	-	(105,643)	(96,117)

Movements – Group	Property, plant and equipment \$'000	Trade and other payables \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
Balance at 1 July 2020	(92,577)	809	26,852	(36,475)	(101,391)
Charged to income	(8,254)	(225)	3,670	10,083	5,274
Balance at 30 June 2021	(100,831)	584	30,522	(26,392)	(96,117)

Movements – Group	Other financial liabilities \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
Balance at 1 July 2021	-	(100,831)	584	30,522	(26,392)	(96,117)
Charge to income	(393)	676	405	3,496	6,142	10,326
Charge to equity	-	(19,852)	-	-	-	(19,852)
Balance at 30 June 2022	(393)	(120,007)	989	34,018	(20,250)	(105,643)

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Tax losses	13,758	12,006	-	-
Temporary differences	-	-	-	-
	13,758	12,006	-	-

Tax losses not recognised

Greater Wellington has \$49.134 million of unrecognised tax losses at Parent level (2021: \$42.880 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$13.758 million (2021: \$12.006 million).

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

10 Cash and cash equivalents

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Cash and cash equivalents				
Cash at bank and in hand	16,517	4,675	158,141	196,792
Total cash and cash equivalents	16,517	4,675	158,141	196,792

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 Greater Wellington 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 2022 there are \$10,000,000 at 2.42% invested in a money market term deposit (2021: \$nil).

Cash and cash equivalents includes cash in hand, deposits held on call with banks, and other short term, highly liquid investments with original maturities of three months or less.

11. Trade and other receivables

Accounting policy

Short term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Impairment of a receivable is established when there is objective evidence that Greater Wellington and the Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the receivable is impaired.

The amount of the 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. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit.

When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Receivables are initially measured at nominal or face value. Receivables are subsequently adjusted for penalties and interest as they are charged and impairment losses. Non-current receivables are measured at the present value of the expected future cash inflows.

Debtors are amounts due from customers and other customers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Receivable from non-exchange transactions				
Rates and water levies receivable*	21,613	19,457	21,613	19,457
Accrual revenue	41,806	25,674	41,806	25,674
Other receivable**	1,282	2,537	1,282	2,537
Total Receivable from non-exchange transactions	64,701	47,668	64,701	47,668
Receivable from exchange transactions				
Trade Customer	11,737	3,573	20,417	13,441
Prepayment & other receivable	4,641	3,598	8,161	4,030
Total Receivable from exchange transactions	16,378	7,171	28,578	17,471
less: provision for impairment of receivable	(1,137)	(1,202)	(1,137)	(1,202)
Total Receivable	79,942	53,637	92,142	63,937

*Greater Wellington uses the region's territorial authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

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

Provision for impairment of receivables

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Provision for impairment of receivables				
Opening balance	(1,202)	(859)	(1,202)	(859)
Movement	65	(343)	65	(343)
Closing balance	(1,137)	(1,202)	(1,137)	(1,202)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2022.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Gross trade receivables				
Not past due	4,765	4,944	11,617	12,823
Past due 31-60 days	165	28	655	273
Past due 61-90 days*	8,006	648	8,320	638
Past due > 90 days	84	491	204	774
Total gross trade receivables	13,020	6,111	20,796	14,508

*A receivable balance of \$7.9 million is in relation to Climate Resilience Program and the funds have been received in August 2022

12 Inventories

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other

direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories	Council		Group	
	Actual 2022 \$000	Actual 2021 \$000	Actual 2022 \$000	Actual 2021 \$000
Harbours	-	-	1,117	1,506
Water supply	3,268	2,791	3,268	2,793
Wairarapa	1,004	685	1,000	685
Emergency management	-	-	-	-
<i>Other inventories</i>				
CentrePort spare stock	-	-	1,869	1,299
CentrePort fuel and stock	-	-	332	108
Total inventory	4,272	3,476	7,586	6,391

No inventories are pledged as securities for liabilities (2021: Nil)

13 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 Greater Wellington and 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 Greater Wellington & the Group has transferred substantially all the risks and rewards of ownership.

Greater Wellington and the Group's financial assets are categorised as follows:

- Financial assets at fair value accounted through operating surplus or deficit**
 Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.
- Financial assets at fair value accounted through other comprehensive revenue and expenses**
 Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive revenue and expenses.

- **Financial assets available for sale**

Financial assets are either designated in this category or not classified in any of the other categories. Available for sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost. Where the investment is determined to be impaired, the cumulative loss is reclassified from reserves to the surplus or deficit.

- **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 surplus or deficit.

- **Held to maturity investments**

These are assets with fixed or determinable payments with fixed maturities that Greater Wellington and 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 surplus or deficit.

Impairment of financial assets

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

Impairment is established when there is objective evidence that Greater Wellington and 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 the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expenses is reclassified from equity to the statement of revenue and expenses.

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

If in a subsequent period fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the statement of revenue and expenses.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Loan/Advances				
Loan to WRC Holdings Limited	44,000	44,000	-	-
Loans and Advances to Joint Venture	-	-	7,670	7,753
Stadium advance	2,100	900	2,100	900
Warm Wellington funding	3,516	6,111	3,516	6,111
Equity/shares				
Civic Financial Services Limited shares	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	7,804	7,072	7,804	7,072
Deposits				
Bank deposits with maturity terms more than three months	54,000	53,000	64,000	53,000
New Zealand Local Government Funding Agency Limited borrower notes	10,630	7,650	10,630	7,650
Contingency fund				
Bulk water supply contingency fund	43,390	40,499	43,390	40,499
Material damage property insurance contingency fund	11,165	10,678	11,165	10,678
Major flood contingency fund	7,692	7,396	7,692	7,396
	184,377	177,386	158,047	141,139
Current financial assets				
Current financial assets	117,167	157,452	117,167	113,452
Non-current financial assets				
Non-current financial assets	67,210	19,934	30,880	27,687
Total financial assets	184,377	177,386	148,047	141,139

Loan to WRC Holdings Limited

Greater Wellington loaned \$44.0 million (2021: \$44.0 million) to its wholly owned subsidiary WRC Holdings Limited. The rate per 30 June 2022 is 2.3775% (2021: 0.9225%) and is reset quarterly.

Loans and Advances to Joint Venture

CentrePort Limited has provided a secured and interest bearing long term shareholder advance to Direct Connect Container Services of \$7 million. Interest is payable on the principal of 7.0% per annum, income from the loan for the year ended 30 June 2022 was \$490,000 (2021: \$325,000). The loan is repayable on 29 November 2029.

At 30 June 2022, CentrePort Limited has \$1.1 million of unsecured advances to Direct Connect Container Services there were no new advances made during the year (2021: \$680,000). There is no interest charged on these advances and they

are repayable on demand. This cash advance is shown on the balance sheet net of CentrePort Limited's share of losses, \$670,000.

Advance to Wellington Regional Stadium Trust

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance was 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. Greater Wellington without prejudice expected that the Stadium would not repay the advance and consequently the asset is fully impaired.

Greater Wellington advanced \$2.1million (2021: \$0.9 million) to the Wellington Regional Stadium Trust. The advance is for 10 years with the first two years being interest free. Afterwards an interest rate of 3% applies.

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 Greater Wellington provided 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 Programme has been discontinued in the latter part of the 2020/21 financial year.

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.

Civic Financial Services Limited

Greater Wellington holds 80,127 shares (2021: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

New Zealand Local Government Funding Agency Limited

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2021: 1,866,000). It has also invested \$10.6 million (2021: \$7.7 million) in LGFA borrower notes, which return on average 2.56% as at 30 June 2022 (2021: 1.01%). 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.

Bank deposits with maturity terms more than three months

Greater Wellington has invested \$54.0 million (2021: \$53.0 million) of its funds in short term deposits with an average rate of 2.85% (2021: 1.01%). They are recorded at fair value.

Bulk water supply contingency fund

Greater Wellington is holding \$43.4 million (2021: \$40.5 million) in bulk water supply contingency funds. The funds are invested in term deposits (2021: \$35.5 million in term deposits and \$5 million in bank bonds). The weighted average rate is 2.48% (2021: 1.26%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Material damage property insurance contingency fund

Greater Wellington has invested \$11.2 million (2021: \$10.7 million) of its material damage property insurance contingency fund in short term deposits with an average rate of 2.83% (2021: 0.96%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Major flood contingency fund

Greater Wellington has invested \$7.692 million (2021: \$7.396 million) of its major flood contingency fund in a short-term deposit with a rate of 1.96% (2021: 0.80%). The deposit is recorded at fair value.

14 Aggregated joint venture information

Name of joint venture	Principal activity	2021 Percentage ownership %	2020 Percentage ownership %
Direct Connect Container Services Limited*	Transport hubbing and logistics	38.5%	38.5%
Marlborough Inland Hub Limited*	Development	38.5%	-%
Dixon & Dunlop Limited**	Construction & development	38.5%	-%

* The Marlborough Inland Hub joint venture between Port Marlborough and CentrePort Limited will see the development of the Riverlands site. A total of 7 hectares of the 32-hectare site is expected to be utilised for the hub with the remainder available to prospective parties.

** CentrePort Limited completed a 50% acquisition of civil contracting company Dixon & Dunlop in September 2021.

All companies are incorporated and operate in New Zealand.

	Actual 2022 \$'000	Actual 2021 \$'000
Summarised balance sheet		
Current		
Cash and cash equivalents	1,744	354
Other current assets (excluding cash)	2,002	304
Total current assets	3,746	658
Other current liabilities (including trade payables)	(1,831)	(251)
Total current liabilities	(1,831)	(251)
Non current		
Assets	35,322	15,043
Total non current assets	35,322	15,043
Financial liabilities	(16,160)	(16,160)
Other liabilities	-	-
Total non current liabilities	(16,160)	(16,160)
Net assets	21,077	(710)
	Actual 2022 \$'000	Actual 2021 \$'000
Summarised statement of comprehensive income		
Revenue	16,564	2,757
Operating expenses	(14,192)	(2,822)
Net finance cost	-	-
	2,372	(65)
	Actual 2022 \$'000	Actual 2021 \$'000
Reconciliation of summarised financial information		
Opening net assets 30 June	(710)	(653)
Profit/(loss) for the year	3,088	(65)
Additional Investment	18,699	-
Gain on sale of asset	-	8
Closing net assets	21,077-	(710)
Interest in joint venture	(74)	(355)
Applied against loan advances	(74)	(355)
Carrying value	-	-

15 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 is categorised into the following classes:

- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets
- Right of use assets

All property, plant and equipment is 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 Greater Wellington & the 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.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

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 Greater Wellington & 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 2020 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 2020 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 2020 by Martin Veale ANZIV, SPINZ and 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 2020. 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.

Management performed a desktop assessment to assess if there are any indications that the carrying value of these revalued assets is materially different to the estimated fair value. The flood protection desktop assessment indicated that no adjustment to carrying values was required. The outcome of the assessment is supported by separate review performed by Damwatch.

Parks and forests

The parks and forests land and buildings were valued at 30 June 2022. 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 2022 and have been valued using ODRC methodology. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

Public transport

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

Greater Wellington Rail Limited public transport rail station infrastructural assets and 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 2019 using ODRC methodology.

For public transport assets, management performed a desktop assessment to assess if there are any indications that the carrying value of these revalued assets is materially different to the estimated fair value. This assessment indicated that the movement in the estimated fair values of Rolling Stock and Transport Infrastructure is material. This has resulted in a \$70.9 million estimated increase in the value of the Rolling Stock and Transport Infrastructure asset classes and the revaluation reserve. The increase in the revaluation reserve is partially offset by a \$19.852 million deferred tax liability, resulting from the adjustment.

This adjustment is an interim estimate only and a full revaluation of these asset classes will be performed by June 2023.

In estimating the replacement cost of Rolling Stock, the same methodology was applied as the most recent valuation in 2019. The manufacturer of the Rolling Stock units was able to provide the increase in the cost of similar rolling stock units over this period. The estimated increase in the ODRC of Rolling Stock is \$34.9 million.

Similarly, in estimating the replacement cost of Transport Infrastructure assets, cost information was obtained from recent projects. The estimated increase in the ODRC of Transport Infrastructure is \$36.0 million.

The assessment has not been independently reviewed.

Regional water supply

Regional water supply infrastructure assets were valued by John Freeman as at 30 June 2022 using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of Bayleys Valuations Limited as at 30 June 2022 using ODRC methodology.

Water urban based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2022 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Water catchment and rural based assets were valued by Baker & Associates (Fergus T Rutherford, Registered Valuer, BBS (VPM), ANZIV) as at 30 June 2022 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by the firm Colliers International, a registered valuer, on 30 June 2022.

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.

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 2019.

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.

Property, Plant and Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration 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 is depreciated, excluding land.

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 Greater Wellington and the Group and the cost of the item can be measured reliably.

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

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 to 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	2 to 100 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	5 to 50 years
Operational plant and equipment	2 to 50 years
Operational vehicles	2 to 34 years
Flood protection infrastructural assets	10 years to indefinite
Transport infrastructural assets	1 to 150 years
Rail rolling stock	5 to 30 years
Navigational aids infrastructural assets	10 to 50 years
Parks and forests infrastructural assets	4 to 155 years
Regional water supply infrastructural assets	3 to 214 years
Right to use	20 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 has a finite useful life is 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.

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.

15 Property, plant and equipment

Council 2022	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigational aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Right to use \$'000	Total \$'000
Operating assets										
Opening net book value	29,345	30,881	3,039	447,569	2,046	88,606	41,044	592,295	26,256	1,261,082
Disposals/written off net	-	(22)	(49)	-	-	-	-	(139)	-	(210)
Reclassification	-	-	-	-	-	58	-	(656)	-	(598)
Revaluation gain/(loss)	(120)	-	-	-	-	41,834	11,600	66,863	-	120,177
Impairment	-	-	-	-	-	-	-	-	-	-
Additions	7,072	1,807	705	3,450	-	-	-	6,743	-	19,777
Depreciation charge	(689)	(3,591)	(944)	(1,171)	(97)	(1,901)	(3,137)	(16,434)	(1,536)	(29,501)
Work in progress movement	-	553	142	22,754	-	917	8,587	14,148	-	47,101
Total	35,608	29,628	2,893	472,602	1,949	129,514	58,094	662,821	24,720	1,417,828
Cost	39,609	29,187	9,044	444,498	2,292	126,487	54,262	617,851	30,889	1,354,119
Work in progress	-	11,598	150	32,801	-	3,027	13,284	44,970	-	105,831
Accumulated depreciation	(4,002)	(11,157)	(6,301)	(4,697)	(343)	-	(9,452)	-	(6,169)	(42,121)
Total	35,608	29,628	2,893	472,602	1,949	129,514	58,094	662,821	24,720	1,417,828

15 Property, plant and equipment continued

Council 2021	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigation Aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Right to use \$'000	Total \$'000
Operating assets										
Opening net book value	27,415	20,384	3,327	439,034	2,123	89,592	43,440	598,356	27,800	1,251,469
Disposals/written off net	-	(419)	(660)	-	-	-	(53)	-	-	(1,132)
Revaluation gain/(loss)	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Additions	2,541	16,638	788	5,100	38	300	2,913	4,669	-	32,988
Depreciation charge	(611)	(2,221)	(415)	(1,268)	(115)	(2,119)	(3,274)	(15,784)	(1,544)	(27,351)
Work in progress movement	-	(3,500)	-	4,703	-	834	(1,982)	5,055	-	5,109
Total	29,345	30,881	3,039	447,569	2,046	88,606	41,044	592,292	26,256	1,261,082
Cost	32,658	29,509	8,891	441,048	2,292	92,817	42,662	608,524	30,889	1,289,290
Work in progress	-	11,045	-	10,046	-	2,111	4,697	30,822	-	58,720
Accumulated depreciation	(3,313)	(9,673)	(5,851)	(3,525)	(246)	(6,321)	(6,321)	(47,051)	(4,633)	(86,929)
Total	29,345	30,881	3,039	447,569	2,046	88,606	41,044	592,292	26,256	1,261,082

15 Property, plant and equipment continued

Group 2022	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigation aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Wharves & paving \$'000	Cranes & floating equipment \$'000	Rolling stock \$'000	Right to use \$'000	Total \$'000
Operating assets													
Opening net book value	130,505	56,427	3,039	447,569	2,046	88,606	149,684	592,295	65,724	26,620	343,826	26,256	1,932,598
Disposals/written off net	(2)	(40)	(49)	-	-	-	-	(139)	-	-	-	-	(230)
Reclassification	621	(2,902)	-	-	-	-	-	-	1,377	902	1	-	-
Revaluation gain/(loss)	10,047	-	-	-	-	41,892	47,600	66,207	-	-	34,900	-	200,646
Impairment	(1,433)	(2,965)	-	-	-	-	-	-	(10,414)	(3,476)	-	-	(18,288)
Additions	21,503	5,808	705	3,450	-	-	1,054	6,743	43,100	507	5,800	-	88,670
Depreciation charge	(1,800)	(5,862)	(944)	(1,171)	(97)	(1,901)	(7,958)	(16,434)	(3,730)	(2,738)	(19,799)	(1,536)	(63,971)
Decrease in Fair Value	(107)	-	-	-	-	-	-	-	-	-	-	-	(107)
Provision for Resilience	2,487	-	-	-	-	-	-	-	-	-	-	-	2,487
Work in progress movement	(337)	943	142	22,754	-	917	14,392	14,148	(10,265)	(487)	(1,246)	-	43,453
Total	161,484	51,409	2,893	472,602	1,949	129,514	204,772	662,821	85,792	21,328	365,975	24,720	2,185,258
Cost	203,690	65,416	9,044	444,498	2,292	126,487	199,034	617,851	119,705	60,394	16,495	30,889	2,295,795
Work in progress	721	13,784	150	32,801	-	3,027	28,197	44,970	22,248	-	2,585	-	148,463
Accumulated depreciation	42,928	(27,791)	(6,301)	(4,697)	(343)	129,514	(22,459)	-	(56,161)	(39,066)	(53,089)	(6,169)	(259,004)
Total	161,484	51,409	2,893	472,602	1,949	129,514	204,772	662,821	85,792	21,328	365,975	24,720	2,185,254

15 Property, plant and equipment continued

Group 2021	Land & Buildings \$'000	Plant & Equipment \$'000	Motor Vehicle \$'000	Flood Protection \$'000	Navigational aids \$'000	Parks & Forests \$'000	Transport Infrastructure \$'000	Water Infrastructure \$'000	Wharves & paving \$'000	Cranes & floating equipment \$'000	Rolling stock \$'000	Right to use \$'000	Total \$'000
Operating assets													
Opening net book value	105,445	31,545	3,327	439,034	2,123	89,592	146,134	598,356	31,218	32,723	354,179	27,800	1,861,691
Disposals/written off net	(2,216)	(677)	(660)	-	-	-	(106)	-	(42)	(1,470)	-	-	(5,171)
Reclassification	3,102	-	-	-	-	-	-	-	-	-	-	-	3,102
Revaluation gain/(loss)	6,747	-	-	-	-	-	-	-	-	-	-	-	6,747
Impairment	7,899	-	-	-	-	-	-	-	-	-	-	-	7,899
Additions	14,982	31,818	788	5,100	38	300	15,322	4,669	20,174	2,323	10,686	-	106,210
Depreciation charge	(1,488)	(3,853)	(415)	(1,268)	(115)	(2,119)	(7,479)	(15,784)	(2,036)	(2,864)	(16,645)	(1,544)	(55,610)
Decrease in Fair Value	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress movement	(3,966)	(2,406)	-	4,703	-	834	(4,188)	5,055	16,410	(4,101)	(4,177)	-	8,164
Total	130,505	56,427	3,039	447,569	2,046	88,606	149,683	592,295	65,724	26,620	344,043	26,256	1,932,814
Cost	151,280	64,576	8,891	441,048	2,292	92,817	150,381	608,524	89,079	60,013	375,792	30,889	2,075,583
Work in progress	436	15,735	-	10,046	-	2,111	13,284	30,822	31,140	(415)	1,540	-	105,219
Accumulated depreciation	(21,211)	(23,884)	(5,851)	(3,525)	(246)	(6,321)	(14,501)	(47,051)	(54,495)	(32,978)	(33,290)	(4,633)	(247,988)
Total	130,505	56,427	3,039	447,569	2,046	88,606	149,683	592,295	65,724	26,620	344,043	26,256	1,932,814

Infrastructural assets further disclosures

Council 2022	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants and facilities	275,133	6,743	-	275,133
Other water assets	342,718	-	-	342,718
Flood protection and control works	439,802	-	3,450	462,888
Total infrastructural assets	1,057,653	6,743	3,450	1,080,739

Council 2021	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
Infrastructural assets				
Water treatment plants & facilities	250,028	3,790	-	338,794
Other water assets	311,447	880	-	281,790
Flood protection and control works	437,524	5,100	-	461,527
Total infrastructural assets	998,999	9,770	-	1,082,111

Capital Work in Progress

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

2021			2022	
Group (\$000)	Parent (\$000)		Group (\$000)	Parent (\$000)
1,058	-	Land & Buildings	721	-
12,841	11,045	Plant & Equipment	13,784	11,598
-	-	Motor Vehicle	150	150
10,046	10,046	Flood Protection	32,801	32,801
-	-	Navigational aids	-	-
2,111	2,111	Parks and Forests	3,027	3,027
13,804	4,697	Transport infrastructure	28,197	13,284
30,822	30,822	Water infrastructure	44,970	44,970
32,513	-	Wharves and paving	22,248	-
487	-	Cranes and floating equipment	-	-
1,542	-	Rolling stock	2,565	-
105,224	58,721	Total Work in Progress	148,462	105,830

Service Concession Arrangement

Background:

Greater Wellington (as grantor) has entered into an arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contracts terms of 15 years.

During this period, the operator will earn revenues from operating the buses while Greater Wellington pays the service fees and substantively control the use of the double decker buses as specified in the agreement. At the end of the contract term, the ownership of those buses will transfer to Greater Wellington with the price determined using a contracted formula.

Service concession asset

The double decker buses were initially recognised at fair value of \$31 million in 2018/19 and have been subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and are depreciated on a straight-line basis.

Service concession liability

\$31 million of financial liability in relation to the service concession arrangement has also been initially recognised in 2018/19. This financial liability has been subsequently accounted for using the amortised cost model leading to finance expenses over 15 years.

Operational Port Land

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2022. The assessed value at that time was \$85.7m which was adjusted by \$27.8m for estimated Operational Port Land resilience costs, to arrive at fair value for financial reporting purposes.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Industrial Zoned Land	-	-	113,511	105,396
Commercial Zoned	-	-	-	-
Other Port Land	-	-	29,566	27,359
	-	-	143,077	132,754
Less Provisions for Land Resilience	-	-	(27,763)	(43,588)
Additions, Transfers, and Disposals of Port Land since valuation	-	-	-	-
Total Operational Port Land	-	-	115,313	89,166
Industrial Zoned Land				
Industrial Zoned Land as at 1 July	-	-	105,396	94,725
Additions *	-	-	262	915
Transfers/Reclassifications	-	-	-	4,871
Increase / (decrease) in fair value *	-	-	7,853	4,885
	-	-	113,511	105,396
Commercial Zoned Land				
Commercial Zoned Land as at 1 July	-	-	-	2,200
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
Increase / (decrease) in fair value *	-	-	-	(2,200)

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
	-	-	-	-
Other Port Land				
Other Port Land as at 1 July	-	-	27,359	25,495
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
Increase / (decrease) in fair value*	-	-	2,207	1,863
	-	-	29,566	27,359
Provision for Land Resilience				
Provision for Land Resilience as at 1 July	-	-	(43,588)	(60,000)
Additions	-	-	13,338	10,282
Transfers/Reclassifications	-	-	-	(1,769)
Change in Provision for Land Resilience charged to Revaluation Reserve	-	-	2,487	7,899
	-	-	(27,763)	(43,588)

*There has been a reclassification of \$650k from Other Port Land Freehold to Industrial Zoned Land Freehold at 30 June 2021. This is for the Norfolk Road property which was incorrectly classified on acquisition in 2021.

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.

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:

- It is assumed that CentrePort Limited will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are to be borne by CentrePort Limited and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment on the following page.
- 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

Industrial Zoned Land	Assessed Value	Valuation approach	Key valuation assumptions	Valuation impact
Freehold Land	\$102.0m (2021: \$98.0)*	Direct Sales Comparison approach	Weighted average land value – the rate per sqm applied to the subject property. This ranges from \$50psqm to \$1,650psqm (2021: \$50psqm to \$1,600psqm)	+ 5% \$5.1m (2021: + 5% \$4.9m)
		Market Capitalisation	Capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive the value. The rate selected was 6.25% (2021: 6.5%)	+ 0.25% \$0.1m (2021: + 0.25% \$0.1m*)
		Discounted Cash Flow	Discount rate – the rate of return used to determine the present value of future cash flows. The rate used was 7.5% (2021: 7.75%)	+ 0.25% \$0.1m (2021: + 0.25% \$0.03m*)
Leasehold Land	\$11.5m (2021: \$7.4m)	Capitalised Net Rental approach	Weighted average land value – the rate per sqm applied to the subject property. This ranges from \$1,500psqm to \$1,750psqm (2021: \$1,100psqm to \$1,350psqm)	+ 5% \$0.4m (2021: 0.5% \$0.4m +0.5% \$0.3m)
Assessed Value	\$113.5m (2021: \$104.7m)			
Provision for Land Resilience	27.8m (2021: (\$43.6m))	Cost estimates	Estimated cost of completing land resilience work.	+ 15% \$4.2m (2021: + 15% \$6.5m)
Total Fair Value	\$85.7m (2021: \$61.8m)			

Operational Port Land resilience

An adjustment of \$27.8m has been made to the fair value of Operational Port Land at 30 June 2022 (2021: \$43.6m) to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the costs for remediation works already undertaken for part of the operational port land and third-party cost estimates. \$13.3m of remediation works were completed during the year. The land resilience provision was decreased by \$2.5m for the revised estimate of the cost to complete the remediation works.

There is a significant level of uncertainty attached to the level of adjustment to be recognised for 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.

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

Other port land	Fair value \$000s	Valuation approach	Key valuation assumptions	Valuation impact
Leasehold Land	\$26.5m (2021: \$24.4m)	Capitalised Net Market Ren	Weighted average land value – the rate per sqm applied to the subject property. This ranges from \$150psqm to \$750psqm (2021: \$150psqm to \$700psqm)	+ 5% \$1.3m (2021: + 5% \$1.2m)
Leasehold Land	\$3.1m (2021: \$3.0m)	Market Capitalisation	Market capitalisation rate – the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive the value. This is set at 8.25% (2021: 8.5%)	+ 0.25% \$0.3m (2021: + 0.25% \$0.3m*)
		Discounted Cashflow	Discount rate – the rate of return used to determine the present value of future cash flows. The rate used was 8.75% (2021: 9.0%)	+ 0.25% \$0.2m (2021: + 0.25% \$0.2m*)
Total Fair Value	\$29.6m (2021: \$27.4m)			

Greater Wellington Rail Limited (GWRL)

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

16 Intangible assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period..

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 through the revaluation reserve.

Council	Software \$'000	*Emission units \$'000	Total \$'000
Year ended 30 June 2021			
Opening net book amount	1,911	10,799	12,710
Additions	576	-	576
Revaluation	-	3,858	3,858
Amortisation charge **	(793)	-	(793)
Closing net book amount	1,694	14,657	16,351
At 30 June 2021			
Cost and valuation	11,289	14,658	25,947
Accumulated amortisation and impairment	(9,596)	-	(9,596)
Net book amount	1,693	14,658	16,351

16 Intangible assets continued

Council	Software \$'000	Emission units \$'000	Total \$'000
Year ended 30 June 2022			
Opening net book amount	1,693	14,657	16,350
Additions	3,261	-	3,261
Revaluation	-	11,353	11,353
Net amortisation charge	(2,356)	-	(2,356)
Closing net book amount	2,598	26,010	28,608
At 30 June 2022			
Cost and valuation	14,551	26,010	40,561
Accumulated amortisation and impairment	(11,953)	-	(11,953)
Net book amount	2,598	26,010	28,608

Group	Goodwill \$'000	Software \$'000	*Emission units \$'000	Total \$'000
Year ended 30 June 2021				
Opening net book amount	2,674	2,700	10,799	16,173
Additions	-	640	-	640
Revaluation	-	-	3,858	3,858
Disposal	-	(72)	-	(72)
Amortisation charge **	-	(1,056)	-	(1,056)
Closing net book amount	2,674	2,212	14,657	19,542
At 30 June 2021				
Cost	2,674	11,812	14,658	29,144
Accumulated amortisation and impairment	-	(9,602)	-	(9,602)
Net book amount	2,674	2,210	14,658	19,542

Group	Goodwill \$'000	Software \$'000	Emission units \$'000	Total \$'000
Year ended 30 June 2022				
Opening net book amount	2,674	2,210	14,658	19,542
Additions	-	3,345	-	3,345
Revaluation	-	-	11,353	11,353
Impairment	(2,674)	-	-	(2,674)
Disposal	-	(51)	-	(51)
Amortisation charge	-	(2,549)	-	(2,549)
Closing net book amount	-	2,955	26,010	28,965
At 30 June 2022				
Cost and valuation	2,674	17,877	26,010	48,172
Accumulated amortisation and impairment	(2,674)	(14,922)	-	(19,208)
Net book amount	-	2,955	26,010	28,965

No intangible assets are pledged as security for liabilities.

**The amortisation expense is included in operating expenses in the statement of comprehensive income.

17 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	1,767,995	661,102
Rolling stock	528,566	175,000
Total	2,296,562	836,102

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	108,283	1,376,610
Rolling stock	-	353,566
Total	108,283	1,730,176

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 mean damage estimate for the Water underground assets and Flood Protection assets has been calculated at \$135 million and \$71 million respectively 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.

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

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kapiti Coast District Council and Porirua City Council. The Council shares its building and equipment insurance with these four Councils to the value of \$600 million, based on our Council assets of \$749 million and sharing group assets of \$1.881 billion.

18 Investment properties

Accounting policy

Investment property, 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 the statement of comprehensive income in the period in which they arise

Greater Wellington holds no investment in properties.

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

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development
- Lessors Interests

Valuation approach

Investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

The fair value of investment properties is based on the highest and best use for commercial property.

Developed Investment Property – Valuation

Developed Investment Property consists of the building and a leasehold interest in the land for the Customhouse. The property is leased to a third party.

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach – This is where the fair value is determined by capitalising the property's market ground rental with reference to sales of lessors' interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.
- Contract Income approach – This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant, however this is less effective where the current contract rent varies from the assessed market rent due to various factors.

Land Available for Development – Valuation

Land Available for Development consists of the Harbour Quays Development Land and the site of the former BNZ Building (2021: Harbour Quays Development Land, former BNZ Building, and the former Statistics House).

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort Limited will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort Limited and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort Limited decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs, however, many of the 'vacant' land sales referenced to value the subject land, also similarly have existing income pending redevelopment.

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.

	Assessed value	Valuation approach	Key valuation assumptions	Valuation impact
Developed Investment Property	\$31.8m (2021: \$26.0m)	Contract Income	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 7.0% (2021:8.5%)	+ 0.25% \$1.5m (2021: 0.25% \$0.75m + 0.25% \$1.0m)
		Market Capitalisation	Capitalisation rate the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 6.25% (2021: 7.75%)	+0.25% \$1.5m 0.25% \$2.0m (2021: + 0.25% \$1.0m)
		Discounted Cashflow	Discount rate the rate of return used to determine the present value of future cashflows. The rate selected was 7.5% (2021: 8.0%)	+0.25% \$0.72m 0.25% \$0.74m (2021: + 0.25% \$0.54m)
Land Available for Development	\$39.7m (2021: \$37.6m)	Direct Sales comparison	Weighted average land value the rate per sqm applied to the subject property. The rates applied ranged from \$125 \$2,625 per sqm (2021: \$120 \$2,500 per sqm)	+ 5.0% \$2.0m (2021: + 5.0% \$1.9m)
Assessed Value	\$71.4m (2021: \$63.9m)		Estimated cost of completing works on Land Available for Development.	+ -10% \$0.9m (2021: + -10% \$0.8m)
Cost to repair services to undeveloped sites, rebuild a seawall and complete ground improvement works	(\$8.8m) (2021: \$8.4m)	Cost estimates	Estimated cost of completing works on Land Available for Development	+ -10% \$0.9m (2021: + -10% \$0.8m)
Total Fair Value	\$62.6m (2021: \$55.5m)			

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2010 \$'000
Investment properties				
Developed investment properties brought forward	-	-	26,000	29,900
Additions / (disposals)	-	-	124	-
Increase / (decrease) in fair value	-	-	5,643	(3,900)
Developed investment properties carried forward	-	-	31,767	26,000
Land available for development brought forward	-	-	29,493	30,003
Additions / (disposals)	-	-	2,157	2,457
Consolidated from SPV's	=	=	=	=
Impairment on Earthquake damage	-	-	-	(4,871)
Increase / (decrease) in fair value	-	-	(800)	1,904
Land available for development carried forward	-	-	30,850	29,493
Total investment properties	-	-	62,617	55,493

19 Investments in subsidiaries and associates

Accounting policy

Greater Wellington consolidates as subsidiaries in the group financial statements all entities over which Greater Wellington may direct the governance policies so as to obtain benefits from the activities of the entity. This power generally exists where Greater Wellington has an interest of 50% or more of council controlled organisations

or more than one half of the voting rights on the governing body.

The investment in subsidiaries is carried at cost in the council's parent entity financial statements.

Breakdown of investments in subsidiaries and associates:

		Equity holding	
		2022 %	2021 %
WRC Holdings Limited	Subsidiary of Greater Wellington	100	100
CentrePort Limited*	Subsidiary of WRC Holdings 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	15	15

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.

* CentrePort Limited established CentrePort Captive Insurance Limited.

		Actual 2022 \$'000	Actual 2021 \$'000
WRC Holdings Limited shares		316,945	302,545
Wellington Water Limited		150	150
Total investment in subsidiaries		317,095	302,695

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

20 Derivative financial instruments

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Current asset portion				
Interest rate swaps	-	604	-	604
Total current asset portion	-	604	-	604
Non current asset portion				
Interest rate swaps	18,811	531	18,811	531
Total non current asset portion	18,811	531	18,811	531
Total derivative financial instruments – assets	18,811	1,135	18,811	1,135
Current liability portion				
Interest rate swaps	96	1,120	96	1,120
Total current liability portion	96	1,120	96	1,120
Non current liability portion				
Interest rate swaps	5,451	51,312	5,451	51,312
Total non current liability portion	5,451	51,312	5,451	51,312
Total derivative financial instruments – liabilities	5,547	52,432	5,547	52,432
Total net fair value	13,264	(51,297)	13,264	(51,297)

For more information on interest rate swaps and foreign exchange contracts, please refer to note 25 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.

21 Trade and other payables

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Trade and other payables				
Trade payables	70,301	52,415	85,843	67,483
Deposits and bonds	-	-	88	28
Revenue in advance	5,957	1,907	5,957	1,907
Accrued interest on borrowings	4,072	2,273	4,072	2,298
Amounts due to related parties	6,833	6,740	-	-
Total current creditors and other payables	87,163	63,335	95,960	71,716

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

22 Debt

	Note	Council		Group	
		Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Current debt liabilities					
Committed lines	(i)	-	-	-	-
Commercial paper	(ii)	94,064	81,850	74,603	61,948
Floating rate notes	(iii)	30,000	70,000	30,000	70,000
NZ Green Investment Finance	(vi)	-	-	11,000	7,500
Total current debt liabilities		124,064	151,850	115,603	139,448
Non current debt liabilities					
Fixed rate bond	(iv)	25,000	25,000	25,000	25,000
Floating rate notes	(iii)	489,000	355,000	489,000	355,000
Total non current debt liabilities		514,000	380,000	514,000	380,000
Total debt liabilities		638,064	531,850	629,603	519,448

Terms and conditions

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

- (i) Greater Wellington has no overdraft facility. As at 30 June 2022 Greater Wellington has \$120.0 million (2021: \$120.0 million) credit lines of which \$120.0 million (2021: \$120.0 million) is undrawn. Two credit lines are for \$35.0 million each and both mature in 2026. These two facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. A third facility is for \$50.0 million and has no maturity date with the provider having a 15-month notice period. All three facilities are subject to a charge over rates.

As at 30 June 2022 the Group had no bank overdraft balance (2021: \$0).

- (ii) Greater Wellington has issued four (2021: four) commercial paper as at 30 June 2022. Three mature within three months from balance date and one matures between 3 month and 1 year. Their weighted average interest rate is 2.2579% (2021: 0.3775%).
- (iii) As at 30 June 2022 GWRC has issued 20 (2021: 16) Floating Rate Notes (FRN) as per the below table. The interest rates are ranging between 2.1275% and 3.6175% (2021: 0.6725% and 1.1920%) and are reset quarterly based on the 90-day bank bill rate plus a margin.

Maturity	2021	2020
Oct 21	-	45,000,000
Apr 22	-	25,000,000
Apr 23	30,000,000	30,000,000
Oct 23	25,000,000	25,000,000
Jun 24	25,000,000	25,000,000
Oct 24	46,000,000	-
Apr 25	25,000,000	25,000,000
Jun 25	25,000,000	25,000,000
Nov 25	25,000,000	25,000,000
Jun 26	25,000,000	25,000,000
Apr 27	25,000,000	25,000,000
Apr 28	25,000,000	25,000,000
Oct 28	25,000,000	25,000,000
Apr 29	25,000,000	25,000,000
Jul 29	13,000,000	-
Oct 29	25,000,000	-
Apr 30	25,000,000	25,000,000
May 31	25,000,000	-
Nov 31	30,000,000	-
Apr 32	25,000,000	25,000,000
Apr 33	25,000,000	25,000,000
Apr 34	25,000,000	-
	519,000,000	425,000,000

- (iv) The \$25.0 million fixed rate bond has a 4.31% coupon and is due for repayment in April 2031.
- (v) WRC Holdings Limited has received a \$44.0 million loan from Greater Wellington which matures on 15 October 2024 and is repriced quarterly. The loan has an interest rate of 2.3775%. (2021: 0.9225%).

(vi) NZ Green Investment Finance

CentrePort Limited has a \$15.0 million debt facility with New Zealand Green Investment Finance (NZGIF) to accelerate investment into low carbon projects.

The Group has drawn down \$11.0 million of this facility at balance date (2021: \$7.5 million). The interest rate is based on BKBM

(bank bill bid settlement) rate plus a margin payable on funds drawn. A commitment fee is also payable on the facility limit. The facility was renewed on 7 June 2022 for a term of 13 months. The Lender has first ranking security over all current and future assets held by the Group.

23 Employee entitlements and provisions

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Current liability				
Employee benefits	6,846	8,177	10,505	11,353
Provisions	66	196	66	196
	6,912	8,373	10,571	11,549
Non-current portion				
Employee benefits	139	160	302	327
Total employee benefit liabilities	7,051	8,533	10,873	11,876

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The rate used for discounting the provision for future payments is 3.6% (2021: 1.8%).

Council 2022	Annual leave \$'000	Long service leave \$'000	Earthquake repair works \$'000	ESCT \$'000	Total \$'000
Opening carrying value	8,177	160	96	100	8,533
Amounts used	(1,331)	(21)	(30)	(100)	(1,482)
Carrying amount at end of year	6,846	139	66	-	7,051

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

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Surplus/(deficit) after tax	35,113	30,168	10,799	3,065
Add/(less) non cash items				
Depreciation and amortisation	31,857	29,196	66,522	57,723
Non-cash asset	7,051	-	7,051	-
Net (loss) gain on sale of fixed assets	657	(116)	569	(1,184)
Impairment of property, plant and equipment, goodwill and software	-	-	21,000	-
Gain on fair value of financial instruments	(64,561)	(32,775)	(64,561)	(32,775)
Loan write off	-	1,000	-	1,000
Equity accounted earnings from associate companies	-	-	(1,461)	(138)
Change in value of future tax benefit	-	-	(10,320)	(5,277)
Increase/decrease of emission units allocations	368	-	368	-
Decrease (Increase) in Value of Investment property	-	-	(4,842)	2,261
Movement in provision for impairment of doubtful debts	-	342	-	342
Add/(less) movements in working capital				
Accounts receivable	(26,288)	35,731	(24,407)	56,339
Warm Wellington receivable	2,595	2,057	2,595	2,057
Inventory	(784)	(347)	(1,603)	(534)
Decrease (increase) in provisions & retentions	-	(118)	-	(118)
Accounts payable	22,127	(4,141)	19,402	(18,515)
Employee provisions	(1,483)	3,799	(1,004)	1,277
Tax	-	-	(2,673)	1,673
Add / (less) items classified as investing or financing				
Accounts payable related to fixed assets	-	-	(666)	(907)
Accounts receivable related to investment property	-	-	58	339
Prepayments related to property plant and equipment	-	-	749	(3,583)
Net cash inflow/(outflow) from operating activities	6,650	64,796	17,574	63,185

25 Financial instruments

Greater Wellington 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.

Greater Wellington 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 Greater Wellington 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.

Greater Wellington and 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 2022 Greater Wellington does not have any foreign exchange contracts (2021: Nil). In the Group there is no FX contract as per 30 June 2022 (2021: 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 2022 Greater Wellington and the Group had entered into the following interest rate swap agreements:

Maturity	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Less than one year	20,000	55,000	20,000	55,000
One to two years	20,000	20,000	20,000	20,000
Two to five years	190,000	130,000	190,000	130,000
Greater than five years	300,000	265,000	300,000	265,000
Total fair value interest rate risk	530,000	470,000	530,000	470,000

At 30 June 2022, the fixed interest rates of swaps of the Council and Group vary from 1.20% to 5.40% (2021: 1.20% to 5.40%).

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, Greater Wellington and 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 Greater Wellington and the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Sensitivity analysis

The tables below illustrate the potential profit and (loss) impact for reasonably possible

market movements, with all other variables held constant, based on Greater Wellington and the Group's financial instrument exposures at balance date.

30 June 2022 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	165	-	(165)	-	1,581	-	(1,581)	-
New Zealand Local Government Funding Agency Limited borrower notes	102	-	(102)	-	102	-	(102)	-
Bank deposits with maturity terms more than 3 months	540	-	(540)	-	540	-	(540)	-
Bulk water supply contingency fund	434	-	(434)	-	434	-	(434)	-
Material damage property insurance contingency fund	112	-	(112)	-	112	-	(112)	-
Major flood contingency fund	77	-	(77)	-	77	-	(77)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	15,097	-	(16,777)	-	15,097	-	(16,777)	-
Financial liabilities								
NZ Green Investment Fund	-	-	-	-	(110)	-	110	-
Commercial paper	(941)	-	941	-	(746)	-	746	-
Floating rate notes	(5,190)	-	5,190	-	(5,190)	-	5,190	-
Derivatives	6,764	-	(7,183)	-	6,764	-	(7,183)	-
Total sensitivity to interest rate risk	17,600	-	(19,699)	-	18,661	-	(20,760)	-

30 June 2021 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	47	-	(47)	-	1,968	-	(1,968)	-
New Zealand Local Government Funding Agency Limited borrower notes	73	-	(73)	-	73	-	(73)	-
Bank deposits with maturity terms more than 3 months	530	-	(530)	-	530	-	(530)	-
Bulk water supply contingency fund	355	-	(355)	-	355	-	(355)	-
Material damage property insurance contingency fund	107	-	(107)	-	107	-	(107)	-
Major flood contingency fund	74	-	(74)	-	74	-	(74)	-
Loan to WRC Holdings Limited	440	-	(440)	-	-	-	-	-
Derivatives	740	-	(836)	-	740	-	(836)	-
Financial liabilities								
NZ Green Investment Ltd	-	-	-	-	(75)	-	75	-
Commercial paper	(819)	-	819	-	(620)	-	620	-
Floating rate notes	(4,250)	-	4,250	-	(4,250)	-	4,250	-
Derivatives	21,019	-	(22,748)	-	21,019	-	(22,748)	-
Total sensitivity to interest rate risk	18,316	-	(20,141)	-	19,921	-	(21,746)	-

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 Greater Wellington and the Group to credit risk are principally bank balances, loans and advances to joint ventures, receivables and investments. Greater Wellington and the Group monitors credit risk on an ongoing basis. The loans and advances to joint ventures are with a related party from CentrePort Limited.

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

The initial Stadium advance from 1998 is reliant on the Wellington Regional Stadium Trust repaying all its external debt prior to making repayments to the settling trustees.

The repayment of the stadium advance is not expected to be realised.

The advance to the Wellington Regional Stadium Trust matures in December 2030 and is expected to be repaid.

Concentration of credit risk

Greater Wellington 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 Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from the Waka Kātahi (New Zealand Transport Agency) and the Te Manatu Waka (Ministry of Transport).

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

Credit risk	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and term deposits	70,517	57,675	212,141	249,792
Trade and other receivables	89,711	53,638	92,142	63,939
New Zealand Local Government Funding Agency Limited borrower notes	10,630	7,650	10,630	7,650
Stadium advance	2,100	900	2,100	900
Derivative financial instrument assets	18,811	1,135	18,811	1,135
Bulk water supply contingency fund	43,390	40,499	43,390	40,499
Material damage property insurance contingency fund	11,165	10,678	11,165	10,678
Major flood contingency fund	7,692	7,396	7,692	7,396
Loan to WRC Holdings Limited	44,000	44,000	-	-
Loans and Advances to Joint Ventures	-	-	7,670	7,753
Total credit risk	298,016	223,571	405,741	389,742

Credit quality of financial assets

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

	Council		Group	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Counterparties with credit ratings				
New Zealand Local Government Funding Agency Limited borrower notes				
AAA	10,630	7,650	10,630	7,650
Total LGFA borrower notes	10,630	7,650	10,630	7,650
Cash at Bank and term deposits				
AA -	71,402	103,126	185,022	244,243
Moody's A1 = A+ S&P	40,080	8,122	40,080	38,122
A	21,282	-	49,282	21,000
Bank bonds/Floating rate note				
AA -	-	5,000	-	5,000
Total cash at bank, term deposits, bank bonds and floating rate notes	132,764	116,248	274,384	308,365
Derivative financial instruments				
AA -	14,319	1,135	14,319	1,135
Moody's A1 = A+ S&P	4,492	-	4,492	-
Total derivative financial instruments	18,811	1,135	18,811	1,135

c) Liquidity Risk

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

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance with the Treasury Risk Management Policy. The investments are in either short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better S&P rating. CentrePort Limited reduces

its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Contractual maturity analysis of financial liabilities

The table below analyses Greater Wellington and 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.

	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 2022						
Financial liabilities						
Trade and other payables	65,882	-	-	-	65,882	65,882
Commercial paper	95,000	-	-	-	95,000	94,064
Derivatives	1,871	(1,517)	(5,551)	(12,400)	(17,597)	(13,264)
Floating rate notes	43,703	62,667	197,843	291,946	596,159	519,000
Fixed rate bond	1,078	1,078	3,233	29,086	34,475	25,000
Total financial liabilities	207,534	62,228	195,525	308,632	773,919	690,682

	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 2021						
Financial liabilities						
Trade and other payables	63,335	-	-	-	63,335	63,335
Commercial paper	82,000	-	-	-	82,000	81,850
Derivatives	13,190	11,027	21,605	7,117	52,939	52,432
Floating rate notes	29,056	73,630	138,294	181,738	422,718	425,000
Fixed rate bonds	1,078	1,078	3,234	30,388	35,778	25,000
Total financial liabilities	188,659	85,735	163,133	219,243	656,770	647,617
Group 2022						
Financial liabilities						
Trade and other payables	95,960	-	-	-	95,960	95,960
Commercial paper	75,000	-	-	-	75,000	74,603
Derivatives	1,871	(1,517)	(5,551)	(12,400)	(17,597)	(13,264)
Floating rate notes	43,703	62,667	197,843	291,946	596,159	519,000
Fixed rate bond	1,078	1,078	3,233	29,086	34,475	25,000
NZ Green Investment Finance	11,443	-	-	-	11,443	11,000
Total financial liabilities	229,055	62,228	195,525	308,632	795,440	712,299
Group 2021						
Financial liabilities						
Trade and other payables	71,716	-	-	-	71,716	71,716
Commercial paper	62,000	-	-	-	62,000	74,930
Derivatives	13,190	11,027	21,605	7,117	52,939	52,432
Floating rate notes	29,056	73,630	138,294	181,738	422,718	400,000
Fixed Rate Bond	1,078	1,078	3,234	30,388	35,778	25,000
NZ Green Investment Finance	7,592	-	-	-	7,592	7,500
Total financial liabilities	184,632	85,735	163,133	219,243	652,743	631,578

d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the balance sheets, 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 2022				
Financial assets				
New Zealand Local Government Funding Agency Limited borrower notes	-	10,630	-	10,630
Stadium advance	2,100	-	-	2,100
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Derivative financial instrument assets	-	18,811	-	18,811
Total assets	9,984	29,441	-	39,425
Financial liabilities				
Derivative financial instrument liabilities	-	5,547	-	5,547
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	519,000	-	519,000
Total liabilities	-	549,547	-	549,547
30 June 2021				
Financial assets				
Bank bonds / notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	7,450	-	7,450
Stadium advance	900	-	-	900
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,072	-	-	7,072
Derivative financial instrument assets	-	1,135	-	1,135
Total assets	8,052	13,585	-	21,637
Financial liabilities				
Derivative financial instrument liabilities	-	52,432	-	52,432
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	425,000	-	425,000
Total liabilities	-	502,432	-	502,432

Group	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market value \$'000	Total \$'000
30 June 2022				
Financial assets				
New Zealand Local Government Funding Agency Limited borrower notes	-	10,630	-	10,630
Stadium advance	2,100	-	-	2,100
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,804	-	-	7,804
Loans and Advances to Joint Venture	7,670	-	-	7,670
Derivative financial instrument assets	-	18,811	-	18,811
Total assets	17,654	29,441	-	47,095
Liabilities				
Derivative financial instrument liabilities	-	5,547	-	5,547
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	519,000	-	519,000
NZ Green Investment Finance	-	11,000	-	11,000
Total liabilities	-	549,547	-	549,547
30 June 2021				
Financial assets				
Bank bonds/notes	-	5,000	-	5,000
New Zealand Local Government Funding Agency Limited borrower notes	-	7,450	-	7,450
Stadium advance	900	-	-	900
Civic Financial Services Limited shares	80	-	-	80
New Zealand Local Government Funding Agency Limited shares	7,072	-	-	7,072
Loans and Advances to Joint Venture	7,753	-	-	7,753
Derivative financial instrument assets	-	1,135	-	1,135
Total assets	15,805	13,585	-	29,390
Financial liabilities				
Derivative financial instrument liabilities	-	52,432	-	52,432
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	425,000	-	425,000
NZ Green Investment Finance	-	7,500	-	7,500
Total liabilities	-	509,932	-	509,932

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

Valuation techniques with significant non observable inputs (level 3)

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

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

Council	Level 3 \$,000
Balance at 1 July 2021	8,052
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	732
New debt / Transfer in	1,200
Maturing debt / Transfer out	-
Balance at 30 June 2022	9,984
Balance at 1 July 2020	6,321
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expenses	831
Maturing debt / Transfer out	900
Balance at 30 June 2021	8,052
Group	Level 3 \$'000
Balance at 1 July 2021	15,805
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	732
New debt / Transfer In	1,200
Maturing debt / Transfer out	(83)
Balance at 30 June 2022	17,654
Balance at 1 July 2020	6,321
Gain and losses recognised in other comprehensive revenue and expense	831
Maturing debt / Transfer out	8,653
Balance at 30 June 2021	15,805

(e) Financial instrument categories

Council	Assets at fair value through surplus or deficit \$'000	Assets at fair value through other comprehensive revenue and expense \$'000	Shares, loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
Assets					
30 June 2022					
Cash and cash equivalents	-	-	16,517	-	16,517
Receivables and pre payments	-	-	38,452	-	38,452
NZ Local Government Funding Agency shares	-	7,804	-	-	7,804
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency borrower notes	-	-	-	10,630	10,630
Warm Wellington Funding	-	-	3,516	-	3,516
Bank Deposits with maturity terms more than 3 months	-	-	-	54,000	54,000
Stadium advance	-	-	-	2,100	2,100
Bulk Water Supply Contingency Fund	-	-	-	43,390	43,390
Material Damage Property Insurance Contingency Fund	-	-	-	11,165	11,165
Major Flood Contingency Fund	-	-	-	7,692	7,692
Derivative financial instruments	18,811	-	-	-	18,811
Loan to WRC Holdings Limited	-	-	-	44,000	44,000
Total assets	18,811	7,884	58,635	172,977	258,307
30 June 2021					
Cash and cash equivalents	-	-	4,675	-	4,675
Receivables and pre payments	-	-	53,638	-	53,638
NZ Local Government Funding Agency shares	-	7,072	-	-	7,072
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency borrower notes	-	-	-	7,650	7,650
Borrowers Notes	-	-	6,111	-	6,111
Warm Wellington Funding	-	-	-	-	-
Bank Deposits with maturity terms more than 3 months	-	-	-	53,000	53,000
Bulk Water Supply Contingency Fund	-	-	-	900	900
Material Damage Property Insurance Contingency Fund	-	-	-	40,499	40,499
Major Flood Contingency Fund	-	-	-	10,678	10,678
Derivative financial instruments	-	-	-	7,396	7,396
Loan to WRC Holdings Limited	1,135	-	-	-	1,135
Total assets	-	-	-	44,000	44,000
Total assets	1,135	7,152	64,574	164,123	236,984

Group	Assets at fair value through surplus or deficit \$'000	Assets at fair value through other comprehensive revenue and expense \$'000	Shares, loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
30 June 2022					
Cash and cash equivalents	-	-	158,141	-	158,141
Receivables and pre payments	-	-	92,142	-	92,142
NZ Local Government Funding Agency shares	-	7,804	-	-	7,804
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency borrower notes	-	-	-	10,630	10,630
Warm Wellington Funding	-	-	3,516	-	3,516
Bank Deposits with maturity terms more than 3 months	-	-	-	54,000	54,000
Stadium advance	-	-	-	2,100	2,100
Bulk Water Supply Contingency Fund	-	-	-	43,390	43,390
Material Damage Property Insurance Contingency Fund	-	-	-	11,165	11,165
Major Flood Contingency Fund	-	-	-	7,692	7,692
Loans and Advances to Joint Venture	-	-	7,670	-	7,670
Derivative financial instruments	18,811	-	-	-	18,811
Total assets	18,811	7,884	261,619	128,977	417,291
30 June 2021					
Cash and cash equivalents	-	-	196,792	-	196,792
Receivables and prepayments	-	-	63,939	-	63,939
NZ Local Government Funding Agency shares	-	7,072	-	-	7,072
Civic Financial Services Limited shares	-	80	-	-	80
Wellington Water Limited shares	-	-	150	-	150
NZ Local Government Funding Agency borrowers notes	-	-	-	7,650	7,650
Warm Wellington Funding	-	-	6,111	-	6,111
Bank Deposits with maturity terms more than 3 months	-	-	-	53,000	53,000
Stadium advance	-	-	-	900	900
Water Supply Contingency Investment	-	-	-	40,499	40,499
Material Damage Property Insurance Contingency Fund	-	-	-	10,678	10,678
Major Flood Contingency Fund	-	-	-	7,396	7,396
Loans and Advances to Joint Ventures	-	-	7,753	-	7,753
Derivative financial instruments	1,135	-	-	-	1,135
Total assets	1,135	7,152	274,745	120,123	403,155

Council	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
Liabilities			
30 June 2022			
Trade and other payables	-	87,163	87,163
Commercial paper	-	94,064	94,064
Floating rate notes	-	519,000	519,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	5,547	-	5,547
Total liabilities	5,547	725,227	730,774
30 June 2021			
Trade and other payables	-	63,335	63,335
Commercial paper	-	81,850	81,850
Floating rate notes	-	425,000	425,000
Fixed rate bond	-	25,000	25,000
Derivative financial instruments	52,432	-	52,432
Total liabilities	52,432	595,185	647,617

Group	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
Liabilities			
30 June 2022			
Trade and other payables	-	95,960	95,960
Commercial paper	-	74,603	74,603
Floating rate notes	-	519,000	519,000
Fixed rate bond	-	25,000	25,000
NZ Green Investment Finance	-	11,000	11,000
Derivative financial instruments	5,547	-	5,547
Total liabilities	5,547	725,563	731,110
30 June 2021			
Trade and other payables	-	71,820	71,820
Commercial paper	-	61,947	61,947
Floating rate notes	-	425,000	425,000
Fixed rate bond	-	25,000	25,000
NZ Green Investment Finance	-	7,500	7,500
Derivative financial instruments	52,432	-	52,432
Total liabilities	52,432	591,267	643,699

26 Contingencies

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Legal proceedings and obligations	-	159	-	159
Uncalled capital – WRC Holdings Limited				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
19,000,000 \$1 shares, called and fully paid	-	326	-	-
17,300,000 \$1 shares, called and partly paid	3,226	-	-	-
New Zealand Local Government Funding Agency Limited				
1,866,000 \$1 shares uncalled and unpaid	1,886	1,866	-	1,866
Total contingencies	55,112	52,351	-	2,025

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue are \$16.770 million (2021: \$14.420 million).

Potential civil claim against the Council in relation to a legal dispute which is currently under investigation. Since the amount cannot be quantified an unquantified contingent liability has been disclosed.

The Group has no contingent assets as at reporting date which is uncharged from previous year.

27 Related party transactions

Related party disclosures have not been made for transactions 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 Greater Wellington and the 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 Greater Wellington 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

Greater Wellington has paid Wellington NZ total grants of \$5.0 million during the year (2021: \$4.4 million). This grant partly funds Wellington NZ activities, of supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WREDA rate from all ratepayers.

During the year Greater Wellington issued commercial paper of \$19.5 million (2021: \$19.9 million) to its subsidiary CentrePort Limited through a private placement transaction. All terms and conditions were consistent with those prevailing in the market at the time.

Key management personnel

	Parent Actual 2022 \$'000	Parent Actual 2021 \$'000
Council		
Remuneration	1,147	1,146
Full time equivalent members	13	13
Executive Leadership Team including the Chief Executive		
Remuneration	2,871	2,673
Full time equivalent members	12	10
Total key management personnel remuneration	4,018	3,820
Total full time equivalent personnel	25	24

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

28 Remuneration

Chief Executive remuneration

For the year ending 30 June 2022, Greater Wellington's Chief Executives, Nigel Corry and Gregory Campbell, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of \$476,094 (Nigel Corry \$304,968 and Gregory Campbell \$171,126), (2021: \$424,965).

	Actual 2022 \$	Actual 2021 \$
Councillor remuneration		
Councillor R Blakeley	83,714	82,791
Councillor J Brash	84,106	92,553
Councillor A Staples	104,382	96,694
Councillor P Gaylor	90,924	95,971
Councillor K Laban	67,543	66,620
Councillor P Lamason	87,202	85,698
Councillor and Chair D Ponter	170,855	165,418
Councillor C Kirk Burnnand	70,043	71,721
Councillor D Lee	80,628	79,705
Councillor G Hughes	83,683	82,760
Councillor J van Lier	69,350	68,546
Councillor R Connelly	67,543	66,620
Councillor T Nash	86,874	82,760
Total Councillors remuneration	1,146,847	1,137,857

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 2022.

Employee remuneration	Number of employees	
	2022	2021
\$60,000 and below	47	61
\$60,001 \$79,999	183	157
\$80,000 \$99,999	170	169
\$100,000 \$119,999	109	87
\$120,000 \$139,999	73	62
\$140,000 \$159,999	23	20
\$160,000 \$179,999	26	18
\$180,000 \$199,999	13	11
\$200,000 \$239,999	10	8
\$240,000 \$440,000	8	6
Total employees	662	599
The number of full time employees as at 30 June 2022	600	558
The full time equivalent number of all other non full time employees	46	51
The number of employees receiving total remuneration of less than \$60,000	47	61

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.

29 Capital commitments and operating leases

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Capital commitments				
Property, plant and equipment	987	-	69,166	80,266
Total capital commitments	987	-	69,166	80,266

WRC Holdings Limited has no capital or operating commitments as at 30 June 2022 (2021: Nil).

At balance date CentrePort Limited had entered into commitments for the acquisition of property, plant, and equipment amounting to of \$15.8m for the Group (2021: \$21.5m).

Greater Wellington Rail Limited at balance date had commitments in respect of contracts for capital expenditure of \$52.4 million (2021: \$58.8 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 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Within one year	18,258	17,528	18,599	17,750
After one year but no more than five years	75,535	72,364	76,765	72,772
More than five years	55,951	66,836	58,496	67,134
Total non cancellable operating leases	149,744	156,728	153,860	157,656

These leases have an average life of between 1 and 13 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 \$5.052 million was recognised as an expense in the statement of comprehensive income (2021: \$5.041 million).

Operating leases as lessor

Greater Wellington and the Group leases its investment properties under operating leases.

The lease terms have non-cancellable terms from one to four years. The future aggregated minimum lease receipts to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Within one year	3,280	3,029	21,847	20,943
After one year but no more than five years	8,727	6,860	71,165	54,327
More than five years	167,106	24,214	194,025	52,185
Future minimum lease payments expected to be received in relation to non cancellable sub leases of operating leases not recognised in the financial statements	179,113	34,103	287,037	127,455

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

Electric vehicle commitments

Greater Wellington agreed to a series of greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence. As a result, Greater Wellington has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

Council has resolved to add 98 more electric buses to the current fleet of 10 electric buses in

the Metlink fleet and has entered into contracts with operators for the supply of these. 62 of 98 new electric buses have been added into the fleet by financial year 2022, including additional one has been converted from the diesel fleet to electric. However, the amounts payable are still commercially sensitive and have not been disclosed.

30 Severance payments

There were two employees (2021: three) who received severance payments of \$52,201 and \$10,054 (2021: Total of \$304,013). This disclosure

has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002.

31 Rating base information

	Total 2022	Total 2021
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	206,440	205,665
(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:	\$167.211bn	\$158.676bn
(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.	87.1bn	\$83.3bn

32 Major variances between actual and budget

	Council Actual 2022 \$'000	Council Budget 2022 \$'000
Statement of comprehensive revenue and expenses		
Revenue		
Rates and levies	200,265	200,973
Grants and subsidies	139,991	109,964
Other revenue	90,507	131,225
Total operational revenue	430,763	442,162
Expenditure		
Finance costs	(23,099)	(19,942)
Employee benefits	(67,660)	(64,260)
Grants and subsidies	(232,776)	(224,956)
Other operating expenses including depreciation	(149,848)	(146,308)
Operational surplus/(deficit) for the year before transport improvements	(42,620)	(13,304)
Grants and subsidies	13,170	18,795
Net revenue/(expenditure) for transport improvements	13,170	10,243
Surplus/(deficit) for the year before tax and fair value gains / losses	(29,448)	(5,491)
Asset revaluation	-	-
Fair value gains/(losses) in revenue and expenditure statement	64,561	14,110
Total comprehensive income/(deficit) for the year	35,113	19,601

Balance sheet	Council Actual 2022 \$'000	Council Budget 2022 \$'000
Assets		
Balance sheet		
Assets	-	-
Current	217,896	151,405
Non current	1,849,552	1,810,601
Total assets	2,067,448	1,962,006
Liabilities		
Ratepayers equity	1,305,010	1,201,188
Current liabilities	218,235	180,698
Non current liabilities	544,205	580,120
Total equity and liabilities	2,067,450	1,962,006
Statement of cash flow		
Cashflows from operating activities	6,650	36,341
Cashflows from investing activities	(101,021)	(115,898)
Cashflows from financing activities	106,214	79,920
	-	-
Net increase / (decrease) in cash, cash equivalents and bank overdraft	11,843	363
Cash and cash equivalents at the beginning of the year	4,675	20,649
Cash and cash equivalents at the end of the year	16,518	21,012

Greater Wellington's 2021/22 net operating deficit before fair value gains and losses is \$42.6 million, compared to a budgeted surplus of \$13.3million. Total comprehensive income is \$35.1 million including asset revaluation (\$ nil), fair value movements (\$64.6 million) which is \$50.1 million over budget.

Significant components of this variance are:

1. Transport operational grants and subsidies

Grants and subsidies are higher than budget due to additional funding support from Waka Kotahi for half price fares and lower patronage. The offset of this is in other revenue.

2. Other revenue

Other revenue is lower than budget mainly due to half price fares and lower patronage offset by increased funding from Waka Kotahi reflected in grants and subsidies.

3. Grants and subsidies

Grants and subsidies are higher than budget mainly due to the Omāroro reservoir project grant made to Wellington City Council. The grant was initially capital budgeted but now moved to operating budget and funded by debt.

4. Fair value movements

Fair value movements are favourable to budget reflecting the increase in the fair value of the interest rate swaps held by Greater Wellington due to the continuing increase in market interest rates.

5. Total assets

The non-current assets are higher than budget mainly due to a revaluation increase in the value of property, plant and equipment.

The current assets are higher than budget mainly due to surplus and other contingency funds being invested in maturities not exceeding twelve months.

6. Ratepayers equity

The ratepayer's equity is higher than budget mainly due to asset revaluations and fair value movement of financial instruments.

33 Reconciliation of movement in financial liabilities to net cash flows from financing activities

Changes to the PBE IPSAS 2 – Cash Flows accounting standard introduced the reconciliation of movement in financial liabilities to net cash flows from financing activities from 2021. The prior year information (2020) is also included in line with the requirements for the adoption of the standard.

	Council		Group	
	Actual 2022 \$'000	Actual 2021 \$'000	Actual 2022 \$'000	Actual 2021 \$'000
Loan Funding	131,214	12,195	134,714	19,695
Debt repayment	(25,000)	-	(25,000)	-
Dividends paid to non controlling interests	-	-	(1,385)	(4,615)
	106,214	12,195	108,329	15,080

Council

	Commercial paper \$'000	Bonds \$'000	LGFA Bonds \$'000	Actual 2020 \$'000
Cashflows from financing activities				
Opening balance 1 July 2021	81,850	425,000	25,000	531,850
Additions	403,295	164,000	-	567,295
Repayments	(391,081)	(45,000)	(25,000)	(461,081)
Closing balance 30 June 2022	94,064	544,000	-	638,064

Group

	Commercial paper \$'000	Bonds \$'000	LGFA Bonds \$'000	NZ Green Investment \$'000	Actual 2020 \$'000
Cashflows from financing activities					
Opening balance 1 July 2021	62,389	425,000	25,000	7,500	519,889
Additions	403,295	164,000	-	3,500	570,795
Repayments	(391,081)	(45,000)	(25,000)	-	(461,081)
Closing balance 30 June 2022	74,603	544,000	-	11,000	629,603

34 Prior period error correction

The financial statements for the year ended 30 June 2021, included a \$23.5 million tax expense for the expected tax treatment of insurance proceeds. Before 15 December 2021, Inland Revenue had disagreed with the treatment of proceeds and deemed the damage to Seaview Wharf and Aotea 1-3 Wharves to be repairable. Where insurance proceeds are received in relation to repairable assets, those proceeds are treated as taxable income. Tax deductions can then be made when expenditure is incurred to repair the assets.

On 15 December 2021, Inland Revenue accepted that the insurance proceeds for Seaview Wharf and Aotea 1-3 Wharves are non-taxable. The finalised binding ruling acknowledges that the repair work required is so significant that it would

be “uneconomic to repair” and “irreparable” and therefore capital expenditure in nature. With this treatment, no tax deduction would be claimed for the repairs.

The finalised binding ruling was released just before Greater Wellington finalised the 30 June 2021 annual report and a post balance date note was included in the 30 June 2021 financial statements. A decision was made by management not to change the financial statements and to make an adjustment in the 30 June 2022 financial statements.

Correction of the error in the 30 June 2022 financial statements has resulted in the following restatements to comparative numbers for the year ended 30 June 2021:

GWRC Group			Before adjustment \$'000	Correction of Error \$'000	Restated \$'000	
Statement of Comprehensive Revenue and Expense						
Revenue						
Surplus/(deficit) before tax			1,972	0	1,972	
Tax (expense)/benefit			(22,458)	23,553	1,095	
Operating surplus/(deficit) after tax			(20,486)	23,553	3,067	
	Retained Earnings before adjustment \$'000	Correction of error \$'000	Retained Earnings Restated \$'000	Total Equity before adjustment \$'000	Correction of Error \$'000	Total Equity Restated \$'000
Statement of Changes in Net Assets/Equity						
Balance at 30 June 2021 before correction	663,682	-	663,682	1,614,346		1,614,346
Operating surplus/(deficit) after tax restated	-	23,553	23,553	-	23,553	23,553
Balance at 30 June 2021 after correction	663,682	23,553	687,235	1,614,346	23,553	1,637,899
			Before adjustment \$'000	Correction of error \$'000	Restated \$'000	
Statement of Financial Position - Deferred Tax Liability						
Property, Plant and Equipment			100,831	-	100,831	
Insurance recoverable			49,945	23,553	26,392	
Total Deferred Tax Liability			150,776	23,553	127,223	

35 Events occurring after the balance date

Subsequent to balance date the Reserve Bank increased the Official Cash rate (OCR) on 23 November to 4.25% and market interest rates have reduced. This will increase interest costs on floating rate borrowings and increase the asset values for the existing floating to fixed interest rates swaps.

The Reserve Bank of New Zealand issued a license to CentrePort Captive Insurance Limited in October 2022 to carry on insurance business in New Zealand.

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.

No dividend was declared post balance date by WRC Holdings (2021: Nil).

Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership basis approach with the local government sector, alongside iwi/Māori as the Crown’s Treaty Partner.

Following the Government announcement on the 27 October 2021 on three waters reform, there is increased certainty with the proposal to transfer the three waters delivery and infrastructure from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to WSE ‘C’, along with 22 other Councils. The WSE would be independent with a separate Board of Directors and Councils would have no shareholding and no financial interest. At the date of this annual report being approved for issue there is due to this announcement, increased certainty that should the legalisation be enacted, Council will not provide water services from 1 July 2024.

He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2022

Annual Report disclosure statement for the year ended 30 June 2022

What is the purpose of this statement?

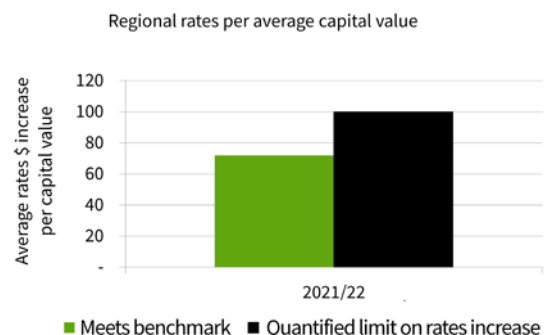
The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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 Council.

It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the Long-Term Plan 2021-31.

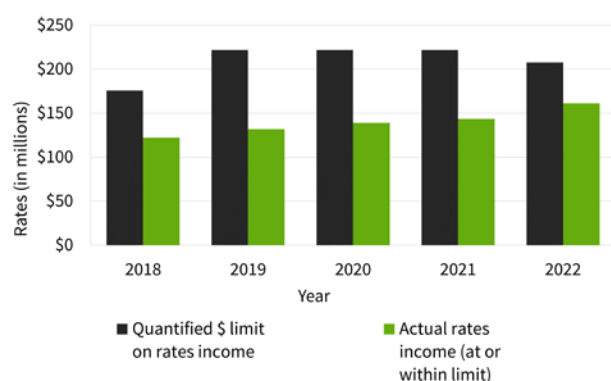


The council meets the rates affordability benchmark if:

- Its actual rates income equal or is less than each quantified limit on rates; and
- Its actual rates increase equal or are less than each quantified limit on rates increases.

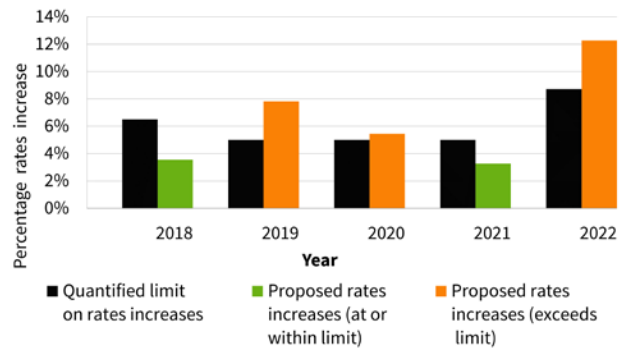
Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's Long Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that year's operating revenue.



Rates (increase) affordability

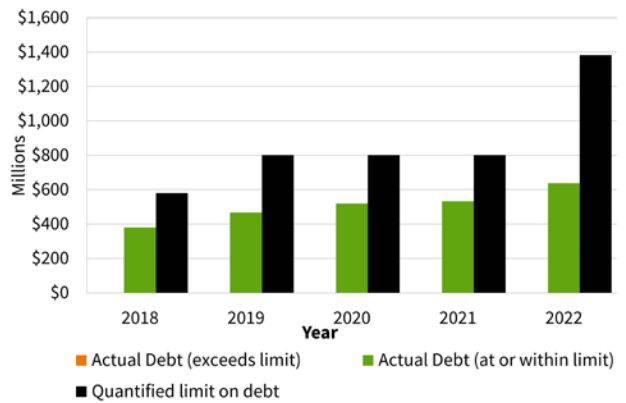
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's Long Term Plan. The quantified limit is the estimated rates requirement at 45 percent of total that years' operating revenue.



Debt affordability benchmark

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in council's Long-term Plan. The quantified limit is that net debt/total revenue is lower than the allowable maximum as indicated in the Financial Strategy.

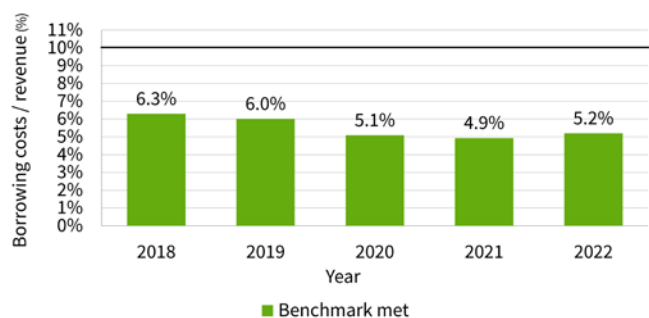
The Council continues to satisfy this benchmark test.



Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of planned revenue. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

The Council meets this benchmark

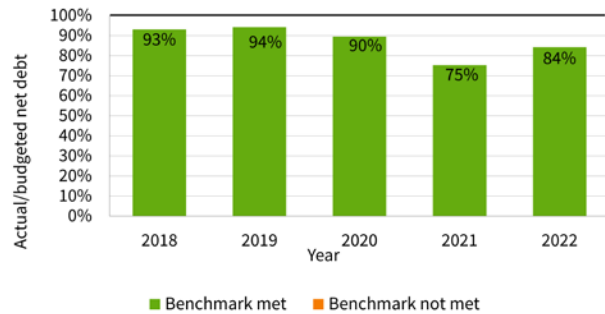


Debt control benchmark

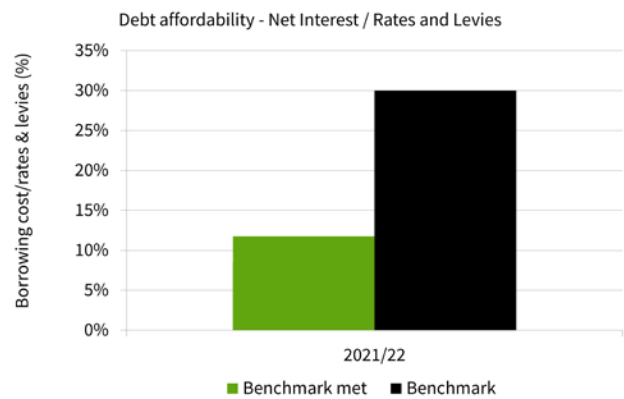
The following graph displays the council’s actual net debt as a proportion of planned net debt. Percentages close to 100% indicate that our actual result is close to what we planned.

In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark.

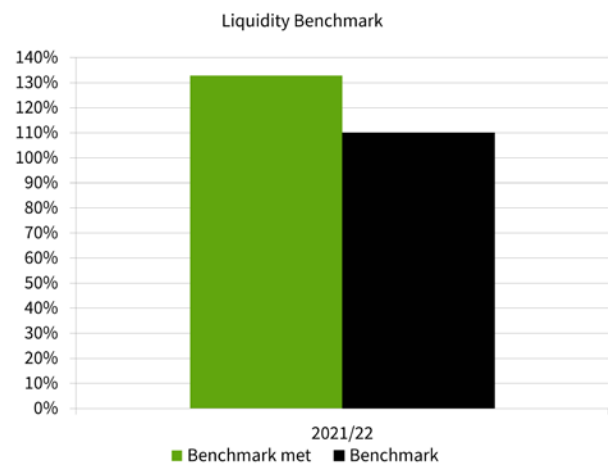


The graph opposite compares the council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in Long Term Plan. The quantified limit is that net interest/total rates & levies is less than 30 percent



The graph opposite compares the council’s borrowing with a quantified limit on borrowing contained in the financial strategy included in the Long Term Plan. The quantified limit is that liquidity is more than 110 percent.

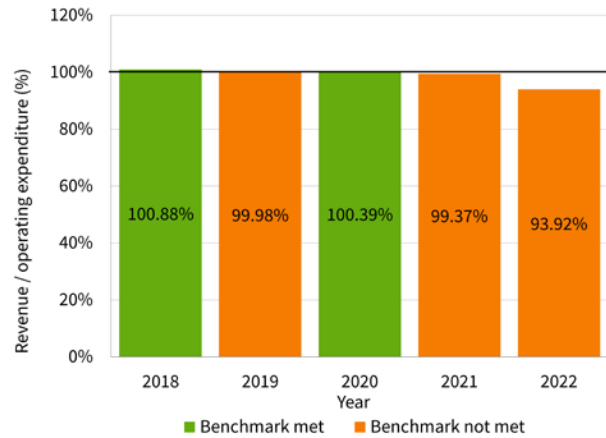
Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.



Balanced budget benchmark

The following graph displays the Council's revenue (excluding gains on derivative financial instruments) as a proportion of operating expenses (excluding losses on derivative financial instruments).

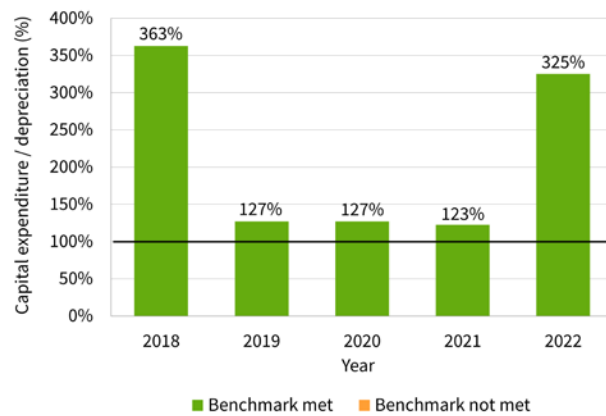
The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.



Essential services

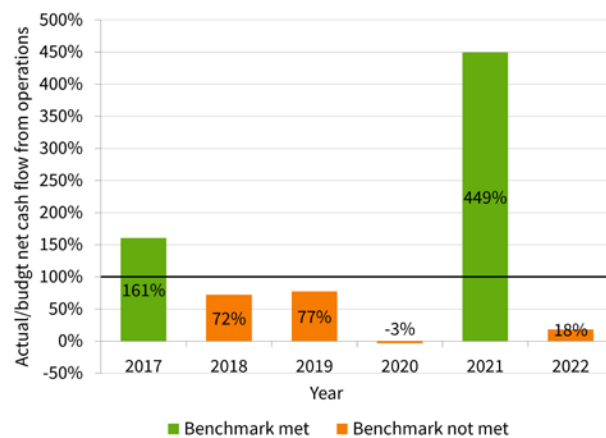
The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

The council meets this benchmark as its capital expenditure on network services is greater than depreciation on network services.



Operational control benchmark

This graph displays the council's actual net cashflow from operations as a proportion of its planned net cash flow from operations. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa

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 2022 fairly reflect the financial position and operations of the Greater Wellington Regional Council.



Daran Ponter
Heamana Kaunihera | Chair
1 December 2022



Nigel Corry
Tumu Whakarae | Chief Executive
1 December 2022



Alison Trustrum Rainey
Āpiha Mātāmua Pūtea | Chief Financial Officer
1 December 2022

He Pūrongo Arotake Pūtea

Independent Auditor's Report

To the readers of the Greater Wellington Regional Council's annual report for the year ended 30 June 2022

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

We are also required to report on:

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

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

We completed our work on 1 December 2022. This is the date on which we give our report.

Unmodified opinion on the audited information, excluding the Activities of the Greater Wellington Regional Council

In our opinion:

- the financial statements on pages 92 to 95 and pages 100 to 158:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2022;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 96, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan;
- the statement about capital expenditure for each group of activities on pages 82 to 89, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 82 to 89, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

Qualified opinion on the Activities of the Greater Wellington Regional Council

In our opinion, except for the possible effects of the matters described in the *Basis for our opinion* section of our report, the Activities of the Greater Wellington Regional Council on pages 35 to 67:

- presents fairly, in all material respects, the Regional Council's levels of service for each group of activities for the year ended 30 June 2022, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 159 to 162, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council's audited information and, where applicable, the Regional Council's long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis of our opinion on the audited information

Measurement of greenhouse gas emissions

The Regional Council has chosen to include two measures of greenhouse gas emissions (GHG) emissions in its performance information. We consider this material performance information because the Regional Council has declared a climate emergency and because of the public interest in climate change related information.

Reduction in tonnes of CO2 equivalent (tCO2e) emissions

The Regional Council's performance information includes a new performance measure on the quantity of GHG emissions from the Regional Council and Group. This includes emissions generated directly by the Group itself, emissions from the services that the Council is responsible for (such as public transport) and emissions from the use of the Council's assets (such as grazing in regional parks). The Regional Council is still developing the systems and controls needed to produce reliable evidence to support the data inputs and estimations used in the measurement of GHG emissions. This includes the measurement of material emissions from public transport and grazing activities which rely on data from third parties. Therefore, we were unable to obtain sufficient appropriate evidence to conclude whether the reported performance is materially correct.

Tonnes of CO2 emitted per year on Metlink Public Transport Services

The Regional Council's performance information also includes a new performance measure specifically on the quantity of emissions generated from Metlink Public Transport services. For the same reason as above, we were unable to obtain sufficient appropriate evidence to conclude whether the reported performance is materially correct.

As a result of these issues, our work was limited and there were no practicable audit procedures we could apply to obtain assurance over the reported results for the two performance measures described above.

Without further modifying our opinion, we also draw attention to the inherent uncertainty disclosure on page 28 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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

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

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

Emphasis of matter - The Government's three waters reform programme

Without further modifying our opinion, we draw attention to note 35 on page 158, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Regional Council will no longer deliver bulk waters services or own the assets required to deliver these services. The bill is currently before Parliament and as such, the impacts of the proposed reforms are currently unclear. Additional legislation is expected later in 2022 that will provide detail on the transfer of assets and liabilities to the water service entities.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- We determine the appropriateness of the reported intended levels of service in the “Activities of the Greater Wellington Regional Council”, as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 32, 70 to 78 and 163, but does not include the audited information and the disclosure requirements, and our auditor’s report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

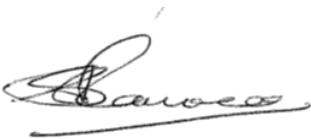
Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the Regional Council's debenture trust deed. This engagement is compatible with those independence requirements.

Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



Clint Ramoo

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

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