



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling please ask for: Democratic Services

7 August 2017

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held in the Level 2 East meeting room, Westpac Stadium, Waterloo Quay, Wellington on:

Thursday, 10 August 2017 at 10.00am

Membership

Cr Laidlaw (Chair)

Cr Blakeley
Cr Donaldson
Cr Kedgley
Cr Lamason
Cr Ogden
Cr Staples

Cr Brash
Cr Gaylor
Cr Laban
Cr McKinnon
Cr Ponter
Cr Swain

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

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held on Thursday, 10 August 2017 in the Level 2 East meeting room, Westpac Stadium, Waterloo Quay, Wellington at 10.00am

Public Business

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(circulated separately) |

for your notes

for your notes

for your notes



Please note that these minutes remain unconfirmed until the meeting of the Council on 10 August 2017

Report 17.238

28/06/2017

File: CCAB-8-1208

Public minutes of the Council meeting held on Wednesday, 28 June 2017 in the Level 2 East meeting room, Westpac Stadium, Waterloo Quay at 10:00am

Present

Councillors Laidlaw (Chair), Blakeley, Brash, Donaldson, Gaylor, Laban, Lamason, McKinnon, Ogden, Ponter, Staples and Swain.

Public Business

1 Apologies

Moved

(Cr Laidlaw/Cr Brash)

That the Council accepts the apologies for absence from Councillor Kedgley.

The motion was **CARRIED**.

2 Declarations of conflict of interest

There were no declarations of conflict of interest.

3 Public participation

Andrew Chick, Union Development Organiser from NZCTU, spoke to item 8 on the agenda, Update on transport matters.

4 Confirmation of the public minutes of 14 June 2017, the Public Excluded minutes of 14 June 2017 and the Restricted Public Excluded minutes of 14 June 2017

Moved

(Cr Laidlaw/Cr Blakeley)

That the Council confirms the public minutes of 14 June 2017 - Report 17.210, the Public Excluded minutes of the meeting on 14 June 2017 - Report PE 17.21, and the

Restricted Public Excluded minutes of the meeting on 14 June 2017, Report PE 17.212.

The motion was **CARRIED**.

Strategy/Policy/Major Issues

5 Adoption of the Annual Plan 2017/18

Report 17.224

File: CCAB-8-118

An updated Message from the Chair (page 3 of Attachment 1 to Report 17.224 – Annual Plan 2017/18) was tabled.

Greg Campbell, Chief Executive, spoke to the report.

Moved

(Cr Laidlaw/Cr Donaldson)

That the Council:

- 1. Receives the report.*
- 2. Notes the content of the report.*
- 3. Adopts the Annual Plan 2017/18*
- 4. Delegates to the Chair the ability to make minor editorial changes prior to publication to correct errors and improve public understanding.*
- 5. Authorises the General Manager, Corporate Services/CFO to enter into any debt facilities, or raise any debt that is required to implement the Annual Plan for the 2017/18 year that are in accordance with the Council's Treasury Management Policy.*

The motion was **CARRIED**.

Noted: The Council noted that the correct overall rates increase for 2017/18 was 5.6% and that the water levy increase is 6.1%.

6 **Setting of the Wellington Regional Council rates 2017/18****Report 17.230**

File: CCAB-8-665

Dave Humm, General Manager, Corporate Services/Chief Financial Officer, spoke to the report.

Moved

(Cr Staples/Cr Ponter)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Sets, pursuant to the Local Government (Rating) Act 2002 and all other Acts and powers enabling on that behalf, the rates as set out in this report for the period commencing 1 July 2017 and concluding 30 June 2018. All dollar amounts in this resolution are exclusive of Goods and Services Tax (GST) and notes that GST will be added to these amounts at the prevailing rate at the time of supply.*

a. *General rate*

A general rate set under section 13(2)(a) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value on each rateable rating unit as follows:

General rate	2017/18 Cents per \$ of rateable capital value	2017/18 Revenue sought \$
Wellington city	0.04129	21,189,529
Lower Hutt city	0.03391	7,179,456
Upper Hutt city	0.03400	2,718,137
Porirua city	0.03353	3,367,757
Kapiti Coast district	0.03945	4,329,462
Masterton district	0.03546	1,675,353
Carterton district	0.03538	774,173
South Wairarapa district	0.03448	1,245,449
Tararua district	0.03459	2,354
Total general rate		42,481,670

b. *Targeted rate: Public transport*

The following differential targeted rate is set under section 16(3)(b) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value on each rateable rating unit as follows:

Targeted rate: Public transport	2017/18 Cents per \$ of rateable capital value	2017/18 Revenue sought \$
Wellington city		
Downtown city centre business	0.31855	25,019,166
Urban	0.03123	13,391,772
Rural	0.00802	46,420
Lower Hutt city		
Urban	0.05511	11,491,349
Rural	0.01404	44,665
Upper Hutt city		
Urban	0.06213	4,470,062
Rural	0.01579	126,321
Porirua city		
Urban	0.06321	5,969,310
Rural	0.01611	96,761
Kapiti Coast district		
Urban	0.03177	2,952,277
Rural	0.00822	138,344
Masterton district		
Urban	0.01010	238,023
Rural	0.00290	68,725
Carterton district		
Urban	0.01808	126,711
Rural	0.00485	72,078
South Wairarapa district		
Urban	0.02328	251,027
Rural	0.00605	153,385
Total public transport rate		64,656,396

c. Targeted rate: River management

The following differential targeted rates are set under section 16(3)(b) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value or land value on each rateable rating unit as follows:

Targeted rate:	2017/18	2017/18
River management	Cents per \$ of	Revenue
based on capital value	rateable capital	sought
	value	\$
Wellington city	0.00008	43,255
Lower Hutt city	0.01741	3,685,586
Upper Hutt city	0.00848	678,045
Porirua city	0.00028	28,308
Kapiti Coast district	0.01247	1,368,226
Carterton district	0.00106	23,240
Total district-wide river management rate		5,826,660
Greytown ward	0.01696	90,734
Total river management rates based upon capital value		5,917,394
Targeted rate:	2017/18	2017/18
River management	Cents per \$ of	Revenue
based on land value	rateable land	sought
	value	\$
Featherston urban: Donalds Creek Stopbank	0.00325	2,563
Total river management rates based upon land value		2,563
Total river management rates		5,919,957

d. Targeted rate: Stadium purposes

The following differential targeted rate is set under section 16(3)(b) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value on each rateable rating unit as follows:

Targeted rate: Stadium purposes	2017/18 Cents per \$ of rateable capital value	2017/18 Revenue sought \$
Wellington city		
Business	0.00172	200,998
Residential	0.00097	377,151
Rural	0.00049	2,836
Lower Hutt city		
Business	0.00131	49,785
Residential	0.00081	138,889
Rural	0.00071	2,250
Upper Hutt city		
Business	0.00069	7,727
Residential	0.00067	41,763
Rural	0.00024	1,956
Porirua city		
Business	0.00111	12,128
Residential	0.00068	56,729
Rural	0.00023	1,369
Kapiti Coast district		
Urban	0.00046	43,134
Rural	0.00025	4,206
Masterton district		
Urban	0.00061	14,378
Rural	0.00022	5,184
Carterton district		
Urban	0.00054	3,815
Rural	0.00020	3,032
South Wairarapa district		
Urban	0.00065	7,042
Rural	0.00015	3,717
Total stadium purposes rate		978,089

e. Targeted rate: Wellington Regional Strategy

The following differential targeted rate is set under section 16(3)(a) and section 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of capital value or a fixed amount per rating unit on each rateable rating unit as follows:

Targeted rate:	2017/18	2017/18
Wellington Regional Strategy	\$ per rating unit	Revenue sought
	Cents per \$ of rateable capital value	\$
Wellington city		
Downtown city centre business	0.01101	865,037
Business	0.01101	420,696
Residential – per rating unit	\$14.00	992,446
Rural – per rating unit	\$28.00	21,672
Lower Hutt city		
Business	0.00905	343,454
Residential – per rating unit	\$14.00	505,078
Rural – per rating unit	\$28.00	13,720
Upper Hutt city		
Business	0.00905	105,926
Residential – per rating unit	\$14.00	204,288
Rural – per rating unit	\$28.00	32,984
Porirua city		
Business	0.00894	97,906
Residential – per rating unit	\$14.00	239,484
Rural – per rating unit	\$28.00	17,136
Kapiti Coast district		
Business	0.01052	133,496
Residential – per rating unit	\$14.00	284,592
Rural – per rating unit	\$28.00	73,332
Masterton district		
Business	0.00946	36,056
Residential – per rating unit	\$14.00	109,550
Rural – per rating unit	\$28.00	95,956
Carterton district		
Business	0.00944	8,781
Residential – per rating unit	\$14.00	31,080
Rural – per rating unit	\$28.00	51,044
South Wairarapa district		
Business	0.00920	17,511
Residential – per rating unit	\$14.00	43,008
Rural – per rating unit	\$28.00	77,532
Tararua district – per rating unit	\$28.00	252
Total Wellington regional strategy rate		4,822,017

f. *Targeted rate: Warm Greater Wellington*

The following targeted rate is set under section 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 as a rate based on the extent of service provided (dollars), calculated as a percentage of the service:

Targeted rate:	2017/18	2017/18
Warm Greater Wellington	Percentage of	Revenue
Based on extent of service	service	sought
provided	provided	\$
For any ratepayer that utilises the service	15.000%	3,182,000

g. *Targeted rate: Possum predator*

The following differential targeted rates are set under section 16(3)(b) and section 16(4)(a) of the Local Government (Rating) Act 2002 as an amount in the dollar per hectare on each rateable rural rating unit with a land area of 4 or more hectares as follows:

Targeted rate:	2017/18	2017/18
Possum / predator	\$ per hectare	Revenue
		sought
		\$
Rural land area		
Land area of 4 or more hectares in all rural classified areas	0.76906	472,000
Total Possum / predator rate		472,000

h. Targeted rate: River management schemes (1)

The following targeted rates are set under sections 16(3)(b), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate:		2017/18	2017/18
River management schemes 1		\$ per hectare	Revenue sought
			\$
Waingawa	A	143.77579	4,877
	B	93.45424	12,198
	C	71.88789	8,219
	D	64.69915	151
	E	57.51029	9,651
	F	50.32155	1,306
	G	21.56635	1,009
	H	14.37760	2,427
			39,838
Upper Ruamahanga	A	132.79000	11,456
	B	110.65840	729
	C	88.52670	10,605
	D	66.39500	1,169
	E	44.26330	13,109
	F	22.13170	873
	S	1,246.90931	3,242
			41,183
Middle Ruamahanga	A	128.47818	5,183
	B	106.95832	5,838
	C	85.56668	438
	D	64.20053	7,268
	E	42.83327	1,292
	F	21.39164	6,324
	S	1,294.38551	2,718
			29,061
Lower Ruamahanga	A	61.78561	7,758
	B	52.95907	2,851
	C	44.13252	9,874
	D	35.30608	11,245
	E	26.47953	8,565
	F	17.65299	21,610
	SA	1,549.25454	4,028
	SB	774.62732	1,317
			67,248

Targeted rate:		2017/18	2017/18
River management schemes 1		\$ per hectare	Revenue sought \$
Waiohine – rural	A	45.02362	5,064
	B	37.33373	14,301
	C	29.92598	38,263
	D	22.51446	8,365
	E	14.99910	11,978
	S	750.73326	12,762
			90,733
Mangatarere	A	33.93020	728
	B	32.45548	6,801
	C	27.50461	434
	D	24.34465	1,749
			9,712
Waipoua	A	109.29308	9,563
	B	87.43449	26,259
	C	65.57589	1,472
	D	43.71719	12,994
	SA	3,694.10614	369
	SC	2,207.72027	221
			50,878

Targeted rate:		2017/18	2017/18
River management schemes 1		\$ per hectare	Revenue sought
			\$
Kopuaranga	A2	122.71550	3,197
	A3	110.44410	7,615
	A4	61.35830	692
	A5	42.95090	2,479
	A6	24.54390	1,991
	B2	24.54390	1,504
	B3	22.08960	1,626
	B4	12.27250	114
	B5	8.59100	267
	B6	4.90940	590
	SA	153.57000	768
	SB	76.79000	1,075
Lower Taueru	A	3.94468	1,626
	B	0.78894	223
	C	0.39452	70
	S	197.23487	299
Lower Whangaehu	A	21.20020	708
	B	16.96010	1,104
	C	12.72010	692
	D	8.47990	649
	E	4.24000	739
	S	106.00060	142
Total river management scheme rates 1			356,823

i. *Targeted rate: River management schemes (2)*

The following targeted rate is set under sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002 as a dollar amount per point on each rateable rating unit and in some cases a fixed charge per separately used or inhabited part of a rateable rating unit (dwelling) on any unit that has any residential use within the classified scheme area as follows:

Targeted rate:		2017/18	2017/18	2017/18
River management schemes 2		\$ per dwelling	\$ per point	Revenue sought \$
Lower Wairarapa valley	A		0.22960	663,259
Development scheme	Sa	18.43380		7,687
	Sb	36.88167		83,426
Total river management scheme rates 2				754,372

j. Targeted rate: Catchment schemes (1)

The following targeted rates are set under sections 16(3)(b), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate:			
Catchment schemes 1		2017/18	2017/18
		\$ per hectare	Revenue sought
			\$
Whareama	A	3.99750	2,860
	B	1.53750	1,465
	C	0.26910	12,266
	D	-	-
	E	0.19220	3
	F	0.15370	424
			17,018
Homewood	A	1.74240	4,099
	B	1.66140	754
	C	1.45200	4,840
	D	0.20740	363
			10,056
Maungaraki	Class A	0.84590	2,796
	Class B	0.39807	1,183
			3,979
Upper Kaiwhata	A	8.41550	353
	B	3.69380	290
	C	0.52560	481
	D	0.31550	561
	E	0.21010	393
	F	0.10510	47
			2,125
Lower Kaiwhata	A	14.04540	923
	B	6.14230	285
	C	0.87740	1,002
	D	0.52650	1,384
	E	0.35100	12
	F	0.17550	49
			3,655
Catchment management scheme 1 rates			36,833

k. *Targeted rate: Catchment schemes (2)*

The following targeted rates are set under sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002 as an amount in the dollar of land value on each rateable rating unit in the classified scheme area as follows:

Targeted rate:		2017/18	2017/18
Catchment schemes 2		Cents per \$ of	Revenue
		rateable land	sought
		value	\$
Awhea-Opouawe	Land value	0.00013	8,770
Mataikona-Whakataki	Land value within scheme area	0.00003	2,664
Catchment management scheme 2 rates			11,434

l. *Targeted rate: Catchment schemes (3)*

The following targeted rates are set under sections 16(3)(b) and 16(4)(b) of the Local Government (Rating) Act 2002 as a fixed charge per separately used or inhabited part of a rateable rating unit (dwelling) on any unit that has any residential use within the classified scheme area as follows:

Targeted rate:		2017/18	2017/18
Catchment schemes 3		\$ per	Revenue
		dwelling	sought
			\$
Awhea-Opouawe	Charge per dwelling	\$114.54 / \$57.27	9,850
Maungaraki	Charge per dwelling	\$29.86	567
Mataikona-Whakataki	Charge per dwelling	\$15.00	1,830
Catchment management scheme 3 rates			12,247

m. *Targeted rate: Catchment schemes (4)*

The following targeted rate is set under sections 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act on any rateable rating unit in the classified scheme area as based on the area of land within the rating unit that is protected by the Council's river management activity, calculated as an amount in the dollar per metre of the rating unit's river frontage.

Targeted rate:		2017/18	2017/18
Catchment schemes 4		Cents per	Revenue
		metre of river	sought
		frontage	\$
Maungaraki	River frontage	0.02786	1,327
Catchment management scheme 4 rates			1,327

n. *Targeted rate: Pump drainage schemes*

The following targeted rates are set under sections 16(3)(b), 16(4)(a) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate:		2017/18	2017/18
Pump drainage schemes		\$ per hectare	Revenue sought
			\$
Te Hopai	A	44.28010	55,200
Moonmoot pump	A	118.56520	27,000
Onoke pump	A	72.51170	51,732
Pouawha pump	A	109.39220	103,430
Total pump drainage scheme rates			237,362

o. *Targeted rate: Gravity drainage schemes*

The following targeted rates are set under sections 16(3)(b), 16(4)(a), 16(4)(b) and 146 of the Local Government (Rating) Act 2002 as an amount per hectare on each rateable rating unit in the classified scheme area as follows:

Targeted rate:		2017/18	2017/18
Gravity drainage schemes		\$ per hectare	Revenue sought
			\$
Okawa	A	7.00710	1,976
Taumata	A	6.31190	1,834
East Pukio	A	27.74030	3,150
Longbush	A	15.75450	3,437
Longbush	B	7.87730	990
Otahoua	A	32.35740	3,000
Te Whiti	A	9.54170	1,348
Ahikouka	A	27.16640	3,048
Battersea	A	15.03730	2,537
Battersea	B	12.42580	2,428
Battersea	C	9.72450	3,093
Battersea	D	5.87920	898
Battersea	E	5.02800	1,020
Battersea	F	5.06900	357
Manaia	A	22.75280	3,969
Whakawiriwiri	A	11.47640	8,273
Total gravity drainage scheme rates			41,358

4. *That the Wellington Regional Council sets the instalment dates outlined below and pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002 resolves to add penalties to unpaid rates as outlined below:*

All instalments are for an equal amount of the annual rates

- a. *All rating units within Wellington City*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>1 September 2017</i>	<i>6 September 2017</i>
<i>2</i>	<i>1 December 2017</i>	<i>6 December 2017</i>
<i>3</i>	<i>1 March 2018</i>	<i>6 March 2018</i>
<i>4</i>	<i>1 June 2018</i>	<i>7 June 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017. A further additional 10% penalty will be imposed to rates from previous years that remain unpaid at 5 January 2018. The penalty will be added to rates on 8 January 2018.

- b. *All rating units within Lower Hutt City*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below.

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>20 August 2017</i>	<i>21 August 2017</i>
<i>2</i>	<i>20 October 2017</i>	<i>21 October 2017</i>
<i>3</i>	<i>20 December 2017</i>	<i>21 December 2017</i>
<i>4</i>	<i>20 February 2018</i>	<i>21 February 2018</i>
<i>5</i>	<i>20 April 2018</i>	<i>21 April 2018</i>
<i>6</i>	<i>20 June 2018</i>	<i>21 June 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 21 August 2017. A further additional 10% penalty will be imposed to rates from previous years that remain unpaid at 5 January 2018. The penalty will be added to rates on 21 February 2018.

c. *All rating units within Upper Hutt City*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>31 August 2017</i>	<i>1 September 2017</i>
<i>2</i>	<i>31 October 2017</i>	<i>1 November 2017</i>
<i>3</i>	<i>15 January 2018</i>	<i>16 January 2018</i>
<i>4</i>	<i>28 February 2018</i>	<i>1 March 2018</i>
<i>5</i>	<i>30 April 2018</i>	<i>1 May 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017. A further additional 10% penalty will be imposed to rates from previous years that remain unpaid at 5 January 2018. The penalty will be added to rates on 8 January 2018.

d. *All rating units within Porirua City*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>22 August 2017</i>	<i>23 August 2017</i>
<i>2</i>	<i>21 November 2017</i>	<i>22 November 2017</i>
<i>3</i>	<i>20 February 2018</i>	<i>21 February 2018</i>
<i>4</i>	<i>22 May 2018</i>	<i>23 May 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 23 August 2017.

- e. *All rating units within Kapiti Coast District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>6 September 2017</i>	<i>7 September 2017</i>
<i>2</i>	<i>6 December 2017</i>	<i>7 December 2017</i>
<i>3</i>	<i>6 March 2018</i>	<i>7 March 2018</i>
<i>4</i>	<i>6 June 2018</i>	<i>7 June 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017.

- f. *All rating units within Masterton District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>21 August 2017</i>	<i>22 August 2017</i>
<i>2</i>	<i>20 November 2017</i>	<i>21 November 2017</i>
<i>3</i>	<i>20 February 2018</i>	<i>21 February 2018</i>
<i>4</i>	<i>21 May 2018</i>	<i>22 May 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017.

g. *All rating units within Carterton District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>21 August 2017</i>	<i>22 August 2017</i>
<i>2</i>	<i>20 November 2017</i>	<i>21 November 2017</i>
<i>3</i>	<i>20 February 2018</i>	<i>21 February 2018</i>
<i>4</i>	<i>21 May 2018</i>	<i>22 May 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017.

h. *All rating units within South Wairarapa District*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>21 August 2017</i>	<i>22 August 2017</i>
<i>2</i>	<i>20 November 2017</i>	<i>21 November 2017</i>
<i>3</i>	<i>20 February 2018</i>	<i>21 February 2018</i>
<i>4</i>	<i>21 May 2018</i>	<i>22 May 2018</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017. A further additional 10% penalty will be imposed to rates from previous years that remain unpaid at 5 January 2018. The penalty will be added to rates on 8 January 2018.

- i. *All rating units within that part of Tararua District falling within the Wellington Region.*

Instalment penalty

A 10% penalty will be added to any portion of the current instalment that remains unpaid after the due date as shown in the table below:

<i>Instalment</i>	<i>Due Date</i>	<i>Penalty Date</i>
<i>1</i>	<i>8 September 2017</i>	<i>11 September 2017</i>

Additional arrears penalty

An additional 10% penalty will be imposed to any amount of rates assessed in previous years and remaining unpaid at 5 July 2017. The penalty will be added to rates on 6 July 2017. A further additional 10% penalty will be imposed to rates from previous years that remain unpaid at 5 January 2018. The penalty will be added to rates on 8 January 2018.

5. *Requests officers to send a copy of these resolutions to all territorial authorities acting as our agents for rates collection and to the Secretary for Local Government.*

The motion was **CARRIED**.

7 Wholesale water levy for 2017/18 and end of year adjustment levy for 2016/17

Report 17.229

File: CCAB-8-1192

Dave Humm, General Manager, Corporate Services/Chief Financial Officer spoke to the report.

Moved

(Cr McKinnon/Cr Ponter)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves pursuant to section 91 of the Wellington Regional Water Board Act 1972, the wholesale water contributions payable by constituent authorities for 2017/18 be as follows:*

	2017/18 Levy \$ (GST exclusive)
<i>Hutt City Council</i>	7,658,869
<i>Porirua City Council</i>	3,591,688
<i>Upper Hutt City Council</i>	3,096,241
<i>Wellington City Council</i>	16,515,967
Total	30,862,765

4. Approves the end of year adjustment levies for 2016/17 be as follows:

	2016/17 Adjustments	
	\$ (GST exclusive)	
Hutt City Council	(91,399)	Credit
Porirua City Council	54,590	Debit
Upper Hutt City Council	146,153	Debit
Wellington City Council	(109,344)	Credit

5. Notes that settlement takes place on 20 July 2017.

The motion was **CARRIED**.

8 Update on transport matters

Report 17.234

File: CCAB-8-1196

Greg Campbell, Chief Executive, spoke to the report.

Moved

(Cr Laidlaw/Cr Blakeley)

That the Council:

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

The motion was **CARRIED**.

Noted: Officers were requested to provide a report to a future Sustainable Transport Committee, outlining the relationship between, and timeframes of, the Regional Rail Plan, the Regional Public Transport Plan, the Regional Land Transport Plan, and the Long Term Plan.

Governance

9 Wairarapa Committee appointments

Report 17.228

File: CCAB-8-1191

Moved

(Cr Laidlaw/Cr Blakeley)

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Appoints the following to the Wairarapa Committee as territorial authority representatives:*

<i>Territorial authority</i>	<i>Appointee</i>	<i>Alternate</i>
<i>Carterton District Council</i>	<i>Mayor John Booth</i>	<i>Deputy Mayor Russell Keys</i>
<i>Masterton District Council</i>	<i>Councillor John Dalziell</i>	<i>Councillor Chris Peterson</i>
<i>South Wairarapa District Council</i>	<i>Councillor Colin Wright</i>	<i>Councillor Brian Jephson</i>

The motion was **CARRIED**.

10 **Exclusion of the public**

Report 17.227

File: CCAB-8-1193

Moved

(Cr Donaldson/Cr Staples)

That the Council:

1. *Excludes the public from the following part of the proceedings of this meeting, namely:*
 - a. *Appointment of a non-Councillor member to the Wairarapa Committee*
 - b. *Property agreement – Otaki*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<i>General subject of each matter to be considered:</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground under section 48(1) for the passing of this resolution</i>
--	---	---

- | | | |
|---|--|--|
| <ol style="list-style-type: none"> 1. <i>Appointment of a non-Councillor member to the Wairarapa Committee</i> | <p><i>The information contained in this report relates to the proposed appointment of a non-Councillor member to the Wairarapa Committee. Release of this information would prejudice the proposed non-Councillor member's' privacy by disclosing the fact that they have been nominated, and have expressed interest in, becoming a member of the Committee. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in</i></p> | <p><i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(a) of the Act (i.e to protect the privacy of natural persons).</i></p> |
|---|--|--|

public proceedings of the meeting that would override the privacy of the individual concerned.

2. *Property agreement - Otaki*

The information contained in this report relates to a land agreement under the Public Works Act 1981 which has yet to be confirmed. The report outlines terms of the proposed agreement which could still be negotiated. Having this part of the meeting open to the public would disadvantage Greater Wellington Regional Council if further negotiations were to take place as it would reveal Greater Wellington Regional Council's negotiation strategy. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.

That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.

The motion was **CARRIED**.

The public part of the meeting closed at 11:19am.

Cr C Laidlaw
(Chair)

Date:



Report 17.260
Date 2 August 2017
File CCAB-8-1230

Committee Council
Author Greg Campbell, Chief Executive

Action items from previous Council meetings

[Attachment 1](#) lists items raised at Council meetings that require actions or follow-ups from officers. All action items include an outline of current status and a brief comment. Once the items have been completed and reported to Council they will be removed from the list.

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

Recommendations

That the Council:

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

Report prepared by:

Greg Campbell
Chief Executive

Attachment 1: Action items from previous meetings

Attachment 1 to Report 17.260

Action points from previous Council meetings

Meeting date	Action point	Status and comment
24 May 2017	<p>Resolutions on Report 17.142 – Summary report for the third quarter 2016/17</p> <p><i>3. Requests the Chief Executive to initiate discussion with KiwiRail, the Ministry of Transport and the Member of Parliament for Wairarapa on the upgrading and maintenance of the Wairarapa Line.</i></p> <p><i>4. Requests the Chief Executive to call a meeting with KiwiRail for an explanation of locomotive performance on the Wairarapa Line.</i></p> <p><i>5. Requests the Chief Executive to call a meeting with Transdev for an explanation of capacity issues on the Wairarapa Line.</i></p> <p><i>6. Invites the Chair to make a press statement on the above three recommendations.</i></p> <p><i>7. Requests the Chief Executive to meet with the Chief Executive of NZ Bus to convey the Council's sense of urgency for handover of the prototype bus from Wrightspeed to NZ Bus for testing, with the objective of the Wrightspeed conversion being completed by 31 October 2017.</i></p>	<p>Status: Completed.</p> <p>Comments:</p> <p>Report 17.234, considered at the 28 June 2017 Council meeting, provided an update on progress with these matters.</p>



Report 2017.281
Date 4 August 2017
File CCAB-8-1253

Committee Council
Author Dave Humm, GM Corporate Services/CFO

Water treatment at Waterloo Treatment Plant

1. Purpose

To seek approval from Council for the ongoing treatment of waterborne pathogens at the Waterloo Water Treatment Plant.

2. Background

Safe and reliable drinking water is vital to the health and prosperity of our region and its people. In May 2017, Wellington Water announced that it would be continuing its investigations into the three positive *E. coli* test results received from the water drawn from the Waiwhetu Aquifer by the Waterloo Wellfield, and subsequently supplied by the Waterloo Water Treatment Plant (the Treatment Plant) to the majority of its Lower Hutt City customers. This announcement followed its decision in April to continuously chlorinate the water supplied by the Treatment Plant until it was in a position to advise the Council and Hutt City Council on the options for the ongoing management of waterborne pathogens.¹

Wellington Water has now completed its investigations, which are documented in a comprehensive Waterloo Wellfield Water Quality Contamination Investigations Report (August 2017). This report also includes Wellington Water's recommendations for the ongoing treatment of waterborne pathogens at the Treatment Plant.

It is noted that the report has been independently peer reviewed by water quality experts Mr Anthony Wilson and Professor Colin Fricker, who are both involved in varying capacities with the ongoing Havelock North Drinking Water Inquiry.

¹ The Drinking Water Standards NZ recognises three classes of micro-organisms that can cause disease, these being bacteria, viruses, and protozoa.

3. Comment

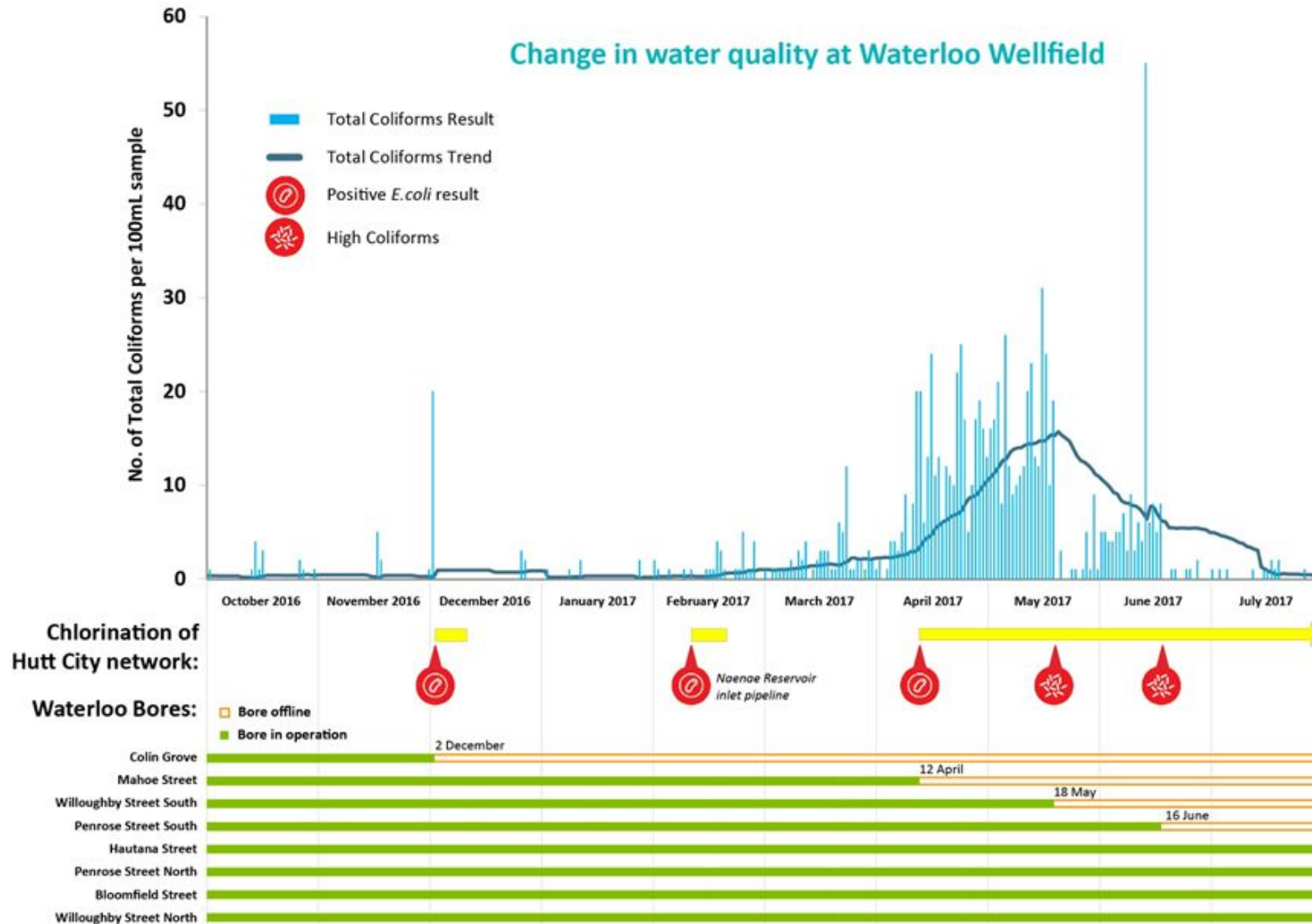
The water delivered by the Treatment Plant supplies drinking water to most of Lower Hutt City (with the exception of Manor Park, Stokes Valley and Wainuiomata), which is on average about 74,000 customers per day. In addition, and in combination with drinking water from the Wainuiomata Water Treatment Plant, the Treatment Plant also supplies drinking water to about 81,000 customers per day in Wellington City. Historically the drinking water supplied to the majority of Lower Hutt City customers has not been treated with chlorine to manage waterborne pathogens. However, the water supplied to Wellington City is chlorinated.

Up until December 2016 water samples taken from the eight bores in the Waterloo Wellfield had never returned a positive *E.coli* recording. Since then, two positive *E.coli* test results were received from two of the bores, and one from the Naenae Reservoir inlet main (the pipeline immediately 'downstream' from the Treatment Plant).

At about the same time, monitoring results showed that there was a significant increase in the number of total coliform bacteria detected in water drawn from the Wellfield, and at other locations that draw water from the aquifer. Coliform bacteria are often used as "indicator organisms" because their presence can indicate that a possible contamination pathway exists between a source of the bacteria (e.g. animal waste) and the water supply.

The number of total coliforms recorded and *E.coli* detections between October 2016 and July 2017 are illustrated on page three of this paper.

These monitoring results indicated to Wellington Water that further investigation into the sources of the contamination, and appropriate water treatment responses needed to be put in place. In response, in April 2017 Wellington Water decided to continuously chlorinate the water supplied by the Treatment Plant in as a precautionary measure. This decision was made in collaboration with Hutt City Council, as well as Hutt Valley District Health Board's Regional Public Health (RPH) while Wellington Water completed its investigations.



4. Summary of Wellington Water's Investigation findings

Detailed Waterloo Wellfield investigations were undertaken into *E.coli* detections in early 2017. Overall, and despite the detailed investigation work undertaken, Wellington Water has been unable to draw any definitive conclusions regarding the possible sources of the *E.coli* contamination or the increase in total coliforms.

Wellington Water's investigations found that the Waterloo Wellfield bores and associated assets were unlikely to be a contributing factor to the source of the contamination, but did identify some minor improvements to be made to these assets. These improvements are either completed or are in the process of being completed, and none are thought to be material to the source of the *E.coli* contamination or to the increase in total coliforms.

One possibility identified by the investigations is that the water in the aquifer itself might be contaminated. In particular, the report raises a possible concern over poorly constructed (or maintained) non-community water supply bores or building piles (that penetrate the aquifer's confining aquitard) contributing to the source of the contamination. The investigations report references both the Council's monitoring and resource management regimes for these private assets, as well as the Waiwhetu Aquifer Science Study, which is to be completed by mid-2018.

To support its investigations, Wellington Water also sought independent expert advice on the results of its investigations. Both experts advised that they consider there are public health and safety risks associated with water that is sourced from aquifers that is not subsequently fully treated for waterborne pathogens. Both have ultimately recommended that the water supplied by the treatment plant be treated against waterborne pathogens through a combination of chlorine and ultra-violet (UV) processes.

It is noted that the findings of Stage 1 of the Havelock North Drinking Water Inquiry, and the themes coming from the early submissions on Stage 2, suggest there is uncertainty associated with any water that is sourced from aquifers that is not subsequently fully treated for waterborne pathogens.

5. Recommendations resulting from Wellington Water's investigations

As discussed above, Wellington Water's investigations into the possible sources of the *E.coli* contamination or recent increase in total coliforms have not drawn any definitive conclusions. However, its investigations have identified that there are significant risks that cannot be eliminated or effectively managed if the supply of drinking water from the Treatment Plant continues without full treatment in place for the management of the waterborne pathogen risk.

Wellington Water has considered different treatment options, including: a return to pre *E. coli* detection state (no chlorine); continue to chlorinate only; UV disinfection only (no chlorine); and UV disinfection with chlorine.

Any preferred option needs to:

- ensure that safe and healthy drinking water continues to be provided to Wellington Water's Lower Hutt City customers (that is, those who currently receive unchlorinated drinking water)
- ensure ongoing compliance with the Drinking Water Standards of New Zealand 2005 (Revised 2008)
- be cost efficient.

Accordingly, and after considering the different treatment options, Wellington Water's key recommendation is to:

1. continue chlorination of the drinking water to be supplied from the treatment plant; and
2. That the water also be treated with UV, in order to manage the waterborne pathogen risk.

This option is consistent with the independent experts' advice, as well as being in accordance with international best practice.

6. Financial implications

With regard to the capital and operating costs associated with this recommendation, it is noted that Wellington Water is still undertaking detailed design. However, it has indicatively estimated the capex investment to meet summer demand from Waterloo is likely to be around \$5m in 2017/18. There may be additional capex costs not yet determined, which will be included in the 2018/28 long term plan for consideration e.g. building modifications at the Treatment Plant to house UV equipment.

Additional operational costs for 2017/18 are expected to be around \$1.5m – incorporating power, chlorine, the regional water safety plan, and additional staff resources.

Annual operational costs of approximately \$875,000 will be ongoing from 2018/19.

The capital costs in financial year 2017/18 will be sourced from the reallocation of funding that has been set aside for establishing Wellington Water's 'strategic stores' for resilience purposes – \$4.6m was originally allocated to this activity. This resilience project has been deferred to the 2018/19 financial year. Accordingly, around \$5m will be put forward for approval for 2018/19 to cover original resilience work.

7. Communication

Wellington Water has prepared a communications plan to help Lower Hutt City customers understand more about the water treatment processes undertaken at the treatment plant. The continued availability of unchlorinated

UV treated water from the Buick Street and Dowse Square water fountains is a key part of the explanation and messages. A media announcement will be prepared and distributed following Council's decision on the ongoing treatment.

8. Consideration of Climate Change

Officers have considered the effect of the matter on the climate.

8.1 Mitigation assessment

The construction work associated with implementing the new water treatment (installation of UV units), and the additional electricity consumption of operating the treatment, will have some climate impact. Officers do not believe that the effect will be significant.

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

8.2 Adaptation assessment

As noted, the cause of the contamination has not been definitively determined. If there is a link with storm events and flooding, then it is possible that as the magnitude of severe weather events increase as the climate changes, the potential for contamination incidents could be exacerbated.

Officers will be reviewing the impacts climate change could have on services across the region as part of an ongoing programme of work designed to understand the effects climate change will have on GWRC's activities over the long term.

9. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

9.1 Significance of the decision

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

The Council is being asked to approve the ongoing treatment of water from the treatment plant which is compliant with the New Zealand Drinking Water Standards 2005 (revised 2008) which it is required to do under the Health Act 1956.

The decision for ongoing treatment to manage the risk of waterborne pathogens in drinking water supplied at the treatment plant is to be made by the Council – in consultation with Hutt City Council. The Council is the owner of the region’s bulk water supply system and is the bulk water supplier under the Health Act 1956. Wellington Water manages the bulk water supply on behalf of the Council via a service level agreement.

9.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance. Wellington Water discussed the key findings and recommendations at a workshop with Hutt City Council on 1 August 2017. Council officers were in attendance at this workshop. The likely outcomes of the Havelock North Drinking Water Inquiry, and potential legislative change that may arise were acknowledged by the Hutt City Council. Hutt City Council indicated support for the ongoing work of the Waiwhetu Aquifer Science Study, and acknowledged that a single, or exact source of the contamination of water supplied from the Waiwhetu Aquifer may never be fully identified.

10. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Approves the ongoing treatment of waterborne pathogens at the Waterloo Water Treatment Plant using UV and chlorine in order to continue to supply compliant water as required under the Health Act 1956.***
4. ***Notes that the expenditure required to implement the treatment in the 2017/18 financial year will be met within existing budgets.***

Report prepared by:

Dave Humm
GM Corporate Services/CFO



Report 17.285
Date 4 August 2017
File CCAB-8-1244

Committee Council
Author Mark Hooker, Team Leader - Investigations, Strategy and Planning

Waiohine Floodplain Management Plan governance and project delivery structure – recommendations from Wairarapa Committee

1. Purpose

To establish a Waiohine Floodplain Management Plan (FMP) governance and project delivery structure.

2. Committee recommendations

2.1 Wairarapa Committee

The Wairarapa Committee considered establishing a Waiohine Floodplain Management Plan (FMP) governance and project delivery structure at its meeting on 3 August (Report 17.258 refers). It recommended that Council:

- a. revokes the Draft Waiohine FMP that was approved for consultation by the Environment Committee on 10 May 2016; and*
- b. establishes a Waiohine FMP Steering Group; and*
- c. adopts terms of reference for the Waiohine FMP Steering Group as set out in Attachment 1 of Report 17.258.*

2.2 Environment Committee consideration

The Environment Committee will be asked to consider and endorse the Wairarapa Committee's recommendations to Council at its meeting on 9 August (Report 17.275). The recommendations of the Environment Committee will be reported to this Council.

3. Background

3.1 Draft Waiohine FMP - development

The intended purpose of the Waiohine FMP is to manage the risk of flooding and erosion from the Waiohine River.

In 2016 a draft Waiohine FMP (Draft FMP) was developed by the Waiohine Floodplain Management Plan Advisory Committee (Advisory Committee).

On 10 May 2016 the Environment Committee approved the Draft FMP for public consultation, upon recommendation by the Advisory Committee.

3.2 Draft Waiohine FMP - consultation

On 21 June 2016, the Environment Committee (on recommendation of the Advisory Committee) established the Waiohine River Draft FMP Hearing Subcommittee (Hearing Subcommittee) to hear and consider submissions on the Draft FMP.

The hearing that was to have been held on the Draft Waiohine FMP never took place due to the unavailability of Hearing Subcommittee members prior to the 2016 local government elections.

The Draft FMP did not achieve community support.

Submitters on the Draft FMP have not been heard.

3.3 Waiohine Action Group

A community-led initiative, the Waiohine Action Group (WAG), has been formed to drive consideration of options for a new Waiohine FMP. The WAG is made up of a mix of technical and non-technical people, including some former Advisory Committee members. The WAG has demonstrated its ability to engage with a range of sectors in the local community.

4. Review of the Draft FMP

Due to feedback on the Draft FMP, officers consider that the Draft FMP should be set aside and reconsidered.

4.1 Proposed approach to review the Draft FMP

Following discussions with Carterton District Council (CDC) and South Wairarapa District Council (SWDC), and a proposed project delivery approach put forward by the WAG, officers suggest a project governance and delivery model.

This proposed delivery model will be made up of a steering group to oversee the completion of a Waiohine FMP, and a project team to identify and recommend to the steering group areas of refinement to include in a new proposed FMP.

4.2 Proposed Waiohine FMP Steering Group

Officers recommend the establishment of a Waiohine FMP Steering Group (Steering Group).

A copy of proposed terms of reference for the Steering Group is attached as [Attachment 1](#) to this report.

A summary of the Steering Group's proposed membership, roles and responsibilities is set out below.

4.2.1 Steering Group – purpose

The purpose of the Steering Group is to make recommendations to the Wairarapa Committee on the following:

- Areas of refinement and a preferred combination of options to guide development of a new proposed FMP.
- A Proposed FMP which will form the basis for further general and targeted consultation.
- A process for engaging with the community and general public on the proposed FMP.

The management of the existing river scheme and the implementation of the Waiohine FMP will sit outside the remit of this Steering Group.

The draft terms of reference (see [Attachment 1](#) to this report) propose that the recommendations of the Steering Group, if endorsed by the Wairarapa Committee, would be submitted directly to Council for approval without the need for consideration by the Environment Committee.

4.2.2 Steering Group – membership

The following membership is proposed:

- Two members, being elected members of the Carterton District Council
- Two members, being elected members of the South Wairarapa District Council
- Two members, being elected members of the Wellington Regional Council
- Two members to represent the Waiohine Action Group (one of whom will be the Waiohine Project Team chair)
- One member to represent Kahungunu ki Wairarapa
- One member to represent Rangitane o Wairarapa

It is proposed that members of the Steering Group are appointed by the Wellington Regional Council.

4.2.3 Steering Group - Role/Responsibilities

The final decision on the adoption or otherwise of a draft or final Waiohine FMP is retained by the Wellington Regional Council.

To deliver on its purpose, the range of suggested responsibilities to be assumed by the Steering Group includes the following:

- Establish a Project Team to deliver the technical assessments needed for decision-making
- Familiarisation with the work that has been undertaken to date
- Oversee and contribute to the scoping of viable options for the project and recommend a preferred option for consultation

- Request and test relevant evidence-based advice and/or technical information received from the Project Team, and resolve/mediate any conflicting advice supplied
- Ensure the work of the Project Team delivers a comprehensive, long-term and sustainable solution for the Waiohine River and the people who occupy its floodplain
- Develop and implement a communication strategy to facilitate effective engagement with the WAG, the wider Greytown/ Carterton communities and the general public in the Proposed FMP
- Identify and manage potential and relevant project risks.

5. Waiohine FMP project team

Establishing a Project Team is a matter for the Steering Group. [Attachment 2](#) to this report contains suggestions on membership, responsibilities and culture for this team. This is a combination of ideas suggested at different times by GWRC, CDC, SWDC and WAG.

The Terms of Reference put forward by WAG to the Wairarapa Committee are attached as [Attachment 3](#).

6. Wairarapa Committee's functions

The terms of reference for this Committee set out that it may consider and make recommendations to Council on any issues relevant to the Wairarapa, including but not limited to flood protection.

The terms of reference for the Council's Environment Committee sets out that one of its responsibilities is to monitor/oversee the development and implementation of floodplain management plans, including the Waiohine Floodplain Management Plan.

As both Committees have responsibility for flood protection matters, it is considered appropriate at this stage in the process that this matter being presented to the Wairarapa Committee is also presented to the Environment Committee for information before being sent to Council for decision.

7. Communication

The Council's decision will be communicated to relevant organisations..

8. Consideration of Climate Change

The matter requiring decision in this report has been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

8.1 Mitigation assessment

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

Officers have considered the effect of the matter on the climate and have concluded that the matter will have no effect.

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

8.2 Adaptation assessment

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

GWRC plans for climate change in assessing the degree of future flood hazard and in determining an appropriate response. There are only specific, limited situations in which climate change is not relevant (for example, planning for present-day emergency management).

In assessing flood hazard and determining appropriate structural and/or non-structural responses in areas subject to flood risk, GWRC applied a rainfall increase of 16.8% to the flood hydrology to account for climate change over the next 100 years. This approach was consistent with how we applied the national guidance at that time, and led to increases in flow ranging from 17% to 28% in the different sub-catchments contributing to the hydraulic model.

Further detail is available in the report: High Intensity Rainfall and Potential Impacts of Climate Change in the Waiohine Catchment - NIWA, Feb 2009.

9. The decision-making process and significance

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002.

9.1 Significance of the decision

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

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

9.2 Engagement

As set out above, the proposed delivery model has been proposed by officers following discussions with CDC, SWDC and the WAG.

10. Recommendations

That the Council

- 1. **Receives** the report.*
- 2. **Notes** the content of the report.*
- 3. **Revokes** the Draft Waiohine FMP that was approved for consultation by the Environment Committee on 10 May 2016;*
- 4. **Establishes** a Waiohine FMP Steering Group; and*

5. ***Adopts*** terms of reference for the Waiohine FMP Steering Group as set out in Attachment 1 to this report.

Report prepared by:

Mark Hooker

Team Leader - Investigations,
Strategy and Planning

Report approved by:

Graeme Campbell

Manager - Flood Protection

Report approved by:

Wayne O'Donnell

General Manager -
Catchment Management

Attachment 1: Draft terms of reference for the Waiohine FMP Steering Group

Attachment 2: Waiohine FMP Project Team – suggested structure and working principles

Attachment 3: Terms of Reference put forward by WAG

DRAFT

Greater Wellington Regional Council

Terms of reference for Waiohine FMP Steering Group

To be adopted by the Council on recommendation of the Wairarapa Committee

Waiohine FMP Steering Group

(A Project Group of the Council reporting to the Wairarapa Committee)

Purpose

The purpose of the Steering Group is to oversee the completion of a Waiohine FMP, including making recommendations to the Wairarapa Committee on the following:

- Areas of refinement and a preferred option to guide revision of the Draft FMP
- A Proposed FMP which will form the basis for further consultation with the Greytown/ Carterton community
- A process for engaging with the community on the proposed FMP

The management of the existing river scheme and the implementation of the Waiohine FMP sit outside the remit of this Steering Group.

Specific Responsibilities

The role of the Steering Group will be recommendatory to the Wairarapa Committee.

The final decision on the adoption or otherwise of a Waiohine FMP is retained by the Wellington Regional Council.

To deliver on its purpose, the Steering Group has the following responsibilities:

- Familiarisation with the work that has been undertaken on the Waiohine FMP to date
- Oversee and contribute to the scoping of viable options for the project and recommend a preferred option
- Request and test relevant evidence-based advice and/or technical information received from the Project Team, and resolve/mediate any conflicting advice supplied
- Ensure the work of the Project Team delivers a comprehensive, long-term and sustainable solution for the Waiohine River and the people who occupy its floodplain
- Develop and implement a communication strategy to facilitate effective engagement with the Waiohine Action Group, the wider Greytown/ Carterton communities, and the general public on the Proposed FMP
- Identify and manage potential and relevant project risks.

Status of the Steering Group

The Steering Group is an advisory body established by the Council (on recommendation of the Wairarapa Committee). The Steering Group is not a sub-

ordinate decision making body of the Council and is not a committee or subcommittee under the Local Government Act 2002.

Membership

1. Two members, being elected members of the Carterton District Council
2. Two members, being elected members of the South Wairarapa District Council
3. Two members, being elected members of the Wellington Regional Council
4. Two members to represent the Waiohine Action Group (one of whom will be the Waiohine Project Team chair)
5. One member to represent Kahungunu ki Wairarapa
6. One member to represent Rangitane o Wairarapa

Appointment

Members of the Steering Group are appointed by the Wellington Regional Council.

Chairperson

The Chairperson shall be the appointed by the Steering Group.

Quorum

A majority of the membership of the Steering Group shall be present to form a quorum at meetings.

Consensus

The Group will strive to decide upon the matters by consensus. In the circumstance that a consensus cannot be achieved on a particular matter, each member has a deliberate vote and the Chair does not have a casting vote.

Reporting and servicing

1. The Steering Group reports to the Wairarapa Committee.
2. The Steering Group is serviced by the Wellington Regional Council.

Remuneration

1. The expenses of members of the Steering Group who are elected members of the Wellington Regional Council, South Wairarapa District Council and Carterton District Council shall be met by the council they represent.

2. Steering Group members who are not otherwise being remunerated may claim Greater Wellington Regional Council daily meeting attendance allowances and expenses.

Meeting frequency and life of Steering Group

The Steering Group shall meet as required.

The Steering Group shall cease to exist when the Council has made a decision on the Waiohine Floodplain Management Plan recommended by the Wairarapa Committee or at a time the Council determines.

Waiohine FMP Project Team – suggested structure and working principles

Waiohine FMP Project Team

Purpose

The purpose of the Project Team is to undertake the following:

- Identify and recommend to the Steering Group areas of refinement to the draft FMP
- Identify, examine and recommend a preferred combination of FMP options to the Steering Group for consideration, endorsement and engagement with the community through the proposed FMP
- Refine the preferred combination of options based on community feedback and revise the FMP for Steering Group consideration and endorsement

Composition

Members of the Project Team are proposed to be appointed by the by the Steering Group with suggested membership as follows:

- Three WAG representatives with relevant knowledge and experience, one of whom will chair the Project Team
- Two GWRC technical specialists in flood risk management
- Two Iwi representatives (one each from Kahungunu ki Wairarapa and Rangitane o Wairarapa)
- An expert in river environmental values, such as an ecologist or representative of recreational groups

The suggested composition offers a manageable and proportionate response in terms of team numbers and representation. However, as refinement of the FMP and selection of a preferred option will be reliant on a range of technical inputs (e.g. engineering design, consenting, river and existing scheme management, emergency management, land use planning) provision should also be made to draw on additional specialist support as required (i.e. on an individual basis or through formation of a small, technical sub-group). This could include, for example, expertise from CDC, SWDC, GWRC or WAG.

Responsibility for identifying and appointing the Project Team chair (from people put forward from WAG) will sit with Council as this will be done as part of establishing the Steering Group.

Role/Responsibilities

To deliver on its purpose, the range of suggested responsibilities to be assumed by the Project Team include the following:

- Examine the results of the updated flood model and any implications for options development, and confirm acceptance of revised flood hazard
- Review any new information arising from the updated modelling and undertake/commission any additional technical assessments required
- Identify and analyse mitigation options, including such factors as engineering constraints, property impacts, costs, degree of acceptable risk

- Undertake targeted community engagement to inform and ‘ground truth’ the option identification process at the direction of the Steering Group
- Identify and recommend a preferred option to the Steering Group for community engagement
- Refine the preferred option based on community feedback and revise the Proposed FMP for Steering Group consideration and endorsement

Waiohine FMP Project Team Culture

The community response to the draft FMP, and the political climate that prevailed at the time, has led to an unhealthy climate of distrust of GWRC in the local community in relation to the Waiohine FMP.

To ensure that the review process is carried out in an open and honest environment, we recommend that the Steering Group and/or the Project Team develop a statement of the culture that will guide their work. The following advice is drawn from Institute of Directors in New Zealand (2014), *The Four Pillars of Governance Best Practice*.

“Sound architecture and processes provide a platform for good governance but do not guarantee it. The key is to build a healthy culture operating within the architecture. This can only be created by effective interaction between skilled and experienced people.”

With this in mind, outlined below are a few key attributes that are markers of a high performing and functional governance culture:

- Dissent is not viewed negatively but managed with professional respect between members
- Trust is engendered to enable matters to be disclosed and discussed freely and frankly
- Members are encouraged to identify and present alternatives and to challenge their own positions and assumptions
- Members have a good balance of skills and exhibit a high level of interpersonal cohesion
- Members have a high standard of knowledge and make effective contributions

There may be some benefit in engaging someone to facilitate these meetings, take detailed notes etc.

Terms of Reference - WFMP Project Team

Version control: 1.0

Authors Boon, Wright, Ashby, Hayes, Hewison, Slater et al

Date: 4th May 2017

Purpose and introduction: What does success look like?

GWRC wish to complete a new FMP for the Waiohine River. The background and history of this project is well documented elsewhere.

It is recognised by all parties that the process to date, whilst accumulating much valuable data, has failed to bring about a plan that is trusted and meets the needs of all stakeholders - GWRC, SWDC, CDC and importantly, the community to be served by and pay for, a flood management plan.

There is an opportunity to put aside unsuccessful practices and start afresh, using a facilitation process and team trusted by the community to review and pull together a trusted, acceptable to all, plan under the aegis of a WFMP Steering Group (Steering Group) appointed by the new Waiohine Committee.

Once lost for whatever reason, rebuilding trust is hard. So to succeed in this and deliver to the Greater Wellington Regional Councillors and District Councillors a completed outcome that is technically viable, low risk and trusted: a WFMP Project Team (Project Team) must be facilitated by and made up of individuals who possess the skills and confidence of the community. It requires a departure from the past, according to Einstein: "The definition of insanity is doing the same thing over and over again but expecting different results".

The process, method and techniques employed will review existing data and wherever it is trustworthy, validate this consensually. It will identify what can be readily done to as many remaining issues as practical in the time available to come to a consensus on these and through analysis make recommendation on the remainder based upon pre-defined guides from the Steering Group. In this way the process will build upon consensus and positive step by step outcomes.

This approach therefore proposes a low-risk, win-win path to delivering a successful FMP. It also serves as a Terms Of Reference (TOR) for the formation of a facilitated project team charged with delivering on this, quickly and inexpensively. Obviously it assumes easy, timely access to GWRC WFMP information and a positively oriented participation by willing officers, who can work in a new paradigm to share in a successful outcome. It also relies upon modern facilitation techniques, together with simple, immediate sharing of the workings of the team, to grow and demonstrate transparency and trust by all stakeholders. It must therefore be immediate, open and transparent for all. It is specifically designed to build trust and support whilst meeting the tenets of government and regulatory frameworks.

Time matters. This approach will speed up outcomes. Until the FMP is resolved, council planning and consenting and community subdivision and building work, amongst other things, are trapped in a nightmare of wasted time and money.

This is the approach that will be acceptable to the community and local councils. It represents the lowest risk in the circumstances. By following this course GWRC at the highest levels, can once again plan for a successful outcome to the WFMP and focus it's time and energy on other, pressing issues.

How will we know when we are there?

Three tests are to be pre-ordained by the Steering Group that can be used to guide investigation and decision making by the project team on a day to day basis and used by the Steering Group when reviewing whether the practice and recommendations of the Project Team are fit for purpose. In this way everyone can be guided to build consensus and be confident of when issues are resolved.

For the purposes of preparing the Terms of Reference we have proposed three "straw man" examples of such tests:

1. e.g. Does this meet the minimum requirements of the law?
2. e.g. Does this provide adequate protection in the eyes of the community in a way that is affordable and pragmatic (risk vs. cost)?
3. e.g. Has there been transparency of communication and information with all stakeholders so that they can understand, comment if needed and agree?

The Three Tests must come under the aegis of the Steering Group, handed down and regarded as mandated to the Project Team (past experience of this technique shows that more than three will become cumbersome, hard to remember in context and reference without unduly complicating process and delaying outcomes: less than three tends not to provide a firm enough framework).

Once every issue is resolved through consensus or acceptance of recommendation by the Steering Group, the project should be ready to be re-presented as a whole to the community (see below). After that, the work of the project Team is done.

Terms of Reference Outputs:

What is to be delivered by the end of the project?

First deliverable: engagement of the community to build trust

Convene project team

Familiarisation with TORs, inputs, methods, housekeeping

Settle in - forming/storming/norming/performing curve starts

Meet GWRC Steering Group

Receive Three Tests and other guidance

Set up community communication channels, inform and engage public

Second deliverable: common basis for understanding

All existing assumptions, data, inputs and outputs are to be shared and common understanding reached on their virtue.

Target subjects should cover:

- Assumptions and inputs
- Survey efficacy
- Engineering design
- Contingencies
- Funding/staging/timing
- Costs vs Risks
- Options
- Mitigations
- Other subjects as needed by Steering Group to meet deliverables

Terms of Reference Approach:

How will subjects be evaluated, consensus reached or recommendations made?

Third deliverable: It is anticipated that in the first workshop priorities, dependencies and completeness of this list will be addressed and passed to Steering Group for ratification.

All deliverables should be shared with the community as delivered and community feedback, questions and comments should be responded to by project team via facilitator. An immediate and simple mechanism is required for this. All findings and notes of the workshops will be initially written onto flip charts during the workshops. At the close of each workshop these will be digitally photographed and posted up online, where all stakeholders can see, question and comment on them. This meets the need for immediacy, transparency and full communication with everybody - instilling confidence, sharing findings and showing progress. This offers a degree of probity that engenders trust and encourages progress.

Fourth Deliverable: Recommendations to Steering Group on each target subject and how to modify draft FMP to pass each test. It is expected that in some instances later findings will result in review of earlier recommendations where previously unknown material exists. If significant, these will be re-presented to the Steering Group, otherwise presented to them when the project ends and the completed solution is presented for final review and approval.

To deliver this regular workshops will be conducted by a project team comprising:

Facilitator:

- Convenes and runs workshops
- Drive for consensus wherever possible, or an agreed process to resolve differences, or failing that note positions and arguments and make recommendation that is best known fit to Three Tests
- Deliver recommendations that pass the Three Tests
- Lead a positive and constructive process, free of past politics and break down any entrenched positions using modern tools, processes and techniques fit for purpose
- Captures outputs and posts online or delegates this
- Drives timeline and delegates offline tasks

The Facilitator reports to Steering Group on:

- Consensuses, recommendations (and rationale) on non-consensual issues,
- Recommendations relating to opportunities and roadblocks
- Progress and forecasts for completion including dependencies
- Manages process, drives outcomes, facilitates understanding and consensus, resolves conflict, keeps things moving
- Ensures transparency of process, information, recommendations and outcomes to all interested parties

Members:

- Greytown and Carterton community representatives with essential knowledge of the river and it's maintenance, floodplain management, surveying and engineering, economics and local government
- GWRC floodplain management liaison and continuity
- As needed representative landowners from both sides of the river
- Others as needed, invited by the Facilitator such as GWRC specialists and civil works experts based upon subjects being discussed

- The task of core members is to share assumption, inputs and data, identify all items that are consensual, isolate the delta of non-consensual items and under the guidance of the facilitator find the best solution that passes the three tests and delivers outcomes.
- Sending alternates is subject to Facilitator's agreement and requires full delegated authority of alternate
- It is anticipated that more than one member of the Project Team may also be present in the Steering Group, ensuring good governance, communication and liaison with local councils.

Fifth Deliverable: Completed WFMP acceptable to Steering Group and community, final presentation and dissemination to community, followed by final review and sign-off by Steering Group as being complete, accepted by the community and passing the Three Tests.

Time Constraints: By When should it start and finish?

The project team could convene and hold its first workshop within three weeks of being agreed by Steering Group. It is envisaged that workshops will be weekly for a minimum of half a day each, with background work being carried out between. This is fairly intense by the standards of past approaches but it is believed that it is in the interest of all stakeholders to work expeditiously to minimise the impact of current issues on planning and consent within the community.

The first task is to inform the wider community of the process, how they can come up to speed (if not already involved) and how they can stay informed and have input if desired. This will be done via public meeting, flyers, newsmidia and a Facebook site. By involving the wider community from day 1 we work in a way that will serve to restore confidence in the process and therefore outcomes. The importance of this cannot be overstated.

The first Project Team workshop will establish the team, its culture and collective way of doing things (form/storm/norm), deal with housekeeping, digest TORs and absorb direction from the Steering Group, such as Three Tests.

Then no more than three months to complete tasks and deliver outputs ready for final presentation to community and sign-off.

Assumptions:

Prioritisation of time by participants.

All information is made available and ready when needed.

Team members available to complete "homework" off-line.

No interference. No redirection. No change. No information from the draft FMP and contributory processes withheld, incomplete, incomprehensible or redacted - but fittest for use.

Facilitator can replace unavailable or non-contributing members if necessary (with Steering Group agreement).

Beyond three months if project not completed Facilitator must recommend changes to rapidly complete project and seek Steering Group approval for these.

Method: What is to be determined?

- Ratify and extend if necessary the Target Facts list,
- Dig down to find the facts,
- Analyse and understand these, where they have not been previously shared
- Share assumptions and model inputs,
- Share all background documents and data,
- Identify items that have consensus (**Consensus**),
- Categorise remainder as either able to be resolved (**Resolve**) and how to reach consensus or needing recommendation (**Recommend**),
- **Recommend** items should be explored (with other subject matter experts and contributors as necessary), positions noted and a recommendation developed by the chair that must pass the

three tests, then that recommendation presented to the Steering Group for them to cross examine and ratify as resolved, or push back for further work.

When all subjects are resolved the project team will prepare an easy to understand summary and information for all stakeholders that can be presented by well publicised web site, mail shot, media and public meeting, ensuring the community and all other stakeholders are fully informed and supportive. Project Team to propose coms. pack to Steering Group.

Once all these tasks are completed the Project Team should be dissolved by the WFMP Steering Group but all the documents produced should remain in the public domain to ensure probity during the implementation and operation of the WFMP.



Report	17.261
Date	4 August 2017
File	CCAB-8-1227
Committee	Council
Author	Alex Kirkwood, Democratic Services Advisor

Electoral system for the 2019 triennial elections

1. Purpose

For the Council to consider the electoral system for the 2019 triennial elections.

2. Background

2.1 Choosing an electoral system

The Local Electoral Act 2001 (LEA) governs the conduct of local elections and polls. The LEA requires that elections be conducted using either the First Past the Post (FPP) or Single Transferable Vote (STV) electoral system.

The Council is entitled to resolve to change the electoral system for its elections, i.e. from STV to FPP.

If the Council resolves to change to FPP, this electoral system would take effect for the next two triennial elections (2019 and 2022). However, the decision to change to FPP could be reversed as an outcome of a poll of electors, or after the first triennial election, i.e. 2019, by a subsequent Council resolution.

If the Council does not resolve to change its electoral system, then the status quo is retained (STV), subject to the outcome of a Council-initiated or elector-demanded poll on the matter.

2.2 Legislative processes and deadlines

The LEA outlines key processes and timeframes to be met by Council when choosing an electoral system. Some of these processes are mandatory, while others are optional. These are set out in sections 27 to 37 of the LEA:

- Council **may**, by 12 September 2017, resolve to change the electoral system under section 27.

- Council **must**, by 19 September 2017, give public notice of the right to demand a poll on the electoral system. If a resolution was passed under section 27, the public notice must be accompanied by a copy of the resolution.
- Council **may**, by 21 February 2018, resolve to conduct a poll of electors under section 31.

In addition, five percent of electors enrolled in the previous triennial general election **may** demand a poll to decide which system to use under sections 29, 30 and 33.

If the public demands a poll by 21 February 2018, the results of the poll are effective for the next two triennial elections.

If the public demands a poll after 21 February 2018, the results are effective for the next but one triennial election and the following triennial election.

A public demand for a poll could be in response to the Council not making any decision on an electoral system, resolving to change to FPP, or resolving to retain the existing electoral system, STV.

The result of a poll, whether initiated by the Council or demanded by electors, is binding. It continues to apply following the completion of two elections until the Council either resolves to change the electoral system, or the electoral system is changed as a result of a further poll.

3. Matters to consider

There are two key aspects for the Council to consider relating to the electoral system for the Council's 2019 and subsequent elections:

- Whether the Council will initiate a poll for the region's electors to decide which electoral system should be used. This could be in addition to, or instead of, the Council passing a resolution to change the electoral system.
- Whether or not the Council will change to the FPP electoral system.

3.1 Conducting a poll

A poll is a broad form of public consultation as it provides every elector with the opportunity to vote. However, there is a risk of low levels of voter participation which could result in misrepresentation of the wider community's preference. A communication plan for the region's public about the poll may help voter turnout, but there are no guarantees.

3.1.1 Council may initiate a poll

Council can choose to initiate a poll on the electoral system for the 2019 elections up until **21 February 2018**. Council can do this even if it has already decided which electoral system it should use for the 2019 elections.

3.1.2 Public may demand a poll

If no poll is initiated by the Council, 5% of the region's electors (17,483 electors) may still demand a poll to decide which electoral system should be used. The region's public would need to demand a poll by 21 February 2018 for the poll's result to be effective for the 2019 elections.

3.1.3 Cost of a poll

Officers estimate that the cost of a poll run separate to a triennial election would be around \$500,000 (GST excl.). This is based on quotes from independent electoral services provider, Electionz.com. There is currently no provision in the budget to meet the cost of a poll. Should Council decide to include a poll on the electoral system with the 2019 election, the cost could be minimal.

The poll costs exclude the costs of a communications campaign to inform the community of relevant matters to enable electors to cast an informed vote.

4. Communication

As set out above, the LEA requires Council to give public notice by 19 September 2017 of the right for electors to demand a poll, and any resolution made by the Council on the matter.

5. Consideration of Climate Change

The matter requiring decision in this report has been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

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

Officers have considered the effect of the matter on the climate. Officers recommend that the matter will have no effect.

5.2 Adaptation assessment

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

Officers have considered the impacts of climate change in relation to the matter. Officers recommend that climate change has no bearing on the matter.

6. The decision-making process and significance

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

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act).

Part 6 sets out the obligations of local authorities in relation to the making of decisions.

Officers advise that a decision-making process is explicitly prescribed for this decision by the LEA. The LEA sets out the process to be followed by the Council in determining the electoral system to be applied in local elections. The process is set out in section 2 of the report.

6.1 Significance of the decision

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

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance. Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed.

7. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the contents of the report.*
3. ***Determines** whether change the electoral system for the 2019 elections.*
4. ***Determines** whether to hold a poll on the electoral system for the 2019 elections.*

Report prepared by:

Alex Kirkwood
Democratic Services Advisor

Report approved by:

Francis Ryan
Manager, Democratic Services



Report	17.266
Date	3 August 2017
File	CCAB-8-1228
Committee	Council
Author	Mary Harvey, Corporate Reporting Analyst

Summary report for the fourth quarter 2016/17

1. Purpose

To present *Highlights from the fourth quarter of 2016/17* ([Attachment 1](#)), a summary report of GWRC's achievements from 1 April to 30 June 2017.

2. Background

The summary report provides an overview of key results in the fourth quarter. The report includes:

- highlights under high level outcomes/goals
- a cross-organisation financial summary and summary by Group
- an overview of Health and Safety
- a major project dashboard
- key metrics.

The detailed quarterly reports from each Group are available on the Councillor portal.

3. Comment

Overall, our performance in quarter four was positive.

We made good progress across a wide range of projects and programmes. The majority of the performance targets were achieved and we ended the year in a favourable fiscal position.

We continued to work collaboratively with our partners, communities and iwi on a number of fronts; the Whaitua processes and proposed Natural Resources Plan; bus services transformation; the RiverLink and Let's Get Wellington Moving projects; Ara Tahi our strategic partnership forum with mana whenua;

and planning to ensure greater coordination of regional emergency management activities.

4. Highlights from the quarter

Financial Summary

The Council ended the year with an operating deficit of \$12.443m, which is \$1.7m (12%) favourable to budget.

Operational revenue is close to budget due to additional revenue from rates, rail fares, higher consenting activity, National Ticketing Programme, Bulk Water third party revenue, and additional interest earned from pre-funding of debt. This was partially offset by the removal of CentrePort dividend and lower NZTA grants and subsidy revenue due to lower claimable costs.

Operational expenditure is slightly above budget due to earthquake related costs, additional water supply costs, additional resourcing to support consenting activity. This was partially offset by lower expenditure on the Public Transport transformation programme, integrated fares and ticketing, rail and bus costs.

Capital expenditure is \$21m favourable to budget. This is primarily due to lower than planned expenditure for Public Transport and the timing of flood protection planned programmes (including RiverLink acquisitions) and other planned programmes, such as improvements to Queen Elizabeth Park, the Collaborative Modelling Project and the Baring Bridge replacement.

Health and Safety

While we did not achieve our target of 95% reporting of health and safety incidents within 2 working days, we have made significant progress this year with a 26% improvement in the timeliness of reporting across the organisation.

Major Projects

The overall status of projects significantly improved during quarter four. Resourcing issues were alleviated for a number of projects through recruitment of additional support and significant milestones were achieved.

Over the 2016/17 financial year, the number of major projects has almost doubled. This is the result of GWRC's leadership team recognising the criticality of a number of activities that were previously considered business as usual, and a focus on regional resilience following the Kaikoura earthquake on 16 November.

Activities to streamline project reporting have continued and there has been an increasing awareness of project management best practice.

Trends

Fresh water quality

The dissolved nitrogen concentrations for all four sites in the Ruamahanga River, Te Awa Kairangi / Hutt River and Wainuiomata River were higher than those observed during the summer quarter (January-March), but were similar to those observed for quarter one. Nitrogen concentrations are generally lower in

the summer months because rainfall events, which wash contaminants from the land into the regions' rivers and streams, are less frequent. Thus, it is not surprising that median dissolved nitrogen concentrations were higher this quarter.

The two Ruamahanga sites (Gladstone and Pukio) had median nitrogen concentrations well above the Australian and New Zealand dissolved nitrogen guideline level of 0.444 mg/L for low land rivers. Interestingly, all three samples taken this quarter for both sites were done so during heavy rainfall and high flows.

No clear trends in quarter four nitrogen concentrations could be elucidated for any of the rivers.

Public transport services on time

In the year to date June 2017, 88.3% of scheduled rail services across the network were on time to within five minutes of schedule using the new measure. This would have been 96.6% under the old measure, which is better than last year's result of 95.6%. In the year to date June 2017, 99.8% of scheduled bus services were on time, slightly above 99.7% last year.

5. Communication

Matters in the report have been communicated through a variety of channels as relevant during the quarter.

6. Consideration of climate change

GWRC's Climate Change consideration process is designed to ensure that taking action on climate change becomes an integral part of GWRC's work. This is achieved by requiring a climate change assessment to be conducted during the development of all new initiatives and for any relevant matters in Council and Committee reports. Climate change issues will also be considered as part of the Long Term Plan activities review.

It is therefore not necessary to conduct a climate change assessment against the Quarterly Performance Report itself as this would duplicate the processes described above.

When relevant, climate change related activity occurring across the organisation is addressed in the appropriate section of the summary or Group reports.

7. The decision-making process and significance

No decision is being sought in this report.

8. Engagement

Engagement on this matter is unnecessary.

9. Recommendations

That the Council:

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

Report prepared by:

Mary Harvey
Corporate Reporting
Lead Analyst

Report approved by:

Nicola Shorten
Manager, Strategic and
Corporate Planning

Report approved by:

Luke Troy
General Manager, Strategy

Attachment 1: Highlights from the fourth quarter of 2016/17

HIGHLIGHTS FROM THE FOURTH QUARTER OF 2016/17

SUMMARY

FOURTH QUARTER 2016/17

1 April - 30 June 2017

Introduction

This summary report for the fourth quarter of 2016/17 provides the following:

- A summary of key performance highlights across the council¹
- A financial report for the quarter
- An overview of Health & Safety
- A project dashboard, illustrating the status of significant projects for the council.

¹ Note: Council Controlled Organisation performance is separately reported.

Overview | Highlights



More people travel by public transport, walking and cycling

Results contributing to transport outcomes for the region included:

The signing of new partnership based contracts with Transitz and Uzabus under the Public Transport Operating Model was a key milestone for bus services in the quarter. The contract with Transitz includes introducing some full battery electric buses from July 2018.

Invitations to Price were issued to incumbent operators, NZ Bus and Mana, for the directly appointed units.

Health and Safety audits of bus operators were completed with no significant improvement issues identified.

Overall public transport patronage has tracked close to last year, with a 1.1% increase in passenger trips on 2015/16. The reliability and punctuality of both bus and rail services remained consistent with the previous quarter.

A number of bus timetable improvements (additional capacity and re-timing) were completed and implemented, and the 2016/17 new and renewal bus shelters programme was completed with 61 bus shelters installed.

A record 13.1 million passengers were carried on rail services in the year to 30 June 2017, a 2.5% increase from last year.

Improvements to railway stations during the quarter included adding 70 new parking spaces for the Park and Ride development at Waikanae; expanding Solway Station parking by 34 new parking spaces; replacing the Pukerua Bay shelter; seismic upgrading on

pedestrian bridges at Tawa, Ava North and Heretaunga; and refurbishing and seismic strengthening of Taita Station.

We exceeded our 2016/17 target of 90% passengers satisfied with their trip overall; with 92% satisfaction for rail and 91.6% for bus.

Crown funding of \$98.5m was approved for all remaining wooden traction poles to be renewed (largely on the Hutt line).

The number of visitors to the Metlink website this quarter grew 11.5% on the same period last year; visits increased by 17.5%; and page views by 15% (5.9m). Around 2,500 people use the Metlink app daily.

A Customer Information Strategy for Public Transport has been developed, outlining the innovation roadmap for digital information for Metlink over the next five years.

Cycle skills training continued to be delivered across the region, with a total of 4,299 adults and children trained throughout the year. A new e-bike course was created and delivered to two workplaces.

Smart Travel, the new multi-modal national website for ridesharing, was launched in May with a focus on carpooling initially.



Our environment is clean, healthy, diverse and enjoyed by our community

Results contributing to environmental outcomes for the region included:

The Ruamāhanga Whaitua Committee has agreed a policy approach to manage discharges to be tested with the community and stakeholders; the Te Awarua-o-Porirua Whaitua Committee began considering potential policy options; and planning to establish the Wellington Harbour and Hutt Valley Whaitua has begun.

The Waingawa groundwater quality investigation was completed. It found that land use (as opposed to the historic freezing works) is the main contributor to the high levels of nitrate being recorded in water at Lowes Bush.

Compliance assessments of all earthworks, forestry, river/stream works, coastal activities, air discharges and other discharges were completed this quarter. The compliance ratings were generally good apart from non-municipal wastewater, which was only 40% compliant.

Arrangements were made for a GWRC/NIWA buoy to be deployed in Wellington Harbour. The buoy will monitor a range of biophysical properties and the impact of the Hutt River inflows on the Harbour.

Approximately 2,000 trees were planted as part of the Queen Elizabeth Park (QEP) entrance development. Also at QEP, fencing to create two new wetland areas was completed and another

900 metres in the North Whareroa Stream was retired.

We exceeded our 2016/17 target of 90% of visitors to parks who are satisfied with their experience. The result was 95%. This includes those who said they were satisfied (20%) and those who were very satisfied (75%).

Three Key Native Ecosystem plans were published this quarter for the Waterfall Road Bush, Otepua-Paruāuku Wetlands and Wellington South Coast. These plans detail the biodiversity management activities and budget for the sites over the next three years.

Scheduled work programmes for all six Catchment Schemes have been completed. Two of the Schemes incurred additional expenditure following the heavy rainfall events in March and April 2017.

The Regional Pest Management Plan discussion document was released to the public following consultation with Iwi, city and district councils and community groups.

Restoration Day was held on May 21. Around 200 volunteers attended this event which celebrates the work of volunteer restoration groups across the region. Overall this year there was an 11.5% increase in volunteer hours worked.



Our communities are increasingly resilient to flood risk & other natural hazards

Results contributing to community resilience included:

River management maintenance programmes were completed, with additional work undertaken to repair flood damage and strengthen assets.

The Jim Cooke park stopbank project (river widening and earthworks) was substantially completed this quarter.

Draft technical reports have been completed for the RiverLink project; and 13 of the required 117 properties required have been acquired.

Workshops have been held with members of the Wellington Lifelines Group to develop options for the Programme Business Case (PBC). The PBC will compare options for making the regions' infrastructure more resilient. The Institute of Geological and Nuclear Sciences (GNS) has modelled outage maps based on information provided by the Lifelines Group's members and these will inform the options in the PBC.

Five of the six councils involved in the Wellington Regional Natural Hazards Management Strategy have approved the Strategy and meetings are set up for the final one (Wellington City Council). We have been working with the councils to ensure the Strategy dove-tails with the 100 Resilient Cities programme.

This quarter, WREMO has played a significant role in the Wellington Region Resilience and Coordination Group by leading the Household Resilience portion of the work. A Infrastructure Resilience Indicator Set was developed as part of this programme.

Emergency Management Information System (EMIS) training continued over the last quarter. The sessions have been well attended and allowed participants to use EMIS for their specific operational function.

The Wellington City Emergency Services Coordinating Committee (WESCC) met during the quarter. The group welcomed the New Zealand Defence Force (NZDF) as new members. The meeting received a presentation on the capability of the NZDF 5th/7th Army Reserve infantry battalion in an emergency event within the region.

The Greytown Community Response Plan was completed on 28 May. As a result, all three South Wairarapa communities and Carterton now have Community Response Plans in place. Work has begun to develop plans in Masterton.



Strong leadership and collaboration supports robust regional growth

Results contributing to regional growth included:

Council established a Wairarapa Committee.

In the Let's Get Wellington Moving project, stakeholder and public workshops were completed and a summary of feedback released. The new transport model was completed and options are being assessed. A data report and a case for change report were developed. A background report on Bus Rapid Transit (BRT) was completed and a consultant appointed to start work on mass transit options.

We continued to work with the Wellington City Council and the other councils on business land demand and development capacity for the region, in line with the National Policy Statement on Urban Development Capacity.

Research and workshops were held with the Wellington Region Economic Development Agency (WREDA) and businesses on opportunities for growth in the creative and digital industries. Potential support needs were identified.

A report that provides high resolution climate change projections for the Wellington region has been completed. NIWA were commissioned to develop the report (which was released on 7 August) along with a promotional video and summary document.

GWRC commissioned advice from Buddle Finlay on the new obligations for Council under the Marine and Coastal Area Act 2011, and the potential impact on our iwi partners.

The first collaborative meeting with iwi partners and two key city councils was convened to discuss how we can work together to achieve the best outcomes for the region from the Te Matatini 2019 national event, which will inject millions of dollars into the regional economy.

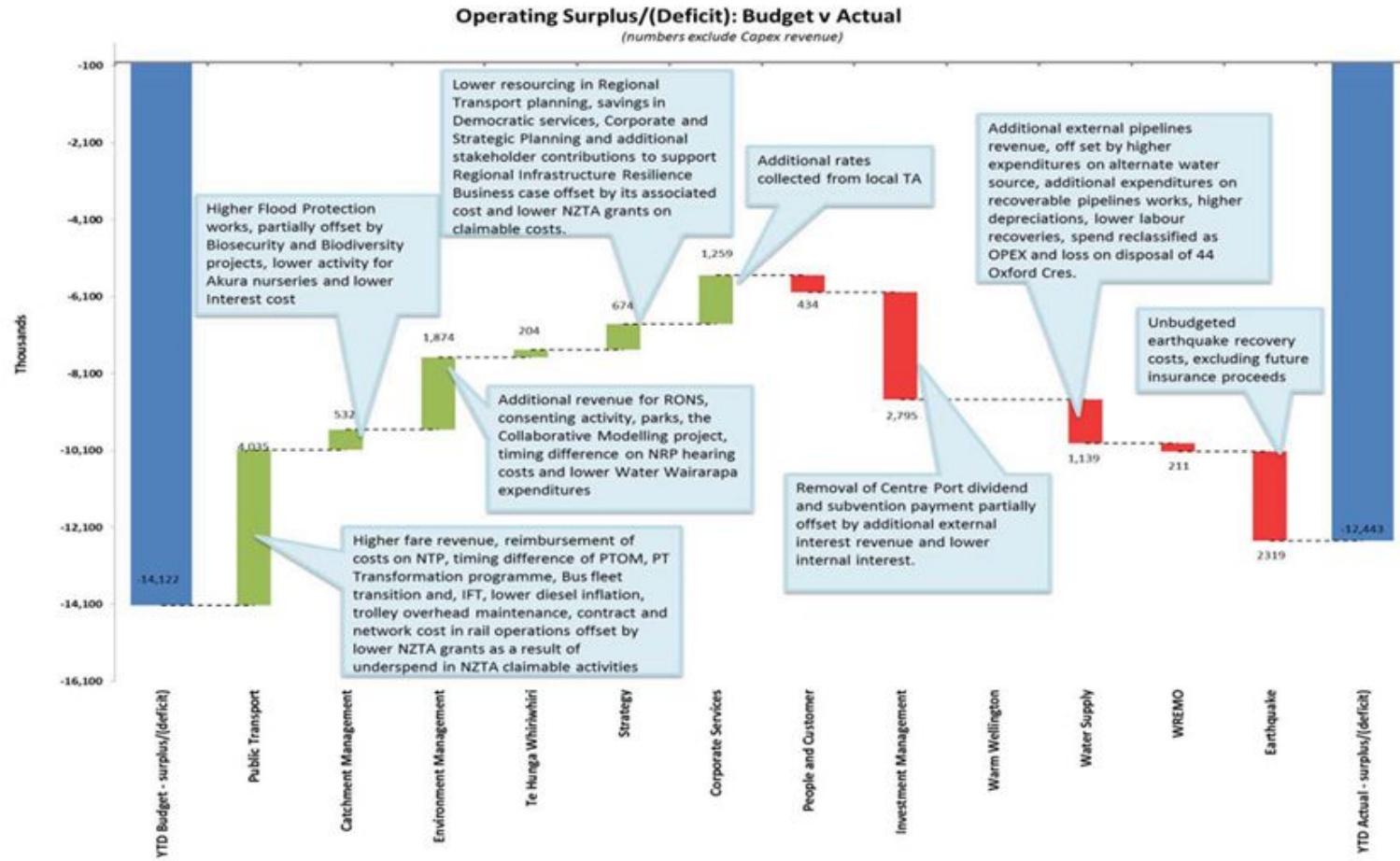
Through our collaborative relationship with the South Wairarapa District Council, ownership clarity was achieved to conclude councils' participation in the Ngāti Kahungunu ki Wairarapa Tamaki Nui a Rua settlement redress.

Overview June – Full Year Summary



Council Summary

Actual operating performance (before capital grants and fair value) is \$1.7m favourable to budget. Excluding earthquake related costs of \$2.5m and loss of Centreport Dividend of \$3.7m, underlying performance is \$7.9m favourable to budget. The variance is primarily related to Public Transport – lower rail operating, diesel bus and trolley maintenance costs, higher fare revenue and timing of expenditure on transformation and Fare and Ticketing projects, additional rates collected from TAs, release of prior year accruals Catchment – changes in the planned delivery of wetland restoration programmes and lower activity for land management and Akura and Environment - additional RONS revenue and consenting activity. Partially offset by the removal of Centreport dividend and subvention and additional costs to support bulk water.



Overview Financial Summary by Group

Statement of Revenue and Expense by Business Group - Actual v Budget

	FULL YEAR				FULL YEAR				FULL YEAR			
	Operational Revenue				Operational Expenditure				Operational Surplus / (Deficit)			
\$000	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%	Actual YTD	Budget YTD	Variance	%
Group												
Public Transport	174,882	175,371	489	0%	174,043	178,567	4,524	3%	839	(3,196)	4,035	126%
Catchment Management	36,903	36,119	784	2%	29,380	29,128	252	1%	7,523	6,991	532	8%
Environment Management	29,149	27,055	2,094	8%	27,516	27,296	220	1%	1,634	(240)	1,874	779%
Te Hunga Whiriwhiri	900	899	1	0%	685	888	203	23%	215	11	204	1873%
Strategy	12,043	11,620	423	4%	12,356	12,607	251	2%	(314)	(987)	674	68%
Corporate Services	10,421	8,969	1,451	16%	16,104	15,911	193	1%	(5,683)	(6,942)	1,259	18%
People and Customer	1,766	1,685	81	5%	8,890	8,375	515	6%	(7,123)	(6,689)	434	6%
Investment Management	(4,567)	(2,205)	2,363	107%	(3,920)	(4,352)	432	10%	(648)	2,147	2,795	130%
Water Supply	31,204	30,117	1,087	4%	37,829	35,603	2,226	6%	(6,625)	(5,486)	1,139	21%
Warm Wellington	3,118	3,089	29	1%	3,118	3,089	29	1%	0	(0)	0	100%
WREMO	3,513	3,364	149	4%	3,454	3,094	360	12%	59	270	211	78%
Earthquake 2016	151	0	151	100%	2,470	0	2,470	100%	(2,319)	0	2,319	100%
TOTAL	299,481	296,085	3,397	1%	311,925	310,206	1,718	1%	(12,443)	(14,122)	1,678	12%

Statement of Revenue and Expense

	FULL YEAR			
	Actual YTD	Budget YTD	Variance	%
\$000				
OPERATING REVENUE				
Rates	116,319	115,040	1,278	1%
Subsidies & Grants	64,036	69,944	5,907	8%
Other Revenue	114,523	104,558	9,965	10%
Finance Revenue	4,603	6,542	1,939	30%
TOTAL REVENUE	299,481	296,085	3,397	1%
OPERATING EXPENDITURE				
Personnel	43,232	43,557	325	1%
Material & Contractor/Consultant	70,783	68,733	2,050	3%
Depreciation & Amortisation	18,225	17,508	717	4%
Grants & Subsidy	145,041	149,268	4,227	3%
Finance Cost	16,477	16,534	57	0%
Other Expense	18,167	14,608	3,560	24%
TOTAL EXPENDITURE	311,925	310,206	1,718	1%
OPERATING SURPLUS/(DEFICIT)	(12,443)	(14,122)	1,678	12%
Subsidies & Grants - Capex	13,763	15,461	1,697	11%
Fair Value Movement	17,918	5,179	12,739	246%
SURPLUS/(DEFICIT)	19,238	6,518	12,720	195%

Net Capital Expenditure by Business Group

	FULL YEAR			
	Actual YTD	Budget YTD	Variance	%
\$000				
Group				
Public Transport (incl investment)	22,945	31,639	8,694	27%
Catchment Management	14,388	21,669	7,281	34%
Environment Management	4,894	6,968	2,074	30%
Strategy	22	412	390	95%
Corporate Services	766	3,665	2,898	79%
People and Customer	189	350	161	46%
Investment Management	460	379	81	21%
Water Supply	4,279	4,020	259	6%
Earthquake 2016	160	0	160	100%
TOTAL	48,104	69,102	20,998	30%

FY Business Group Commentary:

- **Operating Revenue: \$3.4m Favourable**

Public Transport is \$0.5m unfavourable to budget, largely reflecting lower NZTA grants as a result of underspend in NZTA claimable activities (\$4.2m) offset by higher fare revenue (\$2.4m) and reimbursement of costs on NTP (\$1.3m).

Catchment is \$0.8m favourable to budget, largely reflecting prior year Hutt River Parking revenue share from HCC (\$0.4m), RiverLink rental income (\$0.1m), additional biosecurity pest control (\$0.4m) offset by lower activity from Akura because of unfavourable planting conditions due to low rainfall (\$0.2m).

Environment is \$2.1m favourable to budget reflecting additional RONS revenue and other consenting activities (\$1.5m), monitoring revenue from Wellington Water and MfE for the Collaborative Modelling project (\$0.5m), license revenue, camping fees, and NZTA revenue for Parks (\$0.4m), partially offset by reduced Crown funding for the Water Wairarapa project (\$0.3m).

Strategy is \$0.4m favourable to budget which reflects additional stakeholder contributions to support Regional Infrastructure Resilience Business case (\$0.8m), offset by lower NZTA grants on claimable costs (\$0.4m).

Corporate Services is \$1.5m favourable to budget, largely reflecting additional rates revenue of \$1.3m received from local TAs from growth in rating units.

Investment Management is \$2.4m unfavourable to budget reflecting the removal of the Centre Port dividend and subvention payment of \$3.7m, partially offset additional interest earned (\$1.5m) on the prefunding of debt and other investment .

Water Supply is \$1.1m favourable to budget largely reflecting additional external pipelines & private supply revenue (\$1m) and a higher interest rate on contingency funds (\$0.1m).

- **Operating Expenditure \$1.7m Unfavourable**

Public Transport is \$4.5m favourable to budget, reflecting timing difference of PTOM, PT Transformation (\$1.9m) and Fares & Ticketing (\$0.4m), lower diesel bus inflation reflecting the lower oil price and stronger NZD (\$0.2m), lower trolley overhead maintenance cost (\$1.0m), lower contract and network cost in rail operations (\$0.4m), Marketing and Communications (\$0.2m) and Rail & Bus Studies (\$0.2m).

Catchment is \$0.3m unfavourable to budget, reflecting Flood Protection asset revaluation loss on disposal \$0.5m, partially offset by minor savings in other activities.

Environment is \$0.2m unfavourable to budget, additional costs to support resource consent activity (\$1.1m), additional science resourcing (\$0.2m) offset by NRP hearing costs re-budgeted to 17/18 (\$0.8m) and reduced Water Wairarapa expenditure (\$0.4m).

Te Hunga Whiriwhiri is \$0.2m favourable to budget, reflecting lower spend against programmes as some prior cost accruals were surplus to requirements.

Strategy is \$0.3m favourable to budget, reflecting lower costs in Regional Transport planning (\$0.8m), savings of consultant costs in Corporate and Strategic Planning (\$0.5m) and operating costs in Democratic Services (\$0.3m) offset by the additional costs in Regional Infrastructure Resilience project (\$0.8m) and additional resource to support Sustainable Transport.

Corporate Services is \$0.2m unfavourable to budget, due to the additional rating & doubtful debt costs (\$0.4m) and agreed resourcing for Finance, PMO, LAMP and CE support, offset by saving in CFO and unrequired prior year accruals.

People and customer is \$0.5m unfavourable to budget due to additional resource to the Customer Contact Centre & Admin Group (\$0.4m) & Communication & Marketing (\$0.2m). Partially offset by lower organisation training and Health & Safety expenditure.

Investment Management is \$0.4m unfavourable to budget reflecting additional funding cost from prefunding of debt and lower internal interest recoveries due to the timing difference in capex and growth in debt levels.

Water Supply is \$2.2m unfavourable to budget, largely reflecting higher depreciation from asset capitalisations (\$0.5m), loss on sales of 44 Oxford Cres (\$0.3m), touch voltage & other minor projects reclassified from CAPEX to OPEX (\$0.4), Water Quality Health (\$0.6m), CHP alternate water sources (\$0.5m), Resource costing recovery (\$0.5m) partially offset by lower power & chemical use (\$0.7m).

Unbudgeted **Earthquake** recovery costs to date are \$2.5m, which includes major items such as the asset impairment of Shed 39 fit out and Ava Bridge \$1.1m and additional operating costs for Walter Street \$0.8m. This amount *excludes* insurance proceeds, which will be determined once the claims process is completed.

- **Fair value \$12.7m Favourable**

Fair value gain of \$12.7m favourable to budget reflects the unrealised gain on interest rate swaps/hedges at balance date due to increases in market interest rates.

- **Capital Expenditure \$21.0m Favourable**

Public Transport is \$8.7m favourable to budget reflecting later than planned use of the Matangi contingency (\$2.8m), purchase of a simulator (\$2.2m), and lower heavy maintenance on the trains (\$2.6m), and Interim Bus Ticketing Solution (\$1.0m).

Catchment is \$7.3m favourable to budget due to timing of property acquisitions for the Hutt River Flood Protection – RiverLink (\$4.9m), timing difference in Kapiti improvements (\$1.0m), FMP investigations (\$0.8m) and resource consent for Western Rivers (\$0.5m).

Environment is \$2.1m favourable to budget reflecting timing difference on QEP entranceway (\$0.2m), Baring Head (\$0.8m), Collaborative Modelling (\$0.4m), other Parks CAPEX (\$0.4m) and the Pencarrow and Hinds Point light upgrades for Harbours (\$0.3m).

Corporate Services is \$2.9m favourable to budget reflecting lower ICT project spend and core system refresh.

Overview | Health and Safety Indicators



Highlights and improvements

- ✓ Approximately 200 staff took the opportunity to receive the seasonal influenza vaccination this year.
- ✓ Trailer Use Project is progressing with a draft SOP, quick reference guide developed. Trailer use training, tailored and delivered in-house specifically for GWRC in collaboration with the training provider, has been provided to around a third of the 120 staff who will be trained by the end of the year. So far, the feedback from staff has been very positive.
- ✓ Increasing number of the ELT members participating in visits to GWRC worksites.
- ✓ A new user interface and dashboard for KESAW (GWRC's Health and Safety information management system) has been developed.

Reporting of health and safety incidents

The graph below shows a small improvement this quarter in our reporting of incidents within 2 working days; however, we remain below our target of 95%. While the ambitious target was not achieved, it should be recognised that the average reporting never dropped below 84% across the whole year.

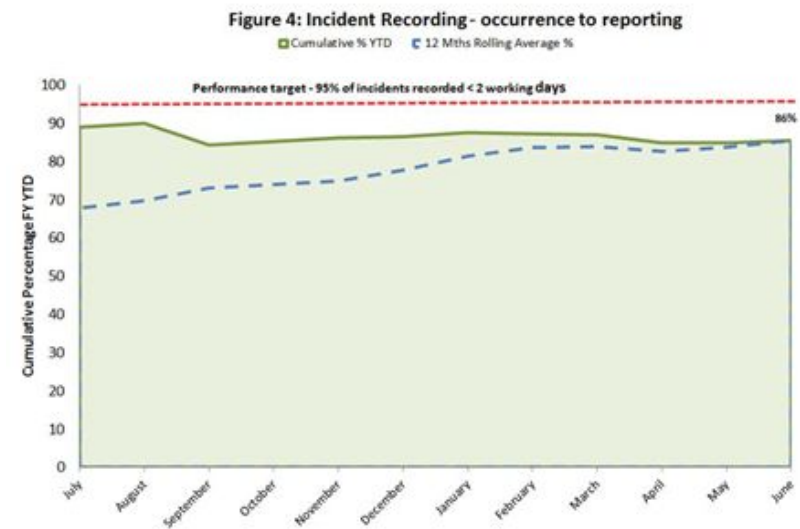
It is very positive to note that we started the 2016/17 year at 68% <2 working days and increased the average by 18% points (as shown in the blue hatch line in the graph below). This equates to a 26% improvement in the timeliness of reporting across the organisation.

Key Performance Indicators

While the Corrective Action Ratio target has not been achieved, there has been a 65% improvement from last financial year.

The number of days lost due to injuries at year end is 1.6 days lost per 100,000 hours worked. This is a positive result against our KPI of remaining below 7.5 days lost per 100,000 hours worked. The Health and Safety team continue to liaise with ACC on injury management and offer extensive support to our people in injury management and rehabilitation.

Indicator	Target	Financial year end	Status
1. Percentage of incidents reported within 2 working days	95%	86%	●
2. Ratio of the number of events to the number of subsequent actions (Corrective Action Ratio)	0.40	0.32	●
3. Days lost due to injuries, per 100,000hrs worked	7.5	1.6	●



Overview | Major Projects Indicators



Overall comment:






There was no change to the list of major projects from the last quarter, although there has been a significant improvement in overall general status across projects.






Over the 2016/17 financial year, the number of major projects has almost doubled from Q1 with the several existing activities and pieces of work being considered as major projects. There is also a major focus on regional resilience post the Wellington November 2016 earthquake.











PMO activities continue to streamline project reporting and increase awareness of Project Management best practice. The benefits can already be seen in this area with an improvement in the thoroughness and consistency of quarterly reporting since the beginning of the 2016/17 year.





















Key:
















-  On track
-  Some issues and risks but being managed
-  Significant issues, off-track











Significant Project or Programme	Overall Status	Timing	Budget	Issues	Risks	Comment
Bus Services Transformation (BST) <i>PTOM – Bus contracting; Bus fleet; Network, Customer and Transition</i>						<p>Overall programme remains on-track with respect to all deliverables, albeit with a heightened risk profile.</p> <p>The Council approved the Bus Tender Evaluation Report and accepted the recommendation for the Preferred Bus Tenderers (Tranzit Group and Uzabus) on 4 May 2017. The PTOM Contracts were successfully executed on 16 June 2017. Tranzit’s contract includes a variation to introduce 32 full battery electric buses by 2021, with the first 10 of the electric buses to be introduced into service in July 2018. Tender debriefs will be provided to the unsuccessful Tenderers in July.</p> <p>An Invitation to Price (ITP) was issued to NZ Bus and Mana on 17 May 2017 for the Direct Appointed Units (DAUs). Responses have been received from both NZ Bus and Mana. As prices submitted from both operators are above GWRC’s benchmark price range, negotiations to agree an acceptable price with each have commenced.</p> <p>Risks to the transition phase include the potential for industrial action and the degree of cooperation from the incumbent operators. Transition planning is underway with the operators with a new project and governance structure established to manage the transition phase. GWRC will convene a monthly PT Operator CEO Forum to start in July 2017 that will allow a focus on bus transition issues. Early start dates for the Wairarapa and Hutt Valley contracts is being investigated to mitigate the large scale change in July 2018 when all PTOM contracts go live.</p> <p>Design for 2018 Wellington bus network interchanges continues. Public consultation on location site options for the Kilbirnie and Johnsonville Hubs commenced (27 June) and closed on 14 July. Relevant traffic resolutions for hubs are expected to be presented to WCC for approval in late 2017. The requirement for substantial additional capital in 2017/18 for bus infrastructure (NCT project) is included in the Annual Plan. A campaign to communicate the new bus network changes in Wellington city will commence in late July.</p>

<i>Significant Project or Programme</i>	<i>Overall Status</i>	<i>Timing</i>	<i>Budget</i>	<i>Issues</i>	<i>Risks</i>	<i>Comment</i>
						<p>The NZ Bus trolley conversion programme continues to progress, with an update and site visit provided by NZ Bus to Councillors and senior GWRC staff on 5 July. The Wrightspeed prototype is yet to be handed over to NZ Bus for trialling.</p> <p>A proof of concept for the Real Time Information (RTI) and associated systems upgrade (Omnibus project) is underway by the Business Readiness (BR) workstream, with completion expected in July. Following the proof of concept a procurement process will be initiated to contract a firm to undertake the full development of the Omnibus solution. A Notice of Intent and RFP will be released in July with a view to commence development in late August.</p> <p>A Fleet Transition manager started on 12 June 2017.</p>
<p>Integrated Fares and Ticketing (IFT)</p> <p><i>National Ticketing Programme, Interim Bus Ticketing Solution; GW Ticketing Operations; Fares Transition</i></p>						<p>Joint planning for transition in support of PTOM business units is well advanced. Business requirements phase continues to progress well with high level operational requirements completed and the focus moving to detailed processes and procedures and working with Snapper to develop a collaborative customer service.</p> <p>The National Ticketing Programme is progressing well with finalisation of the multi-party agreement for Stage 1 – Indicative Business Case (IBC), and the issue of a Market Sounding request to the international ticketing market. This Market Sounding seeks to engage with industry on scope ahead of a potential procurement. Initial assessment is that this was a successful exercise with strong support for the concepts. The Extend Auckland Comparator project remains a potential delay risk.</p> <p>The PT Fares Review has progressed in accordance with the programme endorsed in May. The focus has been on developing a consultation package of fare initiatives to be brought to STC in August, prior to public release. Fares transition work has ramped up in preparation for the network changes and new contracts expected in July 2018. Transition is structured around fare media transition plans and confirming fares-related requirements for Snapper extension (e.g. transfers, applying concessions, off-peak). Several fares transition proposals will be included in the fares consultation package as part of the PT Fares Review.</p>

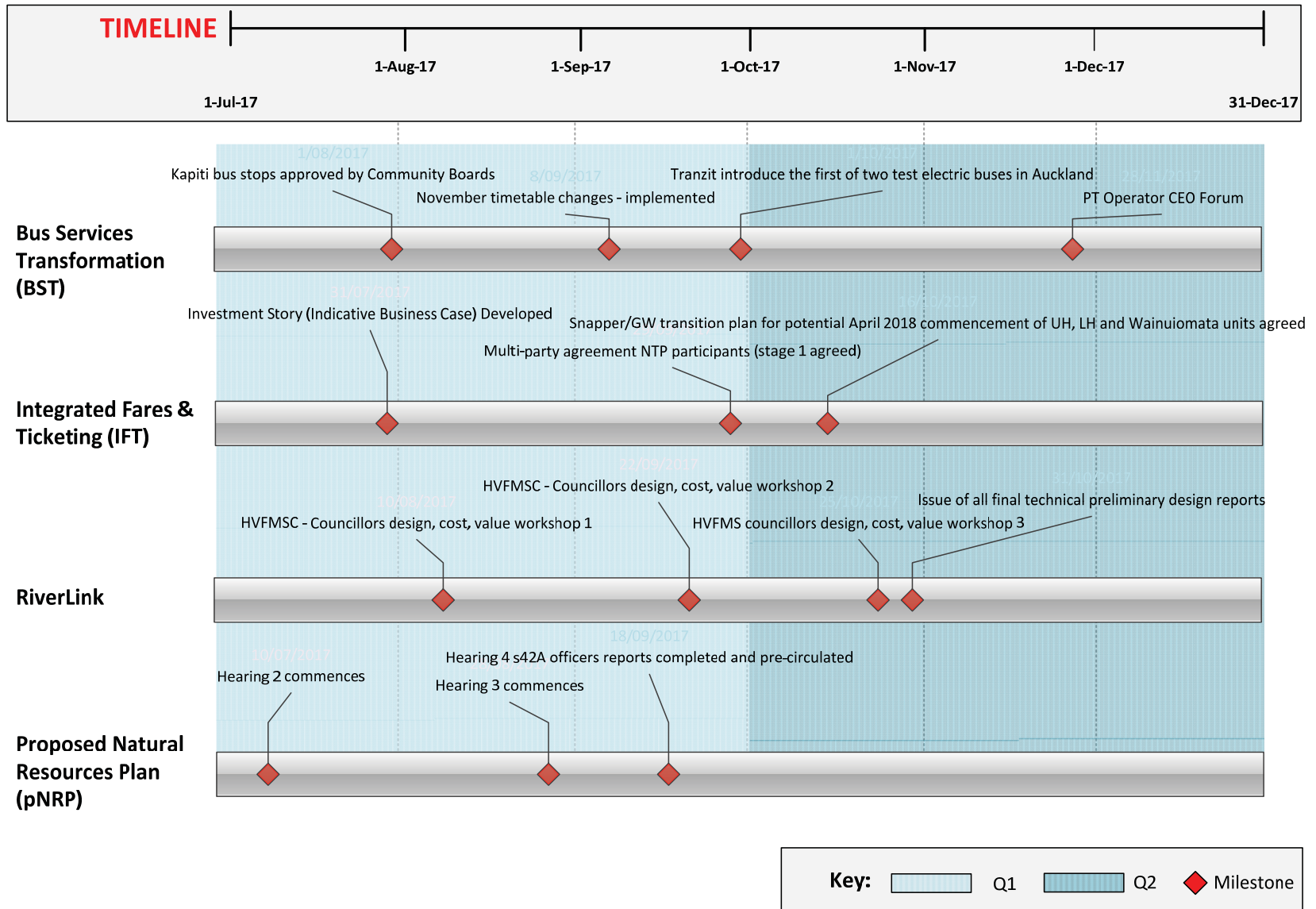
Significant Project or Programme	Overall Status	Timing	Budget	Issues	Risks	Comment
<p>RiverLink</p> <p><i>The proposed Upgrade Project combines GWRC led flood protection works with components of the HCC led Making Places Project and the NZTA led Melling Intersection Improvements Project.</i></p>						<p>The RiverLink preliminary design is 90% complete for all project elements controlled by HCC and GWRC. Technical design review is being undertaken. NZTA has met its June milestone target.</p> <p>Rough Order costs have been received for each project element, checked and reviewed by a joint GWRC and HCC team, supported by external quantity surveyor. These costs and the associated value delivery are being prepared for council consideration prior to recommendation of a 100% preliminary design.</p> <p>13 of 117 properties required have been acquired and 27 other properties are in various stages of negotiation. The Resource Legislation Amendment Act 2017 is now in effect which means additional compensation entitlements to property owners. This has resulted in additional enquiries.</p> <p>HCC has committed funding to both project delivery and property acquisition required to support the delivery of Making Places. A draft project agreement has been circulated to project partners on project responsibilities. NZTA, supported by HCC and GWRC, has completed creation of a joint 'Hutt Story' that will be used to support the NZTA business case for the Melling Intersection Improvements and for outcomes in later consultation stages.</p> <p>RiverLink Information container has been circulating around various locations in Lower Hutt to update people about different aspects of design. Planning for engagement events for spring and summer is underway.</p> <p>Preliminary design phase progressing well and mid-year milestones on time and within budget. Additional time has been programmed to allow for councillor consideration of value review and staging. Next stages will include design refinements with a recommendation to proceed to detail design and consent preparation around March 2018.</p>
<p>Proposed Natural Resources Plan (pNRP)</p> <p><i>The Proposed Natural Resources Plan First Schedule process, as set out in the Resource Management Act (1991).</i></p>						<p>Hearing stream 1 was completed on 19 June and officers' s42A reports for Hearing Stream 2 were circulated on 9 June 2017. Pre-hearing meetings continue with Hearing stream 3 set to commence on 4 September. Officers' s42A reports for Hearing Stream 4 and 5 are currently being drafted.</p> <p>An additional budget has been approved to reflect increased costs. The risk of delay has increased due to the loss of technical expertise from staff change. Legal advice is being sought where appropriate to manage any risk of judicial review.</p>

Significant Project or Programme	Overall Status	Timing	Budget	Issues	Risks	Comment
<p>Water Wairarapa</p> <p><i>Investigating a multi-purpose water scheme to collect and store water for distribution to a variety of economic and community uses for Wairarapa.</i></p>						<p>During the first half of the quarter (April to mid-May 2017), the focus was on finalising the Crown Irrigation Investments Ltd (CIIL) work programme contract such that it would satisfy the Crown’s change of emphasis for 2017. The contract for the next iteration of the work programme was signed in May.</p> <p>Work has continued on a review of the options for an entity to run and own the Product Disclosure Statement (PDS) process. Expert advice has been sought to ensure the options to be presented to Council are wide ranging, pragmatic and technically correct. This will culminate in a Council recommendation regarding GWRC’s future commitment to the project and its consideration of the project’s intellectual property.</p>
<p>Optimus (Core Systems Refresh business case)</p> <p><i>To select a replacement or upgraded Core System (Finance, HR/ Payroll and Asset Management) to rectify many issues with the current installation of SAP.</i></p>						<p>Subsequent to the 2016 Business Case, an extensive procurement process has been undertaken and a thorough demonstration and due diligence phase has been completed with two short-listed suppliers. The due diligence involved a number of further clarifications, deep-dive sessions with suppliers, strategic roadmap sessions and customer reference site visits/calls.</p> <p>As a result of the formal evaluation and the due diligence phase, a recommendation on a Preferred Supplier and a Business Case will be considered in August 2017. Subsequent to contracts being negotiated with the preferred supplier, it is expected that a formal analysis and design phase would commence in October 2017.</p>
<p>Let’s Get Wellington Moving (LGWM)</p> <p><i>Taking a fresh look at the entire transport system in central Wellington to identify a package of improvements that support community aspirations and strategic objectives for the city in terms of its look, feel and function.</i></p>						<p>Highlights of the fourth quarter of 2016/17 include: stakeholder/public workshops completed and findings report released; significant work completed on the data report and case for change documentation; BRT investigations completed; and modelling of option packages underway. Planning for public consultation in Nov 2017 is underway.</p> <p>A consultant has been appointed and work is underway to review mass transit options including the Public Transport Spine Study assumptions. This, in addition to the increased complexity of the scenario development and testing, has had an impact on budget and project timescale, with the project completion date now extended to April 2018.</p>
<p>GW Way</p> <p><i>Review, articulate and communicate Purpose, Vision and Values.</i></p>						<p>The project is 12 months old and has made significant progress in providing the foundations, supported with communications initiatives, and rolling out the GW Way programme. A number of the project work streams are being migrated to BAU. A “stocktake” of where the project is at present, and where to from here, will be started in July with interviews of GMs, managers and team leaders from a wide cross section of the organisation. The objective is to confirm positive outcomes to date, identify any gaps, and develop the next stage objectives and related activities. It is envisaged that a new framework will be developed with an associated strategy for internal engagement.</p>

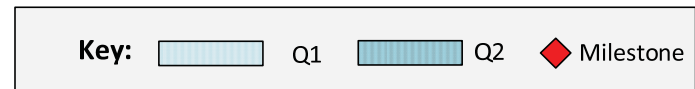
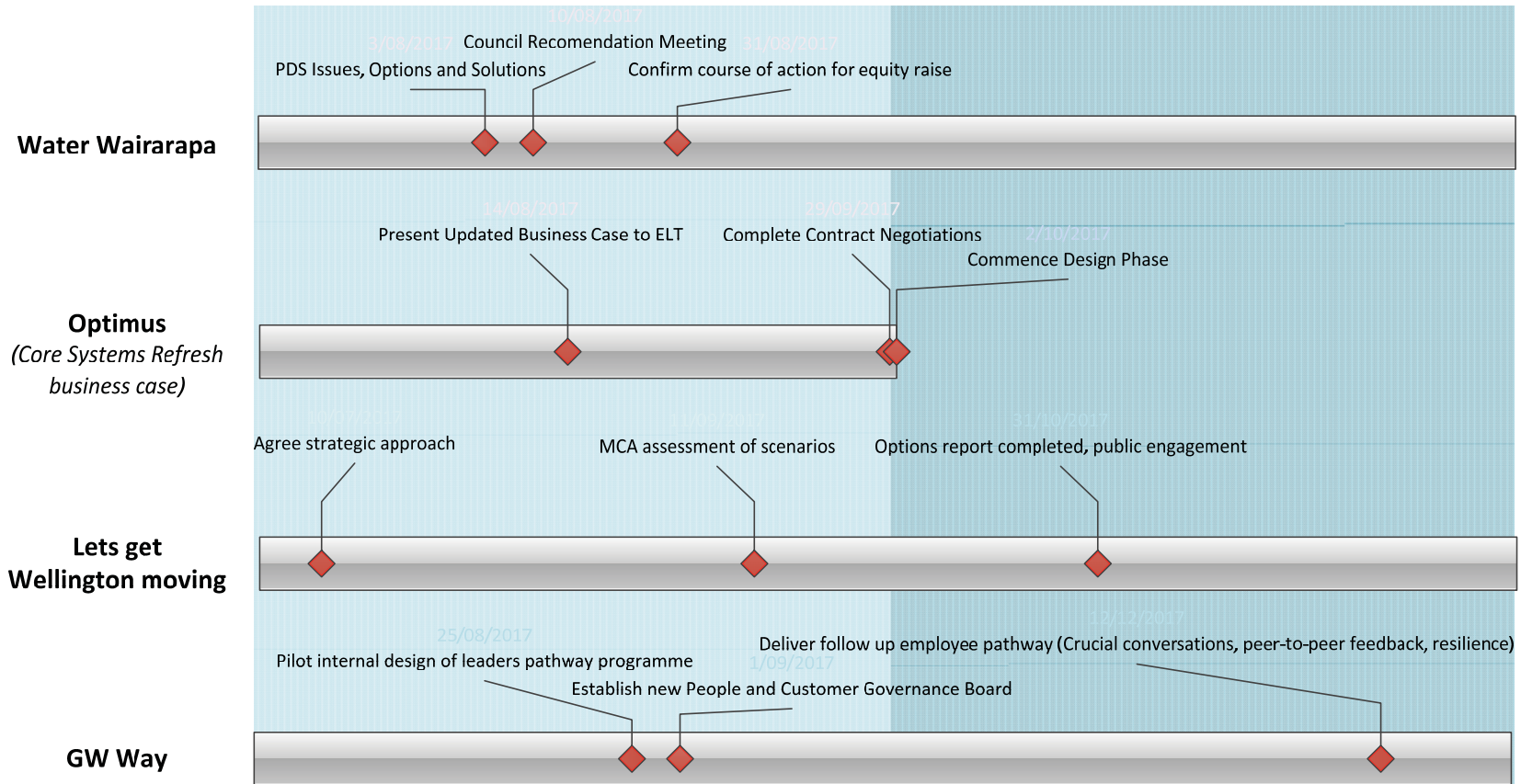
Significant Project or Programme	Overall Status	Timing	Budget	Issues	Risks	Comment
						The roll-out has continued with the development of team GW Way project plans, the development of coaching modules. Crucial conversations' training pilot has been successfully launched and will be rolled out in the coming months. Communications have included regular updates and an internal communications plan is under development. Councillors have considered brand options and a marketing plan is being built along with a customer strategy.
Long Term Plan 2018-28 <i>The LTP is made up of a number of interdependent strategies and policies and has specific process planning requirements including: the audit process, consultation and engagement processes and decision making and governance processes.</i>						<p>Progress was made on agreeing the community outcomes, priority areas, the consultation and engagement approach, the approach to the Infrastructure and Financial Strategies and the Revenue and Financing Policy review.</p> <p>The development of the 2018 Long Term Plan (LTP) has now moved on from the direction setting phase of the third quarter and into an analysis and review phase. The main focus is the 'activities review' process with the current and potential future work programme aligned to Council 'priority areas'. These will be considered in August.</p> <p>The project is on track in terms of delivery and timing, however the activities review process has raised some budget planning risks which will be further considered.</p>
Lifelines <i>Development of a programme business case to improve the resilience of the Wellington region lifeline utility services.</i>						<p>During the quarter, a workshop was held with Lifelines Group members to develop options for the Programme Business Case. A draft Strategic Case has been developed.</p> <p>GNS incorporated information from Lifelines members and other members into their modelling during this quarter - using both Riskscape and MERIT models. Outage maps for each utility network have been developed and workshops held to understand key dependencies.</p> <p>The Funding and Management Agreement is close to finalisation.</p>
Business Readiness – PTOM <i>Ensuring that GWRC is able to meet its obligations under the bus partnering contracts that will commence in July 2018, and to manage public transport services in the PTOM environment.</i>						The revised date for the Procurement strategy/plan reflects additional complexity of requirements confirmed in the Gap Analysis. The Procurement process is contributing to time pressure on PTOM readiness delivery and the project is working through some vendor engagement issues. Additional budget has been approved for 2017/18.

Significant Project or Programme	Overall Status	Timing	Budget	Issues	Risks	Comment
<p>Wellington Region Resilience Coordination Group (WRRCoG)</p> <p><i>(WRRCoG) has been formed to assist and accelerate development of capability to coordinate, deploy and monitor programme of interventions improving the level of regional resilience to a significant natural hazard event.</i></p>						<p>Activity during the quarter concentrated on two priority areas most aligned to programme aims of securing step change in the level of regional resilience, and coordinating and monitoring short-term activity that enables the step change.</p> <p>The Household and Community Resilience campaign is being delivered through a combination of public education and partnerships, enabling initiatives and regulatory measures. An annual programme of public education is built around seasons, with water storage the focus for autumn and winter centred on household preparedness. The 'Water Hero' campaign was initiated on 29 May and WREMO's new "Now's the time" guidelines will form the basis for household planning and preparedness in the next quarter.</p> <p>The Infrastructure Resilience Indicator Set (IRIS) report completed in June provides an initial indication as to when regional infrastructure will return to various states of functionality after a significant natural hazard event. Briefings have also been provided to all councils in the Wellington region.</p>
<p>GW Future Accommodation Programme</p> <p><i>Need to address GWRC's long term accommodation requirements for the Wellington & Masterton based staff.</i></p>						<p>Long-term requirements are being documented through a series of facilitated workshops, which are almost completed. Requirements summary to be developed in August.</p> <p>Remediation options for Shed 39 ground floor still uncertain. Alternative medium term options continue to be investigated as they come to market with a view of bringing Shed 39 and Walter Street staff back together, if practical, while the long term solution is progressed.</p> <p>The availability of the Customhouse space continues to be delayed due to structural issues and completion of remedial work. The right to re-occupy has been retained.</p> <p>The design documentation required for consenting and pricing of the work planned for Walter St Level 1 has been completed. Pricing to close on 1 August. Assuming WCC consent is granted no later than early to mid-August, late September/early October completion anticipated. Future Council and Committee meetings and workshops are planned to be held on Level 2 at Walter Street with car parking facilities also required.</p> <p>Structural plans for seismic improvements to the Masterton rear annexe office building have been completed. Front building design is still to come. Costings will follow completion of plans.</p> <p>Potential for sale of Mabey Road Depot for redevelopment as affordable housing. Requires an alternative location for GWRC to be identified.</p>

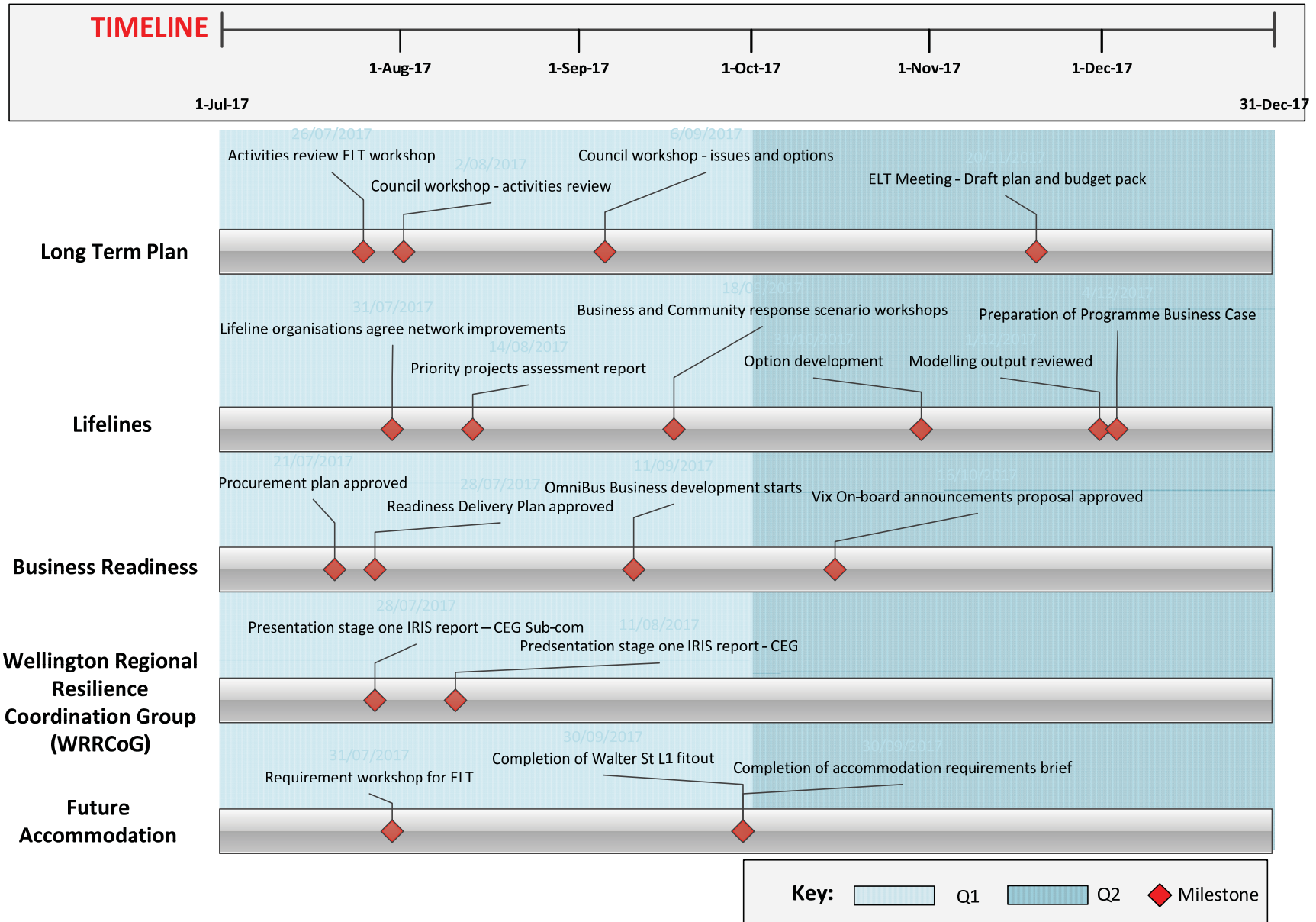
Upcoming Overview | Major Projects Timing July 2017 – December 2017



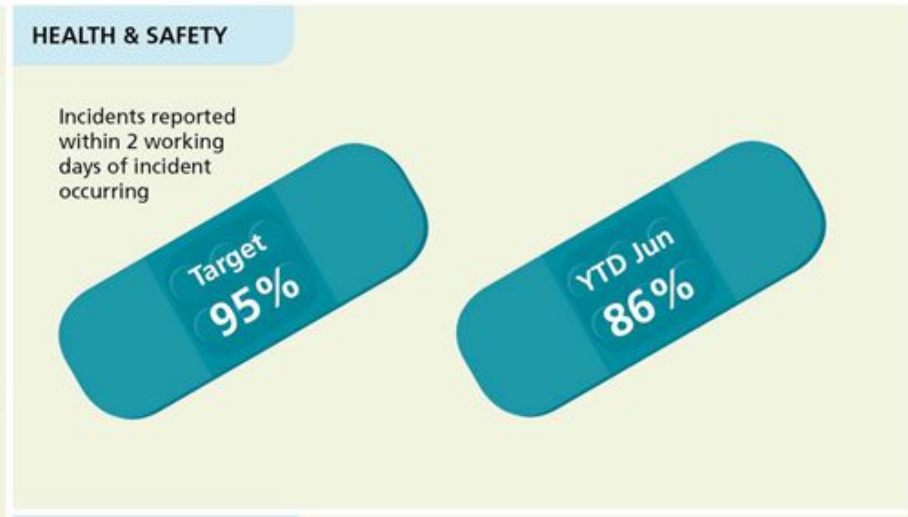
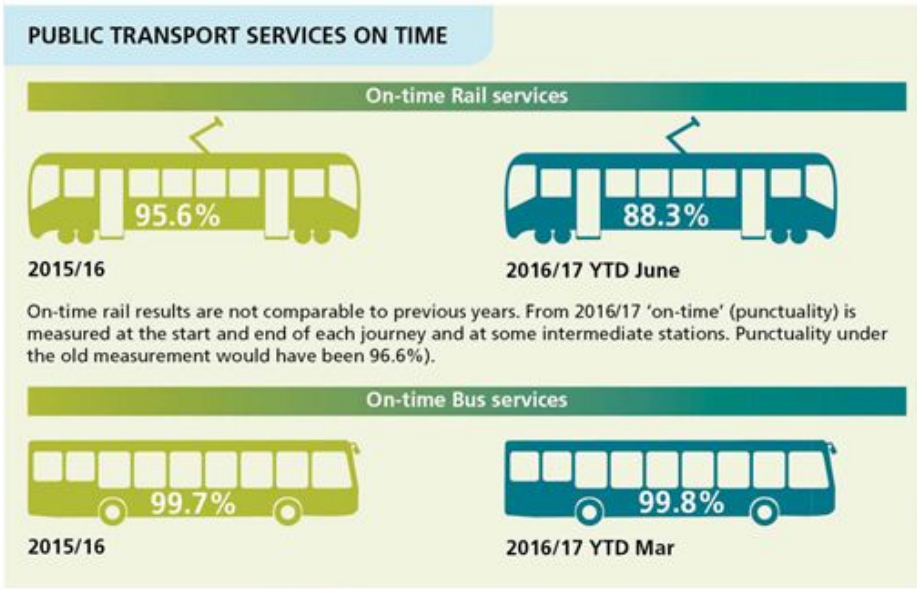
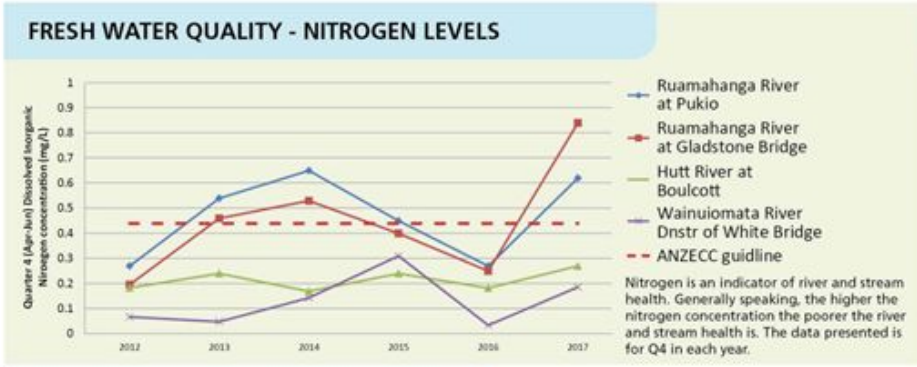
Upcoming Overview | Major Projects Timing July 2017 - December 2017



Upcoming Overview | Major Projects Timing July 2017 - December 2017



Key Metrics





Report	17.255
Date	14 July 2017
File	CCAB-8-1222
Committee	Council
Author	Mike Timmer, Treasurer

WRC Holdings Statement of Intent for the three years ending 30 June 2020 and GWRL Share Call for 2017/18

1. Purpose

To receive the final Statement of Intent (SOI) of WRC Holdings Limited.

2. Background

The final SOI was approved by the Board of WRC Holdings Limited at its meeting on 27 June 2017 and delivered to the Council Chair before 30 June 2017, see [Attachment 3](#).

The SOI has been updated with CentrePort's (CPL) final SOI which constitute the main changes from the draft SOI. We have divided these between the narrative and the financial forecast.

2.1 Changes to the narrative

Section 6. The table on financial performance measures has been updated and expanded, similarly the financial health measures table in section 6.2 has been added.

Section 6.2 Maintain tertiary level of compliance with ACC workplace safety management practices (WSMP). This objective has been removed. ACC has altered its WSMP and CPL is looking at an alternative measure.

Section 6.3 of the SOI Environmental performance targets have been updated:

Minimise risk to the environment:

(Incidents) has been updated with quantifiable targets.

Realise opportunities to be more sustainable

Greenhouse gas emissions have been set for 2019-20.

Solid waste to land fill now incorporates the impacts from the earthquake.

Section 6.6 (c) General performance targets, has been inserted.

The commentary in section 8.4 has been updated to reflect the changes in the numbers.

The assumptions in section 8.6 in relation to CPL have been updated to reflect the changes since the draft SOI. The notable change is reference to the full insurance claim beyond the SOI period.

2.2 Changes to the financial forecast

The numbers have moved significantly since the draft SOI. This is entirely due to changes in CPL's projections.

This was expected and the numbers will continue to change going forward until the insurance process is completed and the engineering damage assessment of assets is finalised from the earthquake.

The financial results are showing large surplus after tax due to the material damage insurance proceeds. These are offset by losses from GWRL due to its depreciation not being funded.

The changes are discussed below relating to each company.

CentrePort Limited

There are a number of changes. The biggest one being the proceeds from insurers for material damage which were estimated at \$50 million, \$100 million, and \$100 million for the three forecast years. These have now been spread more evenly and given they flow through the P&L they have a significant impact on the bottom line numbers, however overall the insurance proceeds are similar.

Greater Wellington Rail Limited (GWRL)

The fixed asset spend has been updated to reflect the current planned project timing and requisite rebudgets. The SE & SW carriage life extension has been moved out, \$2.5 million has been added for the Ava bridge with total capex over the three years moving from \$13.9 million, \$16.6 million and \$11.3 million in the draft, to \$17.9 million, \$9.5 million and \$14.1 million respectively. The subscription to shares to fund this year's capex by Council is discussed below.

Performance Targets

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)
Surplus (loss) before tax - Final	77,319	90,647	85,169
<i>Surplus (loss) before tax – Draft</i>	<i>103,559</i>	<i>101,665</i>	<i>43,263</i>
Surplus (loss) after tax- Final	78,082	91,800	87,829
<i>Surplus (loss) after tax – Draft</i>	<i>102,989</i>	<i>101,573</i>	<i>45,425</i>
Earnings before interest, tax & depn - Final	104,993	120,958	117,636
<i>Earnings before interest, tax & depn – Draft</i>	<i>130,551</i>	<i>131,008</i>	<i>75,099</i>
Return on total assets – Final	11.9%	12.0%	10.2%
<i>Return on total assets- Draft</i>	<i>15.3%</i>	<i>13.1%</i>	<i>5.3%</i>
Return on shareholder equity - Final	17.0%	17.2%	14.4%
<i>Return on shareholder equity – Draft</i>	<i>21.0%</i>	<i>17.5%</i>	<i>7.0%</i>
Shareholders equity to total assets - Final	66.2%	67.9%	71.3%
<i>Shareholders equity to total assets – Draft</i>	<i>70.7%</i>	<i>72.8%</i>	<i>73.4%</i>
Dividends – Final	-	-	-
<i>Dividends- Draft</i>	-	-	-

The above consolidated numbers have changed predominately as a result of the timing of the Material Damage Insurance (MDI) proceeds. The MDI proceeds were previously \$100 million, \$100 million and \$50 million for the three forecast years. They are now \$72 million, \$90 million and \$94 million respectively.

Individual company financial performance targets are contained in [Attachment 1](#), Section 4 of the SOI, which show the detailed financial performance targets behind these consolidated numbers and [Attachment 2](#), which contains the detailed financial statements.

3. GWRL Share call 2017/18

Each year Council approves the issuance of share capital by WRC Holdings Limited and in turn by GWRL to fund GWRL's capital programme. This is done as opposed to granting the funds as the latter could generate taxable income in GWRL.

This year's capex programme for GWRL is \$17,789,733 (refer to Attachment 2).

Presently GWRL and WRC Holdings have un-called issued share capital of \$19,275,976 which they could draw on. The reason for this surplus was the sale

of \$13,517,029 GWRL Inventory to TransDev. It was agreed in May 2016 that these funds be transferred to Council by way of a reduced call on share capital.

The \$19,275,976 of shares issued prior to the sale is thus composed of the \$13.5 million above plus \$2.6 million of unspent contingency funds relating to the Matangi project and other small reconciling differences accumulated over time.

It is therefore recommended that there is no capital share call this year, and that the uncalled shares be utilised to fund this year's GWRL capex programme.

4. Communication

The final SOI will be placed on the GWRC website.

5. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

6. The decision-making process and significance

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

6.1 Significance of the decision

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

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

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

6.2 Engagement

No engagement on this matter is necessary.

7. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Notes the Statement of Intent from WRC Holdings Limited for 2017/18 and the next two years.***
4. ***Notes that the amount of \$17.789 million is required by GWRL to fund GWRL's budgeted 2017/18 year capital expenditure.***

5. *Notes that GWRL's budgeted 2017/18 capital expenditure will be funded by:*

- *A call of 17.789 million uncalled ordinary \$1 shares by GWRL to WRC Holdings Limited (WRCHL), and*
- *A call of 17.789 million uncalled ordinary \$1 shares by WRCHL to Council.*
- *The above calls will be from 19.276 million of shares previously issued and which are uncalled at 30 June 2017 in both GWRL and WRC Holdings limited.*

Report prepared by:

Report approved by:

Mike Timmer
Treasurer

David Humm
GM Corporate Services/ CFO

Attachment 1: Final WRC Holdings Group Statement of Intent

Attachment 2: Port Investments Ltd - Operating Budget 2017/27, Greater Wellington Rail Ltd - Operating Budget 2017/27 WRC Holdings Limited - Operating Budget 2017/27

Attachment 3: Letter to Council Chair from WRCH Chair providing final WRC Holdings Group Statement of Intent



WRC Holdings Limited Group

Statement of Intent

For the years to 30 June 2018, 2019 and 2020

Contents

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1. Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for WRC Holdings Limited and its subsidiaries, the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Group and individual companies may be judged in relation to their objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the Group and its Shareholder, Greater Wellington Regional Council.

The SOI is reviewed annually with the Council and covers a three year period.

2. Scope of Statement of Intent (SOI)

2.1 This SOI relates to WRC Holdings Group Limited and its subsidiary companies, Port Investments Limited (PIL), CentrePort Ltd (CentrePort), and Greater Wellington Rail Ltd. Together they make up WRC Holdings Group (the Group).

WRC Holdings is 100% owned by Greater Wellington Regional Council (the Regional Council).

WRC Holdings is an entity established under the Local Government Act 2002 (LGA). WRC Holdings Ltd and its wholly owned subsidiaries are Council Controlled Trading Organisations (CCTOs), and Council Controlled Organisations (CCOs) as defined under the LGA. CentrePort, a partly owned subsidiary, is not a CCTO as its activities are governed by the Port Companies Act 1988.

3. Reasons for the WRC Holdings Group

- Appropriate separation of management and governance;
- To determine appropriate strategies for the Group and its subsidiary companies;
- To impose commercial discipline on the Group's activities where applicable, produce an acceptable return to shareholders, and ensure an appropriate debt/equity ratio;

Attachment 1 to Report 17.255

- To separate the Regional Council's commercial assets from its public good assets, where appropriate¹;
- To provide a structure to allow external Directors with a commercial background to provide advice and expertise at the governance level;
- To minimise the risks and optimise the opportunities of owning commercial assets, such as rail rolling stock.

4. Objectives and Activities of the Group

4.1 Objectives

The core role of the Board of WRC Holdings Limited is to determine the Group's strategy and monitor the Group's investment in Rail infrastructure and Centreport, both of which service the region's infrastructure needs and to ensure they deliver on the Group's objectives as follows:

- a) Support the Regional Council's strategic vision; operate successful, sustainable and responsible businesses.
- b) Manage its assets prudently.
- c) Where appropriate, provide a commercial return to Shareholders except in the case of GWRL which will provide agreed outcomes to the Regional Council.
- d) For GWRL, prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets) through a management service agreement entered into with the Regional Council, providing for asset management, accounting, advisory, secretarial and general administration services and in particular:
 - Ensure the Regional Council as its appointed agent carries out all services and activities, in relation to the GWRL's Rail Assets, that are reasonably necessary to enable the Regional Council to provide quality rail services to the public in accordance with the contractual obligations entered into with the current rail operator of the rail services and maintenance provider of GWRL's Rail Assets; and
 - Ensure GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, current health and safety legislation and any other legislation affecting GWRL's Rail Assets and operations;

¹ Note that whilst the business of owning and maintaining rolling stock is a commercial activity, the provision of public transport services is more of a public good activity.

Attachment 1 to Report 17.255

- Ensure GWRC develops and maintains a systematic approach for the long-term management of GWRL's public transport rail assets in a manner consistent with industry best practice.
- e) For CentrePort via Port Investments Limited to ensure Centreport:
- f) maximises the commercial value of CentrePort to the Shareholder and protect the Shareholder's investment, including land and property, while maintaining the strategic value to the economy of the region.
- g) delivers competitive financial returns compared to industry benchmarks (port and comparable sectors).
- h) adopts policies that prudently manage risk and protect the investment of stakeholders.
- i) ensures that a recovery plan from the recent earthquakes is developed in consultation with stakeholders taking into account the strategic needs of the stakeholders and the region.
- j) ensures resilience plans are featured in the recovery plan and the CentrePort's planning process takes a longer term view of opportunities for redevelopment of the port and for this work to be undertaken in collaboration with the regional council, local councils and other key stakeholders, and in consultation with the public.
- k) Adopt policies that prudently manage risks and protect the investment of its shareholders.
- l) Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when possible.
- m) Conduct its affairs in accordance with sound business practice.
- n) Achieve the objectives and performance targets of the Shareholder.

4.2 Activities of the Group

WRC Holdings Limited

WRC Holdings Limited is the holding company for PIL, GWRL and indirectly CentrePort.

It effectively manages any other investments held by the Group in order to maximise the commercial value to the Shareholder and to protect the Shareholder's investment.

WRCH acts as a diligent constructive and inquiring Shareholder, through its Board of Directors.

Greater Wellington Rail Limited

GWRL owns the Regional Council's investments in metro rail assets. These include the following rolling stock and infrastructure assets:

Rolling Stock:

- 18-SW Carriages
- 6- SE Carriages
- 1- AG Luggage van
- 2- Remote controlled electric Shunt crabs (delivery July 2017)
- 83 - 2 Car Matangi units

Infrastructure Assets:

- Thorndon electric multiple unit (EMU) depot and EMU train wash
- Metro wheel lathe and building
- 48 – Railway stations including shelters, furniture, CCTV, signage, fixtures and fittings - (excluding the main Wellington central station)
- 14 – Pedestrian over-bridges
- 11 – Pedestrian underpasses
- Various carparks, other station improvements and other ancillary rail related assets.

Greater Wellington Rail Limited is responsible for all aspects of asset management, procurement and stewardship, implemented through a management contract with the Regional Council. An asset management plan is in place which articulates a structured programme to minimise the life cycle costs of asset ownership while maintaining the desired levels of service and sustaining the assets.

Operational delivery of the services is the responsibility of the Regional Council delivered via a long term (expiry 2031) contract performance based "Partnering Contract" with Transdev Wellington Limited for rail services and rolling stock maintenance.

Transdev have subcontracted the rolling stock maintenance services to Hyundai-Rotem Company. Hyundai-Rotem were the manufacturers of the GWRL Matangi fleet.

Planned expenditure on rail assets over the next 3 years includes \$40 million for renewal work and like-for-like replacement of rail related infrastructure, heavy maintenance/overhauls on the first Matangi Fleet, and up to \$10 million on the SW and SE cars to extend their lives.

Attachment 1 to Report 17.255

Port Investments Limited

Port Investments Limited is an investment vehicle that owns 76.9% of CentrePort Limited.

The major usual activities of CentrePort, who produce their own Statement of Intent, similar to this SOI, are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
- Shipping and logistical services (pilotage, towage, berthage)
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services)
- Integrated logistics solutions (networks, communications, partnerships)
- Property services (development, leasing management)
- Joint ventures (coldstore, container repair, cleaning, packing, unpacking and storage).

Port Investments monitors the performance of CentrePort. This is achieved via a Statement of Intent (SOI), Letter of Expectation in terms of the SOI, Quarterly meetings with CentrePort's Chair and Management, and Chair and management briefings with the Regional Council's Chief Executive and Chair.

5. Financial and Operational Performance Targets

5.1 WRC Holdings Group

The following section covers the operating performance targets and the financial performance targets of the companies making up the WRC Holdings Group. WRC Holdings Limited

Operational performance targets

- (a) WRC Holdings to act as a responsible and inquiring Shareholder.
- (b) WRC Holdings to hold a meeting at least six times a year to review the operational and financial position of the companies and Group.
- (c) WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.
- (d) WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.
- (e) Statement of Intent and Annual Accounts are in compliance with statutory requirements.

Financial performance targets

	WRC Holdings Limited		
	2017/18	2018/19	2019/20
Dividend distribution \$ 000s	-	-	-
Dividend distribution %	0%	0%	0%
Return on equity (1)	(0.0%)	(0.1%)	(0.1%)
Return on assets (2)	0.4%	0.4%	0.4%
Shareholders funds to total assets	84.2%	85.0%	85.5%

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

(2) Based on earnings before interest and tax, divided by average assets

No dividend is forecast as a result of CentrePort forecasting no dividend for PIL. Return on equity is negative as WRC Holdings has costs with no offsetting revenue to cover them. Return on assets is positive as interest is calculated before interest costs.

Attachment 1 to Report 17.255

5.2 Greater Wellington Rail Limited Operational performance targets

Asset management plan: Rail assets are maintained in accordance with the maintenance schedules

Level of Service	2017/18 Target
ROLLING STOCK - ASSET MANAGEMENT	
Days 100% availability not met	Matangi: ≤1 day per month
	Carriage fleet: ≤1 day per month
Average condition grade of :	Matangi <2.5
	Carriages <2.5
Mean distance between failure	Matangi: ≥40,000km
	Carriages: ≥80,000km
RAIL FIXED ASSET - ASSET MANAGEMENT	
Percentage of facilities with CCTV coverage	71%
Average condition grade of:	Station buildings & shelters: <2.5
	Structures (subways & bridges): <2.5
	Park & Ride: <2.5
Percentage of assets in condition grade 4 (Poor) or worse	Station buildings & shelters: 10%
	Structures (subways & foot bridges): 15%
	Park & Ride: 20%

NB: **Conditional grade score** – 1: Is very good condition and, 5: very poor condition requiring replacement.

Capital project targets

- Deliver train maintenance services within approved budgets through an operations and maintenance contract ensuring that train availability and reliability targets are met.
- Deliver infrastructure cleaning, maintenance and security services within approved budgets through various contracts ensuring asset condition does not deteriorate.
- Implement rail infrastructure asset renewals and like-for-like replacement programme in accordance with the asset investment priority framework.

Financial performance targets

(a) Operating costs are maintained overall within budget

	GWRL		
	2017/18	2018/19	2019/20
(b) Shareholder's funds to total assets	81.7%	82.6%	83.7%

5.3 Port Investments Limited, Parent & Group including CentrePort

Operational performance targets

- (a) Port Investments to act as a responsible and inquiring Shareholder of CentrePort.
- (b) CentrePort to report at least four times a year to Port Investments Limited and for the Board to approve significant transactions of CentrePort as determined by the constitution.
- (c) Performance indicators for CentrePort as noted below.
- (d) Production of Annual Accounts is in compliance statutory requirements.

Financial performance targets

	Port Investments Limited		
	2017/18	2018/19	2019/20
Dividend distribution \$ 000s	-	-	-
Dividend distribution %	0%	0%	0%
Return on equity (1)	(87.3%)	(766.8%)	119.4%
Return on assets (2)	(0.2%)	(0.3%)	(0.4%)
Shareholder's funds to total assets	1.9%	(1.1%)	(4.7%)

- (1) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
- (2) Based on earnings before interest and tax, divided by average assets

6. CentrePort Performance Targets

6.1 Financial Performance measures

Extract from CentrePort's 2018 – 2020 SOI.

The Group's performance is measured against the following ratios:

Measure		Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Group EBIT plus JV & Associate Earnings ('Group EBIT')	\$m	16.9	24.0	22.3	12.1
Port EBIT plus JV & Associate Earnings ('Port EBIT')	\$m	14.7	20.6	19.7	13.8
Property EBIT plus JV & Associate Earnings ('Property EBIT')	\$m	2.2	3.4	2.6	(1.7)
Underlying Net Profit Before Tax	\$m	12.1	20.1	19.4	10.8
Underlying Net Profit After Tax ('Underlying NPAT')	\$m	10.0	15.9	15.2	7.8
Dividend	\$m	0.7	-	-	-
Shareholders' Funds ('Equity') or Net Assets	\$m	152.3	244.4	351.5	455.6
Number of issued shares	000	23,425	23,425	23,425	23,425
Group EBIT Return on Assets	%	6.5%	10.8%	7.5%	3.1%
Port EBIT Return on Port Assets	%	8.7%	13.2%	8.5%	4.2%
Property EBIT Return on Property Assets	%	2.4%	5.0%	3.8%	-2.5%
Underlying NPAT Return on Group Equity	%	5.4%	8.0%	5.1%	1.9%
Dividend Distribution as a %age of Underlying NPAT	%	7.0%	0.0%	0.0%	0.0%
Underlying earnings (NPAT) per share	\$	0.42	0.68	0.65	0.33
Dividend per share	\$	0.03	-	-	-
Net Asset backing per share	\$	6.50	10.43	15.01	19.45

Definition of Terms:

- Return on Assets for each business segment
 - Port

Earnings before interest and tax (EBIT) plus share of associate earnings divided by the average of total fixed assets and investments in Associates.
 - Property

EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates. This calculation is performed separately on the value of developed investment properties and the total portfolio.
- Return on Equity

Underlying net profit after tax* divided by average equity.
- Dividend

Dividend as a percentage of underlying net profit after tax*
- Underlying earnings per share

Underlying net profit after tax* divided by number of shares issued.
- Dividend per share

Dividend divided by number of shares.

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- Net Asset backing per share

Shareholders' Funds or Net Assets divided by number of shares.

* 'Underlying NPAT (net profit after tax)' excludes the fair value movements from cash flow hedges and investment property valuations reported through the income statement.

References to FY are to Financial Years ended 30 June. For example, FY18 means financial year ended 30 June 2018

6.2 Financial Health measures

The CPL Group's financial health is measured against the following ratios:

Financial Health	Target	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Current Assets (\$m)	n/a	18.3	59.0	67.3	25.0
Current Liabilities (\$m)	n/a	7.5	8.7	6.7	6.0
Total Assets (\$m)	n/a	213.7	309.0	414.1	469.4
Shareholders Funds - Equity (\$m)	n/a	152.3	244.4	351.5	455.6
Term Borrowings (\$m)	n/a	40.5	42.0	45.0	0.0
Debt (\$m)	n/a	49.1	47.7	47.9	0.0
Equity Ratio	> 45%	71.3%	79.1%	84.9%	97.1%
Gearing	< 50%	24.4%	16.3%	12.0%	0.0%
Interest cover	> 2.5 times	4.2 times	11.1 times	9.7 times	19.8 times
Solvency Ratio	> 0.6	2.45	6.79	10.01	4.18

Definition of Terms:

- Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the parent company, CentrePort Limited, and its subsidiaries ("the Group").
- Total Assets are defined as all the recorded tangible and intangible assets of the Group at their current value as determined by the Group's Accounting Policies.
- Equity Ratio is Shareholders' Funds divided by Total Assets
- Debt is the sum of Interest Bearing Debt (Borrowings) and Financial Liabilities arising from financial instruments
- Gearing is the ratio of Debt to Debt plus Equity (Shareholders Funds)
- Interest cover is the ratio of free funds from operations to interest expense. It is measured as Earnings before interest, tax depreciation and amortisation ('EBITDA') plus dividends received from investments in associates and joint ventures divided by the Interest Expense.
- The Solvency Ratio is Current Assets divided by Current Liabilities.

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6.3 Safety and Security

Specific areas of focus for Safety and Security within the Port over FY18-20 are:

Objective	Performance measure	Performance target		
		<i>FY18</i>	<i>FY19</i>	<i>FY20</i>
Year on year improvement towards zero harm	Implementation of five year action plan	Year one action items completed	Year two action items completed	Year three action items completed
	Lost Time Injury Frequency (per 200,000 hours worked)	≤ 3.6	≤ 3.2	≤ 3.2
	Lost Time Injury Severity (per 200,000 hours worked)	≤ 50	≤ 40	≤ 40
	bSafe Reports (incident and near miss reports)	> 800	> 900	> 900
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	Compliance with Policy	Compliance with Policy
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance Maintained	Compliance Maintained

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6.4 Environmental

Specific areas of focus for Environmental management of the Port over FY18-20 are:

The performance targets for our environmental objectives are:

Objective	Performance measure	Performance target		
		FY18	FY19	FY20
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification ¹ complete	Audit and second stage certification complete	Audit and third stage certification complete (full ISO14001 compliance)
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 10% decrease from base line – NB new incident reporting system introduced	Minimum 15% decrease from base line	Minimum 20% decrease from base line
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO ₂ equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete (reduction targets for FY19-20 to be set) Verified annual emissions inventory complete	Meet intensity reduction target	Intensity reduction target Verified annual emissions inventory complete
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation

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Environment performance targets - continued

Objective	Performance measure	Performance target		
		<i>FY18</i>	<i>FY19</i>	<i>FY20</i>
Realise opportunities to be more sustainable (cont)	Solid waste to landfill (quantity)	Waste minimization plan developed. Waste minimization integrated into EQ recovery projects	Waste minimization integrated into EQ recovery	Waste minimization integrated into EQ recovery
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification ¹ complete	Audit and second stage certification complete	Audit and third stage certification complete (full ISO14001 compliance)
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Decrease from previous year	Decrease from previous year	Decrease from previous year
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO ₂ equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete	Intensity reduction target to be advised Verified annual emissions inventory complete	Intensity reduction target to be advised

6.5 Social performance targets

Specific areas of focus for our Social activities over FY18-20 are:

- a) Contribute to the desired outcome of the Wellington Regional Strategy through:
 - i. The provision of workplace opportunities and skills enhancements of our employees.
 - ii. Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.
 - iii. Collaborating with key partners of CentrePort's business to improve service outcomes.
- b) Supporting the regional community by investing in community sponsorship and engaging in community activities
- c) To meet regularly with representative community groups.

6.6 General performance targets

Other specific areas of focus over FY18-20 are:

- a) The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.
- b) CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.
- c) CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.
- d) When developing 'property held for development' the Board is to adhere to the following principles:
 - i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.
 - ii. Property developments must not compromise port operations.
 - iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.
 - iv. Development construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis.

Definition of terms regarding property:

Management of tenancy risk means that each single property investment has committed rental income (via development and executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development and the vacant net lettable area of the proposed development is no greater than 25%.

7. Governance of the WRC Holdings Group

The Shareholder, the Regional Council, appoints the directors to WRC Holdings Ltd in terms of the Regional Council's approved process. Section 57 of the LGA 2002 requires that directors have the skills, knowledge and experience to:

- Guide the Group, given the nature and scope of its activities; and to
- Contribute to the achievement of the objectives of the Group.

The Shareholder also approves the directors of PIL and GWRL. These are appointed by WRC Holdings Ltd by way of a special resolution. There is a commonality of directors between WRC Holdings Ltd, PIL and GWRL.

The directors of CentrePort are able to be appointed by CPL Board.

Any changes to the constitutions of the Companies within the Group are to be approved by the Shareholder.

The Regional Council monitors the performance of the Group on a regular basis to evaluate its contribution to the achievement of its objectives, performance against the Group's Statement of Intent and the Regional Council's overall aims in accordance with section 65 (1) of the LGA 2002.

The Directors monitor the performance of each Company at each Board meeting.

The WRC Holdings Board intends to review its strategy and structure in 2017, taking the opportunity to consider a more strategic focus for the Board and to introduce standard governance systems and procedures, including a Board Charter and annual reviews.

8. Financial Information

8.1 Prospective statement of comprehensive income

Year ended 30 June	2017/18	2018/19	2019/20
\$'000	WRCH GROUP	WRCH GROUP	WRCH GROUP
<u>Prospective statement of comprehensive income</u>			
Dividends & Equity Earnings	3,786	2,897	(1,363)
Grant from GWRC - Operating	11,125	11,262	11,316
Rental income	7,943	9,114	9,272
Interest income	159	131	96
Other revenue incl BI & loss of rents	66,909	72,760	71,183
Total revenue	<u>89,922</u>	<u>96,164</u>	<u>90,504</u>
Interest expense	5,117	4,097	2,557
Depreciation	22,557	26,214	29,910
Other expenditure	61,116	67,123	69,087
Earthquake related items	(72,180)	(89,859)	(94,161)
Total expenditure	<u>12,604</u>	<u>5,517</u>	<u>5,335</u>
Surplus/(deficit) before tax	77,319	90,647	85,169
Taxation expense (credit)	(764)	(1,153)	(2,661)
Total comprehensive income (NPAT)	78,082	91,800	87,829
Total comprehensive applicable to non-controlling interest	21,260	24,723	24,015
Total comprehensive income applicable to parent	56,822	67,077	63,814

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8.2 Prospective statement of financial position

As at 30 June	2017/18	2018/19	2019/20
\$000	WRCH GROUP	WRCH GROUP	WRCH GROUP
<u>Prospective statement of financial position</u>			
Opening equity	456,135	552,207	653,548
Opening equity non -controlling interests	(35,141)	(56,400)	(81,123)
New equity	17,990	9,541	14,083
Total comprehensive income applicable to parent	<u>56,822</u>	<u>67,077</u>	<u>63,814</u>
	495,806	572,425	650,323
Dividends distributed	-	-	-
Closing Equity Non-controlling interest	<u>56,401</u>	<u>81,123</u>	<u>105,138</u>
Closing equity	<u>552,207</u>	<u>653,548</u>	<u>755,461</u>
Equity applicable to parent	495,807	572,425	650,323
Non- controlling interest	<u>56,400</u>	<u>81,123</u>	<u>105,138</u>
Closing equity	<u>552,207</u>	<u>653,548</u>	<u>755,461</u>
Current assets	68,015	75,069	31,357
Non- current assets	603,377	688,818	782,795
Investments	<u>68,427</u>	<u>70,074</u>	<u>67,461</u>
Total assets	<u>739,819</u>	<u>833,961</u>	<u>881,613</u>
Current liabilities	13,727	11,946	11,402
Borrowings	86,050	89,050	44,050
Non current liabilities	<u>87,835</u>	<u>79,417</u>	<u>70,700</u>
Total liabilities	<u>187,611</u>	<u>180,413</u>	<u>126,152</u>
Net assets	<u>552,207</u>	<u>653,548</u>	<u>755,461</u>

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8.3 Prospective statement of changes in equity

As at 30 June \$000	2017/18 WRCH GROUP	2018/19 WRCH GROUP	2019/20 WRCH GROUP
<u>Prospective statement of changes in equity</u>			
Opening equity	456,135	552,207	653,548
Shares to be issued during the year	17,990	9,541	14,083
Total comprehensive income for the year	78,082	91,800	87,829
Dividend to be paid - Equity holders	-	-	-
Dividend to be paid - Non controlling Interests	-	-	-
Closing Equity	552,207	653,548	755,461
Total comprehensive income attributed to:			
Equity holders - Parent	56,822	67,077	63,814
Non - controlling interest	21,260	24,723	24,015
Total comprehensive income for the year	78,082	91,800	87,829

8.4 Prospective statement of cash flows

Year ended 30 June \$000	2017/18 WRCH GROUP	2018/19 WRCH GROUP	2019/20 WRCH GROUP
<u>Prospective statement of cash flow</u>			
Cash flows from operations			
Receipts from operations Incl BI proceeds	97,544	117,942	102,343
Interest received	2,273	1,149	1,222
Dividends received	17,798	1,250	1,250
Payments to suppliers/employees	(69,978)	(76,487)	(80,557)
Taxes paid	(3,475)	(6,209)	(5,020)
Interest paid	(4,940)	(3,920)	(2,470)
EQ Temporary work expenditure	(18,220)	(1,084)	
Net cash from operating activities	21,001	32,641	16,768
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(17,990)	(9,541)	(14,083)
Development/EQ rebuild	(78,403)	(102,115)	(109,805)
Proceeds sale of Property/JV proceeds	6,750	-	-
Material Damage insurance proceeds	49,058	64,639	149,162
Net cash from investing activities	(40,585)	(47,017)	25,274
Cash flows from financing activities			
Borrowings	1,500	3,000	(45,000)
Issue of shares	17,990	9,540	14,082
Current Account movement	1,333	1,074	1,201
Net cash from financing activities	20,823	13,614	(29,717)
Net increase/(decrease) in cash & cash eqvts	1,239	(762)	12,325
Cash & cash equivalents at beginning of the year	4,013	5,252	4,490
Cash and cash equivalents at year end	5,252	4,490	16,815

Financial Statements commentary

The prospective statement of comprehensive income is significantly influenced by the impact of the November earthquake on Centreport and its forecast insurance proceeds.

The Dividend & equity earnings is showing a loss in 2019/20 and this stems from an assumption that repairs to commercial properties may take longer than the 3 year insurance indemnity period following the earthquake.

The Other revenue includes proceeds from CentrePort's business interruption and loss of rents insurance. These covers are only for 3 years and tail off in 2019/20, as Centreport does not expect to fully recover its lost revenues from the earthquake by 2019/20.

Interest expense declines in 2019/20 as debt is reduced to nil in CentrePort by 30 June 2020. This is temporary as insurance proceeds (currently used to repay debt) will be used in future to be applied against capital expenditure.

The depreciation increases as both CentrePort and GWRL are increasing their rebuild and capex programmes.

The other expenditure increase is driven mainly by CentrePort and relates to the Port revenue growth.

The Earthquake related items refer to the forecasted material damage proceeds from insurers.

The tax credit/income represents the difference between CentrePort paying tax and GWRL having a tax credit from deferred tax in GWRL.

Equity increases by \$299 million over the period (2016/17 to 2019/20).

This big increase in equity over the period is coming from the large insurance proceeds ex CentrePort's prospective comprehensive income results.

There are \$42 million of new equity injections from the Regional Council into WRCH to fund capital expenditures in GWRL.

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Performance targets

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)
Net profit before tax	77,319	90,647	85,169
Net profit after tax	78,082	91,800	87,829
Earnings before interest, tax and depreciation.	104,993	120,958	117,636
Return on total assets	11.9%	12.0%	10.2%
Return on shareholder equity	17.0%	17.2%	14.4%
Shareholders equity to total assets	66.2%	67.9%	71.3%
Dividends	Nil	Nil	Nil

Definitions of key financial performance targets:

- (a) Consolidated Shareholders funds are defined as the amount of paid up capital, plus retained earnings of the Group, less any non- controlling interest, utilising the average of the opening and closing balance.
- (b) Total assets are defined as all of the recorded tangible and intangible assets of the Group at their average value, as determined in the Group's statement of accounting policies in the most recent financial statements.
- (c) Return on Shareholders equity is calculated using net profit after tax while return on total assets is calculated using earnings before interest and tax.

Comment

The financial performance and ratios of return on total assets and return on Shareholder's equity are being impacted by the insurance proceeds from the 14 November Kaikoura earthquakes.

8.5 Statement of Accounting Policies**Accounting Policies**

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

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These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website.

Refer-<http://www.gw.govt.nz/assets/About-GW-the-region/Our-Role/WRC-Holdings-accounts-YE-30.6.16.pdf>.

8.6 Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that WRC Holding Group could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

- The debt interest rate assumption for the WRC Holdings excluding CentrePort Limited is 2.8% for the 2017/18 year and 2.80% and 3.0% for the next two years respectively after all margin costs. Interest rate hedging is put in place from time to time (as all debt borrowed is at floating rate) to protect against interest rate variability. However, the borrowing margin is subject to market movements.
- There will be no changes to key legislation affecting the Group activities.
- Asset lives are in accordance with the Group's Accounting Policies.

CentrePort - Port forecasts

- Estimated business interruption income has been included throughout period of indemnity (36 months to 13 November 2019) covering loss of gross profit in the container sector.
- Insurance recovery monies for material damage received over the course of the forecast period, are an estimate only (note this is subject to the completion of detailed engineering assessments and insurance claims assessments which have not yet been completed).
- Estimated impairment of assets and land included in FY17, \$55 million and \$50 million respectively based on preliminary discussions with Port engineers.
- Earthquake repair costs of \$170 million spread over the 3 years to 30 June 2020 with further earthquake repair expenditure of \$170 million extending beyond the SOI period.

CentrePort - Property forecasts

- Estimated loss of rents income for the estimated period of tenant vacancy of the investment property. Loss of rents cover is for a 3 year indemnity period.
- Insurance recovery monies for material damages received in FY17 and FY18 estimates only for CPPL.
- Estimated impairment of assets included in FY17 matching estimated repair costs.
- Estimated changes in fair values related to investments properties are \$2.5 million for CPPL and \$35.8 million for the SPV properties respectively based on a preliminary indication. This will be reviewed at 30 June 2017.
- Insurance recoveries are estimated to match cost of earthquake repairs for the SPV properties. The timing of the completion of the repairs is uncertain for some properties and allowance has been made for this to extend beyond the indemnity period.

8.7 Issues Facing the Group

CentrePort Limited

CentrePort's operations and infrastructure were both significantly impacted by the 14 November earthquakes.

CentrePort has commenced a repair programme, which is funded out of insurance proceeds. The immediate priority is on remediation and pragmatic steps to further restore operational capability, with a focus on restoring the container operations, which were most impacted by the earthquake.

The Harbour Quays investment properties were also damaged in the earthquake and CentrePort continues to work with its engineers and insurance assessors to determine the extent of the damage.

The longer term plan to repair or reinstate the Port infrastructure, damage to the land, and investment properties will commence once damage assessment reports are completed. The long term recovery plan and strategy will be widely consulted on with stakeholders.

Greater Wellington Rail Limited

The current issues facing GWRL are:

Monitoring Transdev and Hyundai-Rotem's delivery of Rail Partnering Contract, with a focus on maintaining the condition of the assets through the term of the contract;

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Supporting Transdev and Hyundai-Rotem through the commencement of the first of the large Matangi Heavy Maintenance checks;

Disposing of the Ganz Mavag fleet;

Continuing the rail fixed infrastructure improvement programme and managing the seismic risk identified in specific pedestrian bridges and subways;

Managing the continued demand for additional capacity at key park and ride sites within limited budgets and land supply;

Review Waterloo Station structure, and the options going forward, prior to significantly investing in the foreseeable maintenance repairs necessary to this structure.

Port Investments Limited

PIL is an investment company for the Regional Council and holds the shares in CentrePort Ltd. PIL has a \$44,000,000 loan from WRC Holdings which, in the past, has been serviced by CentrePort dividends.

PIL's forecasted equity has therefore been adversely affected as a result of no planned CentrePort dividend over the planning period used to service the \$44 million loan.

9. Distribution of Profits to Shareholders

The dividend policy for each company will be reviewed by the Boards of each company from time to time, after taking account of the wishes of the Shareholder, the future circumstances and the successful achievements of the commercial objectives of each Company.

The expectation in terms of CentrePort is that the dividend will be the maximum practicable amount consistent with CentrePort's intention to increase asset values substantially through the reinvestment of profits.

The Directors of CentrePort have adopted a dividend policy that provides for dividends to be between 40% and 60% of underlying tax paid profit (excluding fair value changes). The target dividend pay-out ratio reflects free cash-flow after providing for capital expenditure plans and the Board's gearing targets.

In terms of the remainder of the WRC Holdings Group the expectation is that the dividends paid will be the maximum practical amount where appropriate. It is expected to be 100% of after tax earnings, excluding unrealised fair value adjustments.

10. Information to be Reported

The Group will maintain regular reporting to the Shareholder on the implementation of policies in accordance with statutory requirements and in particular will:

- (a) Within three months after the end of each financial year, produce an audited set of financial statements that are consistent with International Financial Reporting Standards (IFRS). The Directors will also report on:
 - a summary of achievements measured against the performance targets
 - the dividend.
- (b) Report to the Shareholder quarterly including the December half year result.
- (c) Provide further financial information that meets Shareholder expectations (format and timetable to be agreed) on a regular basis.

11. Procedures for the Purchase and Acquisition of Shares

The Boards of WRC Holdings, PIL and GWRL will obtain the prior approval of the Regional Council before any of those companies subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the Group. NB: CentrePort is governed by a separate constitution.

GWRL subscribes for equity from WRCHL to cover capital expenditures, WRCHL in turn subscribes for equity from the Regional Council.

Section 60 of the Local Government Act 2002 requires that all decisions relating to the operation of the companies must be made in accordance with its SOI and its constitution.

12. Compensation

The non-Council Directors of WRC Holdings will receive remuneration and travel expenses as determined by Council from time to time.

Council Directors of WRCHL, PIL, and GWRL, will receive travelling expenses based on the rates applicable to members of the Council, and may receive remuneration in accordance with Council directives from time to time.

The WRCH Group of companies will seek compensation by agreement from the Regional Council for:

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- (a) Interest and financial costs relating to the provision of any inter-company loans, other financing arrangements and current account balances that may accrue.
- (b) Any other function, duty or power they wish the Group to carry out on their behalf and which involves the supply of goods and services.

13. Value of Shareholder's Investment

The valuation of investments will be undertaken as may be required from time to time by the Directors or Shareholders.

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of comprehensive income



	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Revenue												
Interest received on GW current account	108,000	99,000	64,000	33,000	(4,000)	(54,000)	(11,000)	(5,000)	(6,000)	(5,000)	(4,000)	(11,000)
Imputed Dividends from Centport	5,231,000	538,000	-	-	-	5,885,000	6,346,000	6,462,000	6,615,000	6,769,000	6,654,000	6,692,000
TOTAL REVENUE	5,339,000	637,000	64,000	33,000	(4,000)	5,831,000	6,335,000	6,457,000	6,609,000	6,764,000	6,650,000	6,681,000
Expenses												
Audit fees	6,000	6,000	10,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
Directors fees	10,000	13,000	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
Directors insurance	6,000	6,000	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,132	7,310	7,493
Interest expense	1,407,000	1,100,000	1,243,400	1,243,650	1,332,006	1,420,369	1,508,738	1,597,114	1,641,164	1,685,497	1,817,647	1,817,937
Legal fees	-	5,000	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244
Management fee	51,000	75,000	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665
Professional fees	12,000	25,000	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
Travel		1,000	1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
TOTAL EXPENSES	1,492,000	1,231,000	1,390,400	1,390,225	1,482,246	1,574,364	1,666,583	1,758,905	1,807,000	1,855,479	1,991,879	1,996,524
NET OPERATING SURPLUS	3,847,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
Taxation expense / -credit (subvention)												
NET SURPLUS AFTER TAX	3,847,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
Dividends paid	3,692,000	-	-	-	-	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
NET SURPLUS	155,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	-	-	-	-	-	-	-

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective balance sheet as at 30 June

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
SHAREHOLDERS FUNDS												
Ordinary share capital	-	-	-	-	-	-	-	-	-	-	1	1
Opening retained earnings	2,621,000	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)
Current surplus/deficit	155,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	-	-	-	-	-	-	-
Retained earnings	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)
TOTAL SHAREHOLDERS FUNDS	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,870)	(1,987,870)
Represented by:												
CURRENT ASSETS												
Current account with GW	6,828,000	2,543,000	1,216,600	(140,625)	(1,626,871)	(312,735)	(131,454)	(159,776)	(132,371)	(102,850)	(295,749)	(288,394)
Dividends receivable	-	-	-	-	-	2,942,500	3,173,000	3,231,000	3,307,500	3,384,500	3,327,000	3,346,000
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	6,830,000	2,545,000	1,218,600	(138,625)	(1,624,871)	2,631,765	3,043,546	3,073,224	3,177,129	3,283,650	3,033,251	3,059,606
Investment in CentrePort	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
TOTAL ASSETS	50,830,000	46,545,000	45,218,600	43,861,375	42,375,129	46,631,765	47,043,546	47,073,224	47,177,129	47,283,650	47,033,251	47,059,606
CURRENT LIABILITIES												
Dividends payable	3,691,000	-	-	-	-	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
Payables	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000	363,000
TOTAL CURRENT LIABILITIES	4,054,000	363,000	363,000	363,000	363,000	4,619,636	5,031,417	5,061,095	5,165,000	5,271,521	5,021,121	5,047,476
Advance from WRC Holdings Ltd	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
NET ASSETS	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,870)	(1,987,870)

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of changes in equity

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Opening equity	2,621,000	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,870)
Total comprehensive income for the year	3,847,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
Dividend to be paid	(3,692,000)	-	-	-	-	(4,256,636)	(4,668,417)	(4,698,095)	(4,802,000)	(4,908,521)	(4,658,121)	(4,684,476)
Closing equity	2,776,000	2,182,000	855,600	(501,625)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,871)	(1,987,870)

Operating budgets for the 10 years ended 30 June 2027
Prospective statement of cashflows

	Actual 2015/16	Forecast 2016/17	Budget 2016/17	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2018/23	Budget 2018/24	Budget 2018/25	Budget 2018/26	Budget 2018/26
Cashflows from operations												
Receipts from operations												
Interest received	-	99,000	64,000	33,000	(4,000)	(54,000)	(11,000)	(5,000)	(6,000)	(5,000)	(4,000)	(11,000)
Dividends received ex CPL	5,231,000	538,000	-	-	-	2,942,500	6,115,500	6,404,000	6,538,500	6,692,000	6,711,500	6,673,000
Payments to suppliers/employees		(131,000)	(147,000)	(146,575)	(150,239)	(153,995)	(157,845)	(161,791)	(165,836)	(169,982)	(174,232)	(178,587)
Interest paid	(1,326,000)	(1,100,000)	(1,243,400)	(1,243,650)	(1,332,006)	(1,420,369)	(1,508,738)	(1,597,114)	(1,641,164)	(1,685,497)	(1,817,647)	(1,817,937)
Net cash from operating activities	3,905,000	(594,000)	(1,326,400)	(1,357,225)	(1,486,246)	1,314,136	4,437,917	4,640,095	4,725,500	4,831,521	4,715,621	4,665,476
Net cash from investing activities												
Cashflows from financing activities												
Loans												
Dividends paid	(2,462,000)	(3,691,000)	-	-	-	-	(4,256,636)	(4,668,417)	(4,698,095)	(4,802,000)	(4,908,521)	(4,658,121)
Movement in current accounts	(1,443,000)	4,285,000	1,326,400	1,357,225	1,486,246	(1,314,136)	(181,281)	28,322	(27,405)	(29,521)	192,900	(7,353)
Net cash from financing activities	(3,905,000)	594,000	1,326,400	1,357,225	1,486,246	(1,314,136)	(4,437,917)	(4,640,095)	(4,725,500)	(4,831,521)	(4,715,621)	(4,665,475)
Net increase/(decrease) in cash & cash eqvts	-	-	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents at beginning of the yr	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at year end	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of comprehensive income



	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Revenue												
Grant - Recovery of cost from GWRC	13,005,000	10,732,000	11,124,978	11,261,826	11,315,794	11,503,737	12,263,366	12,195,165	13,122,694	12,963,385	12,856,408	13,283,747
External revenue - Rentals Properties	123,000	79,000	67,366	69,050	70,777	72,546	74,360	76,219	78,124	79,999	81,919	83,803
Interest received -Current Account GWRC	54,000	4,000	95,000	98,000	100,000	104,000	103,000	103,000	103,000	103,000	103,000	103,000
Rental income (from TransDev)	3,742,000	6,136,000	6,167,000	6,321,175	6,479,204	6,641,184	6,807,214	6,977,394	7,151,829	7,323,473	7,499,237	7,671,719
TOTAL REVENUE	16,924,000	16,951,000	17,454,344	17,750,052	17,965,775	18,321,467	19,247,940	19,351,778	20,455,648	20,469,857	20,540,563	21,142,269
Expenses												
Audit fees	17,357	17,000	17,000	17,425	17,861	18,307	18,765	19,234	19,715	20,188	20,672	21,148
Directors fees	10,147	25,000	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,688	30,401	31,100
Directors insurance	4,618	6,000	6,000	6,150	6,304	6,461	6,623	6,788	6,958	7,125	7,296	7,464
Corporate Management Fee	53,196	53,196	53,196	54,526	55,889	57,286	58,718	60,186	61,691	63,172	64,688	66,176
Legal fees	16,981	5,115	5,115	5,243	5,374	5,508	5,646	5,787	5,932	6,074	6,220	6,363
Professional fees	-	50,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,376	60,801	62,200
Other Expenses - materials/travel	-	5,115	5,115	5,243	5,374	5,508	5,646	5,787	5,932	6,074	6,220	6,363
Transport - Admin/Management fee	1,942,859	1,555,574	1,563,852	1,632,403	1,650,698	1,684,545	1,690,966	1,775,864	1,873,272	1,819,053	1,909,413	1,953,968
Depreciation	16,601,573	18,052,000	17,614,933	19,241,369	20,309,141	20,821,290	22,542,752	23,332,220	23,547,309	24,236,442	24,933,734	25,194,316
Insurance	1,289,166	285,000	325,265	333,397	341,732	350,275	359,032	368,007	377,208	386,261	395,531	404,628
Vehicle services	14,574,891	11,821,000	11,822,783	11,952,747	12,046,502	12,260,134	13,074,365	12,983,815	13,878,050	13,836,046	13,703,310	14,149,489
Station expenditure	2,218,514	2,363,000	2,684,018	2,643,494	2,709,581	2,777,320	2,846,753	2,917,922	2,990,870	3,062,651	3,136,155	3,208,286
Carpark & station security	1,282,804	188,000	150,000	153,750	157,594	161,534	165,572	169,711	173,954	178,129	182,404	186,599
Studies & Investigations	318,203	335,000	300,000	410,000	420,250	430,756	441,525	452,563	463,877	475,010	486,411	497,598
Rates & Leases	209,246	321,000	352,000	360,800	369,820	379,066	388,542	398,256	408,212	418,009	428,041	437,886
Inventory Adjustment												
Total operating expenses	38,539,555	35,082,000	34,974,277	36,893,421	38,174,916	39,038,757	41,687,691	42,580,998	43,899,957	44,603,299	45,371,298	46,233,585
Loss on disposal & Reval of Rolling Stock	222,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	38,761,555	35,082,000	34,974,277	36,893,421	38,174,916	39,038,757	41,687,691	42,580,998	43,899,957	44,603,299	45,371,298	46,233,585
NET OPERATING SURPLUS (DEFICIT)	(21,837,555)	(18,131,000)	(17,519,933)	(19,143,369)	(20,209,141)	(20,717,290)	(22,439,752)	(23,229,220)	(23,444,309)	(24,133,442)	(24,830,734)	(25,091,316)
Taxation expense (credit)	11,917,000	(5,076,680)	(4,905,581)	(5,360,143)	(5,658,559)	(5,800,841)	(6,283,130)	(6,504,182)	(6,564,406)	(6,757,364)	(6,952,606)	(7,025,568)
NET SURPLUS AFTER TAX	(33,754,555)	(13,054,320)	(12,614,351)	(13,783,226)	(14,550,582)	(14,916,449)	(16,156,621)	(16,725,038)	(16,879,902)	(17,376,078)	(17,878,129)	(18,065,747)

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective balance sheet as at 30 June

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
SHAREHOLDERS FUNDS												
Ordinary share capital	85,744,385	196,674,385	218,997,197	236,986,930	246,527,816	260,611,147	274,975,436	286,311,064	298,723,714	309,402,558	320,378,878	332,780,632
Opening retained earnings	170,254,750	136,500,195	123,445,875	110,831,524	97,048,298	82,497,717	67,581,268	51,424,647	34,699,608	17,819,706	443,628	(17,434,501)
Equity contributed	110,930,000	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	10,678,843	10,976,321	12,401,754	18,239,947
Current surplus/deficit after dividend	(33,754,555)	(13,054,320)	(12,614,351)	(13,783,226)	(14,550,582)	(14,916,449)	(16,156,621)	(16,725,038)	(16,879,902)	(17,376,078)	(17,878,129)	(18,065,747)
TOTAL SHAREHOLDERS FUNDS	333,174,580	342,443,072	347,818,454	343,576,114	343,108,864	342,556,704	337,735,711	333,423,323	327,222,264	320,822,506	315,346,131	315,520,330
Represented By:												
CURRENT ASSETS												
Accounts receivable	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000	111,000
Inventories	12,277,000	277,000	277,000	277,000	277,000	277,000	277,000	277,000	277,000	277,000	277,000	277,000
Current account with GW	(8,406,555)	3,514,445	3,609,445	3,707,445	3,807,445	3,911,445	4,014,445	4,117,445	4,220,445	4,323,445	4,426,445	4,529,445
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	3,982,445	3,903,445	3,998,445	4,096,445	4,196,445	4,300,445	4,403,445	4,506,445	4,609,445	4,712,445	4,815,445	4,918,445
NON CURRENT ASSETS												
Transport Infrastructure	64,976,000	68,986,839	72,503,813	74,759,040	76,653,655	76,523,790	76,158,560	75,755,593	75,437,513	75,117,739	74,807,915	74,604,989
Rail rolling stock	312,257,000	344,516,973	341,374,799	329,419,090	321,298,664	314,971,529	304,129,634	293,613,032	281,062,646	268,122,299	255,900,143	249,148,699
Work In Progress	39,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000
Deferred Tax Asset												
TOTAL FIXED ASSETS	417,143,000	421,413,812	421,788,613	412,088,129	405,862,320	399,405,319	388,198,195	377,278,625	364,410,160	351,150,038	338,618,058	331,663,689
TOTAL ASSETS	421,125,445	425,317,257	425,787,058	416,184,575	410,058,765	403,705,764	392,601,640	381,785,070	369,019,605	355,862,484	343,433,503	336,582,134
CURRENT LIABILITIES												
Accrued Expenditure	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865
TOTAL CURRENT LIABILITIES	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865	4,080,865
NON CURRENT LIABILITIES												
Deferred taxation liability	83,870,000	78,793,320	73,887,739	68,527,596	62,869,036	57,068,195	50,785,064	44,280,883	37,716,476	30,959,113	24,006,507	16,980,939
TOTAL NON CURRENT LIABILITIES	83,870,000	78,793,320	73,887,739	68,527,596	62,869,036	57,068,195	50,785,064	44,280,883	37,716,476	30,959,113	24,006,507	16,980,939
NET ASSETS	333,174,580	342,443,072	347,818,454	343,576,114	343,108,864	342,556,704	337,735,711	333,423,323	327,222,264	320,822,506	315,346,131	315,520,330

Greater Wellington Rail Ltd**Operating budgets for the 10 years ended 30 June 2027****Asset additions**

	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Park and Ride Development	689,000	56,239	743,761	511,500	524,288	-	-	-	-	-	-	-
Kapiti Land Park & Ride	1,311,284	1,040,000	-	-	-	-	-	-	-	-	-	-
Upper Hutt Station Park and Ride Development	360,000	525,000	-	-	-	-	-	-	-	-	-	-
Ava Bridge South-End (gwr)	-	-	2,500,000	-	-	-	-	-	-	-	-	-
Depot Shunt (Crab)	-	453,800	46,200	-	-	-	-	-	-	-	-	-
SE Cars - Life Extension	-	-	-	-	3,774,870	3,873,017	-	-	-	-	-	-
SW & SE Cars - Life Extension	-	-	-	-	943,718	968,254	1,988,794	2,046,469	-	-	-	-
Matangi - Midlife Refurbishment (gwr)	-	-	-	-	-	-	-	-	-	-	3,379,856	8,021,209
Capex - Matangi 2 Supply Contract	100,171,035	13,055,227	-	-	-	-	-	-	-	-	-	-
Capex - Matangi Adapter Couplers	925,506	-	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Admin	134,305	86,032	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Kiwirail Consultancy	440,780	-	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Halcrow Consultancy	2,473,763	466,837	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Transdev Commissioning	-	60,000	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Capital Spares	3,479,000	1,193,262	-	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Contingency	-	-	424,818	-	-	-	-	-	-	-	-	-
Capex - Matangi 2 Driver Simulator - (gwrl)	-	250,000	2,250,000	-	-	-	-	-	-	-	-	-
Capex M1 Retrofit Supply Contract	5,712,000	-	-	-	-	-	-	-	-	-	-	-
Capex M1 Retrofit Kiwirail Resourcing	1,524,405	-	-	-	-	-	-	-	-	-	-	-
Capex M1 Retrofit Contingency	-	-	2,172,101	-	-	-	-	-	-	-	-	-
Capex Rail Rolling Stock Minor Improvements	-	250,000	250,000	255,750	262,144	268,959	276,221	284,232	292,759	301,834	311,795	322,396
Capex - Rail Infrastructure Like for Like Renewals	3,741,430	2,500,000	2,500,000	2,557,500	2,621,438	2,689,595	2,762,214	2,842,318	2,927,588	3,018,343	3,117,948	3,223,958
Capex - Rail Infrastructure Improvements <250k	-	1,000,000	1,000,000	1,023,000	1,048,575	1,075,838	1,104,886	1,136,927	1,171,035	1,207,337	1,247,179	1,289,583
Security Related Rail Improvements	1,598,813	500,000	250,000	511,500	262,144	268,959	276,221	284,232	292,759	301,834	311,795	322,396
Capex - SW & SE Cars Heavy Maint/Overhauls	1,046,235	265,081	726,157	-	533,116	535,351	116,499	400,903	228,518	202,035	661,830	825,988
Capex - Matangi Heavy Maint/Overhauls	-	621,334	5,126,696	3,181,635	2,613,041	4,684,316	4,810,792	5,417,569	5,766,185	5,944,936	3,371,351	4,234,417
RS1 - Station Upgrades	-	-	-	1,500,000	1,500,000	-	-	-	-	-	-	-
Capex - Matangi 1 Supply Contract	975,419	-	-	-	-	-	-	-	-	-	-	-
Total	124,582,974	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	10,678,843	10,976,321	12,401,754	18,239,947

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of changes in equity

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Opening equity	255,999,135	333,174,580	342,443,072	347,818,454	343,576,114	343,108,864	342,556,704	337,735,711	333,423,323	327,222,264	320,822,506	315,346,131
Shares to be issued during the year	110,930,000	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	10,678,843	10,976,321	12,401,754	18,239,947
Total comprehensive income for the year	(33,754,555)	(13,054,320)	(12,614,351)	(13,783,226)	(14,550,582)	(14,916,449)	(16,156,621)	(16,725,038)	(16,879,902)	(17,376,078)	(17,878,129)	(18,065,747)
Dividend to be paid	-	-	-	-	-	-	-	-	-	-	-	-
Closing equity	333,174,580	342,443,072	347,818,454	343,576,114	343,108,864	342,556,704	337,735,711	333,423,323	327,222,264	320,822,506	315,346,131	315,520,330

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of cashflows

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Cashflows from operations												
Receipts from operations	20,679,000	28,947,000	17,359,344	17,652,052	17,865,775	18,217,467	19,144,940	19,248,778	20,352,648	20,366,857	20,437,563	21,039,269
Interest received	54,000	4,000	95,000	98,000	100,000	104,000	103,000	103,000	103,000	103,000	103,000	103,000
Payments to suppliers/employees	(22,971,116)	(17,030,000)	(17,359,344)	(17,652,052)	(17,865,775)	(18,217,467)	(19,144,940)	(19,248,778)	(20,352,648)	(20,366,857)	(20,437,563)	(21,039,269)
Net cash from operating activities	(2,238,116)	11,921,000	95,000	98,000	100,000	104,000	103,000	103,000	103,000	103,000	103,000	103,000
Cashflow from investing activities												
Purchase of fixed assets	(120,102,438)	(22,322,812)	(17,989,733)	(9,540,885)	(14,083,331)	(14,364,289)	(11,335,627)	(12,412,651)	(10,678,843)	(10,976,321)	(12,401,754)	(18,239,947)
Net cash from investing activities	(120,102,438)	(22,322,812)	(17,989,733)	(9,540,885)	(14,083,331)	(14,364,289)	(11,335,627)	(12,412,651)	(10,678,843)	(10,976,321)	(12,401,754)	(18,239,947)
Cashflows from financing activities												
Issue of shares	110,930,000	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	10,678,843	10,976,321	12,401,754	18,239,947
Movement in current account	11,410,555	(11,921,000)	(95,000)	(98,000)	(100,000)	(104,000)	(103,000)	(103,000)	(103,000)	(103,000)	(103,000)	(103,000)
Net cash from financing activities	122,340,555	10,401,812	17,894,733	9,442,885	13,983,331	14,260,289	11,232,627	12,309,651	10,575,843	10,873,321	12,298,754	18,136,947
Net increase/(decrease) in cash & cash eqvts	-	-	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents at beginning of the yr	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at year end	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective statement of comprehensive income



	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Revenue												
Interest received on GW current account	30,000	70,000	74,000	(10,000)	(14,000)	(21,000)	(29,000)	(39,000)	(42,000)	(43,000)	(43,000)	(43,000)
Interest received from PIL	1,407,000	1,144,000	1,243,400	1,243,650	1,332,006	1,420,369	1,508,738	1,597,114	1,641,164	1,685,497	1,817,647	1,817,937
Dividends received from PIL	5,208,000	-	-	-	-	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
TOTAL REVENUE	6,671,000	1,214,000	1,317,400	1,233,650	1,318,006	5,656,005	6,148,155	6,256,209	6,401,164	6,551,018	6,432,768	6,459,413
Expenses												
Audit fees	19,000	19,000	19,000	19,475	19,962	20,461	20,972	21,497	21,497	22,034	22,034	22,585
Bank & Facility Fees	123,000	132,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000	176,000
Directors fees	10,000	13,000	25,000	25,625	26,266	26,922	27,595	28,285	28,285	28,992	28,992	29,717
Directors insurance	6,000	7,000	7,000	7,175	7,354	7,538	7,727	7,920	7,920	8,118	8,118	8,321
Interest expense	1,287,000	1,002,000	1,057,400	1,057,400	1,145,500	1,233,600	1,321,700	1,409,800	1,453,850	1,497,900	1,630,050	1,630,050
Legal fees	24,000	5,000	5,000	5,125	5,253	5,384	5,519	5,657	5,657	5,798	5,798	5,943
Trustee & Rating Agency Fees	5,000	5,000	5,000	5,125	5,253	5,384	5,519	5,657	5,657	5,798	5,798	5,943
Registry Fees		5,000	5,000	5,125	5,253	5,384	5,519	5,657	5,657	5,798	5,798	5,943
Management fees	67,000	75,000	75,000	76,875	78,797	80,767	82,786	84,856	84,856	86,977	86,977	89,151
Professional fees	21,000	25,000	45,000	46,125	47,278	48,460	49,672	50,913	50,913	52,186	52,186	53,491
TOTAL EXPENSES	1,562,000	1,288,000	1,419,400	1,424,050	1,516,916	1,609,902	1,703,009	1,796,242	1,840,292	1,889,603	2,021,753	2,027,146
NET OPERATING SURPLUS	5,109,000	(74,000)	(102,000)	(190,400)	(198,910)	4,046,103	4,445,146	4,459,967	4,560,872	4,661,415	4,411,015	4,432,267
Write down (up) of Investments (PHL)												
NET SURPLUS AFTER TAX & IMPAIRMENTS	5,109,000	(74,000)	(102,000)	(190,400)	(198,910)	4,046,103	4,445,146	4,459,967	4,560,872	4,661,415	4,411,015	4,432,267
Dividend paid (Before Fair Value & Impairment)	3,578,000	-	-	-	-	4,046,103	4,445,146	4,459,967	4,560,872	4,661,415	4,411,015	4,432,267
NET SURPLUS	1,531,000	(74,000)	(102,000)	(190,400)	(198,910)	-	-	-	-	-	-	-

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2027
Prospective balance sheet as at 30 June

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
SHAREHOLDERS FUNDS												
Ordinary share capital	231,214,664	253,537,476	271,527,209	281,068,095	295,151,426	309,515,715	320,851,343	333,263,993	345,676,644	356,355,487	367,331,808	379,733,562
Retained earnings	(31,234,664)	(31,308,664)	(31,410,664)	(31,601,064)	(31,799,974)	(31,799,974)	(31,799,974)	(31,799,975)	(31,799,975)	(31,799,975)	(31,799,974)	(31,799,975)
TOTAL SHAREHOLDERS FUNDS	199,980,000	222,228,812	240,116,545	249,467,031	263,351,452	277,715,741	289,051,368	301,464,018	313,876,669	324,555,512	335,531,834	347,933,587
Represented by:												
CURRENT ASSETS												
Current account with GW	2,953,336	-	-	-	-	-	-	-	-	-	-	-
Dividends receivable	-	-	-	-	-	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121	4,684,476
Accounts receivable	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000
Bank & short term deposits	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL CURRENT ASSETS	7,018,336	3,768,000	3,768,000	3,768,000	3,768,000	8,024,636	8,436,417	8,466,095	8,570,000	8,676,521	8,426,121	8,452,476
Advance to PIL	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
Investment in subsidiaries	196,672,664	218,995,476	236,985,209	246,526,095	260,609,426	274,973,715	286,309,343	298,721,993	311,134,644	321,813,487	332,789,808	345,191,562
TOTAL INVESTMENTS	240,672,664	262,995,476	280,985,209	290,526,095	304,609,426	318,973,715	330,309,343	342,721,993	355,134,644	365,813,487	376,789,808	389,191,562
TOTAL ASSETS	247,691,000	266,763,476	284,753,209	294,294,095	308,377,426	326,998,351	338,745,759	351,188,088	363,704,644	374,490,008	385,215,929	397,644,037
CURRENT LIABILITIES												
Current account with GW	-	401,664	503,664	694,064	892,974	1,103,507	1,116,245	1,131,102	1,134,103	1,140,081	1,140,081	1,145,183
Dividends payable	3,578,000	-	-	-	-	4,046,103	4,445,146	4,459,967	4,560,872	4,661,415	4,411,015	4,432,267
Payables	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
TOTAL CURRENT LIABILITIES	3,661,000	484,664	586,664	777,064	975,974	5,232,610	5,644,391	5,674,069	5,777,975	5,884,496	5,634,096	5,660,450
Term Loan - CBA facility	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000
NET ASSETS	199,980,000	222,228,812	240,116,545	249,467,031	263,351,452	277,715,741	289,051,368	301,464,018	313,876,669	324,555,512	335,531,833	347,933,587

WRC Holdings Ltd**Operating budgets for the 10 years ended 30 June 2027****Prospective statement of changes in equity**

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Opening equity	87,519,000	199,980,000	222,228,812	240,116,545	249,467,031	263,351,452	277,715,741	289,051,368	301,464,018	313,876,669	324,555,512	335,531,834
Shares to be issued during the year	110,930,000	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	12,412,651	10,678,843	10,976,321	12,401,754
Total comprehensive income for the year	5,109,000	(74,000)	(102,000)	(190,400)	(198,910)	4,046,103	4,445,146	4,459,967	4,560,872	4,661,415	4,411,015	4,432,267
Dividend to be paid	(3,578,000)	-	-	-	-	(4,046,103)	(4,445,146)	(4,459,967)	(4,560,872)	(4,661,415)	(4,411,015)	(4,432,267)
Closing equity	199,980,000	222,228,812	240,116,545	249,467,031	263,351,452	277,715,741	289,051,368	301,464,018	313,876,669	324,555,513	335,531,833	347,933,587

WRC Holdings Ltd**Operating budgets for the 10 years ended 30 June 2027****Prospective statement of cashflows**

	Actual 2015/16	Forecast 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Cashflows from operations												
Interest received - PIL & GW C/Account	1,499,000	1,214,000	1,317,400	1,233,650	1,318,006	1,399,369	1,479,738	1,558,114	1,599,164	1,642,497	1,774,647	1,774,937
Dividends received	3,978,000	-	-	-	-	-	4,256,636	4,668,417	4,698,095	4,802,000	4,908,521	4,658,121
Payments to suppliers/employees	-	(286,000)	(362,000)	(366,650)	(371,416)	(376,302)	(381,309)	(386,442)	(386,442)	(391,703)	(391,703)	(397,096)
Interest paid	(1,411,000)	(1,002,000)	(1,057,400)	(1,057,400)	(1,145,500)	(1,233,600)	(1,321,700)	(1,409,800)	(1,453,850)	(1,497,900)	(1,630,050)	(1,630,050)
Net cash from operating activities	4,066,000	(74,000)	(102,000)	(190,400)	(198,910)	(210,533)	4,033,365	4,430,289	4,456,967	4,554,894	4,661,415	4,405,912
Cashflow from investing activities												
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
Interest capitalised	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of shares	(110,930,000)	(22,322,812)	(17,989,733)	(9,540,885)	(14,083,331)	(14,364,289)	(11,335,627)	(12,412,651)	(12,412,651)	(10,678,843)	(10,976,321)	(12,401,754)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Advance	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(110,930,000)	(22,322,812)	(17,989,733)	(9,540,885)	(14,083,331)	(14,364,289)	(11,335,627)	(12,412,651)	(12,412,651)	(10,678,843)	(10,976,321)	(12,401,754)
Cashflows from financing activities												
Dividends paid	(2,360,000)	(3,578,000)	-	-	-	-	(4,046,103)	(4,445,146)	(4,459,967)	(4,560,872)	(4,661,415)	(4,411,015)
Issue of shares	110,930,000	22,322,812	17,989,733	9,540,885	14,083,331	14,364,289	11,335,627	12,412,651	12,412,651	10,678,843	10,976,321	12,401,754
Movement in current account	(1,735,000)	3,652,000	102,000	190,400	198,910	210,533	12,738	14,857	3,000	5,978	-	5,102
Net cash from financing activities	106,864,000	22,396,812	18,091,733	9,731,285	14,282,241	14,574,822	7,302,263	7,982,362	7,955,684	6,123,950	6,314,906	7,995,841
Net increase/(decrease) in cash & cash eqvts	-	-	-	-	-	-	-	-	-	-	-	-
Cash & cash equivalents at beginning of the yr	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Cash & cash equivalents at year end	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

27 June 2017



Chris Laidlaw
Chair
Greater Wellington Regional Council
P O Box 11 646
Wellington 6142

Dear Chris

WRC Holdings Limited Final Statement of Intent Covering the 2017/18-2019/20 Financial Years

WRC Holding Board members held a meeting on 27th June 2017 to discuss the above.

At this meeting we received the final Statement of Intent (SOI) from CentrePort Limited and also the final Statement of Intent (SOI) for WRC Holdings Limited.

We approved the final SOI for WRC Holdings Limited for delivery to the shareholder at our meeting and now formally pass it on to Council.

As per the Local Government Act (Schedule 8, Clause 3) we are required to deliver a final SOI for WRC Holdings before 30 June 2017.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S Sharif', written over a light blue circular stamp.

Samanth Sharif
Chair – WRC Holdings

Encl – WRC Holding Final SOI



Report 17.250
Date 19 July 2017
File CCAB-8-1216

Company Council
Author Matthias Zuschlag

LGFA Final Statement of Intent 2017/18 to 2019/ 2020

1. Purpose

To present the final LGFA Statement of Intent for 2017/18 through to 2019/20.

2. Background

The LGFA was established on 6 December 2011, and being a Council Controlled Trading Organisation (CCTO), it is required to prepare a Statement of Intent to its shareholders.

Greater Wellington Regional Council (GWRC) has been a promoter of this organisation and initially held \$2 million of the \$25 million share capital, being one of the initial 18 non-central government founding shareholders.

In December 2012, GWRC sold down part of its shareholding, from \$2m down to \$1.866m, to allow 12 other councils to join the LGFA. This brought the total number of shareholder councils to 30.

Mike Timmer (Treasurer of GWRC) has been a director of the LGFA since February 2016 after having been the GWRC's representative (Vice Chair) on the Shareholders' Council. The Shareholders' Council is a group consisting of the nine councils which originally promoted the LGFA.

The principal role of the Shareholders' Council is to monitor the LGFA and to provide a focal point for LGFA communication. The Shareholders' Council has approximately five formal meetings a year.

The Shareholders' Council has developed its own charter, provided assistance with debt settlements, and developed a monitoring framework to monitor the LGFA and its performance.

3. Statement of Intent

GWRC received the draft Statement of Intent for comment at the end of February 2017. The final Statement of Intent (refer [Attachment 1](#)) was received on 27 June 2017.

In January 2017 the Shareholders' Council provided a letter of expectation to the LGFA which was disclosed in the draft SOI GWRC received. It made some suggestions around governance, performance indicators and other matters.

These have now been incorporated into the SOI and the business operation.

Changes since the draft SOI have seen higher returns in the 2017/18 year but lowered returns in the two outer years, the latter mainly as a result of lower investment interest rate assumptions on the LGFA's liquidity funds and invested equity.

A more detailed analysis is discussed below.

The main changes from the draft SOI are:

- The forecast loan balance to councils for the year ending June 2018 has been increased by \$264 million to \$8,128 million. More councils are refinancing their December 2017 debt maturities than anticipated in the draft SOI.
- Due to the higher council borrowing the net interest income is forecast to be \$790,000 higher in the 2017/18 year than in the draft SOI. Offsetting this to a lesser extent is an increase in operating expenses of the LGFA, which leads to an overall increased profit of \$550,000 to \$10.88 million when compared to the draft SOI.
- In the 2018/19 and 2019/20 years the profit is forecast to be lower by \$290,000 and \$1.22 million respectively than in the draft SOI. Lower net interest revenue (Lower interest rates) in the 2019/20 year on invested shareholders' funds and liquid investments led to \$960,000 reduction on profit in that year.
- The issuance and operating expenses have been increased by \$200,000 to allow for the expected increase in director fees and higher personnel costs as well as costs to upgrade the current customer relationship management system.
- The resulting impact of all changes is a forecast equity of \$77.57 million in June 2020, which is almost unchanged from the draft SOI forecast.
- The LGFA notes that there is a degree of uncertainty around the forecast with respect to the timing of the re-financing by councils of their March 2019 and April 2020 loans.

The key **primary objectives** set out in the final SOI are:

- Provide interest savings for all participating local authorities on a relative basis to other sources of financing.
- Make longer term borrowings available to participating local authorities.
- Enhance certainty of access to debt markets for local authorities.
- Offer more flexible lending terms.
- Ensuring that its assets remain of a high quality standard, by ensuring it understands the financial position and general issues of each Council as well as general issues of the sector. This includes an annual review of each Council's financial position, its financial headroom and compliance with the LGFA's lending policies as well as an annual visit of each Council.
- Proactively enhance the financial strength and depth of the local government debt market (added in final SOI)

Key **additional objectives** are:

- Making a profit sufficient to pay a Dividend to its shareholders equal to the LGFA's cost of funds plus 2% over the medium term.
- Provide at least 50% of aggregate long term debt funding to the Local Government sector.
- Achieve its forecast for the next three years – see details below.
- Maintain the same credit rating as the New Zealand Government.
- Meet or exceed its performance targets.
- Comply with its Treasury Policy.

Looking at the three year plan / forecast, the following highlights are notable:

- A profit of \$10.88 million is forecast for the 2017/18 year, decreasing to \$10.06 million in 2018/19 and \$7.40 million in 2019/20. The large drop in profit is due to \$2.1 billion council loans being repaid in the three years which have an average lending margin of 30 basis points (0.3%). The expected average margin for the replacement loans is 14 basis points (0.14%) . This margin contraction has an impact on about \$3 million on the net interest revenue of the LGFA. This benefit will be seen in the borrower Council results as their interest costs reduce.
- A steady dividend is forecast of \$1.50 million for the 3 years with equity growing from \$63.1 million in 2017/18 to \$77.6 million by June 2020.
- Total assets (mostly lending to councils) increase from \$8,266 million in 2017/18 to \$8,443 million in 2019/20. Growth is impacted to some extent by the Governments Infrastructure Fund lending.
- The forecast margin charged by the LGFA to the highest rated participating local authority is set at no more than 0.10% for all years.

- Lending to councils is forecast to be at least \$8.13 billion on 30 June 2018 increasing to \$8.39 billion on 30 June 2020.
- The newly reported Shareholder Equity Ratio shows an increase from 2.29% on 30 June 18 to 2.46% of total assets on 30 June 2020. This provides greater financial resilience and in line with anticipated requirements on international banking regulations.

The LGFA's equity is forecast to increase to \$77.6 million in June 2020. Based on a review of its capital structure in the 2014/15 year, the LGFA has no need to seek further capital from shareholders or return capital to shareholders. While the capital has grown significantly it is matched by a large and growing balance sheet. Another capital review will be undertaken in 2018 again to assess the appropriate level of equity.

4. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

5. The decision-making process and significance

No decision is being sought in this report.

5.1 Engagement

Engagement on this matter is unnecessary

6. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Notes the Statement of Intent from the Local Government Funding Agency for 2017/18 and the next two years.*

Report prepared by:

Matthias Zuschlag
Treasury Accountant

Report approved by

Dave Humm
GM Corporate Services/CFO

Attachment 1: LGFA Final Statement of Intent 2017/18 to 2019/20

Attachment 2: Letter to shareholders to accompany 2017/18 Statement of Intent



Statement of Intent 2017/18

1. Introduction

This Statement of Intent (SOI) sets out the intentions and expectations of New Zealand Local Government Funding Agency Limited (LGFA).

The LGFA is enabled under the Local Government Borrowing Act 2011 and is a council-controlled organisation (CCO) for the purposes of the Local Government Act 2002.

The SOI is prepared in accordance with section 64(1) of the Local Government Act 2002.

2. Nature and scope of activities

LGFA will raise debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

3. Objectives

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders in LGFA (both commercial and non-commercial) as specified in this SOI;
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary Objectives

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and visit each Participating Local Authority on an annual basis;
- LGFA will analyse finances at the Council group level where appropriate;
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual council issues; and
- LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in section 6;
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector;
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in section 4;
- Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts (excluding the impact of AIL) set out in section 4;
- Meet or exceed the Performance Targets outlined in section 5; and
- Comply with its Treasury Policy, as approved by the Board.

4. Financial forecasts

LGFA's financial forecasts for the three years to 30 June 2020 are:

FINANCIAL YEAR (\$M)

Comprehensive income	Jun-18	Jun-19	Jun-20
Interest income	239.52	248.25	254.29
Interest expense	221.30	230.98	239.95
Net Interest income	18.22	17.27	14.34
Issuance and on-lending costs	2.33	2.36	2.39
Approved Issuer Levy	1.89	1.64	1.23
Operating expenses	3.12	3.22	3.31
Issuance and operating expenses	7.34	7.22	6.94
P&L	10.88	10.06	7.40

Financial position (\$m)	Jun-18	Jun-19	Jun-20
Capital	25.00	25.00	25.00
Retained earnings	38.11	46.66	52.57
Total equity	63.11	71.66	77.57
Shareholder funds + borrower notes / Total assets	2.29%	2.38%	2.46%
Dividend provision	1.50	1.50	1.50
Total assets (nominal)	8,266.17	8,324.67	8,443.17
Total LG loans - short term (nominal)	260.00	260.00	260.00
Total LG loans (nominal)	7,868.00	7,928.00	8,131.00
Total bills (nominal)	300.00	300.00	325.00
Total bonds (nominal) ex tsy stock	7,740.00	7,790.00	7,875.00
Total borrower notes (nominal)	125.89	126.85	130.10

Note that there is some forecast uncertainty around the timing of Net Interest Revenue, Net Profit, Total Assets, LG Loans, Bonds and Borrower Notes depending upon council decisions regarding the amount and timing of refinancing of their March 2019 and April 2020 loans. LGFA will work with council borrowers to reduce this uncertainty.

5. Performance targets

LGFA has the following performance targets:

- The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:
 - 30 June 2018 will be no more than 0.10%.
 - 30 June 2019 will be no more than 0.10%.
 - 30 June 2020 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

- LGFA's annual issuance and operating expenses (excluding AIL) for the period to:
 - 30 June 2018 will be less than \$5.45 million.
 - 30 June 2019 will be less than \$5.58 million.
 - 30 June 2020 will be less than \$5.70 million.
- Total lending to Participating Local Authorities¹ at:
 - 30 June 2018 will be at least \$8,128 million.
 - 30 June 2019 will be at least \$8,188 million.
 - 30 June 2020 will be at least \$8,391 million.
- Savings on borrowing costs for council borrowers:

LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

6. Dividend policy

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders. Consequently, it is intended to pay a limited dividend to Shareholders.

The Board's policy is to pay a dividend that provides an annual rate of return to Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

At all times payment of any dividend will be discretionary and subject to the Board's legal obligations and views on appropriate capital structure.

¹ Subject to the forecasting uncertainty noted previously

7. Governance

Board

The Board is responsible for the strategic direction and control of LGFA's activities. The Board guides and monitors the business and affairs of LGFA, in accordance with the Companies Act 1993, the Local Government Act 2002, the Local Government Borrowing Act 2011, the Company's Constitution, the Shareholders' Agreement for LGFA and this SOI.

The Board will comprise between four and seven directors with a majority of independent directors.

The Board's approach to governance is to adopt best practice² with respect to:

- The operation of the Board.
- The performance of the Board.
- Managing the relationship with the Company's Chief Executive.
- Being accountable to all Shareholders.

All directors are required to comply with a formal Charter, to be reviewed from time to time in consultation with Shareholders.

The Board will meet on a regular basis and no less than 6 times each year.

Shareholders' Council

The Shareholders' Council is made up of between five and ten appointees of the Shareholders (including an appointee from the Crown). The role of the Shareholders' Council is to:

- Review the performance of LGFA and the Board, and report to Shareholders on that performance on a periodic basis.
- Make recommendations to Shareholders as to the appointment, removal, replacement and remuneration of directors.
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.
- Ensure all Shareholders are fully informed on LGFA matters and to coordinate Shareholders on governance decisions.

8. Information to be provided to Shareholders

The Board aims to ensure that Shareholders are informed of all major developments affecting LGFA's state of affairs, while at the same time recognising both LGFA's obligations under NZX Listing Rules and that commercial sensitivity may preclude certain information from being made public.

² Best practice as per NZX and Institute of Directors guidelines

Annual Report

The LGFA's balance date is 30 June.

By 30 September each year, the Company will produce an Annual Report complying with Sections 67, 68 and 69 of the Local Government Act 2002, the Companies Act and Financial Reporting Act. The Annual Report will contain the information necessary to enable an informed assessment of the operations of the company, and will include the following information:

- Directors' Report.
- Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies and Notes to the Accounts.
- Comparison of the LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Auditor's Report on the financial statements and the performance targets.
- Any other information that the directors consider appropriate.

Half Yearly Report

By 28 February each year, the Company will produce a Half Yearly Report complying with Section 66 of the Local Government Act 2002. The Half Yearly Report will include the following information:

- Directors' commentary on operations for the relevant six-month period.
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Un-audited half-yearly Financial Statements incorporating a Statement of Financial Performance, Statement of Movements in Equity, Statement of Financial Position and Statement of Cashflows.

Quarterly Report

By 31 January, 30 April, 31 July, and 31 October each year, the Company will produce a Quarterly Report. The Quarterly Report will include the following information:

- Commentary on operations for the relevant quarter, including a summary of borrowing margins charged to Participating Local Authorities (in credit rating bands).
- Comparison of LGFA's performance with regard to the objectives and performance targets set out in the SOI, with an explanation of any material variances.
- Analysis of the weighted average maturity of LGFA bonds outstanding.
- In the December Quarterly Report only, commentary on the Net Debt/Total Revenue percentage for each Participating Local Authority that has borrowed from LGFA (as at the end of

the preceding financial year).

- To the extent known by LGFA, details of all events of review in respect of any Participating Local Authority that occurred during the relevant quarter (including steps taken, or proposed to be taken, by LGFA in relation thereto).

Statement of Intent

By 1 March in each year the Company will deliver to the Shareholders its draft SOI for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64(1) of the Local Government Act 2002.

Having considered any comments from the Shareholders received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

Shareholder Meetings

The Board will hold an Annual General Meeting between 30 September and 30 November each year to present the Annual Report to all Shareholders.

The Company will hold a meeting with the Shareholders' Council approximately every six months – prior to the Annual General Meeting and after the Half Yearly Report has been submitted. Other meetings may be held by agreement between the Board and the Shareholders' Council.

9. Acquisition/divestment policy

LGFA will invest in securities in the ordinary course of business. It is expected that these securities will be debt securities. These investments will be governed by LGFA's lending and/or investment policies as approved by the Board and/or Shareholders.

Any subscription, purchase or acquisition by LGFA of shares in a company or organisation will, if not within those investment policies, require Shareholder approval other than as concerns the formation of wholly-owned subsidiaries and the subscription of shares in such wholly-owned subsidiaries.

10. Activities for which compensation is sought from Shareholders

At the request of Shareholders, LGFA may (at its discretion) undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full cost of providing such as activities.

Currently there are no activities for which compensation will be sought from Shareholders.

11. Commercial value of Shareholder's investment

LGFA will seek to maximise benefits to Participating Local Authorities as Borrowers rather than Shareholders.

Subject to the Board's views on the appropriate capital structure for LGFA, the Board's intention will be to pay a dividend that provides an annual rate of return to Principal Shareholders equal to LGFA cost of funds plus 2.00% over the medium term.

As the Shareholders will have invested in the LGFA on the basis of this limited dividend, the Board considers that at establishment the commercial value of LGFA is equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

In the absence of any subsequent share transfers to the observed share transfers on 30 November 2012, the Board considers the current commercial value of LGFA is at least equal to the face value of the Shareholders' paid up Principal Shares - \$25 million.

12. Accounting policies

LGFA has adopted accounting policies that are in accordance with the New Zealand International Financial Reporting Standards and generally accepted accounting practice. A Statement of accounting policies is attached to this SOI.

The following statement is taken from the Financial Statements presented as part of LGFA's Annual Report 2015-2016 (updated where necessary).

a. Reporting Entity

The New Zealand Local Government Funding Agency Limited (LGFA) is a company registered under the Companies Act 1993 and is subject to the requirements of the Local Government Act 2002.

LGFA is controlled by participating local authorities and is a council-controlled organisation as defined under section 6 of the Local Government Act 2002. LGFA is a limited liability company incorporated and domiciled in New Zealand.

The primary objective of LGFA is to optimise the debt funding terms and conditions for participating local authorities.

The registered address of LGFA is Level 8, City Chambers, 142 Featherston Street, Wellington Central, Wellington 6011.

The financial statements are as at and for the year ended 30 June 2016.

These financial statements were authorised for issue by the Directors on 20 September 2016.

b. Statement of Compliance

LGFA is an issuer in terms of the Financial Reporting Act 1993. The financial statements comply with the Financial Reporting Act 1993, in accordance with the transitional provisions under Section 55 of the Financial Reporting Act 2013 and Schedule 4 of the Financial Markets Conduct Act 2013.

LGFA is a profit orientated entity as defined under the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IFRS and other applicable Financial Reporting Standard, as appropriate for Tier 1 for-profit entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

c. Basis of Preparation**Measurement base**

The financial statements have been prepared on a historical cost basis modified by the revaluation of certain assets and liabilities.

The financial statements are prepared on an accrual basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless separately identified. The functional currency of LGFA is New Zealand dollars.

Foreign currency conversions

Transactions denominated in foreign currency are translated into New Zealand dollars using exchange rates applied on the trade date of the transaction.

Changes in accounting policies

There have been no changes in accounting policies.

Early adoption standards and interpretations

NZ IFRS 9: Financial Instruments. The first two phases of this new standard were approved by the Accounting Standards Review Board in November 2009 and November 2010. These phases address the issues of classification and measurement of financial assets and financial liabilities.

Standards not yet adopted

LGFA does not consider any standards or interpretations in issue but not yet effective to have a significant impact on its financial statements. Those which may be relevant to LGFA are as follows: NZ IFRS 9: Financial Instruments (2014) – Effective for periods beginning on or after 1 January 2018. This standard aligns hedge accounting more closely with the risk management activities of the entity and adds requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit.

d. Financial instruments**Financial assets**

Financial assets, other than derivatives, are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents include cash on hand; cash in transit, bank accounts and deposits with an original maturity of no more than three months.

Purchases and sales of all financial assets are accounted for at trade date.

At each balance date an assessment is made whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Financial liabilities

Financial liabilities, other than derivatives, are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derivatives

Derivative financial instruments are recognised both initially and subsequently at fair value. They are reported as either assets or liabilities depending on whether the derivative is in a net gain or net loss position respectively.

Fair value hedge

Where a derivative qualifies as a hedge of the exposure to changes in fair value of an asset or liability (fair value hedge) any gain or loss on the derivative is recognised in profit and loss together with any changes in the fair value of the hedged asset or liability.

The carrying amount of the hedged item is adjusted by the fair value gain or loss on the hedged item in respect of the risk being hedged. Effective parts of the hedge are recognised in the same area of profit and loss as the hedged item.

e. Other assets**Property, plant and equipment (PPE)**

Items of property, plant and equipment are initially recorded at cost.

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment, less any estimated residual value, over its remaining useful life.

Intangible Assets

Intangible assets comprise software and project costs incurred for the implementation of the treasury management system. Capitalised computer software costs are amortised on a straight line basis over the estimated useful life of the software (3 to 7 years). Costs associated with maintaining computer software are recognised as expenses.

f) Other liabilities**Employee entitlements**

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the profit and loss when they accrue to employees.

g) Revenue and expenses**Revenue****Interest income**

Interest income is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash receipts through the expected life of

the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest income each period.

Expenses

Expenses are recognised in the period to which they relate.

Interest expense

Interest expense is accrued using the effective interest rate method.

The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Income tax

LGFA is exempt from income tax under Section 14 of the Local Government Borrowing Act 2011.

Goods and services tax

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

h. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

i. Segment reporting

LGFA operates in one segment being funding of participating local authorities in New Zealand.

j. Judgements and estimations

The preparation of these financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. For example, the present value of large cash flows that are predicted to occur a long time into the future depends critically on judgements regarding future cash flows, including inflation assumptions and the risk free discount rate used to calculate present values. Refer note 2b for fair value determination for financial instruments.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Where these judgements significantly affect the amounts recognised in the financial statements they are described below and in the following notes.



27 June 2017

Dear Shareholder

Statement of Intent 2017/18

Please find attached the Statement of Intent (SOI) for the 2017/18 year.

LGFA is focused on delivering strong results for both our council borrowers and shareholders.

For our borrowing councils we seek to optimize funding terms and conditions by

- Achieving savings in borrowing costs
- Provide longer dated funding and
- Provide certainty of access to markets.

For our shareholders we are focused on

- Delivering a strong financial performance
- Monitoring asset quality and
- Enhancing our approach to treasury and risk management.

The following points regarding the 2017/18 SOI are worth noting

- The SOI performance targets are similar to the previous year's targets except that we now include short dated lending in the volume and pricing measures.
- There is some uncertainty within the SOI forecasts relating to both Local Government loans and LGFA bonds outstanding as councils will be working through their borrowing assumptions underlying their 2018/28 Draft LTPs in the coming months. We are also unsure what impact the Housing Infrastructure Fund will have on those eligible council's borrowing requirements over the forecast period. Hence we have adopted a conservative approach to forecasting borrowing demand.
- At the request of the Shareholders Council we have added an additional objective that LGFA will take a proactive role to enhance the financial strength and depth of the local government debt market.

Please feel free to contact me if you have any questions or require further clarification on anything relating to the SOI or LGFA in general.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mark Butcher".

Mark Butcher
Chief Executive



Report 17.279
Date 2 August 2017
File CCAB-8-1237

Committee Council
Author Mike Ward, Acting Manager, Health and Safety

Health and Safety Update

1. Purpose

To update Councillors on the health and safety performance and activity of the organisation during the fourth quarter.

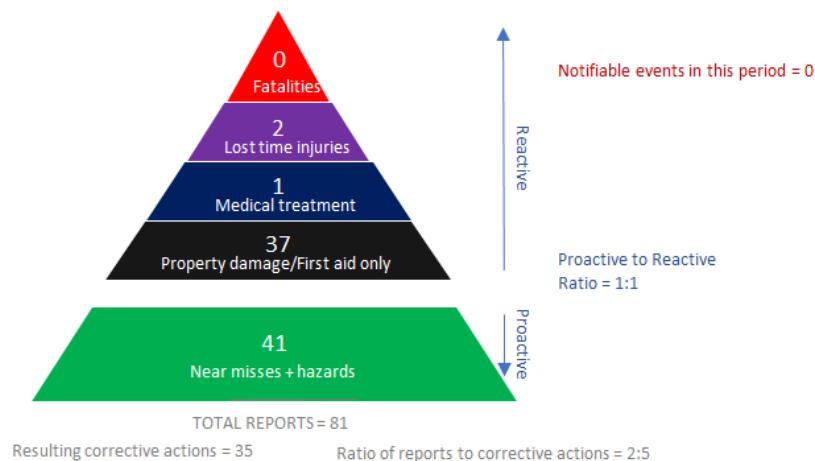
2. Background

The Greater Wellington Regional Council (GWRC) Organisational Performance Report contains an overview of the organisation’s health and safety management against key performance metrics during the fourth quarter and will be sent separately to councillors via the Councillors’ Bulletin.

This report contains supplementary information on other health and safety initiatives and activities undertaken by the organisation.

3. Understanding our health and safety risks

During the fourth quarter of this financial year a total of 81 health and safety related events were recorded in KESAW (Keeping Employees Safe At Work). The diagram below is a breakdown of these events by outcome.



The following table shows these events against the risk classification as recorded by the staff member reporting them.

Risk classification	Number of events	% of total events
Extreme	1	1%
High	17	21%
Medium	28	33%
Low	35	44%
Total	81	

Further analysis shows that out of the 81 events recorded in KESAW, 62 of these related to one or more of the organisational critical risk categories. These are detailed in the table below.

During this quarter we also reviewed the risk categories and sub-categories to better describe our critical health and safety risk groupings and the associated work activities. A summary of this is presented in the diagram in [Attachment 1](#).

		Risk classification				Total	%
		Extreme	High	Medium	Low		
Risk category	Animals/People	0	7	2	1	10	19%
	Contractors/Other 3 rd Parties	0	3	2	0	5	8%
	Hazardous substances	0	1	3	7	10	16%
	Lone/remote working	0	0	4	4	8	13%
	Physical works	0	1	2	1	4	6%
	Transportation	1	8	3	15	27	44%
	Work related health	0	0	2	0	2	3%
	Environment/Water Work	0	0	7	2	9	15%

3.1 New critical risk activity and initiatives

The following is a short brief about several significant organisational risk management initiatives started and/or completed in the fourth quarter that directly relate to our critical health and safety risks.

Transportation – trailer use training work stream



Following a cluster of trailer use related health and safety events, a cross organisational working group was set up to identify and develop controls to improve the management of the associated risks. From this work a Trailer Use SOP and Quick guide were developed. To support this information a training provider was selected and a tailored practical based training programme, including the opportunity to

receive related NZQA unit standards, was trialled and successfully delivered to two groups of staff, with very positive feedback received. The full target audience of 120 staff has been identified and further courses scheduled to be completed over the next 6 months.

Physical Works – Tree Work training

The first two teams from the Parks Department have nearly completed their NZQA Level 2 Arboriculture Certificate. This has been an on-going training project started at the beginning of 2017, bringing together previous separate courses, as well as adding in some new courses. The objective of this work was to give a broader and more holistic skills base training for staff and improve safe working with and around trees.

Topics covered in the certificate include:

- Chainsaw use
- Brushwood chipper use
- Plant identification
- Arboriculture groundsman duties
- Pruning
- Arboriculture tree assessments
- Tree felling



This qualification came out of collaborative work with the Parks and Flood Protection departments, Primary ITO, and a professional arborist, to review and better match the training provided to staff to the actual work we do. The final tree felling courses are planned mid-August for these two teams.

Work related health - Seasonal flu vaccination

During the start of this quarter several clinics were held at GWRC sites and over 200 staff took up the opportunity to receive the Seasonal Influenza vaccination. The numbers were up slightly this year from previous years.

Leadership – ELT site visits

ELT members have continued with their regular visits with staff to GWRC worksites to better understand our work, the variety of locations that work is carried out and the risks and how they are being managed.

Examples of the sites visited this quarter include:

- Rail depot and Matangi maintenance operations
- Lambton Quay bus exchange
- Hutt River Flood Protection worksites
- East Harbour Regional Park track maintenance
- East Harbour Regional Park, Paranagarahu Lake and Bearing Heads pest plant operations

3.2 **Extreme and high risk events**

A summary of the extreme and high risk events in this quarter follows:

Southern Rimutaka aerial 1080 operation

The Bioworks team has been working on completing their final 1080 Aerial contract for TbFree/Ospri this quarter in the Southern Rimutaka ranges. During the pre-feed aerial spreading operation a helicopter involved had an engine failure. Through the skill of the pilot, a success emergency landing was completed. The helicopter did not have any other passengers and there was no injury to the pilot.. A formal report is currently being prepared but initial findings have identified that there is opportunity for GWRC to:

- Include more coordinated emergency response preparedness in work site plans, particularly when there are multiple parties operating together.
- Ensure that, should notification of any future serious event occur senior managers are fully aware of and understand the response required by them.
- Consider ways for future aerial lifting/spreading operations involving hazardous or valuable loads over remote and rugged country to be able to track the location of the load should it be lost or released from the helicopter. In this case the hopper of non-hazardous pre-feed pellets was released from the helicopter during the emergency landing and has not being able to be located and recovered.

In addition to this event during the preparation work for this project Bioworks receive threatening phone calls. These were reported to the Police. Staff were sent out in pairs and were allowed to wear alternative clothing so not as to identify them as GWRC staff while completing preparation work in the field.

Trailer towing - Rear end vehicle accident

A Parks' ute towing a tandem axle trailer loaded with the mini excavator, ran into the rear end of a vehicle at slow speed resulting in damage to the other vehicle. It was a dark afternoon and road conditions were wet with heavy traffic, the staff member was returning to the depot in stop start traffic. Following the accident it was found that the trailer still had the reversing blank in position on its braking system which would have adversely affected the trailers braking performance. This had not been picked up by the staff members as they had hitched the trailer to the ute. The checking of the reverse blank is covered during the course and the staff member is scheduled to attend the course.

This has specifically been added to the Trailer Use SOP and Quick guide. It will also be highlighted to staff through a specific safety alert. Various labelling and spray painting initiatives are also being trialled to help identify when the blank is in place and therefore needs to be released before driving away.



Example of a labelling system that is being trialled

Lessons from this and several other trailer events this quarter involving poorly secured loads have been shared with the training provider and are being used as specific case studies during the GWRC trailer training courses.

Threatening Duck Hunters

A contractor working for Environmental Science had been verbally abused and felt threatened by duck hunters shooters, who were also observed drinking alcohol. The contractor was recovering scientific equipment from the water from the Boggy Pond area of Lake Wairarapa.

The event was discussed with the contractor and it was identified that times, other than the weekend, particularly during duck shooting season, would be more suitable to recover the equipment. They should consider taking someone else with them and also managing their own safety at the earliest point when they have concerns by, walking away from the threatening situation and coming back at another time to complete the work.

4. Communication

There is no communication required

5. Consideration of Climate Change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

6. The decision-making process and significance

No decision is being sought in this report.

6.1 Engagement

Engagement on this matter is unnecessary.

7. Recommendations

That the Council:

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

Report prepared by:

Mike Ward
Acting Health and Safety
Manager

Report approved by:

Lucy Matheson
General Manager, People and
Customer

Attachment 1: Critical Health and Safety Risk Categories and Sub-categories

Attachment 1: Critical Health & Safety Risk Categories & Sub-categories





Report 17.254
Date 2 August 2017
File CCAB-8-1221

Committee Council
Author Helena Strange, Democratic Services Advisor

Appointment to the Regional Transport Committee

1. Purpose

To appoint a New Zealand Transport Agency member to the Regional Transport Committee.

2. Background

The membership of the Regional Transport Committee (the Committee) consists of representatives from Greater Wellington Regional Council, each territorial authority in the region, and a representative from the New Zealand Transport Agency (NZTA). The NZTA and each territorial authority is entitled to nominate an alternate member who may attend and vote at meetings of the committee, but only in the event that the appointed member is unable to attend.

The NZTA has nominated Emma Speight, Director Regional Relationships – Lower North Island, as their representative on the Committee, to replace Lisa Rossiter.

3. Communication

The NZTA will be advised of the appointment.

4. Consideration of climate change

The matters addressed in this report are of a procedural nature, and there is no need to conduct a climate change assessment.

5. The decision-making process and significance

The matter requiring decision in this report has been considered against the requirements of Part 6 of the Local Government Act 2002.

5.1 Significance of the decision

Officers have considered the significance of the matter, taking into account the Council's significance and engagement policy, and decision-making guidelines.

Due to the procedural nature of this decision officers recommend that the matter be considered to have low significance.

A formal record outlining consideration of the decision-making process is not required in this instance.

5.2 Engagement

Due to its procedural nature and low significance, no engagement on this matter has been undertaken.

6. Recommendations

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Appoints Emma Speight as the New Zealand Transport Agency representative on the Regional Transport Committee.*
4. *Notes that Neil Walker continues to be the New Zealand Transport Agency's alternate member.*

Report prepared by:

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Report approved by:

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Exclusion of the public

Report 17.287

That the Council:

Excludes the public from the following part of the proceedings of this meeting namely:

- 1. Confirmation of the Public Excluded minutes of 28 June 2017*
- 2. Civic Financial Services special meeting*
- 3. Chief Executive’s full year performance review for 2016/17*
- 4. Chief Executive’s full year remuneration review for 2016/17*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

<i>General subject of each matter to be considered:</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground under section 48(1) for the passing of this resolution</i>
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| <i>1. Confirmation of the Public Excluded minutes of 28 June 2017</i> | <i>The information contained in these minutes relates to a land agreement under the Public Works Act 1981 which has yet to be confirmed. Release of this information would prejudice Greater Wellington Regional Council’s position in negotiations of the agreement. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.</i> | <i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e to carry out negotiations without prejudice).</i> |
| <i>2. Civic Financial Services special meeting</i> | <i>The information contained in this report relates to the potential disposal of property owned by Civic Financial Services. Release of this information would prejudice Civic Financial Services’ commercial position by disclosing information relating to the potential disposal. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting</i> | <i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e to carry out negotiations without prejudice).</i> |

that would override the harm to Civic Financial Services' commercial position.

3. Chief Executive's full year performance review for 2016/17
- This report contains information relating to the current Chief Executive's performance review. Release of this information would prejudice the privacy of Greg Campbell, Chief Executive, by disclosing information pertaining to the employment relationship between the Chief Executive and the Council. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override his privacy.*
- That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Local Government Official Information and Meetings Act 1987 (i.e to protect the privacy of natural persons).*
4. Chief Executive's full year remuneration review for 2016/17
- This report contains information relating to the current Chief Executive's full year remuneration review. Release of this information would prejudice the privacy of Greg Campbell, Chief Executive, by disclosing information pertaining to the employment relationship between the Chief Executive and the Council. Greater Wellington Regional Council has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override his privacy.*
- That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Local Government Official Information and Meetings Act 1987 (i.e to protect the privacy of natural persons).*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.