



Greater Wellington Regional Council  
**ANNUAL REPORT 2017/18**  
PŪRONGO Ā TAU 2017/18

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## **Auditors**

Audit New Zealand on behalf of the Auditor-General

## **Bankers**

ANZ Bank New Zealand Limited

## **Treasury advisers**

PwC New Zealand



## Chair's foreword – Kōrero whakataki a te Heamana

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

It is important for us, as your elected representatives, to ensure our decisions are robust, tested and based on providing the best for the region across all of the major areas in which we work: water supply, environmental protection, biodiversity, regional resilience and public transport. Over the year \$65 million was invested in future proofing critically important infrastructure and the region is safer and more resilient as a result. Some projects have taken longer than originally expected to bring to fruition due to the need to take more time to consider options with affected communities.

We have continued to strongly encourage a joined-up approach among the councils of the region to deal with the many collective challenges we face and the level of regional collaboration has been steadily strengthened over the year.

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

With such a large-scale change, which has a tangible effect on almost everyone in the community, we worked extremely hard to prepare the region for the changes. While the transformation for Wellington City wasn't launched in the 2017/18 financial year, it is important to note that the launch in July of the new bus network led to considerable public dissatisfaction.

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

At the time of writing, there are still some public concerns about the quality of the bus service in parts of Wellington City and the Council is working hard to address these issues. Our goal remains to deliver excellent public transport within the region and we are confident that goal is achievable.

**Chris Laidlaw**



## Chief Executive's foreword – Kōrero whakataki a te Pou Whakahaere

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

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

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

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

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

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

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

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

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

**Greg Campbell**

# Message from the Chair of Ara Tahī

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

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

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

- Working in partnership at all levels – Ara Tahī, Te Upoko Taiao and ensured Māori representatives are appointed to standing committees of Council
- Influencing and embedding our cultural heritage and values through policy, strategy, and Council's programmes of work including:
  - proposed natural resources plan
  - Whaitua implementation planning
  - integrating catchment management
  - park management

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

## Utilising our past to inform our future

### Mahinarangi Hakaraia

# He karere nā te Heamana o Ara Tahī

He kaitiaki, he mana whenua mātou o te rohe, nō ngā rau tau kua taha ake tō mātou tikanga taketake o te kaitiakitanga. Nā te āta tiroiro, nā te mahi i te mahi, i hua mai ko te mātauranga, ko te tikanga ahurea. Nā ngā tūpuna tēnei mātauranga i whāngai mai kia whai hua ai ngā uri whakaheke i ā mātou hikoitanga i tēnei taiao.

Mai i te tau 1993, kua whakapau kaha mātou ki te mahi ngātahi ki te kaunihera. Nō te tau 2013 i whakatinana ai taua mahi ki te Whakaaetanga Mahitahi. Ko tā te pātuinga he whakamana i ā māua tūranga i ngā mahi whakahaere rohe, me te kawenga i runga i a māua ki te whakatakoto tika i te huarahi ki tua i te awe māpara. Kia ngātahi te tū, kia ngātahi te mahitahi ka whakamaua ai ō māua ake mātauranga hei oranga mō te hapori.

I te tau kua hipa ake nei 2017/18, i puta ēnei hua i te mahi ngātahi ki te taha o te kaunihera:

- He mahi ngātahi ki ngā taumata katoa – ko te Ara Tahī, ko Te Upoko Taiao, i whakapau kaha hoki ki te whakatū kanohi Māori ki ngā komiti whāiti o te Kaunihera
- Ko te ārahi, ko te whakamaua haere kia ita hoki tō mātou tuku ihotanga ahurea, otirā, ō mātou uara mā te kaupapahere, te whakatakoto rautaki me ngā kaupapa mahi a ngā kaunihera pēnā i:
  - Te mahere rauemi taiao kua takoto
  - Te whakatakoto mahere whakatinana Whaitua
  - Te whakauru i te whakahaere hopukanga wai
  - Te whakahaere papatākaro.

Harikoa ana mātou ki tēnei momo āhuatanga o te mahi ngātahi i ngā mahi whakahaere o te rohe. Kua kitea hoki te tōmina o te ngākau tūturu i roto i te kaunihera ki te whakapiki ake i ngā huarahi e whai wāhi ai ngā mana whenua ki te tono mahi i ngā wāhanga mahi katoa o te kaunihera. Hei te tau e tū mai nei 2018/2019 ka eke tā māua mahi ngātahi ki te 25 tau, otirā, e arotakehia te mahi ngātahi kia pai ai tā māua whakatakoto mahere mō ngā tau 25 e tū mai nei. Ka titiro whakamuri mātou me te whakamahi i ngā kōrero o nehe hei ārahi i te hiko whakamua. Kua tauri te kanohi ki te 25 tau anō kei mua i te aroaro ki te taha o te kaunihera ā-rohe

## Me huri whakamuri, ka titiro whakamua

### Mahinarangi Hakaraia



# Community outcomes – Ko ngā Hua mō te Hapori

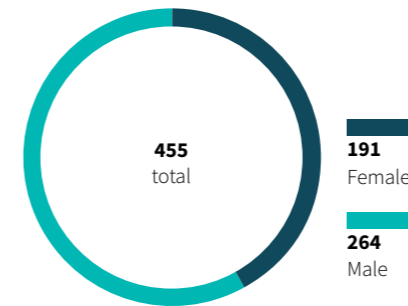
We work to constantly improve the region to ensure it's a place where people want to live and thrive. Our community outcomes reflect the ambition and energy of the people who choose to live here.

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

Outcome	What does that mean?
Strong economy	A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.
Connected community	People are able to move around the region efficiently and our communications networks are effective and accessible.
Resilient community	A community that plans for the future, adapts to change and is prepared for emergencies.
Healthy environment	An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.
Engaged community	An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.

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

Total staff:



Our Region:

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

- On the first anniversary of the 2016 Kaikoura earthquake, communities took part in a Tsunami Hikoi practising **drop-cover-hold and tsunami evacuation**
- We received national and international **recognition** for the innovative design and content of our **Earthquake Planning Guide**
- Rail patronage grew by more than 400,000 passenger journeys
- 91 schools representing **24,355 students** participated in the active travel initiative **Movin' March**
- Pedal Ready **cycle skills training** was delivered to 6,000 adults and children
  - 148 children and five adults taught to **ride a bike for the first time**
  - 104 adults took part in **electric bike taster sessions**
- **1.8 million visits** across the parks network
- **95% visitor satisfaction** with their park experience
- **35,000 camping nights** at campgrounds at Kaitoke, Battle Hill and Belmont Regional Parks
- **35,000 trees planted** on six parks
- **3,600 tonnes of rock** was placed along river banks to repair erosion damage and maintain river alignments
- **11,900 willow poles** were planted to strengthen river buffers

# Financial overview of our performance

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

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

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

The year-end net deficit of \$7.6m was \$23.7m unfavourable to budget. There have been many contributing factors, many of which have an offsetting effect. The primary drivers are the unfavourable fair value movement of interest rate derivatives (swaps), additional water

treatment costs at the Waterloo treatment plant, extended pre-capitalisation phases of the alternate water source, KiwiRail network insurance, other Public Transport transformation costs, remediation of a prior year rates issue, and lower NZTA grants. This is partially offset by higher public transport fare revenue, timing of trolley bus decommissioning, savings on an interim ticketing solution, additional interest earned from prefunding of debt, Emission Trading Scheme (ETS) proceeds, and Kaikoura earthquake related insurance revenue.

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



**\$315.6 million**  
revenue from rates, grants  
and other sources

**\$1.5 billion**  
of total assets  
managed by Greater  
Wellington



**\$314.5 million**  
costs of running the  
Greater Wellington region

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



**(\$7.6) million**  
net deficit after  
tax for 2017/18

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



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

**AA credit rating**  
with Standard & Poor's  
indicating good financial  
health



## Putting a spotlight on some of the smaller things we do

The following pages highlight some of Greater Wellington's hidden gems – work we do that often is not recognised.

### Akura Nursery

#### Enhancing our local environment, one seedling at a time

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

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

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

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

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

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





## Ramaroa

### Bringing our rich Māori, European and natural heritage to life

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

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

In addition to providing a name, the iwi and hapū were involved every step of the way towards its establishment. They provided a cultural impact assessment, set up archaeological protocols for artefacts found during excavation and cultural monitoring during earthworks, blessed the site before commencement, designed the kowhaiwhai panels and whakairo (carving), and led

the dawn opening ceremony. The project and building represent our partnership with mana whenua in action.

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

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



## Biosecurity

### Innovation and working with local communities are the way forward

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

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

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

Porirua Scenic Reserve is a beautiful example of lowland kohekohe podocarp and tawa podocarp forest that has been receiving a greater level of protection from our biosecurity staff. We're working with Porirua City Council to tackle several pests, including tradescantia, old man's beard, gorse, broom, possum, stoat, hedgehog, feral cat,

rats and stock that occasionally find a hole in the fence. A total of 214 bait stations control possums and rats, and 31 traps for stoats, are all checked every three months. Since our work started in 1995, there has been a significant increase in birds such as tui and grey warbler, and self-introductions of kākārīki and bell bird.

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

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

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



# The Ruamāhanga Whaitua Committee

## Success through community engagement

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

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

During 2017/18, the Committee finalised the full range of recommendations including acceptable limits of water usage for urban and rural users, these recommendations will go on to form their Whaitua Implementation Programme, which will be presented to Council in the first quarter of the next financial year. A Whaitua Implementation Programme describes the ways the

community who live within the whaitua want to manage their water now and for future generations, through a range of integrated tools, policies and strategies.

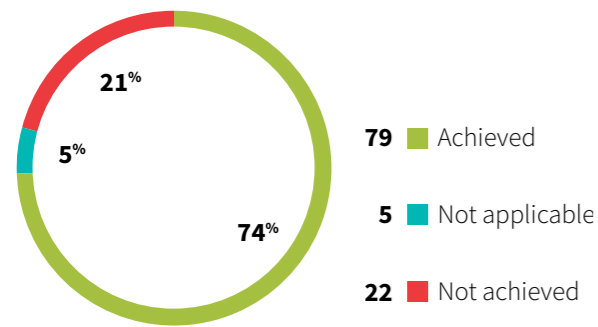
When the recommendations from the Whaitua Implementation Programme are adopted these will be incorporated into our Natural Resources Plan.

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

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

# Reaching our non-financial targets

Greater Wellington reports on 106 annual performance targets across the range of activities it delivers, as set out by our Long Term Plan 2015-25. As can be seen from the graph below, Greater Wellington has achieved 74 percent (79) of its performance targets for the 2017/18 year. Twenty-one percent (22) were not achieved and five percent (5) were not applicable. Targets that fell within the not applicable category reflect measures where we were unable to get an accurate measurement or instances when targets have been updated since publication of the Long Term Plan 2015/25.

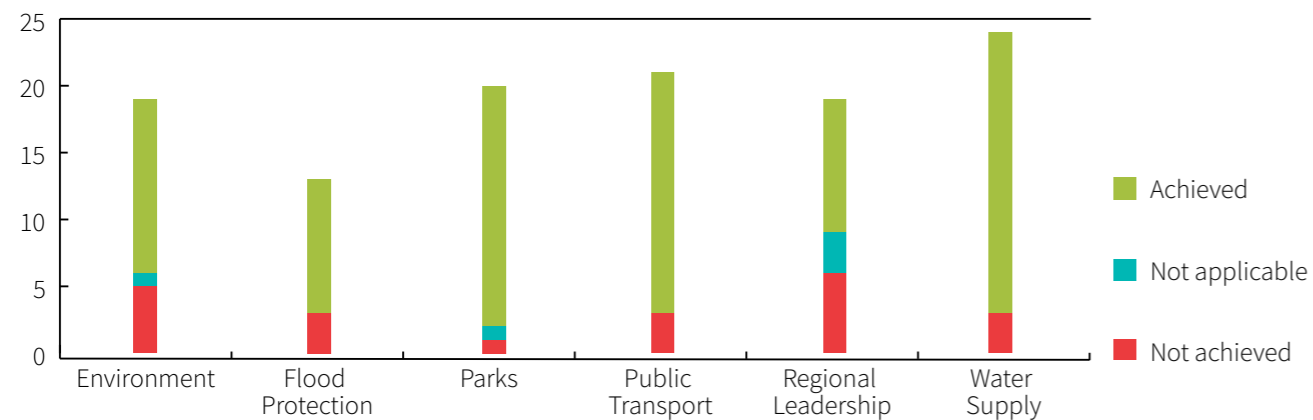


The targets identified as “not achieved”, were of a moderate nature, including pre-identified timing changes. They are outlined below:

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

## By activity group

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



# Finances at a glance – He Pūrongo Pūtea

## Annual revenue

2016/17 Actual  
**\$296.5M**

2017/18 Actual  
**\$315.6M**

2017/18 Annual Plan  
**\$318.3M**

**\$153.0M**  
from rates and water levy

**\$162.6M**  
from grants and other sources

## Annual expenditure

2016/17 Actual  
**\$295.5M**

2017/18 Actual  
**\$314.5M**

2017/18 Annual Plan  
**\$311.4M**

## Capital expenditure

2016/17 Actual  
**\$47.7M**

2017/18 Actual  
**\$65.7M**

2017/18 Annual Plan  
**\$82.5M**

## Debt

2016/17 Actual  
**\$327.5M**

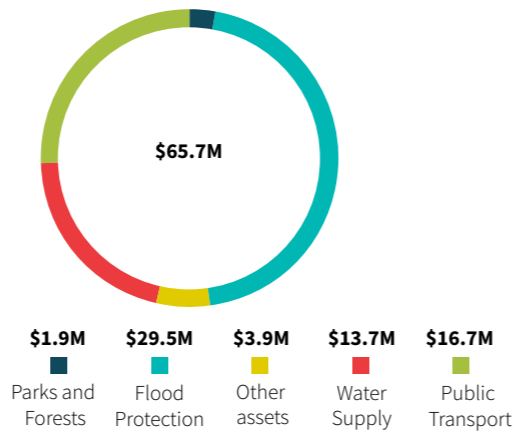
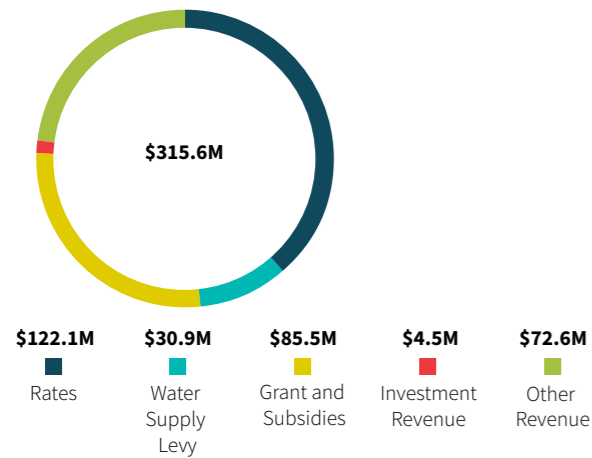
2017/18 Actual  
**\$379.6M**

2017/18 Annual Plan  
**\$396.2M**

# Financial Summary

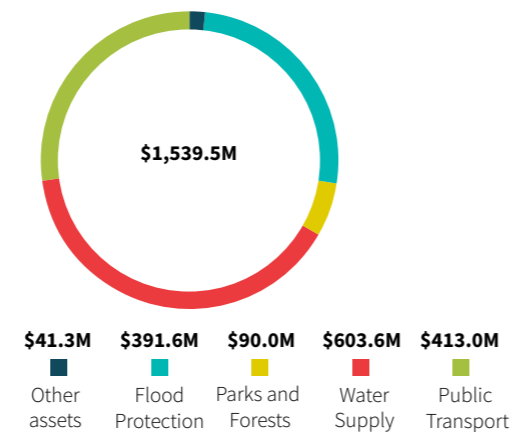
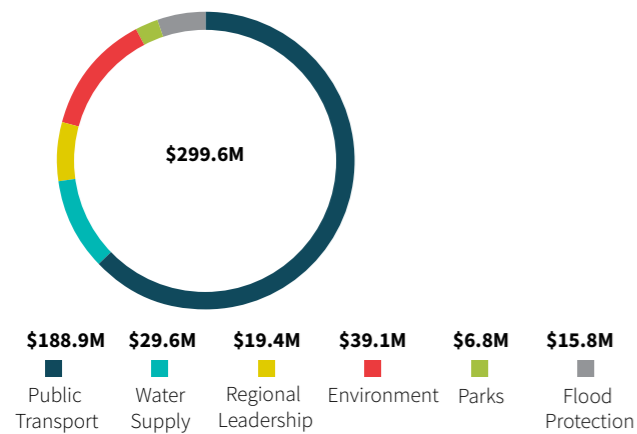
Greater Wellington's revenue is sourced primarily through rates and grants from central government. Other revenue sources include water supply levy, fees, charges and investment income.

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



The below chart illustrates Greater Wellington's operational expenditure by activity.

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



# Activities of the Greater Wellington Regional Council – Ngā Mahi a Te Pane Matua Taiao

In our 10 Year Plan 2015-25 and the Annual Plan 2017/18, Greater Wellington set out what we planned to achieve this year. This section of the Annual Report sets out in detail a range of targets and performance measures we set, and a summary of the year's achievements.

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





# Regional leadership – **Ngā Kaihautū o te Rohe**



Leading and partnering –  making our region extraordinary

# Regional leadership – Ngā Kaihautū o te Rohe

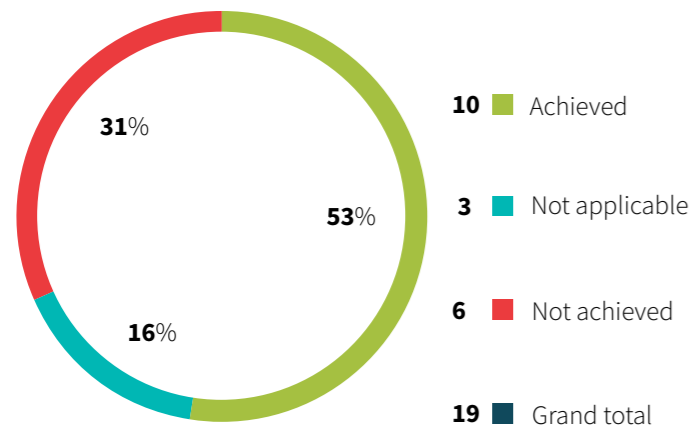
## Community outcomes

- Strong economy
- Resilient community
- Connected community

## Activities

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

## Performance target achievements



Three performance targets were noted as not applicable. This relates to targets under climate change and emergency management reflecting changes in targets and measurement since being set.

Our Regional Leadership activities focus on developing and maintaining strong relationships and collaborative programmes at a regional level. Economic growth and opportunity, resilient infrastructure, civil defence, a world-class transport network; these are the things that we protect and enhance for everyone across our region.

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

- Taranaki Whānui ki te Upoko o te Ika, which is represented by the Port Nicholson Block Settlement Trust

- Ngāti Toa Rangatira, who is represented by Te Rūnanga o Toa Rangatira Inc
- Ngāti Raukawa ki te Tonga, who is represented by Ngā Hapū o Ōtaki
- Te Ati Awa ki Whakarongotai, who is represented by the Atiawa ki Whakarongotai Charitable Trust
- Ngāti Kahungunu ki Wairarapa, who is represented by the Ngāti Kahungunu ki Wairarapa Charitable Trust
- Rangitane o Wairarapa, who is represented by Rangitāne o Wairarapa Inc

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



## Relationships with Māori

Greater Wellington recognises the important role mana whenua hold as the kaitiaki of our region. We work closely with iwi to ensure that their voice is heard and understood. There are significant benefits to working in partnership

with mana whenua. A partnership builds trust, facilitates communication, enables each party to share information and resources that results in improved understanding and outcomes of mutual benefit.

### The year in summary

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

Also, we continue to advance our Integrated Catchment Management Agreement for the Ōtaki River with Ngā Hapū o Otaki, which sets out cooperative processes to improve outcomes in that area.

Council has worked closely with iwi on a range of activities during the year, including: development of the Long Term Plan 2018-28, which enabled mana whenua the opportunity to influence the long term direction for council; and council strategies that enable mana whenua to articulate their cultural heritage and values. We have continued to support the Treaty Settlement processes for Ngāti Kahungunu and Ngāti Rangitāne.

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

### Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved / Not Achieved
Greater Wellington has the organisational capability and capacity to work with Māori	Percentage of staff who have completed Te Ara Matua training and other individualised training	11%	13%	20%	Achieved
	NEW TARGET: Percentage of general and senior managers who have completed Te Ara Matua training and other individualised training	13% <sup>1</sup>	13%	11%	Not achieved <sup>2</sup>
Provide opportunities for Māori to be actively involved in decision making	Completion of actions identified in the Wellington Regional Council stocktake of obligations to Māori	No baseline – stocktake report was pending.	TBC on receipt of stocktake report	This work has been deferred to align with the review of the partnership under way in 2018/19 <sup>3</sup>	Not achieved

No unplanned activity

<sup>1</sup> Baseline of 13% established in 2016/17 Annual Report.

<sup>2</sup> Training not included in this result includes working with senior staff on support for one off meetings.

<sup>3</sup> Recommendations from the Stocktake were planned to be included in the Māori Partnership Framework Implementation Plan.

## Wellington Regional Strategy

The Wellington Regional Strategy (WRS) is the region's economic development strategy, which aims to strengthen the region's economy while creating an environment which highlights that we are an attractive and innovative place in which to work and live, now and into the future. The WRS Office coordinates some of the focus areas in the

strategy and supports the WRS Committee, who provide political leadership and oversight of the work undertaken. The Wellington Regional Economic Development Agency (WREDA), which is a joint council controlled organisation with Wellington City Council, is responsible for implementing much of the Wellington Regional Strategy.

### The year in summary

Early in the year, the WRS Committee, supported by the WRS Office, began developing a Wellington Regional Investment Plan (WRIP). The plan will identify the transformational projects that will drive economic growth across the region and provide the basis for discussion with central government and other partners. The early focus has been on research and economic analysis, which is guided by a steering group of senior staff from the region's councils, Wellington Regional Economic Development Agency (WREDA) and the New Zealand Transport Agency. Workshops have been held with stakeholders from across the region as well as council chief executives and mayors.

support from the WRS Office) over the past couple of years. These forums were run were in partnership with Victoria University and the Gold Awards. The aim was to identify opportunities and issues for the region in the future labour market area. It forms part of the work in developing a regional labour market plan.

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

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

A targeted series of business forums were held to further develop the research on 'people skills' in a technology era. They were completed by Victoria University (with

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

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



## Our key projects and programmes

What we said we would do	What we did
Provide regional economic reports, forecasts, indicator tools and analysis	<p>Annual economic profiles including:</p> <ul style="list-style-type: none"> <li>The Genuine Progress Index (GPI) was updated</li> <li>Infometrics regional report</li> <li>The 2018 Quality of Life survey for the Wellington region</li> </ul> <p>We also developed an economic forecasting model with employment and population implications for the region.</p>

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ Not Achieved
Promote economic growth in the region through the WRS Office, the WRS Committee and WREDA	Completion of projects in accordance with the WRS Office annual business plan	5	100% projects completed per WRS Office annual business plan	100%	Achieved <sup>4</sup>

### Unplanned activity

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

<sup>4</sup> Seven projects completed or progressed as per business plan.

## Regional transport planning and programmes

The Regional Land Transport Plan (RLTP) is a long-term plan to transform Wellington region's transport network to a world-class, efficient and sustainable network that integrates public transport, private vehicles, cyclists and pedestrians. It includes a six-year programme of activities

to be undertaken by all Approved Organisations (including the New Zealand Transport Agency and all councils). The RLTP is developed by the Regional Transport Committee (a committee of Greater Wellington) and approved by Greater Wellington.

## The year in summary

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

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

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

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

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

## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Maintain a current policy framework to guide development of the regional land transport network	Maintain an operative Regional Land Transport Plan (RLTP) and develop Programme Business Cases (PBC) to support implementation of the plan	No baseline	100%	100%	Achieved
	Completion of annual monitoring report and acceptance by RTC	No baseline	As scheduled	Completed	Achieved <sup>5</sup>
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	87%	90%	94%	Achieved
	Mode shift in workplace and school travel plan programmes	4% increase in active travel trips to school for school travel programme.	Workplace and school travel programme participants increase	Workplace and school travel programme participants increased their use of sustainable transport modes <sup>5</sup>	Achieved
		5% increase in cycling trips and 22% decrease in car trips for Active a2b	their use of sustainable transport modes		

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

<sup>6</sup> There was a 74% increase in Movin' March figures and a 58% increase in the Aotearoa Bike Challenge.

## Climate change planning and activities

We are proactively addressing the challenges climate change is going to bring to the region. At Greater Wellington we are committed to using the best scientific information to plan for our future, as well as prioritising

initiatives that will help the region move to a low carbon economy. We strive to mitigate, adapt to and raise awareness about the effects of climate change on our communities.

## The year in summary

Greater Wellington continues to champion climate change preparation and awareness, through our Climate Change Consideration Process. This requires all new initiatives and all council and committee decisions to include a climate change assessment and ensures we have a consistent, organisation-wide system that enables the council to assess emissions associated with an activity and to consider how the changing climate could affect Greater Wellington's functions and services.

In 2017, Greater Wellington commissioned NIWA to analyse the impact of climate change in the region and report on up-to-date projections and other key information. This report was released in August 2017 and has been made available as online interactive GIS maps [https://mapping1.gw.govt.nz/GW/ClimateChange\\_StoryMap/#](https://mapping1.gw.govt.nz/GW/ClimateChange_StoryMap/#)

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

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 target	2017/18 Actual	Achieved/not achieved
Strengthen the long-term resilience and sustainability of the Wellington region through climate change mitigation, adaptation and awareness	A Climate Change Strategy Implementation Plan is developed and agreed	N/A	Milestones achieved as defined in Implementation Plan	Milestones were not defined, however a summary of progress to date will be reported to the Environment Committee <sup>7</sup>	N/A
	Greater Wellington's corporate GHG emissions are measured and reported and a reduction in council emissions is demonstrated	N/A <sup>8</sup>	Reduction on previous year	2015-16 GHG emissions: Corporate Emissions 1,256 <sup>9</sup> tonnes CO2-e  2016-17 GHG emissions: Corporate Emissions = 1,528 tonnes of CO2-e  2017-18 GHG emissions: Corporate 1,629 tonnes of CO2-e	Not achieved <sup>10</sup>
	A policy of assessing the climate change implications of all council projects/proposals is implemented	N/A <sup>11</sup>	100% of council projects/proposals are assessed in terms of possible climate change impacts	All council projects/proposals are assessed. The process for assessing the climate change implications was implemented in May 2017	Achieved

No unplanned activity

<sup>7</sup> There are no milestones identified in the strategy; however several initiatives are identified which are reported on to the Environment Committee. The Climate Change Strategy Implementation Plan progress report will be presented to the Environment Committee in September 2018.

<sup>8</sup> Baseline established in 2015/16.

<sup>9</sup> Adjustment from previously reported 2015/16 total of 1,126 tCO2-e due to improved methods of calculation.

<sup>10</sup> The uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions and further electric vehicle charging investment, and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.

<sup>11</sup> Policy developed and agreed by council in 2015/16.

## Corporate sustainability

Greater Wellington has established greenhouse gas corporate emissions monitoring and reporting to help enable the council to better understand and track its emissions reduction progress. Main sources of Greater Wellington's corporate emission include workplace travel, employee commute, and electricity use. The table below details Greater Wellington corporate emissions by source for the 2017/18 financial year in tonnes of carbon dioxide equivalent (tCO2-e). As noted, under the Climate Change

performance measures, the uncertainty of long-term office accommodation post-earthquake is preventing investment in reducing office-related emissions, further electric vehicle charging stations; and improvements in calculation methods for employee commute have significantly increased overall GHG emissions totals. While eight electric and hybrid vehicles are operational, most fleet vehicle options are limited to off-road diesel vehicles.

### 2017-18 GHG emissions relative to totals

Source	Tonnes CO2-e	Corporate %	% of Total
<b>Scope One Emissions: from sources owned or controlled by GWRC</b>			
Back-up generators	0.1	0.01%	0.0%
Gas	44.5	2.73%	1.1%
Vehicle Fleet	596.5	36.61%	14.6%
<b>Scope Two Emissions: from the generation of electricity purchased by Greater Wellington</b>			
Electricity	350.7	21.53%	8.6%
<b>Scope Three Emissions: occur as a consequence of Greater Wellington activities but from sources it does not fully own or control</b>			
Electricity transmission & distribution	28.6	1.76%	0.7%
Gas transmission & distribution	5.2	0.32%	0.1%
Taxi (business travel)	4.1	0.25%	0.1%
Rental vehicles (business travel)	0.06	0.00%	0.0%
Air travel (business travel)	101.2	6.21%	2.5%
Bus and train (business travel)	21.7	1.33%	0.5%
Employee commute	414.9	25.47%	10.1%
Waste to landfill	24.5	1.50%	0.6%
Recycling	35.2	2.16%	0.9%
Bulk water service emissions (Wellington Water)	2,458.8	(excluded)	60.1%
<b>Corporate emissions</b>	<b>1,629.2</b>	<b>100%</b>	
<b>Total emissions</b>	<b>4,088.0</b>		<b>100%</b>

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

## Transport

Most of Greater Wellington's corporate emissions are from the fuel used to run its vehicle fleet, city vehicles and off-road vehicles that are essential to deliver our services. A key opportunity for Greater Wellington to lower emissions comes

from its fleet vehicles; this happens through our electric-vehicle-first policy, buying petrol vehicles only when there is no electric or hybrid vehicle option.

## Electricity

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

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

## Waste

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

## Regional initiatives

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

### The year in summary

During the 2017/18 year, we continued our support of the Water Wairarapa project. Increasingly severe water shortages are predicted in Wairarapa due to future climate change effects. This will affect water quality and availability in the area. Council consulted on the issue of continued funding of the project during the development of the long term plan.

Based on community feedback, we agreed that funding of the project would not continue beyond the 2018/19 year. Greater Wellington is partnering with Wairarapa councils to look at ways of ensuring greater certainty of water supply for Wairarapa.

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

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

## Our key projects and programmes

What we said we would do	What we did
Complete the Wellington Region Spatial Plan	As reported in the 2016/17 Annual Report, a project plan for spatial planning was developed and discussed by the Regional Chief Executives Group during the 2015/16 year. At that time other councils did not support a programme of regional spatial planning. There was also concern it would duplicate work the Local Government Commission had commissioned on spatial planning in the Wellington region. Subsequent to the LGC work, a decision was made to not pursue further work in this area at this time.

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved/ not achieved
		Baseline (2014)	2017/18 Target	2017/18 Actual	
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (Water Wairarapa, previously WWUP)	Progression of Water Wairarapa as per the project plan	Options identification and refinement phases completed	Consent application decisions imminent with project funders and owners identified	Climate change and Whaitua water resource limit effects were assimilated into the project design and hence consent implications. Future project investigations will now be conducted by a Wairarapa- based company established to advance the project through demand proofing and the consent stages	Not achieved
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	1,376	1,500	1,121	Not achieved

### Unplanned activity

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

## Emergency management

The Wellington Regional Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities that are prepared for and able to respond to and recover from

emergencies. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

## The year in summary

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

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

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

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

## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline 2014 unless otherwise stated	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days	85%	82%	N/A <sup>12</sup>	N/A
	Percentage of households with sufficient emergency food and water to last for at least seven days	New question	Baseline to be established 2018/19	10%	N/A
	Annual activation test for each EOC	No baseline	100%	100%	Achieved
	Number of Community Response Plans completed	10%	60%	67.82%	Achieved

### Unplanned activity

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

<sup>12</sup> This measure was changed part way through the year to the new measure.

## Democratic services

Making sure the public can have a say in our decision making is crucial to an open democracy. Greater Wellington creates opportunities to be involved through our council and committee meetings, public submissions

and community consultation. Every three years, electors can decide who will represent them on their regional council for the next term.

## The year in summary

A total of 56 council, committee and subcommittee meetings were held during the 2017/18 year. During the year Council consulted on its Long Term Plan for 2018-28 and the Revenue and Financing Policy. Council received

submissions on both consultations and during May held hearings to finalise the plan and policy, taking into account feedback from the community.

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide information to enable the public to be informed of, and participate in, council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100%	100%	100%	Achieved
Provide statutory information in a timely manner	Percentage of logged official information requests for which a decision is made and communicated to the requestor within the prescribed statutory timeframes	No baseline	100%	98.5%	Not achieved <sup>13</sup>

### No unplanned activity

<sup>13</sup> Three responses were provided outside of the statutory deadlines due to processing issues. These issues have been addressed.



# Public transport – **Ngā Waka Tūmatanui**



Connecting our   
extraordinary region

# Public transport – Ngā Waka Tūmatanui

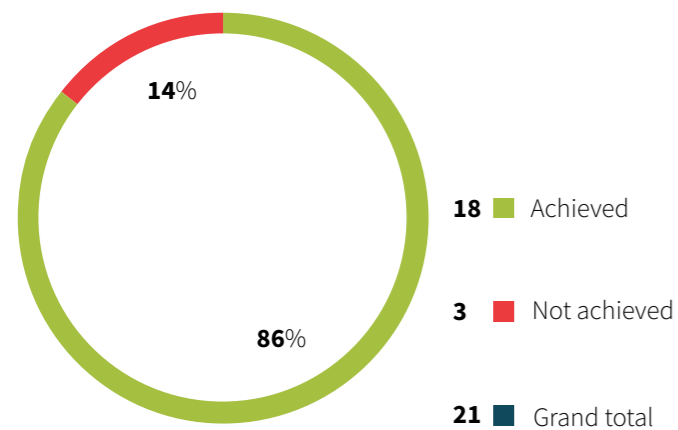
## Community outcomes

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

## Activities

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

## Performance target achievements



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

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

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

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

This transition was aggravated by some systemic challenges, including:

- Driver shortages and drivers getting used to new routes
- The extent of the route changes and associated customer reaction — both to the changes generally and in situations where service levels were considered to be reduced
- Operational challenges associated with the changes



## Metlink public transport network planning

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

well, meets people's needs, provides value for money and is able to connect the communities in our region to their homes, workplaces and recreational activities.

### The year in summary

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

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

### Our key projects and programmes

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

### Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Maintain a current policy framework to manage the region's public transport	Regional Public Transport Plan is reviewed and adopted in accordance with the Land Transport Management Act 2003	RPTP (adopted in June 2014)	RPTP remains updated	RPTP up to date – no changes required	Achieved
Increase public transport boardings per capita	Passenger boardings per capita	72.3	73.7	74.7	Achieved

## Rail operations and asset management

Greater Wellington contracts the operator (Transdev) to provide all metro rail services, the rail network owner (KiwiRail) to provide rail network control, maintenance and

renewals, and owns all railway stations (except Wellington Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

### The year in summary

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

identified areas for improvement across the network and made a number of recommendations, which will help address the performance issues. These recommendations are being addressed and implemented.

We have begun out-of-service trials to increase capacity on the busiest Wairarapa train services, by lengthening trains from eight to nine carriages. We have reconfigured six of the carriages that operate on the Wairarapa line to be more compatible with the other 18 carriages that also operate, increasing capacity and resilience.

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

In response to rolling stock performance issues on the Wairarapa Line, we commissioned an independent investigation to determine root causes. The findings

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

### Our key projects and programmes

What we said we would do	What we did
Maintain and improve rail assets, including trains and station buildings	<ul style="list-style-type: none"> <li>Manor Park and Ava shelter replacement</li> <li>Porirua Station refurbishment</li> <li>Kenepuru Bridge cosmetic upgrade</li> <li>Continued the major repairs to Ava Station pedestrian bridge</li> <li>Steelwork repairs to Raroa pedestrian bridge</li> <li>Heavy maintenance programme under way on the Matangi trains</li> </ul>
Park & Ride development	Completed an extension to the Park & Ride facilities at Pomare and modified the design of additional parks at Porirua to include rain gardens in the drainage scheme.
Rail Scenario 1 initiative from the Regional Public Transport Plan with station upgrades beginning from 2017/18	The start of these works is tied to wider rail network developments associated with a major joint funding application with KiwiRail. An initial direct Crown funding application was moved to the National Land Transport Fund process, which has pushed out the funding and implementation timeframes to a mid-2018/19 start.
Transition to integrated fares and ticketing on rail services	<p>A new fares schedule with new concessions and simplified rail products was prepared to be introduced during the roll-out of the 2018 network changes.</p> <p>We worked with national partners (NZTA, Auckland Transport) to confirm the partnership and procurement approach for national ticketing.</p>

## Measuring our performance

Level of service	Performance measure	Performance targets			Achieved/ not Achieved
		Baseline (2014)	2017/18 Target	2017/18 Actual	
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	≥ 99.5%	99.74%	Achieved
	Percentage of scheduled services on-time to 5 minutes by line	Kāpiti Line: 95.4%	≥ 95.0%	96.63%	Achieved
		Hutt Line: 95.3%	≥ 95.0%	96.63%	Achieved
		Johnsonville Line: 93.3%	≥ 95.0%	99.04%	Achieved
		Wairarapa Line: 74.5%	≥ 85.0%	64.06%	Not Achieved
Maintain and improve rail rolling stock, stations, subways, over-bridges and car parks in accordance with rail asset management plans	Average condition rating <sup>14</sup>	Rolling stock – EMU fleet	≤ 3.0	2.0	Achieved
		Matangi 1.0			
	Rolling stock – Carriage fleet : SW 2.2	≤ 3.0	2.9	Achieved	
	Stations (buildings & shelters): 2.6	≤ 2.5	2.3	Achieved	
	Subways/over-bridges: 2.4	≤ 2.5	2.5	Achieved	
	Carparks: 2.0	≤ 2.5	2.3	Achieved	
Customer satisfaction with passenger rail services	Percentage of rail users who are satisfied with their trip overall <sup>15</sup>	89.7%	≥ 90.0%	92% <sup>16</sup>	Achieved

### Unplanned activity

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

We modified the Wairarapa carriage air-conditioning system to provide better cooling in a very hot summer.

We introduced additional peak services on the Kāpiti Line to address increasing demand.

<sup>14</sup> 1 = very good and 5 = very poor.

<sup>15</sup> Satisfied = score of 6-10 on a scale of 0-10.

<sup>16</sup> Please note that the maximum margin of error for this target is ±2.1%.

## Bus and ferry operations, and asset management

Working with operators, planning for big new infrastructure projects, fine-tuning timetables across the region and gearing up for the Wellington bus network's

biggest revamp in 20 years have been just some of the things we've been up to in 2017/18.

### The year in summary

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

The trolley buses were decommissioned and work began in October 2017 to remove the overhead trolley network and associated infrastructure.

The project went smoothly and without incident. Work was undertaken to timeline and budget and is scheduled to be completed on time by November 2018.

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

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

## Our key projects and programmes

What we said we would do	What we did
Procure and transition to new PTOM bus and ferry contracts	The procurement process was concluded for all bus operating contracts under the Public Transport Operating Model (PTOM).  Council approved the key components of Greater Wellington's Ferry Procurement Procedure. This is the first stage of the ferry procurement process.
Plan and implement the new Wellington City bus network	This included the: <ul style="list-style-type: none"> <li>Progressive Staged release of 2018 bus network customer information and on-line journey tool to coincide with the new network roll-out</li> <li>Ongoing removal of overhead wiring for decommissioned trolley buses</li> <li>We have begun the construction and civil work for seven new bus hubs in Wellington. These new hubs will not be complete in time for the introduction of the new Wellington City bus network. Temporary hubs will be in place.</li> </ul>
Maintain and improve bus assets, including bus shelters, signage, interchanges and other fixed assets	We have continued to maintain and improve facilities at our bus stops across the region. This year we renewed 27 bus shelters and installed another 18 new shelters. More than 50 new stops were installed across the region.  In preparation for the new Wellington bus network we arranged for: changes to be made to 92 stops; the removal of 48 stops from the network; new signage at Wellington Station and at all stops along the Golden Mile.
Transition to integrated fares and ticketing on bus and ferry services	Developed and prepared for a new fares schedule and implemented the rollout of Snapper on Metlink buses in Wairarapa.  Worked with national partners (NZTA, Auckland Transport) to confirm partnership and procurement approach for national ticketing.

## Measuring our performance

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

### Unplanned activity

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

<sup>17</sup> Results cover YTD May. Reporting changed from June due to new contracting requirements.

<sup>18</sup> Results cover YTD May. Reporting changed from June due to new contracting requirements.

<sup>19</sup> 1 = very good and 5 = very poor.

<sup>20</sup> The result for 2016/17 was 1.8.

<sup>21</sup> Satisfied = score of 6-10 on a scale of 0-10.

<sup>22</sup> Please note that the maximum margin of error for this target is ±2.6%.

## Metlink fares and ticketing, and customer services and information

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

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

### The year in summary

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

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

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

## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide Metlink public transport service information to the public	Percentage of users who are satisfied with the service they receive accessing Metlink public transport information via a call centre, web and mobile sites, and real time information <sup>23</sup>	Call centre: 73.3%	Increase on previous year <sup>24</sup>	82%	Not achieved
		Web and mobile sites: 78.3%	Increase on previous year <sup>25</sup>	87%	Achieved
		Real time information: 78.0%	Increase on previous year <sup>26</sup>	87%	Not achieved

### Unplanned activity

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

<sup>23</sup> Satisfied = score of 6-10 on a scale of 0-10.

<sup>24</sup> The result for 2016/17 was 88.8%.

<sup>25</sup> The result for 2016/17 was 86%.

<sup>26</sup> The result for 2016/17 was 87.7%.

## Total mobility

Total Mobility helps people with a permanent disability or impairment to access appropriate transport to enhance their community participation. This assistance is in

the form of subsidised door-to-door transport services wherever scheme transport providers operate.

## The year in summary

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

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

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of users who are satisfied with the overall service of the scheme <sup>27</sup>	96%	≥ 97%	97%	Achieved

No unplanned activity

<sup>27</sup> Satisfied = score of 6-10 on a scale of 0-10.



# Water supply – **Ngā Puna Wai**

Keeping our most precious resource flowing to our customers

# Water supply – Ngā Puna Wai

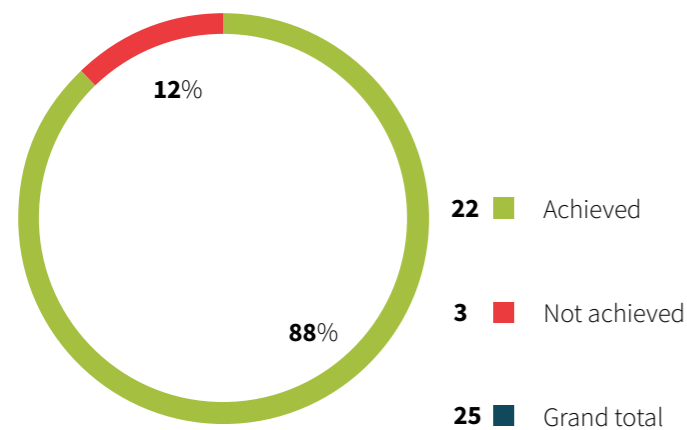
## Community outcomes

- Strong economy
- Resilient community
- Healthy environment

## Activities

- Water quality
- Water availability
- Sustainability

## Performance target achievements



Future-proofing the region's water supply for the immediate future and for generations to come drives the work programme for Wellington Water. Greater Wellington owns and manages water supply assets with a replacement cost of around \$1,150 million.

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

## The year in summary

We've had a busy year making sure that our customers remain confident that the drinking water we provide is safe and wholesome and future-proofing the four cities water supply to meet the demands of population growth and adverse events.

During the year we explored options of an alternative water source for Wellington city. Two options were considered - a cross harbour pipeline versus the option of bores in the harbour. Wellington Water completed a detailed analysis of the water quality and quantity information from the exploratory bores drilled. This has been used to evaluate the best option to provide Wellington with drinking water in the event of an emergency or damage to the existing supply along State Highway 2. A recommendation to proceed with the Cross Harbour Pipeline project was made in the new financial year.

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

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

## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets				Achieved /not achieved	
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual		
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0	0	Achieved	
	Number of taste complaint events related to the bulk water supply	1	5	<5	1	Achieved	
	High level of customer satisfaction – from TAs on:	Drinking water clarity <sup>29</sup>	0	<5	0	0	Achieved
		Drinking water odour <sup>30</sup> - 0	4	<5	0.01 <sup>28</sup>	0.01	Achieved
		Drinking water pressure or flow <sup>31</sup> - 1	0	<5	0	0	Achieved
	Percentage compliance with the DWSNZ 2005. <sup>32</sup>	Microbiological (Protozoa) compliance <sup>33</sup> - 100%		100%	100%	100%	Achieved
		Microbiological (Bacterial) compliance <sup>34</sup> - 100%	Te Marua WTP – 100%		100%	100%	Achieved
			Wainuiomata WTP – 100%		100%	100%	Achieved
			Waterloo WTP – not achieved		100%	100%	Achieved
			Gear Island WTP – 100%		100%	100%	Achieved
		Zones – 100%		100%	100%	Achieved	
		Aesthetic compliance <sup>35</sup> - 100%		100%	100%	100%	Achieved
	Chemical compliance <sup>36</sup> - 100%		100%	100%	100%	Achieved	
	Maintain grading from Ministry of Health for the local water supply distribution	Te Marua, Wainuiomata and Gear Island treatment plants: A1	Grading maintained	Maintain current grading	Grading maintained	Grading maintained	Achieved
		Waterloo treatment plant: B <sup>37</sup>	Grading maintained	Maintain current grading	Grading maintained	Grading maintained	Achieved
Distribution system: A1		Grading maintained	Maintain current grading	Grading maintained	Grading maintained	Achieved	

28 Non-Financial Performance Measure Rules 2013 measure 4(a).

29 Non-Financial Performance Measure Rules 2013 measure 4(a).

30 Non-Financial Performance Measure Rules 2013 measure 4(b).

31 Non-Financial Performance Measure Rules 2013 measure 4(c).

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

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

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

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

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

37 The Waterloo treatment plant has a current assessment of B which reflects a non-chlorinated rating. The treatment plant is now chlorinated and has not yet been reassessed to reflect this improvement.

Level of service	Performance measure	Performance targets				Achieved /not achieved	
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual		
Bulk water supply is continuous and secure	Number of shut-offs of the wholesale water supply network resulting in loss of water or pressure to consumers	0	0	0	0	Achieved	
	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes by implementing the methodology for assessing improvements to the resilience	Asset Management Plan & Annual Works Programme in place	94% planned improvements completed – Not achieved	Plan for and implement resilience improvements	63% <sup>38</sup>	Not achieved <sup>39</sup>	
	Sufficient water is available to meet unrestricted demand <sup>40</sup>	Modelled probability of annual water supply shortfall – 0.4%	0.2%	<=2%	5.7%	Not achieved <sup>41</sup>	
	Attendance for urgent call-outs <sup>42</sup>	Time from local authority receiving notification to service personnel reaching site <sup>43</sup> – No baseline	N/A – no events occurred	60 minutes	0 (no events)	Achieved	
		Time from local authority receiving notification to service personnel confirming resolution <sup>44</sup> – No baseline	N/A – no events occurred	4 hours	0 (no events)	Achieved	
	Attendance for non-urgent call-outs <sup>45</sup>	Time from local authority receiving notification to service personnel reaching site <sup>46</sup> – No baseline	35 minutes	36 hours	60 minutes	Achieved	
		Time from local authority receiving notification to service personnel confirming resolution <sup>47</sup> – No baseline	30 minutes	15 days	47 minutes	Achieved <sup>48</sup>	
	Drinking water consumption <sup>49</sup>	Average consumption of drinking water per day per resident (L/p/d) <sup>50</sup> within the TA District <sup>51</sup> – No baseline	351 L/p/d	Less than 374 L/p/d	359 L/p/d	Achieved	
	Environmental Impact of Bulk Water activities is minimised	Achieve full compliance with all resource consents and environmental regulations	Full compliance	One non-compliance was recorded	Full compliance	One non-compliance only was recorded <sup>52</sup>	Not achieved

### No unplanned activity

38 Calculated based on year-end actual expenditure of \$257k against a budget of \$405k (63%).

39 As noted in the footnote above, this target measures actual expenditure. It should be noted, that while the target has not been achieved, Greater Wellington has a strong focus on achieving resilience in the water supply network and has reviewed the forward work programme for efficiency and effectiveness to ensure resilience is built into the system.

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

41 The network is currently not able to meet the 1 in 50 year drought resilience level of service target due to a capacity limitation at Te Marua water treatment plant that became apparent during the aquifer contamination incident in 2017. An initial assessment was completed in 2017/18. This provided a range of high level options with variable benefits, risks and likely costs. Additional investigations will be required in 2018/19 before the preferred option can be determined. While this target has not been achieved, Greater Wellington has a strong focus on achieving resilience in the water supply network with work in progress to address this.

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

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

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

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

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

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

48 This can be shorter than on-site times due to the ability to address some breakdowns remotely.

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

50 L/p/d = Litres per day.

51 Non-Financial Performance Measures Rules 2013 measure 5.

52 Discharge of supernatant (water treatment by-product) to the Wainuiomata River breached the maximum consented dissolved aluminium concentration on three occasions during the year. An investigation was completed and the issue was resolved. This will be recorded as a non-compliance against this consent. All other consents are expected to achieve full compliance. We remain non-compliant with requirements of the HSN0 Act for 11 plastic chemical storage tanks at our water treatment plants. Remedial works are expected to be completed in 2018/19. WorkSafe are satisfied the risks are being managed proactively.



# Environment – **Te Taiao**

Caring for our natural capital



# Environment – Te Taiao

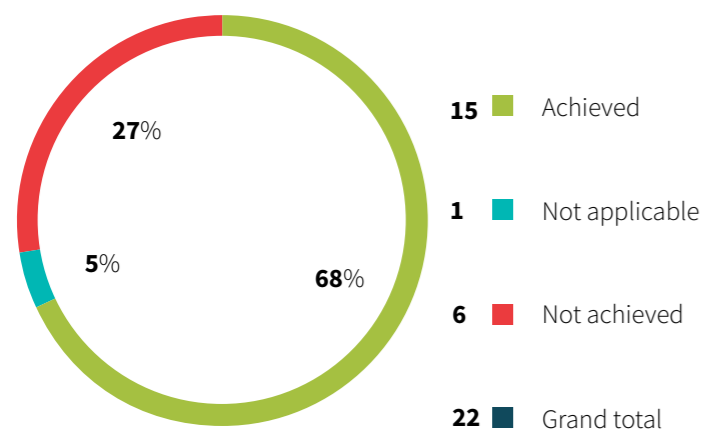
## Community outcomes

- Healthy environment
- Strong economy
- Engaged community

## Activities

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

## Performance target achievements



Clean air, clean water, safe harbours and forests sheltering native birds and wildlife – we can't take these things for granted.

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

### Greater Wellington works to:

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

## Resource management

Resource management planning future-proofs our region's natural capital by providing the plans, rules and support to ensure sustainable use of our many physical and natural resources.

We assess applications under the Resource Management Act for activities that will affect our natural resources – such as discharging into or taking water from a river. We monitor air, land and water quality and ecology, ensure people are meeting the requirements of their resource consent, and respond to pollution incidents.

### The year in summary

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

The hearings began in May 2017 and continued throughout the year, covering a range of issues that the plan will cover:

The proposed Natural Resources Plan was notified in July 2015. During 2017/18, hearings have been held for three independent commissioners to hear views on the proposed provisions of the Plan.

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

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

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

Collaborative consenting projects have featured strongly in last year’s work programme. Carterton Wastewater consent applications were publicly notified but approved without a public hearing. This was based on a high level of support from the community and on the back of close work between Greater Wellington and Carterton District Council to develop affordable and environmentally advanced wastewater options.

We have also been trialling new models of collaboration, in partnership with Wellington Water, mana whenua and a host of other partners, to inform management and consenting Porirua’s wastewater treatment plant and network. Alongside Wellington Water, Hutt City Council and Regional Public Health, we also progressed significantly investigations into Hutt Aquifer contamination risks; and worked closely with these partners and territorial authorities across the region to form a Joint Working Group to begin to respond to recommendations on national three-waters issues, as a result of the Havelock North (water supply contamination) Inquiry.

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide an up-to-date policy framework to manage the region’s natural and physical resources	Regional Policy Statement is maintained and operative	Regional Policy Statement is operative	Identified changes are adopted	No changes identified. Review due by 2023	Achieved
	Regional plans are reviewed and adopted	Draft Natural Resources Plan available September 2014	Proposed Natural Resources Plan is made public	Publicly notified in 2015; public hearings under way in 2017	Achieved
	Whaitua Committees are implemented	Ruamāhanga and Porirua Committees established	Porirua Committee releases Whaitua Implementation Plan	Porirua Committee has completed analysis. Final WIP due to be completed end of 2018	Not achieved
			Wellington Harbour Hutt Valley Committee established	Wellington Harbour and Hutt Valley Whaitua Committee established by council December 2017	
Process resource consents in a timely manner	Percentage of resource consents processed within 20 working days <sup>53</sup>	100%	100%	99% <sup>54</sup>	Not achieved

<sup>53</sup> This measure relates to non-notified consents only, as notified consents cannot be processed within 20 days. Some consents can be processed in greater than 20 working days if a s37 agreement under the RMA is in place.

<sup>54</sup> 7 consents out of 769 were processed outside of statutory timeframes. All consents processed outside statutory timeframes were minor exceedances i.e. 1-3 working days approx.

Level of service	Performance measure	Performance targets			Achieved/not achieved
		Baseline (2014)	2017/18 Target	2017/18 Actual	
Monitor and enforce compliance with regional plans and resource consents	Percentage of significant and environmental non-compliance that is reported within one month (including what follow-up measures are being undertaken)	100%	100%	84% <sup>55</sup>	Not achieved
	Percentage of reported environmental incidents that are responded to, investigated and enforcement actions completed within statutory timeframes	100%	100%	99% <sup>56</sup>	Not achieved
Provide timely, appropriate and accessible information on regional catchment state trends	Percentage of data collected that is made available within agreed timelines <sup>57</sup>	90%	90%	99%	Achieved
	Number of reports downloaded <sup>58</sup>	>894 page views (baseline established 2015/16)	Increase against baseline	1,199 page views	Achieved
	Stakeholder satisfaction with the quality and usability of the reports provided	New measure	Increase against baseline <sup>59</sup>	N/A	N/A

No unplanned activity

<sup>55</sup> 15 consents were reported more than 1 month after non-compliance was observed. More than half of the consents reported after 1 month were reported within a 2 month period. No formal investigations were required.

<sup>56</sup> 13 incidents reported to the Environmental Hotline were not investigated and concluded within four months during the 2017/2018 year.

<sup>57</sup> Different methodology is now applied to this measure given changes in how we manage our data. This is measured as the number of “missing records” (telemetered data) as a percentage of total records.

<sup>58</sup> This measure reflects the number of page views of our annual monitoring reports webpage.

<sup>59</sup> Baseline not established in 2016/17 due to lack of responses to survey.

## Land management

Greater Wellington works with the farming sector to manage the impacts of farming on the environment. Soil erosion, soil health and water quality are all affected by the way farmers use their land. We work alongside farmers

to prepare Farm Environment Plans to help identify and manage critical source areas where sediment, nutrients and other contaminants may discharge to waterways, wetlands and the coastal marine area.

### The year in summary

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

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

A total of 25,474 poplar and willow poles were planted during the year. In addition, 65.3 hectares of erosion-prone land was afforested and 186.9 hectares of reversion to native species was progressed.



## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Work collaboratively with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Percentage of hill-country erosion-prone land covered by an active <sup>60</sup> Farm Plan	76.5%	79%	54%	Not achieved
	Hectares of erosion-prone land planted	400 hectares per annum (2014)	450 hectares per annum	693 hectares planted <sup>61</sup>	Achieved
	Percentage of dairy farms with an active Farm Environment Plan	15%	22%	32%	Achieved

No unplanned activity

<sup>60</sup> "active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past five years.  
<sup>61</sup> Includes 507 hectares planted and 186 hectares native reversion.

## Biodiversity management

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

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

### The year in summary

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

groups to carry out restoration projects. Public awareness and education activities included Restoration Day, which celebrated the wider community's contributions to restoring our region's ecosystems, and our continued funding of the EnviroSchools programme.

We continued working with iwi and other partners to restore the catchments of Wairarapa Moana and Te Awarua-o-Porirua Harbour. We raised awareness with schools and communities about these sites' important ecological and cultural values, and funded community

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

### Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Work with the regional community to improve the region's indigenous biodiversity	Number of identified high value biodiversity sites under active management <sup>62</sup>	120	80	97	Achieved
	Progress towards ecological management objectives <sup>63</sup>	No baseline	95%	96%	Achieved

No unplanned activity

<sup>62</sup> Active management can include improving legal protection, fencing, and undertaking the control of plant and animal pests.

<sup>63</sup> Progress is assessed by reviewing management activities' direct contribution towards ecological management objectives.

## Pest management

Wellington Region's environment, economy and quality of life all benefit from avoiding the introduction of new pest plants and animals, and limiting the spread or mitigating impacts of those already here.

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

### The year in summary

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

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

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

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

Greater Wellington continues with efforts to minimise the impact of pest plants in the region. We surveyed 3930 properties, identifying and controlling a range of Total Control plant species. We trialled novel ways to apply X-Tree basal herbicide<sup>64</sup> treatment for woody weed species, a method that allows for more efficient and safe tree-weed control with the reduced use of herbicide and machinery.

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

<sup>64</sup> X-Tree Basal is a pre-mixed triclopyr BEE and oil product which uses biodiesel and a special penetrant as the oil carrier to control pest plants. After trials it appears to be very effective on notoriously hard-to-kill species such as holly and evergreen buckthorn, with considerably less labour required.

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites with reproductively active plants	Nil	Nil	43 known sites and 17 new sites	Not achieved
	Number of possums in the Regional Possum Predator Control Programme area (RPPCP) (<5% Residual Trap Catch)	Low Less than 5% Residual Trap Catch	Low : <5%	Residual trap catch was 2% overall	Achieved <sup>65</sup>
	Number of rabbits in the region (<5 on the Modified McLean Scale)	Low Less than 5 on the Modified McLean Scale (MMS)	Low : < 5	Rabbit numbers were lower than 5 on modified McLean Scale	Achieved

### Unplanned activity

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

## Harbour management

To keep our harbours (Wellington and Porirua) clean and safe for everyone, Greater Wellington provides marine oil spill response services, all-weather navigational aids

in the harbours, a 24/7 harbour communication station at Beacon Hill, and boating safety education campaigns.

### The year in summary

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

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

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

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

Our staff at Wellington Harbour Radio assisted Centreport to ensure the more than 12,000 commercial shipping movements in and out of the harbour did so safely, as well as providing advice and assistance to recreational users.

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

At least one major search and rescue operation was avoided because of staff vigilance.

<sup>65</sup> Overall RTC 0.8%, measured over 6 projects.

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Provide safe and competent maritime management for commercial and recreational users of our region's waters	That Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	100%	Achieved
	That all navigational aids are working, 24 hours a day, seven days a week	100%	100%	100%	Achieved
	Percentage of reports of unsafe boating incidents investigated and appropriate actions taken	100%	100%	100%	Achieved
	Percentage of harbour oil spills responded to within 30 minutes and clean-up started within one hour	100%	100%	100%	Achieved
	Percentage of coastal oil spills responded to within 30 minutes and clean-up started within 3 hours	100%	100%	100%	Achieved

### Unplanned activity

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





Flood protection  
and control 

works –

# **Te Tiaki me te Arahi Waipuke**

Protecting lives and livelihoods

# Flood protection and control works – Te Tiaki me te Arahi Waipuke

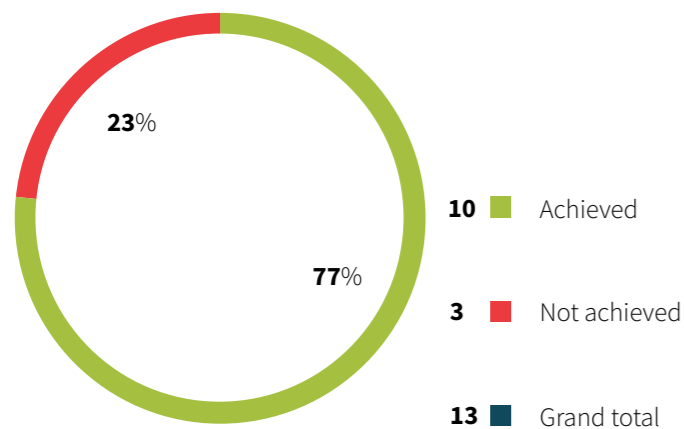
## Community outcomes

- Strong economy
- Resilient community
- Engaged community
- Healthy environment

## Activities

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

## Performance target achievements



As global weather patterns change and become more unpredictable, our communities need to feel that flood risk to their lives, homes and livelihoods is appropriately managed. Considerable investment has been committed to ensure we are protected against these changes. During 2017/18 \$29 million was invested in flood protection assets and we have a commitment to invest a further \$191m over the life of the Long Term Plan 2018/28

Greater Wellington works with communities to develop floodplain management plans, provide flood warnings, maintain and build flood protection works, and provide increasingly in-demand advice and consultation services.

## Understanding flood risk

Our floodplain management planning involves significant community consultation, information and engagement. The goal is that communities can make informed

decisions about how to manage flood risk and what levels of flood protection are appropriate, supported by the best scientific and engineering expertise.

## The year in summary

Our work for the 2017/18 year has focused on developing two key floodplain management plans. We have completed the Te Kauru (Upper Ruamahanga) draft Floodplain Management Plan (Volume 1 and 2) and it has been endorsed for consultation by Masterton District Council and Carterton District Council. Consultation on these has begun and work on the Masterton urban area options will soon be under way. The Waiohine River revised flood mapping has been peer reviewed and released as interim flood maps for development of the Waiohine Floodplain Management Plan.

Stopbanking options to protect Greytown have been consulted on with the community. The number of options has been narrowed from six to three, and will soon narrow further to a preferred option. Work continues to define the best long-term operational management objectives and other responses, such as possible planning controls and emergency management improvements.

In addition, work has progressed in the following areas:

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



## Our key projects and programmes

What we said we would do	What we did
Complete development of Te Kauru Upper Ruamahanga FMP	Progress with FMP development continues, volumes 1 and 2 containing rural options and general options have been completed, but option development for the Masterton urban area (volume 3) is on hold until the flood hazard has been agreed with Masterton District Council.
Complete development of the Waiohine Floodplain Management Plan	Council is working through a community-led approach to developing a Floodplain Management Plan for the Waiohine River and specifically determining appropriate levels of protection for Greytown. Completion of the FMP is being done through a collaborative process with the community.
Complete the Waiwhetu Floodplain Management Plan	This project has been deferred due to delays in completing other Floodplain Management Plans. It is scheduled to recommence restart in 2019/20.
Review the Ōtaki Floodplain Management Plan	This work is largely complete with draft recommendations being discussed with iwi partners before consultation with the community in September 2018.
Begin development of Lower Ruamahanga Floodplain Management Plan (LWVD Scheme)	Deferred due to delays in completing other FMPs. This work will now be incorporated into a wider evaluation of the lower Wairarapa valley and is scheduled to begin in 2021/22.

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Improving information and understanding of flood risk in the community	Percentage of high hazard flood prone land covered by a flood hazard map	13.0%	13.0%	42%	Achieved
	Percentage of catchments with Flood Management Plans in place	20.0%	20.0%	25%	Achieved
	Disseminate flood hazard maps within six months of completion	No baseline (NB: in 2016/17 achieved 100%)	100%	100%	Achieved
	Flood warning information is relayed to WREMO within one hour of receipt	100%	100%	100%	Achieved

### Unplanned activity

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

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

## Maintaining flood protection and control works

Physical flood protection is about stopbanks, river works and detention dams. Our region has one of the largest flood protection networks in the country.

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

## The year in summary

We have had another successful year completing river management programmes and improving the region's flood protection assets. Fortunately, there have not been any significant floods. Maintenance activities have included clearing river channels, removing blockages, undertaking river realignments, improving bank protection structures and maintaining river berms.

A total of 3,600 tonnes of rock have been placed along riverbanks to repair erosion damage and maintain river alignments, and 11,900 willow poles have been planted to strengthen river buffers.

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

## Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets				
		Baseline (2014)	2016/17 Actual	2017/18 Target	2017/18 Actual	Achieved /not achieved
Infrastructure is managed to agreed levels of service	Annual maintenance programme completed so that schemes are maintained to their full service potential <sup>66</sup>	100%	100%	100%	100%	Achieved
	Flood damage identified, prioritised and repair programme agreed with the community <sup>67</sup>	100%	100%	100%	100%	Achieved
Minimise the environmental impact of flood protection works	All flood protection works are undertaken in accordance with the draft Code of Practice.	100%	100%	100%	100%	Achieved
	Consent compliance	100%	100%	100%	100%	Achieved

### Unplanned activity

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

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

## Improving flood security

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

### The year in summary

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

In Upper Hutt, work continued in support of Upper Hutt City Council towards implementing the jointly developed Pinehaven Stream Floodplain Management Plan.

In Kāpiti, the finishing of works linked to the completed Jim Cooke Park stopbank upgrade continued. These works

are improving recreation, amenity and environmental outcomes in those areas. In Wairarapa, the Tainui improvement project was successfully completed.

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

## Our key projects and programmes

What we said we would do	What we did
RiverLink (Hutt River City Centre project) – complete detailed designs and procure construction tenders	The preliminary design was completed and approval given by Hutt City Council and Greater Wellington to proceed to detailed design and consenting.  The Long Term Plan 2018-28 includes \$125m to complete the flood protection works as outlined in the preliminary design.  We progressed land acquisition for identified properties required to carry out the flood protection upgrade components of RiverLink. Approximately 60% of the land necessary for the works has now been acquired on a willing buyer, willing seller basis.  A trial wetland was developed by Greater Wellington and Hutt City Council to test use of river berm areas for stormwater treatment to support delivery of freshwater quality outcomes.
Pinehaven Stream Floodplain Management Plan Implementation – Progress with construction	Assisted with Upper Hutt City Council's District Plan Change 42 process (Mangaroa and Pinehaven Flood Hazard Extents). Two appeals have been made to the Plan Change decision and consenting and construction of physical works identified in the Floodplain Management Plan is deferred until these are resolved.
Ōtaki River – progress with bank edge protections:	This work was deferred until the review of the Ōtaki River Floodplain Management Plan is completed.
<ul style="list-style-type: none"> <li>• Chrystalls Bend to Gorge</li> <li>• Construction decisions for rivermouth to SH1 (pending review)</li> </ul>	
Ōtaki River – investigate land entry agreements for south stopbank (pending review)	This work was deferred pending completion of review of Ōtaki River Floodplain Management Plan.
Lower Wairarapa Development Scheme – complete the 2017/18 works programme	Projects affected by delays with land entry agreements.  Tainui Improvement Project completed.
Waiohine Floodplain Management Plan Implementation – progress with construction	This work has been deferred pending completion of the Waiohine Floodplain Management Plan.
Environmental Strategy Implementation – progress with environmental enhancement works in Hutt, Ōtaki and Waikanae rivers	This year several native planting projects have been undertaken, including at Taita/Pomare and Belmont.  We continue to work with and support the activities of Friends of the Rivers and Streams groups across the region, which enable delivery of environmental strategy outcomes.
Te Awa Kairangi/Hutt River Māoribank & Ebdentown Riverbed Stabilisation – progress with construction	Work was not required at Māoribank due to earlier stabilisation work continuing to be successful.  Ebdentown rock protection work completed.
Lower Waitohu Stream – complete South Waitohu stopbank	Deferred pending land entry agreement resolution.
Te Kauru Upper Ruamahanga FMP Implementation – complete the planning and design phase and commence construction	Deferred pending completion of the Te Kauru Upper Ruamahanga FMP.
Strategic land purchased in advance of physical works	No opportunities arose during the year beyond those planned as part of our major projects.

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/ not achieved
Improve the communities' resilience to flooding	Percentage of Floodplain Management Plan implemented	Te Awa Kairangi/Hutt – 30%	30%	30%	Achieved
		Ōtaki - 47%	50%	47%	Not achieved
		Waikanae – 45%	56%	56%	Achieved
		LWVDS <sup>68</sup> - 43%	63%	51%	Not achieved <sup>69</sup>
	Percentage of stopbanks that meet design standard	87% <sup>70</sup>	85% <sup>71</sup>	83%	Not achieved

### Unplanned activity

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

- Te Awa Kairangi/Hutt River – design of erosion protection adjacent to Port Road, Seaview, Lower Hutt
- Ōtaki River – Chrystals Bend stopbank upgrade, support for NZ Transport Agency PP20, Ōtaki River bridge
- Waikanae River – Jim Cooke Park stopbank ground surface condition improvements
- Pinehaven Stream – Pinehaven Reserve planting in support of Pinehaven School

<sup>68</sup> Lower Wairarapa Valley Development Scheme.

<sup>69</sup> This target measured a 10 year timeline to complete the work. The work has now been extended beyond the original 10 years and consequently the targets have not been met. These targets have been reviewed and updated for the 2018-28 Long Term Plan.

<sup>70</sup> These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.

<sup>71</sup> These measures are different from those in the 10 Year Plan 2015-25 due to an error. The figures included above are the correct ones.





# Parks – Ngā Papa Whenua

Places and spaces for our communities to explore and enjoy

# Parks – Ngā Papa Whenua

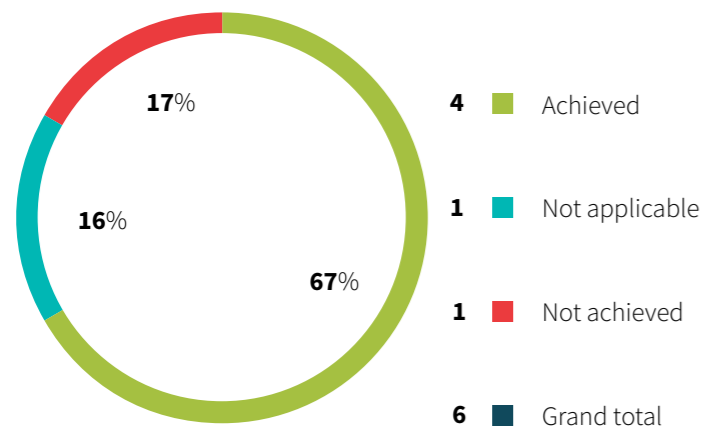
## Community outcomes

- Engaged community
- Healthy environment

## Activities

- Parks planning
- Visitor services

## Performance target achievements



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

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

## Our regional parks, forests and trails

**Akatarawa Forest:** 15,000 hectares of rugged wilderness between Upper Hutt and the Kāpiti coast, popular for motorised recreation, mountain biking, horse riding, hunting and tramping.

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

**Belmont Regional Park:** the open hills and forested valleys between Porirua and Hutt Valley, historic Korokoro Dam, WWII ammunition stores, original Wellington-Pauatahanui coach road.

**East Harbour Regional Park:** sheltered valleys, sweeping bays, lighthouse and wetlands, includes Baring Head, Butterfly Creek and the freshwater Parangarau Lakes.

**Kaitoke Regional Park:** Rata, rimu and beech shelter the Te Awa Kairangi/Hutt River gorge, with swimming holes, bushwalks, campsites, and the film setting for "Rivendell" in *The Lord of the Rings*.

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

**Queen Elizabeth Park:** 638 hectares edged by a sandy beach, pa sites, World War II US Marine camps, tramways museum. Rare dune landscape, peat swamps and pastoral views.

**Wainuiomata Recreation Area:** peaceful and sheltered valley ideal for family outings, picnics and easy walks. Site of the historic Lower Dam, one of the first water supply dams for Wellington City.

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

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

### Hutt River Trail

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

### Waikanae River Trail

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

### Ōtaki River Trail

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

## Parks planning

Our composite Parks Network Plan for eight regional parks and forests enables us to manage our park network as a whole, along with making specific provisions for the unique character of each park.

The two water collection areas have their own management plan, and Whitireia Park is managed by a park board. Parks planning also involves assessing applications for leases and licences, and supporting other developments within the network such as planning studies for significant works.

### The year in summary

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

and interested stakeholders and groups across the region such as friends groups, drop-in sessions, and a workshop for Queen Elizabeth Park stakeholders. The annual parks telephone survey also took place with additional questions to identify general community sentiment about this park and general questions to inform management plan preparation.

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

A wide range of consultation and engagement activities took place during the consultation period, including an online survey, direct mail, a series of social media (Facebook and Instagram) posts on a range of topics, meetings and discussions with mana whenua partners

### Measuring our performance

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

#### Unplanned activity

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

## Visitor services

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

### The year in summary

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

We undertook a range of maintenance work and upgrades to our assets throughout the year, both in terms of our ongoing maintenance and in response to ex-tropical cyclone Gita. Queen Elizabeth Park took the brunt of the cyclone, while the Wainui stream pedestrian bridge was damaged and there was significant damage to coastal tracks near Paekākāriki and Raumati South.

This type of damage only serves to highlight the need for the retreat of park infrastructure from the coastal zone, for which planning is under way. Final remediation works to the historic Woollen Mills Dam headwall and spillway from the May 2015 floods were completed, which included a new fish passage alongside the spillway. We also completed the final stage of removing weed and sediment within two kilometres of the North Whareroa water at Queen Elizabeth Park, which will improve native fish habitat.

Ramaroa was opened (see separate story on page 13) and several mountain biking facilities were improved – from track development projects undertaken with volunteer support, to a new car park at Tunnel Gully. A new “bike skills” area at Stratton Street has proved very popular with children and adults alike.

### Our key projects and programmes

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

## Measuring our performance

Level of service	Performance measure	Performance targets			
		Baseline (2014)	2017/18 Target	2017/18 Actual	Achieved/not achieved
Provide facilities and services that support the community enjoying, valuing and participating in regional parks	Percentage of the population that has visited a regional park in the last 12 months	64%	67%	72%	Achieved
	Number of visits to a regional park in the last 12 months	No baseline	Increase on baseline	1.8 million	N/A <sup>72</sup>
	Percentage of regional park visitors who are satisfied with their experience	89%	≥90%	95%	Achieved
	Percentage increase in volunteer hours for current staff effort	9,984 hours	≥ previous year	62%	Not achieved <sup>73</sup>
	Average asset condition <sup>74</sup>	2	≤3	2.12	Achieved

### Unplanned activity

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

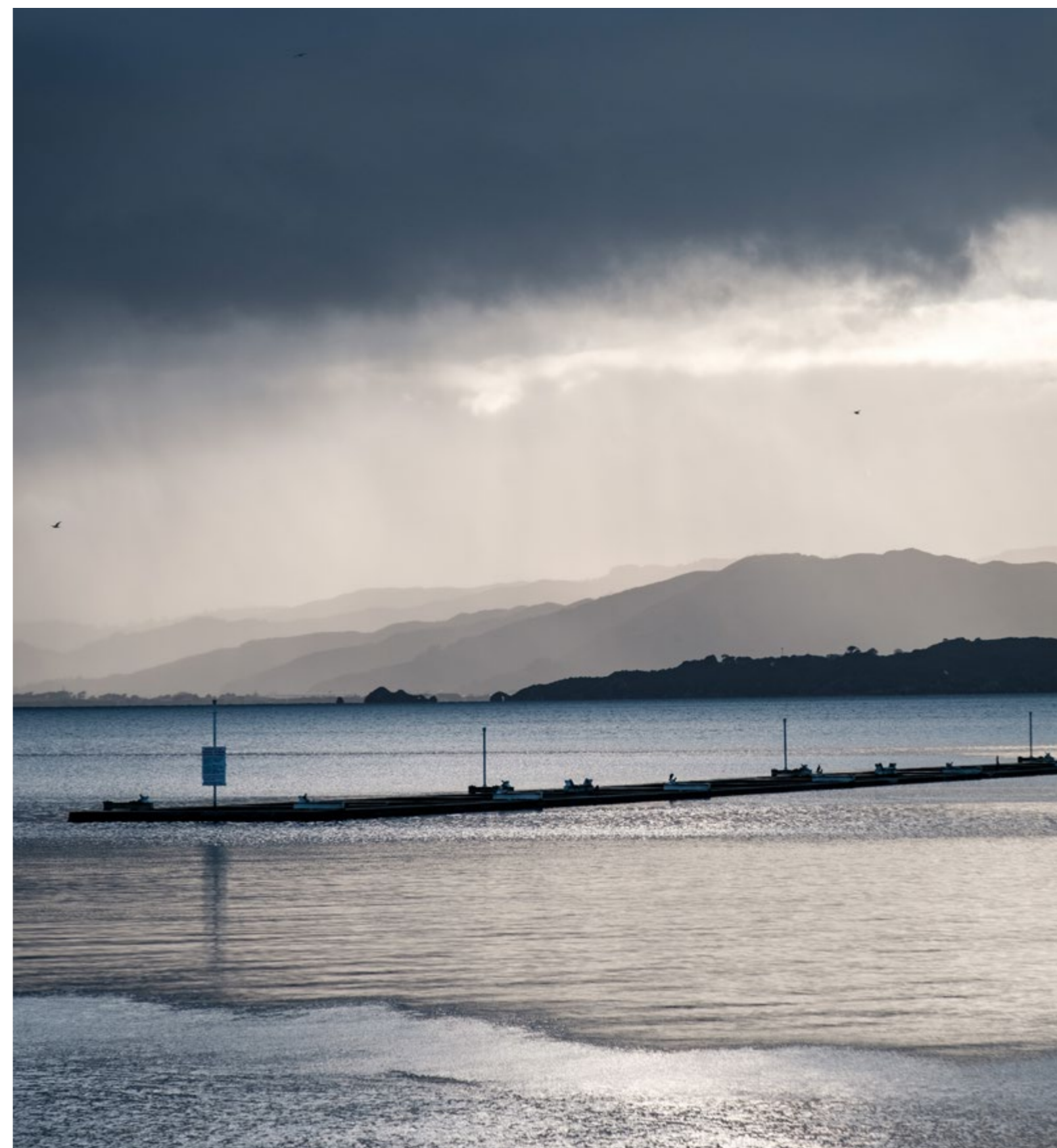
Fundraising during the period by the Friends of Baring Head Charitable Trust enabled substantial progress with restoration of the Baring Head lighthouse complex. Asbestos was removed and new roofs installed on the historic garage and generator shed. Through a separate three-way partnership between the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

<sup>72</sup> Baseline established at 2017/18 figure.

<sup>73</sup> In 2016/17 there were 17,293 volunteer hours recorded, which is significantly higher than usual, and 16,160 in 2017/18. So while there were significant volunteer hours in 2017/8, it does not represent an increase on the previous year.

<sup>74</sup> 1 = excellent and 5 = very poor.

# Funding Impact Statements for Greater Wellington's activities



## Regional Leadership

### Funding Impact Statement

For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group.

<sup>2</sup> This includes the change in the Warm Greater Wellington programme balance.

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

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

All figures on this page exclude GST.

## Regional Leadership

### Funding Impact Statement

For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group.

\* Some budget numbers have been reclassified to aid comparability.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2015-25.

All figures on this page exclude GST.



## Public Transport

### Funding Impact Statement

For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets.

<sup>2</sup> Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the New Zealand Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

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

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

All figures on this page exclude GST.

## Public Transport

### Funding Impact Statement

For the year ending 30 June 2018

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

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

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

All figures on this page exclude GST.

## Water supply

Funding Impact Statement  
For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest income.

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

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

All figures on this page exclude GST.

## Water supply

Funding Impact Statement  
For the year ending 30 June 2018

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

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

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

All figures on this page exclude GST.

## Environment

Funding Impact Statement  
For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from the Animal Health Board, sales of trees and rental income.

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

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

All figures on this page exclude GST.

## Environment

Funding Impact Statement  
For the year ending 30 June 2018

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

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

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

All figures on this page exclude GST.

## Flood Protection and Control Works

### Funding Impact Statement

For the year ending 30 June 2018

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

<sup>1</sup> This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work.

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

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

All figures on this page exclude GST.

## Flood Protection and Control Works

### Funding Impact Statement

For the year ending 30 June 2018

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

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

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

All figures on this page exclude GST.

## Parks

Funding Impact Statement  
For the year ending 30 June 2018

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

<sup>1</sup> This includes rental income and park activity fees.

<sup>2</sup> Depreciation increased substantially compared to the LTP budget due to the higher than expected revaluation on 1 July 2013 which was completed after the LTP budget was adopted.

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

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

All figures on this page exclude GST.

## Parks

Funding Impact Statement  
For the year ending 30 June 2018

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

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

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

All figures on this page exclude GST.

# Council Controlled Organisations and Investments – Tā te Kaunihera Rōpū me ngā Mahi Haumi

## Overview

Greater Wellington has a significant portfolio of investments, comprising:

- liquid financial deposits
- administrative properties (e.g. depots)
- forestry and business units
- equity investments in the WRC Holdings Group (including CentrePort Ltd)
- rail rolling stock.

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Ltd) and our liquid financial deposits.

Investments offset the need for rates revenue. Regional rates would need to be 8 percent higher without the revenue from Greater Wellington's investments.

## Treasury management

Greater Wellington's treasury management is carried out centrally to maximise our ability to negotiate with financial institutions.

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

## Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to \$1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

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

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## Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly owned subsidiaries, Port Investments.

We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk and creditworthy counterparties.

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## Administrative properties

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties.

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## Forestry and business units

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

The organisation holds 6,000ha of forested land, of which about 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa.

Our overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

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## Civic Financial Services Limited and Airtel Limited

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

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## Wellington Regional Economic Development Agency (WREDA)

WREDA is the region's economic development agency, which was established to implement the Wellington Regional Strategy. Greater Wellington has a 20 percent stake in this agency, with the other 80 percent being held

by Wellington City Council. Grow Wellington and Creative HQ, which were 100 percent-owned by Greater Wellington, have been absorbed into WREDA.

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## Westpac Stadium

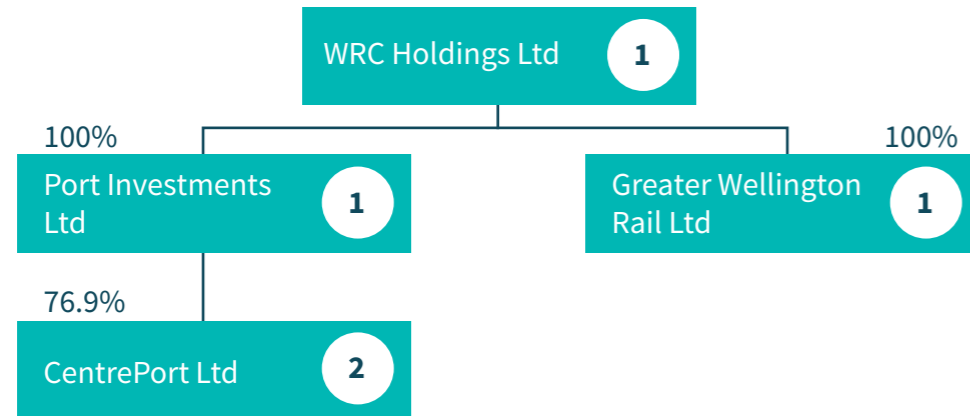
Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

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

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

## WRC Holdings Group

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



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

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

WRC Holdings Ltd and Port Investments Ltd are, in essence, investment holding companies. The main operating companies in the group are CentrePort Ltd and Greater Wellington Rail Limited. Every year, WRC Holdings

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

The WRC Holdings Group structure was set up for the following reasons that are still applicable

- Appropriate separation of management and governance
- Imposing commercial discipline on the group's activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return where appropriate
- Separating Greater Wellington's investment and commercial assets from its public good assets
- Minimise the risk of owning commercial assets such as rail rolling stock.

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

The primary objectives of WRC Holdings Ltd are to support Greater Wellington's strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and, where appropriate, provide a commercial return. It has adopted policies that prudently manage risks and protect the investment.

## WRC Holdings parent financial performance targets are

	Actual 2018	Target 2018	Actual 2017
Dividend distribution \$000s		-	-
Dividend distribution %	0.0%	-%	0.0%
Return on equity <sup>75</sup>	(0.1)%	-%	(0.04)%
Return on assets <sup>76</sup>	0.3%	0.4%	(0.03)%
Shareholders' funds to total assets	83.4%	84.2%	82.0%

## WRC Holdings group financial performance targets are

	Actual 2018	Target 2018	Actual 2017
Net profit/(deficit) before tax	\$ 23.8 m	\$77.3 m	\$48.6 m
Net profit/(deficit) after tax <sup>77</sup>	\$ 23.1 m	\$78.1 m	\$36.1 m
Earnings before interest, tax and depreciation	\$ 60.0m	\$105 m	\$82.9 m
Return on total assets <sup>78</sup>	5.1%	17.0%	8.0%
Return on shareholders' funds <sup>79</sup>	3.1%	11.9%	5.3%
Stakeholders' funds to total assets	65.8%	66.2%	61.1%
Dividends <sup>80</sup>	-	-	-

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

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

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

<sup>75</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>76</sup> Based on earnings before interest and tax divided by average assets.

<sup>77</sup> Net profit after tax, but before deduction of minority interest.

<sup>78</sup> Earnings before interest and tax as a percentage of average total assets.

<sup>79</sup> Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

<sup>80</sup> Dividends (interim and final) paid or payable to the shareholder.



## Greater Wellington Rail Limited

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

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 83 Matangi units
- 2 remote controlled shunt crabs
- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

### Performance targets

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

## Port Investments Limited

Port Investments Ltd is an investment vehicle that owns 76.9 percent of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1 percent-owned by Horizons Regional Council.

The major activities of CentrePort are:

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

	Actual 2018	Target 2018	Actual 2017
Dividend distribution \$000s	-	-	-
Dividend distribution%	-	-	-
Return on equity <sup>81</sup>	18.8%	(87.3)%	(21.2)%
Return on assets <sup>82</sup>	1.0%	(0.2)%	(1.2)%
Shareholders' funds to total assets	5.2%	1.9%	5.3%

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

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

<sup>81</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset.  
<sup>82</sup> Based on earnings before interest and tax divided by average assets

## CentrePort Limited

	Actual 2017	Target 2018	Actual 2017
Net profit before tax	\$ 15.2 m	\$20.1 m	\$10.8 m
Net profit after tax	\$ 11.8 m	\$15.9 m	\$39 m
Return on total assets <sup>83</sup>	6.0%	10.8%	4.2%
Return on shareholders' funds <sup>84</sup>	5.5%	8.0%	4.3%
Dividends distribution as a percentage of NPAT	16.9%	0%	1.0%
Dividend <sup>85</sup>	\$2.0 m	-	\$0.70 m
Interest cover ratio <sup>86</sup>	11	11	3.7
Gearing ratio <sup>87</sup>	9%	16.3%	18.5%

Directors of CentrePort Ltd are:

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

<sup>83</sup> Net profit before interest and tax as a percentage of average total assets.

<sup>84</sup> Net profit after tax as a percentage of average shareholders' funds.

<sup>85</sup> For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

<sup>86</sup> The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

<sup>87</sup> Total liabilities divided by total assets.

## Safety and Security performance targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Year-on-year improvement towards zero harm	Implementation of five-year action plan	Year one action items completed	Performance measure replaced by a rolling 2 year Health & Safety strategy. Action items on track
	Lost time injury frequency (per 200,000 hours worked)	≤ 3.6	2.42
	Lost time injury severity (per 200,000 hours worked)	≤ 50	7.73
	bSafe reports (incident and near miss reports)	> 800	1,253
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	This measure has been replaced with a safe+ audit from Worksafe and ACC. Audit completed
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with policy	Policy reviewed
Maintain and promote excellence in marine operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	Assessment and reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance maintained	Compliance maintained. Audit completed in November 2017

## Environmental Performance Targets

Objective	Performance measure	Performance target FY18	Q4 (full year) report against target
Ensure regulatory compliance	Compliance breaches	Zero	No compliance breaches. Proactive approach being taken to compliance. Resource consents obtained or being sought as required e.g. soil disturbance and stormwater discharges.
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification complete (Note 1 below)	Audit and certification not completed.  Development of updated EMS is underway. Completion expected in 2018.
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 10% decrease from base line – NB new incident reporting system introduced	31 incidents in FY18. Improvements made to reporting system and culture of reporting.
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Three complaints received (relating to noise and waste issues). Mitigation measures introduced in each case
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO <sub>2</sub> equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan and targets complete (reduction targets for FY19-20 to be set)  Verified annual emissions inventory complete	Emissions reduction plan still in development as part of EMS. Completion expected in 2018.
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	Recapture technology used for all container fumigation.
	Solid waste to landfill (quantity)	Waste minimization plan developed  Waste minimization integrated into EQ recovery projects	Available reuse of 26,058t of concrete, 3,868m <sup>3</sup> of asphalt and 1,100t of metal.
	Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least three per annum
Develop a culture of awareness and responsibility	Iwi engagement	Pre-lodgement consultation undertaken for 100% of resource consent applications	Pre-lodgement consultation undertaken for all resource consent applications.
	Transparency	Performance against targets reported in Annual Report	Reported.
	Board sub-committee (Health Safety and Environment) meeting frequency	At least four per annum	Four meetings held
	Internal 'sustainability sub committee' meeting frequency	At least three per annum	Monthly meetings held

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

### Social performance targets

### Progress update

Contribute to the desired outcome of the Wellington Regional Strategy through:

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

### General performance targets

### Progress update

The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas	Performance targets are reviewed and agreed in the development of the Statement of Intent.
CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate	Quarterly reporting has been scheduled with the shareholders.
CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy	Quarterly reporting has been scheduled with the shareholders.

## Wellington Regional Economic Development Agency (WREDA)

WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. Under an agreement between all the councils in the region, WREDA was established in late 2014. It is owned jointly by Wellington City Council (80 percent shareholding) and Greater Wellington (20 percent shareholding).

The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in

the region. WREDA implements the Wellington Regional Strategy and will support other plans which are currently being developed.

Reflecting the level of funding provided by Greater Wellington, a number of discussions were held with WREDA during the year to discuss the level of WREDA-led regional economic activity. It is fair to say, there have been some difficulties during the year. We are actively working with WREDA to improve performance and are beginning to see improvements which will hopefully manifest in the next 12 months.

### Performance targets

At the time of finalising the 10 Year Plan 2015-25 performance measures and targets were being negotiated with WREDA. WREDA's 2016-2019 Statement of Intent articulates its performance objectives over that period.

These performance measures are reported annually to Greater Wellington via the WRS Committee. At the time of finalising this report, Greater Wellington was awaiting WREDA's Annual Report for 2017/18

## Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, stormwater and wastewater service delivery in the four cities of the Wellington Region.

Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20 percent share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

### Performance targets

Wellington Water's performance targets, and performance for the 2017/18 year, are set out in the Water Supply section.<sup>88</sup>

<sup>88</sup> Pages 54 - 57 of this document sets out the performance report against the 10 Year Plan 2015-25 measures, as included in the Wellington Water Annual Report.

## Investments

Funding Impact Statement  
For the year ending 30 June 2018

	2017/18 Actual \$000s	2017/18 Annual Plan \$000s	2017/18 Long Term Plan \$000s	2016/17 Long Term Plan \$000s	2016/17 Actual \$000s
<b>Sources of operating funding</b>					
General rate <sup>1</sup>	(9,898)	(9,898)	(7,245)	(9,588)	(10,041)
Targeted rates	978	978	965	2,677	2,676
Fees and charges	125	-	-	-	552
Fines, infringement fees, and other receipts <sup>2,3</sup>	28,161	27,239	24,648	24,876	25,095
<b>Total operating funding</b>	<b>19,366</b>	<b>18,319</b>	<b>18,368</b>	<b>17,965</b>	<b>18,282</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(2,470)	(2,462)	(1,297)	(1,465)	(1,412)
Finance costs	(19,819)	(19,244)	(16,146)	(14,017)	(16,813)
Internal charges and overheads applied	(45)	-	-	-	(39)
<b>Total applications of operating funding</b>	<b>(22,334)</b>	<b>(21,706)</b>	<b>(17,443)</b>	<b>(15,482)</b>	<b>(18,264)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>(2,968)</b>	<b>(3,387)</b>	<b>925</b>	<b>2,483</b>	<b>18</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	30,772	9,966	7,417	1,745	1,656
Gross proceeds from asset sales	12	19	40	39	42
<b>Total sources of capital funding</b>	<b>30,784</b>	<b>9,985</b>	<b>7,457</b>	<b>1,784</b>	<b>1,698</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	(440)
- to replace existing assets	(1,225)	(719)	(6,520)	(121)	(65)
(Increase) / decrease in investments <sup>2</sup>	739	1,519	(433)	(1,167)	1,185
(Increase) / decrease in reserves	(809)	(7,398)	(1,429)	(2,979)	(2,396)
<b>Total applications of capital funding</b>	<b>(1,295)</b>	<b>(6,598)</b>	<b>(8,382)</b>	<b>(4,267)</b>	<b>(1,716)</b>
<b>Surplus/(deficit) of funding</b>	<b>26,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Investment assets</b>					
	348	368	374	358	501
<b>Internal interest revenue</b>					
	23,603	21,629	17,620	17,197	19,723
<b>Investment in Greater Wellington Rail Ltd<sup>3</sup></b>					
	-	-	10,002	139,623	-

<sup>1</sup> Net Investment surpluses are used to reduce the general rate. It is applied to general rate as all ratepayers benefit the same proportionally from a reduction in the general rates.

<sup>2</sup> Other receipts include revenue from internal income from public transport to fund the rail infrastructure that is owned by the 100% Council-Controlled Trading Organisation, Greater Wellington Rail Ltd. The funds recovered are utilised for an equity injection into Greater Wellington Rail Ltd to enable Greater Wellington Rail Ltd to fund Greater Wellington's share of the upgrades.

<sup>3</sup> Greater Wellington manages community outcome debt via an internal debt function. Other receipts includes internal interest income which is the total interest charged to the operational activities. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy.

Investment in GW Rail is now recorded under the Public Transport activity. It represents funds invested to purchase rail rolling stock and infrastructure that is held within the 100% owned subsidiary.

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

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

All figures on this page exclude GST.

# Financial Statements

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

Note	Council		Group		
	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Operating revenue</b>					
Rates and levies	3	152,995	154,825	147,055	152,995
Transport operational grants and subsidies	3	69,059	72,647	64,036	69,059
Transport improvement grants and subsidies	3	16,406	23,905	13,419	16,406
Other revenue	3	77,132	66,905	72,962	154,137
		315,592	318,282	297,472	392,597
Other gains / (losses) - net		(1,679)	37	(1,007)	(2,117)
<b>Total operating revenue and gains</b>		<b>313,913</b>	<b>318,319</b>	<b>296,465</b>	<b>390,480</b>
<b>Operating expenditure</b>					
Employee benefits	4	(46,118)	(46,244)	(42,493)	(71,343)
Grants and subsidies		(148,056)	(156,669)	(144,317)	(135,872)
Depreciation and amortisation	5	(18,644)	(17,930)	(18,221)	(42,462)
Finance expenses		(19,843)	(19,921)	(16,477)	(32,170)
Other operating expenses	6	(78,921)	(70,673)	(72,906)	(132,683)
Transport improvement expenditure		(1,262)	-	(1,056)	(1,262)
<b>Total operating expenditure</b>		<b>(312,844)</b>	<b>(311,437)</b>	<b>(295,470)</b>	<b>(415,792)</b>
Operating surplus/(deficit) before other items and tax		1,069	6,882	995	(25,312)
Share of associate's surplus/(deficit)		-	-	-	23,081
<b>Earthquake related items:</b>					
Insurance deductible expenses	8	-	-	(33,628)	(19,305)
Impairment of assets	8	-	-	(2,596)	(59,412)
Insurance progress payment receivable	8	-	-	55,583	166,042
<b>Other fair value changes</b>					
Gain / (loss) on financial instruments	7	(8,684)	9,250	17,918	94
Fair value gain/(loss) on investment property	19	-	-	(975)	-
<b>Total fair value movements</b>		<b>(8,684)</b>	<b>9,250</b>	<b>17,918</b>	<b>18,478</b>
Surplus/(deficit) before tax		(7,615)	16,132	18,913	16,247
<b>Tax (expense)/benefit</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>1,254</b>	<b>(10,884)</b>
<b>Surplus from continuing operations</b>		<b>(7,615)</b>	<b>16,132</b>	<b>18,913</b>	<b>17,501</b>
<b>Operating surplus / (deficit) after tax</b>		<b>(7,615)</b>	<b>16,132</b>	<b>18,913</b>	<b>17,501</b>
<b>Other comprehensive revenue and expenses</b>					
<b>Increases / (decreases) in revaluations</b>		<b>195,041</b>	<b>54,655</b>	<b>67,107</b>	<b>195,041</b>
<b>Total other comprehensive income</b>		<b>195,041</b>	<b>54,655</b>	<b>67,107</b>	<b>195,041</b>
<b>Total comprehensive income</b>		<b>187,426</b>	<b>70,787</b>	<b>86,020</b>	<b>74,302</b>
<b>Surplus is attributable to:</b>					
Equity holders of the Parent		187,426	70,787	86,020	203,742
Non-controlling interest		-	-	-	8,800
		<b>187,426</b>	<b>70,787</b>	<b>86,020</b>	<b>212,542</b>

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

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

**Chris Laidlaw**  
Chair  
31 October 2018

**Greg Campbell**  
Chief Executive  
31 October 2018

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

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

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

Greater Wellington Regional Council  
**Statement of Cash Flow**  
For the year ended 30 June 2018

Note	Council			Group	
	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Cashflows from operating activities</b>					
Receipts from customers	-	-	-	70,669	63,927
Rates revenue received	121,372	123,961	116,691	121,372	116,691
Water supply levy received	30,863	30,863	29,098	30,863	29,097
Government subsidies received	83,829	96,553	77,621	83,829	77,620
Interest received	4,313	3,043	4,556	4,355	4,145
Dividends received	105	-	3,682	605	1,304
Rent income	-	-	-	6,599	-
Fees, charges and other revenue	71,749	63,899	65,540	69,060	64,906
Payments to suppliers and employees	(127,290)	(273,587)	(103,084)	(202,296)	(183,552)
Payment of grants and subsidies	(148,056)	-	(144,317)	(135,872)	(133,678)
Interest paid	(18,783)	(19,686)	(16,262)	(31,282)	(26,898)
Income tax paid / (refund)	-	-	-	1,535	-
Business loss of rents	8	-	-	8,477	8,985
Temporary works	8	-	-	(36,678)	(19,305)
Business Interruption Temporary works	8	-	-	33,628	19,305
<b>Net cash from (used in) operating activities</b>	<b>25</b>	<b>18,102</b>	<b>33,525</b>	<b>24,864</b>	<b>22,547</b>
<b>Cash flows from investing activities</b>					
Receipts from sale of property, plant, and equipment	515	1,216	1,107	744	7,803
Earthquake insurance payments received	-	-	-	16,895	75,066
Cash balance from acquired joint venture	-	-	-	16,758	-
Total	515	1,216	1,107	34,397	82,869
Purchase of property, plant and equipment	(58,446)	(64,542)	(27,855)	(73,176)	(46,626)
Purchase of intangible assets	(16)	-	-	(174)	-
Development of investment properties	-	-	-	(2,707)	(2,076)
Acquisition of investments	(7,349)	(17,990)	(21,831)	101	(4,051)
EQ capital expenditure	-	-	-	(6,141)	(2,357)
Investment in joint venture	-	-	-	(7,750)	-
Other transfer	-	-	-	(90)	-
<b>Net cash flow from investing activities</b>	<b>(65,296)</b>	<b>(81,316)</b>	<b>(48,579)</b>	<b>(55,540)</b>	<b>27,759</b>
<b>Cash flows from financing activities</b>					
Loan funding	52,156	77,183	13,119	-	13,149
Loan funding	-	-	-	52,156	(66,000)
Debt repayment	-	(16,895)	-	(18,000)	-
Dividends paid to non-controlling interests	-	-	-	(462)	(162)
<b>Net cash flow from financing activities</b>	<b>52,156</b>	<b>60,288</b>	<b>13,119</b>	<b>33,694</b>	<b>(53,013)</b>
Net increase / (decrease) in cash and cash equivalents	4,962	4,018	(1,935)	3,018	(2,707)
Cash and cash equivalents at the beginning of year	346	17,300	2,281	567	3,274
<b>Cash, cash equivalents, and bank overdrafts at the end of the year</b>	<b>11</b>	<b>5,308</b>	<b>346</b>	<b>3,585</b>	<b>567</b>

Greater Wellington Regional Council  
**Funding Impact Statement**  
For the year ended 30 June 2018

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

<sup>1</sup> This includes the Water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils.

<sup>2</sup> Grants for improvement and investments have been reclassified into subsidies and grants for capital expenditure in 2018 actuals while it was excluded in 2018 budget.

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

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

All figures on this page exclude GST.

**Financial Reserves**

30 June 2018

**We have two types of council created reserves, which are monies set aside by the council for a specific purpose:**

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington's treasury risk management policy.

**Other reserves are split into four categories:**

- Area of Benefit reserves – any targeted rate funding surplus or deficit is held to fund future costs for that area
- Contingency reserves – funds that are set aside to smooth the impact of costs associated with specific unforeseen events
- Special reserves – funds that are set aside to smooth the costs of irregular expenditure
- Re-budgeted reserves – expenditure that has been rated for in one year when the project will not be completed until the following year.

Council created reserves	Purpose of the fund	Opening balance Jul-17 \$'000	Deposits \$'000	Withdrawals \$'000	Closing balance Jun-18 \$'000
<b>Area of benefit reserves</b>					
Regional Parks reserve	Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure	579	17	(189)	407
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	16,226	584	(2,347)	14,463
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	1,080	52	(171)	960
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	985	339	(42)	1,282
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	231	122	-	353
WREMO reserve	Contributions by other local authorities to run the WREMO	161	5	(85)	82
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	7,557	1,089	(759)	7,887
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	2,578	155	(224)	2,510
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	223	8	-	231
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	2,247	285	-	2,532
Rural fire reserve	To help manage the costs of rural fire equipment.	71	3	-	74
<b>Special reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	248	9	-	257
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	2,229	80	-	2,309
Long term plan reserve	To manage variation in costs associated with Long term plan process	401	9	-	410
<b>Re-budget reserve</b>					
Rebudgeted reserve	Expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18	2,531	2,077	(2,531)	2,077
Earthquake proceeds reserve	To manage future repair and maintenance due to Kaikoura earthquake	-	562	-	562
		<b>37,347</b>	<b>5,396</b>	<b>(6,348)</b>	<b>36,395</b>

All figures on this page exclude GST.



	Opening balance 2017 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2018 \$'000	Finance costs \$'000
<b>Regional leadership</b>					
Strategic planning	78	178	(79)	177	8
Wairarapa water use project	3,299	-	-	3,299	185
Warm Wellington	11,649	2,144	(2,597)	11,196	679
<b>Public transport</b>					
Public transport	253,393	9,734	(35,417)	227,710	12,757
<b>Water supply</b>					
Water supply	73,099	17,361	(3,459)	87,001	4,651
<b>Environment</b>					
Environment	2,646	2,263	(470)	4,439	162
<b>Flood protection and control works</b>					
Flood protection and control works	68,187	29,218	(4,742)	92,663	4,332
<b>Parks</b>					
Parks	6,832	1,524	(672)	7,684	422
<b>Investments</b>					
Stadium	878	-	(878)	-	44
Property and other	5,640	29,607	(1,743)	33,504	363
	<b>425,701</b>	<b>92,029</b>	<b>(50,057)</b>	<b>467,673</b>	<b>23,603</b>
					<b>Council Actual 2018 \$'000</b>
Total activities debt					467,673
Treasury internal funding (1)					(88,051)
					<b>379,622</b>
External debt (current)					99,622
External debt (non-current)					280,000
					<b>379,622</b>

(1) Greater Wellington Regional Council manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy.

All figures on this page exclude GST.

# Notes to the financial statements

## 1 Reporting entity

### 1.1 Reporting entity

Greater Wellington Regional Council (Greater Wellington) is a regional council governed by the Local Government Act 2002. Greater Wellington principal address is 2 Fryatt Quay, Wellington, New Zealand. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Greater Wellington provides water, parks, transport, infrastructure, environmental regulation and monitoring to the Wellington region for community and social benefit, rather than to make a financial return. Accordingly Greater Wellington has designated itself and the Group as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

#### Statement of compliance

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

These financial statements are prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE Standards.

The financial statements of Greater Wellington are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 31 October 2018.

#### Accounting judgements and estimations

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision

affects only that period. If the revision affects current and future periods, it is reflected in those periods.

#### (i) Property, Plants and Equipment and Investment Property

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

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

#### (ii) Capital Works in Progress

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

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

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

In addition, management has made the estimations and judgements on the useful life of assets as stated per note 2 – Depreciation and Financial Instruments categories in note 26 (e).

## 2 Accounting policies

### 2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of the Group is New Zealand dollars. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2018.

### 2.2 Significant event – Kaikoura earthquake 14 November 2016

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

#### (i) Impairment of Assets

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

#### (ii) Revenue Recognition – Insurance Revenue

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

### 2.3 Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 20.

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

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

All significant intercompany transactions are eliminated on consolidation.

#### Interests in Joint Ventures

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

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

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

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

part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

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

### 2.4 Revenue

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

#### (i) Rates and levies

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

#### (ii) Government grants and subsidies

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

#### (iii) User charges

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

#### (iv) Dividends

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

#### (v) Interest

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

#### (vi) Sales of goods

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

### 2.5 Borrowing costs

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

### 2.6 Property, plant and equipment

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

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

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

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

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

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

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

**Revaluation**

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

Revaluation movements are accounted for on a class-of-asset basis. The fair value of revalued assets is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class-of-asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

**Flood protection**

The flood protection infrastructure assets were valued at 30 June 2017 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist and Opus International Consultants. He concluded that the 2017 valuation of Greater Wellington’s flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2017 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2017. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

**Parks and forests**

The parks and forests land and buildings were valued at 30 June 2018. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2018 and have been valued using ODRC methodology by Bronek Kazmierow, Parks Principal Ranger - Assets and Maintenance. Peter Ollivier, Senior Project Director of Calibre Consulting Limited reviewed the unit rate methodology.

**Public transport**

Public transport infrastructural assets were valued as at 30 June 2014 by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using ODRC methodology.

**Regional water supply**

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

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

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2018 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

**Greater Wellington Regional Council Group (including CentrePort Limited)**

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued at 30 June 2017. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

The fair value of operational port freehold land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of operational port land is recognised in other comprehensive revenue

and expenses and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the statement of revenue and expenses, in which case the increase is credited to the statement of revenue and expenses to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of revenue and expenses to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of port operational land.

At 30 June 2011, the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.

The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of \$1.00.

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2014.

Any increase in the value on revaluation is taken directly to the asset revaluation reserve. However, if it offsets a previous decrease in value for the same asset recognised in the statement of revenue and expenses, then it is recognised in the statement of revenue and expenses. A decrease in the value on revaluation is recognised in the statement of revenue and expense where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

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

**Additions**

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

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

**Disposals**

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

**Depreciation**

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

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

Port, wharves and paving	10 to 50 years
Operational port freehold land	Indefinite
Operational land	Indefinite
Operational buildings	10 to 75 years
Operational plant and equipment	2 to 20 years
Operational vehicles	3 to 10 years
Flood protection infrastructural assets	15 years to indefinite
Transport infrastructural assets	5 to 50 years
Rail rolling stock	5 to 35 years
Navigational aids infrastructural assets	5 to 50 years
Parks and forests infrastructural assets	10 to 80 years
Regional water supply infrastructural assets	3 to 156 years

Capital work in progress is not depreciated. Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections

are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

**Impairment of property, plant, and equipment**

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

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

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

*Value in use for non-cash-generating assets*

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

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

*Value in use for cash-generating assets*

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

**2.7 Intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of revenue and expense.

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

Software	2 to 5 years
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**New Zealand Emission Trading Scheme**

New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the balance sheet and income in the statement of revenue and expense. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

NZU's in respect of post 1989 forests are recognised at fair value on the date received. As trees are harvested or carbon stocks decrease a liability and expense will be recognised for the NZU's to be surrendered to Government.

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

**2.8 Investment properties**

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in surplus or deficit in the period in which they arise. The Group has three classes of investment properties:

1. Developed investment properties
2. Land available for development
3. Lessors interest

Shed 39 is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the statement of revenue and expense in the period in which they arise.

**2.9 Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

The Group's financial assets are categorised as follows:

- **Financial assets at fair value accounted through operating surplus or deficit**  
Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.
- **Financial assets at fair value accounted through other comprehensive revenue and expenses**  
Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive revenue and expenses.
- **Financial assets available-for-sale**  
Financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost.
- **Loans and receivables**  
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the statement of revenue and expenses.

• **Held to maturity investments**

These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity.

After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the statement of revenue and expenses.

**Impairment of financial assets**

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

Impairment is established when there is objective evidence that the group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, and government stock, are recognised directly against the instrument's carrying amount.

*(ii) Financial assets at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties, probability that the debtor will enter bankruptcy, and default payments are considered indicators that asset is impaired.

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

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

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

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

#### **Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

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

#### **Financial liabilities**

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

### **2.10 Derivative financial instruments and hedge accounting**

The Group uses derivative instruments to hedge exposure to interest rate risks arising from financing activities

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

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

The fair value of an interest rate swap is the estimated amount that the Group would receive or pay to terminate

the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at balance date.

### **2.11 Non-current assets held for sale**

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

### **2.12 New Zealand Local Government Funding Agency**

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

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

- Greater Wellington is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

### **2.13 Inventory**

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

### **2.14 Income tax**

Income tax in the statement of revenue and expenses for the year comprises current and deferred tax. Income tax is usually recognised in the statement of revenue and expenses, except to the extent that it relates to items recognised directly in equity.

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures, except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

### **2.15 Foreign currency**

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

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

### **2.16 Employee entitlements**

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses as incurred. Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

### **2.17 Provisions**

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

### **2.18 Goods and services tax**

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

### **2.19 Leases**

The Group leases office space, office equipment, vehicles, land, buildings and wharves. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

#### **Consolidated entity as lessee:**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

#### **Consolidated entity as lessor:**

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

#### **Lease incentive**

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

### **2.20 Overhead allocation and internal transactions**

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

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

The democratic process costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region, eg, regional water supply and regional transport.

## 2.21 Equity

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

## 2.22 Statement of cash flow

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

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

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

## 2.23 Budget figures

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

## 2.24 Standards, amendments, and interpretations issued but not yet effective

### PBE IPSAS 36 Disclosures of interest in other entities - effective date 1 January 2019

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

### PBE IFRS 9 Financial Instruments - effective date 1 January 2021

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

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

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

### PBE IPSAS 35 Consolidated financial statements - effective date 1 January 2019

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

### PBE IPSAS 37 Joint arrangements - effective date 1 January 2019

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

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

## 3 Revenue from exchange and non-exchange transactions

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

## 4 Employee benefits

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

## 5 Depreciation and amortisation

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

## 6 Other operating expenditure

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

## 7 Fair value movements

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

## 8 Earthquake Related Costs

### Kaikoura Earthquake

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

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

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

CentrePort has a total insured value (in relation to port infrastructure) of \$600m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period.

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

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

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

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

Initial draft damage assessment reports for the investment properties have been prepared by independent advisors. Insurance and property related impacts for CentrePort Properties Limited are included in the Group line items

as expanded on below. As the SPVs are equity accounted, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 15.

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

Note 34 has further disclosures for the insurance settlement after balance date.

### Impairment of Assets

CentrePort determined that the earthquake on 14 November 2016 was an indicator of impairment as per PBE IPSAS 26, Impairment of Cash-Generating Assets and PBE IPSAS 21, Impairment of Non-Cash-Generating Assets. CentrePort's key infrastructural assets such as wharfs and pavements are held at cost less depreciation. These assets were subject to technical and engineering assessments following the earthquake to assess whether

they were partly or completely damaged and need to be derecognised. Those assets considered to be destroyed have been completely written off. For assets that were partially damaged CentrePort has estimated the impairment adjustments. However as engineering estimates are not yet complete these estimates may be subject to change in future periods.

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

### Impairment Sensitivity Analysis

Of the aggregate \$66m impairment, \$49m relates to assets that are completely destroyed and fully written off and \$17m relates to estimates of impairment for partially damaged assets ranging from 10% to 80%. At balance date damage assessments are still ongoing and the impairment reflects the best estimate to date. If the percentage of estimated damage is altered by +/- 10% this would result in an increase or decrease in the impairment provision (and therefore total comprehensive income) by \$1.7m.

### Port Land

An adjustment of \$63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in note 16.

### Business Interruption

An estimate of the amount recoverable for Loss of Gross Profit and Rents has been made for the period to 30 June 2018. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods.

A change to the estimated loss of revenue of + / - 10% would result in an increase / decrease in the Business Interruption and Loss of Rents income estimate accrued of \$0.9m.

### Material Damage Insurance Receivable

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

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

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

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

### Earthquake deductible expenditure

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

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

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

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



## Tax impact

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

## 9 Taxation

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

Greater Wellington's net income subject to tax consists of its assessable income net of related expenses derived from the Greater Wellington Group, including the CentrePort

Group, and any other council controlled organisations. All other income currently derived by the Greater Wellington is exempt from income tax.

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
<b>Tax expense / (benefit) is attributable to:</b>				
Continuing operations	-	-	(1,254)	10,884
	-	-	<b>(1,254)</b>	<b>10,884</b>

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During the 2018 year, no subvention payments were made (2017: Nil) and no loss offsets occurred (2017: Nil).

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

## 10 Deferred tax

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

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

Movements - Group	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Insurance Recoverable \$'000	Total \$'000
Balance at 1 July 2017	454	(80,258)	3,162	2,458	21,542	(35,908)	(88,550)
Charge to income	138	3,001	(768)	(2,378)	(3,276)	3,599	316
<b>Balance at 30 June 2018</b>	<b>592</b>	<b>(77,257)</b>	<b>2,394</b>	<b>80</b>	<b>18,266</b>	<b>(32,309)</b>	<b>(88,234)</b>

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Tax losses	7,062	5,175	-	-
Temporary differences	-	-	-	-
	<b>7,062</b>	<b>5,175</b>	<b>-</b>	<b>-</b>

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

### Tax losses not recognised

Greater Wellington has \$25.221 million of unrecognised tax losses at Parent level (2017: \$18.484 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$7.062 million (2017: \$5.175 million). The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

## 11 Cash and cash equivalents

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Cash at bank and in hand	210	96	2,524	317
Money Market	2,300	-	2,300	-
Water supply contingency investment	2,548	-	2,548	-
Material damage property insurance fund	250	250	250	250
<b>Total cash and cash equivalents</b>	<b>5,308</b>	<b>346</b>	<b>7,622</b>	<b>567</b>

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

Cash-at-bank and on-hand earns interest at the official cash rate. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short-term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2018 there are \$2,300,000 (2017: nil) invested in a money market term deposit at 1.75% (2017: nil).

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

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

## 12 Trade and other receivables

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

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

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

## Provision for impairment of receivables

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

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

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

## 13 Inventories

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

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

## 14 Other financial assets

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Stadium advance	423	3,305	423	3,305
Civic assurance	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	1,866	1,866	1,866	1,866
New Zealand Local Government Funding Agency Limited borrower notes	4,880	4,480	4,880	4,480
Warm Wellington funding	11,196	11,649	11,196	11,649
Bank deposits with maturity terms more than three months	33,000	23,000	33,000	23,000
Other investments (bonds and notes)	-	10,000	-	10,000
Water supply contingency investment	28,646	28,344	28,646	28,344
Material damage property insurance contingency fund	8,489	9,694	8,489	9,694
Major Flood recovery fund	6,277	5,875	6,277	5,875
	<b>94,857</b>	<b>98,293</b>	<b>94,857</b>	<b>98,293</b>
Current financial assets	73,056	46,154	73,056	46,154
Non-current financial assets	21,801	52,139	21,801	52,139
<b>Total financial assets</b>	<b>94,857</b>	<b>98,293</b>	<b>94,857</b>	<b>98,293</b>

### Airtel Limited

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

### Advance to Wellington Regional Stadium Trust

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8%. Greater Wellington expects the advance to be repaid by 2070.

### Civic Assurance

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

### New Zealand Local Government Funding Agency Limited

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2017: 1,866,000). It has also invested \$4,880,000 (2017: \$4,480,000) in LGFA borrower notes, which return on average 2.70% as at 30 June 18 (2017: 2.50%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

### Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme Greater Wellington provides up to \$5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

The Warm Wellington Balance is classified as loans and receivable. As it is not feasible to determine the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

### Bank deposits with maturity terms more than three months

Greater Wellington has invested \$33,000,000 (2017: \$23,000,000) of its funds in short term deposits with an average rate of 3.49% (2017: 3.66%). They are recorded at fair value.

### Other Investments (bonds and notes)

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

### Water supply contingency fund

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

### Material damage property insurance contingency fund

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

### Major flood contingency fund

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

## 15 Aggregated joint venture information

Name of joint venture	Principal activity	2018 Percentage ownership %	2017 Percentage ownership %
Harbour Quays A1 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays D4 Limited*	Commercial rental property	76.9%	76.9%
Harbour Quays F1F2 Limited*	Commercial rental property	76.9%	76.9%
Direct Connect Container Services Limited*	Transport hubbing and logistics	38.5%	38.5%
Wellington Port Coldstore Limited*	Cold storage of produce	76.9%	38.5%

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

On 9 September 2011 the Accident Compensation Corporation (ACC) entered into a joint venture with CentrePort Properties Limited to acquire three investment

properties from CentrePort Limited. These entities are jointly controlled by ACC and CentrePort Properties Limited with ACC's purchase completed using mandatory convertible notes. These notes convert to equity in March 2024 (or September 2026 at CentrePort Properties Limited's option).

\* All companies are incorporated and operate in New Zealand.

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

Group	Council and Group	
	Actual 2018 \$'000	Actual 2017 \$'000
Carrying amount at beginning of year	59,397	79,212
Equity accounted earnings of joint ventures*	22,999	(18,614)
Dividends from joint ventures	(500)	(1,200)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	(7,312)	-
<b>Carrying amount at end of year</b>	<b>74,584</b>	<b>59,398</b>
Represented by:		
Harbour Quays A1 Limited	18,157	16,085
Harbour Quays D4 Limited	13,599	13,071
Harbour Quays F1F2 Limited	42,952	24,312
Individually immaterial associates	(124)	5,930
	<b>74,584</b>	<b>59,398</b>

### Earthquake damage

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

CentrePort Properties Limited is managing the insurance process for the SPV group. Work has commenced on the insurance claim process.

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

### Harbour Quays A1 Limited

The Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. Damage assessments concluded that the building is destroyed and is uneconomic to repair or restore the damage.

This building was demolished during the year ended 30 June 2018 and turned into a carpark. The property has an insured indemnity value of \$36.45m plus demolition costs and has been accounted for on the basis that the insurance claim for the total loss of the building will be accepted. The Company has a Business Interruption loss of rents policy which covers a 36 month indemnity period.

### Harbour Quays D4 Limited

The Customhouse property was damaged in the earthquake and damage assessments have concluded that both structural and non structural damage was caused, however, it was relatively minor compared to the damage sustained by other buildings. The building has an insured value of \$38.5m and a Business Interruption loss of rents policy which covers a 36 month indemnity period. The building has been repaired and reoccupied since December 2017, with \$3 million of material damage income recorded.

### Harbour Quays F1F2 Limited

BNZ House sustained significant damage in the earthquake and damage assessment reports conclude that the building is destroyed and is uneconomic to repair or restore. The building has an insured indemnity value of \$84.8m and Business Interruption Loss of Rents which covers a 36 month indemnity period expiring November 2019. The financial statements for HQ F1F2 Limited have been prepared on the basis that the insurance claim for the earthquake damage to the building will be accepted for the full loss to the building (being the indemnity value of \$84.8m). This is a change from the prior year where the expected proceeds from the insurance claim were based on the estimated cost to repair the building.

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

### Wellington Port Coldstore Limited

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

### Joint Venture Company Mandatory Convertible Note (MCN) Conversion Derivative

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

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

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

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

### Acquisition of Wellington Port Coldstores Ltd

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

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

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

## 16 Property, plant and equipment

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

Council 2017	Cost / revaluation 1 Jul 2016 \$'000	Transfers into 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2016 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Cost / revaluation 30 Jun 2017 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2017 \$'000
<b>Operating assets</b>											
At cost & valuation											
Land and buildings	11,825	(48)	(1,884)	9,893	3,783	(548)	-	(193)	15,012	(2,077)	12,935
Plant and equipment	16,683	-	(10,906)	5,777	1,204	-	(1,462)	(822)	16,425	(11,728)	4,697
Motor vehicles	7,236	-	(4,524)	2,712	859	(672)	-	(200)	7,423	(4,724)	2,699
<b>Total</b>	<b>35,744</b>	<b>(48)</b>	<b>(17,314)</b>	<b>18,382</b>	<b>5,846</b>	<b>(1,220)</b>	<b>(1,462)</b>	<b>(1,215)</b>	<b>38,860</b>	<b>(18,529)</b>	<b>20,331</b>
<b>Infrastructural assets</b>											
At cost & valuation											
Flood protection	313,536	48	(9,337)	304,247	5,080	(64)	-	1,645	383,461	(7,692)	375,769
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	2,172	(320)	1,852
Parks and forests	84,048	-	(5,942)	78,106	1,837	-	-	(2,124)	85,886	(8,067)	77,819
Transport infrastructure	16,227	-	(1,600)	14,627	1,283	(70)	-	(934)	17,440	(2,534)	14,906
Water infrastructure	456,528	-	(32,662)	423,866	5,596	(667)	-	(11,010)	461,459	(43,674)	417,785
Capital work in progress	17,155	-	-	17,155	8,044	-	-	-	25,199	-	25,199
<b>Total</b>	<b>889,666</b>	<b>48</b>	<b>(49,787)</b>	<b>839,927</b>	<b>21,840</b>	<b>(801)</b>	<b>-</b>	<b>(12,497)</b>	<b>975,617</b>	<b>(62,287)</b>	<b>913,330</b>
<b>Total Council</b>	<b>925,410</b>	<b>-</b>	<b>(67,101)</b>	<b>858,309</b>	<b>27,686</b>	<b>(2,021)</b>	<b>(1,462)</b>	<b>(13,712)</b>	<b>1,014,477</b>	<b>(80,816)</b>	<b>933,661</b>

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

Group 2017	Cost / revaluation 1 Jul 2016 \$'000	Transfers into 2015 \$'000	Accumulated depreciation \$'000	Carrying amount 1 Jul 2016 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year impairment charges \$'000	Net Depreciation \$'000	Revaluation surplus \$'000	Cost / revaluation 30 Jun 2017 \$'000	Accumulated depreciation \$'000	Carrying amount 30 Jun 2017 \$'000
<b>Operating assets</b>												
Land and buildings	125,106	(48)	(16,317)	108,741	30,764	(548)	(71,293)	(786)	9,012	92,984	(17,093)	75,891
Plant and Equipment	83,623	-	(40,932)	42,691	9,474	(1,548)	(9,173)	849	-	82,376	(40,083)	42,293
Motor vehicles	7,229	-	(4,524)	2,705	859	(672)	-	(200)	-	7,416	(4,724)	2,692
<b>Total Group's property, plant and equipment</b>	<b>215,958</b>	<b>(48)</b>	<b>(61,773)</b>	<b>154,137</b>	<b>41,097</b>	<b>(2,768)</b>	<b>(80,466)</b>	<b>(137)</b>	<b>9,012</b>	<b>182,776</b>	<b>(61,900)</b>	<b>120,876</b>
<b>Infrastructural assets</b>												
At cost and valuation												
Flood protection	313,536	48	(9,337)	304,247	5,079	(64)	-	1,646	64,861	383,461	(7,692)	375,769
Parks and forests	84,048	-	(5,943)	78,105	1,838	-	-	(2,124)	-	85,886	(8,067)	77,819
Capital work in progress	64,969	-	-	64,969	35,920	(55,180)	(5,860)	-	-	39,849	-	39,849
Port wharves and paving	97,300	-	(49,365)	47,935	5,679	-	(35,309)	(362)	-	67,670	(49,727)	17,943
Navigational aids	2,172	-	(246)	1,926	-	-	-	(74)	-	2,172	(320)	1,852
Transport infrastructure	425,231	-	(33,373)	391,858	51,319	(400)	-	(19,334)	-	476,150	(52,707)	423,443
Water infrastructure	456,529	-	(32,661)	423,868	5,596	(667)	-	(11,010)	-	461,461	(43,674)	417,787
<b>Total infrastructural assets</b>	<b>1,443,785</b>	<b>48</b>	<b>(130,925)</b>	<b>1,312,908</b>	<b>105,431</b>	<b>(56,311)</b>	<b>(41,169)</b>	<b>(31,258)</b>	<b>64,861</b>	<b>1,516,649</b>	<b>(162,187)</b>	<b>1,354,462</b>
<b>Total Group's property, plant and equipment</b>	<b>1,659,743</b>	<b>-</b>	<b>(192,698)</b>	<b>1,467,045</b>	<b>146,528</b>	<b>(59,079)</b>	<b>(121,635)</b>	<b>(31,395)</b>	<b>73,873</b>	<b>1,699,425</b>	<b>(224,087)</b>	<b>1,475,338</b>

**Infrastructural assets - further disclosures**

Council 2018	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Constructed by Council \$'000	Assets transferred to Council \$'000	
<b>Infrastructural assets</b>				
Water treatment plants & facilities	260,177	784	-	451,851
Other water assets	330,806	691	-	700,037
Flood protection and control works	391,593	18,081	-	416,471
<b>Total infrastructural assets</b>	<b>982,576</b>	<b>19,556</b>	<b>-</b>	<b>1,568,359</b>

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

**Capital Work in Progress**

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

**Borrowing costs capitalised**

During the year no borrowing costs were capitalised (2017: nil).

**Operational Port Land**

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was \$110.5m (which excludes \$3.1m of land acquired during the year ended 30 June 2017) which

was adjusted by \$63m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2018.

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

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

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

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

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

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage , exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

- (i) Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.
- (ii) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

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

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

**Valuation Approach - Operational Port Leasehold Land**

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

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

Market rental is assessed using both the:

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

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

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

Leasehold land	Fair value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Operational port land	\$25,231	Capitalised market rental checked to comparable sales of freehold land	Weighted average land value - \$120 - \$2,100 psm	+/- 5% (\$1.3m)

### Port Land Resilience

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

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

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land

is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

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

### Greater Wellington Rail Limited (GWRL)

GWRL infrastructural assets and its rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using Optimised Depreciated Replacement Cost (ODRC) methodology.

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

## 17 Intangible assets

Council	Software \$'000	*Emission units \$'000	Total \$'000
<b>Year ended 30 June 2017</b>			
Opening net book amount	3,947	5,070	9,017
Additions	167	-	167
Disposals	-	-	-
Revaluation	-	(211)	(211)
Transfers	-	-	-
Net amortisation charge	(890)	-	(890)
<b>Closing net book amount</b>	<b>3,224</b>	<b>4,859</b>	<b>8,083</b>
<b>At 30 June 2017</b>			
Cost and valuation	11,151	4,859	16,010
Valuation	-	-	-
Accumulated amortisation and impairment	(7,927)	-	(7,927)
<b>Net book amount</b>	<b>3,224</b>	<b>4,859</b>	<b>8,083</b>
<b>Year ended 30 June 2018</b>			
Opening net book amount	3,224	4,859	8,083
Additions	1,324	878	2,202
Disposals	-	-	-
Revaluation	-	1,140	1,140
Transfers	-	-	-
Net amortisation charge	(938)	-	(938)
<b>Closing net book amount</b>	<b>3,610</b>	<b>6,877</b>	<b>10,487</b>
<b>At 30 June 2018</b>			
Cost and valuation	11,614	6,877	18,491
Accumulated amortisation and impairment	(8,004)	-	(8,004)
<b>Net book amount</b>	<b>3,610</b>	<b>6,877</b>	<b>10,487</b>



Group	Goodwill \$'000	Software \$'000	*Emission units \$'000	Total \$'000
<b>Year ended 30 June 2017</b>				
Opening net book amount	2,674	4,319	5,070	12,063
Acquisition of subsidiary	-	459	-	459
Additions	-	-	-	-
Revaluation	-	-	(211)	(211)
Transfers	-	141	-	141
Amortisation charge	-	(1,082)	-	(1,082)
<b>Closing net book amount</b>	<b>2,674</b>	<b>3,837</b>	<b>4,859</b>	<b>11,370</b>
<b>At 30 June 2017</b>				
Cost	2,674	15,190	4,859	22,723
Accumulated amortisation and impairment	-	(11,353)	-	(11,353)
<b>Net book amount</b>	<b>2,674</b>	<b>3,837</b>	<b>4,859</b>	<b>11,370</b>

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

No intangible assets are pledged as security for liabilities.

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

## 18 Insurance coverage, asset values and contingency funds

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

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

	Value of assets covered by insurance \$'000	Maximum level of insurance coverage \$'000
Council assets	687,111	607,578
Rolling Stock	429,700	140,000
<b>Total</b>	<b>1,116,811</b>	<b>747,578</b>

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

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

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

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

## 19 Investment properties

### Greater Wellington holds no investment in properties.

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

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

### Land Available for Development and Lessors Interests - Valuation

The Land Available for Development and Lessors Interests were valued on 30 June 2018 by independent registered valuers of the firm Bayleys. The property is valued in accordance with New Zealand Property Institute Practice Standard 3 Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information. After allowing for impairment, based on the expected cost to reinstate the land, the fair value of the investment property valued was \$13.515 million (2017: \$12.022 million).

### Valuation approach

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

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

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

### Freehold investment property

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

### Leasehold investment property

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

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

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

	Fair value \$'000	Valuation approach	Key valuation assumptions	Valuation impact
Improved Properties	8,100	Capitalised rental checked to freehold land value	Market capitalisation rate of 9.25%	+ / - 0.25%+\$0.2m / -\$0.2m
Development sites commercial	23,409	Direct sales comparison	Weighted average land value \$600 to \$1,950 psm (excl. common area) less allowance for infrastructure costs and demolition costs	+/- 5% (\$1.1m)

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

## 20 Investments in subsidiaries and associates

Name of entity	Relationship	Equity holding	
		2018 %	2017 %
WRC Holdings Limited	Subsidiary of Greater Wellington	100	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	100	100
CentrePort Limited	Subsidiary of Port Investments Limited	76.9	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Wellington Regional Economic Development Agency	Minority Interest	20	20
Wellington Water Limited	Council Controlled Organisation	20	20

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

All significant intra-group transactions have been eliminated on consolidation.

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

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

## 21 Derivative financial instruments

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

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

## 22 Trade and other payables

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

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

## 23 Debt

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

### Terms and conditions

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

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

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

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

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

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

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

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

In December 2011 Greater Wellington (long term Standard & Poor's credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$125,000,000 (2017: \$150,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to Greater Wellington.

## 24 Employee entitlements and provisions

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

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

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

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

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

## 26 Financial instruments

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

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

### (a) Market risk

#### Currency Risk

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

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. Any foreign currency risks arising from contractual

commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas.

As at 30 June 2018 the Council does not have any foreign exchange contracts (2017: nil). In the Group there is no FX contract as per 30 June 2018 (2017: no contract).

#### Fair value interest rate risk

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2018 the Group had entered into the following interest rate swap agreements:

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

At 30 June 2018, the fixed interest rates of swaps of the Council vary from 2.8175% to 5.6850% (2017: 2.24% to 5.8350%). At balance date the swap arrangements of the Group are ranging from 2.8175% to 5.6850% (2017: 1.98% to 5.96%).

#### Cashflow interest rate risk

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

Generally, the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

### Sensitivity analysis

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

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

30 June 2017	Council	Council	Council	Council	Group	Group	Group	Group
Interest rate risk	+1% Surplus/ (deficit) \$'000	+1% Equity \$'000	-1% Surplus/ (deficit) \$'000	-1% Equity \$'000	+1% Surplus/ (deficit) \$'000	+1% Equity \$'000	-1% Surplus/ (deficit) \$'000	-1% Equity \$'000
<b>Financial assets</b>								
Cash at bank and term deposits	3	-	(3)	-	6	-	(6)	-
New Zealand Local Government Funding Agency Limited borrower notes	45	-	(45)	-	45	-	(45)	-
Bank deposits with maturity terms more than 3 months	230	-	(230)	-	230	-	(230)	-
Water supply contingency investment	100	-	(100)	-	100	-	(100)	-
Material damage property insurance contingency fund	58	-	(58)	-	58	-	(58)	-
Major flood recovery fund	59	-	(59)	-	59	-	(59)	-
Bank Bonds / Floating Rate Notes	70	-	(70)	-	70	-	(70)	-
Derivatives	(333)	-	344	-	(333)	-	344	-
<b>Financial liabilities</b>								
Committed and uncommitted lines	(7)	-	7	-	(808)	-	808	-
Commercial paper	(468)	-	468	-	(468)	-	468	-
Floating rate notes	(2,800)	-	2,800	-	(2,800)	-	2,800	-
Derivatives	23,909	-	(26,231)	-	27,070	-	(29,674)	-
<b>Total sensitivity to interest rates</b>	<b>20,866</b>	<b>-</b>	<b>(23,177)</b>	<b>-</b>	<b>23,229</b>	<b>-</b>	<b>(25,822)</b>	<b>-</b>
Derivatives - cash flow hedges	23,909	-	(26,231)	-	27,070	-	(29,674)	-
<b>Total increase/ (decrease)</b>	<b>23,909</b>	<b>-</b>	<b>(26,231)</b>	<b>-</b>	<b>27,070</b>	<b>-</b>	<b>(29,674)</b>	<b>-</b>

## (b) Credit risk

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

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

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

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is expected in the year 2070.

### Concentration of credit risk

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

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

### Insurance receivables credit risk

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

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

## Credit quality of financial assets

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

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

## (c) Liquidity risk

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

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance

with the Treasury Risk Management Policy. The investments are either in short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better Standard & Poor's rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

**Contractual maturity analysis of financial liabilities**

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

Council	Less than 3 months \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
<b>30 June 2018</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	41,737	-	-	-	41,737	41,737
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	33,618	39,008	25,000
<b>Total financial liabilities</b>	<b>76,894</b>	<b>73,324</b>	<b>8,017</b>	<b>71,863</b>	<b>256,776</b>	<b>486,874</b>	<b>421,359</b>

<b>30 June 2017</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	42,422	-	-	-	42,422	42,422
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
<b>Total financial liabilities</b>	<b>48,743</b>	<b>97,285</b>	<b>31,731</b>	<b>65,333</b>	<b>171,912</b>	<b>415,004</b>	<b>369,889</b>

Group	Less than 3 months \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
<b>30 June 2018</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	48,577	-	-	-	48,577	48,577
Commercial paper	75,000	-	-	-	-	75,000	74,622
Lines of credit	-	-	-	-	-	-	-
Floating rate notes	1,894	30,509	6,939	68,629	223,158	331,129	280,000
Fixed rate bond	-	1,078	1,078	3,234	66,318	71,708	25,000
WRCH Group Loans	220	22,700	44,300	-	-	67,220	66,120
<b>Total financial liabilities</b>	<b>77,114</b>	<b>102,864</b>	<b>52,317</b>	<b>71,863</b>	<b>289,476</b>	<b>593,634</b>	<b>494,319</b>

<b>30 June 2017</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	45,474	-	-	-	45,474	45,474
Commercial paper	47,000	-	-	-	-	47,000	46,767
Lines of credit	-	-	700	-	-	700	700
Floating rate notes	1,743	54,863	31,031	65,333	171,912	324,882	280,000
Crown loans	-	-	-	-	-	-	-
WRCH Group Loans	222	6,566	70,205	-	12,846	89,839	80,080
<b>Total financial liabilities</b>	<b>48,965</b>	<b>106,903</b>	<b>101,936</b>	<b>65,333</b>	<b>184,758</b>	<b>507,895</b>	<b>453,021</b>

**(d) Fair value hierarchy disclosures**

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

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

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

Council	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
<b>30 June 2018</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	22,053	-	22,053
New Zealand Local Government Funding Agency Limited borrower notes	-	4,880	-	4,880
Stadium advance	423	-	-	423
Derivative financial instrument assets	-	656	-	656
<b>Total assets</b>	<b>423</b>	<b>27,589</b>	<b>-</b>	<b>28,012</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	41,718	-	41,718
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	280,000	-	280,000
<b>Total liabilities</b>	<b>-</b>	<b>346,718</b>	<b>-</b>	<b>346,718</b>

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

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

Group	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
<b>30 June 2017</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	32,288	-	32,288
New Zealand Local Government Funding Agency Limited borrower notes	-	4,480	-	4,480
Stadium advance	3,305	-	-	3,305
Derivative financial instrument assets	-	271	-	271
<b>Total assets</b>	<b>3,305</b>	<b>37,039</b>	<b>-</b>	<b>40,344</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	44,308	-	44,308
Floating rate notes	-	280,000	-	280,000
Bank loans	-	80,080	-	80,080
<b>Total liabilities</b>	<b>-</b>	<b>404,388</b>	<b>-</b>	<b>404,388</b>

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

**Valuation techniques with significant non observable inputs (level 3)**

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

Council	Level 3 \$'000
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
<b>Balance at 30 June 2018</b>	<b>423</b>
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expenses	245
Maturing debt / transfer out	(26,521)
<b>Balance at 30 June 2017</b>	<b>3,305</b>

Group	Level 3 \$'000
Balance at 1 July 2017	3,305
Gain and losses recognised in the operating surplus or deficit	-
Gain and losses recognised in other comprehensive revenue and expense	(2,882)
Maturing debt / Transfer out	-
<b>Balance at 30 June 2018</b>	<b>423</b>
Balance at 1 July 2016	27,617
Gain and losses recognised in the operating surplus or deficit	1,964
Gain and losses recognised in other comprehensive revenue and expense	245
Maturing debt / Transfer out	(26,521)
<b>Balance at 30 June 2017</b>	<b>3,305</b>

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



**(e) Financial instrument categories**

Council	Assets at fair value through surplus or deficit \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>30 June 2018</b>				
<b>Assets</b>				
Cash and cash equivalents	-	210	5,098	5,308
Receivables and pre-payments	-	37,674	-	37,674
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	4,880	4,880
Warm Wellington Funding	-	11,196	-	11,196
Bank Bonds / Notes	-	-	-	-
Bank Deposits with maturity terms more than 3 months	-	-	33,000	33,000
Stadium advance	423	-	-	423
Water Supply Contingency Investment	-	-	28,646	28,646
Material Damage Property Insurance Contingency Fund	-	-	8,489	8,489
Major Flood Recovery Fund	-	-	6,277	6,277
Derivative financial instruments	656	-	-	656
<b>Total assets</b>	<b>1,079</b>	<b>51,176</b>	<b>86,390</b>	<b>138,645</b>

Council	Assets at fair value through surplus or deficit \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>30 June 2017</b>				
<b>Assets</b>				
Cash and cash equivalents	-	346	-	346
Receivables and pre-payments	-	35,638	-	35,638
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
NZ Local Government Funding Agency Borrowers Notes	-	-	4,480	4,480
Warm Wellington Funding	-	11,649	10,000	21,649
Bank Deposits with maturity terms more than 3 months	-	-	23,000	23,000
Stadium advance	3,305	-	-	3,305
Water Supply Contingency Investment	-	-	28,344	28,344
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
<b>Total assets</b>	<b>3,576</b>	<b>49,729</b>	<b>81,393</b>	<b>134,698</b>

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

Group	Assets at fair value through surplus or deficit \$'000	Shares, Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
<b>30 June 2017</b>				
<b>Assets</b>				
Cash and cash equivalent	-	567	-	567
Receivables and prepayments	-	42,752	-	42,752
NZ Local Government Funding Agency Shares	-	1,866	-	1,866
Local Government Insurance Corp Shares	-	80	-	80
Wellington Water Limited Shares	-	150	-	150
Bank Bonds / Notes	-	-	10,000	10,000
Warm Wellington Funding	-	11,649	-	11,649
NZ Local Government Funding Agency Borrowers Notes	-	-	4,480	4,480
Bank Deposits with maturity terms more than 3 months	-	-	23,000	23,000
Stadium advance	3,305	-	-	3,305
Water Supply Contingency Investment	-	-	28,344	28,344
Material Damage Property Insurance Contingency Fund	-	-	9,694	9,694
Major Flood Recovery Fund	-	-	5,875	5,875
Derivative financial instruments	271	-	-	271
<b>Total assets</b>	<b>3,576</b>	<b>57,064</b>	<b>81,393</b>	<b>142,033</b>

Council	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
<b>30 June 2018</b>			
<b>Liabilities</b>			
Trade and other payables	-	41,737	41,737
Commercial paper	-	74,622	74,622
Floating rate notes	-	280,000	280,000
Fixed Rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
<b>Total liabilities</b>	<b>41,718</b>	<b>421,359</b>	<b>463,077</b>

Council	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
<b>30 June 2017</b>			
<b>Liabilities</b>			
Trade and other payables	-	42,422	42,422
Committed Lines	-	700	700
Commercial paper	-	46,767	46,767
Floating rate notes	-	280,000	280,000
Derivative financial instruments	35,530	-	35,530
<b>Total liabilities</b>	<b>35,530</b>	<b>369,889</b>	<b>405,419</b>

Group	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
<b>30 June 2018</b>			
<b>Liabilities</b>			
Trade and other payables	-	48,577	48,577
Commercial paper	-	74,622	74,622
Bank loans	-	66,120	66,120
Floating rate notes	-	280,000	280,000
Fixed rate Bond	-	25,000	25,000
Derivative financial instruments	41,718	-	41,718
<b>Total liabilities</b>	<b>41,718</b>	<b>494,319</b>	<b>536,037</b>

Group	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
<b>30 June 2017</b>			
<b>Liabilities</b>			
Trade and other payables	-	45,474	45,474
Commercial paper	-	46,767	46,767
Bank loans	-	80,780	80,780
Floating rate notes	-	280,000	280,000
Derivative financial instruments	44,308	-	44,308
<b>Total liabilities</b>	<b>44,308</b>	<b>453,021</b>	<b>497,329</b>

## 27 Contingencies

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Legal proceedings and obligations	-	120	-	120
<b>Uncalled capital - WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
170,200,000 \$1 shares, 158,374,024 shares called and paid	11,826	19,276	-	-
Guarantee for CentrePort debt obligations	125,000	150,000	-	-
<b>New Zealand Local Government Funding Agency Limited</b>				
1,866,000 \$1 shares uncalled and unpaid	1,866	1,866	1,866	1,866
<b>Total contingencies</b>	<b>188,692</b>	<b>221,262</b>	<b>1,866</b>	<b>1,986</b>

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue is \$8,594m (2017: \$8,205m).

The Group is entitled to insurance claims for damage incurred to its insured assets and infrastructure from the November 2016 earthquake. The insurers have accepted

that the damage is covered under the group insurance policies. However, the damage assessments and repairs have not been completed and the final settlement amount has not yet been agreed.

In the CentrePort Group's Statement of Intent issued to shareholders, \$400m of insurance proceeds are forecast to be recognised over the period to 30 June 2020 in relation to port operations, of which CentrePort has recognised \$210m to 30 June 2018. Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

Full provision has been made for insurance claims on the commercial properties, see note 15.

## 28 Related party transactions

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

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

### Related party transactions required to be disclosed

Greater Wellington has paid Wellington Regional Economic Development Agency (WREDA) totals grants of \$4.3m during the year (2017: \$4.2m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WRS rate from all ratepayers.

### Key management personnel

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

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

## 29 Remuneration

### Chief Executive remuneration

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

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

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2018.

	Number of employees	
	2018	2017
\$60,000 and below	106	102
\$60,001 - \$79,999	156	166
\$80,000 - \$99,999	112	98
\$100,000 - \$119,999	76	64
\$120,000 - \$139,999	33	21
\$140,000 - \$159,999	14	11
\$160,000 - \$179,999	15	17
\$180,000 - \$199,999	7	2
\$200,000 - \$239,999	9	9
\$240,000 - \$440,000	6	6
<b>Total Employees</b>	<b>534</b>	<b>496</b>
The number of full time employees as at 30 June 2018	473	402
The full time equivalent number of all other non-full time employees	43	72
The number of employees receiving total remuneration of less than \$60,000	106	102

A full time employee or full time equivalent is based on a 40 hour week. Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is \$240,000 - \$440,000.

## 30 Capital commitments and operating leases

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

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

Shed 51 Cruise Terminal, Seaview Wharf and Straddle House Floor.

At balance date CentrePort had commitments for expenditure of \$5.1m for the Group (2017: \$1.9m). This relates to Kings Wharf Partial demolition, E-Sites Remediation, Demolition of Thorndon Container Wharf,

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$71.6 million (2017: \$71.4 million). This relates to the heavy maintenance of the rolling stock.

### Operating leases as lessee

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

	Council		Group	
	Actual 2018 \$'000	Actual 2017 \$'000	Actual 2018 \$'000	Actual 2017 \$'000
Within one year	2,574	1,469	2,919	2,358
After one year but no more than five years	2,439	1,282	3,433	3,462
More than five years	613	348	1,268	1,099
<b>Total non-cancellable operating leases</b>	<b>5,626</b>	<b>3,099</b>	<b>7,620</b>	<b>6,919</b>

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

During the year \$2,109,478 was recognised as an expense in the statement of comprehensive income (2017: \$1,635,547). Contingent rent was not paid (2017: Nil).

### Operating leases as lessor

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

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

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

## 31 Severance payments

There was one employee (2017: one) who received a severance payment of \$22,910 (2017: \$5,000). This disclosure has been made in accordance with Section 33 of schedule 10 of the Local Government Act 2002.

## 32 Rating base information

	Total
(a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:	203,833
(b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year:	\$121,089,177,322
(c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year:	\$54,587,166,081

### 33 Major variances between actual and budget

	Council	Council
	Actual 2018 \$'000	Budget 2018 \$'000
<b>Statement of comprehensive revenue and expenses</b>		
<b>Revenue</b>		
Rates and levies	152,995	154,825
Transport operational grants and subsidies	69,059	72,647
Other revenue	75,453	66,942
<b>Total operational revenue</b>	<b>297,507</b>	<b>294,414</b>
<b>Expenditure</b>		
Finance costs	(19,843)	(19,921)
Operational Expenditure	(291,739)	(291,516)
<b>Operational surplus / (deficit) for the year before transport improvements</b>	<b>(14,075)</b>	<b>(17,023)</b>
Transport Improvements grants and subsidies revenue	16,406	23,905
Transport improvement expenditure	(1,262)	-
<b>Net revenue / (expenditure) for transport improvements</b>	<b>15,144</b>	<b>23,905</b>
Surplus / (deficit) for the year before tax and fair value gains / losses	1,069	6,882
Asset Revaluation	195,041	54,655
Fair value gains / (losses) in revenue and expenditure statement	(8,684)	9,250
<b>Total comprehensive income / (deficit) for the year</b>	<b>187,426</b>	<b>70,787</b>
<b>Balance sheet</b>		
<b>Assets</b>		
Current	119,627	73,633
Non-current	1,454,132	1,300,078
<b>Total assets</b>	<b>1,573,759</b>	<b>1,373,711</b>
<b>Liabilities</b>		
Ratepayers equity	1,107,412	950,854
Current liabilities	145,106	192,857
Non-current liabilities	321,241	230,000
<b>Total equity and liabilities</b>	<b>1,573,759</b>	<b>1,373,711</b>
<b>Statement of cash flow</b>		
Cashflows from operating activities	18,102	25,046
Cashflows from investing activities	(65,296)	(81,316)
Cashflows from financing activities	52,156	60,288
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>	<b>4,962</b>	<b>4,018</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>346</b>	<b>17,300</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>5,308</b>	<b>21,318</b>

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

### Significant components of this variance are:

#### 1. Rates and levies

Greater Wellington rates and levies revenue was \$1.8 million lower due to:

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

#### 2. Grants and subsidies revenue

Greater Wellington primarily receives grant revenue to fund various key transport programmes and projects. Grants and subsidy revenue is \$3.6 million lower than budget which reflects lower than planned claimable costs for key transport programmes and projects.

#### 3. Other revenue

Greater Wellington receives revenue from external fees and charges, interest revenue and any gains / (losses) on the disposal of assets. Other revenue was \$8.5 million higher due to:

- Additional rail fare revenue of \$2.5 million due to higher than expected patronage growth during the year
- Additional revenue of \$2.0 million due to the timing of external contributions to the National Ticketing Programme
- Additional revenue of \$1.3m received for the building and business interruption earthquake insurance
- Additional interest revenue of \$1.2 million due to the prefunding of debt and favourable deposit rates
- Additional revenue of \$1 million from stakeholders for the Wellington Regional Infrastructure Resilience Business case
- Additional revenue of \$0.9 million relating to the Emission Trading Scheme
- Additional Warm Wellington revenue of \$0.7 million reflecting ratepayers during the year who settle their Warm Greater Wellington rate.

#### 4. Transport improvements

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

#### 5. Fair value adjustments

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

#### 6. Total Assets

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

#### 7. Cash flow

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

### 34 Events occurring after the balance date

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

Subsequent to balance date, CentrePort received a non specific insurance advance of \$50m and CentrePort Properties Group received a non specific insurance advance of \$50m of which \$3.6m has been allocated to Harbour Quays A1 Limited and \$46.3m to Harbour Quays F1F2 Limited.

Subsequent to balance date, CentrePort Properties Ltd and the insurers have agreed terms for a final settlement

of the insurance claim for CentrePort Properties Ltd, Harbour Quays A1 Ltd, Harbour Quays D4 Ltd and Harbour Quays F1F2 Ltd. At the date of signing, the final settlement documentation has not been finalised.

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

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

# Annual Report disclosure statement for year ended 30 June 2018

## What is the purpose of this statement?

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

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

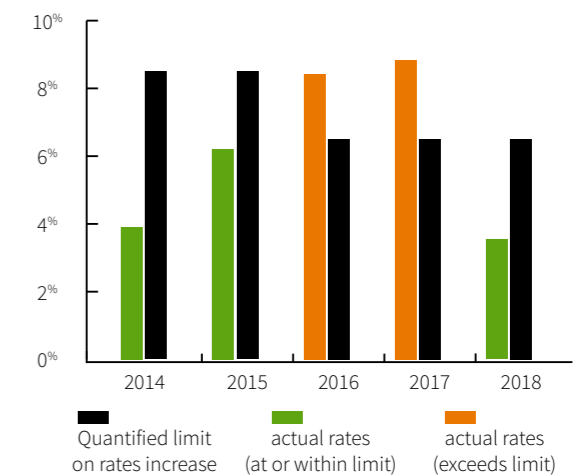
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of Greater Wellington.

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

## Rates (increases) affordability

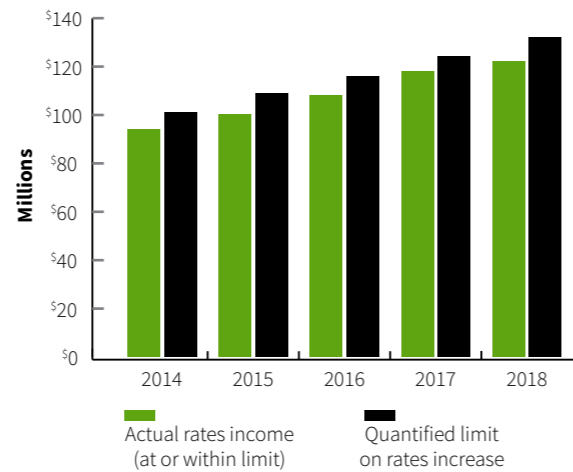
Greater Wellington adopted an average rates increase of 6.5% per annum (around \$31 per year for the average residential ratepayer) in its 10 Year Plan 2015-25 as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

Rate increases in 2017/18 were greater than the 6.5% average over the duration of the 10 Year Plan. This is primarily due to the timing of capital programmes, which are weighted more to the earlier years of the plan.



## Rates income affordability

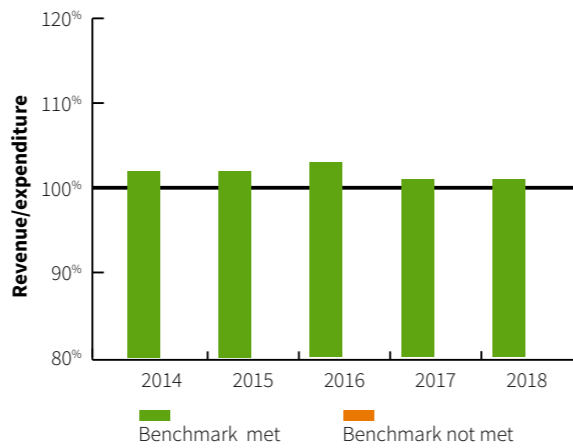
This graph shows the total rates.



## Balanced budget

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

Over recent years Greater Wellington has been exceeding this benchmark.

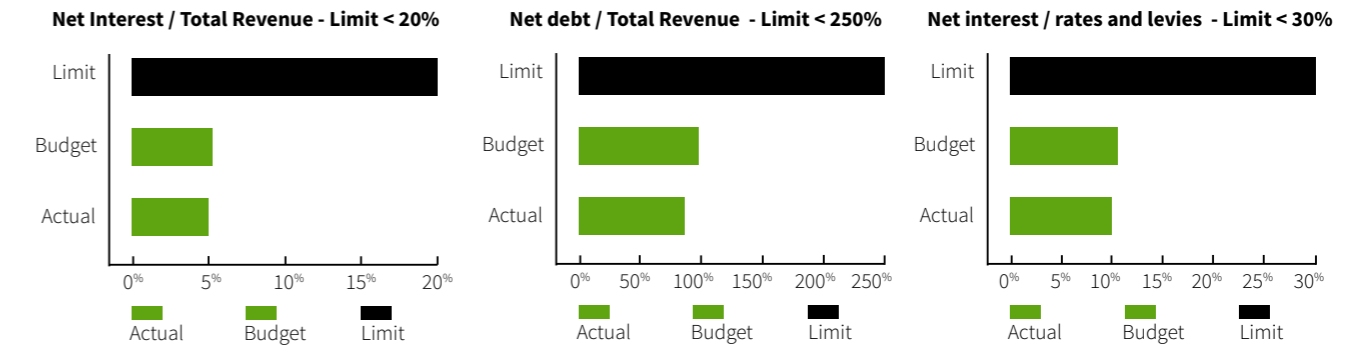


## Financial Strategy financial limits

The goal of Greater Wellington's Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers' investment by delivering the right services at the best cost. The Strategy encompasses three key

financial limits that Greater Wellington adopted in its 10 Year Plan 2015-25.

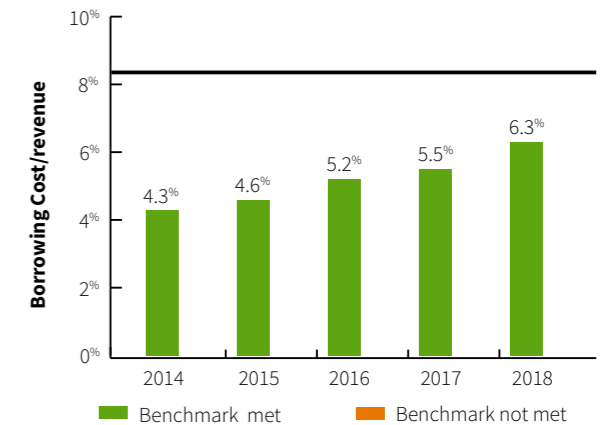
These graphs show that Greater Wellington is being managed within these financial prudential limits.



## Debt affordability graphs – debt servicing

This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates a higher exposure to shifts in interest rates. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

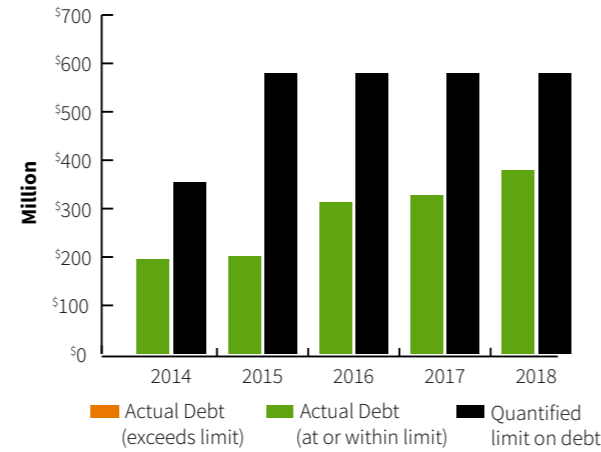
Greater Wellington continues to satisfy this benchmark.



## Debt affordability graphs – debt balance

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

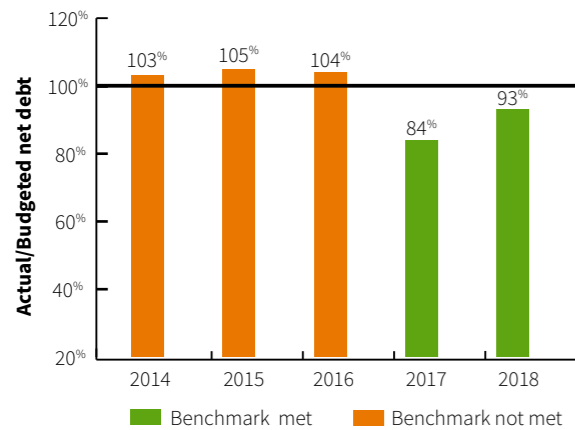
Greater Wellington is satisfying this benchmark.



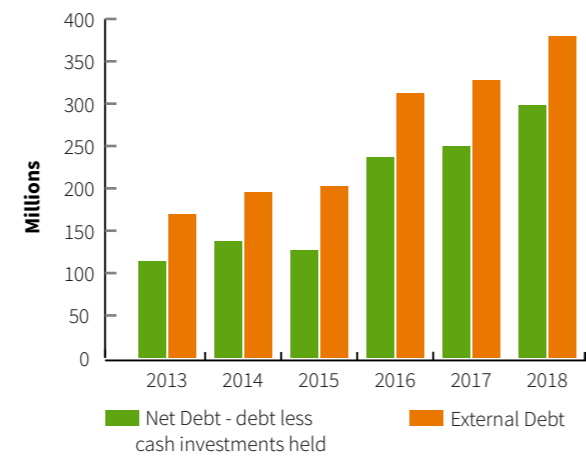
## Debt affordability graphs – debt benchmark

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

Greater Wellington meets this benchmark.



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

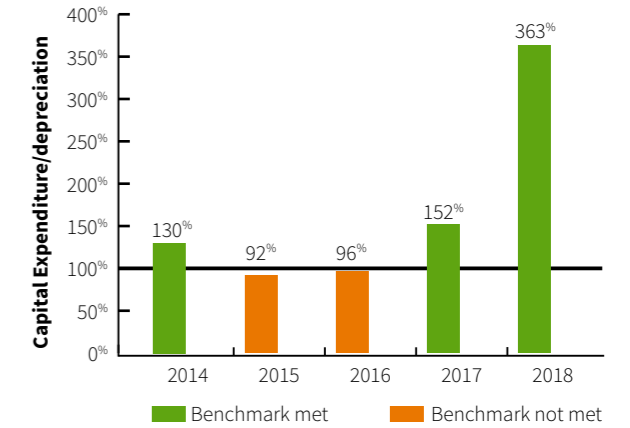


## Essential services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

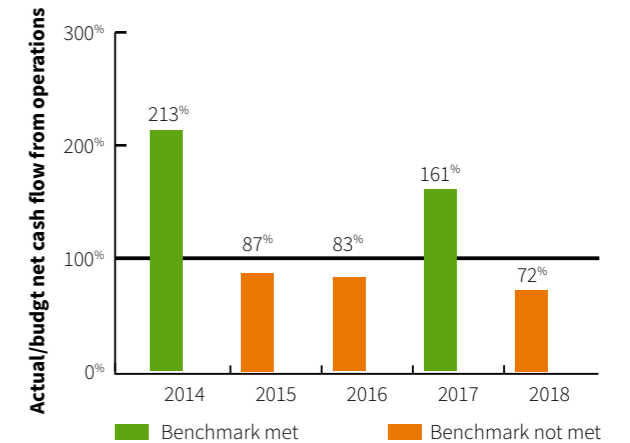
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

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



## Operational cash control

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.





# Statement of compliance and responsibility

## Compliance

The Council and Greater Wellington's management confirm that all the statutory requirements of the Local

Government Act 2002 in relation to the annual report have been complied with.

## Responsibility

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

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Chris Laidlaw	Greg Campbell	Dave Humm
Chair	Chief Executive	Chief Financial Officer
31 October 2018	31 October 2018	31 October 2018
		

# Audit Report – He Pūrongo Arotake Pūtea

## Independent Auditor's Report

### To the readers of Greater Wellington Regional Council's annual report for the year ended 30 June 2018

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

#### We are also required to report on:

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

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

We completed our work on 31 October 2018. This is the date on which our opinion is expressed.

#### Opinion on the audited information

In our opinion:

- the financial statements on pages 117 to 120 and pages 122 to 182:
  - present fairly, in all material respects:
    - the Regional Council and Group's financial position as at 30 June 2018;
    - the results of the operations and cash flows for the year ended on that date; and

- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards;
- the funding impact statement on page 121, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's annual plan;
- the section entitled 'Activities of the Greater Wellington Regional Council' on pages 21 to 88:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 90 to 101, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 90 to 101, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Long-term plan.

**Report on the disclosure requirements**

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 183 to 187, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group’s audited information and, where applicable, the Regional Council’s long term plan and annual plans.

**Uncertainties arising from the impact of the Kaikoura earthquake**

Without modifying our opinion, we draw attention to Note 8 of the financial statements, which explains the material impact of the Kaikoura earthquake on the Group. This note explains and links to other disclosures in the financial statements that outline the assumptions around the insurance proceeds expected to be received, and the extent of impairment of assets, and related tax treatment, and the significant uncertainties and judgements involved in estimating them. Note 15 also explains how the Kaikoura earthquake affected the equity accounted results of the Group’s joint ventures, including the significant uncertainties and judgements involved in estimating earthquake related costs and insurance proceeds.

**Basis for our opinion on the audited information**

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

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

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

**Responsibilities of the Council for the audited information**

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

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

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

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

**Responsibilities of the auditor for the audited information**

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

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

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

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

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

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

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

**Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 188 and 192 to 194, but does not include the audited information and the disclosure requirements.

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

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

**Independence**

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

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the Regional Council’s 2018-28 long term plan, performed a limited assurance engagement related to the Regional Council’s debenture trust deed, and a probity audit for the Public Transport Operating Model. Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



**Jacques Coetzee**  
 Audit New Zealand  
 On behalf of the Auditor General  
 Wellington, New Zealand  
 31 October 2018

# Other information

## Regional Councillors – Ngā Māngai a Rohe

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### PORIRUA-TAWA



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### UPPER HUTT



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### WAIRARAPA



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

As at September 2018

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

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

# Greater Wellington structure – Ko tā Te Pane Matua Taiao tū

**Greg  
Campbell**

**Chief Executive**

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

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