

2007/08 Annual Report

Greater Wellington Regional Council

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Chair's report

The year under review was busy for both Councillors and staff at Greater Wellington. Elections in October 2007 brought us five new Councillors, a new committee system and, as a result of early decisions by the new Council, some significant initiatives designed to “future proof” our region.

Future-proofing the region

These include the development of a regional water strategy, a sustainable energy strategy and a regional approach to our response to climate change. Of course the issues are not new, but our new approach has two important features, driven by a need to build greater community resilience to changes beyond our control.

First, we aim to develop an integrated, long-term strategy to enable our community to make wise choices despite future uncertainties. As the physical and economic environments change, social pressures build. Strategies must be based on available knowledge and science, yet provide the flexibility to meet unforeseen external changes and community needs.

The second hallmark of these strategies is acknowledging the need for collaboration to find solutions to complex challenges. We are formally reaching out to other players (the community, central and local government, and business) to seek agreement on direction, then building working relationships to ensure the best possible delivery by the appropriate party.

Collaborative approach

I am grateful to the local government leaders in the region for their commitment to this collaborative approach. The big, cross-boundary issues require a unified approach and largely we have that in the Wellington region.

Our communities have also shown a willingness to engage in dialogue. Water, energy and response to climate change are among a number of policy areas requiring significant behaviour changes from all of us. Behaviour change will not occur unless the community understands and is engaged in our policy-making processes.

Apart from the initiatives mentioned above, good examples of this are transport and flood protection. These are high on our priority list and community input on both continues to be lively and informed.

Last year we trialled a new community outreach process, holding public meetings around the region to discuss transport challenges and trade-offs. Though attendance was not massive, interest and engagement among those who did come was high and we felt it was a worthwhile exercise.

Flood management also requires community input and support, so we will continue to consult with locals on this important infrastructure work.

Appointing iwi

In line with the more strategic approach towards water, energy and climate change, we also took first steps towards during the year using a total catchment management approach to all issues involving land, water and biodiversity. This aligns with our deepening relationship with regional iwi, who have urged a comprehensive approach to resource management, respecting the “mauri” of all things in our environment.

Local Government has a mandatory responsibility to work with iwi. Our Council decided after the election that, rather than a minimalist approach, it would be mutually beneficial to invite regional iwi to nominate a representative for each of our standing committees. This arrangement is now in place and working well.

Our Council has a wide mandate, ranging from economic development (delivered by our regional economic development agency, Grow Wellington), through care of the region's physical resources to delivery of a number of services.

Progress with care

We have made considerable progress, though it should be noted that changes in demand, together with infrastructure deficits in some areas, are combining to put pressure on our financial resources. We are keen to demonstrate value for money, but the reality is that costs continue to increase, particularly as we are hostage to oil prices.

Even if we hold overheads to the rate of inflation, there will be continued rates increases in future years as we deliver enhanced public transport, as well as infrastructure to defend urban and rural areas from the destruction by extreme weather events.

In this environment, decision making has to be prudent and considered – and in particular we need to understand when long-term leadership is required. Specific decisions will not always be popular at the time so it is important that the dialogue remains open. I welcome ideas from any residents on how to improve our delivery.

Finally, my warmest thanks to all who have worked within and alongside our Council in the last year – our staff, volunteers, business and community people and others elected to look after parts of this region where we are so fortunate to live.

Fran Wilde
Chair

Chief Executive's report

The 2007/08 year has been busy and challenging for Greater Wellington.

Good financial management

Financial pressures from increasing international oil prices made managing our budgets all the more challenging and signalled the impact that increasing energy costs will have on our organisation. We will need to set clear priorities and have a dogged determination to minimise costs – but continue to deliver high-quality services to our region's ratepayers.

However, there is some good news. Greater Wellington has responsibility for significant assets, valued at about \$1 billion. Our annual operating budget is about \$160 million. Last year, despite turbulent times, we delivered our outputs slightly under budget. This was a fine effort by everybody involved.

Making Greater Wellington Greater

At Greater Wellington we put great emphasis on teamwork. The senior management team completed its second year since the restructure, and it's pleasing to see team members working well together and learning to complement each other's strengths.

Greater Wellington has also always enjoyed a positive relationship between elected Councillors and staff. This has been founded on mutual trust and respect as we all strive to deliver the best possible outcomes for the communities we serve. A new Council was elected this year – and it has been good to develop new relationships, and get new perspectives and approaches to our work.

Making Greater Wellington Greater is the organisation's development programme to create an organisation that leads and delivers. A new initiative from this is Greater Managers – a tailor made comprehensive management-development programme to increase our capabilities to help make the organisation greater. The senior management team, including myself, has just embarked on this and others will soon follow.

Another part of Making Greater Wellington Greater has been investing in the Gallup Employee Engagement Survey. A strength of the Gallup methodology is it acknowledges the power of teams within organisations. It provides a basis for meaningful conversations between managers and their staff based on improving our working environments, as engaged staff help to make a successful organisation. Gallup reinforces that we're all in this together and that all staff contribute to our success. I am strongly committed to the survey and the benefits it will bring to Greater Wellington.

One of the goals of Making Greater Wellington Greater is to increase the organisation's capacity. This year we made good progress with our human resources strategy. An essential part of our success comes from recruiting and retaining a team of high-performing people, all aligned to a set of common values and principles. We have also developed our health and safety framework to ensure it aligns with best practice. I'm delighted that we have now achieved primary level in the ACC Workplace Safety Management Practices programme.

Relationships with other organisations

A major part of my role as Chief Executive involves building strong relationships with other organisations. Particularly important are those that Greater Wellington has with the region's cities and districts. The region's Chief Executives' Group has worked very well this year and I would like to take this opportunity to thank my counterparts for their commitment to making this happen. Relationships with central government are also important so that all organisations understand each other's perspectives and business imperatives.

Sustainability

Everything we do as a regional council contributes to enhancing our region's sustainability. When I walk around our organisation I see a team of people committed to improving sustainability, both within our organisation and throughout our region. I feel a mixture of pride and humility when I see their dedication, knowledge and skills.

It's important at times to appreciate that much of what we do is for the benefit of future generations. This year one of my sons got married. While that made me feel older, it also brought home to me the strength and potential of the next generation, and the responsibilities that my generation has to them and the world they will inherit from us. This is what motivates me to do what I do at Greater Wellington.

Dave Benham

Chief Executive

PULLQUOTE:

"We will need to set clear priorities and have a dogged determination to minimise costs – but continue to deliver high-quality services to our region's ratepayers"

Executive management team

Divisional Manager
Corporate and Strategy
Dr Jane Bradbury

Divisional Manager
Transport Policy and Strategy
Wellington Regional Strategy
Jane Davis

Divisional Manager
Public Transport
Dr Wayne Hastie

Chief Financial Officer
Barry Turfrey

Divisional Manager
Environment
Nigel Corry

Divisional Manager
Catchment Management
Geoff Dick

Divisional Manager
Water Supply, Parks and Forests
Murray Kennedy

Facts about the Wellington region

- The region covers a land area of 813,005 hectares and a maritime area of 786,700 hectares. There are 497km of coastline
- The population of the region is 464,700 (Statistics NZ, estimated resident population, June 2006)
- Greater Wellington manages 320km of river channels and 280km of stopbanks. We are responsible for one of the largest flood protection schemes in New Zealand
- 34,693,534 boardings were made on the region's public transport system in the past year
- Greater Wellington collects, treats and delivers about 155 million litres of high-quality water each day, on average, to the Wellington, Hutt, Upper Hutt and Porirua city councils
- Greater Wellington manages 50,000ha of regional parks and forests

Community outcomes

Community outcomes for the Wellington region

Healthy environment

We have clean water, fresh air and healthy soils. Well functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution.

Quality lifestyle

Living in the Wellington region is enjoyable and people feel safe. A variety of lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members – and attract visitors.

Sense of place

We have a deep sense of pride in the Wellington region. We value its unique characteristics – its rural, urban and harbour landscapes, its climate, its central location and its capital city.

Prosperous community

All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce.

Prepared community

We can cope with emergency events. Individuals and businesses are able to take responsibility for their own wellbeing. Effective emergency management systems are in place.

Connected community

Access is quick and easy – locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems enable us to link well with others, both within and outside the region.

Entrepreneurial and innovative region

Innovation and new endeavours are welcomed and encouraged. Ideas are exchanged across all sectors, resulting in a creative business culture. We have excellent education and research institutions, and benefit from being the seat of government.

Essential services

High-quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region, now and in the future.

Healthy community

Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and provide for good health.

Strong and tolerant community

People are important. All members of our community are empowered to participate in decision making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.

Contribution to community outcomes

Outcomes

Healthy environment

Contribution in year-ending 30 June 2008

- Prepared a new draft Regional Policy Statement and completed a public consultation process
- Completed a Stormwater Plan of Action that is supported by all city and district councils
- Responded to 1,376 pollution incidents and carried out several successful enforcement actions, eg, Exide Technologies
- Worked with 22 manufacturing and process businesses as part of the EnviroSmart cleaner production programme. We sponsored the Get Sustainable Challenge, which involved more than 40 businesses, and undertook waste audits of 15 businesses for Business Porirua's sustainable business programme. We also audited 21 businesses this year under our Take Charge pollution prevention programme
- Completed the annual report cards showing the state of the region's key resources – namely groundwater, rainfall and river flows, harbours, estuaries and beaches, rivers and lakes, recreational water quality, soil health and air quality
- Carried out pest plant control on 33 sites and pest animal control on 88 sites
- 81% of the region now has intensive possum control programmes
- Introduced the Greater Wellington Environment Awards
- Led a Greening Greytown initiative – when Greytown became Greentown for a month
- Completed a wind map for the region and began work on a Regional Sustainable Energy Strategy
- Supported eight covenant projects under the Queen Elizabeth National Trust private land protection programme
- Planted 3km of new riparian planting and 1.5km of maintenance planting as part of our riparian management programme to increase biodiversity
- Increased participation in the Wetland Incentives Programme
- Finalised funding arrangements for removing contaminated sediments from the lower reach of the Waiwhetu Stream
- Completed a Coastal and Marine Biodiversity Action Plan
- Completed our five-yearly efficiency and effectiveness reports on our regional plans

Quality lifestyle

- Increased the number of visits to our regional parks by 25% from last year
- Achieved a 91% satisfaction rate from the 57% of the regional population that visited at least one regional park during the year. The number of park visits increased by 25% from last year
- Ran the summer Regional Outdoors Programme – with 57 events attracting 14,105 people (30% more than last year)

Sense of place

- Supported 36 care groups to work on environmental restoration projects across the region
- Involved 22 schools, 85 classes and 2,300 students in Take Action – our environmental education programme for schools

Prosperous community

- Processed 673 resource consents and reviewed our Resource Management Charging Policy
- As part of the Bovine Tb programme, carried out 168,800ha of possum control and 2,100ha of ferret control, and 177, 600ha of feral animal surveys
- Planted 412 hectares of soil conservation trees to stabilise erosion-prone land
- Approved a Wellington Harbour Safety Management System designed to help both Greater Wellington and CentrePort Ltd manage the harbour more effectively
- Began a number of work programmes as part of the Wellington Regional Strategy (eg, regional form, genuine progress index, broadband, skilled migrants)

Prepared community

- Continued work on the 40-year programme to reduce flood damage in the region, with an expenditure of \$6 million. This included new flood defences (eg, Chrystalls extended stopbank for the Otaki River), upgrades to existing structures (eg, Ava Rail stopbank and the Lower Wairarapa Valley Development scheme stopbank) and maintenance operations
- Completed seven Wellington Region Civil Defence Emergency Management (CDEM) Group plans (three to draft stage), including major plans such as the Recovery Plan, Reconnaissance Plan and Public Education Strategy
- Took part in six civil defence exercises
- Managed 11 tsunami bulletins and 129 severe weather warnings
- Added new emergency water connections in Pukerua Bay, Upper Hutt and Wainuiomata

Connected community

- Increased total passenger boardings across all public transport modes by 1.7% from 2006/07. There were 34.7 million boardings in 2007/08
- Signed the supply contract for new Matangi trains and exercised an option for 20 additional carriages
- Signed contracts for additional passenger trains to provide additional short-term capacity
- Brought the 11 remaining train carriages into service on the Wairarapa line
- Completed the upgrade of the Wairarapa train stations
- Completed the Plimmerton rail subway extension
- Put new Wairarapa bus services into operation
- Installed a new subway roof at Waterloo Railway Station
- Developed a Kapiti Plus ticket to include bus travel in the price of a rail ticket
- Involved 5,500 regional school children, 13 schools and six territorial authorities in initiatives to encourage active, sustainable and safe travel to school (Greater Wellington's School Travel Plan Programme)
- Involved about 12,000 employees and 20,000 tertiary students in programmes to encourage sustainable travel for journeys to and from work, and during the business day (Greater Wellington's Workplace Travel Plan Programme)
- Facilitated individualised community travel behaviour change projects with 830 households in partnership with the Hutt City Council, Wellington City Council, Sustainability Trust and Ministry for the Environment
- Issued a draft Ngauranga to Wellington Airport Corridor Plan for public consultation, in partnership with Transit and the Wellington City Council
- Adopted Phase 2 of the Total Mobility Scheme
- Adopted a Regional Passenger Transport Plan and released a draft Regional Walking Plan for public consultation

Entrepreneurial and innovative region

Entrepreneurial and innovative region

- Grow Wellington, the region's economic development agency:
 - Launched Angel HQ, an angel investment club giving start-up and early-stage businesses access to capital (18 members).
 - Supported high-growth businesses through a business development programme (facilitated 112 start-up companies)
 - Continued to run Creative HQ, a business incubator (currently with 12 resident companies)
 - Established Activate, a new pre-incubation programme (25 businesses)

- Identified four areas to be developed as “centres of excellence” – screen and digital technologies, sustainable and renewable energy, biotechnology and life sciences, and natural hazard preparedness
- Greater Wellington continued as the “keeper” of the Wellington Regional Strategy and operated a Wellington Regional Strategy Standing Committee

Essential services

- Collected, treated and delivered 55,654 million litres of water to Upper Hutt, Lower Hutt, Wellington and Porirua cities
- Began consultation on a number of short-term water supply options for the four cities and decided on a preferred new water source for the future – should this be needed because of population growth or for security of supply purposes
- Began work on a regional water strategy

Healthy community

- Supplied water that complied fully with the Ministry of Health’s Drinking Water Standards (to be confirmed)
- Achieved A1 gradings at Te Marua and Wainuiomata water treatment plants (the highest grade possible) and Waterloo retained its B grading
- Began developing a regional recreation strategy for our regional parks and forest areas
- Endorsed “At the Heart” (the Wellington Urban Region Physical Activity Strategy) – a collaborative approach to promoting and facilitating physical activity

Strong and tolerant community

- Successfully conducted the 2007 triennial local elections
- Continued to operate Ara Tahi, Greater Wellington’s inter-iwi representative group. Ara Tahi met six times during the year and held five technical workshops
- Progressed the appointment of iwi representatives on council committees
- Agreed to set up a Greater Wellington Disability Reference Group
- Developed statutory documents, eg, Councillors’ Code of Conduct, Triennial Agreement with city and district councils, and the Local Governance Statement. These guide how elected representatives work with each other, staff and the community
- Publicly notified all meetings and made order papers available to Councillors, appointed members and the public

Maori capacity

Development of Maori capacity to contribute to decision making

Greater Wellington has a longstanding and well-developed relationship with iwi in the region. Underpinning the relationship is the Charter of Understanding that iwi and Greater Wellington signed in 1993. When the Charter was reviewed in July 2000, its scope was expanded to include all areas of Greater Wellington business. Following that review, Greater Wellington developed a policy to strengthen the relationship between tangata whenua and Greater Wellington. The policy contains a range of initiatives enabling iwi to participate better in council functions.

In 2005, iwi and Greater Wellington independently carried out a review to identify further opportunities to improve participation by Maori in Greater Wellington's decision making.

Ara Tahī

Ara Tahī is the name given to Greater Wellington's inter-iwi representative group. Ara Tahī is used as a forum for collective discussion and to provide policy advice to the Council.

Ara Tahī met six times last year. It considered and discussed many topics, including coastal hazard management, strategic planning documents (Wellington Regional Strategy and the Genuine Progress Index, the Regional Policy Statement, Regional Land Transport Strategy, Wellington Regional Settlement Strategy), parks and forest concessions, iwi representation on committees, Mataitai and Lake Wairarapa. At the request of Ara Tahī, the chairs of the Council's Landcare and Regional Land Transport Committees gave presentations about the committees' work and the issues they are facing.

Ara Tahī receives a report from the Maori Liaison Officers/Kaitakawaenga at each meeting.

Iwi representation on committees

Iwi representatives were appointed to the six Council committees that did not already have iwi or Maori representation.

Technical workshops

Five technical workshops were held. Ara Tahī considered and debated topics, including aquaculture, the Foreshore and Seabed Act, iwi management plans, the review of the Regional Policy Statement and a range of issues relating to water. The final workshop was the Hui a Ara Tahī (detailed below).

Iwi projects

Ngati Raukawa received funding assistance to support the development of a strategic and implementation plan for restoring Lake Waiorongomai in Otaki. Te Ati Awa ki Whakarongotai received funding assistance for establishing a geographical information systems programme to support environmental work.

Hui a Ara Tahī

Greater Wellington funded a two-day hui for Ara Tahī members at Pounui in May. The following issues were discussed – water, iwi representation on Council committees, environmental indicators, mauri, iwi resourcing and developing a 2008/09 Ara Tahī work plan.

Maori Liaison Officers/Kaitakawaenga

Greater Wellington employs two specialist Maori Liaison Officers/Kaitakawaenga. These officers enable Greater Wellington to assist iwi, and to build and maintain strong and effective relationships with iwi groups.

Financial overview – Council

Operating results

Greater Wellington's net operating surplus for the 2007/08 year before unrealised gains and losses and transport improvements was \$5.509 million, compared with a budgeted surplus of \$0.78 million. Significant components of this surplus were:

- Operating expenditure was \$4.676 million under budget due to:
 - *Materials, supplies and services* costs being \$3.554 million lower as a result of lower chemical and power costs, and delays in a number of projects, eg, Whitireia Park
 - *Personnel* costs being below budget because of difficulties in recruiting staff
- Depreciation was \$1.030 million below budget due to the water assets not being revalued in 2007

A number of rail infrastructure upgrade projects, eg, platforms, signalling and power supply were delayed as the specifications of the new Matangi Electric Multiple Units were not finalised. These delays resulted in reduced expenditure for transport improvements which, in turn, reduced the grant revenue that Council received.

	\$000s		
	Actual 2008	Budget 2008	Last year 2007
Revenue	153,466	154,496	141,531
Operating expenditure	138,521	143,250	132,912
Depreciation	9,436	10,466	9,476
Operating surplus (deficit)	5,509	780	(857)
Unrealised gains and losses	5,460	780	4,256
Forestry revaluation/cost of goods sold	(4,393)	1,814	(589)
Grant revenue for transport improvements	15,006	42,380	17,769
Grant expenditure for transport improvements	(24,124)	(60,619)	(25,165)
Net deficit for the year	(2,542)	(14,865)	(4,586)

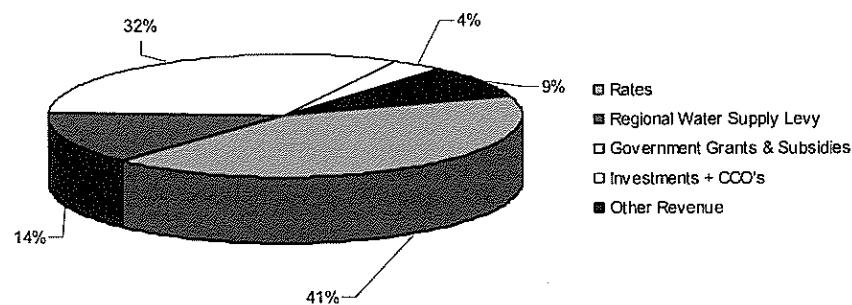
Financial overview – Council

Financial performance

Revenue

This pie chart illustrates Greater Wellington’s revenue sources. Rates make up just 41% of our revenue total, with grant revenue making up the next largest share. Central Government grants to assist with the funding of public transport make up the majority of grant revenue.

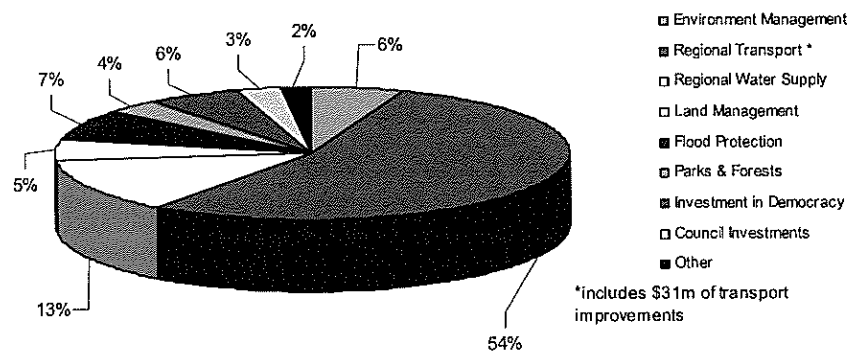
Council Revenue



Operating expenditure

This pie chart shows our operational expenditure. By far the largest proportion is on regional transport and this will increase in future years.

Council Operational Expenditure



*includes \$31m of transport improvements

Financial overview – Council

Council – balance sheet

	\$000s		
	Actual 2008	Budget 2008	Last year 2007
Current assets	59,592	62,377	81,840
Non current assets	643,593	602,492	618,539
Total assets	<u>703,185</u>	<u>664,869</u>	<u>700,379</u>
Equity	610,381	551,599	602,058
Current liabilities	80,192	21,921	67,326
Non current liabilities	12,612	91,349	30,995
	<u>703,185</u>	<u>664,869</u>	<u>700,379</u>

Notes:

- Non-current assets are higher than budget as Greater Wellington has revalued its investment in subsidiaries as required by the New Zealand International Financial Reporting Standards. Equity has increased accordingly
- Non-current liabilities are lower than budget and current liabilities higher than budget due to the transfer of debt into current liabilities

Council – cashflow

	\$000s		
	Actual 2008	Budget 2008	Last year 2007
Cashflow from operating activities	8,807	(7,833)	(7,135)
Cashflow from investing activities	(27,143)	(26,100)	(8,951)
Cashflow from financial activities	4,407	33,933	7,808
	<u>(13,929)</u>	<u>-</u>	<u>(8,278)</u>
Opening cash	47,094	48,224	55,372
Closing cash	<u>33,165</u>	<u>48,224</u>	<u>47,094</u>

Notes:

- Actual cashflow from operating activities is higher than budget due to lower expenditure on transport improvements. The reasons for this are further explained in Note 31 to the financial statements. This also resulted in lower cash required from financial activities.

Financial overview – Council

Capital expenditure – Council

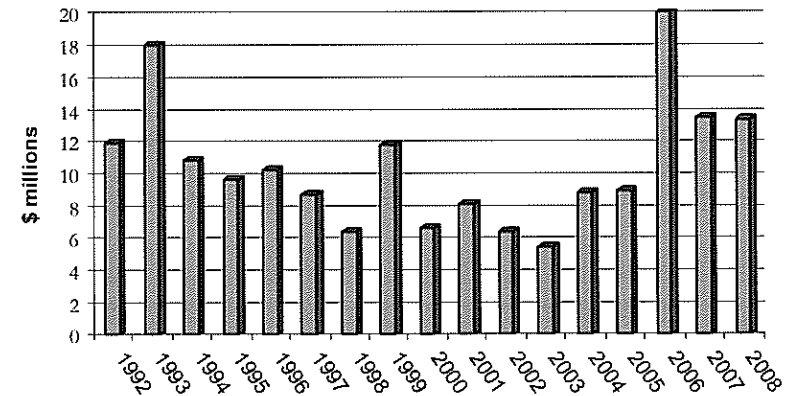
Capital expenditure for the year was \$13.016 million. This was \$11.502 million below the budget of \$24.518 million. The major items contributing to this variance were:

- *Water* was below budget due to savings in projects, eg, pumping stations and deferral of some projects, eg, CBD reservoir and replacement equipment for water treatment plants
- *Safety and flood protection* was below budget due to a number of projects being delayed because of land issues
- A number of IT system upgrades were delayed

Notable achievements in 2007/08 were:

- \$5.7 million spent on extending flood defences, including the completion of Chrystalls stopbank
- Delivery of the remaining 11 Wairarapa rail passenger carriages
- Signing of contract for 90 Matangi Electric Multiple Units

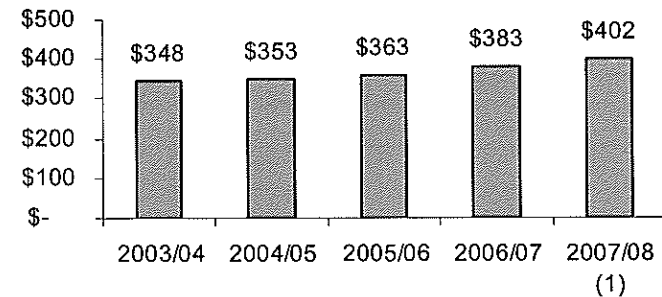
Council capital expenditure



Average rate per property

Over the past five years, rates per property have increased by an average of 3.7% per year.

Average rates collected per property



(1) excluding the EDA rate

Financial overview – Council

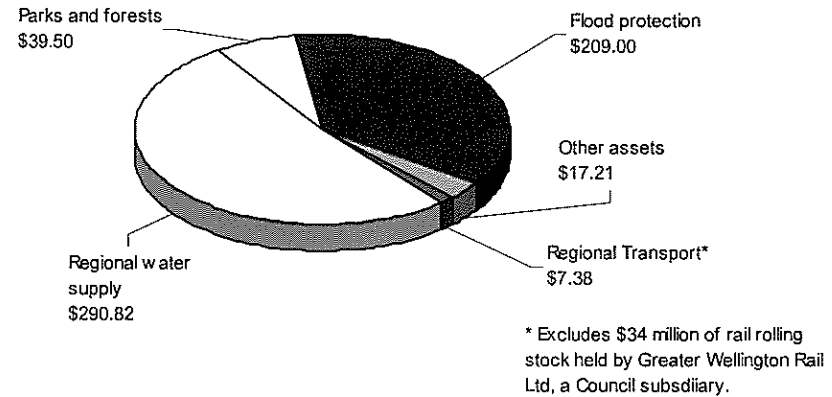
Asset management

Greater Wellington looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport.

Continued management and investment in these assets is essential. Greater Wellington maintains and updates detailed asset management plans to ensure we look after these assets on behalf of the community.

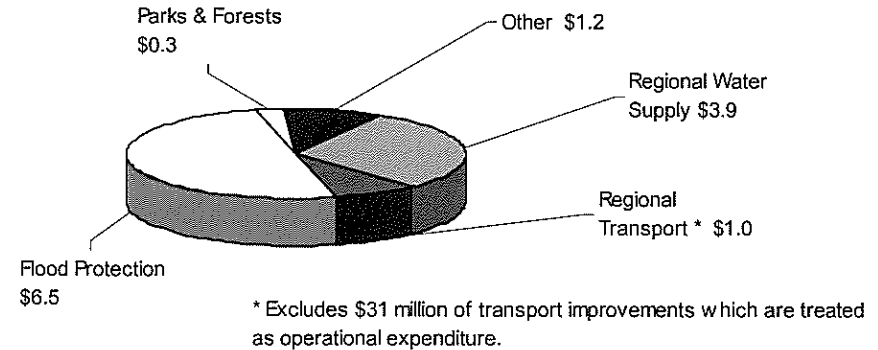
This pie chart shows the breakdown of our assets at the year end. In coming years, the required investment in public transport will significantly add to the assets we manage for the Wellington region.

Council fixed Assets (\$ millions)



This pie chart shows the breakdown of the \$13 million in capital expenditure for the year ended 30 June 2008.

Council capital expenditure (\$ millions)



Financial overview – Group

	\$000s	
	2008	2007
Revenue	205,035	211,246
Operating expenses	188,506	198,305
	16,529	12,941
Finance costs	13,320	13,063
Net operating surplus	3,209	(122)
Grant revenue for transport improvements	13,216	19,859
Unrealised gains	1,011	18,119
Net surplus before tax	17,436	37,856
Tax	3,201	4,256
Net surplus after tax	14,235	33,600

	\$000s	
	2008	2007
Balance sheet		
Current assets	67,052	87,834
Non-current assets	989,973	899,006
Total assets	1,057,025	986,840
Equity	773,529	750,238
Non-current liabilities	143,412	116,002
Current liabilities	140,084	120,600
	1,057,025	986,840

	\$000s	
Cashflow		
From operating activities	20,037	3,282
From investing activities	(82,684)	(38,699)
From financing activities	49,344	27,492
	(13,303)	(7,925)
Opening cash	47,399	55,324
Closing cash	34,096	47,399

Financial statements

For the year ended 30 June 2008

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Income statement
For the year ended 30 June 2008

21

	Notes	Group		2008 Actual \$000s	Council 2008 Budget \$000s	2007 Actual \$000s
		2008 Actual \$000s	2007 Actual \$000s			
Income						
Rates and levies				94,076	93,449	85,790
Grants and subsidies				53,633	81,670	51,090
Other gains				-	-	-
Other revenue				72,982	21,757	22,420
Total income	1			220,691	196,876	159,300
Expenses						
Employee benefits	2			46,640	30,593	28,809
Grants and subsidies				63,776	123,127	79,486
Depreciation and amortisation	3			16,324	10,466	9,476
Finance costs	4			13,320	4,975	4,760
Other losses	5			(296)	-	79
Other operating expenses	6			64,502	46,389	46,062
Total operating expenses				204,266	215,550	168,672
Surplus (deficit) for the year before unrealised items and tax				16,425	(18,674)	(9,372)
Unrealised gains / (losses)	7			1,011	3,809	4,786
Surplus (deficit) for the year after unrealised items and before tax				17,436	(14,865)	(4,586)
Tax expense	8			3,201	-	-
Surplus (deficit) for the year				14,235	(14,865)	(4,586)
Attributed to:						
Minority interest				1,604	-	-
Equity holders of the parent				12,631	(14,865)	(4,586)
Surplus (deficit) for the year				14,235	(14,865)	(4,586)

The accompanying notes and accounting policies should be read in conjunction with these financial statements

**Income statement by activity
for the year ended 30 June 2008**

	Council 2008 Actual \$000s	Council 2008 Budget \$000s		Council 2008 Actual \$000s	Council 2008 Budget \$000s
Operating revenue			Operating expenditure		
Environment	10,322	10,383	Environment	10,516	10,552
Transport	90,568	118,540	Transport	99,125	137,009
Water supply	24,905	24,955	Water supply	23,682	26,887
Land	9,753	10,979	Land	9,557	10,953
Safety and flood protection	16,631	15,952	Safety and flood protection	13,163	12,931
Parks	6,407	6,548	Parks	6,615	6,869
Community	11,854	13,059	Community	10,361	11,389
Investments	4,975	7,923	Investments	5,309	6,796
Other	3,860	2,217	Other	3,489	2,035
Total operating revenue	179,275	210,556	Total operating expenditure	181,817	225,421
Less: internal operating revenue	8,468	9,871	Less: internal operating expenditure	8,468	9,871
Total external operating revenue including unrealised gains	170,807	200,685	Total external operating expenditure	173,349	215,550
			Operating surplus/(deficit)	(2,542)	(14,865)
			Capital expenditure and transport investments	13,338	25,495
			Proceeds from assets sales	183	(346)
			Loan funding of capital expenditure	(11,670)	(38,565)
			Rate, levy, and subsidy-funded capital expenditure	1,851	(13,416)
			Other loan funding	(4,226)	(4,612)
			Debt repayment	2,398	9,234
			Other investment movements	2,681	2,062
			Operational reserve movements	3,369	(263)
			Working capital movements	45	0
			Non-cash items	(8,660)	(7,870)
			Net funding required	-	-

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Statement of changes in equity
For the year ended 30 June 2008

	Notes	Group		Council		
		2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2008 Budget \$000s	2007 Actual \$000s
Equity - opening balance as at 1 July		750,238	661,694	602,058	566,464	559,956
Asset revaluation movements taken directly to equity		10,158	53,829	10,865	-	46,688
Asset revaluation movements taken directly to equity minority interests		-	1,946	-	-	-
Net income recognised directly in equity		10,158	55,775	10,865	-	46,688
Net surplus/(deficit) for the year		14,235	33,600	(2,542)	(14,865)	(4,586)
Total recognised income and expenses for the year		24,393	89,375	8,323	(14,865)	42,102
Attributable to:						
Equity holders of the parent		22,789	84,947	8,323	(14,865)	42,102
Minority interest		1,604	4,428	-	-	-
Total recognised income and expenses for the period		24,393	89,375	8,323	(14,865)	42,102
Dividend to minority interest		(1,102)	(831)	-	-	-
Balance as at 30 June	19	773,529	750,238	610,381	551,599	602,058

The accompanying notes and accounting policies should be read in conjunction with these financial statements

**Balance sheet
as at 30 June 2008**

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	Notes	Group		Council		
		2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2008 Budget \$000s	2007 Actual \$000s
Assets						
Current assets						
Cash and cash equivalents	9	34,096	47,399	33,165	48,224	47,094
Trade and other receivables	10	29,826	37,326	23,965	14,153	32,604
Inventories	11	2,861	2,663	2,193	-	2,142
Income tax receivable	8	-	446	-	-	-
Derived financial instruments	18	573	-	269	-	-
		<u>67,356</u>	<u>87,834</u>	<u>59,592</u>	<u>62,377</u>	<u>81,840</u>
Non-current assets						
Other financial assets	12	20,292	4,102	18,695	23,089	3,470
Property, plant and equipment	13	852,786	771,800	578,295	561,209	563,907
Intangible assets	14	1,257	1,428	277	-	409
Forestry investments	15	9,910	14,303	9,910	18,194	14,303
Investment properties	16	100,345	100,829	-	-	-
Investment in subsidiaries	17	-	-	35,140	-	34,542
Derived financial instruments	18	3,159	4,874	1,276	-	1,908
Deferred tax asset	8	752	1,670	-	-	-
		<u>988,501</u>	<u>899,006</u>	<u>643,593</u>	<u>602,492</u>	<u>618,539</u>
Total assets		<u>1,055,857</u>	<u>986,840</u>	<u>703,185</u>	<u>664,869</u>	<u>700,379</u>

The accompanying notes and accounting policies should be read in conjunction with these financial statements

**Balance sheet
as at 30 June 2008**

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	Notes	Group		Council		
		2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2008 Budget \$000s	2007 Actual \$000s
Equity and liabilities						
Equity attributable to equity holders of the parent						
Retained earnings		438,319	428,638	362,086	345,854	367,578
Reserves		290,577	277,469	248,295	205,745	234,480
		<u>728,896</u>	<u>706,107</u>	<u>610,381</u>	<u>551,599</u>	<u>602,058</u>
Minority interest		44,633	44,131			
Total equity	19	<u>773,529</u>	<u>750,238</u>	<u>610,381</u>	<u>551,599</u>	<u>602,058</u>
Current liabilities						
Trade and other payables	20	37,146	36,373	23,883	19,154	29,421
Debt	21	227,232	79,935	54,300	2,767	35,934
Employee benefit liabilities	22	4,223	3,749	2,009	-	1,971
Provisions	23	415	543	-	-	-
		<u>269,016</u>	<u>120,600</u>	<u>80,192</u>	<u>21,921</u>	<u>67,326</u>
Non-current liabilities						
Debt	21	11,960	114,589	11,960	91,349	30,335
Employee benefit liabilities	22	1,352	1,413	652	-	660
		<u>13,312</u>	<u>116,002</u>	<u>12,612</u>	<u>91,349</u>	<u>30,995</u>
Total liabilities		<u>282,328</u>	<u>236,602</u>	<u>92,804</u>	<u>113,270</u>	<u>98,321</u>
Total equity and liabilities		<u>1,055,857</u>	<u>986,840</u>	<u>703,185</u>	<u>664,869</u>	<u>700,379</u>

Fran Wilde
Chair
29 September 2008

David Benham
Chief Executive
29 September 2008

Barry Turfrey
Chief Financial Officer
29 September 2008

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Cash flow statement
For the year ended 30 June 2008

	Notes	Group		2008 Actual \$000s	Council 2008 Budget \$000s	2007 Actual \$000s
		2008 Actual \$000s	2007 Actual \$000s			
Cash flows from operating activities						
Receipts from customers		50,195	49,084	-	-	-
Rates revenue received		66,108	61,093	66,108	69,989	61,093
Water supply levy received		23,460	22,776	23,460	23,460	22,776
Government subsidies received		63,814	40,909	63,814	81,670	40,909
Interest received		4,107	3,966	4,084	2,773	3,807
Dividends received		1,668	468	140	250	618
Fees, charges and other revenue		19,505	9,671	19,505	17,621	9,670
Payments to suppliers and employees		(193,401)	(169,393)	(164,411)	(198,893)	(141,674)
Interest paid		(13,154)	(14,251)	(4,069)	(4,703)	(4,334)
Income tax paid (refund)		(2,265)	(1,041)	-	-	-
Net cash flows from operating activities	24	20,037	3,282	8,631	(7,833)	(7,135)
Cash flows from investing activities						
Sale of property, plant and equipment		183	326	183	346	282
Disposal of forestry investments		1,268	1,118	1,268	-	1,118
Purchase of property, plant and equipment		(67,877)	(39,281)	(13,016)	(24,518)	(10,266)
Purchase of intangible assets		(397)	(797)	(57)	-	(85)
Acquisition of forestry investments		-	-	-	-	-
Acquisition of investments		(15,861)	(65)	(15,521)	(1,928)	-
Net cash flows from investing activities		(82,684)	(38,699)	(27,143)	(26,100)	(8,951)

The accompanying notes and accounting policies should be read in conjunction with these financial statements

Cash flow statement
For the year ended 30 June 2008

	Notes	Group		2008 Actual \$000s	Council 2008 Budget \$000s	2007 Actual \$000s
		2008 Actual \$000s	2007 Actual \$000s			
Cash flows from financing activities						
Loan funding		61,526	55,965	16,845	42,904	35,618
Issue of shares		599	-	-	-	-
Debt repayment		(11,679)	(27,643)	(11,679)	(8,971)	(27,643)
Repayment of inter-company current account		-	-	(583)	-	(167)
Dividends paid to minority interests		(1,102)	(830)	-	-	-
Net cash flows from financing activities		49,344	27,492	4,583	33,933	7,808
Net increase/(decrease) in cash, cash equivalents and bank overdraft		(13,303)	(7,925)	(13,929)	-	(8,278)
Cash, cash equivalents and bank overdraft at the beginning of year		47,399	55,324	47,094	48,224	55,372
Cash, cash equivalents and bank overdrafts at the end of year		34,096	47,399	33,165	48,224	47,094

The accompanying notes and accounting policies should be read in conjunction with these financial statements

For the year ended 30 June 2008

1. Reporting entity

The Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Financial statements for Greater Wellington (the “Parent”) and consolidated financial statements (for the “Group”) are presented.

For the purposes of financial reporting Greater Wellington is designated as a public benefit entity. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited, Greater Wellington Infrastructure Limited, Grow Wellington Limited and CentrePort Limited. All subsidiaries, except Grow Wellington Limited are designated as profit-oriented entities. Grow Wellington Limited is designated as a public benefit entity.

2. Statement of compliance

The Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

Accounting judgments and estimations

The preparation of financial statements in conformity with NZ GAAP requires management to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

Judgements made by management in the application of NZ GAAP that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

For the year ended 30 June 2008

3. Accounting policies

(a) Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. 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.

The accounting policies have been applied consistently by Group entities.

(b) Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 17 to the financial statements.

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 Greater Wellington's 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 inter-company transactions are eliminated on consolidation.

(c) Revenue recognition

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 Land Transport New Zealand, which subsidises part of Greater Wellington's costs in the provision of public transport subsidies to external transport operators and for capital purchases of rail rolling stock within Greater Wellington's subsidiaries and transport network upgrades owned by Ontrack. 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 in the Income Statement when eligibility has been established by the grantor.

(iii) Sale of goods

For the year ended 30 June 2008

Revenue on the sale of goods is recognised when all risks are transferred to the buyer and there is no longer control or managerial involvement with the goods.

(iv) Rendering of services

Revenue from services rendered is recognised by reference to stage of completion of the service.

(v) Dividends

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

(vi) 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.

(vii) Other revenue

Other income is also recognised 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.

(d) Borrowing costs

Borrowing costs directly attributable to capital construction are capitalised as part of the costs of those assets. All other borrowing

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

(e) 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 cost that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

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

- Port buildings, wharves and paving
- Operational port freehold land
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets

For the year ended 30 June 2008

- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets
- Regional water supply administrative buildings
- Regional water supply minor equipment
- Regional water supply motor vehicles
- Regional water supply capital work in progress

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

Valuations

Valuations for regional water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers. They are carried out at regular intervals.

Flood Protection

The Flood Protection infrastructure assets were revalued at 30 June 2007 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group. The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection Department.

The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2007 valuation of Council's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western Flood Protection land was revalued as at 30 June 2007 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of Rural and Reserve land from recognised valuation sources which reflects fair value.

Baker & Associates revalued Wairarapa Flood Protection land as at 30 June 2007. Land valuation was completed by F T Rutherford BBS (VPM) ANZIV, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

For the year ended 30 June 2008

Parks & Forests

The Parks & Forests infrastructure assets were revalued at 30 June 2008. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer. Roads, fences, tracks and other park infrastructure have been valued using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group, by Graham Laws, Parks & Forests Asset Management Advisor. Fergus Rutherford of Baker & Associates Ltd reviewed the valuation methodology and rates.

Plantation Forestry bridges were revalued by Kate Zwartz, Senior Engineer for the Engineering Consultancy Group.

Public Transport

Public transport infrastructural assets well valued by Duffill Watts Ltd. Land was valued at market value and other assets at Depreciated Replacement Cost

Regional Water Supply

Regional water supply wholesale water assets were revalued by Nigel Fenwick MNZPI and Rob Slater MNZPI of Knight Frank at 30 June 2004 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Water Catchment land was revalued by GH Smith ANZIV, SNZPI at 30 June 2004, using the market value methodology.

Other land and buildings were revalued by Martin Veale ANZIV, SNZPI of Telfer Young at 30 June 2004, using the market value methodology.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. Colliers International valued the land at 30 June 2007 at fair value. The basis of valuation is fair value which is determined with reference to the assets highest and best use as determined by the Valuer

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 Income Statement, then it is recognised in the Income Statement. A decrease in the value on revaluation is recognised in the Income Statement where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

The remaining Property, Plant & Equipment are recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All Property Plant and Equipment, except land are depreciated.

For the year ended 30 June 2008

(f) Depreciation

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

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

- Port, wharves and paving 10 to 50 Years
- Operational port freehold land indefinite
- Operational land and buildings 10 to indefinite
- Operational plant and equipment 2 to 20 years
- Operational vehicles 3 to 10 years
- Flood protection infrastructural assets 15 to indefinite
- Transport infrastructural assets 5 to 50 years
- Rail rolling stock 15 to 35 years
- Navigational aids infrastructural assets 5 to 50 years
- Parks and forests infrastructural assets 10 to 100 years

- Regional water supply infrastructural assets 3 to 150 years
- Regional water supply administrative buildings 10 to 50 years
- Regional water supply minor equipment 3 to 15 years
- Regional water supply vehicles 5 to 10 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.

(g) Intangible assets

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

Software 1 to 5 years

(h) Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation is measured at its fair value at the reporting date. There are two classes of investment property;

Developed investment properties

For the year ended 30 June 2008

Land available for development.

The Regional Council Centre (RCC) is treated as an investment property within the WRC Holdings Group and as property, plant and equipment within the Greater Wellington Group accounts. Gains or losses arising from changes in fair value of investment properties are included in the income statement in the period in which they arise.

(i) Impairment

All assets are reviewed annually to determine if there is any indication of impairment.

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the Income Statement, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

(i) Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

(ii) Value in use

Value in use for Greater Wellington assets is calculated as being the depreciated replacement cost of the asset. For Greater Wellington's subsidiaries it is calculated as being the estimated future cash flows which are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

(j) Forestry investments

Forestry investments are stated at fair value less point of sale costs. They are independently revalued to an estimate of market valuation based on net present value. The net gain or loss arising from changes in forestry valuation is included in the Income Statement.

(k) Financial instruments

The Group classifies its financial assets and liabilities according to the purpose for which they were acquired.

Financial assets and liabilities are only offset when there is a legally enforceable right to offset them and there is an intention to settle on a net basis.

(i) Financial assets

The Group's financial assets are categorised as follows:

- ***Financial assets at fair value accounted through the Income Statement***

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 remeasurement are recognised in the Income Statement.

- ***Financial assets at fair value accounted through equity***

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

For the year ended 30 June 2008

value. Any gains and losses are recognised directly to equity except for impairment losses which are recognised in the Income Statement.

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 and no intention to sell the asset, the item is measured at cost.

Fair value is equal to Greater Wellington's share of the net assets of the entity. Upon sale the cumulative fair value gain or loss previously recognised directly in equity is recognised in the Income Statement.

- ***Loans and receivables***

These assets are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 Income Statement.

- ***Held to maturity investments***

These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity. After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the Income Statement.

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

- (i) ***Financial liabilities***

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Income Statement as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

- (l) ***Derivative financial instruments***

The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its

For the year ended 30 June 2008

operational, financing and investment activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. For those instruments which do not qualify for hedge accounting the gain or loss on re-measurement to fair value is recognised immediately in the Income Statement.

The fair value of an interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at the balance date.

(m) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

(n) Inventories

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

The value of harvested timber is its fair value less estimated point of sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the Income Statement.

(o) Income tax

Income tax in the Income Statement for the year comprises current and deferred tax. Income tax is usually recognised in the Income Statement except to the extent that it relates to items recognised directly in equity. In this case that amount is recognised in equity.

Deferred tax is provided using the balance sheet liability method. This provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For the year ended 30 June 2008

(p) 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 the balance sheet 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 Income Statement.

(q) Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within twelve months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred. Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Income Statement 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.

(r) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(s) Goods and Services Tax (GST)

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

(t) Leases

The Group leases office space, office equipment vehicles, land, buildings and wharves.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

For the year ended 30 June 2008

(u) 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 Income Statement.

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the Group's financial statements.

The "Investment in Democracy" 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.

(v) Equity

Equity is the community's interest in the Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Group.

The components of equity are accumulated funds and retained earnings, revaluation reserves and restricted funds.

(w) Statement of Cash flows

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

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

Investing activities are those activities relating to the acquisition and disposal of non current assets.

Financing activities comprise the change in equity and debt capital structure.

(x) Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Greater Wellington for the preparation of these financial statements.

(y) Changes in Accounting Policies

There have been no changes from the accounting policies adopted in the last audited financial statements.

Note 1

Operating income

	Group		2008 Actual \$000s	Council 2008 Budget \$000s	2007 Actual \$000s
	2008 Actual \$000s	2007 Actual \$000s			
General rates	22,015	22,525	22,015	21,803	22,525
Targeted rates	48,186	40,060	48,186	48,186	40,060
Rates penalties	451	461	451	-	461
Remission of rates penalties	(36)	(32)	(36)	-	(32)
Regional rates	70,616	63,014	70,616	69,989	63,014
Regional water supply levy	23,460	22,776	23,460	23,460	22,776
Total rates and levies	94,076	85,790	94,076	93,449	85,790
Government grants and subsidies	53,633	51,090	53,633	81,670	51,090
Other income:					
Sale of goods	5,011	5,040	5,011	5,596	5,040
Logging revenue	5,324	5,962	5,324	6,347	5,962
Subsidiaries revenue	41,165	39,375	-	-	-
Rendering of services	660	675	660	8	675
Animal Health Board	3,245	4,688	3,245	3,922	4,688
Rental income	896	827	896	793	827
Rents from investment properties	12,187	10,285	-	-	-
Management fees	-	-	360	250	249
Dividends received	12	-	76	251	543
Subvention revenue	-	-	1,031	705	629
Interest received	4,167	3,966	4,160	3,885	3,807
Other operating revenue	-	-	-	-	-
Equity accounted earnings from associates	315	308	-	-	-
	72,982	71,126	20,763	21,757	22,420
Other gains:					
Reversal of impairment of property plant and equipment	-	3,240	-	-	-
Total operating income	220,691	211,246	168,472	196,876	159,300

Note 2

Employee benefits

	Group		Council		
	2008	2007	2008	2008	2007
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Employee benefits expense	43,980	41,833	26,362	28,240	26,771
Post-employment benefit expense	1,815	1,681	1,302	1,495	1,187
Councillor remuneration	845	851	845	858	851
	<u>46,640</u>	<u>44,365</u>	<u>28,509</u>	<u>30,593</u>	<u>28,809</u>

Note 3

Depreciation and amortisation

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Depreciation				
Port wharves and pavings	2,111	2,098	-	-
Land and buildings	1,019	935	72	70
Plant and equipment	3,090	3,476	637	945
Rail rolling stock	998	-	-	-
Motor vehicles	798	775	798	775
Flood protection at valuation	237	199	237	199
Flood protection at cost	514	474	514	474
Transport facilities	366	336	366	336
Navigational aids	23	32	23	32
Parks and forests	405	404	405	404
Regional water supply asset depreciation				
Infrastructure assets	5,969	5,874	5,969	5,874
Administration buildings	1	1	1	1
Minor equipment	42	123	42	123
Motor vehicles	183	161	183	161
Total regional water supply depreciation	6,195	6,159	6,195	6,159
Total depreciation	15,756	14,888	9,247	9,394
Amortisation				
Software	568	505	189	82
Total amortisation	568	505	189	82
Total depreciation and amortisation	16,324	15,393	9,436	9,476

Note 4

Finance costs

Interest expense

Interest on bank borrowings

Finance costs

	Group		Council		
	2008	2007	2008	2008	2007
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Interest on bank borrowings	13,320	13,063	4,415	4,975	4,760
Finance costs	13,320	13,063	4,415	4,975	4,760

Note 5

Other losses

Loss on disposal of property, plant and equipment

	Group		Council		
	2008	2007	2008	2008	2007
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Loss on disposal of property, plant and equipment	(296)	79	152	-	79
	(296)	79	152	-	79

Note 6

Other operating expenses

	Group			Council	
	2008	2007	2008	2008	2007
	Actual	Actual	Actual	Budget	Actual
	\$000s	\$000s	\$000s	\$000s	\$000s
Auditor's remuneration:					
Fees to principal auditor for financial statement audit	199	161	140	121	133
Fees to principal auditor for NZ IFRS transition	72	94	-	-	55
Fees to principal auditor for audit of community plan and other services	11	15	32	-	15
Fees to other auditor for financial statement audit	32	75	-	-	-
Fees to other auditor for IFRS, tax and other services	99	182	-	-	-
Impairment:					
Bad debts written off/(back)	279	224	-	-	-
Change in provision for impairment of trade receivables	(19)	(40)	(19)	-	(40)
Insurance:					
Insurance	1,402	1,314	1,140	1,324	1,184
General:					
Asset write-offs/(written back)	174	149	174	-	149
Directors fees	525	315	-	-	-
LGNZ subscriptions	82	68	82	68	68
Operating lease rentals	-	-	1,630	1,474	1,199
Energy costs	4,681	5,847	2,538	3,019	3,436
Maintenance	19,740	17,422	14,837	18,040	14,434
Consultancy	27,568	27,772	26,180	22,343	25,429
Other operating expenses	9,657	7,865	877	-	-
	<u>64,502</u>	<u>61,463</u>	<u>47,611</u>	<u>46,389</u>	<u>46,062</u>

Note 7

Unrealised gains / (losses)

	Group		2008 Actual \$000s	Council 2008 Budget \$000s	2007 Actual \$000s
	2008 Actual \$000s	2007 Actual \$000s			
Unrealised increase / (decrease) in forestry investment	(3,125)	529	(3,125)	3,029	529
Unrealised increase / (decrease) in value of Stadium advance	271	251	271	780	251
Unrealised increase / (decrease) in value of bonds	32	-	32	-	-
Unrealised increase / (decrease) in value of loans	5,521	2,444	5,521	-	2,444
Unrealised increase / (decrease) in investment properties (developed property)	219	6,585	-	-	-
Unrealised increase / (decrease) in investment properties (undeveloped land)	(764)	4,634	-	-	-
Unrealised increase / (decrease) in financial instruments					
Interest rate swaps	(2,125)	4,760	(703)	-	1,562
Interest rate collars	-	(11)	-	-	-
Interest rate caps	(55)	19	-	-	-
Foreign exchange contracts	1,037	(1,092)	339	-	-
	(1,143)	3,676	(364)	-	1,562
	<u>1,011</u>	<u>18,119</u>	<u>2,335</u>	<u>3,809</u>	<u>4,786</u>

For the year ended 30 June 2008

Note 8

Taxation

For Greater Wellington, the net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington Group of companies, including the CentrePort Group, and New Zealand Local Government Insurance Corporation. All other income currently derived by the the Council is exempt from income tax.

	Group		Council	
	2008 \$000s	2007 \$000s	2008 \$000s	2007 \$000s
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	1,379	1,063	(529)	(642)
Adjustments recognised in the current period in relation to the current tax of prior periods	(109)	(14)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	1,013	2,686	529	642
Deferred tax expense arising from the write-down, or reversal of previous write-down, of a deferred tax asset	1,062	302	-	-
Impact of tax rate change	(144)	219	-	-
Total tax expense/(benefit)	3,201	4,256	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

(Profit)/loss from operations	(17,436)	(37,856)	2,542	4,586
Income tax expense/(benefit) calculated at 33%	5,754	12,492	(839)	(1,513)
(Profit)/loss not subject to taxation	(3,503)	1,248	356	1,049
Non-deductible expenses	506	4	-	-
Non-assessable income	24	(9,999)	-	-
Unused tax losses and timing differences not recognised as deferred tax assets	1,547	900	529	598
Tax effect of imputation credits	(633)	(594)	(46)	(134)
Temporary differences	(241)	-	-	-
Impact of tax rate change	(144)	219	-	-
	3,310	4,270	-	-
(Over)/under provision of income tax in previous period	(109)	(14)	-	-
Total tax expense/(benefit)	3,201	4,256	-	-

The tax rate used in the above reconciliation is the company tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. Although for the current period there has been no change in the company tax rate when compared with the previous reporting period, from 1 July 2008 the company will be subject to tax at the recently enacted rate of 30%.

Note 8

Taxation - continued

(b) Subvention payments

The financial statements accrue a subvention payment from PHL for the utilisation \$1,031,302 of losses of Council tax. A subvention payment of \$628,634 was made by Pringle House Limited to the Council in relation to the amount accrued in the 2007 year.

(c) Income tax recognised directly in equity

	Group		Council	
	2008 \$000s	2007 \$000s	2008 \$000s	2007 \$000s
The following current and deferred amounts were charged /(credited) directly to equity during the period:				
Current tax:	-	-	-	-
Deferred tax:				
Adjustments to opening retained earnings associated with changes in accounting policies for financial instruments	-	-	-	-
Other - change in deferred tax recognised	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(d) Current tax assets and liabilities				
Current tax assets:				
Subvention receivable	-	-	-	-
Tax refund receivable	-	446	-	-
Other	-	-	-	-
	<u>-</u>	<u>446</u>	<u>-</u>	<u>-</u>
Current tax payables:				
Income tax payable attributable to:				
Parent entity	-	-	-	-
Other	235	-	-	-
	<u>235</u>	<u>-</u>	<u>-</u>	<u>-</u>
(e) Deferred tax balances				
Deferred tax assets comprise:				
Tax losses	-	-	-	-
Temporary differences	6,854	6,537	-	-
	<u>6,854</u>	<u>6,537</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities comprise:				
Temporary differences	6,102	4,867	-	-
	<u>6,102</u>	<u>4,867</u>	<u>-</u>	<u>-</u>

For the year ended 30 June 2008

Note 8

Taxation - continued

Taxable and deductible temporary differences arising from the following:

2008

Investment properties
Property, plant and equipment
Trade and other payables
Other financial liabilities
Other
Total

Group				
Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
\$000s	\$000s	\$000s	\$000s	\$000s
(3,742)	(1,957)	-	177	(5,522)
5,473	140	-	(67)	5,546
1,002	182	-	(16)	1,168
(1,125)	487	-	58	(580)
62	86	-	(8)	140
1,670	(1,062)	-	144	752

2007

Investment properties
Property, plant and equipment
Trade and other payables
Other financial liabilities
Other
Total

Group				
Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
\$000s	\$000s	\$000s	\$000s	\$000s
(3,010)	(1,107)	-	375	(3,742)
6,686	(725)	-	(488)	5,473
1,108	(6)	-	(100)	1,002
(281)	(844)	-	-	(1,125)
72	(4)	-	(6)	62
4,575	(2,686)	-	(219)	1,670

2008

Property, plant and equipment
Trade and other payables
Other financial liabilities
Other
Total

Council				
Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
\$000s	\$000s	\$000s	\$000s	\$000s
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

2007

Property, plant and equipment
Trade and other payables
Other financial liabilities
Other
Total

Council				
Opening balance	Charged to income	Charged to equity	Change in tax rate	Closing balance
\$000s	\$000s	\$000s	\$000s	\$000s
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Note 8

Taxation - continued

Unrecognised deferred tax balances

	Group		Council	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
The following deferred tax assets have not been brought to account as assets:				
Tax losses	4,061	2,894	2,506	2,200
Temporary differences	-	-	-	-
	<u>4,061</u>	<u>2,894</u>	<u>2,506</u>	<u>2,200</u>

Tax losses not recognised

The Council has tax losses of \$8.353 million (2007 \$6.667 million) available to be carried forward and to be offset against taxable income in the future that have not been recognised. The tax effect of these losses at 30% is \$2.506 million (2007 \$2.000 million).

WRC Holdings Limited has unrecognised tax losses of \$0.875 million (2007 \$0.766 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$0.262 million (2007 \$0.230 million).

Port Investments Limited has unrecognised tax losses of \$4.193 million (2007 \$1.337 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$1.258 million (2007 \$0.401 million).

Greater Wellington Rail Limited has unrecognised tax losses of \$0.105m (2007: nil) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$0.031m (2007: nil).

Grow Wellington Limited has unrecognised tax losses of \$0.014m (2007: nil) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 30% is \$0.004m (2007: nil).

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

(f) Imputation credit account balances

	Group		Council	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of the period	9,447	9,067	-	-
Attached to dividends received	1,596	102	-	-
Taxation paid	1,231	473	-	-
Attached to dividends paid	(1,527)	(195)	-	-
Balance at end of the period	<u>10,747</u>	<u>9,447</u>	<u>-</u>	<u>-</u>
Imputation credits available directly and indirectly to shareholders of the parent company, through:				
Parent company	-	-	-	-
Subsidiaries	10,747	9,447	-	-
	<u>10,747</u>	<u>9,447</u>		

Note 9 Cash and cash equivalents

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Cash	937	1,339	6	1,034
Bonds and notes			-	-
Bank deposits	18,000	33,000	18,000	33,000
Water Supply contingency investment	12,741	10,976	12,741	10,976
Major flood recovery fund	2,479	2,084	2,479	2,084
Bank overdraft	(61)	-	(61)	-
	<u>34,096</u>	<u>47,399</u>	<u>33,165</u>	<u>47,094</u>

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is the stated values.

At 30 June 2008, Greater Wellington had available \$89,600,000 (2007: \$50,260,000) of un-drawn committed borrowing facilities in respect of which all conditions precedent had been met.

As at 30 June 2008 these investments have an interest rate of 8.73% (2007 8.10%) and have various maturity dates. They are available for day to day cash management.

As at 30 June 2008 the weighted average interest rate on the water supply contingency investment is 8.65% (2007 8.34%) and is recorded at fair value.

As at 30 June 2008 the weighted average interest rate on the major flood recovery fund is 8.65% (2007 8.34%) and is recorded at fair value.

Note 10 Trade and other receivables

	Group		Council	
	2008	2007	2008	2007
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Rates outstanding	12,240	7,732	12,240	7,732
Trade customers	10,865	10,132	3,741	4,487
Accrued revenue	6,618	19,370	6,618	19,370
Subvention receivable	-	-	1,031	629
Dividends receivable	-	-	64	543
Interest receivable	833	465	833	465
Prepayments	148	637	102	259
	<u>30,704</u>	<u>38,336</u>	<u>24,629</u>	<u>33,485</u>
Less provision for impairment of receivables	<u>(878)</u>	<u>(1,010)</u>	<u>(664)</u>	<u>(881)</u>
	<u>29,826</u>	<u>37,326</u>	<u>23,965</u>	<u>32,604</u>

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

Provision for impairment of receivables

	Group		Council	
	2008	2007	2008	2007
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Opening balance	(1,010)	(969)	(881)	(969)
Movement	132	(41)	217	88
Closing balance	<u>(878)</u>	<u>(1,010)</u>	<u>(664)</u>	<u>(881)</u>

The status of receivables as at 30 June 2008 and 2007 are detailed below:

	2008			2007		
	Gross \$000s	Impairment \$000s	Net \$000s	Gross \$000s	Impairment \$000s	Net \$000s
Council						
Not past due	24,432	576	23,856	33,313	774	32,539
Past due 31-60 days	16	-	16	27	-	27
Past due 61-90 days	72	-	72	21	-	21
Past due > 90 days	109	88	21	124	107	17
	<u>24,629</u>	<u>664</u>	<u>23,965</u>	<u>33,485</u>	<u>881</u>	<u>32,604</u>
Group						
Not past due	27,424	576	26,848			
Past due 31-60 days	749	-	749			
Past due 61-90 days	290	-	290			
Past due > 90 days	2,241	302	1,939			
	<u>30,704</u>	<u>878</u>	<u>29,826</u>			

The impairment provision has been determined based on an analysis of previous periods. Prior year Group comparatives are not available.

Note 11 Inventories

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Harbours	5	5	5	5
Depots	140	125	140	125
Water supply	1,657	1,590	1,657	1,590
Wairarapa	391	422	391	422
Port maintenance	668	521	-	-
	<u>2,861</u>	<u>2,663</u>	<u>2,193</u>	<u>2,142</u>

In 2008, inventories recognised as cost of sales amounted to \$0 (2007: \$0).

Note 12 Other financial assets

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Stadium advance	3,661	3,390	3,661	3,390
Local Government Insurance Corporation Limited shares	80	80	80	80
Other investments	16,551	632	14,954	-
	<u>20,292</u>	<u>4,102</u>	<u>18,695</u>	<u>3,470</u>

Greater Wellington holds 21,000 fully paid up shares in Airtel Ltd which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. Greater Wellington was a previously a member of the Association.

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2008 Greater Wellington expects that the advance, will be fully repaid. 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. It is not repayable until after all other debts of the Trust are extinguished. The fair value of has been determined using a discount rate of 8%.

Bank bonds are not exchange traded and the fair value has been determined by reference to interest rate rulings at balance date.

There are no impairment provisions for other financial assets.

Property plant and equipment

In thousands of NZ Dollars

	Cost / revaluation 1 July 2007	Accumulated depreciation and impairment 1 July 2007	Carrying amount 1 July 2007	Additions	Disposals	Revaluations	Impairment losses	Reversal of impairment losses	Other Transfer	Cost / revaluation 30 June 2008	Accumulated depreciation and impairment 30 June 2008	Carrying amount 30 June 2008
Council operational assets												
Land & buildings	9,571	(1,162)	8,409	-	(144)	-	-	-	(5,371)	4,056	(1,200)	2,856
Plant and equipment	8,495	(6,508)	1,987	279	(116)	-	-	-	768	9,426	(7,019)	2,407
Motor vehicles	5,449	(3,411)	2,038	807	(822)	-	-	-	16	5,450	(3,434)	2,016
	23,515	(11,081)	12,434	1,086	(1,082)	-	-	-	(4,587)	18,932	(11,653)	7,279
Council infrastructural assets												
Flood protection at valuation	205,957	(2)	205,955	515	-	-	-	-	7,846	214,318	(235)	214,083
Flood protection at cost	7,575	(4,530)	3,045	-	-	-	-	-	46	7,621	(5,045)	2,576
Transport infrastructure	12,054	(4,673)	7,381	-	-	(649)	-	-	(3,986)	7,419	-	7,419
Navigational aids	1,725	(1,088)	637	-	(20)	-	-	-	21	1,726	(1,099)	627
Parks and forests	41,072	(1,571)	39,501	-	(239)	11,514	-	-	3,225	55,572	-	55,572
Capital work in progress	4,134	-	4,134	8,188	(9,861)	-	-	-	-	2,461	-	2,461
	272,517	(11,864)	260,653	8,703	(10,120)	10,865	-	-	7,152	289,117	(6,379)	282,738
Regional water supply assets												
Infrastructure assets	306,190	(18,138)	288,052	12	-	-	-	-	3,232	309,434	(24,002)	285,432
Administration buildings	465	(3)	462	-	-	-	-	-	-	465	(3)	462
Minor equipment	777	(430)	347	17	(10)	-	-	-	-	784	(463)	321
Motor vehicles	1,313	(698)	615	60	(159)	-	-	-	-	1,214	(724)	490
Capital work in progress	1,344	-	1,344	3,823	(3,594)	-	-	-	-	1,573	-	1,573
Total regional water supply	310,089	(19,269)	290,820	3,912	(3,763)	-	-	-	3,232	313,470	(25,192)	288,278
Total council property plant and equipment	606,121	(42,214)	563,907	13,701	(14,965)	10,865	-	-	5,797	621,519	(43,224)	578,295
Subsidiary Assets												
Land and buildings	57,348	(7,341)	50,007	36,011	(66)	760	-	-	-	94,053	(8,251)	85,802
Plant and equipment	46,368	(15,936)	30,432	6,504	(4,417)	-	-	-	-	48,455	(14,900)	33,555
Rail rolling stock	19,809	-	19,809	14,441	-	-	-	-	-	34,250	(998)	33,252
Port wharves and paving	52,735	(23,854)	28,881	16,350	(82)	-	-	-	2,420	71,423	(25,885)	45,538
Port freehold land	78,764	-	78,764	-	-	-	-	-	(2,420)	76,344	-	76,344
Total subsidiary assets	255,024	(47,131)	207,893	73,306	(4,565)	760	-	-	-	324,525	(50,034)	274,491
Total group property plant and equipment	861,145	(89,345)	771,800	87,007	(19,530)	11,625	-	-	5,797	946,044	(93,258)	852,786

	Cost / revaluation 1 July 2006	Accumulated depreciation and impairment 1 July 2006	Carrying amount 1 July 2006	Additions	Disposals	Revaluations	Impairment losses	Reversal of impairment losses	Other Transfer	Cost / revaluation 30 June 2007	Accumulated depreciation and impairment 30 June 2007	Carrying amount 30 June 2007
Council operational assets												
Land & buildings	9,479	(1,093)	8,386	65	(1)	-	-	-	28	9,571	(1,162)	8,409
Plant and equipment	8,093	(6,081)	2,012	671	(285)	-	-	-	16	8,495	(6,508)	1,987
Motor vehicles	5,247	(3,087)	2,160	700	(555)	-	-	-	57	5,449	(3,411)	2,038
	22,819	(10,261)	12,558	1,436	(841)	-	-	-	101	23,515	(11,081)	12,434
Council infrastructural assets												
Flood protection at valuation	156,507	(768)	155,739	-	(187)	46,688	-	-	2,949	205,957	(2)	205,955
Flood protection at cost	6,938	(4,052)	2,886	-	-	-	-	-	637	7,575	(4,530)	3,045
Transport facilities	11,958	(4,337)	7,621	-	-	-	-	-	96	12,054	(4,673)	7,381
Navigational aids	1,737	(1,072)	665	4	(16)	-	-	-	-	1,725	(1,088)	637
Parks and forests	40,366	(1,178)	39,188	551	(45)	-	-	-	200	41,072	(1,571)	39,501
Capital work in progress	4,645	-	4,645	2,831	-	-	-	-	(3,342)	4,134	-	4,134
	222,151	(11,407)	210,744	3,386	(248)	46,688	-	-	540	272,517	(11,864)	260,653
Regional water supply assets												
Infrastructure assets	302,700	(12,330)	290,370	-	-	-	-	-	3,490	306,190	(18,138)	288,052
Administration buildings	465	(2)	463	-	-	-	-	-	-	465	(3)	462
Minor equipment	1,062	(561)	501	48	(341)	-	-	-	8	777	(430)	347
Motor vehicles	1,109	(690)	419	340	(155)	-	-	-	19	1,313	(698)	615
Capital work in progress	1,171	-	1,171	3,868	-	-	-	-	(3,695)	1,344	-	1,344
Total regional water supply	306,507	(13,583)	292,924	4,256	(496)	-	-	-	(178)	310,089	(19,269)	290,820
Total council property plant and equipment	551,477	(35,251)	516,226	9,078	(1,585)	46,688	-	-	463	606,121	(42,214)	563,907
Subsidiary assets												
Land and buildings	35,914	(6,661)	29,253	17,902	(105)	-	-	3,240	397	57,348	(7,341)	50,007
Plant and equipment	43,023	(14,223)	28,800	4,186	(841)	-	-	-	-	46,368	(15,936)	30,432
Rail rolling stock	-	-	-	19,809	-	-	-	-	-	19,809	-	19,809
Port wharves and paving	49,439	(21,791)	27,648	3,378	(82)	-	-	-	-	52,735	(23,854)	28,881
Port freehold land	56,729	-	56,729	2,420	-	9,087	-	-	10,528	78,764	-	78,764
Total subsidiary assets	185,105	(42,675)	142,430	47,695	(1,028)	9,087	-	3,240	10,925	255,024	(47,131)	207,893
Total group property plant and equipment	736,582	(77,926)	658,656	56,773	(2,613)	55,775	-	3,240	11,388	861,145	(89,345)	771,800

Note 14 Intangible assets

	Group Software \$000s	Council Software \$000s
Carrying amount		
Balance at 1 July 2007	1,428	409
Additions	397	57
Disposals	-	-
Amortisation recognised during period	(568)	(189)
<i>Net carrying amount at 30 June 2008</i>	<u>1,257</u>	<u>277</u>
Balance at 1 July 2006	1,444	714
Additions	797	85
Disposals	(211)	(211)
Amortisation recognised during period	(505)	(82)
Other changes	(97)	(97)
<i>Net carrying amount at 30 June 2007</i>	<u>1,428</u>	<u>409</u>
Balance at 30 June 2008		
Gross carrying amount	5,921	2,069
Accumulated amortisation and impairment	(4,664)	(1,792)
<i>Net carrying amount at 30 June 2008</i>	<u>1,257</u>	<u>277</u>
Balance at 30 June 2007		
Gross carrying amount	5,905	2,218
Accumulated amortisation and impairment	(4,477)	(1,809)
<i>Net carrying amount at 30 June 2007</i>	<u>1,428</u>	<u>409</u>

Note 15 Forestry investments

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Balance at 1 July	14,303	14,892	14,303	14,892
Forestry sold	(1,268)	(1,118)	(1,268)	(1,118)
Change in fair value less estimated point of sale costs	(3,125)	529	(3,125)	529
Balance at 30 June	<u>9,910</u>	<u>14,303</u>	<u>9,910</u>	<u>14,303</u>

Plantation forestry activity including planting, silviculture and harvesting is undertaken on 5,700 hectares of predominantly pinus radiata plantings. Approximately 85,000 tonnes are harvested annually.

Plantation forests are independently valued annually to estimate of market valuation based on net present value using a pre tax discount rate of 9.0%. The valuation is based on the existing tree crop only and does not include cash flows associated with future replanting. No allowance is made for inflation, and no real price increases are assumed. A land in land out formula is applied to exclude the value of land, bridges, roads and fences.

Loans have been taken out which are contractually bound to be repaid from the proceeds of harvest in relation to these forestry assets via a registered interest under section 5 of the Forestry Encouragement Act 1962.

Greater Wellington is exposed to financial risks arising from changes in log prices. Greater Wellington is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future.

Note 16 Investment properties

Valuation

Investment properties are revalued every year. Investment properties were valued on 30 June 2008 by independent registered valuers. Colliers International valued the CentrePort investment properties. The properties are valued at fair value. The properties are valued in accordance NZ Property Institute Practise Standard 3 - valuations for financial reporting purposes at fair value arrived at using comparable market rental information. The CentrePort valuation assumes the completion of the Harbour Quays Development plan as approved by the CentrePort Board and certain costs to complete the infrastructure development for its intended use have been identified to the inspection date of 30 June 2008.

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Developed investment properties				
Carrying amount at 1 July 2007	62,830	65,701	-	-
Additions to investment property	61	65	-	-
Fair value adjustments	(764)	6,585	-	-
Transfer (to)/from Operational Port Land	-	(9,521)	-	-
	<u>62,127</u>	<u>62,830</u>	<u>-</u>	<u>-</u>
Land available for development				
Carrying amount at 1 July 2007	37,999	35,511	-	-
Fair value adjustments	219	4,634	-	-
Transfer (to)/from Operational Port Land	-	(2,146)	-	-
	<u>38,218</u>	<u>37,999</u>	<u>-</u>	<u>-</u>
Total Investment Properties	<u>100,345</u>	<u>100,829</u>	<u>-</u>	<u>-</u>

The group's investment properties comprise CentrePort's developed and undeveloped investment properties.

Note 17 Investment in subsidiaries

Greater Wellington Regional Council has the following subsidiary relationships:

	Relationship	Equity held 2008	Equity held 2007	Parent
WRC Holdings	Subsidiary	100%	100%	Greater Wellington
Pringle House Limited	Subsidiary	100%	100%	WRC Holdings
Port Investment Limited	Subsidiary	100%	100%	WRC Holdings
CentrePort Limited	Subsidiary	76.9%	76.9%	Port Investment Limited
Greater Wellington Rail Limited	Subsidiary	100%	100%	WRC Holdings
Greater Wellington Infrastructure Limited	Subsidiary	100%	100%	WRC Holdings
Greater Wellington Transport Limited	Subsidiary	100%	100%	WRC Holdings
Grow Wellington Limited - formerly registered as Regional EDA Limited	Subsidiary	100%	100%	Greater Wellington

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. Please see note 27 on related party transactions for details.

WRC Holdings Limited shares
Grow Wellington Limited shares

Council	
2008	2007
Actual	Actual
\$000s	\$000s
35,140	34,542
-	-
<u>35,140</u>	<u>34,542</u>

Note 18 Derivative financial instruments

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Current				
Foreign exchange contracts	161	-	157	-
Interest rate swaps - held for trading	412	-	112	-
Total current	<u>573</u>	<u>-</u>	<u>269</u>	<u>-</u>
Non-current				
Foreign exchange contracts	183	-	183	-
Interest rate swaps - held for trading	2,976	4,874	1,093	1,908
Total non-current	<u>3,159</u>	<u>4,874</u>	<u>1,276</u>	<u>1,908</u>
Total	<u>3,732</u>	<u>4,874</u>	<u>1,545</u>	<u>1,908</u>

For further information on interest rate swaps and foreign exchange contracts please refer to note 26 financial instruments. The fair values of the derived financial instruments have been determined using a discounted cash flow valuation technique based on market prices.

Note 19 Equity
Reconciliation of movement in retained earnings and reserves

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Asset revaluation reserve				
Balance at beginning of year	269,376	208,922	226,387	179,840
Revaluation gains/(losses)	10,158	53,100	10,865	46,688
Transfer of revaluation reserve to retained earnings on disposal of property, plant and equipment	(61)	(141)	(61)	(141)
Transfer from operational port land	-	7,495	-	-
Transfer to retained earnings	-	-	-	-
Balance at end of year	<u>279,473</u>	<u>269,376</u>	<u>237,191</u>	<u>226,387</u>
Operational reserves				
Balance at beginning of year	8,093	7,045	8,093	7,045
Interest earned	494	2,871	494	2,871
Transfer to retained earnings	(1,722)	(2,243)	(1,722)	(2,243)
Transfer from retained earnings	4,239	420	4,239	420
Balance at end of year	<u>11,104</u>	<u>8,093</u>	<u>11,104</u>	<u>8,093</u>
Total Reserves	<u>290,577</u>	<u>277,469</u>	<u>248,295</u>	<u>234,480</u>

Retained earnings

Balance at beginning of year	428,638	407,138	367,578	373,071
Net surplus for the year	12,631	29,172	(2,542)	(4,586)
Discount on acquisition	-	730	-	-
Transferred from operational reserves	1,722	2,243	1,722	2,243
Transferred to operational reserves	(4,239)	(420)	(4,239)	(420)
Interest earned on operational reserves	(494)	(2,871)	(494)	(2,871)
Transfer from asset revaluation reserve	61	141	61	141
Transfer from Operational Port land	-	(7,495)	-	-
Realised asset revaluation on disposal	-	-	-	-
Balance at end of year	<u>438,319</u>	<u>428,638</u>	<u>362,086</u>	<u>367,578</u>

Minority interest

Balance at beginning of year	44,131	38,589
Dividends paid	(1,102)	(831)
Asset revaluation gains taken directly to equity	-	1,945
Net surplus for the year	1,604	4,428
Balance at end of year	<u>44,633</u>	<u>44,131</u>

Note 20 Trade and other payables

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Trade payables	35,656	35,750	21,714	17,175
Amounts due to related parties	-	-	1,067	1,442
Income received in advance	499	445	346	445
Amounts due to Greater Wellington Rail Limited	-	-	-	10,181
Taxation payable	235	-	-	-
Accrued interest payable	756	178	756	178
Trade and other payables	<u>37,146</u>	<u>36,373</u>	<u>23,883</u>	<u>29,421</u>

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

Note 21 Debt

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 26

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Current liabilities				
Commercial paper	47,259	29,369	47,259	29,369
Committed lines	178,332	48,000	5,400	4,000
Uncommitted lines	600	-	600	-
Forestry Encouragement loans	1,041	2,566	1,041	2,565
	<u>227,232</u>	<u>79,935</u>	<u>54,300</u>	<u>35,934</u>
Non-current liabilities				
Committed lines	-	90,014	-	5,760
Forestry Encouragement loans	4,361	3,803	4,361	3,803
Crown loan	7,599	1,787	7,599	1,787
Stadium loan	-	18,985	-	18,985
	<u>11,960</u>	<u>114,589</u>	<u>11,960</u>	<u>30,335</u>
Total financial Liabilities	<u>239,192</u>	<u>194,524</u>	<u>66,260</u>	<u>66,269</u>

Terms and conditions

Greater Wellington has no overdraft facility. At 30 June 2007 Greater Wellington had \$1 million overdraft facility with the National Bank at a rate of 10.46%. As at 30 June 2008 Greater Wellington had undrawn credit lines of \$89,600,000 (2007: \$50,260,000), which mature in 2010.

The commercial paper is issued for 90 days and the interest rate is based on the 90 day bank bill rate plus a margin for the credit risk.

As at 30 June 2008, Greater Wellington's external debt has a weighted average interest rate (after the effect of derivatives) of 6.15% (2007 7.13%) and is recorded at fair value. The fair value of the Crown loans are based on discounted cash flows with a discount rate of 8% (2007 8%). The amount due at maturity is \$15,190,876.

CentrePort Limited has an unsecured three year bank loan facility of \$170 million with renewal dates in 2008, 2009 and 2010. The facility can be repaid or drawn down until expiry. The interest rates on this facility as at 30 June 2008 ranged from 8.23% to 9.16% (2007 7.70% to 8.61%). No collateral was required on lending but CentrePort Limited has a negative pledge and therefore restrictions on the quantum of borrowing made.

WRC Holdings Limited has a bank loan facility of \$44 million (drawn to \$44 million) which is secured by a debenture over uncalled capital in the company. The interest rate charged on the facility as at 30 June 2008 was 8.37% (2007 8.07%).

Note 22 Employee benefits

	Group		Council	
	2008	2007	2008	2007
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Annual leave	4,923	4,502	2,009	1,971
Long service leave	466	463	466	463
Retirement gratuities	144	162	144	162
Lieu leave	42	35	42	35
Total employee benefit liabilities	<u>5,575</u>	<u>5,162</u>	<u>2,661</u>	<u>2,631</u>
Comprising:				
Current	4,223	3,749	2,009	1,971
Non-current	1,352	1,413	652	660
Total employee benefit liabilities	<u>5,575</u>	<u>5,162</u>	<u>2,661</u>	<u>2,631</u>

Note 23 Provisions

	Group		Council	
	2008	2007	2008	2007
	Actual \$000s	Actual \$000s	Actual \$000s	Actual \$000s
Carrying amount at 1 July	543	415	-	-
Additions including increases	287	1,353	-	-
Provisions used during the year	(415)	(415)	-	-
Provisions reversed during the year	-	(810)	-	-
Carrying amount at 30 June	<u>415</u>	<u>543</u>	<u>-</u>	<u>-</u>
Current provisions	415	543	-	-
Non current provisions	-	-	-	-
	<u>415</u>	<u>543</u>	<u>-</u>	<u>-</u>

Provision for dividend

An amount is provided for a dividend payment at the end of the year. A dividend has been declared but not yet paid.

Notes to the financial statements
For the year ended 30 June 2008

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Note 24 Reconciliation of operating surplus with cash flow from operating activities
For the year ended 30 June 2008

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Operating surplus	14,235	33,600	(2,542)	(4,586)
Add/(less) non-cash items				
Depreciation and amortisation	16,324	15,393	9,436	9,476
Impairment of property, plant and equipment	(448)	(3,240)	-	-
Sale of fixed assets	161	108	152	79
Assets written off/(written back)	174	149	174	149
Equity accounted earnings from associate companies	35	(38)	-	-
Change in value of future tax benefit	918	2,907	-	-
Changes in fair value of forestry investments	3,125	(529)	3,125	(529)
Changes in fair value of investment property	(855)	(11,219)	-	-
Changes in fair value of derived financial instruments	1,143	(3,675)	364	(1,561)
Changes in fair value of stadium advance	(271)	(251)	(271)	(251)
Changes in fair value of bonds	(32)	-	(32)	-
Changes in fair value of stadium loan	(5,521)	(2,444)	(5,521)	(2,444)
Bad debts	194	224	-	-
Movement in provision for impairment of doubtful debts	104	52	19	40
Add/(less) movements in working capital				
Accounts receivable	8,315	(32,022)	(1,540)	(20,465)
Inventory	(198)	(301)	(51)	(196)
Tax refund due	682	826	-	-
Accounts payable	(1,040)	21,974	4,989	13,063
Employee provisions	410	381	30	225
WRC Holdings Group current account	-	-	(725)	(370)
Add/(less) items classified as investing or financing activities				
Accounts payable related to fixed assets	(17,947)	(19,039)	(264)	(358)
(Gains)/losses on disposal of property, plant and equipment	183	-	183	-
WRC activities relating to financing	-	-	759	167
Forestry encouragement loan interest compounded	346	426	346	426
Net cash flow from operating activities	20,037	3,282	8,631	(7,135)

Note 25 Contingencies
Contingent Liabilities

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Legal proceedings & obligations	325	871	325	871
Uncalled shares in Wellington Coldstore Limited	750	-	-	-
Uncalled capital - WRC Holdings Limited				
50,000,000 \$1 shares uncalled and unpaid	-	-	50,000	50,000
22,170,000 \$1 shares, called and paid to 2.7 cents per share	-	-	21,571	-
	<u>1,075</u>	<u>871</u>	<u>71,896</u>	<u>50,871</u>

Greater Wellington has responsibility for 13 contaminated sites in the region. None are considered high risk and any clean-up costs are considered to be negligible. There may also be other contaminated sites which Greater Wellington is unaware of.

Currency Risk

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

The Group had exposure to currency risk on purchases of assets and services denominated in foreign currencies during the period but not at balance date.

Greater Wellington 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 Greater Wellington is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas. CentrePort Limited enters into forward exchange contracts to hedge foreign currency risk on major asset purchases.

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Forward foreign exchange contracts				
Less than one year	10,878	4,746	2,094	-
One to two years	2,070	430	2,070	-
Two to five years	1,322	-	1,322	-
Greater than five years	-	-	-	-
	<u>14,270</u>	<u>5,176</u>	<u>5,486</u>	<u>-</u>

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.

Greater Wellington and the Group have exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2008 the Group had entered into the following interest rate swaps and interest rate collar agreements:

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Interest rate swap agreements				
Less than one year	34,000	5,000	29,000	5,000
One to two years	25,000	34,000	5,000	29,000
Two to five years	105,000	40,000	20,000	20,000
Greater than five years	15,000	75,000	15,000	25,000

The notional principal amounts of the outstanding interest rate swap contracts for Greater Wellington were \$69,000,000 (2007 \$79,000,000) and for the Group \$179,000,000 (2007 \$154,000,000). At 30 June 2008, the fixed interest rates of swaps vary from 6.02% to 8.33% (2007 5.95% to 8.35%).

Note 26 Financial instruments

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Greater Wellington to cash flow interest rate risk.

Generally, Greater Wellington raises long term borrowings at short term rates and swaps them back into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if Greater Wellington borrowed at fixed rates directly. Under the interest rate swaps Greater Wellington 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.

Credit Risk

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

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

Bank balances and short-term investments are held with New Zealand registered banks in accordance with Greater Wellington's Treasury 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.

Concentration of Credit Risk

Greater Wellington derives the majority of its income from rates, the regional water supply levy 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 Land Transport New Zealand.

Liquidity Risk

Liquidity risk is the risk that 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, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with the Treasury Management Policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Financial instruments categories

The accounting policies for financial instruments have been applied to the items below:

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Financial assets				
Fair value through profit and loss - held for trading				
Derivative financial instrument assets	3,732	4,874	1,545	1,908
Held to maturity				
Local Government Insurance Corporation shares	80	80	80	80
Bank bonds	14,954	-	14,954	-
Loans and receivables				
Cash and cash equivalents	34,157	47,399	33,226	47,094
Trade and other receivables	29,826	47,753	23,965	32,604
Stadium advance	3,661	3,390	3,661	3,390
	<u>86,410</u>	<u>103,496</u>	<u>77,431</u>	<u>85,076</u>
Financial liabilities - at amortised cost				
Trade and other payables	37,146	36,273	23,883	29,421
Borrowings				
Bank overdraft	61	-	61	-
Crown loans	7,599	1,787	7,599	1,787
Commercial paper	47,259	29,369	47,259	29,369
Committed and uncommitted lines	178,932	138,014	6,000	9,760
Forestry encouragement loans	5,402	6,369	5,402	6,369
Stadium loan	-	18,985	-	18,985
	<u>270,997</u>	<u>230,797</u>	<u>90,204</u>	<u>95,691</u>

Financial instrument risks

Greater Wellington's maximum credit exposure for each class of financial instrument is as follows.

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Cash at bank and term deposits	34,157	47,401	33,226	47,094
Trade and other receivables	29,826	37,326	23,965	32,604
Bank bonds	14,954	-	14,954	-
Stadium Advance	3,661	3,390	3,661	3,390
Derivative financial instrument assets	3,732	4,874	1,545	1,908
Total credit risk	<u>86,330</u>	<u>92,991</u>	<u>77,351</u>	<u>84,996</u>

Credit quality of financial assets

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

	Group		Council	
	2008 Actual \$000s	2007 Actual \$000s	2008 Actual \$000s	2007 Actual \$000s
Counterparties with credit ratings				
Cash at bank and term deposits				
AA	34,157	47,399	33,226	47,094
Bank bonds				
AA	14,954	-	14,954	-
Derivative financial instruments				
AA	3,732	4,874	1,545	1,908

Debtors and other receivables mainly arise from Greater Wellington's statutory functions. Greater Wellington rates are being collected by the local city and district councils. The risk of default on statutory charges is minimal.

For the year ended 30 June 2008

Note 26 Financial instruments

Contractual maturity analysis of financial liabilities

The table below analyses Greater Wellington'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 is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount \$000	Contractual cash flows \$000	less than 1 year \$000	1 - 2 years \$000	2 - 5 years \$000	More than 5 years \$000
Council 2008						
Trade and other payables	23,883	23,883	23,883	-	-	-
Bank overdraft	61	61	61	-	-	-
Commercial paper	47,259	48,300	48,300	-	-	-
Lines of credit	6,000	6,001	6,001	-	-	-
Forestry Encouragement loans	5,402	6,877	1,365	1,001	1,624	2,887
Crown loans	7,599	15,191	-	-	-	15,191
Total	90,204	100,313	79,610	1,001	1,624	18,078
Group 2008						
Trade and other payables	37,146	73,727	73,027	700	-	-
Bank overdraft	61	61	61	-	-	-
Commercial paper	47,259	48,300	48,300	-	-	-
Lines of credit	6,000	6,001	6,001	-	-	-
Forestry Encouragement loans	5,402	6,877	1,365	1,001	1,624	2,887
Crown loans	7,599	15,191	-	-	-	15,191
WRCH Group loans	172,932	203,359	13,835	86,635	102,889	-
Total	276,399	353,516	142,589	88,336	104,513	18,078
Council 2007						
Trade and other payables	29,421	29,421	29,421	-	-	-
Bank overdraft	-	-	-	-	-	-
Commercial paper	29,369	30,000	30,000	-	-	-
Lines of credit	9,760	9,770	9,770	-	-	-
Forestry Encouragement loans	6,368	8,393	2,947	1,025	-	4,421
Crown loans	1,787	3,857	-	-	-	3,857
Stadium loan	18,985	26,218	2,622	2,622	10,487	10,487
Total	95,690	107,659	74,760	3,647	10,487	18,765
Group 2007						
Trade and other payables	36,373	71,478	70,723	755	-	-
Bank overdraft	-	-	-	-	-	-
Commercial paper	29,369	30,000	30,000	-	-	-
Lines of credit	9,760	9,770	9,770	-	-	-
Forestry Encouragement loans	6,368	8,393	2,947	1,025	-	4,421
Crown loans	1,787	3,857	-	-	-	3,857
Stadium loan	18,985	26,218	2,622	2,622	10,487	10,487
WRCH Group loans	128,254	157,374	10,260	39,060	108,054	-
FX contracts	443	443	426	17	-	-
Total	231,339	307,533	126,748	43,479	118,541	18,765

Note 26 Financial instruments

The table below analyses Greater Wellington's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability carrying amount \$000	Asset carrying amount \$000	Contractual Cash Flows \$000	Less than 6 month \$000	Between 6 month and 1 year \$000	more than 1 year \$000
Council and Group 2008						
Forward foreign exchange contracts: outflow	-	594	-	-	-	-
	-	-	14,270	9,778	1,100	3,392
Council and Group 2007						
Forward foreign exchange contracts: outflow	443	-	-	-	-	-
	-	-	5,176	3,458	1,289	429

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's financial instrument exposures at balance date.

Council

Interest Rate Risk

Financial assets

Cash at bank and term deposits

Bank bonds

Derivatives - held for trading

Financial liabilities

Borrowings

Bank overdraft

Commercial paper

Committed and uncommitted lines

Total sensitivity to interest rates

100 bps is a 1% movement in the interest rate.

Note	2008		2007	
	-100bps Profit \$000	+100bps Profit \$000	-100bps Profit \$000	+100bps Profit \$000
1	(332)	332	(471)	471
2	313	(305)	-	-
3a	(1,097)	1,025	(1,433)	1,328
4	6	(6)	-	-
5	464	(461)	288	(287)
6	60	(60)	97	(97)
	<u>(586)</u>	<u>525</u>	<u>(1,519)</u>	<u>1,415</u>

Note 26 Financial instruments

Foreign exchange risk

Financial assets

Derivatives held for trading

Total sensitivity to foreign exchange risk

	2008		2007	
	-10% Profit \$000	+10% Profit \$000	-10% Profit \$000	+10% Profit \$000
3b	(530)	647	-	-
	(530)	647	-	-

Explanation of sensitivity analysis - Council

1 Cash and cash equivalents

Cash and cash equivalents include deposits which are on a 90 day investment totalling \$33,226,000 (2007 \$47,094,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$332,000 (2007 \$471,000).

2 Bank bonds

There are \$14,954,000 invested in bonds and notes held for trading. A movement in interest rates of plus or minus 1% has an effect of \$313,000 and \$305,000 respectively. There were no investments in bonds at 30 June 2007.

3 Derivatives held for trading

a) Interest rate swaps

Derivative financial assets held for trading include interest rate swaps which have a fair value totalling \$1,544,000 (2007 \$1,908,000). A movement in interest rates of plus 1% results in a net gain of \$525,000 (2007 \$1,415,000). A movement in interest rates of minus 1% results in a net loss of \$586,000 (2007 \$1,519,000).

b) Foreign exchange contracts

Derivative financial assets held for trading include forward foreign exchange contracts with a total fair value of \$438,000 (2007 \$nil). A movement on foreign exchange rates of plus or minus 10% has an impact of (\$530,000) / \$647,000 (2007 \$nil) based on a current valuation using an exchange rate plus or minus 10%.

4) Commercial Paper

Commercial paper totalling \$47,259,000 (2007 \$29,369,000) are on 90 day borrowings. A movement in interest rates of minus 1% has an effect on interest expenses of \$464,000 (2007 \$288,000). A 1% upward movement of interest rates has an effect of \$461,000 (2007 \$464,000).

5) Committed and Uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$6,000,000 (2007 \$9,760,000). A movement of plus or minus 1% in market interest rates has an effect of on interest expense of \$60,000 (2007 \$98,000).

Notes to the financial statements
For the year ended 30 June 2008

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Note 26 Financial instruments Group

		2008		2007		
		-100bps Profit \$000	+100bps Profit \$000	-100bps Profit \$000	+100bps Profit \$000	
Interest Rate Risk						
Financial assets						
	Cash at bank and term deposits	1	(340)	340	(474)	474
	Bank bonds	2	313	(305)	-	-
	Derivatives - held for trading	3a	(2,247)	2,175	(2,053)	1,948
Financial liabilities						
	Borrowings		-	-	-	-
	Bank overdraft	4	6	(6)		
	Commercial paper	5	464	(461)	288	(287)
	Committed and uncommitted lines	6	1,730	(1,730)	1,280	(1,280)
Foreign exchange risk						
		2008		2007		
		-10bps Profit \$000	+10% Profit \$000	-10% Profit \$000	+10% Profit \$000	
	Derivatives held for trading	3b	(1,506)	1,446	486	(594)
	Total sensitivity to foreign exchange risk		(1,506)	1,446	486	(594)

Explanation of sensitivity analysis - Group

1 Cash and cash equivalents

Cash and cash equivalents include deposits which are on a 90 day investment totalling \$34,157,000 (2007 \$47,401,000). A movement in interest rates of plus or minus 1% has an effect on interest income of \$340,000 (2007 \$474,000).

2 Bank bonds

There are \$14,954,000 invested in bonds and notes held for trading. A movement in interest rates of plus or minus 1% has an effect of \$313,000 and \$305,000 respectively. There were no investments in bonds at 30 June 2007.

3 Derivatives held for trading

a) Interest rate swaps

Derivative financial assets held for trading include interest rate swaps which have a fair value totalling \$2,836,000 (2007 \$4,874,000). A movement in interest rates of plus 1% results in a net gain of \$2,175,000 (2007 \$1,848,000). A movement in interest rates of minus 1% results in a net loss of \$2,247,000 (2007 \$2,035,000).

b) Foreign exchange contracts

Derivative financial assets held for trading include forward foreign exchange contracts with a total fair value of \$438,000 (2007 -\$443,000). A movement on foreign exchange rates of plus or minus 10% has an impact of \$1,446,000 and \$1,506,000 respectively (2007 \$594,000 and \$486,000 respectively) based on a current valuation using an exchange rate plus or minus 10%.

4) Commercial paper

Commercial paper totalling \$47,259,000 (2007 \$29,369,000) is on 90 day borrowings. A movement in interest rates of plus or minus 1% has an effect on interest expenses of \$464,000 & -\$461,000 respectively (2007 \$288,000 & -\$287,000).

5) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$178,932,000 (2007 \$138,014,000). A movement of plus or minus 1% in market interest rates has an effect of on interest expense of \$1,730,000 (2007 \$1,280,000).

Note 27 Related parties

Identity of related parties

The Group has related party relationships with its subsidiaries (see note 17), with its Councillors, directors and executive management team. During the year, key management personnel, as part of normal customer relationships, were involved in minor transactions with Greater Wellington such as rates payments.

Council committees include key members from many local and central government entities. Greater Wellington enters into transactions with these entities on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect Greater Wellington would have adopted if dealing with that entity at arm's length in the same circumstances are not disclosed.

Greater Wellington owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Councillors Shields, McDavitt, Buchanan and Long are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Greater Wellington Transport Limited and Greater Wellington Infrastructure Limited.

Greater Wellington owns 100% of the shares in Grow Wellington Limited. Grow Wellington Limited formerly changed its name from Regional EDA Limited on the 25 February 2008. The Directors of Grow Wellington Limited are B Albiston, M Bain, V Beck, G Coughlan, J Lumsden, M McCaw, J McFadzean and L Pham.

Chief Executive D Benham is a director of New Zealand Water and Waste Association.

Chair F Wilde was Chair of Wellington Waterfront Limited (resigned 29 August 2007) and is married to the Chief Executive of Landcorp Farming Limited.

Councillor F Long owns 50% of the Sign Factory.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2008 included:

Transactions with related parties

	Council	
	2008	2007
	Actual	Actual
	\$000s	\$000s
CentrePort Wellington Group		
Income from use of navigational facilities and consents charges	698	752
Expense for rental and services	(94)	(49)
Wellington Waterfront Ltd licence purchases from CentrePort	(5)	(6)
Wellington Waterfront Ltd licence fees to CentrePort	138	138
WRC Holdings Group (Excluding CentrePort)		
Income from management services provided	361	249
Income from subvention payment	1,031	629
Income from dividends	64	313
Expense for rent of the Regional Council Centre	(1,630)	(1,199)
Expense for interest on inter company current account	(49)	(146)
Grow Wellington Limited		
Grants	4,209	-
Sign Factory		
Expense for services	(2)	-
NZ Local Government Insurance Corporation Limited		
Income from dividends	11	-
Wellington Waterfront Ltd		
Resource consent fees	(1)	(3)
NZ Water and Waste Association		
Expense for services	(9)	-
Landcorp Farming		
Expense for services	(61)	-

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2007: \$0).

**Note 27 Related parties continued
Key management personnel**

Key management personnel include the Councillors, the Chief Executive and members of the Executive Management Team (EMT) - for details of EMT see the Chief Executive's report.

	Council	
	2008	2007
	Actual	Actual
	\$000s	\$000s
Short-term employee benefits	2,414	2,303
Post-employee benefits	171	176
Other long-term benefits	-	-
Termination benefits	-	-

Note 28 Remuneration

Chief Executive Remuneration

For the year ending 30 June 2008 the Chief Executive of the Greater Wellington Regional Council, appointed under section 42(1) of the Local Government Act 2002, received total remuneration of \$342,113 (2007 \$324,948). The Chief Executive was appointed on 5 September 2005.

	Council	
	2008	2007
	Actual	Actual
	\$	\$
Councillor Remuneration		
Councillor J Aitken	63,985	55,547
Councillor S Baber	60,256	48,513
Councillor I Buchanan	92,039	142,801
Councillor G Evans	15,200	64,948
Councillor P Glensor	70,462	49,676
Councillor S Greig	47,791	44,744
Councillor R Kirton	67,125	66,107
Councillor C Laidlaw	68,237	74,694
Councillor R Long	22,453	66,647
Councillor T McDavitt	23,409	70,005
Councillor M Shields	15,118	46,202
Councillor C Turver	26,387	76,189
Chair F Wilde	114,084	44,744
Councillor N Wilson	32,334	-
Councillor J Burke	32,419	-
Councillor B Donaldson	35,276	-
Councillor P Lamason	38,064	-
Councillor P Bruce	32,419	-

Note 29 Capital commitments and operating leases
Capital commitments

Capital expenditure contracted for at balance date but not yet incurred

Group		Council	
2008	2007	2008	2007
Actual	Actual	Actual	Actual
\$000s	\$000s	\$000s	\$000s
267,455	83,265	1,331	2,541

Operating lease commitments – lessee

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

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	7,055	1,640	8,421	2,409
After one year but no more than five years	5,301	1,574	6,866	4,730
More than five years	2,098	172	2,098	172
	<u>14,454</u>	<u>3,386</u>	<u>17,385</u>	<u>7,311</u>

Operating lease commitments are for vehicles, computer equipment, forklift trucks and office equipment as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited. These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$1,630,000 was recognised as an expense in the Income Statement (2007 \$1,199,000). Contingent rent was not paid (2007: \$0).

Transport operator commitments

Future minimum contract payments under non-cancellable operating transport contracts as at 30 June are as follows:

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	40,224	42,429	40,224	42,429
After one year but no more than five years	98,017	112,205	98,017	112,205
More than five years	58,401	80,541	58,401	80,541
	<u>196,642</u>	<u>235,175</u>	<u>196,642</u>	<u>235,175</u>

Operating lease commitments – lessor

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

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	127	223	-	-
After one year but no more than five years	74	201	-	-
	<u>-</u>	<u>201</u>	<u>-</u>	<u>-</u>

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

Note 29 Capital commitments and operating leases
Capital commitments

Capital expenditure contracted for at balance date but not yet incurred

Group		Council	
2008	2007	2008	2007
Actual	Actual	Actual	Actual
\$000s	\$000s	\$000s	\$000s
267,455	83,265	1,331	2,541

Operating lease commitments - lessee

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

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	7,055	1,640	8,421	2,409
After one year but no more than five years	5,301	1,574	6,866	4,730
More than five years	2,098	172	2,098	172
	<u>14,454</u>	<u>3,386</u>	<u>17,385</u>	<u>7,311</u>

Operating lease commitments are for vehicles, computer equipment, forklift trucks and office equipment as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited. These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$1,630,000 was recognised as an expense in the Income Statement (2007 \$1,199,000). Contingent rent was not paid (2007: \$0).

Transport operator commitments

Future minimum contract payments under non-cancellable operating transport contracts as at 30 June are as follows:

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	40,224	42,429	40,224	42,429
After one year but no more than five years	98,017	112,205	98,017	112,205
More than five years	58,401	80,541	58,401	80,541
	<u>196,642</u>	<u>235,175</u>	<u>196,642</u>	<u>235,175</u>

Operating lease commitments - lessor

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

	Group		Council	
	2008	2007	2008	2007
	Actual	Actual	Actual	Actual
	\$000s	\$000s	\$000s	\$000s
Within one year	127	223	-	-
After one year but no more than five years	74	201	-	-
	<u>-</u>	<u>201</u>	<u>-</u>	<u>-</u>

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

Note 30 Severance payments

There were 2 employees (2007 9) who received severance payments of \$56,029 (2007 \$236,947).

These disclosures have been made in accordance with clause 19, Schedule 10 of the Local Government Act 2002.

Notes to the financial statements
For the year ended 30 June 2008

Note 31 Major variances between actual and budget

	Notes	2008 Actual \$000	2008 Budget \$000	Variance
Income Statement				
Revenue				
Government grants and subsidies	1	53,633	81,670	(28,037)
Expenditure				
Grants and subsidies	1	83,226	123,127	(39,901)
Balance Sheet				
Trade and other receivables	2	23,965	14,153	9,812
Forestry Investments	3	9,910	18,194	(8,284)
Investment in subsidiaries	4	35,140	0	35,140
Property, plant and equipment	5	578,295	561,209	17,086
Debt				
Current debt	6	54,300	2,767	51,533
Term debt	6	<u>11,960</u>	<u>91,349</u>	(79,389)
Total debt	6	66,269	93,438	(27,169)

Explanations

1. Grants and subsidies

- A number of upgrade projects such as platforms, signalling and power supply have been delayed due to the timing of the specifications of the new passenger trains and capacity issues of third parties, due to the timing of the specifications of the new passenger trains and capacity issues of third parties,

in particular:

- ONTRACK infrastructure upgrade projects, the Johnsonville line, upgrading the signals and electrical systems and the McKay's to Waikanae double tracking and electrification \$18,075,000.

- Heavy maintenance due to Toll's operational requirements and workshop availability \$946,000.

- Extra capacity rolling stock \$9,868,000. This is funded from interest free Crown loans.

- EMU related expenditure \$5,205,000.

- Station and carpark upgrades \$521,000.

The expenditure noted above is prior to any reductions in grant income received from Land Transport New Zealand and the Crown. Due to the lower expenditure, revenue is under budget.

2. Trade and other receivables

The timing of the receipt of rates revenue compared with budget has resulted in an increase in receivables.

Notes to the financial statements
For the year ended 30 June 2008

Note 31 Major variances between actual and budget

Explanations

3. Forestry investments

Greater Wellington's forestry investments are valued each year. Lower market prices and high shipping costs have resulted in a reduction in the value of the forests of \$3,125,000 from 2006-07.

4. Investment in subsidiaries

The change to NZ IFRS has resulted in Greater Wellington revaluing its investment in subsidiaries. This uplift in valuation has not been budgeted for.

5. Property, plant and equipment - capital expenditure

- A number of upgrades to the stations and platforms were delayed due to the finalisation of the specifications of the new Matangi EMUs, \$4,994,000.
- Property issues which have now been resolved have delayed the Beacon Hill facility upgrade, expenditure was \$900,000 under budget.
- Delays in the South Waitohu stopbank project resulting from land and flood mitigation issues, \$444,000.
- Chrystalls extended stopbank was \$580,000 below budget, due to the reduced cost of land purchases.
- The construction of an emergency water supply pumping station in Whitehead Road for the Karori zone has been postponed because Capacity prefers an alternative approach, \$209,000.
- The proposed new Central Business District (CBD) reservoir has been delayed because of funding issues principally with Capital and Coast District Health Board, \$100,000.

6. Debt

Current and term debt are lower than budget due to the lower level of capital expenditure compared to budget.

Report on groups of activities

Environment

Transport

Water supply

Parks

Land

Safety and flood protection

Community

Investments

Statement of compliance and responsibility

Audit report

For each activity the actual achievement is compared to the planned performance indicators as set out in the 2007/08 Annual Plan.

A funding-impact statement is also included, showing the operating surplus or deficit and capital expenditure for the year, as well as how that expenditure was funded.

Any remaining funding surplus after reserve transfers is used to repay debt in accordance with Greater Wellington's policy.

Environment

Greater Wellington's Environment group of activities contributes to the following community outcomes – *healthy environment, sense of place and healthy community*. The specific activities not only enhance the region's environmental wellbeing but they also benefit, to varying degrees, the community's social, economic and cultural wellbeing.

We develop and implement resource management policies and plans, manage resource consents and respond to pollution incidents. This year we consulted on the draft Regional Policy Statement (RPS), processed more than 650 resource consents and responded to 1,376 pollution incidents.

We focus on researching key environmental issues, and measuring the quality and quantity of our natural resources, such as river flows and air quality. This year we again produced our annual report cards on the state of the region's key resources and carried out a number of specific investigations, such as a survey of the Wairarapa coast.

We run three environmental education programmes – Take Care, Take Action and Take Charge – which involve the community, schools and businesses respectively. This year we worked with 36 care groups, more than 2,000 school children and over 22 businesses on environmental projects. We also participated in World Environment Day activities. A major project was renaming Greytown "Greentown" for the month of June and working with residents and businesses to help them to reduce their overall carbon footprint and become more sustainable.

How we contribute to community outcomes

Healthy environment

Develop and implement the RPS and regional plans.

Sense of place

Process and monitor resource consents.

Healthy community

Investigate and clean-up pollution incidents.

Research key environmental issues and threats.

Measure the quality and quantity of our natural resources, eg, river flows, air quality, soil health.

Report to the public on the state of the environment.

Help children, businesses and the community to look after and restore the environment.

Environment

Targets

Activity: Manage resources

Levels of service:

1. Develop and implement the Regional Policy Statement (RPS) and regional plans

Targets

Actual

LONG-TERM targets by 30 June 2016

<p>60 wetlands on private land will be legally protected.</p>	<p>Currently, 33 wetlands on private land are legally protected. 122 landowners have joined the Wetland Incentives Programme since it began. Subsidised fencing and weed control remain the most popular ways to use the incentives offered. In 2007/08, one wetland was approved for covenant with Greater Wellington's financial support.</p>
<p>400 native forest areas on private land will be protected (currently 198).</p>	<p>Currently, 198 native forest areas are legally protected. Eight new areas of native forest were approved for covenant with Greater Wellington's financial support in 2007/08.</p>
<p>The water quality index will show that the water quality in our key streams and rivers is being maintained or enhanced.</p>	<p>State of the environment (SOE) monitoring relating to water quality continues. The next full SOE report is scheduled for 2011. This year's monitoring confirmed our best water quality is in streams and rivers where there is little human influence, while the worst water quality is found in waterways in urban and agricultural areas.</p>
<p>Coastal water quality will meet the standard for which it is being managed as specified in the Regional Coastal Plan (eg, contact recreation) and measured through our coastal water quality monitoring programme.</p>	<p>Recreational water quality monitoring is reported on Greater Wellington's website during the bathing season and by way of an annual report presented to the Regulatory Committee. As with previous years, recreational water quality in the region is generally good apart from the times immediately following heavy rainfall.</p>
<p>There will be no recorded instances when air pollution reaches the "alert" level of the national air quality guidelines or 66% or greater of the national air quality standards.</p>	<p>Since 2006, the number of times that alert levels for fine particulate matter (PM₁₀) have been reached is:</p> <ul style="list-style-type: none"> • Upper Hutt – 2 (1) • Lower Hutt – 1 (0) • Wainuiomata – 9 (7) • Wairarapa – 29 (15) • Tawa – 3 (3) <p>2007/08 numbers are in brackets.</p> <p>The National Environmental Standard of 50 µg/m³ has been exceeded three times in the Wairarapa air shed (once in 2007/08) and once in the Wainuiomata air shed.</p>

Targets

Actual

SHORT-TERM targets by 30 June 2008

<p>A proposed Regional Policy Statement (RPS) will be released for public consultation in September 2007, within a budget of \$404,000.</p>	<p>In August 2007, Council resolved to delay the release of the proposed RPS in favour of first releasing a draft document.</p> <p>A draft RPS was subsequently released on 10 March 2008, with submissions closing 16 May. 107 submissions were received, with 1,400 decisions requested in total.</p> <p>Actual costs were \$373,000.</p>
<p>The following programmes and plans will be implemented and a progress report approved by Council, within a budget of \$602,000:</p> <ul style="list-style-type: none"> • Wetland Action Plan • Queen Elizabeth II National Trust private land protection programme • Freshwater ecosystems programme • Kaiwharawhara Stream Plan • Waiwhetu Stream Action Plan • Pauatahanui Inlet Action Plan • Coastal and marine ecosystem programme Action Plan 	<p>Wetland Action Plan 19 landowners joined the Wetland Incentives Programme, bringing the total to 122. New wetlands are added to our wetland inventory as they are discovered.</p> <p>Queen Elizabeth II National Trust private land protection programme This financial year, commitments totalling \$40,679 have been made to eight covenant projects.</p> <p>Freshwater ecosystems programme Work is underway with the Friends of the Owhiro Stream on three fish passes and a fish pass was constructed at Hulls Creek in August 2007.</p> <p>Kaiwharawhara Stream Plan Work with care groups and the Wellington City Council in the Kaiwharawhara catchment continued during the year.</p> <p>Waiwhetu Stream Action Plan The trial of the remediation technique proposed for removing the contaminated sediments from the lower reach of the stream was successfully undertaken in February and March. Funding arrangements between Greater Wellington, the Hutt City Council and Ministry for the Environment were finalised for the full remediation works.</p> <p>Pauatahanui Inlet Action Plan Work has continued with private landowners in the Pauatahanui catchment to retire and protect riparian and wetland areas. The Porirua City Council has appointed a Porirua Harbour coordinator who will work with Greater Wellington to develop an overall strategy for the catchment.</p> <p>Coastal and marine ecosystems programme Action Plan The Coastal and Marine Biodiversity Action Plan was completed in April 2008. A report on the biological health of Lake Onoke and an analysis of the most likely sites for long-term coastal and marine monitoring were completed. These will inform the coastal monitoring strategy for the region.</p>

	Actual costs were \$741,000.
The Stormwater Action Plan will be implemented in association with our city and district councils, within a budget of \$74,000.	<p>The Stormwater Action Plan was completed, with all territorial authorities signing up to it. Of the 21 actions listed, 11 have been completed and two are in progress. The remainder have either not commenced or are at an early planning stage.</p> <p>Actual costs were \$27,000.</p>

Levels of service:

2. Process and monitor resource consents

Targets

Actual

LONG-TERM targets by 30 June 2016

100% of resource consents will be processed within statutory timeframes (20 working days for non-notified consents).	99% (666) of 673 resource consents were processed within statutory timeframes.
100% of resource consents will be monitored for compliance with resource consent conditions.	Compliance schedules are prepared each year to ensure the majority of consents are monitored for compliance. Those consents not monitored are deemed to represent a low environmental risk. In 2007/08 all scheduled compliance inspections were undertaken.
Customer satisfaction surveys will show that more than 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents processing service as excellent or very good.	An independent customer satisfaction survey, carried out in April 2008, showed that 40% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents processing service as excellent or very good. Around 70% rated satisfaction as good or better.

SHORT-TERM targets by 30 June 2008

Actual

100% of resource consents will be processed within statutory timeframes (20 working days for non-notified consents) and within a budget of \$727,000.	99% (666) of 673 resource consents were processed within statutory timeframes. Seven were processed outside statutory timeframes – fewer than last year. Actual costs were \$814,000.
100% of resource consents will be monitored for compliance with resource consent conditions, within a budget of \$737,000.	All scheduled compliance inspections were completed. Actual costs were \$261,000.
At least two workshops will be conducted for customers on how they can obtain best value from the resource consent process, within a budget of \$60,000.	Two workshops were held with resource management consultancy companies as part of our Muddy Waters Silt and Sediment Minimisation Programme. Actual costs were \$83,000.
An independent customer satisfaction survey will show (within a budget of \$40,000) that more than 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents process service as excellent or very good.	An independent customer satisfaction survey, carried out in April 2008, showed that 40% of recent applicants and existing consent holders rated their level of satisfaction with our resource consents processing service as excellent or very good. Around 70% rated satisfaction as good or better. Actual costs were \$19,000.

Levels of service:

3. Research key environmental issues and threats

Targets

Actual

LONG-TERM targets by 30 June 2016

Environmental problems will be investigated as soon possible after they are identified so that appropriate remedial action can be taken.	Targeted investigations of significant resource issues have been undertaken in response to pollution incidents or matters identified in our environmental monitoring programmes. Responding to algal bloom outbreaks is an example of this approach. We have also monitored and investigated contaminated sites.
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SHORT-TERM targets by 30 June 2008

Actual

Targeted investigations will be completed and a progress report approved by the Council, within a budget of \$250,000.	Targeted investigations were undertaken into issues such as groundwater nitrate contamination in the Wairarapa and sediment contamination in Wellington Harbour. Results of this work were reported to the Regulatory Committee throughout the year. Actual costs were \$144,000.
The Selected Land Use Register will be maintained and public enquiries responded to within a week, within a budget of \$86,000.	About 500 enquiries were received in relation to contaminated sites. Where appropriate, new sites were added to the Selected Land Use Register. All enquiries were responded to within a week. Actual costs were \$30,000.

Levels of service:

- Investigate and clean-up pollution incidents

Targets

Actual

LONG-TERM targets by 30 June 2016

<p>The number of reported pollution incidents will decrease on an annual basis.</p>	<p>In 2007/08, the number of reported incidents increased by 9% from 2006/07.</p>
<p>Reported pollution incidents will be responded to in timeframes that are in accordance with the severity of the incident.</p>	<p>All reported pollution incidents have been responded to within the timeframes that have been established in accordance with the severity of the incident.</p>

SHORT-TERM targets by 30 June 2008

Actual

<p>An annual report card providing a summary of pollution control activities will be approved by the Council after June 2008.</p>	<p>An annual report card was presented to the Sustainability Committee in November 2007.</p>
<p>All reported pollution response incidents will be responded to in accordance with the following timeframes, within a budget of \$305,000:</p> <ul style="list-style-type: none"> • Log only – no action required • Red – serious adverse environmental effect requiring immediate action: 60 minutes • Yellow – serious environmental effect where no benefit will be gained by an immediate response: 24 hours • Blue – minor environmental effect requiring no immediate response: 7 days 	<p>1,376 incidents were notified and responded to during 2007/08 (compared with 1,264 incidents in 2006/07)</p> <p>All incidents over the year were responded to within the threshold response timeframes identified.</p> <ul style="list-style-type: none"> • Red – 53 minutes • Yellow – 5.7 hours • Blue – 3.4 days <p>Actual costs were \$401,000.</p>

Activity: Monitor the state of the environment

Levels of service:

1. Measure the quality and quantity of our natural resources, eg, river flows, air quality, soil health

Targets

Actual

LONG-TERM targets by 30 June 2016

The following environmental data will be provided to the public on a regular basis – bathing water quality, river levels, rainfall, groundwater levels, tide levels, air quality, lake levels and meteorological information.	Real-time environmental data has been continually updated on Greater Wellington's website. Monthly summaries of hydrological data have also been provided.
Timely warnings will be given of threats to the environment and human life.	Warnings of high rainfall events and rising river levels have been given to flood managers, emergency managers, territorial authorities and potentially affected landowners.

SHORT-TERM targets by 30 June 2008

Actual

Greater Wellington's flood managers will be notified within 30 minutes when any river or rainfall trigger levels are reached, within a budget of \$49,000.	Flood managers were notified within the required timeframe. Trigger levels were reached during 13 flood events in the western part of the region and six flood events in the Wairarapa. There were no major floods in the year. Actual costs were \$28,000.
Greater Wellington's water and consents managers will be notified within one working day of low groundwater levels in the Waiwhetu aquifer, within a budget of \$179,000.	Groundwater levels in the Waiwhetu aquifer were above the minimum throughout the year. Greater Wellington's water and consents managers were advised of low aquifer levels in late February and early March, and measures were taken to reverse the declining trend. Actual costs were \$79,000.
Water samples will be taken weekly throughout the bathing season (1 November to 31 March) and tested for the presence of bacteria, within a budget of \$95,000. A traffic light warning framework will be implemented as follows: <ul style="list-style-type: none"> • Green – low or no public health risk • Amber – alert mode requiring follow-up monitoring • Red – beach closed 	Weekly sampling of bathing sites for the summer season was completed at the end of March. A summary report on recreational water quality "On the Beaches 2007/08" was presented to the Regulatory Committee on 10 June 2008. Actual costs were \$66,000.
Real-time environmental data available on Greater Wellington's website.	Results of testing were placed on the website as soon as they were received.

Levels of service:

2. Report to the public on the state of the environment

Targets

Actual

LONG-TERM targets by 30 June 2016

The community will have access to reliable and relevant information about the state of the environment through regular reports and Greater Wellington's website. Annual report cards on our key resources will be published annually and a comprehensive state of the environment report will be published every six years.

The results of our environmental monitoring programmes have been collated and analysed to provide information about the state of the environment that's easily understood and accessible to the general public. Information has been made available to the community through our website, news releases and publications, or on request. Annual report cards on our key resources have been produced. Our next comprehensive state of the environment report is scheduled for 2011.

SHORT-TERM targets by 30 June 2008

Actual

An annual report card containing summary information for the following resources will be approved by the Council within a budget of \$1,490,000:

- Hydrology
- Groundwater
- Freshwater quality
- Coastal water quality
- Recreational water quality
- Air quality
- Soil quality

The annual report cards were reported to the Regional Sustainability Committee on 27 November.

Actual costs were \$1,256,000.

Activity: Environment education

Levels of service:

1. Help children, businesses and the community to look after and restore the environment

Targets

Actual

LONG-TERM targets by 30 June 2016

Through the Take Care community environmental education programme, five new care groups will be established each year and assisted to care for degraded local ecosystems. Existing care groups will be maintained.	An additional five care groups have been established each year. At year-end we had 36 groups operating. More than 50 groups across the region have been assisted by Greater Wellington since the programme's inception.
On average, 2,000 students per year will participate in the Take Action environmental education programme.	Since 2002/03, an average of more than 2,100 students has participated each year in the environmental education programme.
20 small-to-medium-sized businesses per year will be provided with advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment.	The number of businesses seeking advice about how to be more sustainable continues to increase. Greater Wellington has advised and assisted a number of businesses directly, as well as through its involvement in and funding of the EnviroSmart cleaner production programme and the Get Sustainable Challenge. More than 40 businesses a year have been involved in our programmes.

SHORT-TERM targets by 30 June 2008

Actual

Through the Take Care community environmental education programme, five new care groups will be established and assisted to care for degraded local ecosystems, and existing care groups will be maintained, within a budget of \$225,000.	A total of 36 care groups worked at sites across the region to restore the environment. Seven of these were either new groups or groups that had come to the end of their previous funding arrangement and been renewed this year. Actual costs were \$212,000.
20 schools will participate in the Take Action environmental education programme, within a budget of \$237,000.	A total of 22 schools, 85 classes and 2,300 students participated in the Take Action programme this year. Actual costs were \$286,000.
20 small-to-medium-sized businesses will be given advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment, within a budget of \$89,000.	This year we worked with 22 manufacturing and process businesses as part of the EnviroSmart cleaner production programme. We sponsored the Get Sustainable Challenge, which involved more than 40 businesses and undertook waste audits of 15 businesses for Business Porirua's sustainable business programme. We also audited 21 businesses this year under our Take Charge pollution prevention programme. Actual costs were \$87,000.

Environment

Financial summary

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
General rate	8,904	8,904
Targeted rate	0	0
Government subsidies	64	10
Interest and dividends	21	21
Other operating revenue	1,333	1,448
Operating revenue	10,322	10,383
Direct operating expenditure	10,203	10,239
Finance costs	23	26
Depreciation	290	287
Operating expenditure	10,516	10,552
Operating surplus/(deficit)	(194)	(169)
Less:		
Capital expenditure	424	401
Proceeds from asset sales	(14)	(23)
Loan funding	(308)	(250)
Rates funded capital expenditure	102	128
Debt repayment	43	52
Investment additions	0	0
Operational reserve movement	133	(62)
Working capital movements	44	0
Non-cash items	(290)	(287)
Net funding required	(226)	0

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Operating revenue		
Managing resources	4,807	5,483
Monitor the state of the environment	4,380	3,819
Environmental Education	1,135	1,081
Total operating revenue	10,322	10,383
	-	-
Operating expenditure		
Managing resources	5,529	5,595
Monitor the state of the environment	3,756	3,847
Environmental Education	1,231	1,110
Total operating expenditure	10,516	10,552
	-	-
Capital expenditure		
Environmental monitoring equipment	307	250
Capital project expenditure	307	250
Land and buildings	0	0
Plant and equipment	67	80
Vehicles	50	71
Total capital expenditure	424	401
	-	-

Transport

Greater Wellington's Transport group of activities contribute to the following community outcomes – *prosperous community, connected community, essential services, healthy environment, healthy community and quality lifestyle*. The specific activities continue to have a significant positive impact on wellbeing in general, particularly economic, environmental and social. Economic wellbeing is enhanced by providing a public transport system for people to get to work and by transport planning which facilitates the movement of freight and all types of vehicles for work purposes. This year we completed a draft Ngauranga to Wellington Airport Corridor Plan for public consultation.

Environmental wellbeing is enhanced through contracting public transport services. This results in fewer vehicles on the roads, particularly at congested times, and leads to lower environmental impacts. Total passenger boardings in 2007/08 totalled 34.7 million, up 1.7% on 2007/08.

Greater Wellington also encourages cycling and walking. These are environmentally friendly transport options with positive fitness spin-offs. This year we continued our work with schools and businesses to encourage sustainable travel options and revised our Regional Walking Plan.

Many public transport journeys are made for social reasons. The support we offer for special transport programmes for people with disabilities also leads to improved social wellbeing.

How we contribute to community outcomes

Prosperous community

Fund rail, bus and local harbour-ferry passenger services.

Connected community

Provide passenger service information through a call centre, website and paper timetables.

Essential services

Provide and maintain urban passenger trains, Park & Ride facilities, train stations, bus-rail interchanges, bus lanes and bus shelters.

Develop an affordable Regional Land Transport Strategy and monitor its implementation.

Healthy environment

Encourage people to use public transport.

Healthy community

Quality lifestyle

Part-fund taxi services for people with disabilities.

Transport

Targets

Activity: Plan and monitor the transport network

Levels of service:

Develop an affordable Regional Land Transport Strategy and monitor its implementation

Targets

Actual

LONG-TERM targets by 30 June 2016

Average congestion on selected roads will remain below 20 seconds delay per kilometre travelled despite traffic growth.	All-day average congestion is 24.6 seconds delay per kilometre travelled (Transit New Zealand Travel Time Survey, March 2008)
At least 80% of all trips up to 1km and 60% of all trips between 1km and 2km will be walked or cycled (74% and 19% respectively in 2004).	The latest data that we have is from a survey carried out between February and April 2006. It showed that 74% of trips up to 1km and 27% of trips between 1km and 2km are made by walking or cycling.
Journey-to-work trips using public passenger transport will increase by 20%.	Progress towards this target will be measured when 2011 census data is available. On census day 2006, 17% of journey-to-work trips were made by public transport and progress will be measured against this baseline.
Less than 442 million litres of petrol and diesel per annum will be used for transport purposes	Fuel sales in the year to 31 December 2006 were 450 million litres Fuel sales in the year to 31 December 2007 were 464 million litres. Fuel sales in the year to 30 June 2008 were 463 million litres.

SHORT-TERM targets by 30 June 2008**Actual**

An annual report on the Regional Land Transport Strategy will be approved by the Council, within a budget of \$61,000.	The 2006/07 Annual Monitoring Report was approved by the Regional Land Transport Committee and published in September 2007 at a cost of \$61,000.
A travel plan programme and active transport coordination will continue to be implemented, within a budget of \$785,000.	Nine Wellington workplaces and eight schools in the region commenced travel plans through Greater Wellington's programme. Three of these programmes were funded by territorial authorities. This exceeded our performance indicator targets. We worked with the Sustainability Trust and Wellington City Council to deliver a community-based initiative focused on reducing vehicle kilometres travelled for short trips. The total cost of the travel planning programme was \$310,000.
Parts of the Regional Land Transport Strategy will be completed and parts of it further developed, within a budget of \$323,000.	The Regional Land Transport Strategy (RLTS) was published in July 2007. The Regional Walking and Regional Cycling plans were reviewed to ensure alignment with the new RLTS. A draft Ngauranga to Wellington Airport Corridor Plan was completed for public consultation. The prioritisation process for the Regional Land Transport Programme review was deferred to align to the new requirements of the Land Transport Management Amendment Act 2004. The actual cost of \$87,000 was well under budget because of changes to the Ngauranga to Wellington Airport Corridor Plan and strategy review timetables.
The Wellington Transport Strategic Model will be maintained, within a budget of \$142,000.	The model was updated and maintained at a total cost of \$139,000.

Activity: Provide the infrastructure for public transport

Levels of service:

Provide and maintain urban passenger trains, Park & Ride facilities, stations, bus-rail interchanges, bus lanes and bus shelters

Targets

Actual

LONG-TERM targets by 30 June 2016

Average congestion on selected roads will remain below 20 seconds delay per kilometre travelled despite traffic growth.	All-day average congestion is 24.6 seconds delay per kilometre travelled (Transit New Zealand Travel Time Survey, March 2008)
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SHORT-TERM targets by 30 June 2008

Actual

<p>All current and future public transport user facilities will be maintained in accordance with Greater Wellington's asset management plans and within a budget of \$9,311,000. This includes maintenance of public transport user facilities and provision of bus lanes and bus priority systems, as well as the improvement of signage at the region's 53 rail stations.</p>	<p>All public transport user facilities were maintained in accordance with Greater Wellington's guidelines and draft asset-management plans. During 2007/08, \$5,448,000 was spent maintaining and upgrading 2,829 bus stops, 818 shelters, 49 train stations, and associated Park & Ride facilities.</p> <p>Improvements to the region's public transport infrastructure during 2007/08 included 13 new bus shelters across the region (four to be installed as soon as consent is obtained), upgrade to the Wairarapa rail stations (including new shelters, seating, lighting, signage, bicycle racks and security cameras), partial upgrade of the bus shelter at Porirua Railway Station, subway extension at Plimmerton Railway Station to connect the station to Plimmerton Domain and a new subway roof at Waterloo Railway Station.</p> <p>There were delays and deferral of the following public transport infrastructure improvement projects:</p> <ul style="list-style-type: none"> • Further roll out of the Metlink CBD signs due to a review of the effectiveness of the current design • Upgrades to the rail stations, platforms and associated works required for the new Matangi trains. Designs for the station modifications are being currently worked on with ONTRACK. • Redevelopment of the bus/rail interchange at Johnsonville. This project is subject to the developer's plans for the redevelopment of Johnsonville Mall.
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Activity: Fund and promote public transport services

Levels of service:

Fund rail, bus and local harbour-ferry passenger services

Targets

Actual

LONG-TERM targets by 30 June 2016

Average congestion on selected roads will remain below 20 seconds delay per kilometre travelled despite traffic growth (currently 20 seconds delay per kilometre).	All-day average congestion is 24.6 seconds delay per kilometre travelled (Transit New Zealand Travel Time Survey, March 2008)
At least 80% of all trips up to 1km and 60% of all trips between 1km and 2km will be walked or cycled (74% and 19% respectively in 2004).	A survey carried out between February and April 2006 showed that 74% of trips up to 1km and 27% of trips between 1km and 2km were made by walking or cycling.
Journey-to-work trips using public passenger transport will increase by 20%.	Progress towards this target will be measured when 2011 census data is available. On census day 2006, 17% of journey-to-work trips were made by public transport and progress will be measured against this baseline.
Less than 442 million litres of petrol and diesel per annum will be used for transport purposes (currently 459 million litres).	Fuel sales in the year to 31 December 2006 were 450 million litres Fuel sales in the year to 31 December 2007 were 464 million litres. Fuel sales in the year to 30 June 2008 were 463 million litres.

SHORT-TERM targets by 30 June 2008**Actual**

<p>More than 95% of calls to the Metlink Service Centre will be answered and customers given the necessary travel information, within a budget of \$842,000 and with an overall customer satisfaction of 90%.</p>	<p>95% of all calls to the Metlink Service Centre were answered and customers were provided with the necessary travel information at a cost of \$817,000. The overall customer satisfaction rating achieved was 82%, which was similar to the previous year (83%). There was a 10% increase in call volumes compared to 2006/07.</p>
<p>Journey-to-work trips using public transport will increase by 4%.</p>	<p>Journey-to-work trips by public transport increased by 0.2% in 2007/08.</p>
<p>All rail, bus and harbour ferry service contracts will meet the requirements of Land Transport NZ (as required by the Land Transport Management Act), within a budget of \$56,113,000.</p>	<p>All rail, bus and harbour-ferry service contracts meet the requirements of Land Transport New Zealand (as required by the Land Transport Management Act 2003).</p> <p>Additional improvements to the region's public transport services network during 2007/08 include only minor changes to services to improve efficiency. In November 2007, NZ Bus services were rescheduled to improve running times and reliability.</p> <p>The total cost of contracted services, including concessionary fare reimbursements and school services, was \$56,726,000.</p> <p>A procedural audit was carried out by Land Transport New Zealand covering the three years to 30 June 2007. No significant issues were identified.</p>
<p>Review Wellington city services, within a budget of \$125,000.</p>	<p>The review of the Wellington city services was delayed pending the completion of the review of Porirua services. However, this review has now commenced.</p> <p>The cost of all reviews undertaken during the year was \$64,000.</p>

Activity: Fund total mobility

Levels of service:

Part-fund taxi services for people with disabilities

Targets

Actual

LONG-TERM targets by 30 June 2016

Greater Wellington will fund subsidised taxi travel for people with disabilities, distributed in consultation with disability agencies so that community facilities can be easily accessed.	Greater Wellington has continued to fund subsidised taxi travel for people with disabilities as set out in the <i>2006-16 Ten-Year Plan</i> (Long Term Council Community Plan).
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SHORT-TERM targets by 30 June 2008

Actual

The Total Mobility scheme will be administered to the satisfaction of Land Transport NZ within a budget of \$1,870,000	<p>Total Mobility scheme procedures were carried out in accordance with Land Transport New Zealand guidelines.</p> <p>The cost for the year was \$1,886,000.</p> <p>Three van hoists were funded through the scheme in 2007/08, one of which was a new hoist and two were replacements for old hoists. The scheme now has a fleet of 33 van hoists operating across the region.</p> <p>Usage of the scheme in 2007/08 decreased by 2.6% over the previous year.</p> <p>A procedural audit was carried out by Land Transport New Zealand covering the three years to 30 June 2007. No significant issues were identified.</p>
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Transport

Financial summary

		Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement	Note		
General rate		0	0
Targeted rate		36,761	36,761
Government subsidies	1	53,348	81,539
Interest and dividends		74	(7)
Other operating revenue		385	247
Operating revenue		90,568	118,540
Direct operating expenditure	1	97,987	135,847
Finance costs		494	481
Depreciation		644	681
Operating expenditure		99,125	137,009
Operating surplus/(deficit)		(8,557)	(18,469)
Less:			
Capital expenditure	2	522	6,107
Passenger transport investment		524	979
Proceeds from asset sales		(9)	(12)
Loan funding		(11,308)	(25,208)
Rates and subsidy-funded capital expenditure		(10,271)	(18,134)
Debt repayment		1,652	779
Investment additions		0	0
Operational reserve movement		1,068	(433)
Working capital movements		(5,692)	0
Non-cash items		(644)	(681)
Net funding required		5,330	0

Operating revenue

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Plan and monitor the transport network	2,772	3,782
Provide the infrastructure for public transport	21,923	49,256
Fund and promote public transport services	63,906	63,339
Fund total mobility	1,967	2,163
Total operating revenue	90,568	118,540

Operating expenditure

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Plan and monitor the transport network	2,575	3,907
Provide the infrastructure for public transport	31,124	67,410
Fund and promote public transport services	63,347	63,528
Fund total mobility	2,079	2,164
Total operating expenditure	99,125	137,009

Capital expenditure

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Rail	524	5,297
Other	489	1,760
Capital project expenditure	1,013	7,057
Land and buildings	0	0
Plant and equipment	0	0
Vehicles	33	29
Total capital expenditure	1,046	7,086

Note 1 - Government subsidies and expenditure are below budget due to the delays in a number of rail infrastructure projects such as signalling, power and double tracking. The delays were due to the timing of the specifications of the new Matangi Electric Multiple units and capacity issues of third parties.

Note 2 - Capital expenditure was below budget due to delays in upgrading platforms and stations.

Water supply

Greater Wellington collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. Our water supply group of activities contribute to the following community outcomes – *essential services, healthy community, healthy environment and prepared community*.

The continued supply of quality water is essential for the economic and social wellbeing of our community.

This year we continued to manage our water catchments and deliver high-quality water to the four cities. We expect to receive confirmation from the Public Health Service that the water complied with the Drinking-Water Standards for New Zealand. To ensure that we can meet present and future demands for water, we completed investigations for new water sources. We also ran a water-conservation programme during the summer.

The supply of water after an emergency event will be critical to the community's ability to recover. This year, as part of a long-term programme to make our systems more robust and secure, we added new emergency connections at Pukerua Bay, Upper Hutt and Wainuiomata.

How we contribute to community outcomes

Essential services

Collect water from the Hutt, Wainuiomata and Orongorongo catchments, and the Waiwhetu aquifer for public drinking-water supply.

Healthy community

Treat water so it meets the Ministry of Health's standards for drinking water.

Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington.

Assess the demand for water (now and in the future) and plan how such demands will be met, including developing future sources.

Healthy environment

Encourage people to use water wisely.

Manage catchments so that treatment plants receive good water quality.

Prepared community

Maintain our pipes and plants, and build resilience in the system so water can continue to be supplied after an emergency – or restored as quickly as possible.

Work with city councils to plan how water will be delivered to the community following an emergency event that disrupts supply.

Water supply

Targets

Activity: Collect, treat and deliver water

Levels of service:

1. Collect water from the Hutt, Wainuiomata and Orongorongo catchments, and the Waiwhetu aquifer for public drinking-water supply
2. Manage catchments so treatment plants receive good-quality water
3. Treat water so that it meets the Ministry of Health's standards for drinking water
4. Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington

Targets

Actual

LONG-TERM targets by 30 June 2016

The quality of water supplied will continually meet the Ministry of Health's Drinking-Water Standards. The related water supply infrastructure will be maintained and improved to meet the standards specified in the Regional Water Supply Asset Management Plan.

It is expected that the Hutt Valley District Health Board will advise full compliance with the Drinking Standards for 2007/8 but, at the time of writing, this has not been confirmed. During the year, work began on preparing public health risk management plans. Greater Wellington manages its water supply assets in accordance with the Asset Management Plan, which was prepared to national standards.

SHORT-TERM targets by 30 June 2008**Actual**

<p>The collection, treatment and delivery of water will be managed to ensure the quality of water supplied continually complies with the Ministry of Health's NZ Drinking Water Standards: 2005.</p>	<p>55,654 million litres was collected, treated and supplied to the four cities during 2007/8 in compliance with the Drinking-Water Standards and to meet the quality of water required by the community.</p> <p>Actual costs were \$19,597,000.</p>
<p>The gradings of the water treatment plants at 1 July 2007 will be maintained, except for the plants that will be graded during the year.</p>	<p>Te Marua, Wainuiomata and Waterloo water treatment plants retained their A1, A1, B gradings respectively. Gear Island, which is a standby plant, is awaiting grading and is currently graded 'U' (ungraded).</p>
<p>Vegetation management and pest control measures will be carried out in water catchments in accordance with the Forestry Management Plan and within a \$306,000 budget, so that treatment plants receive good-quality water.</p>	<p>Vegetation management and pest control measures were carried out by staff and contractors. Untreated water showed no abnormal levels of cryptosporidium.</p> <p>Actual costs were \$115,000.</p>
<p>Our four Wellington metropolitan city council customers will be provided with a business report by 30 November 2007, including:</p> <ul style="list-style-type: none"> • Financial results for the preceding financial year ended 30 June • Actual quality compared with targeted performance • A list of interruptions to supply incidents, and time taken to respond and repair • A report on compliance with resource consent requirements • Status of ongoing service level agreements 	<p>An annual business report was published by 30 November 2007 containing the required information. It was distributed to customers and other interested parties.</p>

Activity: Plan to meet current and future demand for water

Levels of service:

1. Assess the demand for water (now and in the future) and plan how such demands will be met, including developing future sources
2. Encourage people to use water wisely

Targets

Actual

LONG-TERM targets by 30 June 2016

Water supply will be adequate to meet present and future demands in accordance with current supply policy (currently a 1 in 50-year drought standard).	Because of greater than expected population growth, we are currently operating to a 1 in 35-year drought standard or a 2.8% probability of shortfall in any year.
Water consumption will be reduced by the amount agreed with our four city customers and specified in the Wellington Water Management Plan.	A Wellington Water Management Plan technical document (for the four cities) has been completed (March 2008). This included both supply and demand management initiatives. A Regional Water Strategy is being developed which will build on this work for the entire region.

SHORT-TERM targets by 30 June 2008

Actual

System enhancements will start to enable supply for a population of 390,000.	The four city customers are being consulted about a number of short-term water supply options and responses are expected in the first half of the 2008/9 year. In parallel, preliminary design work has started on raising the maximum water level in the Stuart Macaskill Lakes.
A Council report will be prepared on the preferred new water source option.	A report on water supply development options, including a preferred new water source option, was received by the Parks, Utilities and Forests Committee on 8 May 2008.
A water conservation programme will be implemented within a \$185,000 budget.	A water conservation programme was undertaken over the summer period. More extensive advertising was needed during late summer because of the drought and resulting water shortage. Total costs were \$232,000.

Activity: Plan for emergencies**Levels of service:**

1. Maintain our pipes and plants, and build resilience in the system so water can continue to be supplied after an emergency – or restored as quickly as possible

Targets**Actual****LONG-TERM targets by 30 June 2016**

Water will be available on a daily basis to meet the 1 in 50-year return period drought situation. The related water supply infrastructure will be maintained and improved to meet the standards specified in the Regional Water Supply Asset Management Plan.	Because of greater than expected population growth, we cannot meet the 1 in 50-year standard and are currently operating to a 1 in 35-year drought standard or a 2.8% probability of shortfall in any year. We expect the 1 in 50-year standard to be restored by 2012.
Plans will be in place to enable water to be supplied to the community following a major natural disaster.	Greater Wellington Water has an "n-1" policy for security of water supply. This means that even if one of the three main water treatment plants was out of commission, there would still be sufficient water available to meet the basic needs of the community under most circumstances. New cross connections between the customers' reticulation system and the wholesale water pipelines are being installed over time. Greater Wellington is working with the Wellington City Council on developing a major new reservoir.

SHORT-TERM targets by 30 June 2008**Actual**

At least one customer emergency connection will be installed within a \$100,000 budget.	Emergency water supply connections were installed at Fergusson Drive (below the Cruickshank Reservoir) and in Wainuiomata, and a bypass connection was installed at the Pukerua Bay Reservoir. Actual costs were \$142,000.
Hazard protection work will be undertaken at a cost not exceeding \$200,000.	The design of a bypass parallel to the Kaitoke-to-Karori pipeline, across the fault line at Te Marua, was completed. The bypass will help restore the water supply from any break in supply caused by a movement along the faultline. Actual costs were \$153,000.

Water supply Financial summary

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	Note	Council 2008 Actual \$000s	Council 2008 Budget \$000s		Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement				Operating revenue		
General rate		0	0	Collect, treat and deliver water	24,905	24,955
Targeted rate		0	0	Total operating revenue	24,905	24,955
Water supply levy		23,460	23,460		-	-
Government subsidies		0	0	Operating expenditure		
Interest and dividends		1,020	934	Collect, treat and deliver water	23,682	26,887
Other operating revenue		425	561	Total operating expenditure	23,682	26,887
Operating revenue		24,905	24,955		-	-
				Capital expenditure		
Direct operating expenditure	1	13,822	15,545	Water sources	192	355
Finance costs		3,491	4,043	Water treatment plants	1,615	1,945
Depreciation	2	6,369	7,299	Pipelines	197	420
Operating expenditure		23,682	26,887	Pump stations	77	287
Operating surplus/(deficit)		1,223	(1,932)	Reservoirs	0	100
				Monitoring and control	606	880
Less:				Seismic protection	153	200
Capital expenditure		3,873	5,016	Other	943	650
Proceeds from asset sales		(30)	(20)	Capital project expenditure	3,783	4,837
Loan funding		(3,784)	(4,837)	Land and buildings	12	0
Rates funded capital expenditure		59	159	Plant and equipment	17	81
				Vehicles	61	98
Debt repayment		5,768	3,524	Total capital expenditure	3,873	5,016
Investment additions		1,765	1,684			
Operational reserve movement		0	0			
Working capital movements		0	0			
Non-cash items		(6,369)	(7,299)			
Net funding required		0	0			

Note 1 - Operating expenditure was below budget due to lower power and chemical costs due to to lower take from Te Marua Lakes. Personnel and finance costs were also below budget.

Note 2 - Depreciation was below budget as the water supply assets were not revalued as at 30 June 2007.

Parks

Greater Wellington's Parks group of activities contributes to four community outcomes – *quality lifestyle, sense of place, healthy community and healthy environment*.

Our diverse parks, forests and recreational areas have significant social benefits as they provide a wide range of outdoor recreational opportunities. 57% of the regional population visited at least one regional park last year and 91% said they were satisfied with the experience.

Our parks and forest areas also contribute to the environmental wellbeing of the community. We carry out intensive plant and animal pest control programmes, along with a range of restoration activities, many of which involve the community. Our monitoring has shown that the ecosystem health on Greater Wellington land is improving, with an increasing abundance of seedlings and native fauna. A high-quality environment is essential for our water supply catchment areas.

We continue to invest in facilities for our visitors. This year we upgraded tracks in the East Harbour Regional Park, including a boardwalk at the lakes block, replaced fences and replaced the septic system at Kaitoke Regional Park.

Our ranger services continued to work with the community on education and restoration projects, and to provide security for visitors.

How we contribute to community outcomes

Quality lifestyle

Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park and East Harbour Regional Park.

Sense of place

Healthy community

Healthy environment

Manage the Hutt River trail and recreation areas in the Akatarawa and Pakuratahi Forests, and in the Hutt, Wainuiomata and Orongorongo catchments.

Prepare management plans to guide use and development.

Develop and maintain assets, eg, tracks, plantings, shelters and other facilities.

Care for and monitor ecosystem health.

Provide a ranger service to help the public enjoy our parks, recreation areas and trails.

Run a summer programme of community events.

Involve local communities in the management of these areas.

Parks

Targets

Activity: Manage regional parks and recreation areas

Levels of service:

1. Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park and East Harbour Regional Park
2. Manage the Hutt River Trail and recreation areas in the Akatarawa and Pakuratahi Forests, and in the Hutt, Wainuiomata and Orongorongo catchments
3. Prepare management plans to guide use and development
4. Develop and maintain assets, eg, tracks, plantings, shelters and other facilities

Targets

Actual

LONG-TERM targets by 30 June 2016

<p>The regional parks and forest areas will attract 750,000 visitors per annum and the customer satisfaction level will exceed 80%. A balance will be achieved between visitor numbers and the carrying capacity of these recreation areas.</p>	<p>The four regional parks (Battle Hill, Belmont, Kaitoke and Queen Elizabeth) and the two forests attracted an estimated 820,000 visits – up 25% from 2006/07. We estimate that around 57% (268,071 people) of the regional community visited at least one regional park in the past 12 months (compared with 51% for 2006/07). A survey carried out in May 2008 showed that 91% of visitors were satisfied with their most recent park experience.</p>
<p>There will be no loss of regionally significant landscapes, ecosystems and heritage features from park and forest areas.</p>	<p>The ongoing review of our park and forest management plans emphasises the importance of landscapes, ecosystems and heritage values. Systems to monitor ecosystem health and ongoing pest control programmes are showing that Greater Wellington is being successful in raising the ecological health of its land.</p>
<p>The assets in our parks and forest areas will be maintained and developed according to approved plans.</p>	<p>A regular system for monitoring, inspecting and maintaining assets is in place. Assessments show that the condition of these assets remains consistently high.</p>

SHORT-TERM targets by 30 June 2008**Actual**

<p>Environmental assets and settings within the regional parks and forests will be managed in accordance with the Parks Environmental Asset Management Plan service levels, and within a budget of \$1,118,000.</p>	<p>Work programmes scheduled in the plan for 2007/08 have been completed within set timeframes and budgets. However, the Hutt 1080 operation has been deferred because of lower than expected residual trap catches. The budget for this has been carried over into 2008/09.</p> <p>Actual costs were \$842,000.</p>
<p>Recreation and heritage assets and facilities in regional parks and forests will be managed in accordance with the Parks Infrastructural Asset Management Plan service levels, and within a budget of \$1,352,000.</p>	<p>Monitoring the condition of recreation and heritage assets and facilities in the regional parks and forests confirmed that these assets have been maintained according with the plan's service levels.</p> <p>Actual costs were \$1,364,000.</p>
<p>The annual capital works programme will be undertaken to appropriate architectural and engineering standards, and within the Parks Asset Management Plan service levels, and within a budget of \$124,000.</p>	<p>The annual capital works programme was completed to appropriate standards and in accordance with the plan's service levels.</p> <p>Actual costs were \$131,000.</p>
<p>Greater Wellington will investigate the possibility of assisting renewable energy production (eg, solar, wind and hydro energy) on its own land within a budget of \$90,000.</p>	<p>A wind resource map of the region was published. RES NZ Ltd continued its investigations into a wind farm at Puketiro. An incorporated society initiated a High Court review of Greater Wellington's decision to allow wind turbines on the Battle Hill Farm Forest Park.</p> <p>A contract was let to Meridian Energy for investigations into a wind farm at Stoney Creek in the Wairarapa.</p> <p>Actual costs were \$118,000.</p>
<p>The annual policy and planning work programme will be implemented in accordance with the relevant statutory processes, and within a budget of \$248,000.</p>	<p>The draft management plan for the Battle Hill Farm Forest Park was completed. The reviews of the Parks Concessions Policy and Bylaws were initiated and will be completed in 2008/09.</p> <p>Actual costs were \$157,000.</p>

Activity: Promote community use

Levels of service:

1. Provide a ranger service to help the public enjoy our parks, recreation areas and trails
2. Run a summer programme of community events
3. Involve local communities in the management of these areas

Targets

Actual

LONG-TERM targets by 30 June 2016

The regional parks and forest areas will attract 750,000 visitors per annum and the customer satisfaction level will exceed 80%. A balance will be achieved between visitor numbers and the carrying capacity of these recreation areas.

The four regional parks (Battle Hill, Belmont, Kaitoke and Queen Elizabeth) and the two forests attracted an estimated 820,000 visits. We estimate that around 57% (268,071 people) of the regional community visited at least one regional park in the past 12 months (compared with 51% for 2006/07). A survey carried out in May 2008 showed that 91% of visitors were satisfied with their most recent park experience.

SHORT-TERM targets by 30 June 2008**Actual**

<p>Ranger services will be provided that facilitate public access, education and inform visitors and users, liaise with community and stakeholder groups, and ensure compliance with Council policies, within a budget of \$1,082,000.</p>	<p>A seven-day a week ranger service operated in our parks and forest areas to ensure that park users had a safe and enjoyable outdoor experience. Our rangers worked with school and community groups on a number of educational, planting and environmental restoration projects.</p> <p>Actual costs were \$703,000</p>
<p>The marketing plan for the regional parks and forests will be implemented within a budget of \$156,000 and will include the planning, promotion and implementation of a regional outdoor programme.</p>	<p>Our regional parks and forests were marketed according to the Plan. The 2008 Regional Outdoors Programme (January to March) attracted 14,105 people to 57 events – a 30% increase over last year.</p> <p>Actual costs were \$112,000.</p>
<p>Annual environmental enhancement projects will be completed to a budget of \$94,000.</p>	<p>A number of environmental enhancement projects were completed – many with the help of the following interest groups:</p> <ul style="list-style-type: none">• Akatarawa Recreation Access Committee• Friends of Belmont Regional Park• Friends of Queen Elizabeth Park• Friends of Maara Roa (Belmont Regional Park)• Mainland Island Restoration Operation (East Harbour Regional Park) <p>Actual costs were \$80,000.</p>

Parks

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Financial summary

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
General rate	5,472	5,472
Targeted rate	0	0
Government subsidies	0	0
Interest and dividends	0	0
Other operating revenue	935	1,076
Operating revenue	6,407	6,548
Direct operating expenditure	5,710	6,112
Finance costs	259	275
Depreciation	646	482
Operating expenditure	6,615	6,869
Operating surplus/(deficit)	(208)	(321)
Less:		
Capital expenditure	344	425
Proceeds from asset sales	(48)	(89)
Loan funding	(131)	(123)
Rates funded capital expenditure	165	213
Debt repayment	246	254
Investment additions	0	0
Operational reserve movement	74	(306)
Working capital movements	100	0
Non-cash items	(646)	(482)
Net funding required	(147)	0

Operating revenue

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Manage regional parks and recreation areas	5,858	6,012
Promote community use	549	536
Total operating revenue	6,407	6,548

Operating expenditure

Manage regional parks and recreation areas	6,022	6,328
Promote community use	593	541
Total operating expenditure	6,615	6,869

Capital expenditure

Queen Elizabeth Park enhancements	50	0
East Harbour Park enhancements	9	50
Whitireia Park enhancements	0	0
Akatarawa Recreation Area enhancements	0	0
Asset management plan upgrades	73	73
Capital project expenditure	132	123
Land and buildings	0	0
Plant and equipment	4	38
Vehicles	208	264
Total capital expenditure	344	425

Land

Greater Wellington's Land group of activities includes our biosecurity and soil conservation operations. This work makes a major contribution to the economic wellbeing of the region (through its impact on the agricultural sector) and also to the community's environmental and social wellbeing. Land management contributes to the following community outcomes – *prosperous community* and *healthy environment*.

The control of bovine tuberculosis (bovine Tb) vectors protects the viability of the region's cattle, deer and dairy farming, thereby enhancing farming productivity and the health of our ecosystems. Just over 80% of our region is now under intensive possum control programmes and we have already exceeded our target to reduce the number of bovine Tb-infected cattle and deer herds. This year we also continued our pest control in priority key native ecosystem sites and expanded our joint venture pest control operations with local councils.

We promote sustainable land management practices to protect soils so they retain their productivity. The effect of the autumn and late spring droughts, the high New Zealand dollar and a downturn in forestry returns continue to impact on land-based industry activities. Despite the late start to the planting season and accompanying dry soil conditions, most of the soil conservation planting survived surprisingly well. Through our riparian management programme, we continued to enhance land and river ecosystems in key catchments.

How we contribute to community outcomes

Prosperous community

Develop pest management strategies.

Healthy environment

Eradicate or reduce significant pests (eg, possums, manchurian wildrice, moth plant and rooks).

Reduce the numbers of wildlife that transmit bovine Tb to farmed cattle and deer (under contract to the Animal Health Board).

Investigate and manage the use of land.

Assist farmers and the community to protect and enhance the land.

Provide advice on land-management issues.

Land

Targets

Activity: Manage pest plants and animals

Levels of service:

1. Develop pest-management strategies
2. Eradicate or reduce significant pests (eg, possums, manchurian wildrice, moth plant and rooks)

Targets

Actual

LONG-TERM targets by 30 June 2016

Improve the health of the region's ecosystems and economy by implementing pest plant and animal management strategies. These will be carried out on 10 wetlands, four coastal escarpments, two dune ecosystems sites and 40 native forest areas.

The 2007/08 Regional Pest Management Strategy Operational Plan was successfully implemented. There has been a focus on surveillance for new species and the eradication of pests of limited distribution that threaten the regional environment and economy. The Key Native Ecosystem/Territorial Authority Reserves programme continued with 33 sites receiving pest plant control and 88 sites receiving pest animal control. Sites controlled included 10 wetlands, four dune ecosystems, six coastal escarpments, six riparian/estuarine sites and 70 native forest sites.

SHORT-TERM targets by 30 June 2008

Actual

Work programmes identified in the sixth year of the Regional Pest Management Strategy 2002-2022 will be implemented in accordance with the approved operational plan, within a budget of \$2,352,000

An annual report on achievements under the Regional Pest Management Strategy (RPMS) for the 2007/08 year will be presented to the Catchment Management Committee for approval in November 2008.

88 pest animal control sites (including 33 private sites) received work at a cost to Greater Wellington of \$342,456. Additional costs of \$116,300 were funded by territorial authorities. Servicing of Key Native Ecosystem (KNE) and reserve sites in the western zone was delayed during the first and second quarters because of lack of contractor capacity.

The rook control programme was under spent by 44% due to persistent high winds during the optimum control period. The cat desexing programme planned for Wellington city was abandoned through lack of interest from practitioners. The costs for the rabbit, magpie, possums and other species programmes were close to budget.

An aerial pest control operation in the Hutt catchment (on behalf of Parks) was deferred following trend monitoring.

65 pest plant control contracts for biodiversity enhancement across a range of ecosystems were completed at a total cost of \$168,224, with additional contributions of \$30,100 from territorial authorities.

RPMS pest plant contract operations were achieved at a lower cost than previous years – surplus funds were directed to KNE pest plant work.

Actual costs were \$2,041,900

Activity: Control bovine tuberculosis in wildlife

Levels of service:

1. Reduce the numbers of wildlife that transmit bovine tuberculosis (bovine Tb) to farmed cattle and deer (under contract to the Animal Health Board)

Targets

Actual

LONG-TERM targets by 30 June 2016

<p>Our farming productivity and ecosystems will be enhanced by having 80% of the region under intensive possum control programmes, and by reducing the percentage of infected Tb cattle and deer herds to 0.2% (six infected herds).</p>	<p>At 30 June 2008, 81% of the region was under intensive possum control programmes, and there were nine infected bovine Tb cattle herds. This exceeded our 2008 target of 12 herds in the Regional Tb Operational Plan.</p>
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SHORT-TERM targets by 30 June 2008

Actual

<p>Bovine Tb vector control operations will be planned and implemented over 269,405 hectares in accordance with the Wellington Bovine Tb Strategic Plan, within a budget of \$4,219,000.</p>	<p>The approved bovine Tb programme was reviewed and reduced in December 2007. The revised programme involved 208,000ha of vector control operations (possum control), 2,100ha of ferret control and 177,600ha of feral animal surveys.</p> <p>Vector control operations were successfully completed to Animal Health Board standards on 168,800ha. A further 20,500ha now have a 2008/09 completion date because of tendering delays. The completion date for the remaining 18,700ha is expected to be early 2008/09. The planned ferret control and feral animal surveys were completed.</p> <p>Actual costs were \$3,416,400.</p>
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Activity: Promote sustainable land management

Levels of service:

1. Investigate and monitor the use of land
2. Assist farmers and the community to protect and enhance the land
3. Provide advice on land-management issues

Targets

Actual

LONG-TERM targets by 30 June 2016

<p>The promotion of sustainable land management activities will result in:</p> <ul style="list-style-type: none">• An additional 4,500 hectares of erosion prone land planted using sustainable management practices• Communities being protected from major damage or harm caused by flooding and erosion• Maintenance of the overall health of our soils• Maintenance of the water quality in our key rivers and streams	<p>Stabilisation of erosion-prone land is progressing. We planted 412 hectares of soil conservation trees during the year using sustainable management practices.</p> <p>Annual programmes focusing on erosion and flood protection have been completed for the six community catchment control schemes.</p> <p>Baseline monitoring of soil health has been completed. Repeat monitoring has shown that there has not been any significant change to the region's soil health.</p>
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SHORT-TERM targets by 30 June 2008**Actual**

Approved soil conservation programmes, incorporating 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and 4km of shelterbelt will be completed to the Council's performance standards, within a budget of \$550,000.	Approved soil conservation programmes were completed on 139 properties, incorporating 370 hectares of pole planting (26,000 poles), 42 hectares of conservation woodlots and 3km of shelterbelt. Programmes were completed to the Council's performance standards. Actual costs were \$587,100.
Approved programmes will be completed under six catchment control schemes to each advisory committee's satisfaction and to the Council's performance standards, within a budget of \$91,000.	Approved programmes have been completed for each of the six catchment control schemes to established standards and in accordance with resolutions of the advisory committees. Actual costs were \$110,900.
Stage 2 of the soil quality monitoring programme will continue – established sites will be revisited to determine whether there has been any change over time, within a budget of \$30,600.	A further 25 sites were revisited within Stage 2 of the soil quality monitoring programme. Actual costs were \$21, 958.
5km of riparian restoration works will be carried out to increase biodiversity along stream banks, within a budget of \$196,000.	3km of new riparian planting and 1.5km of maintenance planting were carried out as part of the riparian management programme to increase biodiversity. Actual costs were \$170,200.

Land Financial summary

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	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
General rate	4,352	4,352
Targeted rate	198	198
Government subsidies	0	0
Interest and dividends	47	59
Other operating revenue	5,156	6,370
Operating revenue	9,753	10,979
Direct operating expenditure	9,436	10,862
Finance costs	0	0
Depreciation	121	91
Operating expenditure	9,557	10,953
Operating surplus/(deficit)	196	26
Less:		
Capital expenditure	179	187
Proceeds from asset sales	(18)	(45)
Loan funding	0	0
Rates funded capital expenditure	161	142
Debt repayment	0	0
Investment additions	0	0
Operational reserve movement	28	(25)
Working capital movements	(797)	0
Non-cash items	(121)	(91)
Net funding required	925	0

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Operating revenue		
Promoting sustainable land management	2,408	2,669
Control bovine Tb wildlife vectors	3,796	4,477
Manage pest plants and animals	3,549	3,833
Total operating revenue	9,753	10,979
Operating expenditure		
Promoting sustainable land management	2,419	2,632
Control bovine Tb wildlife vectors	3,721	4,524
Manage pest plants and animals	3,417	3,797
Total operating expenditure	9,557	10,953
Capital expenditure		
Land and buildings	0	0
Plant and equipment	0	0
Vehicles	179	187
Total capital expenditure	179	187

Safety and flood protection

Greater Wellington's Safety and Flood Protection group of activities contributes to the following community outcomes – *quality lifestyle, prepared community, healthy community, healthy environment and sense of place.*

We contribute to economic and social wellbeing by assisting the community to protect itself from the consequences of flooding. We do this by investigating flood hazards, preparing floodplain management plans, and building and maintaining flood protection works, as well as extracting gravel and operating flood-warning systems. As part of this work we look after our river environment, thereby contributing to environmental wellbeing. This year, all planned maintenance work was completed and we continued to implement the major capital works programme to reduce flood damage. We are now into Year 8 of the 40-year programme.

Greater Wellington runs the Emergency Management Office and Emergency Operation's Centre (EOC) of the Wellington Region Civil Defence Emergency Management Group – a consortium of local authorities in the region. Being prepared and able to respond to emergency events contributes to the economic, social, cultural and economic wellbeing of the community. This year we completed some significant plans, such as the Group Recovery Plan, began the delivery of a comprehensive volunteer training programme and participated in six emergency management exercises.

Greater Wellington also manages the region's harbours for navigation safety and manages environmental incidents, such as oil spills. Our harbour management work contributes to the economic, social, environmental and wellbeing of the community.

During the year, the Council approved a Wellington Harbour Safety Management System designed to help both Greater Wellington and CentrePort Ltd manage the harbour effectively. We also scuttled three abandoned vessels because they posed both an environmental and navigational risk to Wellington Harbour.

How we contribute to community outcomes

Quality lifestyle

Plan to reduce the impacts of floods.

Build and maintain agreed flood protection works, for example, stopbanks.

Provide a consultancy service for land drainage schemes.

Prepared community

Plan for emergency events.

Tell people about the risks they face and how these can be managed.

Operate the Wellington Civil Defence Emergency Management Group Emergency Operations Centre.

Operate a flood warning system.

Healthy community

Provide navigation aids in our harbours and a communications service for Wellington Harbour.

Educate people about water safety and enforce maritime safety rules.

Healthy environment

Enhance the environment along flood corridors.

Sense of place

Clean up oil spills in our harbours and coastal waters.

Safety and flood protection

Targets

Activity: Flood protection

Levels of service:

1. Plan to reduce the impacts of floods
2. Operate a flood-warning system
3. Build and maintain agreed flood protection works, eg, stopbanks
4. Enhance the environment along flood corridors
5. Provide a consultancy service for land-drainage schemes

LONG-TERM targets by 30 June 2016

<p>There will be no loss of life or significant damage as a result of a flood event. Significant damage is defined as:</p> <ul style="list-style-type: none">• Damage caused by water from flooding rivers or streams (not stormwater systems) entering at least five houses or commercial/industrial premises• Flooding that leads to damage to key infrastructure that causes significant disruption to a community for one week or more, or widespread flood damage of farmland that has a significant impact on the neighbouring community	<p>There was no significant flooding across the region during the last year apart from a 10-year event on the Mangaone Stream in the Kapiti Coast. One house was flooded but there was no damage to any scheme assets.</p> <p>Work continued on implementing the major capital works programme to reduce flood damages. We are now eight years into the 40-year programme. with an expenditure of \$6.0 million last year. All maintenance and flood-damage repair works were completed as programmed within the budget of \$4.5 million.</p>
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SHORT-TERM targets by 30 June 2008

Actual

<p>The Waiwhetu Stream floodplain investigation will be completed within a budget of \$68,000.</p>	<p>The scope of this activity changed during the year. Council agreed to delay completion of the floodplain investigation in favour of advancing the clean-up of heavily contaminated sediments in the lower reaches of the Waiwhetu Stream. Some options were developed, and there was work and ongoing consultation with the stakeholder groups.</p>
<p>River investigations in the Wairarapa, including the Waingawa scheme review, will be completed to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$343,000.</p>	<p>The Waingawa scheme review was not completed but was progressed by collecting and analysing baseline data.</p> <p>The study of private stopbanks and structures around Lake Wairarapa was not completed but a report on the existing structures was completed.</p> <p>The work on the Lower Valley Development scheme global consent was completed.</p>
<p>The Ava Railway Bridge improvements will be completed, including the stopbank upgrade, edge protection works and Greater Wellington's contribution to the Opahu Stream pump station (to be constructed by the Hutt City Council), in accordance with accepted engineering standards and within a budget of \$6,218,000.</p>	<p>The Ava Railway Bridge waterway improvements were completed, including the stopbank upgrade edge protection works and Greater Wellington's contribution to the Opahu Stream pump station (constructed by the Hutt City Council), in accordance with accepted engineering standards.</p> <p>Actual costs in 2007/08 were \$2,054,600. Total project costs were \$5,146,500.</p>
<p>The construction of the Chrystalls extended stopbank, Otaki River, will be completed in accordance with accepted engineering standards and within a budget of \$1,850,000.</p>	<p>The Chrystalls extended stopbank construction was completed in accordance with accepted engineering standards and within budget. Final arrangements for easements and land purchase will be completed during the 2008/09 year.</p> <p>Actual costs were \$1,268,200.</p>
<p>The construction of the South Waitohu stopbank, Otaki, will be completed in accordance with accepted engineering standards and within a budget of \$506,000.</p>	<p>The project was delayed as it has taken longer than expected to obtain landowner approval for building the stopbank and to investigate options for mitigating effects on downstream properties. Construction is now proposed for 2008/09. We are currently progressing the consent application.</p> <p>Actual costs were \$52,000.</p>
<p>The Lower Wairarapa Valley Development scheme stopbank improvements will be completed within a budget of \$870,000.</p>	<p>The Lower Wairarapa Valley Development scheme stopbank improvements was completed as planned.</p> <p>Actual costs were \$875,500.</p>
<p>Maintenance operations in the western part of the region will be completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, and within a budget of \$2,271,000.</p>	<p>Maintenance operations in the western part of the region were completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan.</p> <p>Actual costs were \$1,982,000.</p>
<p>Maintenance operations for the 10 Wairarapa river schemes will be completed to</p>	<p>Maintenance operations for the 10 Wairarapa river schemes were completed in</p>

<p>established standards and to the satisfaction of the Scheme Advisory Committees, and within a budget of \$1,798,000.</p>	<p>accordance with established standards and to the satisfaction of the Scheme Advisory committees.</p> <p>Actual costs were \$1,383,100.</p>
<p>The Hutt, Waikanae and Otaki River corridors will be maintained to the satisfaction of the Landcare Committee and, where appropriate, improvements identified in the adopted River Environmental Strategy will be undertaken, within a budget of \$156,000.</p>	<p>Western River corridors were maintained in accordance with the relevant River Environmental Strategy. A summary of the significant activities undertaken during the year will be supplied to the Catchment Committee later in 2008 as part of the annual asset maintenance report.</p> <p>Actual costs were \$121,500.</p>

Activity: Emergency management

Levels of service:

1. Plan for emergency events
2. Tell people about the risks they face and how these can be managed
3. Operate the Wellington Civil Defence Emergency Management Group Emergency Operations Centre

LONG-TERM targets by 30 June 2016

<p>The Wellington Region Civil Defence Emergency Management (CDEM) Group's Plan is implemented to the satisfaction of the CDEM Group. As a result, the community and emergency management agencies will:</p> <ul style="list-style-type: none"> • Be aware of the risks they face • Take action to manage the risks they face (80% of households in the region will have emergency food and emergency water supplies – currently 65% and 69% respectively) • Know their roles and responsibilities • Be able to respond to and recover from emergency events effectively 	<p>The Wellington Region CDEM Group met twice in 2007/08. A report on progress with the work programmes in the group's plan was reported to each meeting.</p> <p>A survey on community preparedness, carried out in July 2007, showed that 72% of households have emergency food supplies (compared with 61% in 2004, 65% in 2005 and 70% in 2006), while 71 have adequate emergency water supplies (68% in 2004, 69% in 2005 and 71% in 2006).</p> <p>The CDEM Group carries out a number of public education programmes to increase awareness of risk and preparedness for an emergency. This year we were involved in Disaster Awareness Week and the Earth Rocks exhibition at Te Papa, and a variety of preparedness material (eg, scenario cards, hazard fact sheets, fridge magnets, household emergency plans, booklets and brochures).</p>
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SHORT-TERM targets by 30 June 2008

	Actual
<p>The Wellington CDEM Group Plan will be implemented to the satisfaction of the CDEM Group.</p>	<p>Progress with implementing the CDEM Group Plan was reported to the Coordinating Executives Group (CEG) on 1 October 2007 and 2 April 2008, and the CDEM Group on 1 November 2007 and 8 May 2008. Seven of the eight scheduled work programmes were completed – the eighth (audit of Emergency Operations Centres) will be reported to the CEG and CDEM Group in the first quarter of 2008/09.</p>

Activity: Harbour management

Levels of service:

1. Provide navigation aids in our harbours and a communications service for Wellington Harbour
2. Educate people about water safety and enforce maritime safety rules
3. Clean up oil spills in our harbours and coastal waters

LONG-TERM targets by 30 June 2016

The Port and Harbour Safety Management System recommendations will be achieved to the satisfaction of the Council.	The principle recommendation from the Port and Harbour Safety Management System was to upgrade the Beacon Hill Signal Station. Construction is due to commence in late 2008.
No significant accidents will occur in our harbours and coastal waters.	No significant accidents occurred in our harbours and coastal waters last year.
Adverse effects from oil spills in harbour and coastal waters will be minimised.	Oil spill response equipment has been kept in a ready state to allow a fast response to incidents. Harbours staff have maintained their oil spill response qualifications and continued to use "oil spill transfer checklists" to reduce oil bunkering spills.

SHORT-TERM targets by 30 June 2008**Actual**

<p>The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, in accordance with Council-agreed operating standards, and within a budget of \$415,000</p>	<p>The Communications Station operated on a 24-hour, 365-day basis in accordance with agreed operating standards.</p> <p>Actual costs were \$411,000.</p>
<p>Safety in harbours and coastal waters is maintained within a budget of \$100,000 by:</p> <ul style="list-style-type: none"> • Administering the Wellington Regional Navigation and Safety Bylaws • Educating recreational boaters and harbour users about safety issues • Monitoring behaviour for safety purposes with our harbour ranger service • Investigating all reports of unsafe behaviour (a formal record will be kept) 	<p>During the summer months we carried out a safety education programme and maintained a high profile on the water to educate the public about water safety (under our Navigation and Safety Bylaws) and to prevent accidents.</p> <p>The bylaws were distributed in appropriate “safe boating packs” at boat ramps, marinas, marine shops and harbour events. The packs included safety information from the Boating Safety Strategy that was developed by the National Pleasure Boat Safety Forum.</p> <p>Behaviour on the water was monitored for safety and all reports of unsafe behaviour were investigated and recorded. This year, seven infringement notices were issued for more serious breaches of the bylaws.</p> <p>Actual costs were \$107,000.</p>
<p>Reports of oil spills in harbour waters will be checked within 30 minutes, and clean-up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, within a budget of \$16,000</p>	<p>22 reports of oil spills were received and six required clean-up action. All were minor – there were no significant oil spills. All reported spills were checked-out within the approved timeframes.</p> <p>Actual costs were \$44,000.</p>

Safety and flood protection Financial summary

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	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
General rate	8,389	8,389
Targeted rate	4,550	4,551
Government subsidies	79	121
Interest and dividends	434	486
Other operating revenue	3,179	2,405
Operating revenue	16,631	15,952
Direct operating expenditure	9,759	9,583
Finance costs	2,356	2,433
Depreciation	1,048	915
Operating expenditure	13,163	12,931
Operating surplus/(deficit)	3,468	3,021
Less:		
Capital expenditure	6,510	8,499
Proceeds from asset sales	(26)	(79)
Loan funding	(5,358)	(7,677)
Rates funded capital expenditure	1,126	743
Debt repayment	2,043	2,035
Investment additions	395	378
Operational reserve movement	998	779
Working capital movements	935	0
Non-cash items	(1,048)	(914)
Net funding required	(981)	0

Operating revenue

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Flood protection	14,002	13,463
Emergency management	877	748
Harbour management	1,752	1,741
Total operating revenue	16,631	15,952
	-	-

Operating expenditure

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Flood protection	10,494	10,499
Emergency management	915	759
Harbour management	1,754	1,673
Total operating expenditure	13,163	12,931
	-	-

Capital expenditure

Harbours improvements	55	900
Hutt floodplain management plan	82	150
Hutt river improvements	2,971	3,495
Waikanae river improvements	38	145
Otaki river improvements	1,355	2,381
Wairarapa scheme improvements	1,218	870
Other flood protection	45	268
Capital project expenditure	5,764	8,209
Land and buildings	515	0
Plant and equipment	52	90
Vehicles	179	200
Total capital expenditure	6,510	8,499

Capital expenditure was below budget due to delays in upgrading the Beacon Hill facility while property issues were being resolved and lower land costs for Chrystalls extended stopbank.

Community

Greater Wellington's Community group of activities contributes to the following community outcomes – *strong and tolerant community*, and *entrepreneurial and innovative region*.

Our democratic processes contribute to the social wellbeing of the region by ensuring that the community is empowered to participate in the Council's decision making. This year we successfully completed our arrangements for the Council's triennial elections. The first meeting of the triennium was in October 2007 when councillors made their statutory declarations to perform their duties.

The involvement of Maori in our work is vital to the cultural and social wellbeing of the region. Greater Wellington has a positive and enduring relationship with tangata whenua. This year the Council decided to enhance this relationship by deciding that a Maori representative be appointed to all Council committees.

Greater Wellington acts as "keeper" of the Wellington Regional Strategy (WRS). This is a sustainable growth strategy developed by all local authorities in the region in conjunction with central Government, and the region's business, education, research and voluntary sector interests. This year as part of the WRS, Grow Wellington (a regional economic development agency) was established to contribute to the economic wellbeing of the region.

The Westpac Stadium, to which Greater Wellington contributes financially, is a high-quality, multipurpose sporting and cultural venue that has a positive impact on the economic, cultural and social wellbeing of the Wellington region.

How we contribute to community outcomes

Strong and tolerant community

Provide opportunities for the public to participate in decision making, eg, in meetings or through planning and budgeting processes.

Run elections and pay Councillors.

Arrange and service Council meetings.

Work with iwi (collectively through Ara Tahi) and also individually.

Assist iwi to undertake special projects and to work with Greater Wellington.

Entrepreneurial and innovative region

Work with city and district councils to implement the Wellington Regional Strategy.

Fund an economic development agency for the region.

Service a \$25 million loan to the Stadium Trust.

Community

Targets

Activity: Run a democratic process

Levels of service:

1. Provide opportunities for the public to participate in decision making, eg, in meetings or through planning and budgeting processes
2. Run elections and pay Councillors
3. Arrange and service Council meetings

LONG-TERM targets by 30 June 2016

The community will be informed about, and given an opportunity to participate in, all of Council's significant decision making and issues which may have an impact on rates.	The Council consulted on the Proposed 2008/09 Annual Plan in accordance with the special consultative procedure of the Local Government Act 2002. A total of 125 submissions were received and 32 submitters presented their submissions to Council's Annual Plan Hearings Committee.
All statutory requirements for meetings, including public notice and public availability of order papers, will be met.	Public notice of meetings was provided in accordance with the Local Government Official Information and Meetings Act 1987. Order papers were despatched on time with the exception of the Wellington Regional Strategy and Regional Sustainability Committees on 23 November 2007 and 18 March 2008 respectively.

SHORT-TERM targets by 30 June 2008

Actual

All statutory decision-making processes will be completed in accordance with legislative requirements.	All statutory decision-making processes were completed.
Community input will be sought before any significant decision on matters which may impact on rates.	Consultation on the Council's Proposed 2008/09 Annual Plan was undertaken in accordance with the requirements of the Local Government Act 2002.
The 2007 local body election process will run efficiently and without error.	The arrangements for the Council's triennial elections, for which the regional council was responsible, were carried out without error.
Public notice of meetings will be given in accordance with the <i>Local Government Official Information and Meetings Act 1987</i> .	All meetings were publicly notified in accordance with statutory requirements.

Activity: Involve Maori in work

Levels of service: 1

1. Work with iwi, collectively (through Ara Tahi) and also individually
2. Assist iwi to undertake special projects and to work with the Council

LONG-TERM targets by 30 June 2016

Greater Wellington and iwi of the region will continue to have a mutually beneficial relationship.	Greater Wellington has continued to have an effective relationship with iwi of the region. This year Council enhanced Maori participation in decision making by appointing Maori representatives to those Council committees without a Maori appointee.
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SHORT-TERM targets by 30 June 2008

Actual

Ara Tahi will meet six times, within a budget of \$56,000.	Ara Tahi met six times this year within a budget of \$ 37,000. Five technical workshops were also held.
Iwi will be resourced to undertake special projects which will mutually benefit the Council and iwi, and to engage with the Council on a wide range of issues.	Council received seven proposals from iwi for funding for special projects. These were considered as part of the 2008/09 planning process and were included, in slightly modified form, in the 2008/09 Annual Plan

Activity: To act as a keeper of the Wellington Regional Strategy

Levels of service:

1. Operate a Wellington Regional Strategy (WRS) Committee to develop and implement the WRS
2. Develop an effective Wellington Regional Strategy addressing sustainable prosperity and quality of life, and monitor its implementation

LONG-TERM targets by 30 June 2012*

<p>Greater Wellington will continue to develop and implement the Wellington Regional Strategy in partnership with territorial authorities in the region.</p>	<p>The "Good Regional Form" elements of the Wellington Regional Strategy (WRS) are being progressed in collaboration with the territorial authorities. These include, among others, the broadband project which was identified as the top priority in the WRS. The WRS Committee has met every two months to progress the strategy's implementation.</p>
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Note

* Funding for the activity ceases after 30 June 2012. A decision to continue the activity will follow a review, to be undertaken prior to 30 June 2011.

SHORT-TERM targets by 30 June 2008

Actual

<p>Progress on the strategic actions identified in the adopted Wellington Regional Strategy will be achieved according to timetable.</p>	<p>A programme of work was adopted by the Wellington Regional Strategy (WRS) Committee and is progressing according to the timetable. Progress has been made on the development of a genuine progress index for the region, a regional approach to urban design, regional form (the physical arrangement of urban and rural communities), and region wide broadband.</p>
<p>The Greater Wellington Regional Council will continue to facilitate stakeholder engagement in Wellington Regional Strategy priority action areas.</p>	<p>The WRS office was established during the year and staff have worked with a wide range of stakeholders on WRS programmes.</p>

Activity: Operate a regional economic development agency

Levels of service:

1. Establish and fund an economic development agency (EDA) for the region via a Council Controlled Organisation

LONG-TERM targets by 30 June 2012*

There will be an overall improvement in the Wellington Region's Genuine Progress Index.	No progress can be reported. A Genuine Progress Index framework is still to be completed.
A top-10 ranking will be achieved in the Mercer Quality of Living Survey (2006 = 12th).	Wellington was 12th in the 2007 survey.
The regional GDP per capita increase will be above the 10-year New Zealand rolling average.	Regional GDP per capita growth was 1.5% for the period 1997-2007. The New Zealand growth was 1.8%.
The average income of regional residents will increase to be above the 10-year New Zealand rolling average.	Information is not available at present.
The rate of increase in full-time equivalent jobs will be above the 10-year New Zealand rolling average.	Information is not available at present.
There will be an improvement in resident perceptions of the region as a place to live and work.	No progress can be reported. The Quality of Life Survey is being undertaken in August 2008.

Note

*Funding for the activity ceases after 30 June 2012. A decision to continue the activity will follow a review, to be undertaken prior to 30 June 2011.

SHORT-TERM targets by 30 June 2008

Actual

The arrangements and change processes for delivering economic development in the region will be completed.	Grow Wellington, a regional economic development agency, was established on 1 July 2008
The EDA will meet the agreed Statement of Intent requirements, as approved by the Wellington Regional Strategy Committee.	A Statement of Intent (July 07-June 08) was agreed by the WRS Committee in December 2008. All requirements of this Statement of Intent were met.
The EDA will operate within the budget agreed by the Wellington Regional Strategy Committee.	The agreed budget was \$4 million. Actual costs were \$3.7 million.

Community

Financial summary

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	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
General rate	2,723	2,723
Targeted rate	6,676	6,676
Government subsidies	115	0
Interest and dividends	9	7
Other operating revenue	2,331	3,653
Operating revenue	11,854	13,059
Direct operating expenditure	8,758	9,803
Finance costs	1,576	1,554
Depreciation	27	32
Operating expenditure	10,361	11,389
Operating surplus/(deficit)	1,493	1,670
Less:		
Capital expenditure	87	65
Proceeds from asset sales	(14)	(16)
Loan funding	0	0
Rates funded capital expenditure	73	49
Debt repayment	1,088	1,068
Investment additions	0	0
Operational reserve movement	138	(196)
Working capital movements	(22)	0
Non-cash items	244	749
Net funding required	(28)	0

Operating revenue

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Run a democratic process	4,071	4,545
Involve Maori in our work	557	557
Act as keeper of the Wellington Regional Strategy	4,279	4,500
Contribution to the Regional Stadium	2,947	3,457

Operating expenditure

Operating expenditure

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Run a democratic process	4,147	4,724
Involve Maori in our work	557	557
Act as keeper of the Wellington Regional Strategy	4,027	4,500
Contribution to the Regional Stadium	1,630	1,608
Total operating expenditure	10,361	11,389

Total operating expenditure

0 0

Capital expenditure

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Land and buildings	0	0
Plant and equipment	47	17
Vehicles	40	48
Total capital expenditure	87	65

Investments

Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- Liquid financial deposits
- Administrative properties (eg, depots)
- Forestry and business units
- Advance to the Wellington Regional Stadium Trust
- Internal treasury management function
- Equity investments in the WRC Holdings Group (including CentrePort Ltd)

Greater Wellington's philosophy in managing investments is to optimise returns in the long-term, while balancing risk-and-return considerations. It recognises that as a responsible public authority, any investment it holds should be held for the community's long-term benefit, with any risk being appropriately managed. It also recognises that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington is aware that its investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort Ltd) and its liquid financial deposits. At an appropriate time in the future, Greater Wellington believes it could continue to reduce its risk exposure by reducing its investment holdings

and using the proceeds to repay debt. The timing of these divestments will be in accordance with Greater Wellington's objective to optimise the overall return to ratepayers.

Liquid financial deposits

Greater Wellington holds \$33 million in cash deposits as a result of selling its interest in CentrePort to one of its wholly owned subsidiaries, Port Investments Ltd. The rationale for holding these deposits is regularly reviewed, taking into account:

- General provisions of Greater Wellington's Treasury Management Policy, including attitude to risk and creditworthy counterparties
- Specific provisions of Greater Wellington's Treasury Management Policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets
- The after-tax rate of return from alternative uses of these funds (eg, reducing debt)
- The requirement to hedge the \$44 million debt within the WRC Holdings Group

Administrative properties

Greater Wellington's interests in the Upper Hutt depot and the Masterton office building are grouped to form an investment category – administrative properties.

Forestry and business units

Greater Wellington and its predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes. Greater Wellington currently holds 6,000 hectares of plantation and soil conservation reserve forests of which approximately 4,000 hectares are in the western or metropolitan part of the region, with the remaining 2,000 hectares in the Wairarapa.

The overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year.

The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of planned internal dividend contribution to the rate line from forestry is currently \$225,000 per year. This dividend will continue to be reviewed annually.

Of Greater Wellington's other business units, Akura Conservation Centre and the Wairarapa Workshop are also required to return an internal dividend in the same way as plantation forestry and reserve forests. The internal dividend rate is based on the net assets employed by each of these businesses. The level of internal dividend will continue to be reviewed annually.

BioWorks, Greater Wellington's biosecurity business unit, is not currently required to return an internal dividend.

Advance to Wellington Regional Stadium Trust

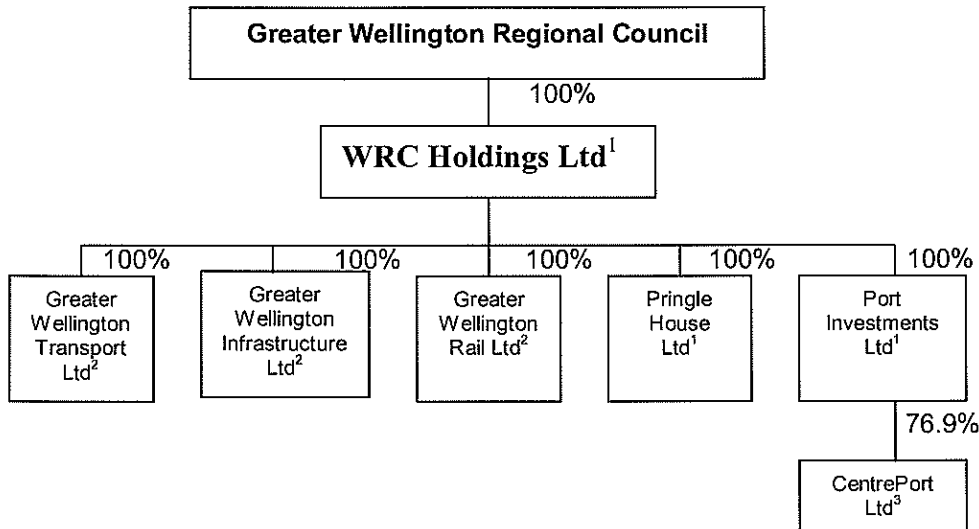
Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest-free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. Under the International Financial Reporting Standards this advance has been written down to \$3.67 million as at 30 June 2008.

Greater Wellington's internal treasury function

Greater Wellington's treasury management activity is carried out centrally to maximise ability to negotiate with financial institutions. As a result of past surpluses, sales of property and capital returns from the port company, the treasury function produces an internal surplus by on-lending those funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. This surplus is then used to offset regional rates.

Equity investments in the WRC Holdings Group

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



- (1) Council Controlled Trading Organisation in accordance with the Local Government Act 2002
- (2) Council Controlled Trading Organisation in accordance with the Local Government Act 2002. These companies were incorporated on 3 August 2006
- (3) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Government Act 2002

WRC Holdings Ltd and Port Investments Ltd are in essence investment holding companies. The main operating companies in the group are CentrePort Ltd and Pringle House Ltd. Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd and Greater Wellington Rail Ltd will own Greater Wellington interests in public transport infrastructure, such as rail rolling stock, stations and trolley-bus wires.

Each year WRC Holdings Ltd provides to Greater Wellington, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was originally set up for a number of reasons that remain applicable, including:

- Appropriate separation of management and governance
- Imposing commercial discipline on the group's activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return
- Separation of Greater Wellington's investment and commercial assets from its public good assets

The WRC Holdings Group is Greater Wellington's prime investment vehicle, and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future.

Periodically, Greater Wellington reviews the structure to determine if it's still an appropriate vehicle for holding its investments.

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

Investments

WRC Holdings Group

Objectives of the group

The primary objectives of the group as set out in the 2007/08 Statement of Intent (SOI) were to:

- Operate as a successful, sustainable and responsible business
- Own and operate Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre) on a cost-effective basis
- Own Greater Wellington's interest in CentrePort Ltd to maximise the commercial value of CentrePort to the shareholders and protect their investment, while maintaining CentrePort's strategic value to the economy of the region
- Own Greater Wellington's future investment in public transport rail rolling stock.
- Effectively manage any other investments held by the group to maximise the commercial value to shareholders and protect their investments

The financial objectives of the group shall be to:

- Where possible provide a commercial return to shareholders
- Adopt policies that prudently manage risk and protect the investment of shareholders

The environmental objectives of the group shall be to:

- Operate in an environmentally responsible and sustainable manner
- Minimise the impact of any of the group's activities on the environment

- Raise awareness of environmental issues within the group
- Encourage CentrePort and Pringle House to be more energy-efficient and make greater use of renewable energy

The social objectives of the group are to:

- Be a leading organisation and superior employer
- Provide a safe and healthy workplace
- Participate in cultural and community activities within the regions in which the group operates
- Help sustain the economy of the region

The WRC Holdings Group met all its objectives as set out in the 2007/08 SOI and Greater Wellington's 2006–2016 Long-Term Council Community Plan (LTCCP).

The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2007/08 SOI and Greater Wellington's LTCCP.

Directors

Fran Wilde (Chair)
Anne Blackburn
Peter Blades
Ian Buchanan
John Burke
Peter Glensor

Investments

WRC Holdings Group

Financial performance targets

	Actual 2008	Target 2008
Net profit before tax	8.3m	4.9m
Net profit after tax	3.2m	1.8m
Return on total assets	4.8%	3.77%
Return on shareholder equity (excludes any change in the value of investment property)	3.4%	-0.13%
Return on shareholder equity (includes any change in the value of investment property)	1.3%	
Dividends	0.064m	0.251m

Net profit before tax

The Group posted a net profit before tax, before any increases in the value of investment property and land, of \$8.3 million compared to the budget of \$4.9 million for the year.

Net profit after tax (before deduction of minority interest)

The net profit after tax was \$3.2 million compared to the budget of \$1.8 million.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets.

Return on shareholder equity

Return on shareholder equity is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). The measure is shown both before and after any increase/decrease in the value of investment properties. Average parent shareholder equity has increased due to the significant revaluation increase of assets from the prior year, but the earnings have reduced due to a revaluation reduction.

Dividends paid (or payable to the parent shareholder)

Dividend payments decreased due to increases in interest rates.

WRC Holdings Group

Activity: Environmental performance targets

Targets

CentrePort Ltd (CPL) to comply with AS/NZS 14000: Environmental Management Standards.

CentrePort Ltd to comply with its Port Noise Management Plan

Maintain an environment issues register of environmental complaints for monitoring and actioning purposes. The register to be reported to CPL's Health, Safety and Environmental Committee on a regular basis (meets at least 3 times per annum).

The group to comply with all conditions under resource consents and permits held, and full adherence to the requirements of environmental law generally.

CentrePort Ltd will hold a minimum of three Environmental Consultative Committee meetings in 2007/08 comprising CPL and effected stakeholders (customers, port users, local authorities and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters.

Actual

Achieved. CPL has established environmental management systems with separate formal environmental management and emergency management plans in accordance with AS/NZS ISO 14001:2004. The Health, Safety and Environment Board Committee reviews CPL's environment performance regularly.

No noise monitoring was undertaken during the 2007/8 year. The completion of the CentrePort Port Noise Management Plan has been delayed due to the need to incorporate the recent changes to the Wellington City District Plan and the Regional Coastal Plan on Port Noise. The final form of the CentrePort Port Noise Management Plan, including the monitoring criteria, is required to be agreed through consultation with the councils. This is currently being worked on – the timeframe for completion is by the first half of 2008/09.

Achieved. The register of environment complaints is maintained and all complaints, including follow up action, were reported to the CPL's Health, Safety and Environmental Committee. The Committee met three times during the year.

Achieved. All consents and permits have been compiled with

Partial achievement. Only two Environmental Consultative Committee meetings were held in 2007/8. There were insufficient issues to justify the holding of a third meeting.

Investments

WRC Holdings Group

Activity: Social performance targets

Targets

CentrePort (CPL) to maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.

CPL to maintain compliance with the International Ship and Port Security (ISPS) Code, which promotes security against terrorism within the port environment.

CPL to undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety code, which promotes safety and excellence in marine operations.

Undertake a level of sponsorship appropriate to CPL.

Meet regularly with representative community groups of CPL.

Actual

Achieved. CPL currently holds a tertiary level of compliance with the ACC Workplace Safety Management Practices Programme.

Achieved. AN ISPS Code Compliance audit in 2007 showed CPL is compliant.

In 2006, CPL, in conjunction with Greater Wellington Regional Council, conducted a risk assessment review as part of the requirements of the Port and Harbour Safety Code. CPL is progressing the assessment and implementation of recommendations from that review. The purchase of a new tug in 2007 is a key response to mitigate some of the risks identified in the review.

Achieved. CPL engages in a wide range of community sponsorships ranging from business groups to specific community projects and endeavours. Spending in 2007/08 amounted to \$91,000.

Achieved. CPL meets regularly with community working groups such as the Environmental Consultative Committee, Transport Advisory Bodies and Chambers of Commerce.

Investments

WRC Holdings Group

Activity: General performance targets

Targets

The group will, in consultation with shareholders, continue to develop performance targets in environmental and social areas.

Actual

The shareholders were consulted during the development of the 2009 Statement of Intent (SCI) and enhanced social and environmental objectives and a greater focus on sustainability were incorporated into the 2009 SCI.

Investments

CentrePort

Company objectives

The company's primary objectives as set out in the 2007/08 Statement of Corporate Intent (SCI) shall be to:

- Operate as a successful, sustainable and responsible business
- Be customer focused and provide superior service
- Be the industry leader in transport-logistics solutions

The financial objectives of the company shall be to:

- Provide a commercial return to shareholders
- Adopt policies that prudently manage risk and protect shareholder investment

The environmental objectives of the company shall be to:

- Operate in an environmentally responsible and sustainable manner
- Raise awareness of environmental issues within the company

The social objectives of the company shall be to:

- Be a learning organisation and superior employer.
- Provide a safe and healthy workplace
- Participate in cultural and community activities within the regions in which the company operates

Directors

N J Gould (Chairperson)

DJ Benham

E M M Johnson

W A Larsen

J G Jefferies

R M Peterson

R Janes

Investments

CentrePort

Financial performance targets

The following table lists performance against targets set in CentrePort 2006/07 Statement of Corporate Intent (SCI). Comparison against targets is provided, excluding and including revaluation gains on investment properties and financial instruments (as the SCI did not anticipate changes in asset values).

	2007/08 Actual excluding valuation changes³	2007/08 Actual including valuation changes³	2007/08 SCI target
Net profit before tax	\$11.0m	\$10.5m	\$8.5m
Net profit after tax	\$8.3	\$6.9m	\$6.7m
Return on total assets ¹			
– Port	8.2%	7.7%	6.3%
– Investment properties	2.4%	2.1%	3.1%
– Overall	5.3%	5.0%	4.9%
Return on shareholders' funds ²	4.3%	3.6%	4.1%
Dividend	\$4.8m	\$4.8m	\$4.8m
Dividend % of net profit after tax	48%	69%	72%

⁽¹⁾ Net profit before interest and tax as a percentage of average total assets

⁽²⁾ Net profit after tax as a percentage of average shareholders' funds

⁽³⁾ Valuation changes include a downward revaluation of investment property and land available for development of \$545,000

Investments

Financial summary

	Council 2008 Actual \$000s	Council 2008 Budget \$000s
Funding statement		
Operating revenue	13,717	16,665
Operating expenditure	9,130	10,745
Earnings before interest	4,587	5,920
Finance costs	(3,821)	(3,949)
Operating surplus/(deficit)	8,408	9,869
Less:		
Contribution to general rates	8,742	8,742
Earnings retained	(334)	1,127
Operating surplus of individual investments		
Liquid financial deposits	2,856	2,723
WRC Holdings	1,123	724
Treasury management	10,384	5,361
Forestry	(5,881)	1,002
Business units and property	(74)	59
Operating surplus	8,408	9,869

Statement of compliance and responsibility

Compliance

The Council and Greater Wellington Regional Council'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 Regional Council's management accept responsibility for the preparation of the annual financial statements and judgements used in them.

The Council and Greater Wellington Regional Council's 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 Regional Council's management, the annual financial statements for the year ended 30 June 2007 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Fran Wilde

Chair

29 September 2008

David Benham

Chief Executive

29 September 2008

Barry Turfrey

Chief Financial Officer

29 September 2008

Investments

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Supplementary information

Council debt	xx
Council and management structure	xx
Your Regional Councillors	xx

Supplementary information

Council debt

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Forestry – Western region	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172	11,065	11,864	12,321	13,000	13,331	13,366	14,037
Forestry – Wairarapa	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496	6,529	7,818	8,790	9,286	9,833	10,629	11,665
Flood Protection – Western region	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346	24,501	23,356	23,135	22,172	25,496	26,477	28,979
Flood Protection – Wairarapa	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141	894	601	550	683	607	661	1,432
Environment														233	545
Transport Parks and Forests	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582	4,317	4,025	3,701	3,348	2,967	12,514	22,140
Corporate: Regional Council Centre	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156	4,649	3,223	2,999	2,756	2,491	2,206	1,930
Other buildings	853	838	1,041	1,018	1,001	982	959	935	908	878	685	985	946	927	890
Information Systems	1,037	875	394	232	0	1,470	1,144	893	1,297	884	402	741	524	425	528
Regional Stadium	0	0	0	0	0	24,500	23,974	23,378	22,729	22,029	21,272	20,444	19,925	18,985	17,899
Regional water supply	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190	51,680	48,106	45,759	43,648	44,983	44,743	42,710
Total activities debt	127,492	127,416	129,323	121,426	118,737	142,763	139,082	135,585	130,115	124,401	121,325	118,758	124,227	134,430	145,904
Treasury internal funding	(12,909)	(22,324)	(22,549)	(31,808)	(36,739)	(42,093)	(43,352)	(48,174)	(47,409)	(54,254)	(57,341)	(60,761)	(63,915)	(68,161)	(72,053)
Council external debt	114,583	105,092	106,774	89,618	81,998	100,670	95,730	87,411	82,706	70,147	63,984	57,997	60,312	66,269	73,851

Council and management structure

[With the designer]

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