



**greater WELLINGTON**  
REGIONAL COUNCIL  
Te Pane Matua Taiao



GREATER WELLINGTON REGIONAL COUNCIL

# Annual Report 2013/14



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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 report

In the year under review Greater Wellington Regional Council has completed or significantly advanced a number of major initiatives. It was also a year of unusual challenges in terms of physical resilience and again the council has stepped up to deliver.



In June 2013 the region was hit by a massive storm that created havoc for many communities and took out the rail line between Wellington city and the Hutt. This was followed in July and August by a series of earthquakes centred in Cook Strait - the most significant felt by the region since 1942. The Wellington Region Emergency Management Office (WREMO) co-ordinated the response to the storm and the quakes, and helped ensure that the region was able to return to business as usual as quickly as possible.

During the year, WREMO put considerable time, effort and resources into preparing communities for future events through a number of initiatives, including offering households 200-litre emergency water tanks at a subsidised cost of \$105. These tanks have proved immensely popular with people throughout the region, and the initiative was recognised with a 2014 Global Energy Award for Sustainability.

One of our largest pieces of work over 2013/14 was the Wellington City Public Transport Spine Study, which was subject to public consultation, then formal hearings by a sub-committee of the Regional Transport Committee (RTC). The hearing group principal recommendations were focussed on the route and the mode, with strongly contested public views on the latter. The RTC accepted the hearing committee proposals, confirming the spine through the Wellington CBD and the main cross-city east-west and north-south routes, and also the mode option, for which Bus Rapid Transit was selected as the most appropriate. We have already begun implementation and are working closely with Wellington City Council and the New Zealand Transport Agency on implementation of the plan.

Work on the development our Regional Plan also neared completion. In previous years we began this exercise by asking the community to tell us what they thought were the most critical issues to do with the natural environment in the region. The response was great and we have used that initial input to build the new Plan, going back to community meetings and reference groups throughout the process. In the year under review we shaped the ideas into a document that will become our Draft Regional Plan in 2014/15.

We want local communities to continue to "own" the Plan, so decided some time ago that each major water catchment would have a local committee that would work on any special provisions they thought appropriate for their area and also determine the timing of the implementation of bottom-line rules. We are calling these local catchments "whaitua" and have set up the first Whaitua Committee to oversee the Ruamahanga catchment in Wairarapa, with more to follow throughout the region in the next year or so.

Over the past financial year, we also had a strong focus on economic development, including developing a proposal to amalgamate GWRC's economic development agency, Grow Wellington, with Wellington City Council's relevant agencies - Positively Wellington Tourism, Positively Wellington Venues and the Wellington City Major Events team. The new agency will be known as the Wellington Regional Economic Development Agency (WREDA) and will be able to take a truly regional approach across a number of areas of activity that contribute to economic growth. We are looking at beginning the new agency at the end of the 2014 calendar year.

Another area of more formal collaboration between councils was the work on a proposal to integrate water delivery services with Wellington City, Hutt City, Upper Hutt and Porirua. GWRC has in the past provided bulk water collection and distribution, whereas the cities have been responsible for the "retail" distribution. All councils agreed in principle during the year to join together to provide a shared service at the supply end and to also include the territorial council responsibilities of the wastewater and stormwater management. Although all the councils involved will continue to own their individual assets and determine their annual capital work programmes, the new water company does represent a step forward in local government collaboration in a region of fewer than half a million people. A joint water committee - made up of representatives from the five shareholding councils - will be established to oversee water service delivery.

In all our activities we support and are supported by many regional partners, all of whom I would like to acknowledge. Together we have high ambitions for our region.

Finally, I want to acknowledge the work and commitment of our council CEO David Benham who is about to retire after a long period of service to the council and the regional community. Dave joined GWRC as our GM Finance, then became CFO, then ran the bulk water and forestry operations before taking over as CEO in 2005. On behalf the councillors and staff I thank him for his dedication to the council and his leadership during his time here.

Fran Wilde

## Departing Chief Executive's report

The past year has seen many of the council's initiatives come to fruition to improve infrastructure around the Wellington region.



This is particularly true in the public transport space where investment in key infrastructure is starting to pay off and provide real benefits to commuters coming in and out of the Wellington CBD, and travelling to other towns and cities in the region.

We have boosted our train fleet with more purpose-built Matangi Trains, which has seen an increase in patronage and a decrease in running costs allowing us to provide a better service for less money.

We saw full year patronage increases of 1.58% in bus and 2.54% in rail, which shows a trend of more people deciding to leave their cars at home and opt for public transport for their daily commute. We are hopeful that this trend will continue as the travelling public take advantage of all the improvements that have been made to our public transport systems over the last few years.

The increase in rail fare revenue and reduction in expenditure that the investment in the new trains has caused allowed Council to make a decision to not move forward with proposed public transport fare increases in 2014/15, providing a financial saving to commuters in the region.

The past financial year also saw the completion of the real time information project with the introduction of real time information on the rail network in October 2013 and installation of real time information display signs on Wellington's Golden Mile.

In recognition of the progress the council has made in public transport, GWRC was awarded two awards from the Chartered Institute of Logistics and Transport; one for the Matangi train project and the other jointly with KiwiRail for the improvements to the metro rail service.

The past financial year is one that brought with it unique challenges for the regional council, including the earthquake damage to our Wakefield Street building in Wellington city. This caused us to bring forward a planned move to Shed 39 on the waterfront, with staff setting up in the new building in August, rather than December. I am proud to say that core council activities were not affected by the earthquakes.

In terms of Emergency Management, the council has responded to the many natural events of the past year by placing an increased focus on enhancing the resilience of communities in our region. This has taken many forms, including using the surplus income for our sale of forestry cutting rights to create a self-insurance fund to protect our assets against future events.

We have also successfully negotiated the purchase of land near Kaitoke to house new large-scale water storage for when expansion of our storage network is eventually needed. The new site provides the region with flexibility in the location, scale and cost of new supply options. We have also completed a three-year improvement project to enlarge and strengthen the Stuart Macaskill water storage lakes.

Over the year in review, we also completed the detailed feasibility studies for emergency water storage near Takapu Road (on the Porirua-Wellington boundary), and for a cross harbour emergency water supply pipeline between Seaview and south-east Wellington.

Despite these major projects – and many others – being carried out over the past financial year GWRC achieved an operating surplus of \$3,344,000 (budget, a deficit of \$21,000) for the year ended 30 June 2014, showing a \$3,365,000 favourable result relative to budget.

Below the operating line we have transport improvements numbers and non-operational movements. The surplus here is mainly due to a significant increase in forestry valuations, reduced improvement expenditure directly within GWRC in public transport and financial instrument valuations. When these are included the financial result for the year is a surplus of \$22,986,000 (budget, a surplus of \$3,447k), giving a favourable variance of \$19,539,000.

Finally there is the current year fixed asset revaluations for parks and public transport. These resulted in a further increase of \$27,681,000 bringing the overall surplus to \$50,667,000 for the year.

The previous financial year was one that brought with it significant challenges, but despite this we have managed

to keep on track with our major work programmes and have emerged in a strong financial position.

In September 2014 I will step down as Chief Executive, after holding the role for nine years, and spending 25 years working at the Regional Council. It has been a pleasure serving the communities of greater Wellington and I would like to thank all our partners that we have worked alongside over this time to keep our region growing.

David Benham

## Executive Leadership Team

### Chief Financial Officer

Greg Campbell

### Acting Chief Financial Officer

Mike Timmer

### General Manager, Environment Management

Nigel Corry

### General Manager, Public Transport

Wayne Hastie

### General Manager, Water Supply

Chris Laidlow

### General Manager, Strategy and Community Engagement

Jane Davis

### General Manager, Catchment Management

Wayne O'Donnell

### General Manager, People and Capability

Leigh-Anne Buxton

### Pou Whakarae (Manager Māori Relations)

Rick Witana

## Community outcomes

Our community outcomes describe what the Greater Wellington Regional Council (GWRC) aims to achieve in the long term to improve the Wellington region's wellbeing. All the activities we undertake contribute in some way to achieving one or more of our community outcomes. How specific activities contribute towards community outcomes is described at the start of each of our activity chapters. However we cannot achieve our community outcomes on our own. We work with other organisations such as local councils, government departments, business groups, mana whenua and community groups to achieve them.

Our community outcomes were originally derived from a set of common outcomes that were developed in 2006 by drawing together outcomes from all the councils in the Wellington region, and which were consulted on as part of the development of the Wellington Regional Strategy, the sustainable economic growth strategy for the region.

In 2010 changes were made to the requirements regarding community outcomes in the Local Government Act 2002, which now requires community outcomes to focus on the things that GWRC has the capacity and influence to achieve. The community outcomes outlined below reflect these new requirements but are derived from those previously agreed as part of the Wellington Regional Strategy.

Our outcomes are:

### Strong economy

*A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Environment (pg x), Public transport (pg x), Water supply (pg x) and Flood protection and control works (pg x)

### Connected community

*People are able to move around the region efficiently and our communications networks are effective and accessible.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Public transport (pg x)

### Resilient community

*A community that plans for the future, adapts to change and is prepared for emergencies.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Water supply (pg x), and Flood protection and control works (pg x)

### Healthy environment

*An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.*

Our activities that contribute to this outcome are: Environment (pg x), Parks (pg x), Public transport (pg x), Regional leadership (pg x), Water supply (pg x) and Flood protection and control works (pg x)

### Quality of Life

*An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.*

Our activities that contribute to this outcome are: Regional leadership (pg x), Parks (pg x), Environment (pg x) and Flood protection and control works (pg x)

## Community outcomes indicators

GWRC has a set of indicators which tell us if the region is progressing in the right direction towards these outcomes. As with the outcomes, they are aligned with the Wellington Regional Strategy. We have indicated general trends in progress over the LTP period.

Outcome	Outcome Indicator	Baseline	2012 results	2013 results	
Strong Economy <sup>2</sup>	Increase regional GDP per capita	GDP per capita of \$47,421 (2010)	GDP per capita of \$45,924	GDP per capita of \$46,748	
	Decrease in unemployment rate	Unemployment rate of 5.9% (2010)	Unemployment rate of 6.4%	Unemployment rate of 7.1%	
	Increase percentage of GDP spent on research and development <sup>3</sup>	2.51% of GDP spent on research and development (2010)	2.86% of GDP spent on research and development	2.93% of GDP spent on research and development	
Connected community	Maintain or decrease peak AM/PM congestion	Peak AM/PM congestion rate of 28.2 seconds delay per kilometre travelled (2010)	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled	
	Increase public transport boardings per capita	Public transport boardings per capita of 73.6 (2010)	Public transport boardings per capita of 72.3	Public transport boardings per capita of 71.4	
	Increase ease of making a journey across the region by public transport	56% of respondents rated getting around the region by public transport as somewhat easy, very easy or extremely easy (2010)	60% of respondents rated getting around Wellington <sup>4</sup> by public transport as somewhat easy, very easy or extremely easy	66% of respondents rated getting around Wellington by public transport as somewhat easy, very easy or extremely easy	
	Increase access to public transport <sup>5</sup>	83.7% of people live within 500m of a public transport stop (2006)	82.6% of people live within 500m of a public transport stop (2012)	82.5% of people live within 500m of a public transport stop	
	Increase household access to broadband	68.5% of households have broadband (2009)	80.0% of households have broadband	No new data available <sup>6</sup>	
Resilient community	Increase household preparedness for emergencies	72% of households surveyed have adequate supplies of emergency food and water (2010)	81% of residents surveyed stated they have adequate supplies of emergency food and water	85% of residents surveyed stated they have adequate supplies of emergency food and water	
	Increase business preparedness for emergencies	56% of business surveyed have business continuity plans in place (2009)	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.	

2. Historic baselines and/or targets (e.g. Long Term Plan 2012-22, previous Annual Report) have been adjusted to reflect the best data currently available. i.e. 2010 baseline has been updated to 2013 dollar value. GDP base figure excludes Owner Occupied Dwellings. Population variable used to determine per capita GDP is Statistics NZ Estimated Resident Population for Regional Council Areas, at 30 June (1996+) (Annual-Jun).

3. The methodology used has been revised to reflect improvements in analysis systems. Previously a national figure, now regionally specific assumptions have been applied using methodology derived from the Statistics NZ R&D Survey and prepared by BERL Economic. The 2010 and 2012 reported data has been updated to reflect the new methodology.

4. Question format changed from ease of travelling across the Wellington region, to ease of travelling across Wellington.

5. Data series has been updated from a 400m proximity to 500m proximity consistent with the Annual Monitoring Report on the Regional Land Transport Strategy. Baseline (2006) and 2013 figures are based on observed Census population figures. Population estimate applied for 2012.

6. Survey not carried out in 2013.

Healthy Environment	Maintain air quality	Concentrations of suspended particles (PM10) were at good/excellent levels on 80.9% of sampled days (2010)	Concentrations of suspended particles (PM10) were at good/excellent levels on 84.9% of sampled days	Concentrations of suspended particles (PM10) were at good/excellent levels on 82.0% of sampled days	
	Maintain or improve fresh water quality for recreation	36% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months (2010)	50% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months	46% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months	
	Maintain or improve coastal/marine water quality for recreation	58% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months (2010)	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months	
	Maintain ground water quality	Median nitrate concentrations were low (<3mg/L) in 80% of monitored bores (2010)	Median nitrate concentrations were low (<3mg/L) in 77% of monitored bores	Median nitrate concentrations were low (<3mg/L) in 85% of monitored bores	
	Maintain or improve stream and river health	69% of monitored sites had a macroinvertebrate community index classification of good or excellent (2010)	64% of monitored sites had a macroinvertebrate community index classification of good or excellent	69% of monitored sites had a macroinvertebrate community index classification of good or excellent	
	Maintain soil quality on dairy farms and dry stock sites	74% of dairy farms (2009) and 83% (2008) of drystock farms <sup>7</sup> had no more than one soil quality indicator outside of the target range	No new data available	52% of dairy farms had no more than one soil quality indicator outside of the target range No new data available for dry stock sites <sup>8</sup>	
	Increase in QEII covenanted areas	6,011ha of land is registered under QEII covenant (2010)	6,056ha of land is registered under QEII covenant	6,071ha of land is registered under QEII covenant	
	Decrease water use per capita <sup>9</sup>	Average daily water supply of 378.2 litres/person (2010)	Average daily water supply of 364.1 litres/person (2012)	Average daily water supply of 357.6 litres/person (2013)	
	Maintain or decrease CO2 emissions from transport	Land transport fuel combustion produced 1,093 kilotonnes of CO2 emissions (2011)	Land transport fuel combustion produced 1,083 kilotonnes of CO2 emissions	Land transport fuel combustion produced 1,061 kilotonnes of CO2 emissions	

7. 2008 and 2009 figures revised.  
 8. Drystock sites are monitored less frequently than dairy sites as conditions change more slowly.  
 9. Water supply figures for 2010 & 2012 have been revised due to methodological changes. This regional indicator includes reticulated water supply in Kapiti and Wairarapa as well as the reticulated areas connected to the GWRC bulk water supply: Lower Hutt, Porirua, Upper Hutt and Wellington cities.

Quality of life	Maintain or increase voter turnout in Council elections	Voter turnout of 43% in 2010 regional council election	No new data available.	Voter turnout of 42% in 2013 regional council election	
	Maintain or increase perception that the public can influence council decision making	52% of respondents in the region thought the public had an influence on council decision making (2010)	46% of respondents in the region thought the public had an influence on council decision making	No new data available <sup>11</sup>	
	Maintain perception of quality of life <sup>12</sup>	86.9% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2010)	88.2% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2012)	No new data available <sup>13</sup>	
	Maintain sense of pride in the way their city looks and feels	63% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels (2010)	66% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels	No new data available <sup>11</sup>	
	Maintain access to local parks and other green spaces	94% of residents thought it was easy or very easy to get to a local park or other green space (2010)	93% of residents thought it was easy or very easy to get to a local park or other green space	No new data available <sup>11</sup>	

Symbol	Outcome Indicator
	The indicator trend indicates an improvement
	The indicator data trend indicates no clear progress
	The indicator data trend indicates a decline
	Uncertain, no or insufficient trend data available to assess progress

10. Updated data. Refer to Annual Monitoring Report on the Regional Land Transport Strategy.  
 11. The Quality of Life (QoL) survey is conducted every two years so there is no 2013 figure.  
 12. Due to pending cessation of the QoL survey, this indicator has changed from 'residents rating their quality of life as good or extremely good' to 'Overall Life Satisfaction' drawn from the Statistics NZ General Social Survey.  
 13. Statistics NZ General Social Survey is conducted every two years so there is no 2013 figure.

## Key achievements for 2013/14

### Regional Leadership

- The Regional Transport Committee agreed that Bus Rapid Transport was the preferred option for Wellington city's public transport spine. This decision provides the platform for key aspects of the Regional Public Transport Plan.
- Initiated a regional spatial planning project under the direction of the Mayoral Forum.
- Developed a proposal to amalgamate GWRC's economic development agency (Grow Wellington) with Wellington City Council's economic development activities (including Positively Wellington Tourism, Positively Wellington Venues and the Wellington City Major Events team) into a Wellington Regional Economic Development Agency. A decision on the amalgamation proposal will be made in the first half of 2014/15.
- WREMO guided the region through its most significant series of earthquakes since 1942, and with over 39,000 followers on its Facebook page WREMONZ has the largest following per capita of any Emergency Management office in the world.
- Received the International Association of Emergency Managers Oceania award for the CDEM Group Volunteer programme, and the Energy Globe Foundation Award for Sustainability for the Group's 200 litre water tank initiative.

### Public transport

- 35.8 million passenger trips, which equates to a 1.8% increase from 2012/13.
- Adopted the Regional Public Transport Plan (PT Plan) in June 2014. This Plan is the blueprint for the future of public transport in the region in the medium to long term. The PT Plan included the 2013 update to the Regional Rail Plan and the Wellington City Bus Review, including the decision on the future bus fleet for Wellington city.
- Completed the real time information project with the introduction of real time information on rail in October 2013, installation of real time information display signs on Wellington's Golden Mile and handover of operational responsibility by the project team.

- The draft Annual Plan 2014/15 proposed a public transport fare increase to deliver a 2% increase in fare revenue. Favourable financial results during 2013/14, primarily from increased rail fare revenue and reduced rail expenditure, meant that ultimately the Council decided that the fare increase was not required.

### Water supply

- Negotiated the purchase of land near Kaitoke to house new large-scale water storage. This provides the region with flexibility in the location, scale and cost of new supply capacity when expansion is eventually needed.
- Completed a three-year improvement project to enlarge and strengthen the Stuart Macaskill water storage lakes, with both full and back in service by November.
- Achieved full compliance with the drinking water standards and maintained the highest possible grading for each of our four water treatment plants.
- Delivered a new water-wise promotion, with nearly half of all respondents say they're making an effort to save water, compared to 33% in 2012.
- Delivered cost savings of approximately \$150,000 through the hydro-electricity generated from water supply operations.
- A Water Supply Operations Technician won the National 'Mentor of the Year Award' from the Water Industry Operators Group (NZ).
- Approved a proposal to integrate the Regional Council's water collection, treatment and bulk supply services with the retail supply, wastewater and storm-water services provided by Hutt, Porirua, Upper Hutt and Wellington city councils.

### Environment

- Implemented the National Policy Statement for Freshwater Management and established the Ruamahanga Whaitua Committee in Wairarapa.
- Participated in the National Response Team for the National Biosecurity Capability Network led by the Ministry of Primary Industries.

- Signed a memorandum of understanding with the Queen Elizabeth II National Trust (QEII) that sets out how landowners will be supported to establish open space covenants on their land. This year 41ha were protected in perpetuity, at sites where landowners are supported with pest control work to safeguard biodiversity values.
- Translocated 60 North Island robins to the Wainuiomata Mainland. Monitoring has shown that the translocated birds have settled and begun breeding on the Island.
- Completed aerial possum control projects in Akatarawa, Project Kaka, Western Tararua and the Otaki Buffer over 43,700 hectares; the Regional Possum and Predator Control programme in Northern Wairarapa, Kapiti, Porirua and Upper Hutt over 36,300 hectares; and vector control for TBFree NZ over 24,000 hectares across the region.
- Completed the sale of forestry cutting rights to 5,150ha of plantation and soil conservation reserve forests. Provision has been made for maintaining full recreational access to the forests.
- Completed the second stage of planting in the expanded nursery at the Akura Conservation Centre, as well as development of the yard and retail area.
- Planted 26,500 poplar and willow poles on erosion-prone land through the extensive Farm Plan programmes operating across the Wairarapa hill country.

### Flood protection and control works

- Established the Te Kāuru Upper Ruamahanga River Floodplain Management Plan Subcommittee and the completed approval of Phase 1 investigations.
- Agreed design objectives and developed the Integrated Concept Design options for the Hutt River City Centre Project, incorporating river works, stopbanks, bridge renewal and Hutt City Council's 'Making Places' project.
- Implemented the Hutt River Floodplain Management Plan, including granting of consents for the Whakawhiriwhiri Stream diversion and mitigation works in the Wairarapa Valley, and strategic land purchases at Woollen Mills Point and Mills Street.

### Parks

- Concluded negotiations with NZTA regarding compensation and mitigation of effects of the Transmission Gully Motorway (TGM) on the regional parks. A key aspect of the agreement is the relocation of the farm hub at Belmont Regional Park. NZTA also agreed to fully fund a cycleway / walkway from Paekakariki to Raumati South in Queen Elizabeth Park as part of the TGM and Mackays to Pekapeka (M2PP) roading projects.
- Completed enhancement work at the Rimutaka Summit. Pine trees were removed and a viewing area, loop track and information kiosk were constructed, creating a new experience for travellers en route to the Wairarapa.
- Further work on the Rimutaka Rail Trail included retaining and surface work at the Summit tunnel entrance to address erosion issues and hydro-mowing to cut back encroaching vegetation. Approximately 30 historic culverts were discovered along the rail formation, with repairs necessary on most.
- Constructed a new information kiosk at the Maungakotukutuku entrance to the Akatarawa forest as part of a plan to enhance this major entranceway and provide users with better information, particularly with regard to safety in the forest.
- The 2014 Queen Elizabeth and Battle Hill Arbor Day / Matariki events were well attended by nearly 300 school children as well as councillors and mana whenua. Altogether just over 2000 plants were planted at the two parks, and all enjoyed these events which took place in fine winter weather.
- Announced as a finalist in the Health & Safety category of the Gold Awards in recognition of the Parks Group design and development of a weed spray deck attached to the back of a utility vehicle.

## Relationships with mana whenua

This year the GWRC has continued to work with mana whenua in the region across a range of initiatives. These initiatives enable the participation of mana whenua in decision making processes and serve to meet GWRC’s obligations under the Local Government Act 2002 and RMA 1991. The key groups and activities worked on this year were:

### Ara Tahī

Ara Tahī is a leadership forum made up of the six mana whenua groups in the Wellington region and GWRC. Ara Tahī was established in 1993 as a Māori Advisory Group and in the last three years has focussed on strategic matters of mutual concern.

This year a workshop of Ara Tahī was held to review the role of Ara Tahī and the relationship between mana whenua and GWRC. There was general agreement that the purpose of Ara Tahī is to facilitate engagement between mana whenua collectively and GWRC, and that the purpose has been achieved. The participants acknowledged the challenge to maintain and grow the relationship so it is mutually beneficial and relevant for all parties.

A number of actions were recommended, including undertaking an analysis of models of engagement used by iwi and councils across Aotearoa as a means of identifying examples of best practice that could enhance the work of Ara Tahī.

### Te Upoko Taiao – Natural Resource Management Committee

Te Upoko Taiao – Natural Resource Management Committee is responsible for overseeing the review of GWRC’s Regional Plans. Te Upoko Taiao – Natural Resource Management Committee is made up of seven councillors and seven appointed members nominated by mana whenua. The committee is a significant expression of the partnership between mana whenua and the council. Over the year it progressed the development of the regional plan that will set the policy and rules for the management of the region’s natural resources<sup>14</sup>.

### Strategy and Policy Committee

GWRC has appointed two people to the Strategy and Policy Committee to represent the interests of mana whenua of the region. The appointed members actively participate on the committee and provide a Māori perspective to the discussions and decision making.

### Training

GWRC provides a suite of training for staff and councillors. The Te Ara Matua (capacity building) programme includes:

- Mahuri strategic level training for Councillors and senior managers
- Basic te reo training for councillors (individualised)
- Pakiaka basic te reo training for staff
- Pihi training for managers
- Hei Mahi refresher training
- Waiata

Councillors and senior managers participated in three Mahuri workshops over the year. Councillor te reo training also commenced, providing participants with a basic introduction on mihimihi and waiata.

The Pakiaka course was delivered to a number of staff across the GWRC, giving them basic competence to assist and enhance their relationships with mana whenua.

### Iwi Projects

Phase two of the Ngati Toa Rangitira project to further enhance their kaitiaki role in the revitalisation of Porirua Harbour was completed this year. Phase one of the project to restore land and Lake Wairongomai was also completed. These projects have both been funded through the Iwi Project fund, which affords mana whenua the opportunity to exercise their rangatiratanga within the community.

### Co-management Groups

The Wairarapa Moana Governance and Management groups (made up of GWRC councillors, staff and mana whenua representatives) continued work to restore Wairarapa Moana.

The Whitirea Park Board (made up of three GWRC councillors and Ngati Toa Rangitira representatives) continued to oversee the management of Whitirea Park.

Ropu Tiaki, the co-management group of Port Nicholson Block Settlement Trust and GWRC for the Parangarahu lakes, developed a draft Co-Management Plan and Amendment to the Parks Network Plan. The Plan is now awaiting final adoption by GWRC and Port Nicholson Block Settlement Trust.

14. Refer to the draft Regional Plan discussion in Environment/Resource Management

## Corporate sustainability

GWRC aspires to operate in a way that shows leadership in sustainability and inspires others in the region. Whilst corporate sustainability sits outside of the formal reporting outlined in the Long Term Plan 2012–2022, it does contribute to the overall performance story.

### Progress

This year GWRC revised its corporate sustainability outcomes, objectives and priority focus areas. The revised outcomes and objectives build on the emissions reduction objectives set back in 2008 to include wider environmental and social impacts. The Sustainable Business Council scenario planning document Vision 2050 has also been used to guide discussions on a future sustainability vision and aspirations.

The table below outlines GWRC’s sustainability outcomes, objectives, and priority focus areas for 2014-16.

Outcomes	Objectives	Focus areas 2014-16
An environmentally and socially responsible organisation, contributing to a sustainable region	Reduce the adverse environmental and social impacts of GWRC’s activities	Buildings and installations Waste and resources Work Travel
Acting environmentally and socially responsible is an integral part of GWRC	Grow the sustainability culture within GWRC	Corporate policies and procurement Internal networks Staff engagement and communications
GWRC’s sustainability commitments are recognised by the wider community	Demonstrate leadership in sustainability	Walking the talk (championing sustainability in external events and interactions) Reporting on progress External networks and collaboration

A Sustainability Action Plan 2014–16 was developed that details over 35 initiatives and systems GWRC will implement during this period to help realise its sustainability outcomes and objectives. Examples of initiatives which have been actioned so far include:

- Running a cross-organisational staff consultation process to develop the GWRC Sustainability Vision and Action Plan.
- The purchase and set up of pool bikes and scooters for staff to use for work-related travel to reduce the reliance on motor vehicles.
- Setting up recycling and composting systems and undertaking a waste audit in the new Wellington office, Shed 39.

A more formalised sustainability data collection, monitoring and reporting system is currently being established to enable GWRC to effectively measure progress, identify opportunities and communicate progress. The Action Plan is intended to be reviewed every two years.

## Financial overview for the year ended 30 June 2014

Council – Statement of comprehensive income	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Operational revenue	215,101	214,425	202,299
Finance costs	(9,424)	(8,751)	(7,925)
Operational expenditure	(203,604)	(200,737)	(184,761)
<b>Operational surplus / (deficit) for the year before transport improvements</b>	<b>2,073</b>	<b>4,937</b>	<b>9,613</b>
Transport improvement grants and subsidies revenue	4,152	1,260	14,007
Transport improvement expenditure	(2,882)	(6,218)	(26,590)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>1,270</b>	<b>(4,958)</b>	<b>(12,583)</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>3,343</b>	<b>(21)</b>	<b>(2,970)</b>
Fair value gains / (losses) in profit and loss	19,642	3,468	3,501
Tax	-	-	-
<b>Surplus / (deficit) after tax</b>	<b>22,985</b>	<b>3,447</b>	<b>531</b>
<b>Other comprehensive income</b>			
Increases / (decreases) in revaluations	27,681	-	111,102
Fair value movements in other comprehensive income	-	-	-
<b>Total comprehensive income / (deficit) for the year</b>	<b>50,666</b>	<b>3,447</b>	<b>111,633</b>

Greater Wellington Regional Council (GWRC)'s net operating surplus for the 2013/14 year before fair value gains and losses was \$3.343 million, compared with a budgeted deficit of \$0.021 million. Including fair value movements of \$19.642 million and tax the net surplus was \$22.985 million, which is \$19.538 million ahead of budget.

In other comprehensive income, the five yearly revaluations of the transport and parks assets increased their value by \$27.681 million.

Significant components of this variance are:

### Grants and subsidies – Revenue and expenditure

GWRC receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure on Matangi trains during 2013/2014 of \$2.1 million.
- Lower trolley bus infrastructure renewals expenditure of \$3.3 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$3.6million because of higher than budgeted fare revenue and savings in rail operating costs.

- Lower diesel bus operations expenditure of \$0.7million as contractual inflation payments have been lower than expected.

### Other revenue

Interest revenue from investments was \$1.7 million higher due to higher cash balances being held during the year and favourable deposit rates.

### Finance costs

Finance costs were higher than budget due to prefunding of debt during the year.

### Fair value adjustments

The main adjustment is the rise in the value of the forestry assets. The improving market for forestry assets has resulted in a large increase in the value of the trees held at balance date. GWRC entered into an agreement to sell the forestry cutting rights in July 2014.

### Asset revaluations

Asset revaluations are typically done every five years and the revaluation of transport and parks and forests assets resulted in a \$27.6 million increase in the value of these assets. This emphasises the on-going financial challenge of building and replacing key infrastructure for the region.

## Financial overview (continued)

Council – Statement of financial position	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Current assets	121,164	79,865	78,705
Non-current assets	990,531	936,099	948,552
<b>Total assets</b>	<b>1,111,695</b>	<b>1,015,964</b>	<b>1,027,257</b>
Ratepayers' equity	878,293	775,763	827,627
Current liabilities	108,775	57,876	99,153
Non-current liabilities	124,627	182,325	100,477
<b>Net equity and liabilities</b>	<b>1,111,695</b>	<b>1,015,964</b>	<b>1,027,257</b>

### Current assets

The increase in current assets compared to budget is the impact of transferring the forestry assets from non-current as GWRC entered into a contract to sell the cutting rights in July 2014.

### Property, plant and equipment – capital expenditure

- The primary balance sheet variance has occurred due to the revaluations of fixed assets. In 2013 the Water assets increased by \$111 million and 2014 the transport and park assets by \$27 million, this is reflected in the ratepayers' equity variance.

### Debt

- Overall debt is close to budget, there has been a shift between current and non-current when compared to budget.

### Council – Statement of cash flows

	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Cashflows from operating activities	30,072	14,091	(30,954)
Cashflows from investing activities	(45,379)	(54,600)	(50,251)
Cashflows from financing activities	26,488	46,243	41,871
<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>11,181</b>	<b>5,734</b>	<b>(39,334)</b>
Opening cash equivalents	8,335	28,587	47,669
<b>Closing cash equivalents</b>	<b>19,516</b>	<b>34,321</b>	<b>8,335</b>

Actual cashflow from operations is higher than budget due to increased forestry and investment revenue and lower grant expenditure during 2013/14.

**Fran Wilde**  
Chair  
30 September 2014

**Greg Campbell**  
Chief Executive  
30 September 2014

**Mike Timmer**  
Acting Chief Financial Officer  
30 September 2014

### Financial overview (continued)

During 2014 central government introduced additional financial reporting requirements which are included in this overview.

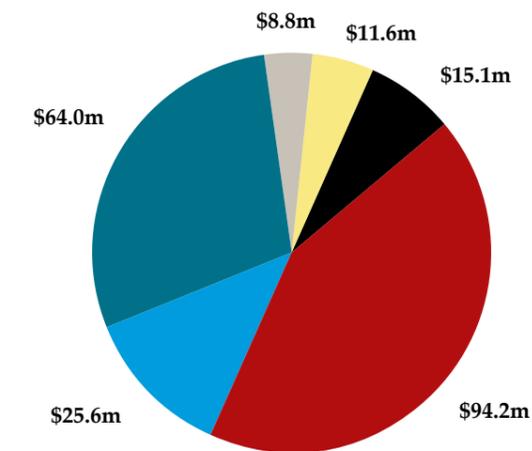
The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of GWRC.

It is also important to keep in mind the overall strategy and policies GWRC has adopted when reading these graphs. These Policies are included within the Long Term Plan (LTP).

#### Rates

This pie chart illustrates GWRC sources of revenue. Rates made up 43% of revenue in 2014. Grants and subsidies, predominately from central government for public transport, makes up the next largest share at 29%.

#### Council Revenue



■ Rates	43%
■ Water Supply Levy	12%
■ Grants and Subsidies	29%
■ Investment Revenue	4%
■ Logging Revenue	5%
■ Other Revenue	7%

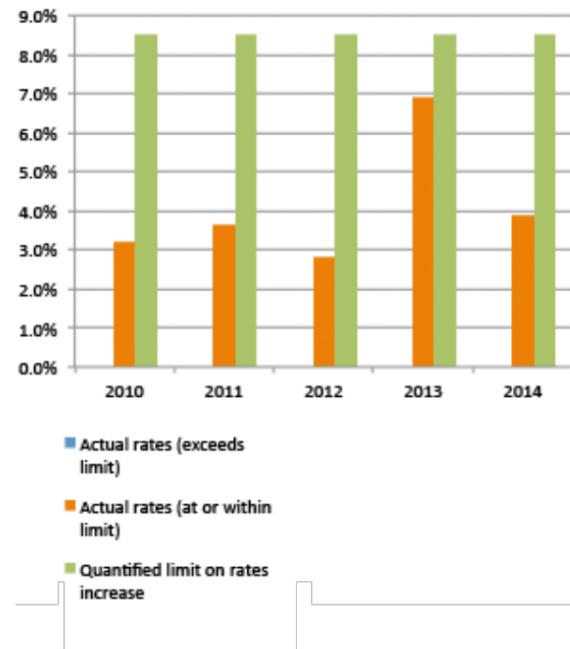
These next graphs indicate whether GWRC has kept within the rates limit is adopted in the LTP.

#### Rates (increases) affordability

GWRC adopted an average increase of 8.5% per annum (around \$31 per year for the average residential ratepayer) in its LTP as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

It is pleasing to report that the increases have been lower than forecast in the LTP.

#### Rates (increases) affordability

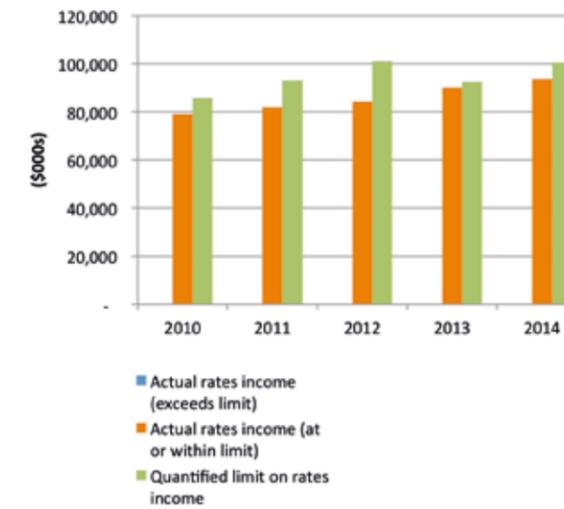


### Financial overview (continued)

#### Rates income affordability

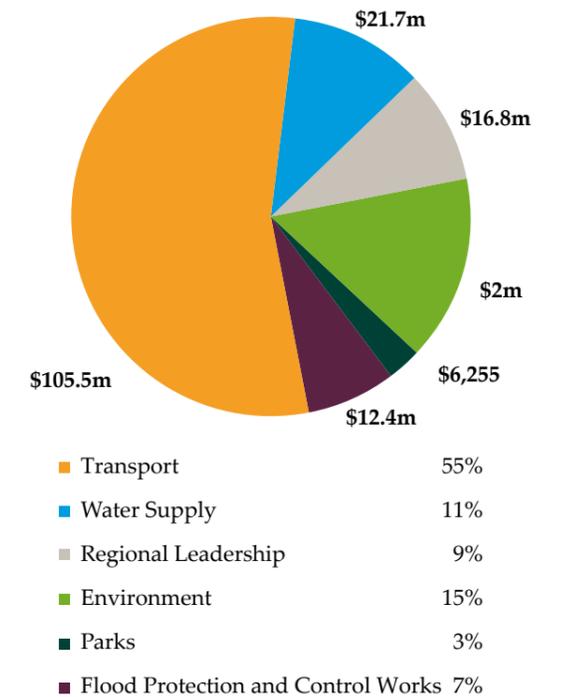
This graph shows the total rates actually received compared to the LTP rates limits.\*

#### Rates (income) affordability



This pie chart illustrates GWRC's operational expenditure by group of activities. The largest portion is for public transport, at \$105 million which equates to 55% of operational expenditure in 2014.

#### GWRC Groups of Activities Operational Expenditure



\* As per the previous graph, rates set were below the rates limit.

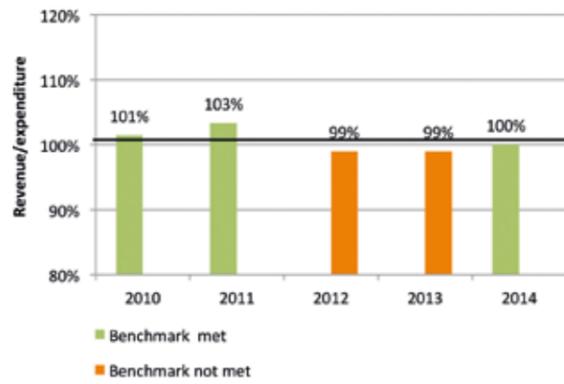
**Financial overview (continued)**

**Balanced budget**

This graph shows whether GWRC has been receiving revenue greater or less than its operational expenditure, i.e. whether GWRC has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

Over time GWRC is meeting this benchmark test.

**Balanced Budget Benchmark**

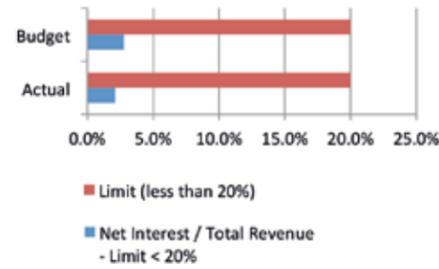


**Financial strategy financial limits**

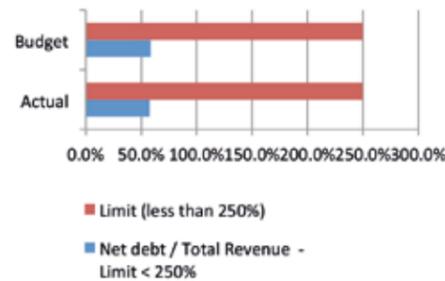
The goal of GWRC's financial strategy is to ensure it delivers good value for ratepayers' investment by delivering the right services at the best cost. The financial strategy encompasses three key financial limits that GWRC adopted in its 2012-22 Long Term Plan.

These graphs show that the GWRC is being managed within these financial prudential limits.

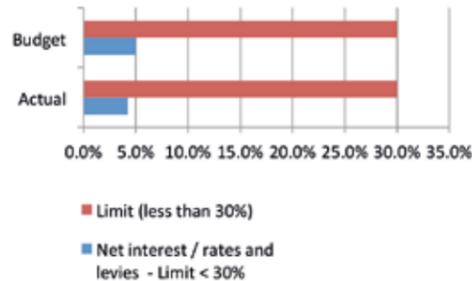
**Net interest / Total revenue – Limit < 20%**



**Net debt / Total revenue - Limit < 250%**



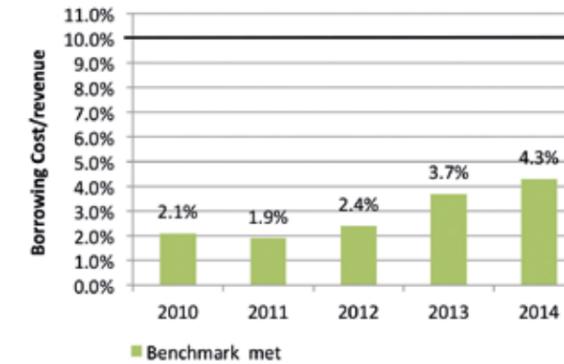
**Net interest / Rates and levies - Limit < 30%**



**Financial overview (continued)**

**Debt affordability graphs – Debt servicing**

**Debt Servicing Benchmark**

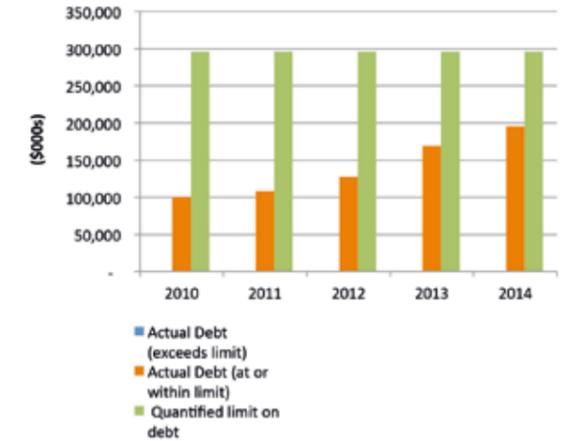


This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates that there is more exposure to shifts in interest rates. The benchmark prudential limit is set by central government at 10% for non-high population growth regions.

Over time GWRC is meeting this benchmark test.

**Debt affordability graphs – Debt balance**

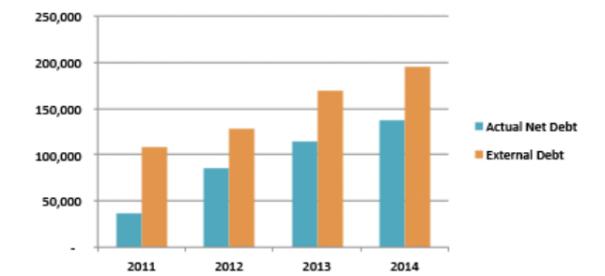
**Debt Affordability Benchmark**



This graph shows the actual debt compared to the debt limit adopted in the LTP. In the LTP the debt projection was for it to peak at \$296 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Over time GWRC is meeting this benchmark test.

**Debt Vs Net Debt**



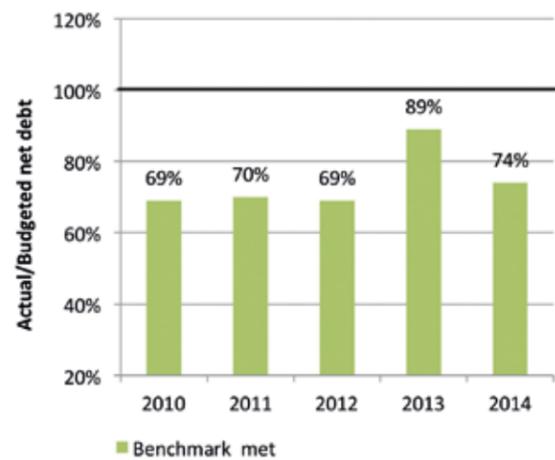
This graph shows the actual net debt compared to the actual external debt. The net debt position provides a more accurate picture of GWRC overall debt position. Further offsetting net debt is our equity investments which return dividends to GWRC.

Net debt is external debt less cash investments.

**Financial overview** (continued)

**Debt affordability graphs – Debt benchmark**

**Debt Control Benchmark**

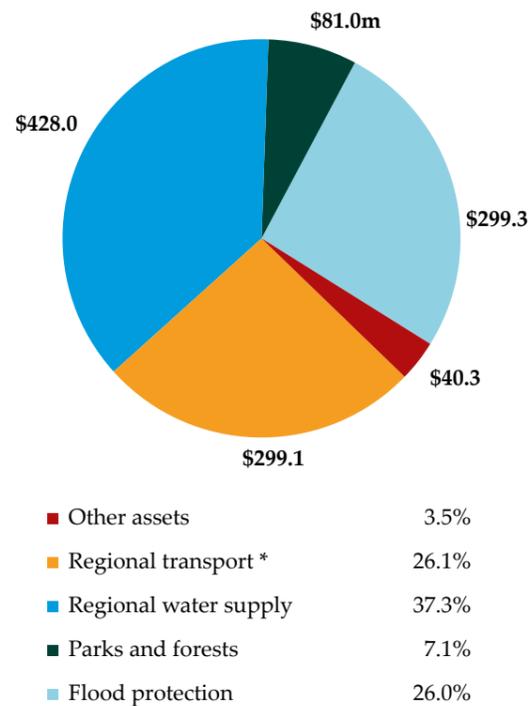


This graph indicates whether actual net debt is less than the budgeted net debt position.

Over time GWRC is meeting this benchmark test.

**Assets and capital expenditure**

**GWRC property, plant & equipment (\$ millions)**



\* Includes \$289m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a GWRC subsidiary

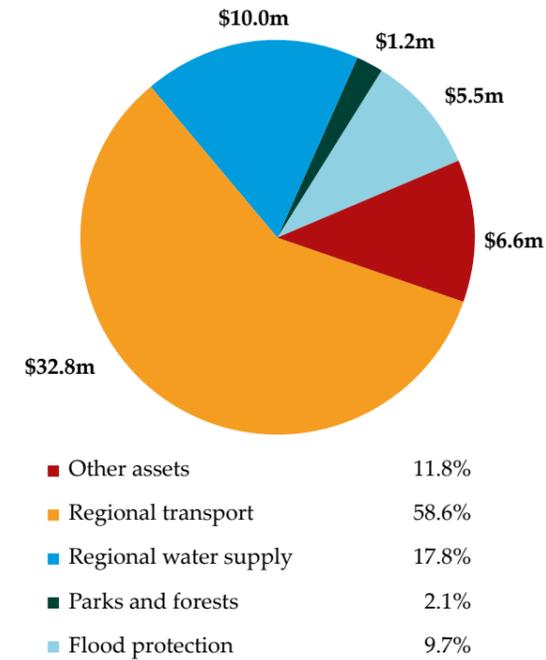
This pie chart shows the breakdown of our assets at the year end.

GWRC looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport. The new Matangi trains, the Ganz Mavag trains and all stations excluding Wellington station are owned by GWRC subsidiary, Greater Wellington Rail Limited (GW Rail).

Continued management and investment in these assets is essential. GWRC maintains and updates detailed asset management plans to ensure the assets are maintained and made available on behalf of the community.

**Financial overview** (continued)

**GWRC capital expenditure (\$ millions)**



This pie chart shows the breakdown of the \$56 million in capital and improvement expenditure for the year ended 30 June 2014. The transport number includes \$28 million invested in GW Rail for rail rolling stock and infrastructure improvements. It is included in the above graph to illustrate the extent of the continued investment in public transport.

**Essential services**

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure should be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner.

Over the current period this benchmark is met due to the significant upgrade to the rail network and the ongoing new flood protection assets being built.

With very long life assets it will not be unexpected to have periods where the results are below this benchmark.

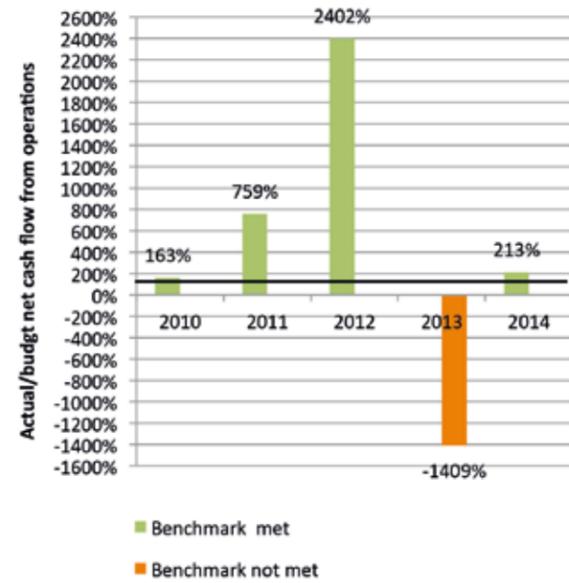
**Essential Services Benchmark**



## Financial overview (continued)

### Operational cash control

#### Operations Control Benchmark



This graph shows how actual cash from operations compares with budget. The large variance between 2012 and 2013 shows the impact of the timing of grant receipts and payments for the investment in rail infrastructure.

## Financial overview (continued)

### Group - Statement of comprehensive income

The Group results include CentrePort Limited, Grow Wellington Limited, WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

	2014 Actual \$000s	2013 Actual \$000s
Operational revenue	298,737	268,715
Finance costs	(19,135)	(17,089)
Operational expenditure	(297,331)	(257,716)
<b>Operational surplus / (deficit) for the year before transport improvements</b>	<b>(17,729)</b>	<b>(6,090)</b>
Transport improvement grants and subsidies revenue	4,152	14,007
Transport improvement expenditure	(2,882)	(1,386)
<b>Net revenue / (expenditure) for transport improvements</b>	<b>1,270</b>	<b>12,621</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / (losses)</b>	<b>(16,459)</b>	<b>6,531</b>
Fair value gains / (losses) in profit and loss	7,961	10,341
Tax	3,560	(3,219)
<b>Surplus / (deficit) after tax</b>	<b>4,938</b>	<b>13,653</b>
<b>Other comprehensive income</b>		
Increases / (decreases) in revaluations	29,505	105,137
Fair value movements in other comprehensive income	425	309
<b>Total comprehensive income / (deficit) for the year</b>	<b>24,992</b>	<b>119,099</b>

The Net deficit before tax is lower than budget due to higher depreciation in Greater Wellington Rail Ltd than target, and a reported deficit from CentrePort Ltd due to costs and revaluations associated with the Seddon earthquakes.

### Group - Statement of financial position

	2014 Actual \$000s	2013 Actual \$000s
Current assets	147,229	99,103
Non-current assets	1,522,543	1,514,675
<b>Total assets</b>	<b>1,699,772</b>	<b>1,613,778</b>
Equity	1,181,395	1,159,314
Current liabilities	119,028	106,949
<b>Non-current liabilities</b>	<b>369,349</b>	<b>347,515</b>
<b>Net equity and liabilities</b>	<b>1,669,772</b>	<b>1,613,778</b>

### Group - Statement of cash flows

	2014 Actual \$000s	2013 Actual \$000s
Cashflows from operating activities	41,620	(11,552)
Cashflows from investing activities	(58,274)	(72,367)
Cashflows from financing activities	29,751	44,654
<b>Net increase (decrease) in cash, cash equivalents and bank overdraft</b>	<b>13,097</b>	<b>(39,265)</b>
Opening cash equivalents	9,120	48,385
<b>Closing cash equivalents</b>	<b>22,217</b>	<b>9,120</b>

# Financial Statements

for the year ended 30 June 2014

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## Statement of comprehensive income

For the year ended 30 June 2014

	Notes	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Group 2014 Actual \$000	Group 2013 Actual \$000
<b>Operating revenue</b>						
Rates and levies	3	119,805	119,967	115,549	119,805	115,549
Transport operational grants and subsidies	3	58,454	67,914	57,482	58,545	57,482
Transport Improvement grants and subsidies	3	4,152	1,260	14,007	4,152	14,007
Other revenue	3	37,769	26,544	29,265	121,223	95,374
		220,180	215,685	216,303	303,889	282,412
Other gains	4	(927)	-	3	(745)	310
<b>Total operating revenue and gains</b>		<b>219,253</b>	<b>215,685</b>	<b>216,306</b>	<b>302,890</b>	<b>282,722</b>
<b>Operating expenditure</b>						
Employee benefits	5	40,827	(40,552)	(37,917)	(64,421)	(59,929)
Grants and subsidies		(88,115)	(91,526)	(85,881)	(88,119)	(67,815)
Depreciation and amortisation	6	(18,183)	(13,465)	(12,744)	(43,256)	(38,941)
Finance costs	7	(9,424)	(8,751)	(7,925)	(19,135)	(17,089)
Other operating expenses	8	(56,479)	(55,194)	(48,219)	(96,735)	(91,031)
Transport improvement expenditure		(2,882)	(6,218)	(26,590)	(2,882)	(1,386)
Earthquake related costs		-	-	-	(4,800)	-
<b>Total operating expenditure</b>		<b>(215,910)</b>	<b>(215,706)</b>	<b>(219,276)</b>	<b>(319,348)</b>	<b>(276,191)</b>
<b>Operating surplus / (deficit) before other items and tax</b>		<b>3,343</b>	<b>(21)</b>	<b>(2,970)</b>	<b>(16,459)</b>	<b>6,531</b>
<b>Other fair value changes</b>						
Revaluation loss on rail rolling stock assets		-	-	-	(6,329)	-
Fair value -Stadium advance	9	194	194	180	1,276	180
Fair value of investment properties	9	-	-	-	(10,389)	1,002
Biological assets	9	17,334	2,661	233	17,334	233
Gain / (loss) financial instruments	9	2,114	613	3,088	6,069	8,926
<b>Total fair value movements</b>	9	<b>19,642</b>	<b>3,468</b>	<b>3,501</b>	<b>7,961</b>	<b>10,341</b>
<b>Operating surplus / (deficit) before tax</b>		<b>22,985</b>	<b>3,447</b>	<b>531</b>	<b>(8,498)</b>	<b>16,872</b>
Tax expense	11	-	-	-	3,560	(3,219)
Surplus from continuing operations		22,985	3,447	531	(4,938)	13,653
<b>Operating surplus / (deficit) after tax</b>		<b>22,985</b>	<b>3,447</b>	<b>531</b>	<b>-3,808</b>	<b>13,653</b>
<b>Other comprehensive income</b>						
Increases / (decreases) in revaluations		27,681	-	111,102	29,505	105,137
Fair value gains in Creative HQ Limited investment reserve	10	-	-	-	425	309
<b>Total other comprehensive income</b>		<b>27,681</b>	<b>-</b>	<b>111,102</b>	<b>29,930</b>	<b>105,446</b>
<b>Total comprehensive income for the year</b>		<b>50,666</b>	<b>3,447</b>	<b>111,633</b>	<b>24,992</b>	<b>119,099</b>
<b>Attributed to:</b>						
Equity holders of the Parent		50,666	3,447	111,633	26,021	123,298
Non-controlling interest		-	-	-	(1,029)	(4,199)
		50,666	3,447	111,633	24,992	119,099

Summary of significant accounting policies and the accompanying notes form part of these financial statements

## Balance Sheet

As at 30 June 2014

	Notes	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Group 2014 Actual \$000	Group 2013 Actual \$000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	14	19,516	34,321	8,335	22,217	9,120
Trade and other receivables	15	29,107	-	29,202	36,858	33,206
Other financial assets	17	30,650	45,544	37,897	30,650	37,897
Inventories	16	3,113	-	3,003	18,685	18,265
Derivatives	25	-	-	268	41	268
Assets held for sale	36	38,778	-	-	38,778	347
<b>Total current assets</b>		<b>121,164</b>	<b>79,865</b>	<b>78,705</b>	<b>147,230</b>	<b>99,103</b>
<b>Non-current assets</b>						
Other financial assets	17	26,206	39,569	25,195	27,010	25,529
Property, plant and equipment	19	858,337	773,804	826,613	1,353,959	1,310,805
Intangible assets	20	6,259	-	3,367	9,186	3,745
Forestry assets	22	-	24,151	23,377	-	23,377
Investments in subsidiaries	24	96,845	98,575	68,514	-	-
Investment property	23	-	-	-	42,308	60,264
Derivatives	25	2,884	-	1,486	2,916	1,486
Deferred tax assets	13	-	-	-	6,985	6,625
Investments in joint ventures	18	-	-	-	80,179	82,844
<b>Total non-current assets</b>		<b>990,531</b>	<b>936,099</b>	<b>948,552</b>	<b>1,522,543</b>	<b>1,514,675</b>
<b>Total assets</b>		<b>1,111,695</b>	<b>1,015,964</b>	<b>1,027,257</b>	<b>1,669,773</b>	<b>1,613,778</b>

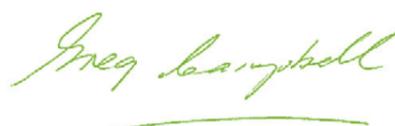
	Notes	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Group 2014 Actual \$000	Group 2013 Actual \$000
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Derivatives	25	-	-	134	60	134
Trade and other payables	26	31,243	31,099	21,464	36,441	24,473
Interest bearing liabilities	27	74,796	26,777	74,868	75,596	75,575
Employee benefits liabilities	28	2,736	-	2,687	6,340	6,152
Current tax liabilities	12	-	-	-	591	96
Provisions	29	-	-	-	-	519
<b>Total current liabilities</b>		<b>108,775</b>	<b>57,876</b>	<b>99,153</b>	<b>119,028</b>	<b>106,949</b>
<b>Non-current liabilities</b>						
Interest bearing liabilities	27	121,054	182,325	94,494	279,149	248,632
Derivatives	25	3,019	-	5,428	9,482	15,832
Employee benefits liabilities	28	554	-	555	883	896
Deferred tax liabilities	13	-	-	-	79,835	82,155
<b>Total non-current liabilities</b>		<b>124,627</b>	<b>182,325</b>	<b>100,477</b>	<b>369,349</b>	<b>347,515</b>
<b>Total liabilities</b>		<b>233,402</b>	<b>240,201</b>	<b>199,630</b>	<b>488,377</b>	<b>454,464</b>
<b>Net assets</b>		<b>878,293</b>	<b>775,763</b>	<b>827,627</b>	<b>1,181,395</b>	<b>1,159,314</b>
<b>EQUITY</b>						
Retained earnings		375,371	377,112	353,485	594,791	602,420
Reserves		502,922	398,651	474,142	541,563	510,534
Minority interest		-	-	-	45,042	46,360
<b>Total equity</b>		<b>878,293</b>	<b>775,763</b>	<b>827,627</b>	<b>1,181,395</b>	<b>1,159,314</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements



**Fran Wilde**  
Chair

30 September 2014



**Greg Campbell**  
Chief Executive

30 September 2014



**Mike Timmer**  
Acting Chief Financial Officer

30 September 2014

## Balanced sheet (continued)

For the year ended 30 June 2014

	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Group 2014 Actual \$000	Group 2013 Actual \$000
<b>Opening Equity</b>					
Prior period adjustment	-	-	-	-	-1,282
Total comprehensive income	50,666	3,447	111,633	24,992	119,099
Dividend to non controlling interest	-	-	-	(288)	(1,235)
Other adjustment	-	-	-	(2,623)	-
<b>Total closing equity at 30 June</b>	<b>878,293</b>	<b>775,763</b>	<b>827,627</b>	<b>1,181,395</b>	<b>1,159,314</b>
<b>Components of equity</b>					
<b>Asset revaluation reserves</b>					
Opening asset revaluation reserves	448,657	379,019	330,970	484,740	365,665
Asset revaluation movements	27,681	-	111,102	29,505	105,137
Transfers to accumulated funds	-	-	6,585	-	13,938
<b>Closing asset revaluation reserve</b>	<b>476,338</b>	<b>379,019</b>	<b>448,657</b>	<b>514,245</b>	<b>484,740</b>
<b>Other reserves</b>					
Opening other reserves	25,485	24,193	23,154	25,794	23,160
Transfers to accumulated funds	(3,475)	(4,561)	(2,651)	(3,475)	(2,657)
Transfers from accumulated funds	3,631	-	3,938	3,631	3,938
Interest earned	943	-	1,044	943	1,044
Movement in Creative HQ reserve	-	-	-	425	309
<b>Closing other reserves</b>	<b>26,584</b>	<b>19,632</b>	<b>25,485</b>	<b>27,318</b>	<b>25,794</b>
<b>Retained earnings</b>					
Opening accumulated funds	353,485	369,104	361,870	648,780	653,907
Prior year adjustment	-	-	-	-	(1,282)
Operating surplus / (deficit) after tax	22,985	3,447	531	(4,938)	13,654
Interest allocated to reserves	(943)	-	(1,044)	(943)	(1,044)
Other transfers to reserves	(3,631)	-	(3,938)	(3,631)	(3,938)
Transfers from reserves	3,475	4,561	2,651	3,475	2,657
Dividend to non controlling interest	-	-	-	(288)	(1,235)
Other transfers from reserves	-	-	(6,585)	-	(13,939)
Other adjustments	-	-	-	(2,623)	-
<b>Closing accumulated funds</b>	<b>375,371</b>	<b>377,112</b>	<b>353,485</b>	<b>639,832</b>	<b>648,780</b>
<b>Total closing equity at 30 June</b>	<b>878,293</b>	<b>775,763</b>	<b>827,627</b>	<b>1,181,395</b>	<b>1,159,314</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

## Statement of cash flow

For the year ended 30 June 2014

Notes	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Group 2014 Actual \$000	Group 2013 Actual \$000	
<b>Cash flows from operating activities</b>						
Receipts from customers	-	-	-	62,225	58,204	
Rates revenue received	93,833	94,332	94,682	93,833	94,684	
Water supply levy received	25,635	25,635	24,890	25,635	24,890	
Government subsidies received	60,820	69,174	67,443	60,820	68,793	
Interest received	4,131	2,716	4,221	4,152	4,040	
Dividends received	2,416	2,449	2,256	4,029	2	
Fees, charges and other revenue	31,695	21,379	17,172	34,863	15,457	
Payments to suppliers and employees	(88,269)	(192,843)	(121,068)	(137,886)	(187,689)	
Payment of grants and subsidies	(90,997)	-	(112,471)	(86,640)	(69,201)	
Interest paid	(9,192)	(8,751)	(8,079)	(18,811)	(17,120)	
Income tax paid / (refund)	-	-	-	(600)	(3,612)	
<b>Net cashflows from operating activities</b>	<b>30</b>	<b>30,072</b>	<b>14,091</b>	<b>(30,954)</b>	<b>41,620</b>	<b>(11,552)</b>
<b>Cash flows from investing activities</b>						
Sale of property, plant and equipment	2,598	220	917	2,600	13,734	
Sales of investments (bonds & term deposits)	-	-	134	-	134	
Purchase of property, plant and equipment	(24,737)	(24,760)	(27,185)	(34,032)	(67,395)	
Purchase of intangible assets	(2,077)	-	(1,221)	(2,077)	(1,750)	
Development of investment properties	-	-	-	(2,089)	(3,235)	
Acquisition of investments	(21,163)	(30,060)	(22,896)	(21,163)	(13,855)	
Acquisition of subsidiary	-	-	-	(1,513)	-	
<b>Net cashflows from investing activities</b>	<b>(5,379)</b>	<b>(54,600)</b>	<b>(50,251)</b>	<b>(58,274)</b>	<b>(72,367)</b>	
<b>Cash flows from financing activities</b>						
Loan funding	55,488	60,466	66,871	59,351	70,889	
Debt repayment	(29,000)	(14,223)	(25,000)	(28,907)	(25,000)	
Dividends paid to non-controlling interests	-	-	-	(693)	(1,235)	
<b>Net cashflows from financing activities</b>	<b>26,488</b>	<b>46,243</b>	<b>41,871</b>	<b>29,751</b>	<b>44,654</b>	
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>11,181</b>	<b>5,734</b>	<b>(39,334)</b>	<b>13,097</b>	<b>(39,265)</b>	
Cash and cash equivalents at the beginning of year	8,335	28,587	47,669	9,120	48,385	
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>19,516</b>	<b>34,321</b>	<b>8,335</b>	<b>22,217</b>	<b>9,120</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements

## Funding Impact Statement

For the year ended 30 June 2014

	Council 2014 Actual \$000	Council 2014 Budget \$000	Council 2013 Actual \$000	Council 2013 Budget \$000
<b>Sources of operating funding</b>				
General rate	29,629	28,476	28,028	27,468
Targeted rates	64,520	65,856	62,630	62,790
Subsidies and grants for operating purposes	59,865	67,022	70,462	75,354
Interest and dividends from investments	6,769	5,165	3,965	4,448
Fees, charges, and targeted rates for water supply	4,571	3,522	4,317	3,140
Fines, infringement fees, and other receipts (1)	48,952	43,492	43,697	45,323
<b>Total operating funding</b>	<b>214,306</b>	<b>213,533</b>	<b>213,099</b>	<b>218,523</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	(187,762)	(192,195)	(198,097)	(214,693)
Finance costs	(9,424)	(8,751)	(7,925)	(8,173)
<b>Total applications of operating funding</b>	<b>(197,186)</b>	<b>(200,946)</b>	<b>(206,022)</b>	<b>(222,866)</b>
<b>Surplus / (deficit) of operating funding</b>	<b>17,120</b>	<b>12,587</b>	<b>7,077</b>	<b>(4,343)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,152	2,152	1,631	2,146
Increase / (decrease) in debt	35,019	41,736	14,156	48,582
Gross proceeds from asset sales	1,880	220	886	455
<b>Total sources of capital funding</b>	<b>41,051</b>	<b>44,108</b>	<b>16,673</b>	<b>51,183</b>
<b>Applications of capital funding</b>				
- to meet additional demand	(5,694)	(6,250)	(2,153)	(6,615)
- to improve the level of service	(8,418)	(7,865)	(16,159)	(15,240)
- to replace existing assets	(10,967)	(12,346)	(9,345)	(7,770)
Increase / (decrease) in investments	(31,987)	(34,795)	6,238	(21,948)
Increase / (decrease) in reserves	(1,105)	4,561	(2,331)	4,733
<b>Total applications of capital funding</b>	<b>(58,171)</b>	<b>(56,695)</b>	<b>(23,750)</b>	<b>(46,840)</b>
<b>Surplus / (deficit) of funding</b>	<b>(17,120)</b>	<b>(12,587)</b>	<b>(7,077)</b>	<b>4,343</b>
<b>Funding balance</b>				
Depreciation on council assets	18,183	13,465	12,744	12,673
Water supply levy	25,635	25,635	24,890	24,888

(1) This includes the Water supply levy charged to Wellington, Hutt, Lower Hutt and Porirua city councils

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations. For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

## Financial reserves

30 June 2014

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
  - Rebudget 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 13 \$000	Deposits \$000	Withdrawals \$000	Closing Balance Jun 14 \$000
<b>Area of benefit reserves</b>					
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	9,064	754	-	9,818
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services issued only on subsequent public transport planning expenditure	1,835	404	(252)	1,987
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	620	61	(100)	581
Iwi reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	-	25	-	25
WREMO reserve	Contributions by other local authorities to run the WREMO	-	563	-	563
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	6,024	772	(486)	6,310
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	742	538	-	1,280
<b>Contingency reserves</b>					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	191	8	-	199
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,335	53	-	1,388
Rural fire reserve	To help manage the costs of rural fire equipment.	61	2	-	63
<b>Special reserves</b>					
Election reserve	To manage the variation in costs associated with the election cycle	251	8	(64)	195
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	4,409	478	(1,620)	3,267
Rebudget reserve					
Rebudget reserve	Expenditure that has been rated for in 2012/13 when the project will not be completed until 2013/14	953	908	(953)	908
<b>Total reserves</b>		<b>25,485</b>	<b>4,574</b>	<b>(3,475)</b>	<b>26,584</b>

All figures on this page exclude GST

## Debt

As at 30 June 2014

	Opening balance 2013 \$000	Additions \$000	Repayments \$000	Closing balance 2014 \$000	Finance costs \$000
<b>Regional Leadership</b>	-	-	-	-	-
Strategic planning	295	205	(99)	401	24
Wairarapa water use project	854	652	-	1,506	75
Warm Wellington	10,832	1,963	(1,501)	11,294	725
<b>Public transport</b>					
Public transport	80,159	29,957	(4,759)	105,357	4,422
<b>Water supply</b>					
Water supply	54,275	9,764	(3,461)	60,578	3,341
<b>Environment</b>					
Environment	1,350	343	(227)	1,466	82
<b>Flood Protection and control works</b>					
Flood protection and control works	51,168	5,544	(3,045)	53,667	3,152
<b>Parks</b>					
Parks	4,158	619	(392)	4,385	253
<b>Investments</b>					
Stadium	9,680	-	(1,980)	7,700	642
Plantation forestry	15,052	977	(1,487)	14,542	897
Property and other	2,144	4,446	(711)	5,879	268
Reserve forestry	17,054	3,297	(2,803)	17,548	1,053
<b>Total activities debt</b>	<b>247,021</b>	<b>57,767</b>	<b>(20,465)</b>	<b>284,323</b>	<b>14,934</b>

	Council Actual 2014 \$000
Total activities debt	284,323
Treasury internal funding (1)	(88,473)
<b>Total external debt</b>	<b>195,850</b>
External debt (current)	74,796
External debt (non current)	121,054
<b>Total external debt</b>	<b>195,850</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

For the year ended 30 June 2014

### 1 Reporting entity

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

Financial statements for GWRC (the "Parent") and consolidated financial statements (for the "Group") are presented.

For the purposes of financial reporting, Greater Wellington and its subsidiaries are designated as public benefit entities. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Grow Wellington Limited, Creative HQ limited and CentrePort Limited.

### Statement of compliance

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

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

The financial statements of GWRC are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 30 September 2014.

### Accounting judgements and estimations

The preparation of financial statements in conformity with NZ GAAP 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.

## Notes to the financial statements

### 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. The accounting policies have been applied consistently by Group entities.

#### 2.2 Basis of consolidation

The consolidated financial statements include GWRC and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 24 to the financial statements.

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

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

All significant intercompany transactions are eliminated on consolidation.

#### 2.3 Revenue recognition

Revenue is recognised when billed or earned on an accrual basis

##### (i) Rates and levies

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

##### (ii) Government grants and subsidies

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

##### (iii) User charges

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

##### (iv) Rendering of services

Revenue on services is determined using the percentage of completion method.

##### (v) Dividends

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

##### (vi) Interest

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

##### (vii) Other revenue

Other 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.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### 2.4 Borrowing costs

Borrowing costs directly attributable to capital construction are capitalised as part of the costs of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 2.5 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.

#### Valuations

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

#### Flood protection

The flood protection infrastructure assets were valued at 30 June 2012 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2012 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 2012 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 2012. Land valuation was completed by FT Rutherford BBS (VPM) ANZIV, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### Parks and forests

The parks and forests land and buildings were valued at 30 June 2013. 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 2013 and have been valued using ODRC methodology in accordance with the guidelines published by NAMS Group, by Graham Laws, Parks and Forests Asset Management Advisor. Fergus Rutherford of Baker & Associates Ltd reviewed the valuation methodology and rates.

#### 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 Optimised Depreciated Replacement Cost (ODRC) methodology.

#### Regional water supply

Regional water supply plant and equipment assets were valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2013 using Optimised Depreciated Replacement Cost (ODRC) methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of CB Richard Ellis as at 1 July 2013 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2013 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuation

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2013 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 31 December 2013. 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 income 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 comprehensive income, in which case the increase is credited to the statement of comprehensive to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of comprehensive income 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 comprehensive income. Greater Wellington Rail public transport rail station infrastructural assets and its Ganz Mavag rolling stock were valued by Bayleys at depreciated replacement cost 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 comprehensive income, then it is recognised in the statement of comprehensive income. A decrease in the value on revaluation is recognised in the statement of comprehensive income where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

## Notes to the financial statements

### 2 Accounting policies (continued)

The remaining property, plant and equipment is 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.

#### 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 lan	Indefinite
• Operational land and buildings	10 years to indefinite
• 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 30 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 150 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.

#### 2.6 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 comprehensive income.

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 Statement of Financial Position and income in the Statement of Comprehensive Income. 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 forest is 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.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### 2.7 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 profit or loss 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. Investment property under development

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

#### 2.8 Impairment

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

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

#### Recoverable amount

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

#### Value in use

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

#### 2.9 Forestry investments

Forestry investments are stated at fair value less point-of-sale costs. They are independently revalued to an estimate of market valuation based on net present value each year. At 30 June 2014 they were valued at contract price. The contract price is a reasonable proxy for fair value at 30 June 2014, as the contract price is as of 1 July 2014. The forestry valuation at 30 June 2014 is therefore effectively contract price less costs to sell.

#### 2.10 Investments and other financial assets

##### Financial assets

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 income

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 income.

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 can not be reliably measured, the item is measured at cost.

## Notes to the financial statements

### 2 Accounting policies (continued)

- 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 comprehensive income.

- 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 comprehensive income.

- 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 income

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 income is reclassified from equity to the statement of comprehensive income.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of comprehensive income.

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 comprehensive income.

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.

## Notes to the financial statements

### 2 Accounting policies (continued)

#### Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of comprehensive income, 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.

#### 2.11 Derivative financial instruments

The Parent uses derivative instruments to hedge exposure to interest rate risks arising from financing activities (note 31). The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its operational, financing and investment activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. The Group does not use Hedge Accounting for its derivative instruments.

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 comprehensive income.

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.

#### 2.12 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.

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The shares received represent a small proportion of the total equity of the client company (typically 5%). These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale. The valuation of these investments is undertaken using The International Private Equity and Venture Capital Valuation Guidelines (IPEV) which have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices.

#### 2.13 New Zealand Local Government Funding Agency

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

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

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

## Notes to the financial statements

### 2 Accounting policies (continued)

#### 2.14 Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis. The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the statement of comprehensive income.

#### 2.15 Income tax

Income tax in the statement of comprehensive income for the year comprises current and deferred tax. Income tax is usually recognised in the statement of comprehensive income, 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.

#### 2.16 Foreign currency

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

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

#### 2.17 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 comprehensive income as incurred. GWRC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

#### 2.18 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.

#### 2.19 Goods and Services Tax (GST)

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

## Notes to the financial statements

### 2.20 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.

### 2.21 Overhead allocation and internal transactions

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

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

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

### 2.22 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.

### 2.23 Statement of cashflows

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.

### 2.24 Budget figures

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

### 2.25 Comparative figures

Some comparative figures have been reclassified in the financial statements.

### 2.25 Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the GWRC is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014 and were published in May 2013. This means the entity expects to transition to the new standards in preparing its 30 June 2015 financial statements.

## Notes to the financial statements

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

GWRC anticipates that these standards will have no material impact on the financial statements in the period of initial application. It is likely that the changes arising from this framework will affect the disclosures required in the financial statements. However, it is not practicable to provide a reasonable estimate until a detail review has been completed.

## Notes to the financial statements

<b>3 Operating revenue</b>	<b>Council Actual 2014 \$000</b>	<b>Council Budget 2014 \$000</b>	<b>Council Actual 2013 \$000</b>	<b>Group Actual 2014 \$000</b>	<b>Group Actual 2013 \$000</b>
General Rates	29,629	28,476	28,028	29,629	28,028
Targeted Rates	64,541	65,856	62,631	64,541	62,631
Water Supply Levy	25,635	25,635	24,890	25,635	24,890
Rates and levies	119,805	119,967	115,549	119,805	115,549
Grants and subsidies	58,454	69,174	57,482	58,454	57,482
Transport Improvement Grants	4,152	-	14,007	4,152	14,007
Rental Income	1,210	977	1,108	1,210	1,108
User Charges	9,491	8,700	7,089	8,859	7,089
Logging Revenue	11,564	9,105	8,042	11,564	8,042
Subsidiaries Revenue	-	-	-	60,114	52,342
Rendering of Services	723	152	640	723	640
Dividends Received	2,416	2,449	2	114	2
Animal Health Board	1,397	-	1,000	1,397	1,000
Other Grants and Subsidies *	3,138	-	2,200	24,491	3,556
Management Fees	2,656	2,445	2,664	1	-
Rates Remissions and Rebates	555	-	555	555	555
Rent from Investment Properties	-	-	-	4,544	5,961
Subvention	266	-	2,002	-	-
Equity Accounted Investees	-	-	-	1,806	10,266
Other Income	-	-	-	1,905	842
Interest Revenue	4,353	2,716	3,963	3,910	3,971
Other Revenue	37,769	26,544	29,265	121,223	95,374
<b>Total operating revenue</b>	<b>220,180</b>	<b>215,685</b>	<b>216,303</b>	<b>303,634</b>	<b>285,412</b>

\* GWRC received allocations of New Zealand Emission Units from the government for its forestry holdings. The allocation of units is recognised as an intangible asset and revenue at fair value. The revenue of \$0.2m (2013: \$0.3m) is included in "other grants and subsidies."

## Notes to the financial statements

<b>4 Other gains / (losses) net</b>	<b>Council Actual 2014 \$000</b>	<b>Council Budget 2014 \$000</b>	<b>Council Actual 2013 \$000</b>	<b>Group Actual 2014 \$000</b>	<b>Group Actual 2013 \$000</b>
Gain on disposal of property, plant and equipment	(927)	-	3	(745)	310
<b>Total other gains / losses</b>	<b>(927)</b>	<b>-</b>	<b>3</b>	<b>(745)</b>	<b>310</b>

<b>5 Employee benefits</b>	<b>Council Actual 2014 \$000</b>	<b>Council Budget 2014 \$000</b>	<b>Council Actual 2013 \$000</b>	<b>Group Actual 2014 \$000</b>	<b>Group Actual 2013 \$000</b>
Salaries and wages	38,561	37,132	35,904	61,371	57,225
Defined contribution plan employer contributions	2,266	3,420	2,013	3,020	2,704
<b>Total employee benefits</b>	<b>40,827</b>	<b>40,552</b>	<b>37,917</b>	<b>64,421</b>	<b>59,929</b>

<b>6 Depreciation and Amortisation</b>	<b>Council Actual 2014 \$000</b>	<b>Council Actual 2013 \$000</b>	<b>Group Actual 2014 \$000</b>	<b>Group Actual 2013 \$000</b>
Port wharves and pavings	-	-	2,530	2,481
Land and buildings	193	162	1,015	950
Plant and equipment	944	883	3,915	3,686
Rail rolling stock	-	-	15,601	17,593
Rail infrastructure	-	-	2,954	2,304
Motor vehicles	1,123	1,147	1,123	1,147
Flood protection	671	704	670	704
Water infrastructure	11,208	7,961	11,207	7,961
Transport infrastructure	1,181	175	1,181	175
Navigational aids	21	22	21	22
Parks and forests	1,984	587	1,983	587
Amortisation – Computer software	858	1,103	1,056	1,331
	<b>18,183</b>	<b>12,744</b>	<b>43,256</b>	<b>38,941</b>

<b>7 Finance costs</b>	<b>Council Actual 2014 \$000</b>	<b>Council Budget 2014 \$000</b>	<b>Council Actual 2013 \$000</b>	<b>Group Actual 2014 \$000</b>	<b>Group Actual 2013 \$000</b>
Interest expense	-	-	-	-	(1)
Increase / (decrease) in fair value of interest rate swaps	-	-	-	-	(1)
Interest on bank borrowings	9,424	8,751	7,925	19,135	17,090
<b>Total finance costs</b>	<b>9,424</b>	<b>8,751</b>	<b>7,925</b>	<b>19,135</b>	<b>17,089</b>

## Notes to the financial statements

### 8 Other operating expenditure

	Council Actual 2014 \$000	Council Budget 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Other operating expenses</b>					
Fees to principal auditor for financial statements audit	220	163	192	459	316
Fees to principal auditor for Long Term Plan	-	-	25	-	25
Fees to other auditor for financial statements audit	-	-	-	93	88
Impairment of Trade Receivables	593	-	(12)	634	(12)
Insurance	1,855	2,087	2,732	6,049	7,974
Directors' fees	-	-	-	551	552
Fees for accounting services	-	-	-	61	54
Subscriptions LGNZ	415	-	309	461	309
Operating lease rentals	2,029	1,809	2,025	1,472	353
Energy and utilities	2,509	2,697	2,886	4,938	5,286
Councillor fees and costs	1,037	1,026	999	1,164	999
Repairs and maintenance expenses	4,907	3,756	2,878	29,321	20,695
Materials and supplies	12,892	9,899	11,468	12,918	11,468
Contractors and consultants	26,640	26,935	20,925	27,094	21,493
Other operating expenses	3,382	6,822	3,792	11,520	21,431
<b>Total other operating expenditure</b>	<b>56,479</b>	<b>55,194</b>	<b>48,219</b>	<b>96,735</b>	<b>91,031</b>

### 9 Fair value movements

	Council Actual 2014 \$000	Council Budget 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Fair value movements in other assets</b>					
Stadium advance	194	194	180	1,276	180
	-	-	-	(6,329)	-
	194	194	180	(5,053)	180
<b>Fair value movements in financial instruments</b>					
Loans	(1,560)	(1,560)	(1,444)	-	(1,444)
Interest rate swaps	3,674	2,173	4,532	6,069	10,370
	2,114	613	3,088	6,069	8,926
<b>Fair value change in biological assets</b>					
Forestry investment	16,082	2,661	233	16,082	233
Carbon credits	1,252	-	-	1,252	-
	17,334	2,661	233	17,334	233
<b>Fair value movements of investment properties</b>					
Investment properties (developed property)	-	-	-	(10,389)	1,002
	-	-	-	(10,389)	1,002
	19,642	3,468	3,501	9,895	10,341

## Notes to the financial statements

### 10 Other fair value movements

	Council Actual 2014 \$000	Council Budget 2013 \$000	Council Actual 2014 \$000	Group Actual 2013 \$000	Group Actual 2012 \$000
<b>Other fair value movements in Comprehensive income</b>					
Incubator investment re-serve	-	-	-	425	309
	-	-	-	-	-

### 11 Taxation

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>(a) Income tax recognised in profit or loss</b>				
<b>Tax expense/(benefit) comprises:</b>				
Current tax expense / (benefit)	-	-	1,087	900
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-	(4,647)	1,432
Impact of changes to building depreciation	-	-	-	-
Tax loss utilised / (recognised)	-	-	-	887
<b>Total income tax expense / (benefit)</b>	<b>-</b>	<b>-</b>	<b>(3,560)</b>	<b>3,219</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:

Surplus / (deficit) from operations	22,985	531	(8,498)	16,872
<b>Surplus / (deficit) before taxation</b>	<b>22,985</b>	<b>531</b>	<b>(8,498)</b>	<b>16,872</b>
Income tax expense / (benefit) calculated at 28%	6,436	149	(2,379)	4,724
Surplus / (deficit) not subject to taxation	-	(627)	-	(1,779)
Non-deductible expenses	59,359	-	65,878	8,374
Non-assessable income	(65,851)	-	(70,366)	(15,351)
Land and buildings reclassification	-	-	2,908	(176)
Tax loss offsets from or subventions paid to Group companies	57	357	(40)	-
Unused tax losses and temporary differences not recognised as deferred tax assets	687	121	-	(1)
Tax effect of imputation credits	(645)	-	(185)	(126)
Temporary differences	-	-	591	5,765
Permanent differences	-	-	300	-
Impact of tax rate change	-	-	-	-
Impact of changes to building depreciation	-	-	-	-
Impact of gain on asset acquisition	-	-	-	-
Under provision of income tax in previous year	(43)	-	(267)	1,789
<b>Total tax expense/(benefit)</b>	<b>-</b>	<b>-</b>	<b>(3,560)</b>	<b>3,219</b>

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

## Notes to the financial statements (continued)

### 11 Taxation (continued)

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Tax expense / (benefit) is attributable to:</b>				
Continuing operations	-	-	-	3,219
Discontinued operations (note 13)	-	-	-	-
<b>Total tax expense/benefit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,219</b>

#### (b) Tax loss sharing

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 2014 year, no subvention payments were made (2013: \$3,000,000) and no loss offsets occurred (2013: \$7.714 million). At balance date of 30 June 2014, CentrePort Ltd has not agreed to pay any further amount (2013: \$Nil) on account of the subvention payment.

The 2014 financial statements for the parent do not include any subvention payments to be received from Prin-ple House Limited, (2013: \$265,794) or from CentrePort Limited (2013: \$nil) for utilisation of the GWRC's net losses.

It is anticipated that tax losses of \$57,564 (2013: \$143,000) will be provided to WRC Holdings Limited and \$146,960 (2013: \$182,406) will be provided to the Grow Wellington Group for the 2014 year.

### 12 Current tax assets and liabilities

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Subvention Receivable	-	-	-	(79)
Other Current tax receivable 1	-	-	-	79
Income tax	-	-	(318)	71
Other tax payables	-	-	909	25
	<b>-</b>	<b>-</b>	<b>591</b>	<b>96</b>

## Notes to the financial statements (continued)

### 13 Deferred tax

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Deferred Tax Balances</b>				
<i>Deferred Tax assets comprise:</i>				
Tax losses	-	-	(4,162)	(2,639)
Temporary differences	-	-	(2,823)	(3,986)
	<b>-</b>	<b>-</b>	<b>(6,985)</b>	<b>(6,625)</b>
<i>Deferred Tax liabilities comprise:</i>				
Temporary differences	-	-	79,835	80,873
	<b>-</b>	<b>-</b>	<b>79,835</b>	<b>80,873</b>
<b>Net Deferred Tax</b>			<b>72,850</b>	<b>74,248</b>

Taxable and deductible temporary differences arising from the following:

#### Movements – Group

	Investment properties \$000	Property, plant and equipment \$000	Trade and other payables \$000	Other financial liabilities \$000	Tax losses \$000	Total \$000
<b>At 1 July 2012</b>	(562)	(80,090)	959	4,242	3,526	(71,925)
Charged to income	797	(782)	(49)	(1,401)	(887)	(2,322)
Prior year adjustment	-	(1,284)				(1,284)
Change in tax rate	-	-				
<b>At 30 June 2013</b>	<b>235</b>	<b>(82,156)</b>	<b>910</b>	<b>2,841</b>	<b>2,639</b>	<b>(75,531)</b>
<b>At 30 June 2013</b>	235	(82,156)	910	2,841	2,639	(75,531)
Charged to income	(422)	4,474	87	(1,015)	1,523	4,647
Change to equity		(1,966)	-	-	-	(1,966)
<b>At 30 June 2014</b>	<b>(187)</b>	<b>(79,648)</b>	<b>997</b>	<b>1,826</b>	<b>4,162</b>	<b>(72,850)</b>

#### Unrecognised deferred tax balances

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2013 \$000	Group Actual 2013 \$000
Tax losses	808	121	-	-
Temporary differences	-	-	-	-
	<b>808</b>	<b>121</b>	<b>-</b>	<b>-</b>

#### Tax losses not recognised

GWRC has \$2.886 million of unrecognised tax losses at Parent level (2013: \$0.434 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$0.808 million (2013: \$0.121 million).

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

## Notes to the financial statements (continued)

### 14 Cash and cash equivalents

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Cash at bank and in hand	(303)	(1,398)	2,398	(613)
Short term deposits maturing three months or less from date of acquisitions	10,000	-	10,000	-
Water supply contingency investment	5,064	5,396	5,064	5,396
Major flood recovery fund	4,716	4,337	4,716	4,337
Material damage property insurance fund	39	-	39	-
<b>Total cash and cash equivalents</b>	<b>19,516</b>	<b>8,335</b>	<b>22,217</b>	<b>9,120</b>

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

The negative balance in cash at bank was caused by a payment run occurring on the last day of the financial year resulting in a timing difference of cash flows.

As at 30 June 2014 there was a \$10.0 million (2013: nil) bank deposits with a weighted average interest rate of 4.45% (2013: nil). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2014 the weighted average interest rate on the water supply contingency investment is 4.68% (2013 3.92%) and is recorded at fair value.

As at 30 June 2014 the weighted average interest rate on the major flood recovery fund is 4.60% (2013: 3.92%) and is recorded at fair value.

### 15 Trade and other receivables

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Rates outstanding *	9,680	8,788	9,681	8,790
Trade Customers	6,606	11,388	13,015	15,901
Accrued revenue	12,794	7,675	12,877	7,461
Receivables from related parties	180	1,032	(1)	-
Less provision for impairment of receivables	(1,257)	(667)	(1,267)	(683)
Other receivable	843	621	1,619	809
Prepayments	261	365	934	928
<b>Total trade and other receivables</b>	<b>29,107</b>	<b>29,202</b>	<b>36,858</b>	<b>33,206</b>

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.

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

## Notes to the financial statements (continued)

### 15 Trade and other receivables (continued)

#### Provision for impairment of receivables

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Opening balance	(667)	(677)	(683)	(704)
Movement	(590)	10	(584)	21
Closing balance	(1,257)	(667)	(1,267)	(683)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2014.

The status of receivables as at 30 June 2014 and 2013 are detailed below:

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Not past due	28,401	28,737	34,932	32,683
Past due 31-60 days	156	163	342	179
Past due 61-90 days	32	-	137	31
Past due > 90 days	520	302	1,449	314
<b>Total</b>	<b>29,109</b>	<b>29,202</b>	<b>36,860</b>	<b>33,207</b>

### 16 Inventories

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Harbours	7	7	7	7
Depots	210	191	210	191
Water supply	2,492	2,367	3,645	3,456
Rail	-	-	14,376	14,173
Wairarapa	365	399	365	399
Emergency management	39	39	39	39
Centreport	-	-	43	-
	<b>3,113</b>	<b>3,003</b>	<b>18,685</b>	<b>18,265</b>

No inventories are pledged as securities for liabilities (2013: Nil)

## Notes to the financial statements (continued)

### 17 Other financial assets

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Stadium advance	2,623	2,429	2,623	2,429
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 shares borrower notes	2,000	1,200	2,000	1,200
Warm Wellington funding	11,292	10,822	11,292	10,822
Bank deposits with maturity terms more than three months	13,000	-	13,000	-
Other investments (bonds and notes)	10,000	33,000	10,000	33,000
Water supply contingency investment	15,708	13,695	15,708	13,695
Material damage property insurance contingency fund	287	-	287	-
Creative HQ shareholdings in unlisted companies	-	-	804	334
	<b>56,856</b>	<b>63,092</b>	<b>57,660</b>	<b>63,426</b>

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Current financial assets	30,650	37,897	30,650	37,897
Non current financial assets	26,206	25,195	27,010	25,529
<b>Total other financial assets</b>	<b>56,856</b>	<b>63,092</b>	<b>57,660</b>	<b>63,426</b>

### Airtel Limited

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

### Advance to Wellington Regional Stadium Trust

GWRC advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of GWRC 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. At 30 June 2014 GWRC expects that the advance will be fully repaid. 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% (2013: 8%). None of the other financial assets is either past due or impaired (2013: No impairment).

### Civic Assurance

GWRC holds 80,127 shares (2013: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

### New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2013: 1,866,000) It has also invested \$2,000,000 (2013: \$1,200,000) in LGFA borrower notes, which return on average 4.05% as at 30 June 2014. (2013: 3.23%). 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 there being a risk of imminent default.

## Notes to the financial statements (continued)

### Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme GWRC provides up to \$3,900 assistance to ratepayers. This assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

### Bonds

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a floating rate of interest. The amount receivable at maturity is \$10 million (2013: \$33 million).

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

GWRC has invested \$13,000,000 (2013: nil) of its funds in short term deposits with an average rate of 4.65% (2013: nil). They are recorded at fair value.

### Water supply contingency fund

GWRC has invested \$15,708,000 (2013: \$13,695,000) of its water contingency funds in short term deposits with an average rate of 4.71% (2013: 4.0%). They are recorded at fair value.

### Material damage property insurance contingency fund

GWRC has invested \$287,000 (2013: nil) of its material damage property insurance contingency fund in short term deposits with an average rate of 4.10% (2013: 4.0%). They are recorded at fair value.

### Creative HQ shareholdings in unlisted companies

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The valuation of these investments is undertaken using The International Private Equity and Venture Capital Valuation Guidelines (IPEV) which have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices.

At year end the fair value of its investments has been determined at \$773,654 (2013: \$334,000). While the Grow Wellington Board is of the view that the fair values of the unlisted investments in these financial statements represent the best available information, uncertainty exists over the fair value of the investments in the absence of an active market to determine fair value.

### 18 Aggregate joint venture information

Name of joint venture	Principal activity	2014 Percentage ownership %	2013 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%

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).

## Notes to the financial statements (continued)

	Actual 2014 \$000	Actual 2013 \$000
<b>Group</b>		
Carrying amount at beginning of year	82,844	78,884
Investment in joint ventures	-	-
Equity accounted earnings of joint ventures*	1,806	10,266
Dividends from joint ventures	(4,029)	(6,306)
Transfer net assets of TSL joint venture to wholly owned subsidiary on acquisition of remaining interest	(442)	-
<b>Carrying amount at end of year</b>	<b>80,179</b>	<b>82,844</b>
Represented by:		
Harbour Quays A1 Limited	17,427	18,082
Harbour Quays D4 Limited	14,368	15,576
Harbour Quays F1F2 Limited	45,908	45,611
Individually immaterial joint ventures	2,476	3,575
<b>Carrying amount at end of year</b>	<b>80,179</b>	<b>82,844</b>

\* The 2014 equity accounted earnings in joint ventures includes provisions for earthquake repairs of \$5,598,000 after tax arising from the earthquakes of 20 July 2013 and 16 August 2013.

## Notes to the financial statements (continued)

### 19 Property, plant and equipment

Council 2014	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000	Additions \$000	Disposals \$000	Transfers \$000	Revaluations \$000	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000
<b>Operational assets</b>										
Land and buildings	7,799	(1,574)	6,225	2,658	(93)	28	-	10,392	(1,674)	8,718
Plant and equipment	12,978	(10,602)	2,376	870	(1,366)	867	-	13,349	(10,347)	3,002
Motor vehicles	7,871	(4,395)	3,476	744	(594)	-	-	8,021	(4,996)	3,025
<b>Total operational assets</b>	<b>28,648</b>	<b>(16,571)</b>	<b>12,077</b>	<b>4,272</b>	<b>(2,053)</b>	<b>895</b>	<b>-</b>	<b>31,762</b>	<b>(17,017)</b>	<b>14,745</b>
<b>Infrastructural assets</b>										
At cost & valuation										
Flood protection	304,813	(7,316)	297,497	1,993	-	507	-	307,313	(7,987)	299,326
Navigational aids	1,745	(1,212)	533	46	(7)	64	-	1,848	(1,226)	622
Parks and forests	60,744	(1,683)	59,061	11	(1,404)	(47)	23,724	83,028	(2,003)	81,025
Transport infrastructure	13,796	(631)	13,165	1,867	(1,282)	(1,854)	(2,850)	9,677	-	9,677
Water infrastructure	428,954	-	428,954	1,987	(269)	4,563	3,219	438,454	(10,481)	427,973
Capital work in progress	15,326	-	15,326	15,692	-	(6,049)	-	24,969	-	24,969
<b>Total infrastructural assets</b>	<b>825,378</b>	<b>(10,842)</b>	<b>814,536</b>	<b>21,596</b>	<b>(2,962)</b>	<b>(2,816)</b>	<b>24,093</b>	<b>865,289</b>	<b>(21,697)</b>	<b>843,592</b>
<b>Total Council's property, plant and equipment</b>	<b>854,026</b>	<b>(27,413)</b>	<b>826,613</b>	<b>25,868</b>	<b>(5,015)</b>	<b>(1,921)</b>	<b>24,093</b>	<b>897,051</b>	<b>(38,714)</b>	<b>858,337</b>

Note: Revaluations are net of accumulated depreciation written back

## Notes to the financial statements (continued)

### 19 Property, plant and equipment

Council 2013	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000	Additions \$000	Disposals \$000	Transfers \$000	Revaluations \$000	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000
<b>Operational assets</b>										
Land and buildings	6,202	(1,507)	4,695	1,081	(19)	108	427	7,799	(1,574)	6,225
Plant and equipment	12,416	(10,208)	2,208	761	(247)	48	-	12,978	(10,602)	2,376
Motor vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(120)	-	7,871	(4,395)	3,476
<b>Total operational assets</b>	<b>26,634</b>	<b>(16,264)</b>	<b>10,370</b>	<b>3,197</b>	<b>(1,646)</b>	<b>36</b>	<b>427</b>	<b>28,648</b>	<b>(16,571)</b>	<b>12,077</b>
<b>Infrastructural assets</b>										
At cost & valuation										
Flood protection	288,923	6,613	282,310	14,980	-	910	-	304,813	(7,316)	297,497
Navigational aids	1,745	(1,190)	555	-	-	-	-	1,745	(1,212)	533
Parks and forests	59,194	(2,525)	56,669	687	(127)	584	406	60,744	(1,683)	59,061
Transport infrastructure	3,556	(56)	3,100	3,627	(250)	6,863	-	13,796	(631)	13,165
Water infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,983	70,347	428,954	-	428,954
Capital work in progress	29,017	-	29,017	4,048	-	(17,739)	-	15,326	-	15,326
<b>Total infrastructural assets</b>	<b>731,456</b>	<b>(41,180)</b>	<b>690,276</b>	<b>25,588</b>	<b>(1,020)</b>	<b>(1,399)</b>	<b>70,753</b>	<b>825,378</b>	<b>(10,842)</b>	<b>814,536</b>
<b>Total Council's property, plant and equipment</b>	<b>758,090</b>	<b>(57,444)</b>	<b>700,646</b>	<b>28,785</b>	<b>(2,666)</b>	<b>(1,363)</b>	<b>71,180</b>	<b>854,026</b>	<b>(27,413)</b>	<b>826,613</b>

Note: Revaluations are net of accumulated depreciation written back

## Notes to the financial statements (continued)

### 19 Property, plant and equipment

Group 2014	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000	Additions \$000	Disposals \$000	Transfers \$000	Impairment charges \$000	Depreciation \$000	Revaluations \$000	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000
<b>Operational assets</b>												
Land and buildings	115,969	(12,997)	102,972	2,667	(93)	629	(6,700)	-	3,471	122,240	(13,920)	108,320
Plant and equipment	76,405	(35,347)	41,058	1,102	(1,403)	1,468	-	-	(4)	77,568	(38,064)	39,504
Motor vehicles	7,872	(4,395)	3,477	744	(594)	-	-	-	-	8,022	(4,996)	3,026
<b>Total operational assets</b>	<b>200,246</b>	<b>(52,739)</b>	<b>147,507</b>	<b>4,513</b>	<b>(2,090)</b>	<b>8,394</b>	<b>(6,700)</b>	<b>-</b>	<b>3,467</b>	<b>207,830</b>	<b>(56,980)</b>	<b>150,850</b>
<b>Infrastructural assets</b>												
At cost & valuation												
Flood protection	304,814	(7,316)	297,498	1,993	-	507	-	-	-	307,314	(7,987)	299,327
Parks and forests	60,744	(1,683)	59,061	11	(1,404)	(47)	-	-	23,724	83,028	(2,003)	81,025
Capital work in progress	17,982	-	17,982	53,491	-	(11,693)	-	-	-	59,780	-	59,780
Port wharves and paving	86,865	(35,255)	51,610	-	-	270	(4,399)	-	-	82,736	(37,787)	44,949
Navigational aids	1,745	(1,213)	532	46	(7)	64	-	-	-	1,848	(1,226)	622
Transport infrastructure	346,033	(38,371)	307,662	6,001	(3,418)	(1,810)	-	-	-2,153	289,444	(10)	289,434
Water infrastructure	428,953	-	428,953	1,987	(269)	4,563	-	-	3,219	438,453	(10,481)	427,972
<b>Total infrastructural assets</b>	<b>1,247,136</b>	<b>(83,838)</b>	<b>1,163,298</b>	<b>63,529</b>	<b>(5,098)</b>	<b>(8,146)</b>	<b>(4,399)</b>	<b>-</b>	<b>24,790</b>	<b>1,262,603</b>	<b>(59,494)</b>	<b>1,203,109</b>
<b>Total restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Work in progress assets</b>												
<b>Total Group's property, plant and equipment</b>	<b>1,447,382</b>	<b>(136,577)</b>	<b>1,310,805</b>	<b>68,042</b>	<b>(7,188)</b>	<b>248</b>	<b>(11,099)</b>	<b>-</b>	<b>28,257</b>	<b>1,470,433</b>	<b>(116,474)</b>	<b>1,353,959</b>

Note: Revaluations are net of accumulated depreciation written back

## Notes to the financial statements (continued)

### 19 Property, plant and equipment

Group 2013	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000	Additions \$000	Disposals \$000	Transfers \$000	Impairment losses \$000	Revaluations \$000	Cost / revaluation \$000	Accumulated depreciation \$000	Carrying amount \$000
<b>Operational assets</b>											
Land and buildings	118,955	(12,142)	106,813	2,560	(19)	391	(375)	(5,543)	115,969	(12,997)	102,972
Plant and equipment	66,457	(32,213)	34,244	11,612	(256)	(120)	(1,288)	-	76,405	(35,347)	41,058
Motor vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(119)	-	-	7,872	(4,395)	3,477
<b>Total operational assets</b>	<b>193,428</b>	<b>(48,904)</b>	<b>144,524</b>	<b>15,527</b>	<b>-1,655</b>	<b>152</b>	<b>(1,663)</b>	<b>(5,543)</b>	<b>200,246</b>	<b>(52,739)</b>	<b>147,507</b>
<b>Infrastructural assets</b>											
At cost & valuation											
Flood protection	288,923	(6,613)	282,310	14,980	-	911	-	-	304,814	(7,316)	297,498
Parks and forests	59,194	(2,525)	56,669	687	(127)	584	-	406	60,744	(1,683)	59,061
Capital work in progress	62,723	-	62,723	-	-	(44,742)	-	-	17,981	-	17,981
Port wharves and paving	87,520	(32,774)	54,746	537	(46)	(1,146)	-	-	86,865	(35,255)	51,610
Navigational aids	1,745	(1,190)	555	-	-	-	-	-	1,745	(1,212)	533
Transport infrastructure	290,032	(23,425)	266,607	35,421	(5,377)	34,866	(8,908)	-	346,034	(38,372)	307,662
Water infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,982	-	70,347	428,953	-	428,953
<b>Total infrastructural assets</b>	<b>1,139,158</b>	<b>(96,923)</b>	<b>1,042,235</b>	<b>53,871</b>	<b>(6,193)</b>	<b>(1,545)</b>	<b>(8,908)</b>	<b>70,753</b>	<b>1,247,136</b>	<b>(83,838)</b>	<b>1,163,298</b>
<b>Total Group's property, plant and equipment</b>	<b>1,332,586</b>	<b>(145,827)</b>	<b>1,186,759</b>	<b>69,398</b>	<b>(7,848)</b>	<b>(1,393)</b>	<b>(10,571)</b>	<b>65,210</b>	<b>1,447,382</b>	<b>(136,577)</b>	<b>1,310,805</b>

Note: Revaluations are net of accumulated depreciation written back

## Notes to the financial statements (continued)

### Infrastructural assets - further disclosures

	Closing book value \$000	Constructed by Council \$000	Additions Assets transferred to Council \$000	Estimated replacement cost \$000
<b>Council 2014</b>				
<b>Infrastructural assets</b>				
Water treatment plants & facilities	86,864	1,618	-	163,779
Other water assets	341,108	4,933	-	655,117
Wastewater treatment plants & facilities	-	-	-	-
Other wastewater assets	-	-	-	-
Stormwater drainage	-	-	-	-
Flood protection and control works	299,327	2,499	-	-
Roads & footpaths	-	-	-	-
<b>Total infrastructural assets</b>	<b>727,299</b>	<b>9,050</b>	<b>-</b>	<b>818,896</b>

### Council 2013

	Closing book value \$000	Constructed by Council \$000	Additions Assets transferred to Council \$000	Estimated replacement cost \$000
<b>Council 2013</b>				
<b>Infrastructural assets</b>				
Water treatment plants & facilities	89,806	1,258	-	162,614
Other water assets	339,148	8,971	-	651,412
Wastewater treatment plants & facilities	-	-	-	-
Other wastewater assets	-	-	-	-
Stormwater drainage	-	-	-	-
Flood protection and control works	297,497	15,891	-	-
Roads & footpaths	-	-	-	-
<b>Total infrastructural assets</b>	<b>726,451</b>	<b>26,120</b>	<b>-</b>	<b>814,026</b>

## Notes to the financial statements

### 20 Intangible assets

Council	Software \$000	*Emission units \$000	Total \$000
<b>Year ended 30 June 2013</b>			
Cost and valuation	5,642	2,178	7,820
Accumulated amortisation and impairment	(3,577)	-	(3,577)
<b>Net book amount</b>	<b>(2,065)</b>	<b>2,178</b>	<b>(4,243)</b>
Opening net book amount	2,065	2,178	4,243
Additions	304	314	618
Revaluation	-	(1,611)	(1,611)
Transfers	1,220	-	1,220
Amortisation charge	(1,103)	-	(1,103)
<b>Closing net book amount</b>	<b>2,486</b>	<b>881</b>	<b>3,367</b>
<b>At 30 June 2013</b>			
Cost and valuation	7,072	881	7,953
Accumulated amortisation and impairment	(4,586)	-	(4,586)
<b>Net book amount</b>	<b>2,486</b>	<b>881</b>	<b>3,367</b>
<b>Year ended 30 June 2014</b>			
Opening net book amount	2,486	881	3,367
Additions	603	212	815
Disposals	(14)	-	(14)
Revaluation	-	1,252	1,252
Transfers	1,697	-	1,697
Amortisation charge	(858)	-	(858)
<b>Closing net book amount</b>	<b>3,914</b>	<b>2,345</b>	<b>6,259</b>
<b>At 30 June 2014</b>			
Cost and valuation	9,568	2,345	11,913
Accumulated amortisation and impairment	(5,654)	-	(5,654)
<b>Net book amount</b>	<b>3,914</b>	<b>2,345</b>	<b>6,259</b>

## Notes to the financial statements

### 20 Intangible assets (continued)

Group	Goodwill \$000	Software \$000	*Emission units \$000	Total \$000
<b>Year ended 30 June 2013</b>				
Cost and valuation	-	8,899	2,178	11,077
Accumulated amortisation and impairment	-	(6,455)	-	(6,455)
Opening net book amount	-	2,444	2,178	4,622
Additions	-	530	314	844
Revaluation	-	-	(1,611)	(1,611)
Transfers	-	1,220	-	1,220
Amortisation charge	-	(1,330)	-	(1,330)
<b>Closing net book amount</b>	<b>-</b>	<b>2,864</b>	<b>881</b>	<b>3,745</b>
<b>At 30 June 2013</b>				
Cost	-	10,555	881	11,436
Accumulated amortisation and impairment	-	(7,691)	-	(7,691)
<b>Net book amount</b>	<b>-</b>	<b>2,864</b>	<b>881</b>	<b>3,745</b>
<b>Year ended 30 June 2014</b>				
Opening net book amount	-	2,864	881	3,745
Acquisition of subsidiary	2,675	-	-	2,675
Additions	-	677	212	889
Revaluation	-	-	1,252	1,252
Disposal	-	(14)	-	(14)
Transfers	-	1,695	-	1,695
Amortisation charge	-	(1,056)	-	(1,056)
<b>Closing net book amount</b>	<b>2,675</b>	<b>4,166</b>	<b>2,345</b>	<b>9,186</b>
<b>At 30 June 2014</b>				
Cost and valuation	-	15,788	2,345	18,133
Accumulated amortisation and impairment	-	(8,947)	-	(8,947)
<b>Net book amount</b>	<b>-</b>	<b>6,841</b>	<b>2,345</b>	<b>9,186</b>

No intangible assets are pledged as security for liabilities.

\* GWRC received allocations of New Zealand units for the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date.

## Notes to the financial statements

### 21 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	500,718	340,371
Rolling Stock	260,421	50,000
<b>Total</b>	<b>761,139</b>	<b>390,317</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	Total value of assets self-insured
Council assets	\$0	\$0
Rolling stock	33,511	1,052,652
Rolling stock	-	204,891
<b>Total</b>	<b>33,511</b>	<b>1,257,543</b>

Maximum Probable Loss (MPL) approach is used to determine the level of funds required to meet a catastrophic event.

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

GWRC has no risk sharing arrangements.

## Notes to the financial statements

### 22 Forestry investments

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Forestry assets	-	22,064	-	22,064
Forestry revaluations	-	1,844	-	1,844
Harvest trees	-	(531)	-	(531)
<b>Carrying amount at 30 June 2014</b>	<b>-</b>	<b>23,377</b>	<b>-</b>	<b>23,377</b>

Plantation forestry activity including planting, silviculture and harvesting is undertaken on 5,520 hectares (2013: 5,520 ha) of predominantly pinus radiata plantings. Up to 112,000 tonnes are harvested annually.

GWRC has entered into an agreement for the sale of its forestry cutting rights on 1 July 2014.

In accordance with NZ IFRS 5 (PBE) and NZ IAS 41 (PBE), the forestry assets are therefore recorded at fair value less costs to sell.

The contract price is a reasonable proxy for fair value at 30 June 2014, as the contract price is as of 1 July 2014. The forestry valuation at 30 June 2014 is therefore effectively contract price less costs to sell.

The forestry investments have been reclassified under current assets due to the agreement for the sale of forestry cutting rights on 1 July 2014 (refer note 36).

## Notes to the financial statements

### 23 Investment properties / Investment assets held for sale

GWRC holds no investment in properties.

The Group's investment properties and investment assets held for sale comprise of CentrePort's 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.

*CentrePort Limited Group (CentrePort)*

CentrePort's investment properties are revalued every year. Investment properties were valued on 30 June 2014 by independent registered valuers of the firms Bayleys Valuations Limited and Colliers International Limited.

The fair value of investment properties has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting. The fair value of the investment property at 30 June 2014 was \$53.2 million (2013: \$60.3 million).

The determination of fair value includes allowance for land and infrastructure works yet to be completed, consistent with the Harbour Quays Development plan approved by the CentrePort Board. This includes above and below ground services and some seawall strengthening.

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate is consistent with comparable properties in the marketplace at 9% (2013: 9%).

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Developed investment properties brought forward	-	-	20,360	27,345
Additions / (disposals)	-	-	-	7
Transfer from / (to) investment property under development	-	-	8,915	(4,650)
Transfer from / (to) land available for development	-	-	(3,520)	(2,520)
Reclassification to property, plant and equipment	-	-	(10,850)	-
Net change in the value of developed investment property	-	-	2,532	178
<b>Developed investment properties carried forward</b>	-	-	<b>17,437</b>	<b>20,360</b>
Land available for development brought forward	-	-	32,292	28,682
Additions / (disposals)	-	-	46	266
Transfer from / (to) developed investment property	-	-	3,520	2,520
Net change in the value of land available for development	-	-	(10,987)	824
<b>Land available for development carried forward</b>	-	-	<b>24,871</b>	<b>32,292</b>
Investment properties under development brought forward	-	-	7,612	-
Transfer from / (to) developed investment property land available for development	-	-	(8,915)	4,650
Additions / (disposals)	-	-	1,303	2,962
Land available for development	-	-	-	7,612
<b>Total investment properties under development carried forward</b>	-	-	<b>42,308</b>	<b>60,264</b>

## Notes to the financial statements

### 24 Investments in subsidiaries

Name of entity	Relationship	Equity holding	
		2014 %	2013 %
WRC Holdings Limited	Subsidiary of GWRC	100	100
Pringle House Limited	Subsidiary of WRC Holdings Limited	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
Grow Wellington Limited	Subsidiary of GWRC	100	100
Creative HQ Limited	Subsidiary of Grow Wellington Limited	100	100

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June.

All significant intra-group transactions have been eliminated on consolidation. Please see note 33 on related party transactions for details.

	Actual 2014 \$000	Actual 2013 \$000
WRC Holdings Limited shares	96,845	68,514
Grow Wellington Limited shares	-	-
<b>Total investment in subsidiaries</b>	<b>96,845</b>	<b>68,514</b>

The shares in Grow Wellington have not been called upon and therefore are reflected at nil value.

## Notes to the financial statements

### 25 Derivative financial instruments

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Current asset portion				
Foreign Exchange contracts	-	268	41	268
<b>Total current asset portion</b>	<b>-</b>	<b>268</b>	<b>41</b>	<b>268</b>
Non-current asset portion				
Interest rate swaps	2,884	1,486	2,916	1,486
Total non-current asset portion	2,884	1,486	2,916	1,486
<b>Total derivative financial instruments - assets</b>	<b>2,884</b>	<b>1,754</b>	<b>2,957</b>	<b>1,754</b>
Current liability portion				
Interest rate swaps	-	134	60	134
<b>Total current liability portion</b>	<b>-</b>	<b>134</b>	<b>60</b>	<b>134</b>
Non-current liability portion				
Interest rate swaps	3,019	5,428	9,482	15,832
<b>Total non-current liability portion</b>	<b>3,019</b>	<b>5,428</b>	<b>9,482</b>	<b>15,832</b>
<b>Total derivative financial instruments - liabilities</b>	<b>3,019</b>	<b>5,562</b>	<b>9,542</b>	<b>15,966</b>

For more information on interest rate swaps and foreign exchange contracts, please refer to Note 30 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.

### 26 Trade and other payables

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Trade payables	29,199	19,847	34,310	22,728
Income received in advance	854	659	854	659
Accrued interest payable	1,190	958	1,190	931
Deposits and bonds	-	-	79	154
Accrued expenses	-	-	-	1
Other payables	-	-	6	-
GST payable	-	-	1	-
<b>Total trade and other payables</b>	<b>31,243</b>	<b>21,464</b>	<b>36,440</b>	<b>24,473</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.

## Notes to the financial statements

### 27 Debt

	Notes	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Current debt liabilities</b>					
Committed Lines	(i)	2,000	6,000	2,800	6,707
Commercial paper	(ii)	47,796	18,868	47,796	18,868
Bonds	(iii)	-	25,000	-	25,000
Floating rate notes	(iv)	25,000	25,000	25,000	25,000
<b>Total current debt liabilities</b>		<b>74,796</b>	<b>74,868</b>	<b>75,596</b>	<b>75,575</b>
<b>Non-current debt liabilities</b>					
Bank loans	(v)	-	-	158,095	154,138
Crown loan	(vi)	21,054	19,494	21,054	19,494
Floating rate notes	(iv)	100,000	75,000	100,000	75,000
<b>Total non-current debt liabilities</b>		<b>121,054</b>	<b>94,494</b>	<b>279,149</b>	<b>248,632</b>
<b>Total debt liabilities</b>		<b>195,850</b>	<b>169,362</b>	<b>354,745</b>	<b>324,207</b>

#### Terms and conditions

- i) GWRC has no overdraft facility. As at 30 June 2014 GWRC had undrawn credit lines of \$48,000,000 (2013: \$44,000,000), of which \$23,000,000 mature in 2018 and \$25,000,000 mature in 2020. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. The interest charge on the drawn facility is 4.25% as at 30 June 2014 (2013: 3.50%). The borrowings are subject to a charge over rates under which the lenders provide funds.
- ii) As of 30 June GWRC has issued four (2013: two) commercial paper issues which mature within three months from balance date. Their weighted average interest rate is 3.65% (2013: 2.79%).
- iii) GWRC has no fixed term bonds on issue in the current year (2013: \$25,000,000 at interest rate of 5.596%).
- iv) As at 30 June 2014 GWRC has issued five (2013: four) floating rate notes of \$25,000,000 each with maturities in April 2015, December 2017, two on March 2019, and May 2021 (2013: June 2014, April 2015, December 2017, March 2019). The interest rates are ranging between 4.00% and 4.805% p.a. (2013: 3.21% and 3.855%).
- v) At 30 June 2013 bank borrowings were under a bank facility of \$125 million. Effective 30 July 2014, the bank facility has increased to \$150 million in two equal tranches of \$75 million each with Westpac Banking Corporation Limited and Commonwealth Bank of Australia Limited. These tranches have a renewal date of 7 March 2015. CentrePort has put the facility out to tender and both Westpac Banking Corporation Limited and Commonwealth Bank of Australia Limited have agreed to extend the current facility to 30 September 2015 while this tender process is finalised. The interest rate charged on the facility ranged from 2.67% to 5.99% p.a. (2013: 3.75% to 6.23%). Borrowings under the bank facilities are supported by a negative pledge deed.
- vi) As at 30 June 2014, GWRC's external debt has a weighted average interest rate (after the effect of derivatives) of 4.46% (2013: 4.28%) and is recorded at amortised cost. The Crown loans are based on a discounted cashflow valuation basis utilising a discount rate of 8% (2013: 8%). The amount due at maturity is \$26,521,272 (2013: \$26,521,272).

## Notes to the financial statements

### 28 Employee benefit liabilities

	Council Actual 2014 \$000	Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Current</b>				
Annual leave	2,736	2,687	6,340	6,152
	2,736	2,687	6,340	6,152
<b>Non-current</b>				
Long Service/retiring leave	554	555	883	896
	554	555	883	896
<b>Total employee benefit liabilities</b>	<b>3,290</b>	<b>3,242</b>	<b>7,223</b>	<b>7,048</b>

### 29 Provisions

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Provision for dividend	-	-	-	519
<b>Total provision for dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>519</b>

	Provision for dividend \$000	Total \$000
<b>Current</b>		
<b>Group - 2014</b>		
Opening carrying value	519	519
Additions including increases	-	-
Provisions used during the year	(519)	(519)
Carrying amount at end of year	-	-
<b>Group - 2013</b>		
Opening carrying value	523	523
Additions including increases	-	-
Provisions used during the year	(4)	(4)
Carrying amount at end of year	519	519

## Notes to the financial statements

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

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Surplus after tax	22,985	531	(4,936)	13,653
<b>Add / (less) non-cash items</b>				
Depreciation and amortisation	18,183	12,744	43,256	38,941
Non cash assets	(1,726)	(1,598)	(1,726)	(1,598)
Impairment of property, plant and equipment	-	-	4,800	-
Sale of fixed assets	927	(3)	1,891	(310)
Borrowings	-	-	-	-
Equity accounted earnings from associate companies	-	-	2,223	(3,960)
Change in value of future tax benefit	-	-	(3,955)	-
Changes in fair value of forestry investments	(16,082)	(1,844)	(16,082)	(1,844)
Changes in fair value of emission units	(1,252)	1,297	(1,252)	1,297
Revaluation movements	-	-	5,679	-
Changes in fair value of investment property	-	-	10,562	(1,002)
Changes in fair value of derivative financial instruments	(3,674)	(2,921)	(7,296)	(8,759)
Changes in fair value of stadium advance	(194)	(180)	(194)	(180)
Changes in fair value of crown loans	1,560	1,444	1,560	1,444
Movement in provision for impairment of doubtful debts	(590)	(10)	(570)	21
<b>Add / (less) movements in working capital</b>				
Accounts receivable	93	1,683	754	2,798
Warm Wellington receivable	(470)	(2,805)	(470)	(2,805)
Inventory	(110)	(269)	(193)	(6,747)
Tax refund due	-	-	850	(2,716)
Accounts payable	10,518	(35,592)	34,829	(4,455)
Employee provisions	(48)	(202)	(35)	(47)
WRC Holdings Group current account	690	(884)	-	-
<b>Add / (less) items classified as investing or financing activities</b>				
Financial instruments	-	-	-	-
Accounts payable related to fixed assets	(738)	(2,345)	(28,074)	(35,283)
Dividend paid / payable	-	-	-	-
(Gains) / losses on disposal of property, plant and equipment	-	-	-	-
WRC Holdings Group activities relating to financing	-	-	-	-
Increase in share capital	-	-	-	-
<b>Net cashflow from operating activities</b>	<b>30,072</b>	<b>(30,954)</b>	<b>41,620</b>	<b>(11,552)</b>

## Notes to the financial statements

### 31 Financial risk management

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a fixed rate of interest in 2014. The amount receivable at maturity is \$10 million (2013: \$33 million).

The Council 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.

The Council 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 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.

##### 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 and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2014 the Group had entered into the following interest rate swap agreements:

	Council 2014 \$000	Council 2013 \$000	Group 2014 \$000	Group 2013 \$000
<b>Interest rate swap agreements</b>				
Less than one year	-	40,000	34,000	40,000
One to two years	15,000	-	75,000	20,000
Two to five years	105,000	80,000	148,000	175,000
Greater than five years	160,000	90,000	227,000	155,000
<b>Total fair value interest rate risk</b>	<b>280,000</b>	<b>210,000</b>	<b>484,000</b>	<b>390,000</b>

The notional principal amounts of the outstanding interest rate swap contracts for GWRC were \$280,000,000 (2013: \$210,000,000) and for the Group \$504,000,000 (2013: \$390,000,000). At 30 June 2014, the fixed interest rates of swaps of GWRC vary from 2.57% to 6.13% (2013: 2.57% to 6.13%). At balance date the swap arrangements of the Group are ranging from 2.57% to 6.23% (2013: 2.57% to 6.23%).

## Notes to the financial statements

### 31 Financial risk management (continued)

#### 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 short term rates and swaps them back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if GWRC borrowed at fixed rates directly. 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.

#### 30 June 2014

	Council -1% Surplus/ (deficit) \$000	Council -1% Equity \$000	Council +1% Surplus/ (deficit) \$000	Council +1% Equity \$000	Group -1% Surplus/ (deficit) \$000	Group -1% Equity \$000	Group +1% Surplus/ (deficit) \$000	Group +1% Equity \$000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(195)	-	195	-	(222)	-	222	-
Water supply con-tingency	(157)	-	157	-	(157)	-	157	-
Bank deposits	(130)	-	130	-	(130)	-	130	-
New Zealand Local Government Funding Agency Limited borrower notes	(20)	-	20	-	(20)	-	20	-
Derivatives	(8,026)	-	7,362	-	(8,381)	-	7,723	-
Material damage property insurance contingency fund	(3)	-	3	-	(3)	-	3	-
<b>Financial liabilities</b>								
Commercial paper	478	-	(478)	-	478	-	(478)	-
Committed and uncommitted lines	20	-	(20)	-	1,609	-	(1,609)	-
Floating rate notes	1,250	-	(1,250)	-	1,250	-	(1,250)	-
Derivatives	(3,420)	-	3,233	-	(8,820)	-	8,333	-
<b>Total sensitivity to interest rate risk</b>	<b>(10,203)</b>	<b>-</b>	<b>9,352</b>	<b>-</b>	<b>(14,396)</b>	<b>-</b>	<b>13,251</b>	<b>-</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

30 June 2013

	Council -1% Surplus/ (deficit) \$000	Council -1% Equity \$000	Council +1% Surplus/ (deficit) \$000	Council +1% Equity \$000	Group -1% Surplus/ (deficit) \$000	Group -1% Equity \$000	Group +1% Surplus/ (deficit) \$000	Group +1% Equity \$000
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash at bank and term deposits	(83)	-	83	-	(91)	-	91	-
Water supply con-tingency	(137)	-	137	-	(137)	-	137	-
Bank bonds / floating rate notes	(230)	-	230	-	(230)	-	230	-
New Zealand Local Government Funding Agency Limited borrower notes	(12)	-	12	-	(12)	-	12	-
Derivatives	(3,142)	-	3,073	-	(3,142)	-	3,073	-
<b>Financial liabilities</b>								
Commercial paper	189	-	(189)	-	189	-	(189)	-
Committed and uncommitted lines	60	-	(60)	-	1,608	-	(1,608)	-
Floating rate notes	1,000	-	(1,000)	-	1,000	-	(1,000)	-
Derivatives	(4,460)	-	4,375	-	(10,124)	-	9,974	-
<b>Total sensitivity to interest rates</b>	<b>(6,815)</b>	<b>-</b>	<b>6,661</b>	<b>-</b>	<b>(10,939)</b>	<b>-</b>	<b>10,720</b>	<b>-</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

#### Explanation of sensitivity analysis – GWRC

#### 1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$19,516,000 (2013: \$8,335,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$195,000 (2013: \$83,000).

#### 2) Water supply contingency investment

There are \$15,708,000 (2013: 13,695,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$157,000 (2013: \$137,000),

#### 3) Floating / fixed rate notes investments

There are \$10,000,000 (2013: \$33,000,000) invested in bonds and notes at a fixed interest rate. A movement in interest rates of plus or minus 1% has an effect on interest income of nil (2013 \$230,000)

#### 4) New Zealand Local Government Funding Agency Limited borrower notes

There are \$2,000,000(2013: \$1,200,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$20,000 (2013: \$12,000).

#### 5) Bank deposits

There are \$13,000,000 (2013: nil) invested in term deposits with a maturity term of more than three months. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$130,000 (2013: nil).

#### 6) Material damage property insurance contingency fund

There are \$287,000 (2013: nil) invested in material damage property insurance contingency fund. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$3,000 (2013: nil).

#### 7) Derivatives

##### a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$2,884,000 (2013: \$1,754,000). A movement in interest rates of plus 1% results in a gain of \$7,362,000 (2013: \$3,073,000 gain). A movement in interest rates of minus 1% results in loss of \$8,026,000 (2013: \$3,142,000).

##### b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$3,019,000 (2013: \$5,562,000). A movement in interest rates of plus 1% results in a gain of \$3,233,000 (2013: \$4,375,000 gain). A movement in interest rates of minus 1% results in a net loss of \$3,420,000 (2013: \$4,460,000).

##### c) Foreign exchange contracts

Greater Wellington had not entered into any foreign exchange contracts as at 30 June 2014 (2013: Nil). The fair value of any contracts at the end of the year was \$XXXX (2013: \$Nil). A movement on foreign exchange rates of plus or minus 10% has no impact (2013: No impact).

#### 8) Commercial paper

The issued commercial paper has a value of \$47,796,000 (2013: \$18,868,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of \$478,000 (2013: \$189,000).

#### 9) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$2,000,000 (2013: \$6,000,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$20,000 (2013: \$60,000).

#### 10) Floating rate notes borrowings

The issued Floating Rate Notes have a value of \$125,000,000 (2013: \$100,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,250,000 (2013: \$1,000,000). A movement in interest rates of 1% lower has an effect of \$1,250,000 (2013: \$1,000,000) lower interest expense.

## Notes to the financial statements

### 31 Financial risk management (continued)

#### Explanation of sensitivity analysis – Group

##### 1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$22,215,000 (2013: \$9,119,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$222,000 (2013: \$91,000) and negative \$222,000 (2013: -\$91,000)

##### 2) Water supply contingency investment

There are \$15,708,000 (2013: \$13,695,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$157,000 (2013: \$137,000)

##### 3) Bank deposits

There are \$13,000,000 (2013: nil) invested in term deposits with a maturity term of more than three months. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$130,000 (2013: nil).

##### 4) Bank bonds

There are \$ 10,000,000 (2013: \$33,000,000 fixed and floating rates notes) invested in fixed rate notes. A movement in interest rates of plus or minus 1% has no positive (2013: \$230,000) nor negative effect (2013: -\$230,000) on interest income respectively.

##### 5) New Zealand Local Government Funding Agency Limited borrower notes

There are \$ 2,000,000 (2013: \$1,200,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$ 20,000 (2013: \$12,000)

##### 6) Derivatives

###### a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$2,957,000 (2013: \$1,754,000). A movement in interest rates of plus 1% results in a profit of \$7,723,000 (2013: \$3,073,000 profit). A movement in interest rates of minus 1% results in a loss of \$8,381,000 (2013: \$3,142,000 loss)

###### b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$(9,542,000) (2013: \$15,966,000). A movement in interest rates of plus 1% results in a gain of \$8,333,000 (2013: \$9,974,000). A movement in interest rates of minus 1% results in a net loss of \$8,820,000 (2013: \$10,124,000)

##### 7) Commercial paper

The issued commercial paper has a value of \$47,796,000 (2013: \$18,868,000). A movement in interest rates of plus 1% has an effect on interest expenses of \$478,000 (2013: \$189,000) and a 1% reduction in interest rates decreases interest costs by \$478,000 (2013: \$189,000) respectively.

##### 8) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$160,895,000 (2013: \$160,845,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$1,609,000 (2013: \$1,608,000).

##### 9) Floating rate notes

The issued Floating Rate Notes have a value of \$125,000,000 (2013: \$100,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,250,000 (2013: \$1,000,000). A movement in interest rates of 1% lower has an effect of \$1,250,000 (2013: \$1,000,000) lower interest expense.

## Notes to the financial statements

### 31 Financial risk management (continued)

#### (b) Credit risk

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

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

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

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. Repayments are not scheduled and are not expected until at least 2025.

#### Concentration of credit risk

GWRC derives the majority of its income from rates, the regional water supply levy and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for GWRC by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

The Group does not have any significant credit risk exposure 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.

#### Financial instrument risks

The Group's maximum credit exposure for each class of financial instrument are as follows.

	Council 2014 \$000	Council 2013 \$000	Group 2014 \$000	Group 2013 \$000
Cash at bank and term deposits	32,516	8,335	35,215	9,120
Trade and other receivables	29,107	29,202	-	33,206
Bank bonds / notes	10,000	33,000	10,000	33,000
New Zealand Local Government Fund-ing Agency Limited borrower notes	2,000	1,200	2,000	1,200
Stadium advance	2,623	2,429	2,623	2,429
Derivative financial instrument assets	2,884	1,754	2,957	1,754
Water supply contingency investment	15,708	13,695	15,708	13,695
Material damage property insurance contingency fund	287	-	-	-
<b>Total credit risk</b>	<b>95,125</b>	<b>89,615</b>	<b>68,790</b>	<b>94,404</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

#### 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 2014 \$000	Council 2013 \$000	Group 2014 \$000	Group 2013 \$000
Counterparties with credit ratings				
New Zealand Local Government Fund-ing Agency Limited borrower notes				
AA+	2,000	1,200	2,000	1,200
Cash at bank and term deposits				
AA-	22,516	8,335	25,215	9,119
A+	25,995	13,695	25,995	13,695
<b>Total</b>	<b>48,511</b>	<b>22,030</b>	<b>51,210</b>	<b>22,814</b>
Bank bonds / notes				
AA-	10,000	33,000	10,000	33,000
Derivative financial instruments				
AA-	2,884	1,754	2,957	1,754

## Notes to the financial statements

### 31 Financial risk management (continued)

#### (c) Liquidity risk

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

GWRC minimises liquidity risk principally by maintaining liquid financial investments, 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 counter-parties have an A+ or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

#### Contractual maturity analysis of financial liabilities

The table below analyses 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 is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

#### 30 June 2014

	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>Council 2014</b>							
Financial liabilities							
Trade and other payables	-	31,243	-	-	-	31,243	31,243
Commercial paper	-	48,200	-	-	-	48,200	47,796
Lines of credit	-	-	-	2,000	-	2,000	2,000
Bond Issuances	-	-	-	-	-	-	-
Floating rate notes	-	30,353	4,331	84,502	27,156	146,342	125,000
Crown loans	-	-	-	26,521	-	26,521	21,053
Bank loans	-	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>109,796</b>	<b>4,331</b>	<b>113,023</b>	<b>27,156</b>	<b>254,306</b>	<b>227,092</b>
<b>Council 2013</b>							
Financial liabilities							
Trade and other payables	-	31,243	-	-	-	31,243	31,243
Commercial paper	-	19,000	-	-	-	19,000	18,868
Lines of credit	-	-	-	6,000	-	6,000	6,000
Bond Issuances	-	25,700	-	-	-	25,700	25,000
Floating rate notes	-	28,477	27,647	29,823	25,600	111,547	100,000
Crown loans	-	-	-	26,521	-	26,521	19,494
<b>Total financial liabilities</b>	<b>-</b>	<b>91,096</b>	<b>121,970</b>	<b>157,443</b>	<b>27,156</b>	<b>397,638</b>	<b>385,987</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

	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>Group 2014</b>							
<b>Financial liabilities</b>							
Trade and other payables	-	21,464	-	-	-	21,464	21,464
Commercial paper	-	19,000	-	-	-	19,000	47,796
Lines of credit	-	-	-	2,000	-	2,000	2,000
Bond issuances	-	-	-	-	-	-	-
Floating rate notes	-	30,353	4,331	84,502	27,156	146,342	125,000
Crown loans	-	-	-	26,521	-	26,521	21,053
WRCH Group loans	-	10,473	117,639	44,420	-	172,532	158,895
<b>Total financial liabilities</b>	<b>-</b>	<b>81,290</b>	<b>121,970</b>	<b>157,443</b>	<b>27,156</b>	<b>387,859</b>	<b>376,208</b>

### Group 2013

	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>Financial liabilities</b>							
Trade and other payables	-	24,473	-	-	-	24,473	24,473
Commercial paper	-	19,000	-	-	-	19,000	18,868
Lines of credit	-	-	-	6,000	-	6,000	6,000
Bond issuances	-	25,700	-	-	-	25,700	25,000
Floating rate notes	-	28,477	27,647	29,823	25,600	111,547	100,000
Crown loans	-	-	-	26,521	-	26,521	19,494
Bank loans	-	44,795	110,050	-	-	154,845	154,138
<b>Total financial liabilities</b>	<b>-</b>	<b>142,445</b>	<b>137,697</b>	<b>62,344</b>	<b>25,600</b>	<b>368,086</b>	<b>347,973</b>

### (d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

## Notes to the financial statements

### 31 Financial risk management (continued)

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Significant non observable inputs \$000	Observable inputs \$000	Quoted market price \$000	Total \$000
<b>Council</b>				
<b>30 June 2014</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency Limited borrower notes	-	2,000	-	2,000
Stadium advance	2,623	-	-	2,623
Derivative financial instrument assets	-	2,884	-	2,884
<b>Total assets</b>	<b>2,623</b>	<b>14,884</b>	<b>-</b>	<b>17,507</b>

### Financial liabilities

Derivative financial instrument liabilities	-	3,019	-	3,019
Fixed rate bonds	-	-	-	-
Floating rate notes	-	125,000	-	125,000
Bank loans	-	-	-	-
Crown loans	21,054	-	-	21,054
<b>Total liabilities</b>	<b>21,054</b>	<b>128,019</b>	<b>-</b>	<b>149,073</b>

### 30 June 2013

<b>Financial assets</b>				
Bank bonds / notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
<b>Total assets</b>	<b>2,429</b>	<b>35,954</b>	<b>-</b>	<b>38,383</b>

### Financial liabilities

Derivative financial instrument liabilities	-	5,562	-	5,562
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Crown loans	19,494	-	-	19,494
<b>Total liabilities</b>	<b>19,494</b>	<b>130,562</b>	<b>-</b>	<b>150,056</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

Group	Significant non observable inputs \$000	Observable inputs \$000	Quoted market price \$000	Total \$000
<b>30 June 2014</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency Limited borrower notes	-	2,000	-	2,000
Stadium advance	2,623	-	-	2,623
Derivative financial instrument assets	-	2,957	-	2,957
<b>Total assets</b>	<b>2,623</b>	<b>14,957</b>	<b>-</b>	<b>17,580</b>
<b>Liabilities</b>				
Derivative financial instrument liabilities	-	9,542	-	9,542
Fixed rate bonds	-	-	-	-
Floating rate notes	-	125,000	-	125,000
Bank loans	-	160,895	-	160,895
Crown loans	21,054	-	-	21,054
<b>Total liabilities</b>	<b>21,054</b>	<b>295,437</b>	<b>-</b>	<b>316,491</b>
<b>30 June 2013</b>				
<b>Financial assets</b>				
Bank bonds / notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
<b>Total assets</b>	<b>2,429</b>	<b>35,954</b>	<b>-</b>	<b>38,383</b>
<b>Financial liabilities</b>				
Derivative financial instrument liabilities	-	15,967	-	15,967
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Bank loans	-	160,845	-	160,845
Crown loans	19,494	-	-	19,494
<b>Total liabilities</b>	<b>19,494</b>	<b>301,812</b>	<b>-</b>	<b>321,306</b>

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

Valuation techniques with significant non observable inputs (level 3)

## Notes to the financial statements

### 31 Financial risk management (continued)

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

	Level 3 \$000
<b>Council</b>	
Balance at 1 July 2013	21,923
Gain and losses recognised in the operating surplus or deficit	1,560
Gain and losses recognised in other comprehensive income	194
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
<b>Balance at 30 June 2014</b>	<b>23,677</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>
<b>Group</b>	
Balance at 1 July 2012	20,299
Gain and losses recognised in the operating surplus or deficit	1,444
Gain and losses recognised in other comprehensive income	180
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
<b>Balance at 30 June 2013</b>	<b>21,923</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>
<b>Group</b>	
Balance at 1 July 2013	21,923
Gain and losses recognised in the operating surplus or deficit	1,560
Gain and losses recognised in other comprehensive income	194
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
<b>Balance at 30 June 2014</b>	<b>23,677</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>
Balance at 1 July 2012	20,299

## Notes to the financial statements

### 31 Financial risk management (continued)

	Level 3 \$000
Gain and losses recognised in the operating surplus or deficit	1,444
Gain and losses recognised in other comprehensive income	180
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
<b>Balance at 30 June 2013</b>	<b>21,923</b>
<b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b>	<b>-</b>

There was no change to the valuation assumptions.

### (e) Financial instruments by category

#### Assets

	Assets at fair value through surplus or deficit \$000	Assets at fair value through other comprehensive income \$000	Loans and receivables \$000	Held to maturity investments \$000	Total \$000
<b>Council</b>					
<b>30 June 2014</b>					
Cash at bank and term deposits	-	-	19,516	-	19,516
Debtors and other receivables	-	-	29,109	-	29,109
Derivative financial instrument assets	2,884	-	-	-	2,884
Stadium advance	2,623	-	-	-	2,623
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	2,000	2,000
Bank bonds / notes	-	-	-	10,000	10,000
Bank deposits with maturity terms more than three months	-	-	-	13,000	13,000
Water Supply Contingency Investment	-	-	-	15,708	15,708
Material Damage Property Insurance Contingency Fund	-	-	-	287	287
<b>Total assets</b>	<b>5,507</b>	<b>-</b>	<b>50,571</b>	<b>40,995</b>	<b>97,073</b>
<b>30 June 2013</b>					
Cash at bank and term deposits	-	-	8,335	-	8,335
Debtors and other receivables	-	-	29,202	-	29,202
Derivative financial instrument assets	1,754	-	-	-	1,754
Stadium advance	2,429	-	-	-	2,429
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866

## Notes to the financial statements

### 31 Financial risk management (continued)

	Assets at fair value through surplus or deficit \$000	Assets at fair value through other comprehensive income \$000	Loans and receivables \$000	Held to maturity investments \$000	Total \$000
Local Government insurance Corp shares	-	-	80	-	80
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	1,200	1,200
Bank bonds / notes	-	-	-	33,000	33,000
Water supply contingency investment	-	-	-	13,695	13,695
<b>Total assets</b>	<b>4,183</b>	<b>-</b>	<b>39,483</b>	<b>47,895</b>	<b>91,561</b>

#### Group

##### 30 June 2014

Cash at bank and term deposits	-	-	22,215	-	22,215
Debtors and other receivables	-	-	36,858	-	36,860
Derivative financial instrument assets	2,957	-	-	-	2,957
Stadium advance	2,623	-	-	-	2,623
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
CHQ equity investments	-	804	-	-	804
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	2,000	2,000
Bank deposits with maturity terms more than three months	-	-	-	13,000	13,000
Bank bonds / notes	-	-	-	10,000	10,000
Water supply contingency investment	-	-	-	15,708	15,708
Material Damage Property Insurance Contingency Fund	-	-	-	287	287
<b>Total assets</b>	<b>5,580</b>	<b>804</b>	<b>61,019</b>	<b>40,995</b>	<b>108,400</b>

##### 30 June 2013

Cash at bank and term deposits	-	-	9,119	-	9,119
Debtors and other receivables	-	-	33,204	-	33,204
Derivative financial instrument assets	1,754	-	-	-	1,754
Stadium advance	2,429	-	-	-	2,429
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
CHQ equity investments	-	334	-	-	334
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	1,200	1,200
Bank bonds / notes	-	-	-	33,000	33,000
Water supply contingency investment	-	-	-	13,695	13,695
<b>Total assets</b>	<b>4,183</b>	<b>334</b>	<b>44,269</b>	<b>47,895</b>	<b>96,681</b>

## Notes to the financial statements

### 31 Financial risk management (continued)

	Liabilities at fair value through surplus or deficit \$000	Measured at amortised cost \$000	Total \$000
<b>Liabilities</b>			
<b>Council</b>			
<b>30 June 2014</b>			
Trade and other payables	-	31,243	31,243
Crown loans	-	21,054	21,054
Commercial paper	-	47,796	47,796
Bank loans	-	2,000	2,000
Fixed rate bonds	-	-	-
Floating rate notes	-	125,000	125,000
Derivative financial instrument liabilities	3,019	-	3,019
<b>Total liabilities</b>	<b>3,019</b>	<b>227,093</b>	<b>230,112</b>
<b>30 June 2013</b>			
Trade and other payables	-	21,464	21,464
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	6,000	6,000
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	5,562	-	5,562
<b>Total liabilities</b>	<b>5,562</b>	<b>190,826</b>	<b>196,388</b>
<b>Group</b>			
<b>30 June 2014</b>			
Trade and other payables	-	36,440	36,440
Crown loans	-	21,054	21,054
Commercial paper	-	47,796	47,796
Bank loans	-	160,895	160,895
Fixed rate bonds	-	-	-
Floating rate notes	-	125,000	125,000
Derivative financial instrument liabilities	9,542	-	9,542
<b>Total liabilities</b>	<b>9,542</b>	<b>391,185</b>	<b>400,727</b>
<b>30 June 2013</b>			
Trade and other payables	-	24,473	24,473
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	160,845	160,845
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	15,967	-	15,967
<b>Total liabilities</b>	<b>15,967</b>	<b>348,680</b>	<b>364,647</b>

## Notes to the financial statements

### 32 Contingencies

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Legal proceedings and obligations	349	479	349	479
Uncalled shares in Wellington Coldstore Limited	-	-	750	750
<b>Uncalled capital - WRC Holdings Limited</b>				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
22,170,000 \$1 shares, called and paid to 90.8 cents per share (Uncalled 9.2 cents)	-	-	-	-
8,000,000 \$1 shares uncalled and unpaid	-	-	-	-
8,000,000 \$1 shares, called and paid to 70.0 cents per share (Uncalled 30.0cents)	2,400	2,400	-	-
11,250,000 \$1 shares, 8,125,000 shares called and paid	3,125	-	-	-
170,200,000 \$1 shares, 893,000 shares called and paid	149,101	169,307	-	-
Guarantee for CentrePort debt obligations	150,000	125,000	-	-
<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>356,841</b>	<b>349,052</b>	<b>2,965</b>	<b>3,095</b>

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. GWRC believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils.

## Notes to the financial statements

### 33 Related party transactions

#### Identity of related parties

The Group has related-party relationships with its subsidiaries (see Note 24), Councillors, Directors and executive leadership team. During the year, key management personnel, as part of normal customer relationships, were involved in arms-length transactions with GWRC, such as rates payments.

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

GWRC owns 100% of the shares in WRC Holdings Limited and indirectly 76.9% of the shares of CentrePort Limited. Councillors F Wilde, P Lamason, B Donaldson, P Swain are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

GWRC owns 100% of the shares in Grow Wellington Limited. The Directors of Grow Wellington Limited are P Mersi, A Crofoot, B Brook, K Fifield, P Robertson, R Taulelei and R Stone.

Councillor F Wilde is married to the Chief Executive of Landcorp Farming Limited with whom Grow Wellington has transactions on an "arms-length" basis.

Councillor J Aitken is a Board Member of Capital and Coast District Health Board.

Councillor P Lamason is part owner of Kent Filter Services Ltd.

Councillor K Laban is a Board Member of Hutt Valley District Health Board

## Notes to the financial statements

### 33 Related party transactions (continued)

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

	Council 2014 \$000	Council 2013 \$000
<b>CentrePort Limited Group</b>		
Income from use of navigational facilities and services	680	620
Income from debt guarantee	453	377
Expense for rental and services	(1,156)	(77)
<b>WRC Holdings Group (excluding CentrePort)</b>		
Income from management services provided	2,656	2,664
Income from subvention payment	266	2,002
Income from dividends	2,302	2
Expense for rent of the Regional Council Centre	(448)	(1,672)
Expense for interest on inter company current account	(157)	(118)
<b>Grow Wellington Limited</b>		
Income from management services	-	20
Grants	(4,524)	(3,803)
<b>Hutt Valley District Health Board</b>		
Income / (expenses) for services	3	2
<b>Wellington Waterfront Limited</b>		
Resource consent fees	-	3
<b>Landcorp Farming</b>		
Income for rates and services	87	90
<b>Key management personnel</b>		
Key management personnel include the Councillors, Chief Executive and eight members of the Executive Leadership Team.		
Short-term employee benefits	2,796	2,763
Post-employee benefits	98	73

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2013: Nil).

## Notes to the financial statements

### 34 Remuneration

#### Chief Executive remuneration

For the year ending 30 June 2014, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of \$325,760 (2013: \$327,077). Additionally there is \$54,000 (2013: \$54,000) CentrePort Director's fees paid directly to the Chief Executive from CentrePort.

	Actual 2014 \$	Actual 2013 \$
Councillor remuneration		
Councillor J Aitken	71,545	63,691
Councillor J Brash	57,757	54,995
Councillor P Bruce	57,395	54,682
Councillor B Donaldson	80,768	75,500
Councillor P Glensor	23,942	79,929
Councillor S Greig	58,051	55,471
Councillor S Kedgley	40,655	-
Councillor K Laban	40,500	-
Councillor C Laidlaw	77,979	73,788
Councillor P Lamason	60,692	55,319
Councillor G McPhee	65,892	59,384
Councillor D Ponter	16,938	55,254
Councillor P Swain	65,954	54,682
Chair F Wilde	156,079	162,008
Councillor N Wilson	78,648	80,642

## Notes to the financial statements

### 34 Remuneration (continued)

#### Employee remuneration

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 2014.

	Number of employees	
	2014	2013
\$60,000 and below	136	123
\$60,001 - \$79,999	170	162
\$80,000 - \$99,999	104	112
\$100,000 - \$119,999	55	40
\$120,000 - \$139,999	7	8
\$140,000 - \$159,999	20	23
\$160,000 - \$179,999	9	-
\$180,000 - \$199,999	5	9
\$200,000 - \$339,999	10	8
<b>Total Employees</b>	<b>516</b>	<b>485</b>
The number of full time employees as at 30 June 2014	443	437
The full time equivalent number of all other non-full time employees	33	29
The number of employees receiving total remuneration of less than \$60,000.	136	156

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 pay-ments 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.

Excluding the Chief Executive, the top band range is \$200,000 - \$259,999.

## Notes to the financial statements

### 35 Capital commitments and operating leases

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Capital commitments</b>				
Capital expenditure contracted for at balance date but not yet completed	10,518	6,637	172,285	192,697
<b>Operating leases as lessee</b>				
Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:				
<b>Minimum operating lease payments payable:</b>				
Within one year	1,812	2,647	3,542	4,338
After one year but no more than five years	6,049	11,525	9,838	17,309
More than five years	210	3,265	968	5,015
<b>Total operating lease commitments – lessee</b>	<b>8,071</b>	<b>17,437</b>	<b>14,348</b>	<b>26,662</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 \$1,672,000 was recognised as an expense in the statement of comprehensive income (2013: \$1,672,000). Contingent rent was not paid (2013: Nil).

#### Transport and other commitments

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

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
<b>Minimum operating lease payments receivable:</b>				
Within one year	41,021	39,130	41,021	39,130
After one year but no more than five years	102,942	103,489	102,942	103,489
More than five years	783,956	801,555	783,956	801,555
<b>Total transport and operator commitments - lessee</b>	<b>927,919</b>	<b>944,174</b>	<b>927,919</b>	<b>944,174</b>

## Notes to the financial statements

### 35 Capital commitments and operating leases (continued)

#### Operating lease commitments – lessor

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

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Within one year	1,202	1,123	5,394	4,988
After one year but no more than five years	2,919	3,105	13,246	9,563
More than five years	10,901	9,327	19,511	18,304
<b>Total operating lease commitments – lessor</b>	<b>15,022</b>	<b>13,555</b>	<b>38,151</b>	<b>32,855</b>

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

## Notes to the financial statements

### 36 Assets held for sale

	Council Actual 2014 \$000	Council Actual 2013 \$000	Group Actual 2014 \$000	Group Actual 2013 \$000
Council forestry investments				
Forestry assets	23,377	-	23,377	-
Forestry revaluations	16,082	-	16,082	-
Harvest trees	(682)	-	(682)	-
	38,777		38,777	
Greater Wellington Rail assets				
Ganz Mavag trains	-	-	-	347
	38,777	-	38,777	347

### 37 Severance payments

There were no employees (2013: Four) who received any severance payments (2013: \$6,908, \$3,628, \$40,200, and \$57,102 respectively). This disclosure has been made in accordance with Section 19 of schedule 10 of the Local Government Act 2002.

### 38 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:	199,212
(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:	93,452,092,163
(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.	43,125,298,718

## Notes to the financial statements

### 39 Major variances between actual and budget

	Group Actual 2014 \$000	Council Budget 2014 \$000
<b>Statement of comprehensive income</b>		
Revenue		
Rates and levies	119,805	119,967
Transport operational grants and subsidies	58,454	67,914
Other revenue	36,842	26,544
<b>Total operational revenue</b>	<b>215,101</b>	<b>214,425</b>
<b>Expenditure</b>		
Finance costs	(9,424)	(8,751)
Operational expenditure	(203,603)	(200,737)
<b>Operational surplus / (deficit) for the year before transport improvements</b>	<b>2,073</b>	<b>4,937</b>
Transport Improvements grants and subsidies revenue	4,152	1,260
Transport improvement expenditure	(2,882)	(6,218)
<b>Net revenue / (expenditure) for transport im-provements</b>	<b>1,270</b>	<b>(4,958)</b>
<b>Surplus / (deficit) for the year before tax and fair value gains / losses</b>	<b>3,343</b>	<b>(21)</b>
Fair value gains / (losses) in profit and loss	19,642	3,468
<b>Surplus / (deficit) after tax</b>	<b>22,985</b>	<b>3,447</b>
Other comprehensive income		
Increases / (decreases) in revaluations	27,681	-
<b>Total Comprehensive income / (deficit) for the year</b>	<b>50,667</b>	<b>3,447</b>
<b>Statement of financial position</b>		
Assets		
- Current	82,388	79,865
- Non-current	1,029,308	936,099
<b>Total assets</b>	<b>1,111,696</b>	<b>1,015,964</b>
Liabilities		
- Ratepayers equity	878,294	775,763
- Current debt	108,775	57,876
- Non-current liabilities	124,627	182,325
<b>Total equity and liabilities</b>	<b>1,111,696</b>	<b>1,015,964</b>
<b>Statement of cash flow</b>		
Cashflows from operating activities	30,072	14,091
Cashflows from investing activities	(45,379)	(54,600)
Cashflows from financing activities	26,488	46,243
<b>Net increase / (decrease) in cash, cash equivalents and bank overdraft</b>	<b>11,181</b>	<b>5,734</b>
Cash and cash equivalents at the beginning of the year	8,335	28,587
<b>Cash and cash equivalents at the end of the year</b>	<b>19,516</b>	<b>34,321</b>

## Notes to the financial statements

### 39 Major variances between actual and budget (continued)

Greater Wellington's net operating surplus for the 2013/14 year before fair value gains and losses was \$3.344 million, compared with a budgeted deficit of \$0.21 million. Including fair value movements of \$19.642 million and tax the net surplus was \$22.986 million, which is \$19.539 million ahead of budget. In other comprehensive income, the five yearly revaluation of the transport and parks assets increased their value by \$27.691 million.

Significant components of this variance are:

#### 1. Grants and subsidies - Revenue and expenditure

Greater Wellington receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.5 million lower due to the lower transport expenditure including:

- Lower expenditure on Matangi trains during 2013/2014 of \$2.1 million.
- Lower trolley bus infrastructure renewals expenditure \$3.3 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$3.6m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$0.7m as contractual inflation payments have been lower than expected.

#### 2. Other revenue

Interest revenue from investments was \$1.7 million higher due to higher cash balances being held during the year and favourable deposit rates.

#### 3. Finance costs

Finance costs were higher than budget due to prefunding of debt during the year.

#### 4. Fair value adjustments

The main adjustment is the rise in the value of the forestry assets. The improving market for forestry assets has resulted in a large increase in the value of the trees held at balance date. Council entered an agreement to sell the forestry cutting rights in July 2014.

#### 5. Asset revaluations

Asset revaluations are typically done every five years and the revaluation of transport and parks and forests assets resulted in a \$27 million increase in the value of these assets. This emphasises the ongoing financial challenge of building and replacing key infrastructure for the region.

#### 6. Property, plant and equipment – capital expenditure

The primary balance sheet variance has occurred due to the revaluations of fixed assets. In 2013 the Water assets increased by \$111 million and 2014 the transport and park assets by \$27 million, this is reflected in the ratepayers equity variance.

#### 7. Debt

Overall debt is close to budget, there has been a shift between current and non current when compared top budget.

#### 8. Cash flow

Actual cashflow from operations is higher than budget due to increased forestry and investment revenue and lower grant expenditure during 2013/14.

## Notes to the financial statements

### 40 Events occurring after the balance date

CentrePort has declared a final dividend post balance date of \$1.25 million (2013: Nil).

No dividend was declared post balance date by WRC Holdings (2013: \$2,302,000).

The Council at its meeting on 27th August 2014 approved pursuing the sale of Pringle House, subject to Council approval.

On 27th August 2014 WRC Holdings issued \$6,700,000 shares uncalled to Wellington Regional Council.

On 27th August 2014 Greater Wellington Rail issued \$6,700,000 shares uncalled to WRC Holdings Limited to cover capital expenditure in Greater Wellington Rail Limited.

GWRC has entered into an agreement for the sale of its forestry cutting rights on 1 July 2014.

**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**

## Greater Wellington Regional Council activities

Regional leadership	102
Public transport	114
Water supply	124
Environment	132
Flood protection and control works	144
Parks	152

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For each GWRC activity discussed below, the actual achievement is compared to the performance targets as set out in the Long Term Plan 2012-22 (which incorporates the Annual Plan 2013/14).

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

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

# Regional leadership

GWRC coordinates regional leadership activities in partnership with other local authorities on a range of issues including economic development, transport, and civil defence and emergency management. We involve mana whenua and the community in our decision making. We also lead regional initiatives that provide significant benefits to the regional community.

The Public Transport Spine Study, investigating the feasibility of a high quality public transport system through Wellington city's core transport spine, culminated in agreement by the Regional Transport Committee, in March 2014, that Bus Rapid Transport was the preferred option. This was a major milestone in the future of public transport in Wellington, providing an agreed direction after decades of reports and studies on various options. This decision has provided the platform for key aspects of the Regional Public Transport Plan and will form a critical project for GWRC, Wellington City Council (WCC) and the New Zealand Transport Agency (NZTA) over the next few years.

Many significant projects have been run over the year to encourage safe and sustainable transport.

- Children have been the focus of a safe scooter and cycle skills training programme, and over 6200 children have received cycle skills training.
- An on-line safe speeds video was developed to coincide with WCC's consultation on lowering speeds in the central business district.
- The Let's Carpool programme attracted two new regions (Christchurch and Hawkes Bay) and attracted a total of 3,200 registrations locally.
- The successful Active A2b programme, aimed at getting people to move from driving to more active and sustainable modes of transport to and from work, attracted nearly 1200 participants.
- A project was initiated to install, promote and monitor a three month trial of priority carpool parking at 'Park & Ride' at Petone and Waikanae railway stations.
- Two officers were appointed to NZTA's Cycle Safety Experts Panel which is investigating options for improving cycle safety in New Zealand.

## Activities

This group of activities includes:

- Wellington Regional Strategy
- Emergency management
- Democratic services
- Relationship with mana whenua
- Regional transport planning and programmes
- Regional initiatives

## Our regional leadership activities contribute towards:

- A **strong economy** by developing region-wide strategies and funding programmes to help the region realise its economic potential
- A **resilient community** by ensuring the region is ready to effectively respond to and recover from major emergency events, such as earthquakes
- A **connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available and supporting the availability of ultra-fast broadband
- **Quality of life** by providing opportunities for residents to engage in our activities and participate in decision making, including our mana whenua partners

Several shared service projects have progressed over the year:

- GWRC is leading a shared service project to develop a regional spatial plan. The Mayoral Forum has agreed that any spatial plan should be fully integrated, and a project plan is being developed with the assistance of a reference group of representatives from the region's Councils.



- GWRC is working with WCC on the economic development shared service project which proposes to combine the various entities involved with economic development (Grow Wellington, Positively Wellington Venues, Positively Wellington Tourism and the WCC major events team) into a single entity called Wellington Regional Economic Development Agency (WREDA). WREDA would be co-owned and co-funded by GWRC and WCC and report to the Wellington Regional Strategy Committee. A final decision is expected to be made in the first half of the 2014/15.

Work on a climate change strategy is progressing. A greenhouse gas inventory and projections report was completed and released. This project was undertaken in conjunction with all the territorial authorities in the western part of the region.

The Wellington Region Emergency Management Office (WREMO) spent its second year in implementation mode, interrupted by the aftermath of 'one in a hundred year' storm in June and the two major earthquakes in July and August. The focus has been on defining operational requirements, and building appropriate capacity.

- Completed a plan to implement the Operational Readiness Strategy
- Worked with partners and key stakeholders to update the distant tsunami response plan
- Launched the WREMO website <http://www.getprepared.org.nz> to provide a flexible, accessible, consolidated location for CDEM messaging in the region, pre and post disaster
- Held 13 volunteer courses during the year, bringing the total number undertaking the programme to 638 people, across Kapiti, Porirua, Wellington, and the Hutt Valley. Wairarapa will be rolled out in 2014/15

- Published "It's Easy" guides to promote household preparedness, connected neighbours and continuity planning for businesses
- Implemented the Blue Lines (tsunami planning) project in Kilbirnie, Rongotai and Lyall Bay and planned for the Miramar Peninsula
- Engaged with communities across the region on Community Response Plans.

The 2013 local government elections were conducted successfully despite the earthquakes which struck Wellington at critical periods in the election period. An induction programme was implemented for two newly elected Councillors, and a new Council and committee structure was introduced which has resulted in increased involvement from mana whenua in the region.

In the Wairarapa Water Use Project (WWUP), a new funding application was lodged and approved by Ministry for Primary Industries Irrigation Acceleration Fund (IAF). A WWUP governance group was established to provide the increasing rigour and oversight of the project that is required by GWRC and the IAF. The project is now well into the pre-feasibility stage, developed with involvement from the community, stakeholders and expert advisory input. The focus of the pre-feasibility phase of the project is to investigate which of the five preferred schemes, if any, are viable for full-feasibility investigations from mid-2015.

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Wellington Regional Strategy</b>	
Manage and lead key projects relating to the Open for Business and Building World Class Economic Infrastructure focus areas	The WRS Office leads work on these focus areas. The programme of work is on-going. Two key projects of the Office include the development of an evaluation methodology for the WRS, and the agreement by all councils to now use common economic data and projections.
Monitor Grow Wellington, in conjunction with the WRS Committee, to ensure the Annual Report reflects its Statement of Intent and contributes to the WRS	The Grow Wellington Annual Report was adopted by the Board of Grow Wellington, and reviewed and accepted by the WRS Committee at their meeting of 18 September.
<b>Emergency management</b>	
Implement the latest generation Civil Defence & Emergency Management (CDEM) Group Plan which provides strategic level direction for the business/annual plans of the Wellington Region Emergency Management Office (WREMO), response agencies, and the respective councils of the region	The CDEM Group Plan was implemented on 1 July 2013. This Plan is supported by the three year CDEM Business Plan and the WREMO Annual Plan.
<b>Democratic services</b>	
Continue to manage Council and committee meetings and advisory groups	Administrative services were provided to 70 meetings.
Conduct the 2013 triennial election on 12 October 2013	The 2013 triennial elections were conducted successfully.
Manage the induction and professional development of newly elected Councillors	There were two newly elected Councillors, both of which were inducted into the Council and have received professional development.
Continue to work with other councils in the region and the Local Government Commission on local government structural reform	GWRC continues to work with other councils in the region and the Local Government Commission on local government structural reform.
<b>Relationship with mana whenua</b>	
Deliver Māori capacity training to Council and staff	The Te Ara Matua programme was delivered.
Develop terms of reference for Ara Tahī <sup>15</sup> , including a reporting system	The Ara Tahī held a workshop to review its role through the year. The development of its work programme is ongoing.
Develop an operational forum as a liaison channel between Ara Tahī and the Greater Wellington Regional Council	The need for an operational forum has been superseded by the work of Te Upoko Taiao. Ara Tahī will continue to focus on developing engagement between mana whenua and GWRC.

15. Ara Tahī is a forum of mana whenua and Greater Wellington Regional Council leaders that focuses on strategic issues of significance within the region.

<b>Regional transport planning and programmes</b>	
Review the existing transport plans through the development of a regional transport network plan	A review of the Regional Land Transport Strategy and related plans has been progressed. Recent amendments to the Land Transport Management Act now require the development of a Regional Land Transport Plan, and NZTA guidance requires this to be adopted by April 2015. The Regional Network Plan will form a part of this overall Plan.
Continue to roll out sustainable transport programmes including the regional school travel plan programme and the work and business commuter programmes	Programmes are being progressed as planned and reported to the Regional Transport Committee. Active a2b, for example, was run over the summer and attracted 1,132 participants from 52 workplaces
Continue to provide information on sustainable transport options, active transport and road safety	Information is provided through our campaigns: New Movers, Share the Road, Be Safe Be Seen, Bus/Bike workshops, and Active Transport and Road Safety forums. All programmes are being progressed as planned and reported to the Regional Transport Committee.
Complete the PT Spine Study, reviewing options for high quality public transport through the centre of Wellington city	Following the completion of the Feasibility Study in 2012/13, the shortlisted options were the subject of a comprehensive public consultation process that culminated in a hearing. The recommendations of the hearing subcommittee were that Bus Rapid Transport was the preferred option. This was agreed by the Regional Transport Committee in March 2014.
<b>Regional initiatives</b>	
Complete the pre-feasibility study for the Wairarapa Water Use Project following the decisions to progress from the Scheme Assessment investigations	Following the findings of the 'Options Identification' phase of the project competed in April 2013, GWRC agreed to enter an Options Refinement phase before committing to Pre-feasibility investigations. This better defined which schemes should progress to a robust pre-feasibility work programme. The Options Refinement phase was completed in September 2013. A 4 month community stakeholder and community consultation phase assisted in developing the pre-feasibility work programme. The pre-feasibility phase started in March 2014 and will be completed by June 2015.
Continue to roll out Warm Greater Wellington scheme	The scheme roll-out continued, however uptake was hampered by EECA's withdrawal of the general household subsidy for insulation.
Complete and implement a regional climate change strategy	In conjunction with all the territorial authorities in the western part of the region, a regional greenhouse gas inventory and projections report was completed and released. Public engagement was started at the end of the financial year, as part of the development of a Greater Wellington Climate Change Strategy.
Undertake investigations and scope the benefits of a regionally integrated planning framework	A scoping document for a regionally integrated planning framework (spatial plan) was prepared and presented to the Mayoral Forum. Work was initiated to develop a detailed project plan for this work in conjunction with the other councils in the region.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Wellington Regional Strategy</b>				
Promote economic growth in the region through: • Grow Wellington • WRS Office • WRS Committee	Percentage of GDP spent on research and development <sup>16</sup>	2.73% (2012)	2.83%	2.80% (2013)
	Percentage of workforce employed in highly skilled occupations <sup>17</sup>	11.2% (2012)	11.4%	11.5% (2013)
	GDP per capita <sup>18</sup>	\$45,924 (2012)	\$46,696	\$46,748 (2013)
<b>Emergency Management</b>				
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	81% 17% of residents do not have emergency supplies available and 2% were not able to answer <sup>19</sup>	76%	85% 12% of residents do not have emergency supplies and 3% were not able to answer <sup>20</sup>
	That the Wellington Region CDEM Group Plan is reviewed and kept up to date	New generation plan approved 28 June 2013	Adopt a new CDEM Group Plan	The CDEM Group Plan was developed and implemented on 1 July 2013

16. The methodology used for this measure has been revised to reflect improvements in analysis systems. Previously a national figure, now regionally specific assumptions have been applied using methodology derived from the Statistics NZ R&D Survey and prepared by BERL Economic. The 2012/13 reported actual of 1.99% and the 2013/14 target of 1.65% have been updated to reflect the new methodology.

17. Baseline and targets have changed from the LTP 2012-22 due to a different categorisation of workforce occupations in the survey. The 2012 figure of 11.3% reported in the 2012/13 Annual Report was incorrectly reported and has been revised.

18. Historic baseline and target have been adjusted to reflect the best data currently available. GDP per capita figures are presented in 2013 dollar values that exclude Owner Occupied Dwellings.

19. In an independent survey of residents of greater Wellington carried out for GWRC in June 2013

20. In an independent survey of residents of greater Wellington carried out for GWRC in June 2014

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Democratic Services</b>				
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%
	Percentage of residents satisfied that they have had an opportunity to participate in decision making	18% of residents rate satisfaction 8-10/10 45% of residents rate satisfaction 5-7/10 33% of residents rate satisfaction 1-4/10 4% of residents were unsure how to rate	Increase in resident satisfaction	19% of residents rate satisfaction 8-10/10 47% of residents rate satisfaction 5-7/10 32% of residents rate satisfaction 1-4/10 2% of residents were unsure how to rate
<b>Relationship with mana whenua</b>				
Provide opportunities for mana whenua to be actively involved in decision making	Percentage of mana whenua committee members satisfied that mana whenua are recognised and involved in the decision making process	100%	90%	No survey carried out in 2013/14. In June 2014 an externally facilitated strategy day was held with iwi leaders who make up Ara Taui, which confirmed that mana whenua saw value in the decision making process with GWRC, and specifically the Ara Taui and Te Upoko Taio fora.
<b>Regional transport planning and programmes</b>				
Provide an up-to-date policy framework to guide investment in the region's land transport network	That the Regional Land Transport Strategy (RLTS) is reviewed, adopted and monitored	Transport perceptions survey completed in August 2012	Consult on Regional Network Plan	A review of the RLTS and related plans has been progressed. Recent amendments to the Land Transport Management Act now require the development of a Regional Land Transport Plan, and NZTA guidance requires this to be adopted by April 2015. The Regional Network Plan will form a part of this overall Plan.

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
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	89.7%	90%	87% Given the small population surveyed (n=202) and response rate of 46% the margin of error is +/- 7%
	Number of total annual visitors to selected GWRC sustainable transport web pages	4,200	Increase on previous year	13,532
	Mode shift in workplace and school travel plan programmes	3% increase in active mode travel to school and 3% decrease in travel <sup>21</sup> to school by car for primary and intermediate age children. Cycling trips for the Active a2b Plus group increased from 9% to 14%. Car trips for the Active a2b Plus group decreased from 79% to 63%.	Programme participants increase their use of sustainable transport modes	4% increase in active travel trips to school (32% to 40%) and 6% decrease in travel to school by car (62% to 56%) for primary and intermediate age children. Cycling trips for the Active a2b Plus group increased from 2% to 9%. Car trips for the Active a2b Plus group decreased from 91% to 69% <sup>22</sup> .
<b>Regional initiatives</b>				
Work with partners to investigate options for water storage and water use such as irrigation in the Wairarapa valley (WWUP)	Scheme Options Identification and Analysis investigations & report.	New measure	Pre-Feasibility study completed <sup>23</sup>	Options Identification and Refinement Phases completed. Stakeholders were involved in planning the Pre-Feasibility phase and its initiation.
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	2,000 (2010/11)	2,300	1,376 This is lower than target, primarily because EECA removed the general subsidy of \$1300 per eligible home to solely concentrate on fully-funding insulation for high health-need households. This significantly impacted the overall uptake.

21. Active mode travel is defined as modes which involve physical activity – e.g. walking, using a wheelchair, cycling, scooting

22. Each Active a2b programme is discrete from each other; therefore comparison between years is not possible.

Participant use of sustainable transport modes is measured from the start of each programme to the completion of each programme.

23. WWUP targets were incorrectly populated in the LTP 2012-22 – the correct 2012/13 target was left out and other targets were populated a year early. As stated last year, due to the inclusion of Operations Refinement Investigations completion of the Pre-Feasibility Study is now scheduled for late 2014.

## Unforecast activity:

### Earthquakes

During July and August 2013 the region suffered its most significant series of earthquakes since 1942. The events did highlight anomalies in the design and fit-out of some of our buildings in the Wellington CBD, procedural deficiencies related to building and CBD evacuation, along with a general lack of preparedness by many organisations that found their Business Continuity Plans and associated contact lists inadequate. Lessons learned from these events have received considerable attention by individuals, communities, businesses, councils, as well as WREMO. The Eketahuna earthquake on Anniversary Day resulted in some structural damage to buildings in Masterton and proved a timely reminder against complacency.

During the local government election period, the Democratic Services group (including the Electoral Officers) was required to relocate to the ground floor reception area of the Regional Council Centre and subsequently to WCC as a result of the earthquakes. Due to careful planning and dedication of the Election team, the earthquakes had minimal impact on the group's ability to deliver its election activities on time.

The earthquakes also resulted in the Regional Council Centre premises being unavailable for Council and committee meetings. The new Council premises at Shed 39 were not able to host Council meetings until December 2013. Democratic Services arranged for meetings to be held at various locations in the region; ensuring that the Council was able to meet and make decisions in accordance with its statutory requirements.

### Other events

In addition to the above events, there were numerous other occasions where either an Emergency Operations Centre activated in a limited capacity, or WREMO staff (along with Local Controllers) closely monitored potential events which largely flew under the public radar. These included major slips, floods, numerous storms (with up to 150kph winds), plus (potential) distant source tsunami.

### Wairarapa Water Use Project

The decision was made by GWRC to insert an 'Options Refinement Phase' before the Pre-feasibility Phase of the project. This was done to include additional possible storage sites for investigation so as to enable the supply of stored water to a larger part of the Ruamahanga valley than had been achieved by the Options Identification phase. It also allowed additional investigations to be undertaken, including an assessment of a valley-wide approach to synchronise water supply from multiple schemes.

This delayed the start of the pre-feasibility phase of the project by 6 months but allowed for a more comprehensive set of investigations to be undertaken to inform development of the pre-feasibility phase.

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	5,600	5,600	6,385	5,956	5,956
Targeted rates	6,344	7,659	7,216	5,922	5,763
Subsidies and grants for operating purposes	1,731	1,248	1,191	1,100	1,729
Fees, charges, and targeted rates for water supply	3	3	3	3	3
Fines, infringement fees, and other receipts <sup>1</sup>	3,459	1,865	4,737	4,661	3,013
<b>Total operating funding</b>	<b>17,137</b>	<b>16,375</b>	<b>19,532</b>	<b>17,642</b>	<b>16,464</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(15,492)	(16,004)	(18,335)	(16,673)	(13,807)
Finance costs	(824)	(1,067)	(1,241)	(873)	(780)
Internal charges and overheads applied	(526)	(526)	(762)	(678)	(678)
<b>Total applications of operating funding</b>	<b>(16,842)</b>	<b>(17,597)</b>	<b>(20,338)</b>	<b>(18,224)</b>	<b>(15,265)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>295</b>	<b>(1,222)</b>	<b>(806)</b>	<b>(582)</b>	<b>1,199</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	116	892	663	764	52
Increase / (decrease) in debt	1,267	4,046	4,711	5,511	3,895
Gross proceeds from asset sales	34	16	37	-	34
<b>Total sources of capital funding</b>	<b>1,417</b>	<b>4,954</b>	<b>5,411</b>	<b>6,275</b>	<b>3,981</b>
<b>Applications of capital funding</b>					
- to meet additional demand	(627)	(1,250)	(643)	(625)	(597)
- to improve the level of service	(204)	(30)	(31)	(245)	(92)
- to replace existing assets	(52)	218	(167)	(62)	(171)
(Increase) / decrease in investments <sup>2</sup>	(721)	(3,300)	(4,156)	(4,864)	(3,453)
(Increase) / decrease in reserves	(108)	630	392	103	(867)
<b>Total applications of capital funding</b>	<b>(1,712)</b>	<b>(3,732)</b>	<b>(4,605)</b>	<b>(5,693)</b>	<b>(5,180)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Regional Leadership assets</b>	<b>397</b>	<b>416</b>	<b>407</b>	<b>360</b>	<b>389</b>

<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.

\* 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 2012-22

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
Wellington Regional Strategy	4,631	4,631	4,816	4,668	4,668
Emergency Management	2,932	2,823	4,638	4,504	3,207
Democratic Services	2,308	2,039	2,013	1,773	2,536
Relationships with Maori	862	862	922	895	895
Regional transport planning and programmes	2,986	2,937	2,930	2,850	2,893
Regional initiatives <sup>1</sup>	3,418	3,083	4,213	2,952	2,265
<b>Total operating funding *</b>	<b>17,137</b>	<b>16,375</b>	<b>19,532</b>	<b>17,642</b>	<b>16,464</b>

### Applications of operating funding

Wellington Regional Strategy	(4,671)	(4,631)	(4,816)	(4,668)	(4,047)
Emergency Management	(2,703)	(3,023)	(4,607)	(4,474)	(2,759)
Democratic Services	(2,313)	(2,221)	(2,826)	(2,415)	(2,443)
Relationships with Maori	(862)	(862)	(922)	(895)	(895)
Regional transport planning and programmes	(2,805)	(3,027)	(3,005)	(2,820)	(2,866)
Regional initiatives <sup>1</sup>	(3,488)	(3,833)	(4,162)	(2,952)	(2,255)
<b>Total applications of operating funding</b>	<b>(16,842)</b>	<b>(17,597)</b>	<b>(20,338)</b>	<b>(18,224)</b>	<b>(15,265)</b>

### Capital expenditure

Capital project expenditure	(841)	(1,000)	(674)	(870)	(597)
Land and buildings	-	-	-	-	-
Plant and equipment		(14)	(45)	(62)	(92)
Vehicles	(42)	(48)	(122)	-	(171)
<b>Total capital expenditure</b>	<b>(883)</b>	<b>(1,062)</b>	<b>(841)</b>	<b>(932)</b>	<b>(860)</b>

1 This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

2 This includes the change in the Warm Greater Wellington programme balance.

\* Some budget numbers have been reclassified to aid comparability

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 2012-22

# Public transport

GWRC is responsible for planning and funding the Metlink public transport network. We contract companies to run the train, bus and harbour ferry services on our behalf. We also own and maintain parts of the network, including trains and railway stations. We provide customer information about Metlink services and run the Total Mobility scheme for people with disabilities.

The Regional Public Transport Plan (PT Plan) was adopted in June 2014. This Plan is the blueprint for the future of public transport in the region in the medium to long term, and included the 2013 update to the Regional Rail Plan, the Wellington City bus review, and the decision on the future bus fleet for Wellington city.

There was significant progress in the development of the Public Transport Operating Model (PTOM) during 2013/14. Procurement activity commenced with the holding of a market soundings event in March and a significant level of interest was shown from both New Zealand and overseas participants in the new rail contracts commencing 2016 and new bus contracts commencing 2017. The Transport Agency approval of both the Transport Procurement Strategy and the Rail Procurement Procedure were important milestones.

The real time information project was completed, with the introduction of real time information on rail in October 2013, installation of real time information display signs on Wellington's Golden Mile, and handover of operational responsibility by the project team.

The draft Annual Plan 2014/15 proposed a public transport fare increase to deliver a 2% increase in fare revenue. Favourable financial results during 2013/14, primarily from increased rail fare revenue and reduced rail expenditure, meant that ultimately the Council decided that the fare increase was not required.

Construction on the 2nd tranche of 35 new Matangi trains commenced, as well as reconfiguration of seating on the Wairarapa SE rail carriages in response to customer feedback.

Waterloo Station roof was refurbished, repairs made to a number of station buildings, and a concept design for Upper Hutt station was completed. Rail security was improved, including installation of a region-wide rail fibre optic network and commencement of monitoring at the new CCTV rail monitoring centre.

## Activities

This group of activities includes:

- Metlink public transport network planning
- Rail operations and asset management
- Bus and ferry operations and asset management
- Metlink customer services and information
- Total Mobility

## Our public transport activities contribute towards:

- A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option
- A **strong economy** by enhancing the efficient movement of people and goods within the region
- A **healthy environment** by reducing vehicle emissions from private vehicles

New car park developments included the addition of 239 car parks at Porirua Station, with additional lighting and CCTV security cameras, and approval to purchase land for 'Park & Ride' at Tawa and Petone stations for a further 290 car parks.

Approval was received from NZTA and Council to contract for the de-registered Hutt Valley bus routes 110 & 120. Significant changes were made to Whitby bus services, and some changes to Wellington school bus services. Bus timetable reliability improvements were achieved, using real time information data, with changes made to school trips for Happy Valley, Southgate, Houghton Bay, Eastbourne and Karori.

Six new bus shelters and 15 replacement bus shelters were installed; a new anti-graffiti laminate on bus shelter glass panels was rolled out; and the upgrade of the Bunny Street bus interchange in Hutt City commenced.



Other highlights during the year included:

- 1.3 million bus, rail, and ferry services delivered
- 35.8 million passenger trips, a 1.8% increase over 2012/13
- 94.3% of rail services on time (93.8% in 2012/13)
- 99.7% of bus services on time (99.9% in 2012/13)
- 271,000 Total Mobility Scheme trips, a 5.7% increase over 2012/13
- 2.9 million visits to the Metlink main website and 2.7 million visits to the mobile website

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Plan the Metlink public transport network</b>	
Start to implement the Wellington City bus review	Work completed as part of the Wellington City bus review has been included within the new PT Plan adopted in June 2014. Detailed implementation planning will occur now that the PT Plan has been adopted
Undertake the area wide review of Metlink services in Eastbourne, Wainuiomata, Lower Hutt and Upper Hutt, including east-west connection to Porirua	The Hutt Valley Public Transport Review project commenced and the data gathering and data analysis was completed. Recommendations are due to be presented to the Strategy and Policy Committee in November 2014, with implementation expected in 2017
Undertake two minor service reviews. A minor service review analyses services at a targeted level, and can be initiated by public or operator feedback, low patronage, or high costs	A number of minor service reviews were completed. Route 23 in Island Bay was reviewed for timetable integrity and operational changes were implemented in May 2014. Routes 1, 4 and 32 have been reviewed and operational changes were implemented in May 2014
Undertake a post implementation review of the Metlink bus services in the Wairarapa	The data analysis phase of this post implementation review is complete. No service changes are recommended at this time
Complete the review of the Metlink fares structure that commenced in 2012	The fare structure was adopted through the PT Plan, and will be implemented through the integrated fares and ticketing project
Review and amend the Regional Public Transport Plan	A new PT Plan was adopted in June 2014
Undertake the annual fare review	The annual fare review was completed. Ultimately a decision was made not to increase fares following favourable financial results in the 2014 year (increased rail fare revenue and reduced expenditure)
Continue the investigation of electronic integrated ticketing	The investigation of electronic integrated ticketing is continuing but progress has been limited because of the need to commit resources to complete the PT Plan
<b>Rail operations and asset management</b>	
Continue to fund rail services	There was expenditure of \$34.1 million on passenger rail services in 2013/14.
Ensure quality standards are maintained by monitoring service levels	In 2014 there was ongoing monitoring of rail services through use of the Real Time Information system, customer complaints, physical observation and operational audits. The roll out of Real Time Information on rail services in October 2013 has provided a high level of visibility on service performance and delivery.
Ensure that rail rolling stock is maintained in accordance with the public transport asset management plan	All rolling stock is maintained in accordance with service levels in the Asset Management Plan, and availability and reliability levels are tracking to target.
Ensure that rail station buildings, park and ride car parks and other fixed assets are maintained in accordance with the public transport asset management plan	All rail infrastructure is maintained in accordance with the levels of service in the Asset Management Plan and condition grading across all lines is tracking to target.
Continue the procurement of the Matangi 2 train fleet	Procurement of the second tranche of Matangi trains continued to plan. The Systems Design Review is complete, 90% of the Critical Design Review has been completed, and construction has started on 12 car bodies.

Specific areas of work for 2013/14	Performance
<b>Bus and ferry operations and asset management</b>	
Continue to fund bus and harbour ferry services	There was expenditure of \$38.8 million on passenger bus and harbour ferry services in 2013/14.
Continue to implement the new Public Transport Operating Model for the procurement of bus services	Significant progress has been made on the implementation of the Public Transport Operating Model for bus services. The new PT Plan includes the new units (groups of routes to be contracted) and decisions on the future fleet for Wellington City.
Ensure quality standards are maintained by monitoring service levels	In 2014 there was ongoing monitoring of bus and ferry services through use of the Real Time Information systems, customer complaints, physical observation and operational audits.
Ensure that bus shelters and signage and other fixed assets are maintained in accordance with the public transport asset management plan	A maintenance contract is in place and monitoring and auditing of contractors' work is ongoing.
<b>Metlink customer services and information</b>	
Continue to provide information on Metlink services through a call centre, timetable production, website and twitter	Service information was provided to the public via the Metlink website and mobile website, the service centre, the Real Time Information system, twitter and paper timetables.
Conduct the public transport customer satisfaction monitor	The new on-board survey now required by the NZTA was conducted in May 2014. Although there is no past trend data after the shift in methodology, the new survey will provide data that is comparable throughout New Zealand.
<b>Total Mobility</b>	
Continue to fund and administer the Total Mobility Scheme	There were 271,000 Total Mobility scheme trips, a 5.7% increase over 2012/13. GWRC's focus has been on improvements to administrative processes and systems
Conduct the annual customer satisfaction survey	The 2013/14 survey was undertaken in September 2013. 96% of those surveyed rated the service as good, very good or excellent

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Plan the Metlink public transport network</b>				
Prepare and review the Regional Public Transport Plan	Regional Public Transport Plan reviewed and adopted in accordance with the Public Transport Management Act 2008	Changes to the legislation governing the Regional Public Transport Plan were finalised late in the financial year, and therefore the amendments to the Plan have been delayed until 2013/14	Regional Public Transport Plan remains operative	The Regional Public Transport Plan 2014 was adopted in June 2014
<b>Rail operations and asset management</b>				
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	99.4%	99.2%
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line 94.8% <sup>24</sup> Hutt Line 96.2% <sup>24</sup> Johnsonville Line 92.2% <sup>9</sup> Wairarapa Line 77.9% <sup>24</sup>	Increase on previous year	Kapiti Line 95.4% Hutt Line 95.3% Johnsonville Line 93.3% Wairarapa Line 74.5% Hutt Line performance was adversely affected by the earthquakes in July and August, and an issue with signals following upgrade work. Wairarapa services were affected by maintenance worksites and speed restrictions due to overheating of the rails. Improvements have been made, and real time information data is being analysed to see what else can be done.

24. Actual performance data is provided by the rail operator. When real-time information is fully introduced these targets may need to be revised

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Maintain and improve rail rolling stock, stations, over-bridges, subways and carparks in accordance with rail asset management plans	The percentage of the required fleet that is available to operate scheduled services <sup>25</sup>	99.2%	99.3% (To improve on previous year by 0.1%)	99.97%
	Average condition rating for buildings and structures (1 = very good and 5 = very poor)	2.9	2.7	2.9 Better information on the condition of these assets meant that there was an overall decline in the condition rating of buildings and structures. Asbestos was discovered (and contained) while works were being carried out at a number of sites. A seismic report revealed strengthening work was needed on a number of assets
	Average condition rating for carparks (1 = very good and 5 = very poor)	2.7	2.6	2.6
<b>Bus and ferry operations and asset management</b>				
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered <sup>26</sup>	99.4%	>=99%	99.1%
	Percentage of scheduled services on-time to 10 minutes	99.9% <sup>27</sup>	>=98%	99.7%
Maintain and improve bus stop facilities and interchanges	The average condition score of all bus shelters where GWRC is responsible for funding the maintenance. <sup>28</sup> (1 = very good and 5 = very poor)	2.8	Improve the average condition rating score	2.6

25. This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Percentage of fleet available for service', baseline 86% and target 88%. The restated measure provides improved clarity of the intended result.

26. Services which run 10 minutes or more late are deemed as not run and are included in this measure.

27. Actual performance data is provided by bus and ferry operators. When real-time information is fully introduced these targets may need to be revised.

28. This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Average condition score for bus shelters owned by GWRC, baseline 2.0 and target 2.0. The restated measure provides improved clarity of the intended result.

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Improve the quality and accessibility of the bus fleet	Compliance with NZTA requirements for urban buses	The variation process and negotiations with bus operators commenced May 2013 and is expected to be completed by the end of September 2013	All bus operating contracts varied to comply with NZTA requirements for urban buses	Two bus operators signed variations in December 2013. Negotiations continue with a further two bus operators where contract changes are needed.
<b>Metlink customer services and information</b>				
Provide public transport services information to the public	Percentage of residents who rate the service they receive from the Metlink call centre as excellent or very good	81%	90%	61% There was a change in survey methodology in 2013/14. In previous surveys 'very satisfied' was used as a proxy for 'excellent'.
	Number of visits to the Metlink website	2.8 million	2.05 million	2.9 million
	Number of visits to the Metlink mobile site	1.5 million	325,000	2.7 million
Provide a real-time information system	Percentage of bus and train services tracked by real-time information where the system has been deployed	74%	90%	Bus: 80% This result reflects Real Time Information performance problems due to a technical fault which was resolved in the third quarter. The performance in the final quarter was 90%. Rail: 93% Rail results are since real time information was introduced on rail in October 2013.
<b>Total Mobility</b>				
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of scheme users who rate the overall service of the scheme as good or better	99%	>=97%	96% A known issue has been the reduced availability of wheelchair accessible vehicles in the Porirua area. Since the survey was undertaken another two vehicles have entered service.
	Average time to process an application to join the scheme	Data not yet available.	15 working days	7 working days

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	-	-	-	-	-
Targeted rates	48,736	48,736	53,547	47,512	47,512
Subsidies and grants for operating purposes	57,989	65,729	69,154	74,046	68,589
Fees, charges, and targeted rates for water supply	15	-	-	-	-
Fines, infringement fees, and other receipts <sup>1</sup>	2,731	2,413	2,210	2,231	2,895
Total operating funding	109,471	116,878	124,911	123,789	118,996
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(97,654)	(106,509)	(157,488)	(144,066)	(126,478)
Finance costs	(4,422)	(4,698)	(6,527)	(4,127)	(4,019)
Internal charges and overheads applied	(3,383)	(3,383)	(3,685)	(3,277)	(3,277)
<b>Total applications of operating funding</b>	<b>(105,459)</b>	<b>(114,590)</b>	<b>(167,700)</b>	<b>(151,470)</b>	<b>(133,774)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>4,012</b>	<b>2,288</b>	<b>(42,789)</b>	<b>(27,681)</b>	<b>(14,778)</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	4,036	1,260	2,271	1,382	1,579
Increase / (decrease) in debt	22,192	25,838	42,712	25,272	17,544
Gross proceeds from asset sales	777	10	10	10	400
<b>Total sources of capital funding</b>	<b>27,005</b>	<b>27,108</b>	<b>44,993</b>	<b>26,664</b>	<b>19,523</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(1,485)	(600)	(4,422)	(1,619)	(886)
- to replace existing assets	(383)	(1,356)	(137)	(382)	(1,824)
(Increase) / decrease in investments <sup>2</sup>	(28,041)	(30,060)	-	-	-
(Increase) / decrease in reserves	(1,108)	2,620	2,355	3,018	(2,035)
<b>Total applications of capital funding</b>	<b>(31,017)</b>	<b>(29,396)</b>	<b>(2,204)</b>	<b>1,017</b>	<b>(4,745)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Public Transport assets</b>	<b>1,197</b>	<b>999</b>	<b>1,139</b>	<b>913</b>	<b>194</b>

<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 LTP 2012-22

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
Metlink public transport network planning	1,483	1,900	1,791	1,593	1,276
Rail operations and asset management	53,125	56,427	62,017	66,018	65,329
Bus and ferry operations and asset management	48,752	52,320	54,528	50,118	46,278
Metlink customer services and information	3,443	3,415	3,728	3,361	3,450
Total mobility	2,668	2,816	2,847	2,699	2,663
<b>Total operating funding</b>	<b>109,471</b>	<b>116,878</b>	<b>124,911</b>	<b>123,789</b>	<b>118,996</b>
<b>Applications of operating funding</b>					
Metlink public transport network planning	(1,251)	(2,094)	(1,791)	(1,593)	(975)
Rail operations and asset management	(47,112)	(50,325)	(55,754)	(51,590)	(45,469)
Bus and ferry operations and asset management	(51,099)	(49,821)	(53,432)	(49,172)	(46,194)
Metlink customer services and information	(3,405)	(3,350)	(3,459)	(3,274)	(3,403)
Total mobility	(2,592)	(2,782)	(2,810)	(2,668)	(2,618)
<b>Total applications of operating funding (excluding improvements)</b>	<b>(105,459)</b>	<b>(108,372)</b>	<b>(117,246)</b>	<b>(108,297)</b>	<b>(98,659)</b>
<b>Improvement Expenditure</b>					
Rail operations and asset management	-	-	(47,385)	(38,572)	(33,902)
Bus and ferry operations and asset management	(2,882)	(6,218)	(3,069)	(4,601)	(1,213)
Total improvement expenditure	(2,882)	(6,218)	(50,454)	(43,173)	(35,115)
Total applications of operating funding (including improvements)	(108,341)	(114,590)	(167,700)	(151,470)	(133,774)
<b>Net surplus/(deficit) of operating funding</b>	<b>1,130</b>	<b>2,288</b>	<b>(42,789)</b>	<b>(27,681)</b>	<b>(14,778)</b>
<b>Investment in Greater Wellington Rail Ltd<sup>1</sup></b>					
Rail operations and asset management	(28,041)	(30,060)	-	-	-
<b>Capital project expenditure</b>					
New public transport shelters, signage, pedestrian facilities and systems	(1,830)	(1,924)	(4,526)	(1,969)	(1,105)
Land and buildings	-	-	-	-	(1,605)
Plant and equipment	-	-	-	-	-
Vehicles	(38)	(32)	(33)	(32)	-
<b>Total capital expenditure</b>	<b>(1,868)</b>	<b>(1,956)</b>	<b>(4,559)</b>	<b>(2,001)</b>	<b>(2,710)</b>
<b>Total investment in Public transport Infrastructure</b>	<b>(32,791)</b>	<b>(38,234)</b>	<b>(55,013)</b>	<b>(45,174)</b>	<b>(37,825)</b>

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

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 2012-22

# Water supply

GWRC is responsible for collecting, treating and distributing drinking water to Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council for their supply to consumers.

The past year has been one of challenge but considerable success for the Water Supply Group. The delivery of high-quality water continues in conjunction with the completion of a number of improvement projects, initiation of a significant collaborative project and the unique challenges preparing for integration has brought.

The Internet Protocol Telemetry project, which is being project managed by the Water Supply Group, is the first significant collaborative project between GW Water Supply and Capacity Infrastructure Services (on behalf of all of the client councils). The project goal is to have one radio network which will be used to monitor and control the water networks of each council in the metropolitan region. The project will provide many benefits including the provision of a dedicated resilient communications network for Water Supply in the event of an emergency.

Throughout the year particular emphasis has been on updating the Asset Management Plan, and various studies to identify options for providing emergency water storage sites near Wellington. The Harbour Crossing proposal has been given due attention as a potential emergency readiness option with work continuing on into 2014/15. In 2013/14 two major steps were taken towards improved emergency readiness, with the completion of detailed feasibility studies for emergency water storage near Takapu Road (on the Porirua-Wellington boundary) and for a cross-harbour emergency water supply pipeline between Seaview and south-east Wellington. These options will be considered in proposing an emergency water supply strategy for consultation through GWRC's Long-term Plan 2015-25.

A three-year improvement project to enlarge and strengthen the Stuart Macaskill water storage lakes was completed, with both lakes full and back in service by November. Further, we successfully negotiated the purchase of land near Kaitoke to house new large-scale water storage. This provides the region with flexibility in the location, scale and cost of new supply capacity when expansion is eventually needed.

Good progress was made towards ensuring critical water supply assets are more resilient to earthquake-induced damage. Designs for strengthening our water treatment plants were completed, and reinforcing work is now underway. A further 15 water supply buildings and structures were also assessed this year.

## Activities

This group of activities includes:

- Water quality – ensuring safe high quality water
- Water availability – a secure reliable water supply
- Sustainability – planning for future demand and being cost effective while meeting all relevant environmental and health and safety standards

### Our water supply activities contribute towards:

- A **strong economy** by ensuring there is sufficient drinking water available to sustain and grow our population and support our economy.
- A **resilient community** by preparing the system to cope with emergencies and the long-term impacts of climate change.
- A **healthy environment** by encouraging people to use water wisely to reduce the environmental impacts, and protecting current and future water catchments.
- Achieving **quality of life** by ensuring that drinking water meets Ministry of Health requirements.

The Group carried out investigations to better understand the capacity of the Hutt Aquifer and the results showed that the aquifer performs better under dry conditions than was previously recognised. This improved understanding means we have more water available during prolonged dry spells and this has deferred the need for new supply capacity by approximately 10 years. The condition of wells used to pump water from the aquifer at Waterloo and Gear Island was reviewed. This equipment, including well casings and sediment screens, was deemed to be near the end of its forecast life and options for replacement or extending asset lives will now be considered. A significant emphasis has been placed on systems and management processes and we have been successful in retaining our ISO 9001 (quality management) and ISO 14001 (environmental management) accreditation. There was full compliance with the drinking water standards and the highest possible grading maintained for each of our four water treatment plants.



Late in the year Council approved in principle a proposal to integrate its water collection, treatment and bulk supply services with the retail supply, wastewater and storm-water services provided by Hutt, Porirua, Upper Hutt and Wellington city councils. It is expected that the Bulk Water function will merge with Capacity Infrastructure Services in September 2014.

The Water Supply Group's health and safety management performance helped GWRC to achieve Tertiary-level ACC accreditation for the first time. Water Supply was the operational audit site selected for the ACC Workplace Safety Management Practises audit of GWRC in November 2013.

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
Renew and improve water supply infrastructure, including improvement of earthquake resilience	Assets have been replaced / improved as set out in the capital expenditure programme.
Investigate feasibility of water storage lakes at Kaitoke for meeting future demand	A feasibility report completed in May 2014 confirmed that development of two raw water storage lakes on the AgResearch farm at Pakuratahi capable of storing up to 3,000 million litres (ML) of water is feasible, comparable in cost to the option previously investigated at Kaitoke, and has a lower risk profile than the Kaitoke storage.
Investigate feasibility of water storage lakes for emergency supply	A feasibility report completed in February 2014 confirmed that construction of one or two emergency water storage lakes on Waitangirua Farm, with a volume between 200ML and 680ML is feasible and cost effective. The land is currently under the control of the Office of Treaty Settlements and is listed in the Property Redress Schedule associated with the Ngati Toa treaty settlement.

### Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks	0	0	0
	Number of taste complaint events related to the bulk water supply	0	0	1 1 incident relating to high geosmin levels in Te Marua Lakes in April. <sup>29</sup>
	Percentage compliance with the Drinking Water Standards of New Zealand <sup>30</sup>	Microbiological and aesthetic compliance – 100% Chemical compliance – 100%	Microbiological and aesthetic compliance – 100% Chemical compliance – 100%	Microbiological and aesthetic compliance – 100% <sup>31</sup> Chemical compliance – 100% <sup>32</sup>
	Treatment plant and distribution system grading	Te Marua, Wainuiomata & Gear Island treatment plants – A1 Waterloo treatment plant – B Distribution system – A1	Maintain current grading	Te Marua, Wainuiomata & Gear Island treatment plants – A1 Waterloo treatment plant – B Distribution system – A1 <sup>33</sup>
Provide a continuous and secure water supply	Number of shut-offs of the bulk water supply network resulting in loss of water or pressure to consumers	0	0	0
	Improve the resilience of the bulk water supply to catastrophic events such as earthquakes	A methodology for assessing improvements to the resilience of the bulk water supply was developed	Plan for and implement resilience improvements	Asset Management Plan and annual works programme in place. The AMP identifies resilience improvements required. The annual works programme gives effect to the AMP and features the resilience improvement projects.

29. Very high levels of the naturally-occurring compound Geosmin in our storage lakes during April briefly attracted taste complaints from the community and presented an operational challenge. Geosmin can cause water to taste and smell 'earthy' but poses no health risk and the water remains safe to drink. The worst-affected of the two lakes was drained to remove the Geosmin

30. The GWRC Long-term Plan 2012-22 incorrectly identified 85% chemical compliance baseline (2010/11) and 90% compliance 2012/13 target. Both the baseline (2010/11) and target for 2012/13 have been 100%. The 85% baseline refers to fluoride within the range recommended by the Ministry of Health for drinking-water in NZ (0.7-1.0 mg/L). Compliance with the Drinking-water standards is assessed against the maximum acceptable value for fluoride, of 1.5 mg/L

31. One e.coli transgression was recorded by Regional Public Health, with no further action required, and no impact on compliance.

32. One fluoride transgression was recorded by Regional Public Health, with no further action required, and no impact on compliance.

33. Verbal confirmation of compliance received from Drinking Water Assessor. Formal annual survey report due from Regional Public Health forth with.

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Ensure that water supply infrastructure is adequate to meet future needs while minimising environmental impacts	Modelled probability of annual water supply shortfall	1.5%	No greater than 2%	0.4%
	Compliance with environmental regulations	Full compliance	Full compliance	Full compliance

### Unforecast activity

Procurement of the land at Kaitoke required additional funding of approximately \$500,000, due to the increase in market value from the original project estimate to the time of procurement.

Following a disaster such as a Wellington Fault earthquake, the eastern suburbs of Wellington will be the last area to be reconnected to the bulk water supply and could be without water for around 70 days. Work commenced in 2013/14 to determine if supplying emergency water from the Hutt Valley via a pipeline across the harbour is a feasible restoration option. The pipeline could be supplied with water from either the Waterloo well-field or the Wainuiomata Water Treatment Plant. However in both cases pipeline resilience improvements would be required to ensure that a supply was available within a few days of a disaster occurring. This work continues on into 2014/15 along with sites under investigation for possible storage ponds as another alternative.

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	-	-	-	-	-
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-
Fines, infringement fees, and other receipts 1	27,023	26,571	27,975	26,734	26,166
<b>Total operating funding</b>	<b>27,023</b>	<b>26,571</b>	<b>27,975</b>	<b>26,734</b>	<b>26,166</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(16,917)	(16,511)	(18,323)	(17,889)	(15,802)
Finance costs	(3,341)	(3,601)	(4,563)	(4,059)	(3,586)
Internal charges and overheads applied	(1,445)	(1,445)	(1,543)	(1,373)	(1,373)
<b>Total applications of operating funding</b>	<b>(21,703)</b>	<b>(21,557)</b>	<b>(24,429)</b>	<b>(23,321)</b>	<b>(20,761)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>5,320</b>	<b>5,014</b>	<b>3,546</b>	<b>3,413</b>	<b>5,405</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	6,302	6,159	2,196	12,109	5,413
Gross proceeds from asset sales	48	52	40	115	72
<b>Total sources of capital funding</b>	<b>6,350</b>	<b>6,211</b>	<b>2,236</b>	<b>12,224</b>	<b>5,485</b>
<b>Applications of capital funding</b>					
- to meet additional demand	(5,067)	(4,500)	(206)	(5,500)	(1,556)
- to improve the level of service	(3,759)	(1,345)	(1,754)	(5,716)	(5,587)
- to replace existing assets	(1,160)	(4,189)	(2,644)	(3,691)	(2,705)
(Increase) / decrease in investments <sup>2</sup>	(1,681)	(1,342)	(1,178)	(946)	(1,107)
(Increase) / decrease in reserves	(3)	151	-	216	65
<b>Total applications of capital funding</b>	<b>(11,670)</b>	<b>(11,225)</b>	<b>(5,782)</b>	<b>(15,637)</b>	<b>(10,890)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Water assets 2</b>	<b>11,453</b>	<b>8,289</b>	<b>8,364</b>	<b>8,185</b>	<b>8,254</b>
<b>Bulk Water Levy 1</b>	<b>25,635</b>	<b>25,635</b>	<b>25,884</b>	<b>24,888</b>	<b>24,890</b>

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

2 Depreciation increased substantially compared to budget due to the higher than expected revaluation in 2012/13 which was completed after the 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 LTP 2012-22

All figures on this page exclude GST

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
<b>Total operating funding</b>	<b>27,023</b>	<b>26,571</b>	<b>27,975</b>	<b>26,734</b>	<b>26,166</b>
Water Supply	27,023	26,571	27,975	26,734	26,166
<b>Total operating funding</b>	<b>27,023</b>	<b>26,571</b>	<b>27,975</b>	<b>26,734</b>	<b>26,166</b>
<b>Applications of operating funding</b>					
Water Supply	(21,703)	(21,557)	(24,429)	(23,321)	(20,761)
<b>Total applications of operating funding</b>	<b>(21,703)</b>	<b>(21,557)</b>	<b>(24,429)</b>	<b>(23,321)</b>	<b>(20,761)</b>
<b>Capital expenditure</b>					
Water sources	(1,745)	(30)	(412)	(1,530)	(1,634)
Water treatment plants	(1,086)	(1,295)	(839)	(880)	(816)
Pipelines	(479)	(475)	(537)	(1,980)	(1,928)
Pump stations	(108)	(60)	(103)	(505)	(417)
Reservoirs	(131)	-	-	-	(59)
Monitoring and control	(430)	(490)	(495)	(960)	(909)
Seismic protection	(301)	(700)	(826)	-	(2,221)
Energy	(20)	-	-	(160)	(242)
Other	(1,176)	(6,700)	(1,153)	(8,451)	(1,256)
Land and buildings	(4,424)	-	-	-	-
Plant and equipment	(86)	(99)	(83)	(81)	(74)
Vehicles	-	(185)	(156)	(360)	(292)
<b>Total capital expenditure</b>	<b>(9,986)</b>	<b>(10,034)</b>	<b>(4,604)</b>	<b>(14,907)</b>	<b>(9,848)</b>

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For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

# Environment

GWRC is responsible for regulating the use of the region's natural resources. We do this through regional policies, plans and resource consents, helping the community to manage and restore ecosystems, and manage land sustainably. We monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service. We also look after the region's harbours.

Work in the *Biodiversity* area is progressing well, with the Greater Wellington Biodiversity Strategy under implementation. Programme plans have been completed for the Wetland Protection Support, Fish Passage Restoration, and Strategy and Systems programmes, and further plans are at various stages of completion.

A memorandum of understanding between GWRC and the Queen Elizabeth II National Trust (QEII) was signed that sets out how landowners will be supported to establish open space covenants on their land. GWRC has committed to contributing to the costs associated with the legal protection of land by QEII covenant. This year 41 hectares have been protected in perpetuity at sites where landowners are supported with pest control work to safeguard the sites' biodiversity values.

Communities and mana whenua are actively engaged as stakeholders in biodiversity management at a range of sites including Porirua Harbour, Wairarapa Moana, and selected Key Native Ecosystem sites. Restoration Day and World Fish Migration Day were a key focus for bringing together community groups from all over the region to share knowledge and raise awareness.

12 community groups received funding as part of the Take Care programme funding. Future community work will focus on groups working at sites actively managed under other biodiversity programmes and involve working collaboratively to achieve objectives set in management/project plans.

Relevant aspects of the Porirua Harbour and Catchment Strategy and Action Plan have been implemented including preparation of a Sediment Reduction plan and a concept for ecological restoration of the Porirua Stream mouth.

All sites within the Key Native Ecosystem (KNE) programme were reviewed and re-prioritised using a range of ecological criteria. As a result, a revised list of KNE sites has been developed and three-year management plans are being developed for all sites. These cover operations and set out management actions that address identified threats to the sites' biodiversity values. KNE plans were completed for Baring Head/ Ōrua-pouanui, East Harbour Northern Forest, Parangarahu Lakes Area, Queen Elizabeth Park and Whitireia Coast.

## Activities

This group of activities includes:

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

### Our water supply activities contribute towards:

A **healthy environment** by:

- regulating and monitoring the use and development of the environment to ensure that our natural and physical resources are managed sustainably
- working with the community on initiatives to protect and restore the environment such as pest management and planting
- advising landowners and businesses on practices that reduce the environmental impact of their activities

A **strong economy** by:

- working with landowners to enhance the prosperity and security of the farming sector through developing plans to prevent soil erosion and managing pests that threaten farm productivity, including working to eradicate bovine Tb
- supporting commercial shipping by monitoring commercial ships arriving and departing from Wellington and providing navigational aids in our harbour. Having adequately-resourced response and contingency planning in place ensures that any environmental disruptions to commercial shipping are minimised



The *Biosecurity* team carried out pest control in 130 KNE sites to control threats to ecological health, and contributed to national development projects, including aquatic weed control best practice, Nature Central wildling pine strategy and the national bio-control strategy.

Senior staff were invited to be part of the National Response Team for the National Biosecurity Capability Network led by the Ministry of Primary Industries.

We also completed aerial possum control projects in Akatarawa, Project Kaka, Western Tararua and the Otaki Buffer over 43,700 hectares; completed the Regional Possum and Predator Control programme in Northern Wairarapa, Kapiti, Porirua and Upper Hutt over 36,300 hectares; and completed vector control for TBFree NZ over 24,000 hectares across the Region.

Work in the *Land Management* area included development of the Akura Conservation Centre. Stage II of the Yard development is mostly complete, involving planting five hectares of new species. This brings the area of new nursery to 11 hectares. The project has greatly improved traffic flows, parking, product displays and separation of the retail and day to day operational activities.

22 Farm and Environment Plans (FEP) have been completed in the Mangatarere River catchment. Of these, 14 carried out on-farm works in 2013/14 and all 22 will have an active works programme in 2014/15. There are only a handful of properties in the catchment still to join the programme. Two FEPs in the Otaki catchment have been prepared, taking the number in this part of the region to four.

A total of 42 farms signed up for on-farm work as part of the Wairarapa Moana Freshstart for Freshwater Clean-up project. 25 projects are currently in progress. Development work on eight prospective constructed wetland sites is continuing.

Work in the Wellington Regional Erosion Control Initiative (WRECI) programme focussed on completing the planning and planting requirements; and securing MPI funding approval for 2013/14 and 2014/15 (both of which were achieved). WRECI continued to be strongly supported by the farming communities in the five priority catchments and milestones for the areas of land planted for erosion control purposes, as set out in the initial application in 2009, have been exceeded.

A further 13 new WRECI plans have been completed over the 2013/14 summer, bringing the number completed since 2009 to 66.

In *Environment Management*, key focus areas included implementing the National Policy Statement for Freshwater Management and establishment of the Ruamahanga Whaitua Committee.

A Roads of National Significance (RoNS) project team has been established to deliver on the implementation of Transmission Gully and MacKays to PekaPeka (M2PP) projects, and there has been extensive and successful work with NZTA and Wellington Gateway Partnership (WGP) through the 'public private partnership' process.

Annual State of the Environment reports have been published on the GWRC website. There has been a focus again this year on rural sector engagement, particularly in regulatory requirements of on-farm management.

We responded to 939 environmental incidents, processed 635 consents and undertook inspections on 2257 consents. We lay nine charges in relation to three separate incidents for significant breaches of resource consents or our regional plans, and issued 36 infringement notices and 81 abatement notices.

Other local councils were engaged on waste water and storm water consenting and compliance performance within the Wellington region. A new incidents response database module called Ozone Call Centre has been developed and rolled-out, and there has been on-going development of the water use database for capturing all water use data in the region.

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Resource Management</b>	
Ongoing management of core statutory work within timeframes and ongoing 100% success at environment court	100% success in completed actions of Environment District, High and Supreme Courts in 2013/14.
Implementation of the Regional Policy Statement	Exceedance of consent processing timeframes for 1.3% of all consents and exceedance of incident investigation timeframes in 0.5% of all investigations.
Continue work on the Regional Plan review including community consultation with the finalisation of a draft regional plan mid to late 2013	Draft Plan being released in September 2014.
Establishment of the first of the Whaitua Committees for the Region	Achieved in 2013 with initial meeting held in May where a Chair and Deputy Chair were appointed.
Conduct customer satisfaction survey (undertaken every four years for applicants, consent holders, and incident notifiers)	N/A for 2013/14
Study hydrology and nutrient status of Lake Wairarapa and environs (Wairarapa Moana) to aid decisions on water allocation and intervention measures	Initial phases of hydrological and nutrient studies completed. Report being finalised for hydrological component – completion date 1 October 2014. Additional sampling for nutrients to improve resolution required.
Continue to refine our earthworks site scoring system to assist with compliance of bulk earthworks sites	Refined in 2012/13. In place and working well within land development sector.
Implementation of compliance strategies for dairy effluent, water management and earthworks	Implemented for Dairy effluent and water management by 2012/13.
Consenting and compliance work associated with major RoNS projects, including Transmission Gully, MacKays to Peka Peka, Otaki to Levin, Wellington Airport to Mt Victoria, Basin Reserve, Terrace Tunnel	Consenting and compliance work is ongoing and tracking according to the schedule of NZTA and their alliance partners.
Porirua Harbour monitoring programme	Modelling of catchment sediment inputs to Porirua Harbour has been completed under a range of current and future land use scenarios. Refinement of this model will be ongoing as actual sediment inputs are measured using continuous turbidity sensors in the three largest sub-catchments.  In the Harbour itself, a sediment transport model has been developed to estimate where the incoming sediment deposits and how reductions in sediment inputs might influence sedimentation rates throughout the harbour.  Monitoring of sedimentation rate and sediment quality is undertaken annually to assess estuarine health, validate the sediment transport model and prioritise science and monitoring needs.
Reviewing our approach to the State of the Environment Charging regime to better align the costs of our science and research work with the users of the resource to support more integrated and robust decision making	This was completed in 2012/2013.

Specific areas of work for 2012/13	Performance
<b>Land Management</b>	
Implement the Wellington Regional Erosion Control Initiative	The Wellington Regional Erosion Control Initiative completed its fifth year of operation. 48 properties completed works programmes and 10 new Plans were prepared.
Implement annual works programme on erosion-prone land within Property and Sustainability Plans	Annual works programmes were completed on 123 Property and Sustainability Plans.
Implement Land and Environment Plans	20 properties had Farm and Environment Plans prepared for their properties in the Mangatarere and Mangaone catchments, and a range of mitigation measures around nutrient management were implemented.
Complete annual works programmes for each of the Catchment Control Schemes	Annual works programmes approved by the local advisory committees were implemented across all six Catchment Control Schemes.
Continue expansion of Akura nursery and supply poplars and willows for erosion control	The second stage of expansion, involving the planting of five hectares of new nursery was completed. This brings the area of new nursery to 11 hectares.
<b>Biodiversity Management</b>	
Implement the Key Native Ecosystems and habitats of threatened species programmes	120 sites were managed to protect their indigenous biodiversity values across the region.
Monitor high value biodiversity sties	14 reference sites have ongoing small mammal presence monitoring programmes in place.
Provide advice in planning and regulatory services to protect biodiversity	Statutory and non-statutory planning and policy advice on biodiversity issues was provided to internal and external clients at local, regional and national levels.
Implement relevant aspects of the Porirua Harbour and Catchments Strategy and Action Plan	Relevant aspects of the Plan were implemented including preparation of a Sediment Reduction plan and a concept plan for ecological restoration of the Porirua Stream mouth.
<b>Pest Management</b>	
Commence the 5 year review of the Regional Pest Management Strategy	Due to the delay in producing the National Policy Direction (NPD), GWRC and our partners from the Nature Central (Horizons Regional Council and Hawkes Bay Regional Council) were unable to further the review of our respective RPMS's. The NPD is due for release early in 2015.
Implement the Regional Possum Predator Control Programme	Possum control was completed over 36,300 ha: 15,500 ha in North Wairarapa, 11,500 ha in Kapiti, 7,700 ha in Porirua, and 1,600 ha in Moonshine.
Implement the current Regional Pest Management Strategy	The RPMS programme was completed. Results will be reported in the RPMS Operational Plan Report by November 2014, in accordance with statutory requirements.
<b>Harbour Management</b>	
Operate Beacon Hill Signal Station and maintain navigational aids	Continue to operate satisfactorily 24/7, 365 days a year. All navigational lights maintained and operating.
Provide a response to harbour and coastal marine oil spills	100% 24/7 availability.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Resource Management</b>				
Provide an up-to-date policy framework to manage the region's natural and physical resources	That the Regional Policy Statement is reviewed and adopted	All appeals resolved by December 2012. The Regional Policy Statement was made operative in April 2013.	Regional Policy Statement becomes operative	Regional Policy Statement is operative.
	That regional plans are reviewed and adopted	Regional Plan review continues. Draft expected in 2014.	Proposed Regional Plan published for public submissions	Draft Regional Plan will be made available in September 2014.
Process resource consents in a timely manner	Percentage of resource consents <sup>34</sup> processed within 20 working days <sup>35</sup>	99%	100%	98.7% Eight consents as part of a single project exceeded timeframes, after the applicant decided not to agree to extended statutory timeframes under the Resource Management Act.
Monitor and enforce compliance with regional plans and resource consents	Percentage of monitoring inspections completed for resource consents with individual monitoring programmes.	100%	100%	100%
	Percentage of environmental incidents reported to the 24-hour incident response service investigated in accordance with legal timeframes <sup>36</sup> for enforcement	99%	100%	99.5% Four incident investigations exceeded timeframes, as a result of workload management issues.
Provide information to the community on the state of the region's environment	Number of state of the environment report cards downloaded on the GWRC website	1324	Increase on previous year	812 Monitoring has shown a reduced number of downloads on the website.

34. Non-notified resource consents – in 2010/11 95.77% of resource consents we processed were non-notified

35. Working days as defined by the Resource Management Act 1991

36. The timeframe for infringement notices is four months, the timeframe for charges laid in District Court is six months

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Land Management</b>				
Work with landowners to sustainably manage erosion-prone land	Percentage of erosion-prone land covered by a Farm Plan	76.4%	75%	76.6%
	Hectares of erosion-prone land planted	702.5 hectares	470 hectares p/a	379 hectares There was a reduced supply of poplar and willow poles from Akura, and less demand from landowners for conservation woodlot planting.
Work with landowners to sustainably manage nutrient and sediment discharges on a catchment basis	Number of Land and Environment plans prepared	10 landowners have had Farm Environments Plans prepared for their properties	10 p/a	10 landowners had Farm and Environment Plans prepared for their properties
<b>Biodiversity Management</b>				
Work with the regional community to improve the region's indigenous biodiversity	Total number of identified high value biodiversity sites (excluding streams and marine sites) under active management <sup>37</sup>	140	120	120

37. Active management means that work programmes such as fencing and pest control are in place to address key threats to ecological health and that the effectiveness of these programmes is monitored across a representative range of ecosystem types.

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Pest Management</b>				
Work with landowners to reduce the impact of pest animals and plants within the region	Number of active pest plant "Total Control" sites <sup>38</sup>	The overall active sites decreased by 53. Delimiting surveys of Total Control species discovered 40 new sites. During the year 64 sites changed status from Active to Monitored and further 29 sites changed from Monitored to Eradicated.	Decrease on previous year	The overall active sites decreased by 48. Delimiting surveys of Total Control species discovered 33 new sites. During the year 9 sites changed status from Active to Monitored and a further 72 sites changed from Monitored to Eradicated.
	Number of rabbits in the region	Low	Low (<5 on the Modified McLean Scale <sup>39</sup> )	Low Rabbit numbers in the Wairarapa remained at particularly low levels. Kapiti Coast numbers remain relatively low, with a few rabbit prone areas showing moderate numbers.
	Number of possums in the Regional Possum Predator Control Programme area	Due to the low numbers of possums noted in most areas, monitoring was deferred to 2013/14 Due to the low numbers of possums noted in most areas, monitoring was deferred to 2013/14	Low Less than 5% Residual Trap Catch <sup>40</sup>	Low Overall average of 3% Residual Trap Catch

38. Active Total Control sites are sites that have living Total Control species pest plants or have had living plants within the past five years. A list of Total Control species pest plants can be found in the Regional Pest Management Strategy.

39. Modified McLean's scale provides an index from 1-8 of rabbit density based on the amount of fresh rabbit faecal pellets present on the ground and the numbers of rabbits seen

40. Relative possum population density is measured using Residual Trap Catch index (RTC) calculated as a numbers of possums caught per 100 trap nights

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Harbour Management</b>				
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%
	That all navigational aids are working, 24 hours a day, seven days a week	Two Category 2 lights had 98.4% and 94% due to damage from June 20 storm. All other navigation aids met operational reliability targets.	100%	99.8% Variation due to minor outages. Remained compliant with International Association of Lighthouse Authorities (IALA) reliability guidelines.
	Percentage of reports of unsafe boating incidents investigated	100%	100%	100%
	Percentage of harbour oil spills responded to within 30 minutes and clean up started within one hour	100%	100%	100%
	Percentage of coastal oil spills responded to within 30 minutes and clean up started within 3 hours	100%	100%	100%

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	20,117	20,117	20,218	19,432	19,432
Targeted rates	584	584	586	545	545
Subsidies and grants for operating purposes	145	-	-	208	141
Fees, charges, and targeted rates for water supply	2,752	3,173	2,826	2,802	2,920
Fines, infringement fees, and other receipts <sup>1</sup>	6,019	3,403	3,806	3,949	4,286
<b>Total operating funding</b>	<b>29,617</b>	<b>27,277</b>	<b>27,436</b>	<b>26,936</b>	<b>27,324</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(27,430)	(25,269)	(25,035)	(24,933)	(25,117)
Finance costs	(81)	(68)	(86)	(94)	(88)
Internal charges and overheads applied	(1,635)	(1,635)	(1,659)	(1,476)	(1,581)
Total applications of operating funding	(29,146)	(26,972)	(26,780)	(26,503)	(26,786)
<b>Surplus/(deficit) of operating funding</b>	<b>471</b>	<b>305</b>	<b>656</b>	<b>433</b>	<b>538</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	213	(137)	(140)	(93)	(168)
Gross proceeds from asset sales	31	49	86	108	116
<b>Total sources of capital funding</b>	<b>244</b>	<b>(88)</b>	<b>(54)</b>	<b>15</b>	<b>(52)</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(61)	(35)	(36)	(90)	(84)
- to replace existing assets	(332)	(341)	(520)	(659)	(621)
(Increase) / decrease in investments <sup>2</sup>	-	-	-	-	-
(Increase) / decrease in reserves	(322)	159	(46)	301	219
<b>Total applications of capital funding</b>	<b>(715)</b>	<b>(217)</b>	<b>(602)</b>	<b>(448)</b>	<b>(486)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Environment assets</b>	<b>608</b>	<b>685</b>	<b>584</b>	<b>551</b>	<b>640</b>

<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

<sup>2</sup>

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 2012-22

All figures on this page exclude GST

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
Resource management	13,364	12,304	11,560	11,280	11,453
Land management	4,677	3,824	3,908	3,774	3,872
Biodiversity management	4,267	4,136	4,717	4,703	4,674
Pest management	5,210	4,933	5,118	5,103	5,242
Harbour management	2,099	2,080	2,133	2,076	2,083
<b>Total operating funding</b>	<b>29,617</b>	<b>27,277</b>	<b>27,436</b>	<b>26,936</b>	<b>27,324</b>
<b>Applications of operating funding</b>					
Resource management	(13,763)	(12,098)	(11,317)	(10,954)	(11,559)
Land management	(4,477)	(3,739)	(3,817)	(3,682)	(3,838)
Biodiversity management	(4,279)	(4,364)	(4,717)	(4,979)	(4,654)
Pest management	(4,698)	(4,906)	(5,033)	(5,047)	(4,903)
Harbour management	(1,929)	(1,865)	(1,896)	(1,841)	(1,832)
<b>Total applications of operating funding</b>	<b>(29,146)</b>	<b>(26,972)</b>	<b>(26,780)</b>	<b>(26,503)</b>	<b>(26,786)</b>
<b>Capital expenditure</b>					
Capital project expenditure	(109)	(35)	(36)	(90)	(240)
Land and buildings	-	-	-	-	-
Plant and equipment	(49)	(207)	(214)	(233)	(179)
Vehicles	(235)	(134)	(306)	(426)	(286)
<b>Total capital expenditure</b>	<b>(393)</b>	<b>(376)</b>	<b>(556)</b>	<b>(749)</b>	<b>(705)</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 LTP 2012-22

# Flood protection and control works

GWRC works with communities to manage flood risk from the region's rivers and streams. We develop floodplain management plans, provide a free advice and consultation service, maintain and build flood protection works, work with the community to improve the environment and recreational opportunities and provide flood warnings.

The Flood Protection department completed its work programme with significant progress on all key projects this year. The Seddon earthquakes and subsequent office moves were disruptive, but work was generally progressed without significant delay.

Investigations which assist with the understanding of flood risk, progressed well. The development of Floodplain Management Plans (FMPs) is a cornerstone of this work with the Pinehaven FMP now in final draft form, and the Waiohine FMP nearing completion. In addition to this, the Te Kauru Upper Wairarapa FMP made excellent progress with Phase 1 work being completed and Phase 2 now underway. Flood hazard assessments were also progressing with the updating of the regional flood hazard maps using the new LIDAR topographic data. A rapid hazard assessment for Carterton was undertaken and the release of updated flood hazard maps completed for the Porirua Stream.

The region's flood security was enhanced with the completion of all of the programmed Lower Wairarapa Valley Development Scheme works and erosion protection works in the Otaki River. In addition to this, the feasibility design for the Jim Cooke Park stop-bank on the Waikanae River and the Hutt City Centre Upgrade project progressed to programme. The Hutt City Centre project is now being undertaken as a three-agency project including GWRC, Hutt City Council, and NZTA. The three-agency approach is expected to give a better overall outcome that achieves flood protection, transport, and development improvements for Hutt City and the wider region. An additional activity for the Hutt River FMP implementation included the purchase of further property required for future flood protection improvement works when they were offered for sale.

All maintenance activities on existing infrastructure were completed to programme with no deferred maintenance despite a series of floods affecting all of the Wairarapa River Schemes early in the year. Work also progressed to support resource consents renewal applications for future routine maintenance activities. The resource consent project included the lodging of applications and associated supporting documentation for the Waikanae, Otaki, Hutt and Wainuiomata Rivers.

## Activities

This group of activities includes:

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

### Our flood protection and control works activities contribute towards:

- A **resilient community** by:
  - Reducing the risk of flooding in the region now and in the future by encouraging new development away from our most flood-prone areas
  - Building planned flood protection works and informing communities about the risk and consequences of flood events in their area
- A **strong economy** by minimising the impact of flooding on activities that contribute to the regional economy
- **Quality of life** by enabling people to enjoy recreational use of river corridors
- A **healthy environment** by enhancing the environment along river corridors

Updating the asset management plan is underway, as 30-year infrastructure planning is incorporated into this activity.

Two other major activities for the year included the development of an Environmental Code of Practice for maintenance works, and improvements to our flood forecasting capabilities.



## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Understanding Flood Risk</b>	
Develop Waiwhetu Floodplain Management Plan	Approval has been given by the Hutt Valley Floodplain Management Subcommittee to defer completion of the preferred option recommendation until June 2016, due to a combination of resourcing issues and challenges in developing a workable preferred option. Work will recommence in early 2015.
Prepare Ruamahanga, Waipoua and Waingawa Floodplain Management Plan	The Te Kauru Upper Ruamahanga Floodplain Management Planning Subcommittee was established. Phase 1 (establish the context) was reported and signed off by the Subcommittee. Approval was also given to commence Phase 2 work, which is now underway.
<b>Maintaining Flood Protection and Control Works and Improving Flood Security</b>	
Commence obtaining statutory approvals for maintenance of infrastructure assets	Work is continuing to programme. Resource consent applications were lodged for the Waikanae, Otaki, Hutt and Wainuiomata Rivers. All additional information requested has been supplied to the Consenting Authority and we are awaiting confirmation of a date for public notification of the consents
Construct Boulcott-Hutt Stopbank (Hutt River Floodplain Management Plan)	Completed in 2013, one year ahead of schedule.
Planning for Lower Hutt City Centre Stop-bank upgrade (Hutt River Floodplain Management Plan)	On target. The design objectives were agreed and we are now developing options for an Integrated Concept Design including HCC Making Places opportunities, transport enhancements, river channel improvements and stopbank upgrading.
Planning for channel widening on the Hutt River from Melling Bridge to Kennedy Good Bridge (Hutt River Floodplain Management Plan)	On target. Reported as part of the Lower Hutt City Centre Stopbank upgrade above.
Continue implementing the environmental strategy on the Hutt, Waikanae and Otaki rivers	On target.
Carry out Lower Waitohu improvement works (Waitohu Stream Management Plan)	All but one of the land entry agreements has not been completed. Construction deferred to 2014/15. Negotiations are continuing with the remaining landowner.
Commence Jim Cooke Park stopbank improvements (Waikanae Floodplain Management Plan)	On target. Concept designs completed.
Commence implementation of Waiohine Floodplain Management Plan outcomes	This work is delayed as we are awaiting completion of the Waiohine FMP. Progress has been made on negotiations for some strategic land purchases.

## Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Understanding Flood Risk</b>				
Improving information and understanding of flood risk in the community	Number of new flood hazard assessments completed	0	0	2 Regional Flood Hazard modelling, used for prioritising investigations, is currently being updated. Flood Hazard Assessments were completed for Carterton and Porirua.
	Number of new floodplain management plans developed	0	2	0 No new FMPs were completed this year. However, the final draft of the Pinehaven FMP was completed and endorsed by Council. The Waiohine River and Waiwhetu Stream FMPs are currently in Phase 3: 'detailed options investigations'.
	Number of requests for flood hazard advice	281	Increase on previous year	420
	Percentage of flood warning alarms responded to appropriately	100%	100%	100%

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Maintaining Flood Protection and Control Works and Improving Flood Security</b>				
Improve flood security by implementing floodplain management plans	Percentage of floodplain management plan capital works 40-year programme implemented	30% completed	35% completed	35% completed
Maintain flood protection schemes to mitigate the effect of flooding	No failures of flood protection schemes below specified design levels	100%	100%	100%
Minimise the environmental impact of flood protection works and support public access to rivers and streams	All flood protection works are undertaken in accordance with resource consent conditions or relevant plan provision	No significant non-compliance	No significant non-compliance	No significant non-compliance
	Number of new public access points to rivers and streams	1	1	1 A new access way through Carters Reserve to the Ruamahanga River has been formalised with a property easement registered on the title.

## Unforecast activity

A key additional activity undertaken during the year was the purchase of further property at Mills St in preparation for the City Centre Stopbank upgrade and at Woollen Mills Point. Both areas have been identified in the Hutt River Floodplain Management Plan as being required for future works and were purchased when the opportunity arose. Both purchases were not budgeted or programmed for this financial year. The Capital Expenditure budgets were, therefore, unfavourable compared to budget.

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	7,951	7,951	8,256	8,261	8,261
Targeted rates	6,201	6,201	6,607	6,136	6,136
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	3	-	-	-	-
Fines, infringement fees, and other receipts <sup>1</sup>	1,703	1,614	1,759	1,697	1,634
<b>Total operating funding</b>	<b>15,858</b>	<b>15,766</b>	<b>16,622</b>	<b>16,094</b>	<b>16,031</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(8,006)	(7,587)	(7,821)	(7,540)	(7,621)
Finance costs	(3,146)	(3,017)	(3,505)	(3,266)	(3,463)
Internal charges and overheads applied	(1,235)	(1,235)	(1,294)	(1,151)	(1,151)
<b>Total applications of operating funding</b>	<b>(12,387)</b>	<b>(11,839)</b>	<b>(12,620)</b>	<b>(11,957)</b>	<b>(12,235)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>3,471</b>	<b>3,927</b>	<b>4,002</b>	<b>4,137</b>	<b>3,796</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	2,599	1,081	2,794	4,131	6,650
Gross proceeds from asset sales	63	45	133	94	104
<b>Total sources of capital funding</b>	<b>2,662</b>	<b>1,126</b>	<b>2,927</b>	<b>4,225</b>	<b>6,754</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	(2,909)	(5,451)	(5,602)	(7,106)	(9,283)
- to replace existing assets	(2,545)	1,238	(344)	(339)	(305)
(Increase) / decrease in investments <sup>2</sup>	(379)	(346)	(383)	(322)	(356)
(Increase) / decrease in reserves	(300)	(494)	(600)	(595)	(606)
<b>Total applications of capital funding</b>	<b>(6,133)</b>	<b>(5,053)</b>	<b>(6,929)</b>	<b>(8,362)</b>	<b>(10,550)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Flood Protection and Control assets</b>	<b>978</b>	<b>1,050</b>	<b>958</b>	<b>904</b>	<b>992</b>

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

<sup>2</sup>

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 2012-22

All figures on this page exclude GST

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
Understanding flood risk	1,756	1,802	1,925	2,162	2,210
Maintaining flood protection and control works and Improving flood security	14,102	13,964	14,697	13,932	13,821
<b>Total operating funding</b>	<b>15,858</b>	<b>15,766</b>	<b>16,622</b>	<b>16,094</b>	<b>16,031</b>
<b>Applications of operating funding</b>					
Understanding flood risk	(1,272)	(1,329)	(1,449)	(1,347)	(1,506)
Maintaining flood protection and control works and Improving flood security	(11,115)	(10,510)	(11,171)	(10,610)	(10,729)
<b>Total applications of operating funding</b>	<b>(12,387)</b>	<b>(11,839)</b>	<b>(12,620)</b>	<b>(23,128)</b>	<b>(12,235)</b>
<b>Capital expenditure</b>					
Waiwhetu flood		-	-	(100)	(134)
Hutt River improvements	(3,278)	(922)	(2,137)	(4,763)	(7,278)
Otaki River improvements	(697)	(1,595)	(1,398)	(1,305)	(114)
Wairarapa scheme	(1,233)	(1,087)	(1,273)	(588)	(942)
Other flood protection	(66)	(497)	(794)	(350)	(164)
Land and buildings		-	-	-	(646)
Plant and equipment	(4)	(8)	(79)	(122)	(115)
Vehicles	(176)	(104)	(265)	(217)	(195)
<b>Total capital expenditure</b>	<b>(5,454)</b>	<b>(4,213)</b>	<b>(5,946)</b>	<b>(7,445)</b>	<b>(9,588)</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 LTP 2012-22  
All figures on this page exclude GST

# Parks

GWRC manages a network of regional parks and forests for use and enjoyment by the community. The network includes a range of unique natural areas for recreation and conservation. We plan for the future of the network, provide facilities and services for visitors (including park rangers, toilets and tracks) and work with community groups to protect the environment of regional parks.

Negotiations were concluded with NZTA regarding compensation and mitigation measures relating to the effects of the Transmission Gully Motorway (TGM) on the regional parks. A key aspect of the agreement is the relocation of the farm hub at Belmont Regional Park from Waitangirua to the Hill Road area. NZTA have also agreed to fully fund a cycleway/ walkway from Paekakariki to Raumati South in Queen Elizabeth Park as part of the TGM and Mackays to Pekapeka (M2PP) roading projects.

The first edition of the newly named "Our Parks" electronic newsletter was distributed to 1,368 subscribers, receiving good feedback which will be incorporated into the design and functionality of the next edition. Videos have been produced to promote the Hutt River Trail, East Harbour Regional Park and Whitireia Park, with are planned for the Akatarawa Forest, Wainuiomata Recreation Area and Wairarapa Moana Wetlands Park.

The 2014 Queen Elizabeth and Battle Hill Arbor Day / Matariki events were well attended by nearly 300 school children as well as councillors and mana whenua. Altogether just over 2000 plants were planted at the two parks, and all enjoyed these events which took place in fine winter weather.

At Belmont Regional Park, the Korokoro Forks to Belmont Trig track upgrade and realignment has progressed well. The track sections completed to date have been metalled and opened. The job included a marathon three day heli-lift to shift metal from a private property on Horokiwi Road to both the completed track and the final section to be constructed in the spring.

An upgrade to the Cannons Creek track network is nearly complete. A new section of walking track will improve accessibility to the area by replacing a steep slippery section.

Fencing maintenance and replacement has been completed for the financial year. Road maintenance work has been completed across the park and a complete reseal of the Dry Creek access road and car parks has been completed. A new automated gate has been commissioned at the Hill Road entry to address illegal entry by vehicles and motorbikes.

## Activities

This group of activities includes:

- Parks planning
- Visitor services
- Protecting the environment of regional parks.

### Our parks activities contribute towards:

- A **quality of life** by providing a range of outdoor recreational opportunities and amenities for the community to enjoy; and protecting part of the region's unique natural and cultural heritage
- A **healthy environment** by protecting and restoring the habitat of native plants and animals.

Logging of the Stratton Street plantation forest has been completed and all logs removed from the site. Maintenance of the road and sediment control measures has been completed allowing resource consents to be signed off by GWRC and Hutt City Council. Planning for reinvestment works is well underway with the physical works to begin in the next financial year.

Road maintenance has been undertaken across Queen Elizabeth Park with the Wellington Road entrance resealed. The repositioning of a gate to restrict access to the "Pickle Pot" drew some concern from Paekakariki residents over a lack of formal parking given the gate's new location. Staff worked through the concerns and a new sealed car park for five vehicles was constructed as part of the re-seal work, an outcome that has satisfied the local residents. New double-unit toilets are prefabricated and awaiting final building consent for the Esplanade road end. The new units will have mains water, sewerage and power connections.

A major water upgrade for the farming operation in Queen Elizabeth Park is now complete, finalising a project that has run over the last three years. A new water tank in the southern end of the park gives some fire-fighting capacity as well as supplying water to paddocks in the area. Together with new fencing this allows greater flexibility in stock management.



New entrance information signs have been installed for the Thornley Street entrance to Whitireia Park. Planning for the Pou car park development continues with an archaeologist required to undertake a heritage assessment of the area before Heritage NZ issues an authority to modify this heritage site.

The completion of enhancement works at the Rimutaka Summit of State Highway 2 was a key project this year. Pine trees were removed and a viewing area, loop track and information kiosk were constructed, creating a new experience for travellers en route to the Wairarapa. An inter-agency planting day involving GWRC, NZTA and DOC was a successful event.

Further work on the Rimutaka Rail Trail included retaining and surface work at the summit tunnel entrance to address erosion issues and hydro-mowing to cut back encroaching vegetation. Approximately 30 historic rail culverts were discovered below the rail formation, with repairs necessary on most.

In the Akatarawa Forest we continue to work with ARAC on the designs for the Orange Hut upgrades after securing funding from Transpower. GWRC participated in the Trip Leader assessments undertaken by ARAC which form the basis for issuing 4WD permits for trips in the Akatarawa Forest for 4WD club groups.

A new information kiosk was constructed at the Maungakotukutuku entrance as part of a plan to enhance this major entranceway into the forest and provide users with better information, particularly with regard to safety in the forest. All the new Akatarawa map boards have been installed.

In the Kaitoke Regional Park work continues on the Rivendell archway near the Pakuratahi Forks with GWRC, a local tour operator and designers to complete the plastering of the archway.

The Parks Asset Management Plan has been completed and summarizes the key management and activity programmes across the Parks network. The Plan documents the current state of the asset portfolio (5,500 assets), replacement value and projected cost of replacement along with future demands.

## Performance against specific areas of work

Specific areas of work for 2013/14	Performance
<b>Parks Planning</b>	
Manage the ongoing integration of Whitireia Park and Baring Head into the overall parks network	GWRC is working closely with the Friends of Baring Head and the Whitireia Park Board, with both these areas becoming a seamless part of the regional parks network.
Complete the Parangarahu Lakes Management Plan jointly with the Port Nicholson Block Settlement Trust, and begin to implement changes to management as a result of the adoption of the Plan	The draft Co-Management Plan and Amendment to the Parks Network Plan was deliberated on in June 2014, and is awaiting final adoption by GWRC and Port Nicholson Block Settlement Trust.
Review the existing Whitireia Park Management Plan and bylaws jointly with Ngāti Toa	Undertaken an initial discussion with the Board regarding this work and considered the vision for a new management plan.
Manage the potential effect of the Transmission Gully Project which dissects the Battle Hill and Belmont Regional Parks	Negotiations have concluded with NZTA regarding mitigation and compensation for the effects of Transmission Gully Motorway.
<b>Visitor Services</b>	
Run the Great Outdoors Summer Events programme and other events in all parks	4,134 participated in GOSE and other events organised by GWRC and held in regional parks. This figure is up 360 from the previous year. The overall numbers for GOSE increased by 1580 from last year to 14720 (this figure includes events organised by outside providers).  Of all participants surveyed, just over 40% had not been to the relevant park before and 97% indicated that they planned to return.
Continue to develop visitor services at Baring Head, East Harbour Regional Park	The carpark at the Baring Head bridge site was metalled, and the entrance to the coastal car park sealed. Staff assisted the Friends of Baring Head to complete restoration of the historic pump shed and install new picnic tables at the site.
Commence implementation of MacKays Crossing entrance upgrades at Queen Elizabeth Park	Following new design concepts for the TGM project which extended the road northwards to Mackays Crossing, this project has been put back to align with works to take place outside the park entrance. Through this we should achieve the best possible design outcomes and cost efficiencies, and minimise the impact on park users and operations.  With this in mind the concept plan, costs and phases for the entrance way development have been updated, with detailed timeframes to be confirmed.  This work is the first stage of implementing the Heritage Framework at the park.
Participate in the Nature Central Project	GWRC, Horizons and Hawkes Bay regional councils in conjunction with DOC have worked throughout the year on the Nature Central project which is intended to increase collaboration around areas of common interest. Particular progress this year has been made on integration of open space management, possum control and aspects of RMA planning.
Develop a viewing area and associated interpretation on the Pakuratahi Forest land at the summit of the Rimutaka Hill Road (SH2)	GWRC and NZTA have worked together to enhance the visitor experience at the summit. Pines have been cleared, landscaping finished, a new loop track built, a lookout established and an information kiosk and interpretive signs installed. NZTA plans to reseal the carpark by the end of 2014.

Implement NZ Cycleway Wellington-Wairarapa Great Ride section in Pakurataki Forest and contribute to regional working group	Cycleway open and working with land managers on managing the cycleway. Coordinated south coast patrols with DOC over summer.
Continue to develop relationships with Parks 'Friends' groups, and where appropriate continue the development of MOU's to guide these relationships	Enhanced relationships with the "Friends" groups across the park network over the last 12 months. An MoU has been signed with Friends of Maara Roa and a draft MoU is close to being signed with the Belmont Area Mountain Bike Assn (BAMBA)
Process and issue concessions, leases and licences	We have continued to process concessions, leases and licences as required to the prescribed standard.
Work with NZTA on possible construction of walkway/cycleway in QEP as part of MacKays to PekaPeka Expressway	NZTA have agreed to fully fund the new cycleway from Raumatī South to Paekakariki in QEP. A track alignment has been surveyed and mapped.

**Protecting the environment of regional parks**

Replanting will continue in identified environmental restoration sites across the parks network (excluding high value biodiversity sites)	Restoration work continues across 10 sites on the parks network. Some of these sites overlap with the Key Native Ecosystem sites and further work is planned to define how the volunteer contribution will best be integrated with GWRC resources.
Fencing and stream restoration at Whareroa Stream (Queen Elizabeth), Korokoro Stream (Belmont) and Speedy's Stream (Belmont)	All planned fencing works on the Whareroa and Korokoro Streams has been completed. Planning is underway for retirement of the upper section of Cannons Creek (Belmont RP).
Implementing the Heritage Framework in Queen Elizabeth Park	'Commence implementation of MacKays Crossing entrance upgrades at Queen Elizabeth Park' is phase 1 of implementing the Heritage Framework. See above for details.

**Achievement against performance targets**

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Parks Planning</b>				
Provide an up-to-date policy framework to manage the regional park network	That the Parks Network Plan is maintained and updated	Amendment to Parks Network Plan for Baring Head adopted. Work commenced on Parangarahu Lakes management plan.	Adopt an amendment to the Parks Network Plan on Whitireia Park.	The amendment to Parangarahu Lakes PNP has been deliberated on. The amendment reflecting the changes to forestry harvest rights have been adopted. <sup>41</sup>
<b>Visitor Services</b>				
Provide a range of facilities and recreational opportunities to meet community expectations	Percentage of the regional population that has visited a regional park in the last 12 months	63%	>60%	64% <sup>42</sup>
	Percentage of regional park visitors who are satisfied with park facilities	96% (79% were 'very satisfied')	93%	89% This decrease is mainly due to lower levels of satisfaction with the Hutt River Trail (76% compared to 95% in 2012). More respondents indicated that they were "neutral" in regard to facilities rather than "dissatisfied". Satisfaction with Wairarapa Moana also dropped from 100% to 75%.
	Number of people attending GWRC events in regional parks	5,031	5,000	4,566 Variance due to two 'Great Outdoors Summer Events' events being cancelled due to adverse weather conditions.
	Number of volunteer hours in regional parks	8,453	Maintain or increase on previous year	9,874

41. Whitireia Park will be separate to the Parks Network Plan and undertaken in 2014/15/16, as priority has been given to Parangarahu Lakes.

42. Source: 2014 Community Usage & Awareness phone survey

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
<b>Protecting the environment of regional parks</b>				
Work with the regional community to protect and restore the environmental values within the regional parks network	Total number of active environmental restoration sites within regional parks network (excluding high value biodiversity sites)	Objectives & criteria agreed for community environmental restoration sites in the parks. Current sites include Queen Elizabeth Park (MacKays Crossing dune swamp, Poplar Ave wetland, foredunes); Battle Hill Farm Forest Park (Swampy Gully), Belmont Regional Park (Cannons Creek, Hill Rd), East Harbour Regional Park (Parangarahu Lakes, Baring Head)	Assess current sites against objectives and criteria Identify and prioritise new restoration sites Confirm environmental restoration sites	Reviewed existing sites and prioritised restorations sites for the next three years. Working with local communities and "Friends" group to deliver restoration programmes.

### Unforecast Activity:

The June 2013 southerly storm had a range of impacts in the parks network:

- Significant remediation works were required in the Korokoro Valley of Belmont Regional Park to clear pine trees that had fallen over on the current and planned track routes. This held up progress with track upgrades in the valley and presented significant hazards at the site.
- Around a third of the pine trees in the former Stratton Street plantation block also fell over, leading to a substantial increase in logging costs and thus less revenue than was expected to be received.
- High water flows in the Gollans Stream upstream of the Parangarahu Lakes in East Harbour Regional Park brought down significant amounts of vegetation which created a large mat pressing against the boardwalk over the wetland. This required removal of the boardwalk and use of explosives to clear the mat and restore the stream channel. Following discussions with the private land owners upstream, GWRC also undertook significant stream bank reinstatement and fencing work on their property to address flooding problems and minimise the chances of such an event recurring.

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Sources of operating funding</b>					
General rate	5,214	5,214	5,415	5,171	5,170
Targeted rates	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-
Fees, charges, and targeted rates for water supply	125	61	51	50	96
Fines, infringement fees, and other receipts <sup>1</sup>	1,439	882	637	618	813
<b>Total operating funding</b>	<b>6,778</b>	<b>6,157</b>	<b>6,103</b>	<b>5,839</b>	<b>6,079</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	(5,143)	(4,672)	(4,312)	(4,351)	(4,544)
Finance costs	(253)	(257)	(312)	(282)	(264)
Internal charges and overheads applied	(859)	(859)	(950)	(845)	(845)
<b>Total applications of operating funding</b>	<b>(6,255)</b>	<b>(5,788)</b>	<b>(5,574)</b>	<b>(5,478)</b>	<b>(5,653)</b>
<b>Surplus/(deficit) of operating funding</b>	<b>523</b>	<b>369</b>	<b>529</b>	<b>361</b>	<b>426</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Increase / (decrease) in debt	(287)	509	552	274	413
Gross proceeds from asset sales	882	12	65	69	105
<b>Total sources of capital funding</b>	<b>595</b>	<b>521</b>	<b>617</b>	<b>343</b>	<b>518</b>
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	-	-	-	-
- to replace existing assets	(1,151)	(930)	(1,146)	(927)	(984)
(Increase) / decrease in investments <sup>2</sup>	-	-	-	-	-
(Increase) / decrease in reserves	33	40	-	223	40
<b>Total applications of capital funding</b>	<b>(1,118)</b>	<b>(890)</b>	<b>(1,146)</b>	<b>(704)</b>	<b>(944)</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Parks assets<sup>2</sup></b>	<b>2,054</b>	<b>711</b>	<b>674</b>	<b>673</b>	<b>682</b>

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

<sup>2</sup> Depreciation increased substantially compared to budget due to the higher than expected revaluation on 1 July 2013 which was completed after the 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 LTP 2012-22

All figures on this page exclude GST

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Operating funding</b>					
Parks Planning	277	290	257	248	584
Visitor Services	6,501	5,867	5,823	5,591	5,495
Protecting the environment of regional parks	-	-	23	-	-
<b>Total operating funding</b>	<b>6,778</b>	<b>6,157</b>	<b>6,103</b>	<b>5,839</b>	<b>6,079</b>
<b>Applications of operating funding</b>					
Parks Planning	(260)	(330)	(257)	(248)	(219)
Visitor Services	(5,986)	(5,464)	(5,338)	(5,194)	(5,453)
Protecting the environment of regional parks	(9)	6	21	(36)	19
<b>Total applications of operating funding</b>	<b>(6,255)</b>	<b>(5,788)</b>	<b>(5,574)</b>	<b>(5,478)</b>	<b>(5,653)</b>
<b>Capital expenditure</b>					
Battle Hill Farm Forest Park	(28)	(4)	(5)	(5)	(12)
Belmont Regional Park	(107)	(83)	(30)	(29)	(202)
Queen Elizabeth Park	(441)	(522)	(555)	(238)	(81)
Whitireia Park	(97)	(30)	(71)	(69)	(1)
Pakuratahi Forest	(91)	(95)	(52)	(50)	(14)
Akatarawa Forest	(24)	-	(37)	(36)	(43)
Wainuiomata Recreation Area		(5)	(32)	(31)	(50)
Kaitoke Regional Park	(9)	(12)	(39)	(38)	(78)
East Harbour Regional Park	(23)	(129)	(87)	(84)	(122)
Other	(115)	-	-	-	(9)
<b>Capital project expenditure</b>	<b>(935)</b>	<b>(880)</b>	<b>(908)</b>	<b>(580)</b>	<b>(612)</b>
Land and buildings	-	-	-	-	(53)
Plant and equipment	-	(12)	(12)	(67)	(28)
Vehicles	(216)	(38)	(226)	(280)	(291)
<b>Total capital expenditure</b>	<b>(1,151)</b>	<b>(930)</b>	<b>(1,146)</b>	<b>(927)</b>	<b>(984)</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 LTP 2012-22

All figures on this page exclude GST

## Investments

### Overview

GWRC 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.

GWRC'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, GWRC 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 needs for rates revenue. Regional rates would need to be 8% higher without the revenue from GWRC's investments.

### Treasury management

GWRC'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

GWRC is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and GWRC has subscribed to \$1.866 million 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 market place. GWRC sources term debt requirements from the LGFA and receives an annual dividend.

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

### Liquid financial deposits

GWRC holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of its wholly-owned subsidiaries, Port Investments. GWRC regularly reviews the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including GWRC's attitude to risk and creditworthy counterparties.

### Administrative properties

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties. Pringle House is a wholly-owned Council-Controlled Trading Organisation, which currently owns the Regional Council Centre at 142 Wakefield Street, Wellington.

**Forestry and business units**

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

GWRC currently holds 6,000ha of plantation and soil conservation reserve forests of which approximately 4,000ha are 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. To this end, during the year the council entered into an agreement to sell the future cutting rights to these forests for a term of up to 60 years.

The funds from the sale of the Forestry cutting rights have been used to repay forestry debt with the balance set aside to provide a contingency fund to cover the council’s insurance excess for material damage.

**Civic Assurance and Airtel Ltd**

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

**Grow Wellington**

Grow Wellington Ltd is a Council Controlled Organisation that is 100% owned by GWRC. It acts as an economic development agency to implement the Wellington Regional Strategy. It has a subsidiary company, Creative HQ, which is an incubator to support growing companies. See the ‘Regional Leadership’ section of the Annual Report for more details on the company, including the development of proposal to become part of the Wellington Regional Development Agency.

**Westpac Stadium**

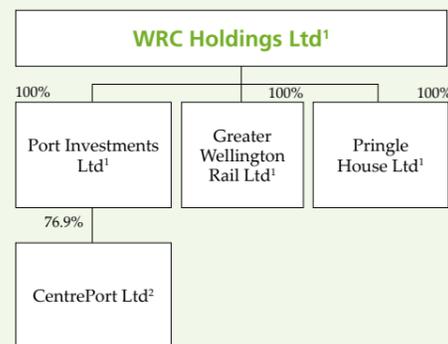
The Westpac Stadium is a regional facility which provides a high-quality, multi-purpose venue for sporting and cultural events.

GWRC provided a \$25 million loan to the Westpac Regional Stadium Trust to plan and build the stadium. It is the Trust’s principle funder. GWRC services and repays this loan through a targeted stadium rate.

GWRC appoints one of its Councillors to the Westpac Stadium Trust and jointly with the WCC appoints other trustees. GWRC also monitors the Trust’s performance against its statement of intent.

**WRC Holdings Group**

GWRC 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, Greater Wellington Rail Ltd and Pringle House Ltd. Each year WRC Holdings Ltd provides to GWRC, as 100% 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 GWRC’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 GWRC’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, GWRC 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 GWRC’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 financial performance targets are:

WRC Holdings Ltd	Actual 2014	Target 2014	Actual 2013
Dividend distribution \$000s	2,302	2,329	-
Dividend distribution %	105.50%	100.00%	-%
Return on equity <sup>43</sup>	7.72%	7.10%	(7.01)%
Return on assets <sup>44</sup>	4.07%	9.30%	(0.77)%

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

44. Based on earnings before interest and tax divided by average assets

### Performance targets for the Group

Financial	Actual 2014	Target 2014	Actual 2013
Net profit/(deficit) before tax	\$(27.7) million	\$1.06 million	\$12.1 million
Net profit/(deficit) after tax <sup>45</sup>	\$(25.1) million	\$1.5 million	\$10.3 million
Earnings before interest, tax and depreciation	\$7.1 million	\$30.9 million	\$47.4 million
Return on total assets <sup>46</sup>	(2.7)%	1.6%	3.2%
Return on shareholders' funds <sup>47</sup>	(7.1)%	(3.1)%	30.7%
Stakeholders equity in total assets	53.7%	53.8%	46.9%
Dividends <sup>48</sup>	\$2.3 million	\$2.3 million	-

45. Net profit after tax, but before deduction of minority interest

46. Earnings before interest and tax as a percentage of average total assets

47. Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest)

48. Dividends (interim and final) paid or payable to the shareholder

The Net deficit before tax is lower than budget due to higher depreciation in Greater Wellington Rail Ltd than target, and a reported deficit from CentrePort Ltd due to costs and revaluations associated with the Seddon earthquakes.

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

- Prue Lamason (Chair)
- Fran Wilde (Deputy Chair)
- Peter Blades
- Barbara Donaldson
- Paul Swain

### Pringle House Ltd

Pringle House Ltd owns and operates the Regional Council Centre at 142-146 Wakefield Street, Wellington. The building is presently vacant due to its seismic status.

The building consists of 6,545 square metres over nine floors and is leased to GWRC and with the balance being partially vacant. Subsequent to 30 June the council vacated the building.

The main activities of Pringle House Limited are:

- Maintain a regular maintenance programme commensurate with its occupancy.
- Ensure the Regional Council Centre is insured at competitive rates.
- Ensure the Regional Council Centre meets the requirements of the Building Act
- Ensure Pringle House Ltd operates in an energy efficient manner.

Its financial performance targets are:

Pringle House Ltd	Actual 2014	Target 2014	Actual 2013
Operating profit	\$18,000	\$471,000	
Return on equity <sup>49</sup>	-	-	65.8%
Return on assets <sup>50</sup>	-	-	24.6%

The operating profit is behind budget as council has vacated the building and has reduced the rental due to Pringle House Ltd to a level sufficient to just cover operating expenses.

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

50. Based on earnings before interest and tax divided by average assets

### Greater Wellington Rail Ltd

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

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 27 Ganz Mavag units (these are made up of 2 or 3 car sets)
- 48 Matangi units

Greater Wellington Rail Limited's financial performance targets are:

Greater Wellington Rail Ltd	Actual 2014	Target 2014	Actual 2013
Return on equity <sup>51</sup>	(10.9)%	(5.7)%	1.6%
Return on assets <sup>52</sup>	(8.0)%	(3.8)%	(1.1)%

Return on equity and Return on assets is due to higher levels of depreciation compared to budget resulting in a larger operating deficit.

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

52. Based on earnings before interest and tax divided by average assets

### Port Investments Ltd

Port Investments Ltd is an investment vehicle that owns 76.9% of CentrePort Ltd. The other shareholder of the company is MWRC Holdings Ltd: 23.1%, 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).

Port Investments Ltd	Actual 2014	Budget 2014	Actual 2013
Dividend distribution \$000s	2,441	2,425	-
Dividend distribution %	(349.7)%	125.3%	-
Return on equity <sup>53</sup>	(21.6)%	42.6%	68.2%
Return on assets <sup>54</sup>	1.8%	7.5%	8.3%

53. 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

54. Based on earnings before interest and tax divided by average assets

Port Investments Ltd did not receive a full dividend from CentrePort, as a result it produced a deficit as the dividend received was inadequate to cover its interest cost. A dividend was paid by CentrePort Ltd post balance date which will be recorded in the 2014/15 year. The performance of CentrePort Ltd is monitored through the board of Port Investments Ltd.

### CentrePort Ltd

Financial	Actual 2014	Target 2014	Actual 2013
Net profit before tax	\$13.6 million	\$14.2 million	\$12.3 million
Net profit after tax	\$2.7 million	\$11.0 million	\$11.7 million
Return on total assets <sup>55</sup>	6.8%	6.8%	8.6%
Return on shareholders' funds <sup>56</sup>	1.4%	5.4%	6.4%
Dividends distribution as a percentage of NPAT	92.6%	45%	38%
Dividend <sup>57</sup>	\$2.50 million	\$4.95 million	\$4.5 million
Interest cover ratio <sup>58</sup>	3.1	3.1	3.3
Gearing ratio <sup>59</sup>	39%	37%	38%

55. Net profit before interest and tax as a percentage of average total assets

56. Net profit after tax as a percentage of average shareholders' funds

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

58. The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense

59. Total liabilities divided by total assets

The target for return on shareholders' funds is to be benchmarked against comparable New Zealand ports.

The directors of CentrePort Ltd are:

- David Benham
- Richard Janes
- Malcolm Johnson
- Warren Larsen (Chair)
- John Monaghan
- Mark Petersen.

## Performance Targets – CentrePort Limited

### Activity: Environmental performance targets

Planned target	Actual performance
Develop and maintain a formal environmental management system consistent with the standards specified in AS/NZS ISO 14001: 2004.	A review of CentrePort's environmental management programme by Deloitte Sustainability was initiated in the year. Further development of CentrePort's environmental management system (including potential certification under ISO 14001) will likely follow the completion of the review in FY15.
Formally review, at least annually, the company's compliance with all environmental legislation, district and regional plans, and conditions of resource consents held.	Annual compliance review completed in June 2014. No known instances of non-compliance, however compliance risks identified during the year include log yard storm-water discharges and night time tanker noise at Burnham Wharf (long duration noise limits only).
Maintain a sustainability programme with measurable performance criteria covering, as a minimum, the monitoring of waste and greenhouse gas emissions.	Greenhouse gas emissions for FY14 were monitored in accordance with ISO14064-1:2006. Improvements were made during the year, including greenhouse gas measurement techniques, investigations into integrated reporting, introduction of a wider range of sustainable office consumable products. Awareness of sustainability issues within the company continues to be raised through internal communication and ongoing involvement in wider sustainability initiatives (e.g. CentrePort is a member of the NZ Sustainable Business Network).
Undertake the monitoring of environmental discharges in accordance with implemented management plans in the areas of: <ul style="list-style-type: none"> <li>• Port noise</li> <li>• Storm-water discharges to the Coastal Marine Area</li> <li>• Fumigants associated with the pest treatment of cargoes, including the introduction of recapture technology for containerised cargo during 2014.</li> </ul>	<ul style="list-style-type: none"> <li>• Port noise: annual monitoring completed in May 2014. All sites comply with short duration limits contained in District and Regional Plans, although some compliance risk was again identified for tanker operations at Burnham Wharf (refer above).</li> <li>• Storm-water: completion of a Port Storm-water Management Plan (including monitoring) was deferred to FY15.</li> <li>• Fumigants: 862 containers were fumigated on port during FY14. No ship hold fumigation occurred. All fumigation occurred within the controlled area and there were no reported breaches of compliance requirements.</li> </ul>

**Activity: Environmental performance targets**

Planned target	Actual performance
Monitor compliance of the use of methyl bromide for the fumigation of log shipments and work collaboratively with the GWRC and Crown agencies to investigate alternative fumigation options.	4115kg of methyl bromide was used on site in FY14, and fumigators reported full compliance with the Tolerable Exposure Standards (TEL's) required by Regulations under the HSNO Act 1996.  Mandatory recapture of methyl bromide for container fumigations was introduced from 1 December 2013, significantly reducing the quantity of methyl bromide released to air.
Maintain an environment issues register of environmental complaints and issues for monitoring and actioning purposes. The register is to be reported to CentrePort's Health, Safety and Environmental Committee on a regular basis (the Committee meets 4 times per annum).	A total of 27 incidents/complaints were registered in the Environmental Issues Register in FY14 (16 incidents registered in FY13).  This increase generally reflects earthquake response activity, increased log yard activity and improved reporting practices. Each incident was investigated, reported and followed up with any relevant third parties.
Measure CentrePort's carbon footprint on an average tonnage and ship call basis, benchmark the footprint against similar entities, and develop a plan to achieve carbon neutrality.	Total greenhouse gas emissions for the year were 3542 tonnes CO2 equivalent (unverified figure only). That is 7% above the FY12 baseline year largely due to an increase in CentrePort's 'organisational boundary' due to full ownership of TSL from July 2013.  Overall carbon intensity (tonnes CO2e/TEU throughput) was 0.037, 16% above the FY12 baseline of 0.032.
CentrePort Ltd will hold a minimum of three Environmental Consultative Committee (ECC) meetings in 2013/14 comprising CentrePort and affected stakeholders (customers, port users, local authorities, Iwi and residential groups). The meetings provide a forum to identify and inform on a range of environmental port related matters.	ECC meetings were held in October 2013, February 2014 and June 2014.  The ECC was provided with a full update on a range of environmental management matters.  CentrePort significantly increased its engagement with mana whenua over the year on planning and environmental matters.

**Activity: Social performance targets**

Planned target	Actual performance
Contribute to the desired outcome of the Wellington Regional Strategy through:	
<ul style="list-style-type: none"> <li>The provision of workplace opportunities and skills enhancements of our employees.</li> </ul>	Throughout the year employees participated in a range of general training and development opportunities, from first aid courses through to executive education programmes. This development is underpinned by CentrePort's talent and succession policy, which for salaried employees translates through to formal individual development plans and for waged employees forms the training plans overseen by People and Capability and Health and Safety Teams.  CentrePort's leadership framework and associated employee development is entering its second year, with the recent completion of the Frontline Leaders Programme. The Frontline Leaders Programme is intended to build the core leadership skills of our frontline leaders and continue the organisation's investment in developing leadership capability.
<ul style="list-style-type: none"> <li>Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade</li> </ul>	CentrePort has continued to grow regional connections to ensure importers and exporters have efficient connections to one of New Zealand's most productive container terminals and a rapidly growing log and cruise port.  We have delivered this through investing in infrastructure and growing the volume of cargo transported by rail. This includes the introduction of CentreRail, KiwiRail's dedicated train service linking CentrePort to the regions.  CentrePort has also welcomed a new Maersk shipping service calling at Wellington (firstly the Southern Star, now the Northern Star).
<ul style="list-style-type: none"> <li>Supporting the regional community by investing in community sponsorship</li> </ul>	CentrePort has continued to provide support for Wellington Lifelines; the steam powered crane 'Hikitia'; and the Coastguard's Spirit of Wellington during the year, among other activities.
Maintain the tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.	In December 2012 CentrePort was audited by ACC and retained its tertiary accreditation.  An internal audit using AS/NZS 4801 was undertaken during September/October 2013.  CentrePort is currently preparing for the WSMP audit which will occur prior to 31 October 2014.

**Activity: Social performance targets****Planned target**

Annual review of Health and Safety Policy.

**Actual performance**

CentrePort completed its annual review of the Health, Safety and Loss Control manual and associated policies.

Its main Health and Safety Policy was altered to include learnings from the post fatality investigation. CentrePort's core programme of work was also adjusted based on these learnings and a new set of priorities under the title of "lifting safety to new heights".

CentrePort is currently preparing for the changes to the health and safety legislation along with reviewing its health and safety system. Both these will drive a review and refresh of policies and procedures..

Year-on-year improvement towards zero harm.

As part of CentrePort's goal of achieving zero harm and year-on-year improvement, the Health and Safety Action Plan is focused on lifting its performance through improved personal responsibility, increasing the level of worker participation, increased reporting, improved audit and compliance, and the institutionalisation of business improvement methodologies.

CentrePort completed its work programme during the year, which included:

- the training of 22 workplace safety leaders
- cross business improvement projects
- development of golden rules and lifesavers
- critical risks reviews
- improved communication
- introduction of an employee wellbeing programme
- promotion of reporting, resulting in a 50% uplift.

Overall CentrePort's safety performance showed a year on year improvement both frequency and severity measures.

Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.

CentrePort has a set of Port Facility Security Plans required under the Maritime Security Act and designed in accordance with the ISPS Code. CentrePort passed its annual audit. Compliance is maintained.

**Activity: Social performance targets****Planned target**

Undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety Code which promotes safety and excellence in marine operations

**Actual performance**

The current Marine risk assessment, while nine years old, is constantly updated and the operating procedures are in use daily in Marine Operations.

The risk management is due for review and this process has been initiated with the support of marine consultants, Marico. This work is due for completion by December 2014.

It is pleasing that MNZ have finally agreed to audit CentrePort for compliance with the Port and Harbour Safety Code. This will be undertaken by a panel of industry experts in the later part of 2014.

To meet regularly with representative community groups.

CentrePort has met with a range of representative community groups during the year through the Environmental Consultative Committee, with no significant issues being raised.

Each year the company will engage in a variety of public awareness activities (for example port tours, speaking at forums, and a biennial Port Open Day).

Monthly public port tours continue with excellent support and interest from the community.

## General performance targets

Planned target	Actual performance
The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.	No material changes to the financial, environmental and social areas were identified for the year ended 30 June 2014.
When developing 'property held for development' the Board is to adhere to the following principles:	These principles have been adhered to in relation to a property under development during the period. This is the property known as Shed 39 which is outside the Port operational area.
i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.	Development of this property was completed in November 2013 and the property is now fully tenanted to GWRC with commercial terms set on an arm's length basis.
ii. Property developments must not compromise port operations.	
iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.	
Definition of terms: Management of tenancy risk means that each single property investment has committed rental income (via executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development and the vacant net lettable area of the proposed development is no greater than 25%.	

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual Plan \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Applications of capital funding</b>					
- to meet additional demand	-	-	-	-	-
- to improve the level of service	-	(404)	(417)	(464)	(227)
- to replace existing assets	(2,597)	(2,576)	(6,458)	(257)	(693)
(Increase) / decrease in investments <sup>2</sup>	(1,415)	(800)	(23,624)	(15,255)	7,701
(Increase) / decrease in reserves	739	(4,589)	(2,905)	(4,117)	2,529
<b>Total applications of capital funding</b>	<b>(3,273)</b>	<b>(8,369)</b>	<b>(33,404)</b>	<b>(20,093)</b>	<b>9,310</b>
<b>Surplus/(deficit) of funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation on Investment assets</b>	<b>253</b>	<b>344</b>	<b>303</b>	<b>260</b>	<b>253</b>

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

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

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

Internal interest revenue	14,930	14,815	17,015	17,015	12,674
forestry sales revenue	10,912	9,115	10,119	10,119	6,586
Investment in Greater Wellington Rail Ltd 3	-	-	-	-	21,985
					21,985
					39,781

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 LTP 2012-22

All figures on this page exclude GST

## Funding impact statement

For the year ending 30 June 2014

	2013/14 Actual \$000	2013/14 Annual \$000	2013/14 Long Term Plan \$000	2012/13 Long Term Plan \$000	2012/13 Actual \$000
<b>Capital expenditure</b>					
Capital project expenditure	(29)	(2,980)	(6,875)	(721)	(883)
Land and buildings	(2,568)	-	-	-	-
Plant and equipment	-	-	-	-	(37)
Vehicles	-	-	-	-	-
<b>Total capital expenditure</b>	<b>(2,597)</b>	<b>(2,980)</b>	<b>(6,875)</b>	<b>(721)</b>	<b>(920)</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 investments, please refer to the "Revenue and Financing Policy" in the LTP 2012-22  
All figures on this page exclude GST

## Statement of compliance and responsibility

### Compliance

The Council and GWRC'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

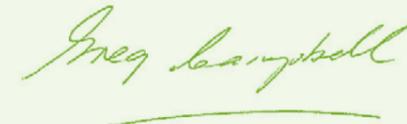
The Council and GWRC's management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and GWRC's management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and GWRC's management, the annual financial statements for the year ended 30 June 2014 fairly reflect the financial position and operations of the Greater Wellington Regional Council.



**Fran Wilde**  
Chair

30 September 2014



**Greg Campbell**  
Chief Executive

30 September 2014



**Mike Timmer**  
Acting Chief Financial Officer

30 September 2014

This is a summary of Greater Wellington Regional Council's (GWRC) activities for the year 1 July 2013 to 30 June 2014. The information has been extracted from our Annual Report 2013/14, which was authorised for issue by the Chair, Chief Executive and Chief Financial Officer on the 30th September 2014. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full annual report. These summary financial statements are presented in New Zealand dollars rounded to the nearest thousand. GWRC is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, and comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of Compliance to this effect. A summary report cannot be expected to provide as complete an understanding of GWRC's activities as provided by the full annual report. For the full Annual Report 2013/14, please see [www.gw.govt.nz](http://www.gw.govt.nz) or phone 0800 496 734.

## Independent Auditor's Report

To the readers of Wellington Regional Council and group's annual report for the year ended 30 June 2013

The Auditor-General is the auditor of Wellington Regional Council (the Regional Council) and group. The Auditor-General has appointed me, Karen Young, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the Regional Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on page 23;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 22, 25 and 26; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 31 to 90;
- the non-financial information of the Regional Council on pages 6 to 8 and each group of activities carried out by the Regional Council on pages 93 to 98, 101 to 107, 111 to 115, 119 to 127, 131 to 134 and 137 to 141;
- the funding impact statements in relation to each group of activities of the Regional Council on pages 99, 108, 116, 128, 135 and 142;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 99, 108, 116, 128, 135 and 142; and
- the funding impact statement of the Regional Council on page 27.

In addition, the Auditor-General has appointed me to report on whether the Regional Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - reserve funds on page 28;
  - remuneration paid to the elected members and certain employees of the Regional Council on pages 83 and 84;
  - employee staffing levels and remuneration on page 84; and
  - severance payments on page 87;

- council controlled organisations on page 144 to 156;
- a report on the activities undertaken by the Regional Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 11; and
- a statement of compliance signed by the chairperson of the Council, and by the Regional Council and group's chief executive on page 58.

### Opinion

#### Audited information

In our opinion:

- the financial statements of the Regional Council and group on pages 21 to 90:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Regional Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the non-financial information of the Regional Council on pages 6 to 8, 93 to 98, 101 to 107, 111 to 115, 119 to 127, 131 to 134 and 137 to 141:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Regional Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the Regional Council on pages 99, 108, 116, 128, 135 and 142, fairly reflects by each group of activities, 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.

Audit report

- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Regional Council on pages 98, 108, 116, 128, 135 and 142, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long term plan or annual plan.
- the funding impact statement of the Regional Council on page 27, fairly reflects 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.

### Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the Regional Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 9 October 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial reporting. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Regional Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in

order to design 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported non-financial reporting within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the Regional Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

### Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the Regional Council and group's financial position, financial performance and cash flows;

- fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities 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;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Regional Council's long term plan or annual plan; and
- a funding impact statement that fairly reflects 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 other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

### Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

*Karen Young*  
 Karen Young  
 Audit New Zealand  
 On behalf of the Auditor-General  
 Wellington, New Zealand

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#### Fran Wilde (Chair)

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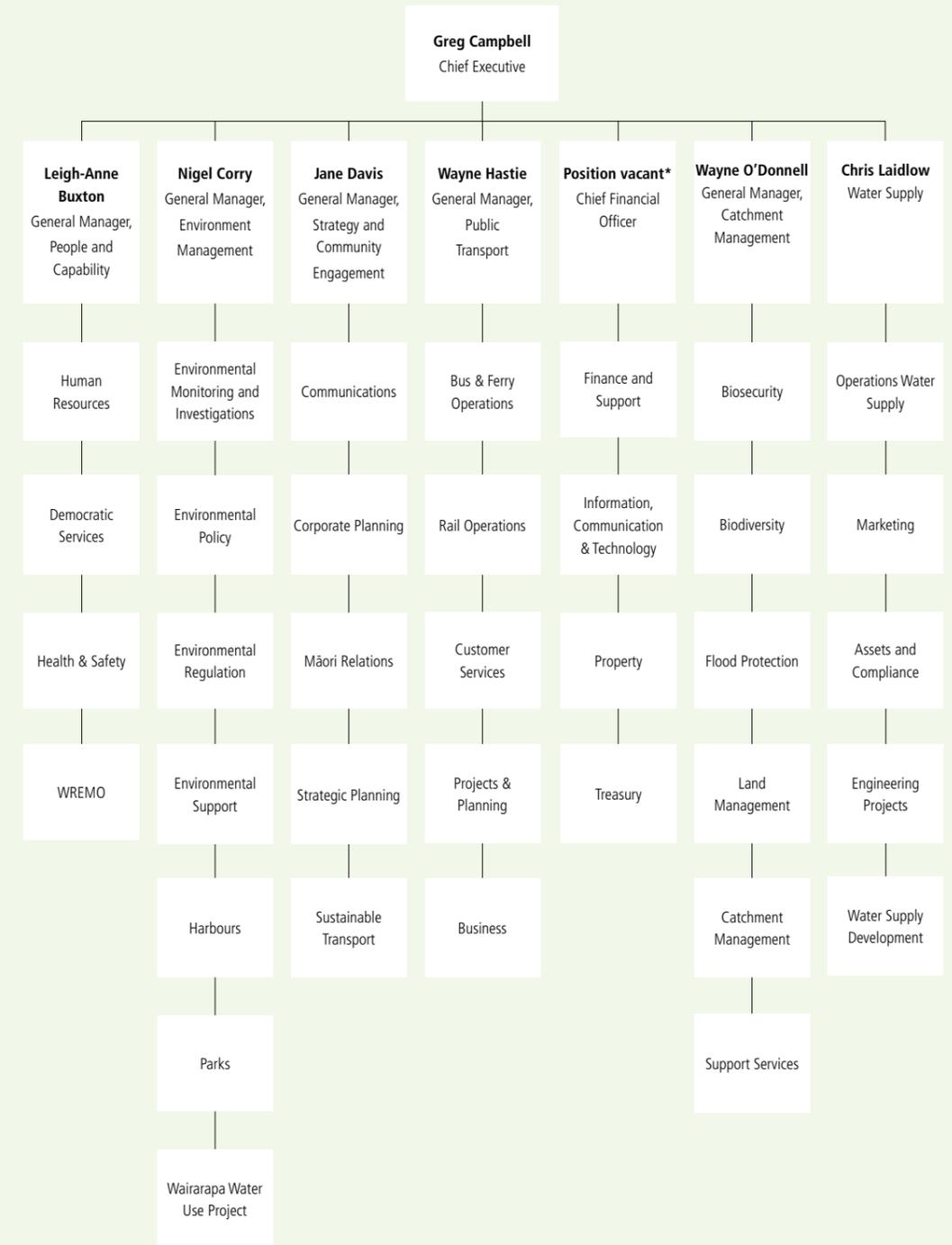
## Council and Committee structure

As at September 2014

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



## Greater Wellington management structure



\* Mike Timmer is Acting CFO at the time of preparation of the Annual Report

The Greater Wellington Regional Council promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, social and cultural needs of the community

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GW/CP-G14/89



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