

WELLINGTON
REGIONAL
COUNCIL



Annual

2002
Report

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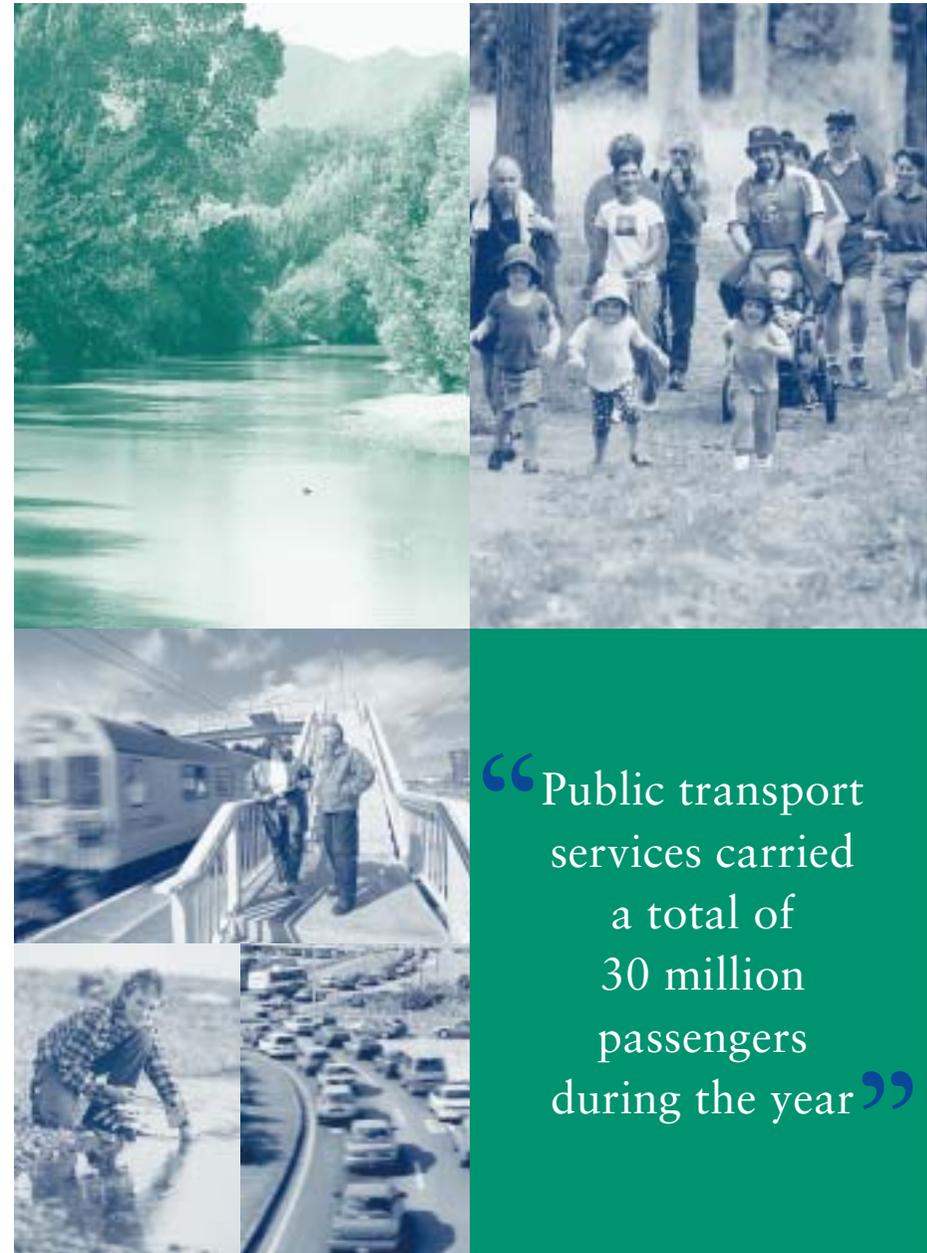
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ANNUAL HIGHLIGHTS

- Together, all public transport services carried a total of 30 million passengers during the year, which is a 3.5% increase over the previous year.
- We completed a big clean up of unwanted agricultural chemicals from private properties in the Wairarapa.
- We now have 22 active care groups in the Region, focussed on maintaining and enhancing the quality of the environment.
- Direct operating costs in water supply were lower than the previous year for a fifth straight year while maintaining a continuous supply of high quality water.
- We completed, launched and commenced implementation of the Hutt River Floodplain Management Plan which sets out our strategy and prioritised work programme for the next 40 years.
- In keeping with our desire to make the parks more accessible we developed and opened another “kiwiwalk”, this time at Kaitoke Regional Park.
- We have had a renewed focus on seeking improvements in water quality by achieving improved sewerage systems for several Wairarapa communities.
- Further significant progress has been achieved in controlling plant and animal pests, particularly in many of our key native ecosystem areas.
- The Regional Stadium completed its second successful year, both operationally and financially.
- CentrePort reported record throughput and profitability for the 2001/02 year.



“Public transport services carried a total of 30 million passengers during the year”

CHAIRPERSON'S REPORT



I am pleased to present my first annual report as Chairperson of the Wellington Regional Council.

Following in the footsteps of Stuart Macaskill could have been a hard act to follow if it were not for the fact that Stuart's legacy of leadership is still evident in the day-to-day operations of the Council. For those of you who are not aware, Stuart was our Chairman for fifteen years from 1986 to 2001. In recognition of Stuart's wisdom, determination and dedication to the Regional Council, and his contribution to the metropolitan bulk water supply system, the Council this year decided to rename the Te Marua water storage lakes The Stuart Macaskill Lakes.

Looking to the future, local government is entering an exciting and challenging phase with new local government legislation under development. A central theme of the legislation is partnership, recognising that multiple agencies and organisations are required to meet the outcomes and priorities that our communities want to achieve. In some ways this will formalise the existing best practice processes of many local authorities, including this Council.

I'd like to share with you a few examples of our partnerships with other organisations, community groups and individuals over the last year.

- We were one of the signatories to the Pauatahanui Inlet Community Trust deed in May 2002. The inlet is of national significance for its ecology but has been degraded over the years. In a unique approach the Trust will oversee the implementation of a 20-year action plan to restore the inlet. Trustees include the Chairperson of WRC, the Mayor of Porirua City, local iwi and members of the community.
- We are working with farmers to encourage sustainable management of waterways on farmland. For example, Waikanae farmer Jonathon Smith has had financial support under the Council's pilot riparian strategy to fence off Kakariki Stream which runs through his sheep and cattle farm. Fencing off the stream from stock and planting trees will help to restore the stream. Kakariki Stream has the potential to become a good inanga (whitebait) habitat.
- With the support of Wellington City Council we ran a targeted water conservation campaign in the Paparangi/ Newlands area last summer. This was in addition to our TV advertising with Maggie Barry that is supported by the four metropolitan city councils. Water educators visited homes door-to-door and talked to residents about their use of water in the garden, which causes peak demand on dry, summer days. It is not easy to promote behaviour change, especially when consumers perceive water as “free”, but the campaign made some people more aware of the conservation efforts they could make.
- The completion and launch of the Hutt River Floodplain Management Plan was a major achievement for us this year. The plan is a blueprint for managing the Hutt River for the next 40 years. The plan was a joint project of the Regional Council and the Hutt and Upper Hutt city councils in consultation with the tangata whenua and the people of the Hutt Valley.
- We have 22 active *Take Care* programmes making a difference to the environment of the region. One example is the restoration of Kaiwharawhara Stream where several care groups are actively involved. The staff at

Otari-Wilton's bush, the Regional Council and hundreds of volunteers have cleared weeds and planted trees. Planting beside the stream will improve the quality of water in the stream and more native plants will encourage birds. The project attracts volunteers of all ages, from individuals and families to environmental and church groups.

- Local experts and other organisations helped us to offer the *Regional Outdoors* summer programmes in our Parks and Forests for the second year. This summer, in addition to the programme of walks and talks, the New Zealand Festival of the Arts joined in. We were pleased to work with the NZ festival to provide a wonderful natural stage to showcase the arts at Queen Elizabeth Park on the Kapiti Coast and Tunnel Gully in Upper Hutt.
- We joined forces with rural-focused businesses and community groups to organise the first Wellington Region Farm Environment Awards in April 2002 and to show that you can have a profitable and environmentally sustainable farm. The awards were sponsored by the Council together with Ballance, ANZ Bank, Wrightson, Livestock Improvement, PPCS and Richmond. Forest and Bird and Federated Farmers also provided assistance.
- We have worked with Local Government New Zealand and central government in the development of the new local government legislation. Both elected members and Council officers have participated in joint working groups over the past year. Through the process of sharing expertise we have all improved our understanding of the challenges of our respective roles.
- We invited a private sector transport company, Stagecoach, to be our partner in the possible joint venture initiative to purchase and operate Wellington's passenger rail services. The Council recognised that a joint venture between the public and private sectors is the ideal way to protect the public interest in regional infrastructure combined with the financial, business and customer service expertise of a major transport operator. We will, of course, be consulting the community if we are able to reach a meeting of the minds with Tranz Rail as to price.

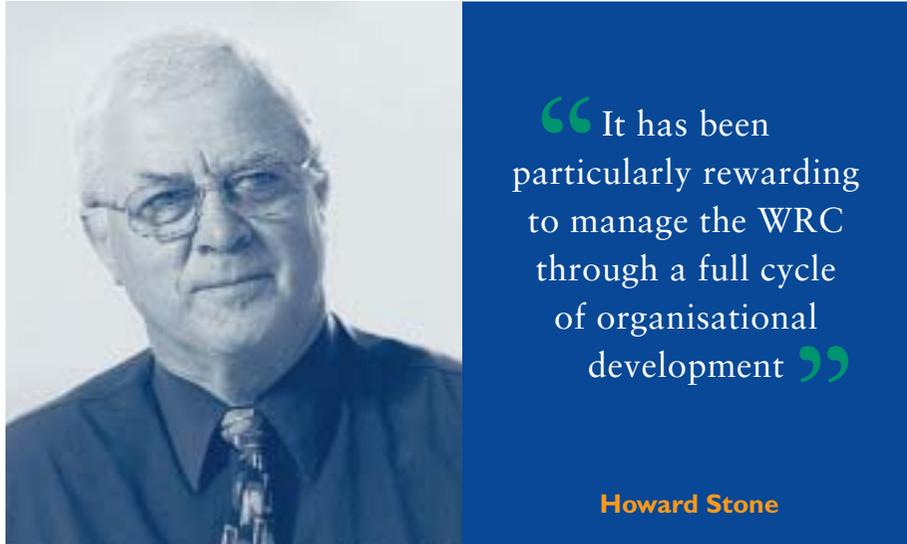
- Of course, we often work with the community on difficult issues too. The WRC's 1080 possum control operations to limit the spread of Bovine Tb in our region are a good example. In response to community concerns the Council delayed an operation planned to start in the Mangaroa-Kaitoke area in March 2002 and changes were made to the proposed operation including extending the size of the 1080 buffer zone. This was a good compromise between maintaining the effectiveness of the operation and meeting public concerns.
- This report would not be complete without mentioning the Council's special relationship and partnership with the iwi of the region through Ara Tahī. This relationship is in its ninth year now and in the spirit of good relationships we continue to learn from, challenge and support one another.

From my perspective 2001/02 has been a most successful and rewarding year. We have demonstrated what can be achieved when we work together, for the greater good of the Wellington Region, harnessing our collective expertise, energy and enthusiasm in a multitude of partnerships. My thanks go to my fellow councillors, WRC staff and to the regional community.



MARGARET SHIELDS
Chairperson

GENERAL MANAGER'S REPORT



As I prepare to step down as General Manager of the Wellington Regional Council, I want to take the opportunity in this, my final annual report, to comment on the achievements of the past year and to reflect on the past thirteen years.

The past year has been particularly satisfying because results are now visible in many of our long-term programmes. WRC staff often spend many years planning and persistently implementing projects in the face of what can seem at times to be almost insurmountable pressures. I'd like to highlight some examples of operational and strategic projects that are now yielding tangible results after many years of behind-the-scenes work.

- The Hutt River Floodplain Management Plan, which was completed and launched this year, is the culmination of many years' technical work combined with community consultation. During its development we faced criticism from some quarters that we should be “acting” rather than “planning”. However

the final plan demonstrates the importance of focusing on a long-term vision rather than short-term fixes.

- Bovine tuberculosis was a serious threat to the region's rural economy and export markets. Seven years ago there were around 350 infected herds in the Wellington Region. WRC possum control programmes have resulted in a decrease in the number of infected herds to 63.
- The launch this year of *Take Action for Water*, an environmental education programme aimed at eight to twelve year olds, is the result of developing our thinking over many years into a programme to positively influence behaviour. We wanted to ensure the region's streams and rivers are clean and healthy, so it seemed logical to start by educating young people about the importance of water and how to look after it in daily life. Feedback from teachers and children indicates that we have taken the right approach.
- Years of advocacy and representation to central government on the flaws in the legislative, regulatory and funding framework for land transport have borne fruit. The Transport Policy Package announced by the Government in February 2002 goes a long way towards meeting our concerns. Key changes signaled include allowing regional councils to own and operate transport infrastructure and a multi-modal funding framework that recognises alternatives to cars.

This year has also been significant because of the development of a new brand for the WRC. The new brand reflects our strategic direction towards a sustainable region and our role in safeguarding the environment. Central to the new brand is the name Greater Wellington and a logo that reflects the elements of water, land, air and energy which combine to provide the essentials for life. This is underpinned by the catchline ‘Quality for Life’ which highlights the need to protect the quality of these elements as a means to ensure a sustainable future for all life in our region and indeed the planet.

I believe that developing a sustainable future is one of the greatest challenges facing us all today. We need to meet the needs of the present generation without compromising the ability of future generations to meet their own needs. So many of our day-to-day actions are habitual and we don't stop to think about the long-term implications on our environment or on others. For this reason the WRC's work has an increasing focus on education and behavioural change. But of course we recognise we can't do it alone and we are developing partnerships with community groups and other organisations to restore and care for the region's environment.

Looking back over the years from 1989 to 2002, I am proud that the WRC has moved forward along a path of enhanced performance. To my mind, there have been four distinct phases. The early years were characterised by a drive for efficiency and effectiveness. We implemented robust operational, financial and human resource systems. This was followed by a focus on building a culture of customer service and accountability throughout the organisation. We built a reputation for delivering our core functions well. With strong foundations in place, the management team then concentrated on strategic planning. We developed a ten-year strategic planning cycle – long before local government legislation required it of us – and we systematically completed the suite of policies and plans required of regional councils. Finally, with all of the machinery of government in place, we have been in a position to shift our thinking from outputs to outcomes and to consider how the WRC can contribute to the wellbeing of the region and the wider community.

It has been particularly rewarding to manage the WRC through a full cycle of organisational development and more recently to see it start to make a real difference towards sustainable development. Now it's time for me to move on and to let someone else work to take the WRC and the community forward.

On a final note, all General Managers are only as good as the people who work for them. The quality of WRC staff has been as good and probably better than

staff from any other organisation I've come across in my career. It is heartening to see that the desire to work in areas that contribute to ideals is alive and well in WRC staff. Long may it be so.

My sincere thanks go to all I've worked with at the WRC over the years.



HOWARD STONE
General Manager

EXECUTIVE MANAGEMENT TEAM

<i>Divisional Manager Environment</i> Jane Bradbury	<i>Divisional Manager Regional Transport</i> Dave Watson
<i>Divisional Manager Utility Services</i> David Benham	<i>Divisional Manager Landcare</i> Rob Forlong
<i>Divisional Manager Wairarapa</i> Colin Wright	<i>Chief Financial Officer</i> Greg Schollum
<i>Council Secretary</i> Wayne Hastie ¹	<i>Corporate Advisory Services Manager</i> John Allard

¹ Ted Maguire was Council Secretary until 30 June 2002.

THE WELLINGTON REGION

Some Facts about the Region

- The Wellington Region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington Region is 423,765 (2001 Census final, usually resident count).
- The Regional Council manages 320 kilometres of river channels and 280 kilometres of stopbanks. It is responsible for one of the largest flood protection schemes in New Zealand.
- Around 30 million passenger journeys are made on the Region's public transport system each year.
- The Regional Council collects, treats and delivers about 150 million litres of high quality water per day, on average, for the city councils of metropolitan Wellington.
- The Regional Council undertakes possum control programmes on approximately 300,000 hectares of land in the Region each year.
- The Regional Council manages 50,000 hectares of regional parks and forests.

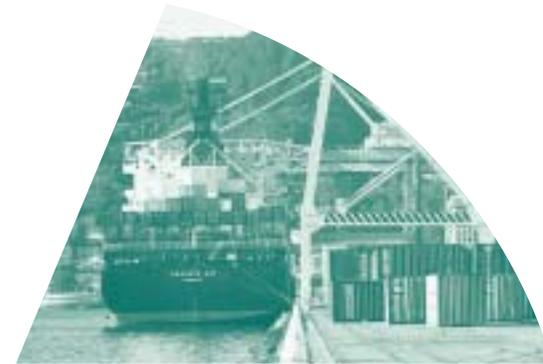


THE BIG PICTURE

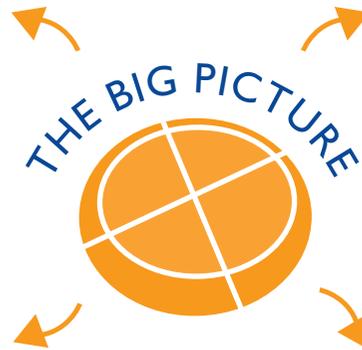


A HIGH QUALITY ENVIRONMENT

Each of the Council's goals is presented in the following 'wedge-shaped' format:



A PROSPEROUS AND VIABLE REGION



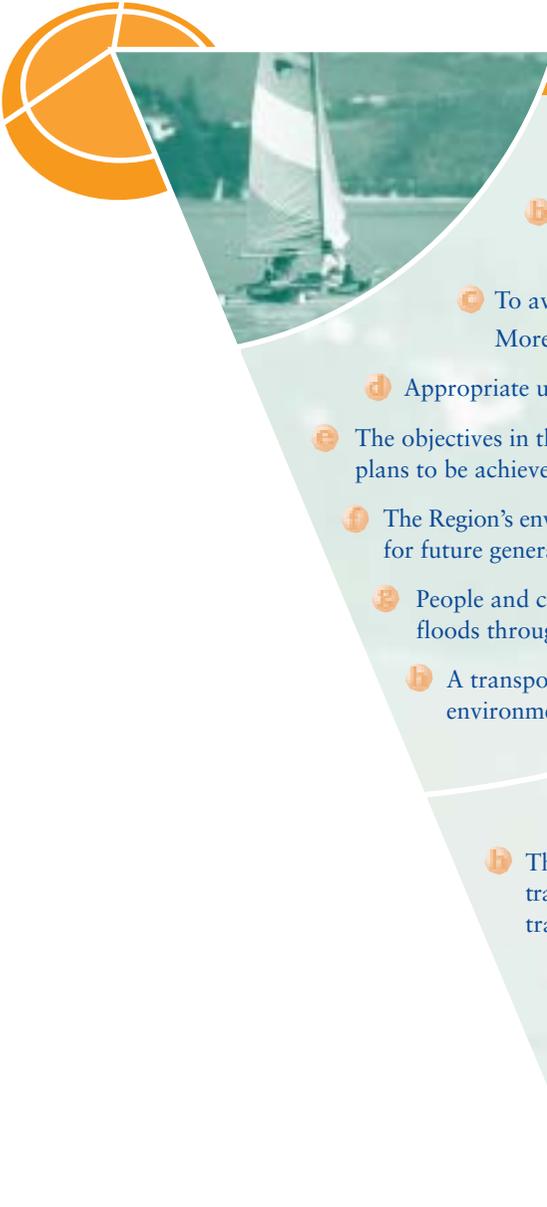
HEALTHY PEOPLE IN A SAFE REGION



A STRONG AND INCLUSIVE REGIONAL COMMUNITY



THE BIG PICTURE: A High Quality Environment



We Want	What did we do
<ul style="list-style-type: none"> • People to be well-informed about environmental issues and actively involved in them. • The quality of the Region's air, water and soils to be improving. The reasonable needs of resource users to be met. • To avoid risks to our ecology from plant and animal pests. More biological diversity. 	<ul style="list-style-type: none"> • The Council is working with the community on a range of projects to restore the environment with 22 active care groups in the Region. • This year we completed a big clean up of unwanted agricultural chemicals significantly reducing risk to the environment.
<ul style="list-style-type: none"> • Appropriate use of land in the Region so that it's not eroding away. • The objectives in the Regional Policy Statement and regional plans to be achieved. • The Region's environmental and heritage assets to be there for future generations. 	<ul style="list-style-type: none"> • Significant progress has been achieved in controlling plant and animal pests, particularly in many of our key native ecosystem areas. • A programme of progressive adoption of environmental management strategies is in place within the Council.
<ul style="list-style-type: none"> • People and communities to be kept safe from floods through a sustainable approach. • A transport system which is environmentally friendly. 	<ul style="list-style-type: none"> • Regular monitoring reports on the State of the Environment are provided to the relevant Council Committees. • Environmental Asset Management Plans have been developed for our own lands.
<ul style="list-style-type: none"> • Floodplain Management Plans have been completed for the Hutt, Otaki and Waikanae rivers. • The Council is working to ensure a continuous and reliable transport system including investigating the purchase of commuter trains as a way to progressively improve the system. 	

THE BIG PICTURE: A Prosperous and Viable Region



We Want

- A transport system which provides good access at an affordable price.
- Land, assets and communities adjacent to rivers and waterways protected from erosion and flooding to prevent economic loss.
- To eliminate the threat of Bovine Tb to the agricultural economy of the region.
- The regional economy to be growing sustainably.
- The Council has continued to publish and distribute Regional Outlook, which shows continuing moderate growth for the Region.

What did we do

- The Council has continued to implement the Regional Land Transport Strategy including its economic aims.
- The Council has continued to implement its floodplain management plans and to maintain existing flood protection systems.
- Bovine Tb possum control operations have continued, further reducing the number of infected herds.

THE BIG PICTURE: Healthy People in a Safe Region



THE BIG PICTURE: A Strong and Inclusive Regional Community



We Want	What did we do
<ul style="list-style-type: none">a A Region which supports strong communities. A Region where people are not worried by the fear of crime. The infrastructure of the Region kept up to the mark. The Wellington Region to be seen as a desirable place for businesses to bring staff to and for people to live in.b Local government, including the Regional Council, to be able to contribute fully to community wellbeing.e The Council and iwi of the Region to have a mutually beneficial relationship.	<ul style="list-style-type: none">a The Council has spoken up for the Region on issues including Transmission Gully and ownership of commuter trains.b We have worked with central government to review the Local Government Act and we welcome the direction in which the new Act looks to be headed.c The Council has continued to build on its mutually beneficial relationships with iwi of the Region.

ENVIRONMENT: Committee Report



“ The enthusiasm and creativity shown by the children taking part in the Council’s *Take Action* environment education programme is an example to us all. We all need to take responsibility for our environment and do our bit to look after our Region ”

Ian Buchanan
Chairperson

Managing Resources

We now have 22 active care groups in the Region through the Council’s *Take Care* programme. I want to congratulate those members of the community and Council staff whose enthusiasm, energy and hard work are making a real difference to our environment. The hectares of rehabilitated habitat are a testament to this great effort.

A total of 16 schools took part in the first year of our *Take Action* programme. Focussing on water, the children have come up with some wonderfully innovative solutions to improve streams and waterways near their schools. They deserve to be supported in every way possible.

This year we completed a big clean up of unwanted agricultural chemicals from private properties in the Wairarapa. These chemicals will be safely disposed of and are now no longer in danger of causing environmental harm.

This Council is committed to supporting the community to create a more sustainable Region. All our social and economic activity takes place within our environment. So we must look after that environment if we are to maintain our quality of life in the Wellington Region.

Managing Emergencies

The bulk of our work this year has been for *Project Phoenix*, a planning exercise whereby Auckland provides logistical support for the Wellington Region in the event of a major earthquake. The exercise has involved about 200 organisations. It has raised awareness about issues and, as exercises should, has revealed some gaps in our readiness that we can now work to rectify.

Managing Harbours

This has been an incident free year – which is what we like! The Council continues to educate the public about safety on the water, maintain the navigation aids and ensure that recreational and commercial vessels comply with our harbour bylaws.

COMMITTEE MEMBERS

Chairperson

I M Buchanan

Deputy Chair

I Yardley

Members

H Barr

T G G Evans

T J McDavitt

C R Turver

Council Chairperson (*ex officio*)

Appointees

J Begg (Emergency Management)

W Chapman

PASSENGER TRANSPORT: Committee Report



“ A major effort was made during the year to significantly improve bus and rail services ”

Chris Turver
Chairperson

The Committee has worked hard during the year to proactively respond to Transfund's ongoing patronage growth funding opportunities and the Government's transport policy announcement on 28 February 2002. Both provide greater certainty for passenger transport funding, now and into the future.

Planning and Maintaining the Transport Network

The Regional Land Transport Committee (RLTC) has embarked on a recalibration of its transport model. A household survey of 2,500 households was conducted to provide data on transport movements. This data replaces similar data collected in 1988.

Detailed transport plans for the Hutt corridor and Wellington CBD have made steady progress. These have involved local councils in each corridor. The next stage is to undertake formal public consultation on these plans.

Building the Public Transport Infrastructure

The Lambton Bus/Rail Interchange has progressed slowly. The project was halted while the funding level of Transfund New Zealand was resolved. It is now hoped that the project will be completed by Christmas 2002. Several other infrastructure projects costing a total of \$0.9 million have been completed, including additional

commuter carpark spaces at Trentham, Woburn, Waterloo, Ngaio, Redwood, Plimmerton, and Solway. Security cameras have been installed at Paremata and similar security arrangements have been planned for a number of other locations.

Funding Public Transport

A major effort was made during the year to significantly improve bus and rail services. The existing base level of bus and rail services was maintained at an expenditure of \$38 million. Several new services were provided during the year such as the increase in urban rail services to Paraparaumu, additional bus services to Churton Park/Newlands and on the Kapiti Coast.

Together all public transport services carried a total of 30 million passengers, which is a 3.5% increase over the previous year.

COMMITTEE MEMBERS *

<i>Chairperson</i> C R Turver	<i>Deputy Chair</i> J E Aitken
<i>Members</i> H Barr T G G Evans T J McDavitt I Yardley I M Buchanan R Kirton C R Laidlaw R F Thomas Council Chairperson (<i>ex officio</i>)	<i>Appointee</i> A Foster ¹

* The Regional Land Transport Committee is a separate committee comprising members of the Passenger Transport Committee and appointees representing local authorities, Central Government agencies and users.

¹ Speaking but no voting rights.

UTILITY SERVICES: Committee Report



“ Direct operating costs are lower than the previous year for a fifth straight year ”

Dick Werry
Chairperson

It is my pleasure to briefly report on another busy and successful year for areas under this Committee’s responsibility. Those responsibilities being water supply and plantation forestry.

Water Supply

Operationally and financially 2001/02 was a successful year, although one that featured consolidation of past gains rather than dramatic change.

The water supply infrastructure is relatively modern and in good shape. We are in a phase of low or zero growth in demand for water, hence we have entered a maintenance phase, with lower levels of capital expenditure anticipated.

Direct operating costs are lower than the previous year for a fifth straight year. This however is the end of that trend, due to the impact of \$1 million in increased utility rates, insurance premiums that have increased 80% following the September 11 terror attack on the United States and new electricity prices that have resulted in a \$0.3 million increase in costs.

Despite this, the bulk water levy for 2002/03 has been held at the same level (\$25.6 million) as the year under review. The Council has held or cut the levy in each of last six years, and it is now at the lowest level in a decade.

Debt is now \$20.3 million less than in 1997 (\$52.2 million) and has been achieved while funding a \$20.9 million capital expenditure programme over the same period.

Plantation Forestry

Our forestry operation had an up and down year with the second six months much better than the first. We are now harvesting in the Puketiro forest and will continue to do so for a number of years and this should see steady returns.

COMMITTEE MEMBERS

Chairperson

R J Werry

Deputy Chair

R F Thomas

Members

J E Aitken

C R Laidlaw

R Kirton

F R Long

Council Chairperson (*ex officio*)¹

Council Deputy Chairperson (*ex officio*)^{1,2}

¹ The Council Chairperson and Council Deputy Chairperson are not members of the Utility Services Committee when considering Regional Bulk Water Supply matters.

² The Deputy Council Chairperson does not vote when the Council Chairperson is present.

LANDCARE: Committee Report



“ A highlight for me has been seeing the large number of worthwhile projects that community and user groups are doing in the Parks/Forests ”

Chris Laidlaw
Chairperson

Flood Protection

From a Flood Protection perspective the highlight of the year was the completion and launch of the Hutt River Floodplain Management Plan. The Floodplain Management Plan has been years in the making and it sets out our strategies and work priorities for managing the flood risk in the Hutt Valley.

No sooner was the Floodplain Management Plan completed than we started preparation for the first major capital project – the Ava to Ewen improvements. By the end of the 2001/02 year we had completed much of the design for the project.

However, we didn't forget the rest of the Region. The Rangiuuru Floodgates project on the Otaki River was completed and we undertook a considerable number of minor works throughout the western region.

I must mention the native plant trials that we are carrying out in conjunction with the Wellington Botanical Society. For years willows have been the mainstay of our planting programmes. These trials will allow us to determine whether we can make more use of native plants without compromising the levels of river bank protection. They have the potential to assist the Council to meet its flood protection and biodiversity goals at the same time.

Parks and Forests

Our Parks and Forests continue to be enjoyed by large numbers of people in the Region, particularly the Spring Visits and Summer Programmes.

In keeping with our desire to make the Parks more accessible we developed and opened another “KiwiWalk,” this time at Kaitoke Regional Park. KiwiWalks are designed to encourage newcomers into the Parks.

A highlight for me has been seeing the large number of worthwhile projects that community and user groups are doing in the Parks and Forests. Those projects include planting trees, trapping pests, and building mountain bike tracks. One community based project The Akatarawa Recreation Access Committee's redevelopment of the Orange Hut, carried out with assistance from the Council, received a Highly Commended award from the New Zealand Recreation Association.

COMMITTEE MEMBERS

Chairperson
C R Laidlaw

Deputy Chair
H Barr

Members
R J Werry
T G G Evans
I Yardley
R Kirton
R F Thomas

Appointees
J Gilbert
A D Ross²

Council Chairperson (*ex officio*)
Council Deputy Chairperson (*ex officio*)¹

¹ The Deputy Council Chairperson does not vote when the Council Chairperson is present.

² Speaking but no voting rights.

RURAL SERVICES & WAIRARAPA: Committee Report



“ This year we have had a renewed focus on seeking improvements in water quality by achieving improved sewerage systems for several Wairarapa communities ”

Rick Long
Chairperson

Environmental Management

This year we have had a renewed focus on seeking improvements in water quality by achieving improved sewerage systems for several Wairarapa communities. It is therefore pleasing to report that a new resource consent has now been issued for Martinborough and a new consent application received for the Masterton discharge. There has also been positive movement towards community sewerage schemes at Riversdale and Lake Ferry.

348 consents were issued during the year and we were again able to achieve very high satisfaction levels in a recent independent survey of Wairarapa consent holders and submitters.

Land Management

The Council has once again undertaken a very substantial programme of Bovine Tb possum control with operations being completed on 311,000 hectares, which represents 38% of the Region’s total land area. As a result, livestock reactor numbers have continued to fall. There are now 63 infected herds in the Region compared with 354 seven years ago.

Further significant progress has been achieved in controlling plant and animal pests, particularly in many of our key native ecosystem areas. In future this work

will be carried out under our new Regional Pest Management Strategy, which is currently in the process of final adoption.

Our hill country sustainability work has continued to progress with nearly 500 hectares of tree planting completed this year.

Flood Protection

All river scheme maintenance programmes were completed and we were fortunate to not have any significant floods during the year.

A very satisfying outcome was the completion of the Upper Ruamahanga River Scheme review. The previous scheme has now been split into three new schemes. These three schemes began operating from 1 July with new rating classifications that were finalised without any objections.

COMMITTEE MEMBERS	
<i>Chairperson</i>	<i>Deputy Chair</i>
F R Long	R Kirton
<i>Members</i>	<i>Appointees</i>
I M Buchanan	E McQueen
C R Turver	A Benton
Council Chairperson (<i>ex officio</i>)	J Dalziell
Council Deputy – Chairperson (<i>ex officio</i>) ¹	R Southey

¹ The Deputy Council Chairperson does not vote when the Council Chairperson is present.

FINANCIAL OVERVIEW – COUNCIL

Operating Results

The Council’s net operating surplus for the 2001/02 financial year was \$6.7 million compared with a budgeted surplus of \$3.8 million. Significant components of this surplus above budget were:

- An additional surplus of \$1.6 million in Regional Water Supply, because of reduced expenditure on interest, chemicals and contractors and consultants.
- An additional surplus of \$0.7 million in Regional Transport primarily as a result of the Council receiving unbudgeted contributions from Transfund NZ.
- An additional surplus of \$0.6 million in Other Regional Responsibilities primarily as a result of additional unbudgeted investment returns.

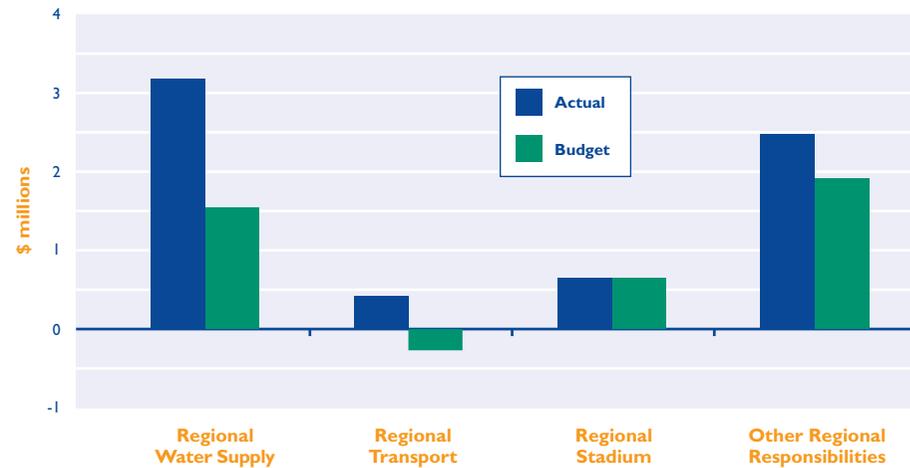
Capital Expenditure

By historical standards the level of capital expenditure in 2001/02 has been relatively modest as can be seen from the adjacent table.

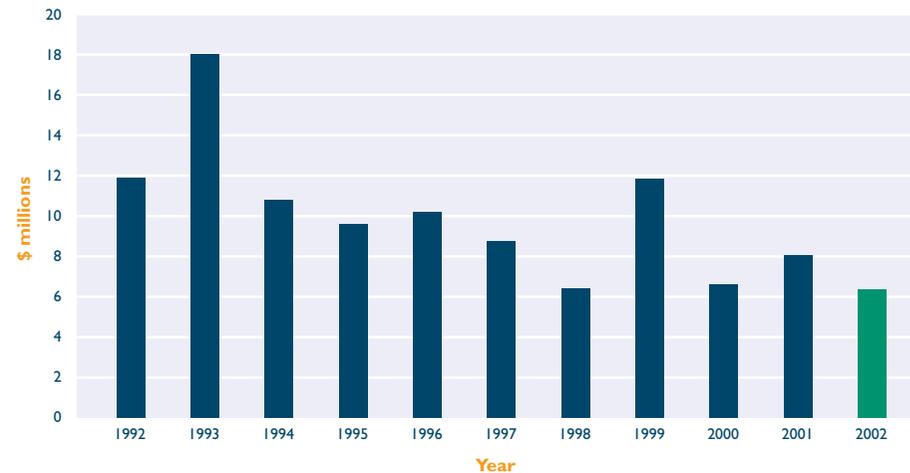
Notable projects advanced or completed during 2001/02 included:

- Publishing the Hutt River Floodplain Management Plan (Flood Protection).
- Various flood protection projects, including Ava to Ewen investigations and various land purchases (Flood Protection).
- Delivering the OK main along the Petone foreshore (Water Supply).
- Upgrade/Refurbishment of treatment plants (Water Supply).
- Replacement of a number of bridges and toilets within the parks and forests network (Parks and Forests).
- Implementation of a new records management system.

2002 Operating Surplus/Deficit



Net Capital Expenditure



FINANCIAL OVERVIEW – COUNCIL

Funding

The adjacent table summarises the Council's operating result and shows how surplus funds have been applied after providing for capital expenditure, debt servicing and reserve transfers.

The Council's operating surplus above budget of \$2.9 million has primarily been applied to increased working capital of \$3.3 million, which in turn has been used to repay debt during 2002/03.

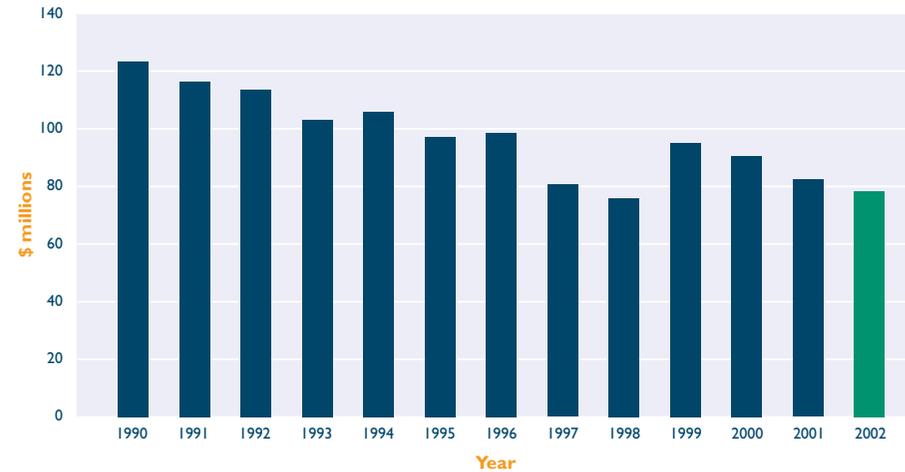
SUMMARY FUNDING STATEMENT	2002 Actual \$000's	2002 Budget \$000's	Variance \$000's
Regional Water Supply	3,172	1,537	1,635
Regional Transport	422	(270)	692
Regional Stadium	649	649	0
Other Regional Responsibilities	2,470	1,913	557
Operating Surplus (Deficit)	6,713	3,829	2,884
Movement in Reserves	308	1,159	(851)
Add Back Non Cash Items	8,460	8,147	313
Funding Surplus from Operations	15,481	13,135	2,346
Less:			
Net Capital Expenditure	6,370	8,120	(1,750)
Investment Additions	1,543	1,573	(30)
New Loans	(6,498)	(7,351)	853
Investment Redemption	0	0	0
Net Capital Expenditure & Investment	1,415	2,342	(927)
Working Capital Movement	3,357	0	3,357
Debt Repayment	10,709	10,793	(84)
Net Funding Surplus (Deficit)	0	0	0

FINANCIAL OVERVIEW – COUNCIL

Public Debt

Net public debt has been reduced by \$3.9 million during the year from \$82.3 million at 30 June 2001 to \$78.4 million at 30 June 2002. Since 1990 net public debt had been reduced from \$123.4 million to \$78.4 million, a reduction of 36%. The majority of the Council's debt now relates to Regional Water Supply, Flood Protection and the Regional Stadium.

Net Public Debt

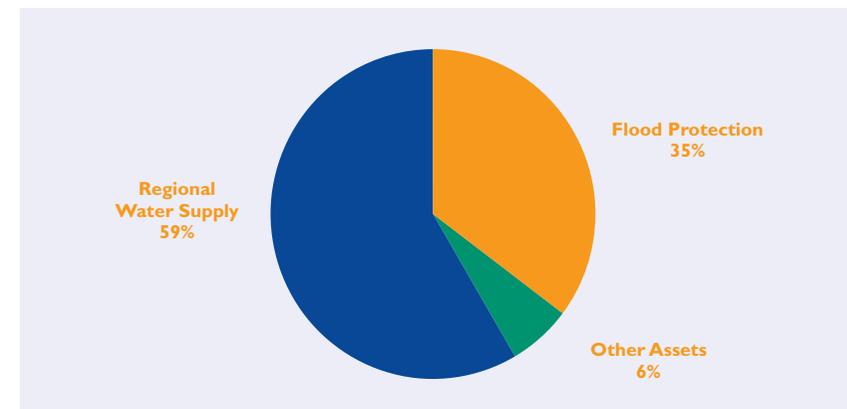


Asset Management

Asset management plans remain an important building block in Council's financial management framework. The majority of the Council's asset base consists of Regional Water Supply and Flood Protection assets. These important community assets are required to be maintained and, where possible enhanced, to enable the Council to continue to provide the agreed service levels to the community.

During the year the Council made further progress in its asset management planning. Flood Protection Infrastructural assets were revalued during the 2001/02 year resulting in an increase in value of approximately \$20 million. We will continue to liaise with Audit New Zealand as further improvements are made to Council's asset management plans in future.

Fixed Assets



COMPLIANCE WITH COUNCIL POLICIES

Introduction

The Local Government Act 1974 requires each Council to prepare the following policy documents:

- Long-Term Financial Strategy
- Funding Policy
- Investment Policy / Borrowing Management Policy

The Council is currently updating all of these policies. It is now appropriate to report on the extent to which these policies have been complied with during the 2001/02 year.

(a) Long-Term Financial Strategy (LTFS)

Council's LTFS (Towards a Greater Wellington) was adopted on 29 June 2000. The 2001/02 year was the second year of 10 years contained within the LTFS. The performance of the Council, both in terms of the outcomes being achieved and the costs incurred are included within the Statements of Service Performance of each of Council's significant activities.

(b) Funding Policy

Council's Funding Policy as adopted in June 2000, contains targeted funding mix ratios for all of Council's functions. As a general rule actual funding mixes achieved were consistent with targeted funding mixes.

(c) Investment Policy/Borrowing Management Policy

Council's Treasury Management Policy (incorporating both the Investment Policy and Borrowing Management Policy) was re-adopted in November 1999. The Council has continued to undertake prudent hedging transactions during 2001/02 in accordance with the Treasury Management Policy (TMP).

A summary of Council's compliance with the Treasury Management Policy (TMP) is detailed in the following tables.

COUNCIL POLICY COMPLIANCE ANALYSIS (MAJOR POLICIES)	Yes	No
<ul style="list-style-type: none"> • Less than 33% of total debt is to mature in any one financial year. • Access to undrawn committed lines and liquid investments of no less than \$5m. • Access to undrawn committed lines and liquid investments of no less than \$25m for self-insured assets and contingency reserves. • Less than 40% of total debt has a floating rate profile. • Counterparty exposures: ANZ<\$10m NBNZ<\$50m BNZ<\$10m WestpacTrust<\$10m 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ 	
EXTERNAL BORROWING LIMITS COMPLIANCE ANALYSIS	Actual as at 30/6/02	TMP Limits as at 30/6/02
<ul style="list-style-type: none"> • Net financial cost to rates and levies • Net debt to rates and levies • Net debt/head of population 	<ul style="list-style-type: none"> 9% 107% \$185 	<ul style="list-style-type: none"> 20% 175% \$300

WELLINGTON
REGIONAL
COUNCIL



for the year ended 30 June 2002

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

	Notes	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
OPERATING REVENUE						
Rates & Levies		73,163	72,460	73,163	73,170	72,460
Grants & Subsidies		24,056	19,598	24,056	24,119	19,598
Investment Revenue		3,708	4,449	5,615	4,490	5,645
Other External Revenue		54,408	53,228	14,602	16,371	15,360
Total External Operating Revenue	1	155,335	149,735	117,436	118,150	113,063
OPERATING EXPENDITURE						
Personnel		22,022	21,154	22,022	23,332	21,154
Grants & Subsidies		40,785	37,888	40,785	42,729	37,888
Interest		10,881	11,753	6,924	7,361	7,592
Depreciation	2	12,275	11,506	8,102	8,357	7,863
Operating Expenses		56,562	55,464	32,890	32,542	32,499
Total External Operating Expenditure	2	142,525	137,765	110,723	114,321	106,996
Operating Surplus before Taxation		12,810	11,970	6,713	3,829	6,067
Taxation Expense	10	2,165	2,149	0	0	0
Operating Surplus		10,645	9,821	6,713	3,829	6,067
Share of Surplus Applicable to Minority Interest	14	1,698	1,593	0	0	0
Net Surplus for the Year		8,947	8,228	6,713	3,829	6,067

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

STATEMENT OF FINANCIAL PERFORMANCE BY ACTIVITY
for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING REVENUE		
Environment Management	10,770	10,411
Regional Transport	48,468	48,500
Regional Water Supply	26,341	27,725
Land Management	8,651	9,002
Flood Protection	10,509	10,542
Parks & Forests	4,751	4,772
Investment in Democracy	3,694	3,693
Stadium	2,676	2,676
Council Investments	3,733	2,859
Other	2,619	2,390
Total Operating Revenue	122,212	122,570
Less: Internal Operating Revenue	4,776	4,420
Total External Operating Revenue	117,436	118,150

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Environment Management	10,556	10,622
Regional Transport	48,046	48,770
Regional Water Supply	23,169	26,188
Land Management	8,607	9,060
Flood Protection	9,009	8,686
Parks & Forests	4,624	4,657
Investment in Democracy	3,734	3,823
Stadium	2,027	2,027
Council Investments	2,238	2,016
Other	3,489	2,892
Total Operating Expenditure	115,499	118,741
Less: Internal Operating Expenditure	4,776	4,420
Total External Operating Expenditure	110,723	114,321
Operating Surplus/(Deficit)	6,713	3,829
Less:		
Capital Expenditure & Investments	7,913	9,693
Loan Funding	(6,498)	(7,351)
Rates Funded Capital Expenditure	1,415	2,342
Debt Provisioning	10,709	10,793
Reserve Movements	(308)	(1,159)
Working Capital Movements	3,357	0
Non Cash Items	(8,460)	(8,147)
Net Funding Surplus (Deficit)	0	0

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

STATEMENT OF MOVEMENTS IN RATEPAYERS' FUNDS
for the year ended 30 June 2002

	Notes	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
Ratepayers' Funds at the Start of the Year		435,362	429,263	419,134	420,165	415,843
Net Surplus for the Year		8,947	8,228	6,713	3,829	6,067
Increase/(Decrease) in Asset Revaluation Reserves	13	20,192	(2,776)	20,192	0	(2,776)
Total Recognised Revenues & Expenses for the Year		29,139	5,452	26,905	3,829	3,291
Movements in Minority Interest	14	682	647	0	0	0
Ratepayers' Funds at the End of the Year		465,183	435,362	446,039	423,994	419,134

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2002

	Notes	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
RATEPAYERS' FUNDS						
Retained Earnings	12	198,584	189,862	193,657	190,408	187,169
Reserves	13	252,382	231,965	252,382	233,586	231,965
		450,966	421,827	446,039	423,994	419,134
Minority Interests	14	14,217	13,535	0	0	0
Total Ratepayers' Funds		465,183	435,362	446,039	423,994	419,134
ASSETS						
Current Assets	3	69,806	70,343	67,934	58,901	66,340
Non-Current Assets	5	572,661	545,948	482,943	464,274	463,085
Total Assets		642,467	616,291	550,877	523,175	529,425
LIABILITIES						
Current Liabilities	8	42,599	54,480	39,953	37,554	27,842
Non-Current Liabilities	9	134,685	126,449	64,885	61,627	82,449
Total Liabilities		177,284	180,929	104,838	99,181	110,291
Net Assets		465,183	435,362	446,039	423,994	419,134


Margaret Shields
Chairperson
31 October 2002


Howard Stone
General Manager
31 October 2002


Greg Schollum
Chief Financial Officer
31 October 2002

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2002

	Notes	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash provided from:						
Customers		39,887	37,201	0	0	0
Rates, Levies, Subsidies & Taxes		98,058	92,767	98,058	97,289	92,767
Interest		3,584	4,250	3,474	3,822	4,214
Dividends		135	30	900	668	1,700
Other		14,825	11,845	14,825	16,371	11,845
		156,489	146,093	117,257	118,150	110,526
Cash disbursed to:						
Suppliers & Employees		120,351	110,193	96,026	98,813	87,457
Interest		10,538	11,450	6,559	6,942	7,077
Income Tax Paid		2,000	2,500	0	0	0
		132,889	124,143	102,585	105,755	94,534
Operating Activities Net Cash Flows	22	23,600	21,950	14,672	12,395	15,992
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash provided from:						
Sale of Fixed Assets		518	772	453	798	703
Repayment of Advance from Associate Company		50	0	0	0	0
Sinking Funds		1,347	1,963	1,347	0	1,963
Disposal of Other Investments		0	5,000	0	0	5,000
		1,915	7,735	1,800	798	7,666

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2002

	Notes	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
Cash disbursed for:						
Purchase of Fixed Assets		18,008	18,412	6,936	8,917	8,995
Plantation Forestry Development		661	776	661	1,574	776
Sinking Funds		56	1,374	56	0	1,374
Advance to Associate Company		1,500	0	0	0	0
Council Contingency Investments		882	930	882	0	930
		21,107	21,492	8,535	10,491	12,075
Investing Activities Net Cash Flows		(19,192)	(13,757)	(6,735)	(9,693)	(4,409)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash provided from:						
Public Debt & Term Debt Proceeds		10,079	9,009	6,079	6,932	6,059
Cash disbursed for:						
Public Debt & Term Debt Settlement		11,204	14,772	11,204	9,634	14,772
Repayment of Intercompany Current Account		0	0	(74)	0	1,204
Dividends Paid to Minority Interests		969	946	0	0	0
		12,173	15,718	11,130	9,634	15,976
Financing Activities Net Cash Flows		(2,094)	(6,709)	(5,051)	(2,702)	(9,917)
Net Increase in Cash Held		2,314	1,484	2,886	0	1,666
Add Opening Cash & Deposits		5,599	4,115	5,618	4,000	3,952
Closing Cash & Deposits	3	7,913	5,599	8,504	4,000	5,618

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

STATEMENT OF ACCOUNTING POLICIES

1. Reporting Entity

The Wellington Regional Council was formed on 1 November 1989 and constituted under the Local Government (Wellington Region) Reorganisation Order 1989.

The Group consists of the Wellington Regional Council and its subsidiary companies WRC Holdings Limited (100% owned), Pringle House Limited (100% owned), Port Investments Limited (100% owned) and CentrePort Limited and subsidiaries (76.9% owned).

The financial statements have been prepared in accordance with the Local Government Act 1974 and generally accepted accounting practice.

2. Measurement Base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain assets.

3. Accounting Policies

Accounting policies adopted in the financial statements, which have a significant effect on the results and the financial position disclosed, are set out below:

3.1 Basis of Consolidation

The Council has used the purchase method of consolidation for WRC Holdings Limited and its subsidiaries. All significant intercompany transactions have been eliminated.

3.2 Revenue Recognition

Rates and levies are recognised as income in the year the assessments are issued. Government grants and contributions from territorial local authorities for contract works are recognised as income when eligibility has been established by the grantor. Revenue from dividends is recognised on an accrual basis (net of imputation credits). Other income is also recognised on an accrual basis.

3.3 Investments

Plantation forests are shown at 1991 revalued cost and, apart from silviculture costs, which are capitalised, any gain in value is recognised on the realisation of logging revenues.

All other investments, including those in subsidiaries, are shown at the lower of cost or net realisable value (where there is a market).

3.4 Fixed Assets

The Council has categorised its fixed assets into operational assets, regional water supply assets, floodplain management plans, infrastructural assets (including flood protection, transport, navigational aids and other infrastructural assets) and capital works in progress.

Valuation & Additions

All valuations are carried out or reviewed by independent qualified valuers and are carried out at least every 5 years. The Council undertook an asset valuation exercise in 1991, 1999 and again in 2002. Asset values based on the 1991 valuation are land and buildings (1990 government valuation), transport facilities infrastructure assets (1991 depreciated replacement cost.) All fixed assets are initially recorded at cost.

STATEMENT OF ACCOUNTING POLICIES

The Regional Water Supply System was revalued on 1 July 1999, by Tony Pratt MIPMV of Rolle Hillier Parker Ltd, using Optimised Depreciation Replacement Cost methodology (ODRC).

The Flood Protection infrastructure assets were revalued at 30 June 2002 using ODRC. The valuations were carried out by:

- Western Flood Protection infrastructure assets were revalued by Geoff Dick the Flood Protection Manager.
- Wairarapa Flood Protection infrastructure assets were revalued by Widana Gamage BE (Civil), Chartered Engineer.

The valuation methodology and rates were reviewed and certified by John Easter, Chartered Engineer of Risk Works Limited.

Western Flood Protection land was revalued at 30 June 2002 by Stewart Littlejohn FNZIV, FNZPI & Martin Veale ANZIV, SNZPI, using a derived value rate per hectare, based on sales data of Rural and Reserve land from recognised valuation sources, which reflects fair value.

Baker & Associates revalued Wairarapa land on 1 June 2002. Land valuation was completed by F T Rutherford BBS (VPM) NZPI, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, it will be expensed in the statement of financial performance.

CentrePort Limited's assets acquired on 1 October 1988 are stated at cost based on a business valuation carried out at that time. Subsequent purchases of fixed assets by CentrePort Limited are recorded at cost.

Depreciation

Depreciation is provided on a straight line basis 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:

Buildings	10-100 years
Water Pipelines/Reservoirs/Dams	50-150 years
Plant/Vehicles/Equipment	3-25 years
Floodplain Management Plans	15 years
Navigational Aids	5-50 years
Waterloo Interchange	40 years
CentrePort Ltd floating plant, Cranes & Wharves	10-50 years
Te Marua Lakes	150 years

Flood protection infrastructure assets (principally stopbanks) are generally considered to be non-depreciable. This is based on the engineering assessment that stopbanks in the Wellington Region are not subject to detectable settlement.

Work in progress is not depreciated until the project phase is completed.

3.5 Investment Properties

Investment properties and properties intended for sale are revalued annually at net market value.

STATEMENT OF ACCOUNTING POLICIES

3.6 Inventories

Cost of inventories held for maintenance and construction purposes is calculated using the weighted average cost method. Nursery stocks are valued at 50% of current market value. All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.

3.7 Taxation

The income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-taxable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if there is virtual certainty of realisation.

3.8 Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is doubtful.

3.9 Leases

The Wellington Regional Council leases office space, office equipment and some vehicles, while other Group entities lease 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.

3.10 Employee Entitlements

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

3.11 Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors. All of these are recognised in the statement of financial position. Group entities use forward rate agreements and swaps solely to manage interest rate exposure. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

3.12 Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. The Council does not have material transactions or hold any monetary assets or liabilities in foreign currencies.

3.13 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.

STATEMENT OF ACCOUNTING POLICIES

3.14 Overhead Allocation and Internal Transactions

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

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

The “Investment in Democracy” costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole Region, i.e., Regional Water Supply and Regional Transport.

3.15 Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or 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.

3.16 Rounding of Amounts

All amounts have been rounded to the nearest thousand dollars unless otherwise stated.

3.17 Comparatives

In most cases comparison is made with the 2001/02 budget as set out in the 2001/02 Annual Plan. In other cases the comparatives are the 2000/01 actual figures. Where necessary, comparatives have been changed to assist comparability.

3.18 Legislative Compliance

Under Section 594ZU of the Local Government Act 1974 a regional council is required to divest itself from any ownership or interest in transport operational or infrastructural assets. The Wellington Regional Council continues to maintain an interest in the Waterloo Interchange and has made exhaustive attempts to either transfer or sell the asset to other parties. No suitable arrangement has yet been found. The Minister of Transport can give a time extension for divestment. However, no such extension has been received.

4. Changes in Accounting Policies

There have been no material changes in Accounting Policies since the date of the last audited statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 1

REVENUE

	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
General Rates	19,693	20,353	19,693	19,693	20,353
Transport Rates	24,319	22,333	24,319	24,319	22,333
River Rates	2,403	2,286	2,403	2,403	2,286
Regional Water Supply Levy	22,776	23,241	22,776	22,776	23,241
Bovine Tuberculosis Rates	208	566	208	207	566
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,088	1,005	1,088	1,096	1,005
Government Grants & Subsidies	24,056	19,598	24,056	24,119	19,598
Dividends	0	0	1,800	668	900
Equity Accounted Earnings from Associates	132	173	0	0	0
Subvention Revenue	0	0	357	439	506
Sinking Fund Interest	489	532	489	517	532
Other Interest	3,087	3,744	2,969	2,866	3,707
Other Subsidiaries Revenue	40,362	38,429	0	0	0
Other Council External Revenue*	14,046	14,799	14,602	16,371	15,360
Total Operating Revenue	155,335	149,735	117,436	118,150	113,063

* In December 2001 the Wellington City Water facilities management contract was terminated, which resulted in the discontinuation of the Networks operation, refer to page 92, Regional Water Supply Financial Summary for further information.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 2

TOTAL OPERATING EXPENDITURE INCLUDES

	Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2002 Budget \$000's	Council 2001 Actual \$000's
Assets Written Off	660	28	660	0	28
Bad Debts Written Off	12	40	2	0	32
Directors Fees	194	147	0	0	0
Fees to Auditors for Audit of Financial Statements	148	151	88	85	90
Fees to Auditors for Other Services	151	90	33	30	40
Increase (Decrease) in Provision for Doubtful Debts	382	110	250	0	10
Loss (Gain) on Sale of Fixed Assets	(382)	(399)	(317)	(210)	(368)
Operating Lease Rentals	2,299	2,676	1,587	1,594	1,868
Rates Collection Cost	1,382	1,320	1,382	1,482	1,320
LGNZ Subscriptions	66	54	66	65	54
Decrease (Increase) in Value of Investments	0	265	16	0	(17)
Insurance	700	671	700	680	671

During the year ended 30 June 2002 the Council invested a further \$655,000 (2001 \$712,000) in a self insurance fund as part of its risk management of regional water supply assets. The Council also invested \$227,000 (2001 \$219,000) in the major flood recovery fund.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 2 (continued)

DEPRECIATION BY CATEGORY

Port, Buildings & Wharves	2,491	1,898	0	0
Land & Buildings	138	150	138	150
Fixtures & Fittings	94	106	71	78
Plant & Equipment	1,800	1,840	141	123
Motor Vehicles	649	649	649	649
Computer Equipment/Software	605	639	605	638
Floodplain Management Plans	435	351	435	351
Flood Protection	253	253	253	253
Transport Facilities	321	321	321	321
Navigational Aids	44	44	44	44
Other Infrastructural Assets	82	57	82	57
Regional Water Supply – Infrastructure Assets	4,988	4,751	4,988	4,751
Regional Water Supply – Administration Buildings	1	1	1	1
Regional Water Supply – Minor Equipment	176	221	176	221
Regional Water Supply – Motor Vehicles	198	225	198	226
Total Fixed Assets	12,275	11,506	8,102	7,863

Group 2002 Actual \$000's	Group 2001 Actual \$000's	Council 2002 Actual \$000's	Council 2001 Actual \$000's
2,491	1,898	0	0
138	150	138	150
94	106	71	78
1,800	1,840	141	123
649	649	649	649
605	639	605	638
435	351	435	351
253	253	253	253
321	321	321	321
44	44	44	44
82	57	82	57
4,988	4,751	4,988	4,751
1	1	1	1
176	221	176	221
198	225	198	226
12,275	11,506	8,102	7,863

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 3

CURRENT ASSETS

	Notes	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Bank & Call Deposits		7,913	5,599	8,504	5,618
Receivables	4	14,283	15,894	12,699	12,944
Inventory		2,107	2,182	1,829	1,858
Investments (Current)	6	44,902	45,920	44,902	45,920
Taxation Refund Due		601	748	0	0
		69,806	70,343	67,934	66,340

The Council has an overdraft facility of \$1,000,000 with the National Bank which is unsecured. The current interest rate on the facility is 10.00% (2001 9.75%).

Note 4

RECEIVABLES

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Rates Outstanding	2,620	3,459	2,620	3,459
Other Receivables	12,854	13,362	9,470	9,512
Provision for Dividends Receivable	0	0	1,800	900
Less Provision for Doubtful Debts	(1,191)	(927)	(1,191)	(927)
	14,283	15,894	12,699	12,944

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 5

NON-CURRENT ASSETS

	Notes	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Future Tax Benefit		1,145	1,181	0	0
Investments (Non-Current)	6	51,013	47,755	56,091	54,347
Fixed Assets	7	520,503	497,012	426,852	408,738
		572,661	545,948	482,943	463,085

Note 6

INVESTMENTS

		Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Sinking Funds		4,285	5,086	4,285	5,086
WRC Holdings (WRCH) Limited Shares		0	0	7,340	7,357
New Zealand Local Government Insurance Corporation Limited (NZLGIC) Shares		80	80	80	80
Plantation Forests		15,328	14,667	15,328	14,667
Regional Water Supply Contingency Investment		4,311	3,655	4,311	3,655
Major Flood Recovery Fund Investment		649	422	649	422
Stadium Advance		25,000	25,000	25,000	25,000
Liquid Bank Deposits		44,000	44,000	44,000	44,000
Other Investments		2,262	765	0	0
Total Investments		95,915	93,675	100,993	100,267
Investments Current Portion	3	44,902	45,920	44,902	45,920
Investments Non-Current Portion	5	51,013	47,755	56,091	54,347
		95,915	93,675	100,993	100,267

The Council also 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. The Council was previously a member of the Association. These shares cannot be sold by the Council until 2005.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

INVESTMENTS *(continued)*

The Council has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2002, the sinking funds have a weighted average interest rate of 11.55% (2001 10.14%) and an estimated fair value of \$4.3M (2001 \$5.1M).

The Council holds 100% of the shares in WRC Holdings Limited. The book value of the shares \$7.3M (2001 \$7.4M) reflects the net asset backing of the investment at 30 June 2002.

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests as at 30 June 2002 based on a discount rate of 9.0% is \$30M (2001 \$32M).

As at 30 June 2002 the weighted average interest rate on the regional water supply contingency investment is 5.57% (2001 5.82%) and an estimated fair value of \$4.3M (2001 \$3.7M).

As at 30 June 2002 the weighted average interest rate on the major flood recovery fund investment is 5.96% (2001 5.81%) and has an estimated fair value of \$0.6M (2001 \$0.4M).

The \$44M proceeds from the sale of CentrePort Limited shares and convertible notes from the Council to Port Investments Limited have been invested in a bank deposit. As at 30 June 2002 these investments have an interest rate of 6.20% (2001 6.23%).

The Council advanced \$25M to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the “quasi equity” nature of the advance. At 30 June 2002 the Council expects that the advance will be fully repaid.

The obligations of the Council to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. It is not repayable until after all other debts of the Trust are extinguished. If the Trust is a Local Authority Trading Enterprise (LATE) it will be a taxpayer and will be required to pay interest on its limited-recourse loan at a market rate. Because of the uncertainty over the LATE status of the Trust, this interest has not been charged by the Council and accordingly has not been accrued in the financial statements of the Council.

The Council, in conjunction with the Wellington City Council and the Wellington Regional Stadium Trust is seeking to clarify that the Wellington Regional Stadium Trust is not a LATE.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 7

FIXED ASSETS – GROUP

Operational Assets

	Revalued Cost 2002 \$000's	Accumulated Depreciation 2002 \$000's	Book Value 2002 \$000's
Port Buildings & Wharves	56,284	20,586	35,698
Land & Buildings	53,664	1,820	51,844
Fixtures & Fittings	2,558	2,330	228
Plant & Equipment	29,555	13,727	15,828
Motor Vehicles	4,143	2,352	1,791
Computer Equipment / Software	4,070	2,186	1,884

Floodplain Management Plans

	150,274	43,001	107,273
	6,549	2,246	4,303

Infrastructural Assets

Flood Protection	146,303	0	146,303
Transport Facilities	11,958	3,406	8,552
Navigational Aids	1,737	899	838
Other Infrastructural Assets	3,183	137	3,046

	163,181	4,442	158,739
--	---------	-------	---------

Capital Works In Progress	877	0	877
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Total Regional Responsibilities	320,881	49,689	271,192
--	----------------	---------------	----------------

Regional Water Supply Assets

Infrastructure Assets	259,999	14,303	245,696
Administration Buildings	9	2	7
Minor Equipment	1,718	1,166	552
Motor Vehicles	1,064	662	402
Capital Works In Progress	2,654	0	2,654
Total Regional Water Supply	265,444	16,133	249,311

Total Group Fixed Assets	586,325	65,822	520,503
---------------------------------	----------------	---------------	----------------

	Revalued Cost 2001 \$000's	Accumulated Depreciation 2001 \$000's	Book Value 2001 \$000's
	52,767	18,111	34,656
	53,716	1,732	51,984
	2,560	2,243	317
	29,659	18,154	11,505
	3,926	2,274	1,652
	3,310	1,619	1,691
	145,938	44,133	101,805
	6,416	1,812	4,604
	127,331	1,272	126,059
	11,958	3,085	8,873
	1,716	855	861
	2,666	80	2,586
	143,671	5,292	138,379
	766	0	766
	296,791	51,237	245,554
	258,502	9,388	249,114
	9	1	8
	1,622	1,102	520
	1,414	868	546
	1,270	0	1,270
	262,817	11,359	251,458
	559,608	62,596	497,012

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 7 (continued)

FIXED ASSETS – COUNCIL

Operating Assets

	Revalued Cost 2002 \$000's	Accumulated Depreciation 2002 \$000's	Book Value 2002 \$000's
Land & Buildings	11,245	1,820	9,425
Fixtures & Fittings	843	706	137
Plant & Equipment	1,669	1,284	385
Motor Vehicles	4,143	2,352	1,791
Computer Equipment / Software	4,070	2,186	1,884

Floodplain Management Plans

	21,970	8,348	13,622
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Infrastructural Assets

Flood Protection	146,303	0	146,303
Transport Facilities	11,958	3,406	8,552
Navigational Aids	1,737	899	838
Other Infrastructural Assets	3,183	137	3,046

	163,181	4,442	158,739
--	---------	-------	---------

Capital Works In Progress

	877	0	877
--	-----	---	-----

Total Regional Responsibilities	192,577	15,036	177,541
--	----------------	---------------	----------------

Regional Water Supply Assets

Infrastructure Assets	259,999	14,303	245,696
Administration Buildings	9	2	7
Minor Equipment	1,718	1,166	552
Motor Vehicles	1,064	662	402
Capital Works In Progress	2,654	0	2,654

Total Regional Water Supply	265,444	16,133	249,311
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Total Council Fixed Assets	458,021	31,169	426,852
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	Revalued Cost 2001 \$000's	Accumulated Depreciation 2001 \$000's	Book Value 2001 \$000's
	11,297	1,732	9,565
	845	642	203
	1,583	1,163	420
	3,926	2,274	1,652
	3,310	1,619	1,691
	20,961	7,430	13,531
	6,416	1,812	4,604
	127,331	1,272	126,059
	11,958	3,085	8,873
	1,716	855	861
	2,666	80	2,586
	143,671	5,292	138,379
	766	0	766
	171,814	14,534	157,280
	258,502	9,388	249,114
	9	1	8
	1,622	1,102	520
	1,414	868	546
	1,270	0	1,270
	262,817	11,359	251,458
	434,631	25,893	408,738

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 8

CURRENT LIABILITIES

	Notes	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Payables		20,390	23,448	15,925	17,489
Employee Provisions		4,389	4,270	2,445	2,353
Current Account – WRC Holdings Group		0	0	3,763	3,038
Term Borrowing (Current)		0	21,800	0	0
Public Debt (Current)	11	17,820	4,962	17,820	4,962
		42,599	54,480	39,953	27,842

Note 9

NON-CURRENT LIABILITIES

	Notes	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Public Debt (Non-Current)	11	64,885	82,449	64,885	82,449
Term Borrowings		69,800	44,000	0	0
		134,685	126,449	64,885	82,449

Term borrowings are made up of two bank loan facilities.

CentrePort Limited has a bank loan facility drawn to \$25,800,000 which is unsecured and matures on 14 April 2004. The interest rate charged on the facility as at 30 June 2002 ranged from 4.9% to 6.4% p.a. (2001 ranged from 5.9% to 6.1% p.a.).

WRC Holdings Limited has a bank loan facility drawn to \$44,000,000 which is secured by a debenture over the assets of company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2002 was 6.30% (2001 6.33%).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 10

TAXATION

Net Income Subject to Tax

Income Tax at 33%

Adjustments for Permanent Differences

Tax Effect of Imputation Credits

Subvention Payments

Non Deductible Expenditure

Equity Accounted Earnings from Associate Companies

Depreciation

Deferred Tax Benefits not Previously Recognised

Losses not Recognised

Prior Year Under (Over) Provision

Taxation Expense

The Taxation Expense is Represented By:

Current Year Taxation

Future Taxation Benefit

Taxation Expense

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Net Income Subject to Tax	6,680	5,207	(658)	(418)
Income Tax at 33%	2,206	1,719	(217)	(138)
Adjustments for Permanent Differences				
Tax Effect of Imputation Credits	42	(15)	(297)	(561)
Subvention Payments	(102)	0	118	167
Non Deductible Expenditure	141	185	0	0
Equity Accounted Earnings from Associate Companies	(1)	(48)	0	0
Depreciation	0	0	0	0
Deferred Tax Benefits not Previously Recognised	(317)	(198)	0	0
Losses not Recognised	427	559	396	532
Prior Year Under (Over) Provision	(231)	(53)	0	0
Taxation Expense	2,165	2,149	0	0
The Taxation Expense is Represented By:				
Current Year Taxation	2,188	2,315	0	0
Future Taxation Benefit	(23)	(166)	0	0
Taxation Expense	2,165	2,149	0	0

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2002

TAXATION *(continued)*

The net income subject to tax includes the gross income of the Council, net of related expenses, derived from the WRC Group of companies, including the CentrePort Group and NZLGIC. All other income currently derived by the Council is exempt from income tax.

Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Wellington Regional Council of \$356,810 payable by Pringle House Limited. A subvention payment of \$506,418 was made by Pringle House limited to the Wellington Regional Council in relation to the amount accrued in the 2001 year.

Timing Differences Not Recognised

A deferred tax asset of \$7.115m (2001 \$7.62m) has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is no virtual certainty of the realisation of that asset. Of this amount \$6.465m relates to CentrePort Limited.

Tax Losses Not Recognised

The Council has tax losses of \$8.55m (2001 7.35m) available to be carried forward to be offset against taxable income in the future. The tax effect of these losses is \$2.82m (2001 \$2.42m).

Imputation Credits

\$8.32m (2001 \$7.17m) of imputation credits are available within the subsidiaries to attach to future dividends paid to the Council. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act 1994.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 11

PUBLIC DEBT

	Notes	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Opening Balance		87,411	95,731	87,411	95,731
New Loans Raised		6,498	6,452	6,498	6,452
Loans Repaid		(11,204)	(14,772)	(11,204)	(14,772)
Total External Financing		82,705	87,411	82,705	87,411
Public Debt Current Portion	8	17,820	4,962	17,820	4,962
Public Debt Non-Current Portion	9	64,885	82,449	64,885	82,449
		82,705	87,411	82,705	87,411

COUNCIL PUBLIC DEBT MATURITIES

2003
2004
2005
2006
2007
2008 – 2020

Council public debt by maturity \$000's
17,820
3,845
6,845
12,707
1,536
39,952
82,705

Local Government Stock issued prior to 30 June 1997 is fully secured. \$24.0M (2001 \$28.0M) is secured by a charge against special rates and \$2.4M (2001 \$2.7M) is secured by a charge against the regional water supply levy. Public debt issued subsequent to 30 June 1997 is unsecured.

As at 30 June 2002, the Council's public debt has a weighted average interest rate (after the effect of derivatives) of 7.69% (2001 7.82%) and an estimated fair value of \$86.0M (2001 \$90.6M). Further detailed analysis of public debt is provided on page 139.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 12

RETAINED EARNINGS

Opening Balance
Net Surplus for the Year
Transferred from Reserves
Transferred to Reserves
Interest Earned
Realised Asset Revaluation on Disposal
Closing Balance

	Group 2002 \$000's	Group 2001 \$000's
Opening Balance	189,862	178,344
Net Surplus for the Year	8,947	8,228
Transferred from Reserves	(3,348)	6,804
Transferred to Reserves	3,449	(3,195)
Interest Earned	(409)	(551)
Realised Asset Revaluation on Disposal	83	232
Closing Balance	198,584	189,862

	Council 2002 \$000's	Council 2001 \$000's
Opening Balance	187,169	177,812
Net Surplus for the Year	6,713	6,067
Transferred from Reserves	3,449	6,804
Transferred to Reserves	(3,348)	(3,195)
Interest Earned	(409)	(551)
Realised Asset Revaluation on Disposal	83	232
Closing Balance	193,657	187,169

Note 13

RESERVES

Opening Balance
Transferred from Operations
Transferred to Operations
Interest Earned
Realised Asset Movements
Infrastructure Asset Revaluation
Closing Balance

	Group 2002 \$000's	Group 2001 \$000's
Opening Balance	231,965	238,031
Transferred from Operations	3,348	3,195
Transferred to Operations	(3,449)	(6,804)
Interest Earned	409	551
Realised Asset Movements	(83)	(232)
Infrastructure Asset Revaluation	20,192	(2,776)
Closing Balance	252,382	231,965

	Council 2002 \$000's	Council 2001 \$000's
Opening Balance	231,965	238,031
Transferred from Operations	3,348	3,195
Transferred to Operations	(3,449)	(6,804)
Interest Earned	409	551
Realised Asset Movements	(83)	(232)
Infrastructure Asset Revaluation	20,192	(2,776)
Closing Balance	252,382	231,965

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

RESERVES (continued)

Represented By

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Election Reserve	40	178	40	178
Regional Park Land Purchase Reserve	772	711	772	711
Flood Contingency Reserve	203	(5)	203	(5)
Regional Water Supply Reserves	561	1,050	561	1,050
Water Operations Network Reserve	0	(39)	0	(39)
Transport Reserve	1,043	423	1,043	423
Wairarapa Scheme Reserves	1,509	1,233	1,509	1,233
Rural Fire Contingency Reserve	50	50	50	50
Bovine Tuberculosis Rate Reserve	926	899	926	899
Environment Legal Contingency Reserve	382	497	382	497
Wairarapa Workshop Reserve	30	26	30	26
River Rates Reserves	117	(7)	117	(7)
Akura Nursery Reserve	(21)	4	(21)	4
Expenditure Carry Forwards	1,031	1,315	1,031	1,315
Total Operational Reserves	6,643	6,335	6,643	6,335
Asset Revaluation Reserve*	245,537	225,428	245,537	225,428
Investment Revaluation Reserve	202	202	202	202
Total Reserves	252,382	231,965	252,382	231,965

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

RESERVES (continued)

* Asset Revaluation Reserve by Category

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Port, Buildings and Wharves	0	0	0	0
Land & Buildings	864	890	864	890
Fixtures & Fittings	0	0	0	0
Plant & Equipment	0	0	0	0
Motor Vehicles	0	0	0	0
Computer Equipment/Software	0	0	0	0
Floodplain Management Plans	0	0	0	0
Flood Protection	108,073	87,938	108,073	87,938
Transport Facilities	1,517	1,517	1,517	1,517
Navigational Aids	0	0	0	0
Other Infrastructural Assets	0	0	0	0
Regional Water Supply – Infrastructure Assets	135,083	135,083	135,083	135,083
Regional Water Supply – Administration Buildings	0	0	0	0
Regional Water Supply – Minor Equipment	0	0	0	0
Regional Water Supply – Motor Vehicles	0	0	0	0
Total Fixed Assets	245,537	225,428	245,537	225,428

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 14

MINORITY INTERESTS

Opening Balance
Minority Share of Operating Surplus
Minority Dividends Paid
Closing Balance

Group 2002 \$000's	Group 2001 \$000's
13,535	12,888
1,698	1,593
(1,016)	(946)
14,217	13,535

Minority interests represent Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

Note 15

EMPLOYEES

Number of Employees

Council 2002	Council 2001
339	362

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 16

CONTINGENCIES

Contingent Liabilities

Other Legal Proceedings & Obligations
Uncalled Capital in WRC Holdings Limited

Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
302	266	302	266
0	0	75,000	75,000
302	266	75,302	75,266

The Wellington Regional Council has responsibility for 14 contaminated sites in the Region. None are considered high risk and any clean-up costs are considered to be negligible. However there is one site, where the estimation of liability can not be determined until an assessment of the site has been completed. There may also be other contaminated sites which the Council is unaware of.

Customers of CentrePort Limited have commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against the customers for breach of contract in respect of charges that have been withheld. Professional advice indicates that it is unlikely that any significant liability will arise.

CONTINGENCIES

Contingent Assets

Supplementary Claim to Transfund
Other

Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
0	334	0	334
0	5	0	5
0	339	0	339

In 2002 the Supplementary claim to Transfund has been recognised as a receivable at 30 June 2002 as the necessary criteria for recognition were met.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 17

COMMITMENTS

Transport Operator Commitments

Less than One Year
One to Two Years
Two to Five Years
Later than Five Years

	Group 2002 \$000's	Group 2001 \$000's
Less than One Year	11,442	8,219
One to Two Years	5,367	6,155
Two to Five Years	6,588	4,524
Later than Five Years	1,234	0
	24,631	18,898

Operating Lease Commitments

Less than One Year
One to Two Years
Two to Five Years
Greater than Five Years

Less than One Year	1,203	573
One to Two Years	563	168
Two to Five Years	330	172
Greater than Five Years	127	178
	2,223	1,091

Capital Commitments

Total Commitments

Capital Commitments	1,343	5,262
Total Commitments	28,197	25,251

	Council 2002 \$000's	Council 2001 \$000's
Less than One Year	11,442	8,219
One to Two Years	5,367	6,155
Two to Five Years	6,588	4,524
Later than Five Years	1,234	0
	24,631	18,898
Less than One Year	2,047	1,520
One to Two Years	1,531	1,275
Two to Five Years	275	1,279
Greater than Five Years	127	178
	3,980	4,252
Capital Commitments	184	1,113
Total Commitments	28,795	24,263

The Council has contractual commitments for operating leases, capital works and to transport operators as disclosed above.

Operating lease commitments are for vehicles, computer equipment and office equipment as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary Pringle House Limited.

Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$1,159,000 (2001 \$4,149,000).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 18

FINANCIAL INSTRUMENTS

Currency Risk

The Group is not exposed to any material currency risk.

Credit Risk

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.

The Council manages receivables on behalf of itself and the WRC Holdings Group of companies, excluding CentrePort Limited. A provision for doubtful debts is maintained and monitored on a regular basis. Bank balances and short-term investments are held with New Zealand registered banks in accordance with the Council's treasury policy. No collateral is held by the Council in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

Concentration of Credit Risk

The Council 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 the Council by the territorial authorities in the Region on an agency basis. Funding for public transport is received from Transfund New Zealand.

Interest Rate Risk

The Group has exposure to interest rate movements as a result of its investments, term borrowings, public debt and money market portfolios.

To minimise this risk on term debt and public debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to rise. At 30 June 2002 the Group had entered into forward rate and swap agreements with maturities of:

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

FINANCIAL INSTRUMENTS *(continued)*

Less than One Year
One to Two Years
Two to Three Years
Three to Four Years
Four to Five Years
Five to Six Years
Six to Seven Years
Seven to Eight Years
Eight to Nine Years
Nine to Ten Years
More than Ten Years

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Less than One Year	3,000	11,000	0	0
One to Two Years	7,000	10,000	0	4,000
Two to Three Years	5,000	3,000	0	0
Three to Four Years	0	5,000	0	0
Four to Five Years	0	0	0	0
Five to Six Years	0	0	0	0
Six to Seven Years	10,000	0	10,000	0
Seven to Eight Years	5,000	10,000	5,000	10,000
Eight to Nine Years	5,000	5,000	5,000	5,000
Nine to Ten Years	0	5,000	0	5,000
More than Ten Years	0	0	0	0
	35,000	49,000	20,000	24,000

Fair Values

As at 30 June 2002 the estimated fair values of the Group's interest rate swap agreements are:

Estimated Fair Value of Interest Rate Swap Agreements

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Estimated Fair Value of Interest Rate Swap Agreements	371	618	308	534

Except where stated the estimated fair values of all other financial instruments of the Group are the book value of those instruments.

Note 19

INFORMATION IN RELATION TO THE COST TO A LOCAL AUTHORITY OF ANY SEVERANCE AGREEMENT BETWEEN A LOCAL AUTHORITY AND ANY EMPLOYEE.

During the year ended 30 June 2002, the Wellington Regional Council had not made any severance payments which exceeded \$50,000 where an employee had agreed to termination.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 20

COUNCILLORS' REMUNERATION*

Salary / Fees Received or Receivable
Meeting Allowances
Travel Allowances

* Please note that this includes Committee Appointees

Total remuneration received by Councillors and Committee appointees is distributed across the following bands.

\$0 to \$9,999
\$10,000 to \$19,999
\$20,000 to \$29,999
\$30,000 to \$39,999
\$40,000 to \$49,999
\$50,000 to \$59,999
\$60,000 to \$69,999
\$70,000 to \$79,999
\$80,000 to \$89,999
\$90,000 to \$99,999

Council 2002 \$	Council 2001 \$
397,656	404,722
248,745	236,295
38,767	37,508
685,168	678,525

Council 2002	Council 2001
18	15
4	0
6	1
1	5
2	2
2	4
2	1
0	0
1	0
0	1
36	29

In addition to her base salary the Chairperson is entitled to the use of a motor vehicle.

Prior to 13 October 2001 Councillors McQueen and Shields were entitled to a daily allowance of \$195 for attending WRC Holdings Group meetings on days where they were not attending a WRC meeting. From 1 May 2002 Councillors McDavitt and Long were entitled to a daily allowance of \$195 for attending WRC Holdings meetings on those days where they were not attending a WRC meeting. Councillor Buchanan also received trustees fees in his role as a Stadium Trustee.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 21

EXECUTIVE REMUNERATION

At 30 June 2002 the General Manager of the Wellington Regional Council, appointed under section 119C(1)(a) of the Local Government Act 1974, received a salary of \$170,000. In terms of his contract, the General Manager is entitled to the following benefits:

Salary
Motor Vehicle
Superannuation
Medical & Trauma Insurance
Life Insurance
Professional Fees
Representative Allowance
Telephone Allowance
Bonus Paid If Performance Objectives Achieved

Fringe Benefit Tax (FBT) Payable on the Above Package

The General Manager's contract also entitles him to purchase his vehicle at book value, which was exercised in February 2002. The personal benefit to him was \$14,660, the total cost to the Council, including FBT, was \$25,672.

For the year ended 30 June 2002 the total cost to the Council of the remuneration package received by the General Manager, excluding FBT, was \$247,447, including FBT, was \$256,984 (*These figures do not include the purchase of his vehicle*).

Total cost of the remuneration package received by the senior management team (excluding FBT) is distributed across the following bands.

\$120,000 to \$129,999
\$130,000 to \$139,999
\$140,000 to \$149,999
\$150,000 to \$159,999
\$160,000 to \$169,999
\$170,000 to \$179,999
\$180,000 to \$199,999
\$200,000 to \$229,999
\$230,000 to \$239,999
\$240,000 to \$249,999

Council 2002 \$	Council 2001 \$
170,000	160,000
26,000	26,000
25,394	24,060
2,143	2,032
5,410	5,410
1,500	1,500
3,000	3,000
561	561
17,000	16,000
251,008	238,563
9,538	12,155

Council 2002	Council 2001
0	1
2	0
0	3
3	1
1	1
0	1
2	1
0	0
0	1
1	0
9	9

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 22

**RECONCILIATION OF OPERATING SURPLUS
WITH CASH FLOW FROM OPERATING ACTIVITIES**

Operating Surplus

Add Non-Cash Items

Depreciation

Equity Accounted Earnings from Associate Companies

Decrease (Increase) in Value of Investments

Decrease (Increase) in Future Tax Benefit

Add (Less) Movements in Working Capital

Decrease (Increase) in Accounts Receivable

Decrease (Increase) in Inventory

Decrease (Increase) in Tax Refund Due

Increase (Decrease) in Accounts Payable

Increase (Decrease) in Employee Provisions

Increase (Decrease) in WRC Holdings Group Current Account

Add (Less) Items Classified as Investing Activities

Decrease (Increase) in Accounts Payable Related to Fixed Assets

Dividends Paid/Payable

Net Loss (Gain) on Sale of Fixed Assets

Sinking Funds Interest Compounded

Add (Less) Items Classified as Financing Activities

Loan to Associate Company

Forestry Encouragement Loan Interest Compounded

Net Cash Flow From Operating Activities

	Group 2002 \$000's	Group 2001 \$000's	Council 2002 \$000's	Council 2001 \$000's
Operating Surplus	10,645	9,821	6,713	6,067
Add Non-Cash Items				
Depreciation	12,275	11,506	8,102	7,863
Equity Accounted Earnings from Associate Companies	3	(143)	0	0
Decrease (Increase) in Value of Investments	0	266	16	(16)
Decrease (Increase) in Future Tax Benefit	36	(115)	0	0
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	1,612	(3,321)	245	(1,904)
Decrease (Increase) in Inventory	75	(130)	29	(121)
Decrease (Increase) in Tax Refund Due	145	(219)	0	0
Increase (Decrease) in Accounts Payable	(3,059)	4,948	(1,564)	3,757
Increase (Decrease) in Employee Provisions	119	55	92	55
Increase (Decrease) in WRC Holdings Group Current Account	0	0	651	536
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Fixed Assets	1,638	(209)	116	233
Dividends Paid/Payable	(46)	0	0	0
Net Loss (Gain) on Sale of Fixed Assets	278	(371)	343	(340)
Sinking Funds Interest Compounded	(490)	(531)	(490)	(531)
Add (Less) Items Classified as Financing Activities				
Loan to Associate Company	(50)	0	0	0
Forestry Encouragement Loan Interest Compounded	419	393	419	393
Net Cash Flow From Operating Activities	<u>23,600</u>	<u>21,950</u>	<u>14,672</u>	<u>15,992</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 23

RELATED PARTIES

The Council owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Chief Executive HJ Stone is a director of CentrePort Limited and NZ Local Government Insurance Corporation Limited for which he received fees of \$22,000. Councillor FR Long owns 50% of the Sign Factory.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2002 included:

	Council 2002 \$000's	Council 2001 \$000's
CentrePort Wellington Group		
Income from Use of Navigational Facilities	550	550
Expense for Rental & Services	(33)	(24)
WRC Holdings Group (Excluding CentrePort)		
Income from Management Services Provided	206	190
Income from Subvention Payment	357	506
Income from Dividends	1,800	900
Expense for Rent of the Regional Council Centre	(1,107)	(1,103)
Expense for Interest on Inter Company Current Account	(123)	(144)
Sign Factory		
Expense for Services	(4)	(4)
NZ Local Government Insurance Corporation Limited		
Income from Dividends	0	0

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

Note 24

SUBSEQUENT EVENTS

There have been no significant events subsequent to balance date that would materially affect these accounts.

Note 25

STATEMENTS OF SERVICE PERFORMANCE FOR SIGNIFICANT ACTIVITIES

The significant activities of the Council are recorded on the following pages

Environment Management	58
Regional Transport	74
Regional Water Supply	82
Land Management	94
Flood Protection	102
Parks and Forests	114
Investment in Democracy	124
Investments	128
Stadium	132

For each activity the actual achievement is compared to the planned performance indicators as set out in the 2001/02 Annual Plan. A financial summary 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 is used to repay debt in accordance with Council policy.

WELLINGTON
REGIONAL
COUNCIL



Statement of Service Performance
for Significant Activities

ENVIRONMENT MANAGEMENT

The Council's Environment Management significant activity is a major contributor to achieving *A High Quality Environment*. It does so through developing and implementing resource management policies and plans and as an environmental regulator through the management of resource consents and the control of pollution incidents. It conducts specific investigations into particular resources or issues and carries out general state of the environment monitoring. Educating children, businesses and the general community about the need for us all to be more environmentally responsible is an increasing focus.

The Environment Management function also contributes to *A Safe Region with Healthy People* as the regulator for the Region's harbours and coastal waters and with a policy setting and operational role in emergency management for the Region.

The Council believes that the environment is the key to economic sustainability. Therefore the Environment Management function is also vital to ensuring *A Prosperous and Viable Region*.

ENVIRONMENT MANAGEMENT

Key Issues

Working with the Community

The Council needs the community's help to bring about environmental improvements. The three segments of our environmental education programme – *Take Care* (community care groups), *Take Action* (schools) and *Take Charge* (businesses) – are designed to help people understand how some of our practices harm the environment and how we can “put things right”. It is certainly easier to prevent pollution and environmental degradation from happening in the first place, than trying to clean up after the event.

Many people in the Region are now involved in environmental care programmes. But there is still so much more to be done. Our challenge is to find the resources to support others to look after our environment. Our vision is that everyone in the Region will become environmentally aware and take some practical action. After all, environmental care is everyone's responsibility and everyone's future.

Gaining Compliance

A large proportion of our staff resources is tied up in resource management compliance issues. We have always tried to take a reasonable view on compliance matters and to work with resource users to bring about improvements rather than resort immediately to legal action. However, experience has shown that people all too often take advantage of this approach and try and ignore their environmental responsibilities. Therefore, in the past few years we have been forced to “harden-up” on compliance and let everyone know that we mean business. We will continue to do so until people understand that they cannot ignore New Zealand's environmental laws without taking the consequences. After all, these laws are there for a purpose – to provide sustainable management.

Working with iwi

The Council has been working very hard to achieve a more mutually beneficial relationship with iwi of the Region. Giving practical effect to the Treaty of Waitangi is a challenge facing the whole of New Zealand. Opinions about what should be done – and why – are varied and often emotionally charged. The Council knows that more resources alone will not resolve tangata whenua issues. There is tension between the Council's legislative responsibilities and tangata whenua aspirations to exercise kaitiakitanga (guardianship) and tino rangatiratanga (self-determination). We must work through these issues. It will take time, patience and understanding. The Council's goal is epitomised in the name of its Inter-iwi representative group *Ara Taui* which symbolises two parties walking together down one road. That is our challenge.

Providing Good Information

The Council must empower the community with good environmental information if it is to expect people to understand environmental issues and become actively involved in environmental care. We need to motivate people to take responsibility for their own environment. Our information must be relevant and user-friendly. People need to be able to understand how they, as individuals and group members, can contribute.

Our challenge is give the right information, in the right format and in the right medium.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources

Planned Performance

LONG TERM

The Council will carry out its resource management responsibilities in a way which gives sustainable outcomes and which is fair, equitable, provides investment certainty and involves the least possible compliance costs.

It will achieve this through:

- Implementing regional plans and policies.
- Transparent charging policies and consent management policies and programmes which guarantee a specific level of service.
- An efficient pollution response service and follow-up procedures.
- Specific environmental risk management initiatives.

Actual Performance

- ▶ The Council has five regional plans: the Regional Coastal Plan; the Regional Freshwater Plan; the Regional Plan for Discharges to Land; the Regional Air Quality Management Plan; and the Regional Soil Plan. The objectives and policies of the plans are designed to deliver sustainable outcomes. All the Plans are operative.

The Council's Charging and Consents Management Policies are set down in the following documents:

- The Regional Plans and the Regional Policy Statement.
- The Resource Management Charging Policy.
- The Consents Processing Procedures Policy.
- The Compliance Monitoring Procedures Manual.
- The Divisional Strategy and Direction.
- The Departmental Operating Plans.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM – *continued*

SHORT TERM By 30 June 2002

The implementation of the Regional Policy Statement and Regional Plans will have progressed to the satisfaction of the Council, within a budget of \$593,000.

Actual Performance

The effectiveness of these policies is evidenced by a number of independent assessments of the Consents Management function:

- The Resource Management Charging Policy became operative in July 2001. A review of the existing policy received 23 submissions.
 - The Council has been among the top performers in the Ministry for the Environment's Annual Survey of the Consent Authorities for the past four years.
 - Customer satisfaction with the Council's Consents Management is high. In 2002, 78% of customers rated the Council's Consents Management function as "good, very good, or excellent." The 2002 result is a decrease of 2% from 80% in 2000. The Council's benchmark is 70%.
- ▶ A significant amount of work has been completed. Key outputs are:
- Completion of the draft silt control guidelines and release for public consultation.
 - Completion of surveys of freshwater fish and inanga spawning sites.
 - Launch of a project that focuses on marine biodiversity in Wellington Harbour and Cook Strait.
 - A Council approved Draft Wetland Action Plan (July 2002). A hydrological study of the Te Harakeke wetland and a fish survey at Lake Pounui have also been completed.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

All resource consents will be processed in accordance with the Consent Processing Procedures Manual and within statutory timeframes, within a budget of \$501,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$283,000

Actual Performance

- A Council approved Riparian Management Strategy and continuation of three pilot planting programmes.
- Establishment of the Pauatahanui Inlet Community Trust.
- On-going restoration of the Waitohu and Kaiwharawhara Streams and the Horokiri estuary.
- Completion of a study of remediation options for contaminated sediments and an ecological investigation for the Waiwhetu Stream.
- Completion and distribution of *Need a Hand* brochures, and the provision of management advice for landowners with remnant bush or wetlands

Work undertaken was regularly reported to the respective Council Committee during the year. Actual costs were \$560,000.

▶ A total of 692 consents were processed in accordance with the Consent Processing Procedures Manual. Of these 24 Wairarapa consents were not processed within statutory timeframes because of staffing pressures in the second half of the year. The median timeframe for non-notified consents was 13 working days. Actual costs were \$477,000.

▶ All consents were monitored in accordance with the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual. Annual compliance reports were provided to the respective Council Committees in September. Significant compliance issues were reported to the respective Council Committees during the year. Actual costs were \$196,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment or Rural Services and Wairarapa Committees, within a budget of \$156,000.

Unwanted agricultural chemicals throughout the Region will be collected and disposed of in an environmentally responsible manner, within a budget of \$228,000.

Actual Performance

- ▶ A total of 1,702 complaints were received and responded to during the year (c/f 1,501 last year). Follow up actions were reported to respective Council Committees. There was a 13% increase in complaints received over the previous year. Actual costs were \$271,000.
- ▶ A total of 12.77 tonnes of unwanted agricultural chemicals were removed from 251 properties in the Wairarapa during the year. Of these chemicals, 7.98 tonnes (63%) will be exported for specialist disposal, with the balance 2.98 tonnes (23%) disposed of locally and 1.81 tonnes (14%) re-issued for use as intended. Actual costs were \$197,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

The Council will implement imaginative and innovative environmental education programmes for schools, businesses and the general community to involve these groups in actively caring for the environment.

SHORT TERM By 30 June 2002

At least five Community Environmental Care Groups will be maintained and two new Care Groups established and assisted in providing local environmental care, to the satisfaction of the Council, within a budget of \$174,000.

Actual Performance

▶ The Council has the following environment education programmes in place:

- *Take Care* – provides community groups with support and information for their ecological restoration initiatives.
- *Take Action* – teaches school children and adults about the importance and care of rivers and streams.
- *Take Charge* – offers businesses the opportunity to take charge of their environmental impacts.

▶ Ten community care groups, through the *Take Care* programme, have been assisted for a second year with their stream, wetland, and coastal restoration activities. Five new care groups have also been supported. The new projects are:

- Restoring the coastal environment at Te Horo.
- Restoring the Porirua Stream at Glenside.
- Restoring the wetlands at Waimeha Lagoon.
- Publishing an educational brochure for Korimako Stream residents.
- Creating a small nursery on the Kapiti Coast.

The work was reported to the Environment Committee in December 2001. Actual costs were \$158,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

The *Take Action for Water* programme (an environmental education programme for schools) will be fully operational and used by school children from 28 February 2002, to the satisfaction of the Council, within a budget of \$116,000.

The *Take Charge* programme (an environmental education programme for business) will be applied to one business type or problem area to the satisfaction of the Council, within a budget of \$32,000.

Actual Performance

- ▶ The *Take Action for Water* programme commenced on 1 February 2002. Six schools have completed the guided programme and another ten have undertaken the programme self-guided. Progress was reported regularly to the Environment Committee. Actual costs were \$76,000.
- ▶ *Take Charge* commenced in the Seaview/Gracefield area in November 2001. The service has been provided for eleven businesses in this area. Eight audits have also been undertaken for quarries elsewhere in the Region. The high number of pollution complaints received restricted progress in implementing *Take Charge*. Actual costs were \$11,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

The Council will continue to monitor the state of the environment to demonstrate that the overall quality of the Region's natural and physical resources has been maintained or enhanced and that regional policies and plans are achieving their anticipated environmental results.

SHORT TERM By 30 June 2002

The environment will be monitored and the following annual reports will be completed to the satisfaction of the Council and within a budget of \$1,083,000.

- Hydrology.
- Groundwater.
- Freshwater quality.
- Coastal water quality.
- Air quality.

Actual Performance

- ▶ A major state of the environment report is prepared every five years and annual reports are prepared in the intervening period. The five yearly report, *Measuring Up*, was released in February 2000. This was a comprehensive account of the state of the Region's environment.

The findings told us that:

- There have been some environmental improvements, e.g. better water quality in some areas.
- There are some environmental issues that need to be addressed, e.g. contamination of shallow groundwater.
- There is a lack of information over the state of some resources, e.g. soils.

- ▶ Existing environmental monitoring programmes continued during the year. A revised reporting programme was approved by the Council on 4 April 2002. Following adoption of the Regional Monitoring Strategy, the Environment Committee approved changes to the reporting framework.

As we were in a transitional period for reporting, technical reports have been completed for freshwater quality, coastal water quality and air quality. Hydrology and groundwater will be covered in the state of the environment report cards, to be presented to the respective Council Committees in November 2002. Actual costs were \$1,168,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

Summary information on the state of the environment will be prepared to the satisfaction of the Council, within a budget of \$71,000.

Actual Performance

Some key findings from these reports are:

- The number of pollution complaints received by the Council continued to rise, reaching 1,702 (c/f last year 1,501).
- Odours continue to be the major cause of complaint.
- Air pollution levels in Upper Hutt and Wainuiomata exceeded guidelines at times during winter.
- It is generally safe to swim at our beaches.
- Water at several shellfish gathering areas did not comply with water quality guidelines.
- The quality of water in our rivers and streams was the same as in previous years.

▶ Summary information on the state of the environment has been prepared and placed on the Council's web-site. Actual costs were \$41,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

Under the Charter of Understanding the Council and iwi of the Region will continue to have a mutually beneficial relationship.

SHORT TERM By 30 June 2002

Iwi will be assisted to undertake projects according to the provisions of the relevant contract, within a budget of \$369,000.

Ara Tahi will meet six times, within a budget of \$37,000.

Actual Performance

▶ The Council has continued to make significant progress in maintaining and improving its relationships with the iwi of the Region. A number of workshops and training fora have been held to increase the knowledge and understanding of Councillors, staff and iwi representatives. Iwi have continued to be funded to participate in the non-notified resource consent process and to undertake resource management projects.

▶ Contracts for administrative funding to assist iwi to build capacity have been signed with all iwi. In addition, contracts have been signed for the following projects:

- Tikanga Report on the Otaki River – Stage 1 (Ngati Raukawa).
- Iwi Environmental Management Plan (Taranaki Whanui).
- Hurunuiorangi Marae Urupa Planting (Ngati Kahungunu).
- Okautete Marae Protection and Beautification Project (Ngati Kahungunu).
- Urupa fencing Riversdale Golf Club, Riversdale Church (Ngati Kahungunu).
- Wāhi Tapu database (Rangitāne).
- Taueru Urupa – planting/fencing (Rangitāne).

Actual costs were \$335,000.

▶ Ara Tahi met 5 times during the year; the sixth meeting (on the Annual Plan) was cancelled. Actual costs were \$39,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Emergencies

Planned Performance

LONG TERM

The Council will be able to demonstrate that it has done all that is reasonably possible to ensure that the Region is ready to cope with a major emergency.

SHORT TERM By 30 June 2002

Assuming the Civil Defence Emergency Management Bill is enacted, the Council will contribute to the setting-up and running of a Civil Defence Emergency Management Group for the Wellington Region, within a budget of \$66,000.

A Logistics Plan focussing on supporting the Wellington Region in the areas of *search and rescue, treatment and movement of the injured* and *provision of water* will be completed in partnership with the Auckland Regional Council and territorial authorities within the Wellington Region, within a budget of \$38,000.

The Regional Emergency Operations Centres (Beehive, Incident Command Centre and mobile headquarters) will be maintained to the standard set in Council guidelines to the satisfaction of the Council, within a budget of \$30,000.

All flood alarms will be actioned in accordance with documented procedures, within a budget of \$81,000.

Actual Performance

- ▶ The Council continues to provide a regional response expressly through operational headquarters and approved plans. Communication equipment is regularly tested and staff training exercises carried out.
- ▶ Significant progress has been made in preparation for the new legislation. Actual costs were \$48,000.
- ▶ The Logistics Plan will be enhanced by the findings of *Project Phoenix*, a project developed in conjunction with the Wellington Region and the Auckland Regional Council. The *Phoenix* exercise was held on 23-27 July 2002 and involved over 100 organisations in the Region (including all territorial authorities). Its findings will determine the final form of the Logistics Plan in respect of *search and rescue, treatment and movement of the injured* and *provision of water*. Actual costs were \$35,000.
- ▶ The headquarters and communication systems have been maintained and function at a satisfactory level. Actual costs were \$17,000.
- ▶ A total of 214 alarms were received during the year (c/f 276 last year) and actioned in accordance with procedures. Actual costs were \$44,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours

Planned Performance

LONG TERM

The Council will continue to demonstrate that it has carried out its responsibilities under relevant legislation, and done all that is reasonably possible to ensure that the Region's harbours are a safe environment for recreational and commercial users.

Actual Performance

- ▶ The Council has continued to enforce maritime safety regulations by:
 - Issuing harbour licences for operators of small commercial craft not covered by Maritime Rules.
 - Issuing and renewing pilot exemption certificates.
 - Issuing hot work permits to allow welding or burning repairs on vessels.
 - Monitoring harbour users and investigating all reported safety incidents or breaches of harbour bylaws.
 - Promoting safer boating practices through education.
 - Obtaining tanker cargo stowage plans and appropriate dangerous cargo notifications.
 - Maintaining a 24-hour regional marine oil spill response.

Navigational aids continue to assist vessels to use the Region's harbours safely and in all weather conditions. These navigation aids are checked regularly and any defects repaired promptly. A wave rider buoy, placed outside the entrance to Wellington Harbour, continues to measure wave heights. The information is used to help assess whether or not sea conditions fall within the operating criteria for fast ferries set by the Maritime Safety Authority.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours – continued

Planned Performance

SHORT TERM By 30 June 2002

The Beacon Hill Harbour Communications Station will provide a 24-hour, 365 days service, which is in accordance with Council agreed operating standards, within a budget of \$305,000.

Reports of oil spills in harbour waters will be checked within 30 minutes and clean up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$21,000. A formal log will be kept and incidents followed up wherever possible.

Within a budget of \$69,000, safety in our harbours and coastal waters will be maintained by:

- Administering the Wellington Regional Navigation and Safety Bylaws.
- Educating the recreational boaters and harbour users about safety issues.
- Monitoring behaviour for safety purposes and investigating all reports of unsafe behaviour. A formal record will be kept.

Actual Performance

▶ The Beacon Hill Communications station provided a 24-hour communications service for all harbour users in accordance with the Council's specified standards. Actual costs were \$320,000.

▶ There were 41 incidents of oil spills reported. All were checked within the agreed timeframes. No significant oil spills occurred during the period. A formal log was kept documenting each reported event. Actual costs were \$14,000.

- ▶ • A new Infringement Notice (instant fine) regime for Navigation and Safety Bylaws was approved by the Council and confirmed by the Department of Internal Affairs. The new regime came into effect on 15 May 2002.
- The Council has carried out its harbour safety work through the Navigation and Safety Bylaws.
- There were no significant events reported during the year. However, we responded to 42 minor events. A formal log was kept.
- Recreational "boaties" at boat ramps were advised of the need to carry lifejackets.
- A testing programme checked the buoyancy of lifejackets.
- A further 2,000 "Safe Boating Information" packs were distributed throughout the Region.
- Enforcement was again enhanced with two additional harbour rangers employed during summer months. The "safety jetski" continues to provide a greater visible presence and promote water safety.

Actual costs were \$108,000.

ENVIRONMENT MANAGEMENT: Financial Summary for the year ended 30 June 2002

FUNDING STATEMENT

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
General Rates	8,415	8,415
Other Rates	0	0
Government Subsidies	99	83
Other Revenue	2,256	1,913
Operating Revenue	10,770	10,411
Direct Operating Expenditure	10,310	10,301
Interest	4	4
Depreciation / Loss (Gain) on Disposal	242	317
Operating Expenditure	10,556	10,622
Operating Surplus (Deficit)	214	(211)
Less:		
Capital Expenditure	275	345
Loan Funding	0	0
Rates Funded Capital Expenditure	275	345
Debt Provisioning	22	22
Reserve Movements	(30)	(261)
Non Cash Items	(242)	(317)
Net Funding Surplus (Deficit)	189	0

OPERATING EXPENDITURE

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
Managing Resources	8,783	8,852
Managing Harbours	1,253	1,243
Managing Emergencies	520	527
Total Operating Expenditure	10,556	10,622
CAPITAL EXPENDITURE		
Land & Buildings	0	0
Plant & Equipment	96	118
Motor Vehicles	213	253
Asset Disposals	(34)	(26)
Total Capital Expenditure	275	345

REGIONAL TRANSPORT

The Council's Regional Transport significant activity helps to sustain *A High Quality Environment, A Safe Region with Healthy People* and *A Prosperous and Viable Region*. It does so through the development and adoption of land transport policies in the form of the Regional Land Transport Strategy, that promotes a safe and sustainable land transport system which maximises social and economic benefits for the regional community.

Regional Transport supports these aims by promoting public transport use through the purchase of the most cost effective public transport services and infrastructure in accordance with the Regional Land Transport Strategy.

Transport also contributes to *A Strong and Inclusive Regional Community* through its support for access and mobility for all through its fares policies, services and Total Mobility funding.

REGIONAL TRANSPORT

Key Issues

Implementing the Regional Land Transport Strategy (RLTS)

Patronage growth funding, a funding tool introduced by Transfund NZ in accordance with government policy that provides additional public transport funding for patronage growth, has enabled the Council to accelerate the implementation of some of the public transport projects set out in its RLTS. Projects involving rail have not been advanced because of the uncertainty surrounding the ownership of Tranz Metro (Wellington). The Council has selected Stagecoach as its Joint Venture partner to seek to acquire the urban rail network.

During the year the Government released a transport policy package that has altered the project evaluation methodology of Transfund. The new approach is no longer totally reliant on benefit/cost analysis with a complete emphasis on road user benefits. Transfund must now fund a more balanced programme, including public transport alternatives to roading, regional development, walking and cycling, as well as roading. When developing its programme Transfund is also required to reflect the priorities expressed by Regional Land Transport Committees. This first national land transport programme under this new arrangement was announced on 27 June 2002.

Funding Passenger Transport

The initial phase of the Transfund New Zealand patronage growth funding scheme is programmed to end in 2004. The scheme has increased passenger transport patronage across the country. Only a modest growth has been registered in the Wellington Region because passenger transport use is already high. Transfund is now undertaking a “back to basics” review of passenger transport funding. It is hoped that this review will properly reward regions with high passenger transport use, such as Wellington, and ensure the provision and maintenance of quality passenger transport infrastructure.

Road pricing

The strategy requires a new source of funding to be found by the year 2005 to finance both roads and passenger transport infrastructure. Road pricing requires Government support. There is an expectation that Government will investigate road pricing and its possible application shortly. However, it appears unlikely that the Council will have legislative powers to implement road pricing as early as 2005. The Council is currently re-examining its long term funding requirements.

REGIONAL TRANSPORT: Performance Indicators

Planning and Monitoring the Transport Network

Planned Performance

LONG TERM

The Council will maintain and continue to monitor the delivery of an affordable Regional Land Transport Strategy that is consistent with any National Land Transport Strategy and which reflects the prevailing community views as expressed through a public consultation process.

SHORT TERM By 30 June 2002

Reports will be prepared for the Regional Land Transport Committee on progress with implementing the Regional Land Transport Strategy, within a budget of \$35,000. The reports will detail actual achievement against performance measures contained within the Strategy.

Actual Performance

- ▶ The annual monitoring report on the adopted strategy was sent to the Secretary of Transport in October 2001. The current Government is understood to be releasing a non statutory New Zealand Transport Strategy soon. There are two corridor studies underway, which are at different stages, both will involve a full community consultation programme. They are the Hutt and Wellington CBD corridor studies.
- ▶ Reports were prepared internally and copies provided to the Regional Land Transport Committee at a cost of \$7,000.

REGIONAL TRANSPORT: Performance Indicators

Building the Public Transport Infrastructure

Planned Performance

LONG TERM

The Council will maintain and develop public transport user facilities to conform to the Council's adopted quality and effectiveness criteria.

SHORT TERM By 30 June 2002

All current public transport user facilities will be maintained in accordance with Council's guidelines to the satisfaction of the Manager, Transport Policy and within a budget of \$452,000.

Actual Performance

- ▶ All public transport user facilities have been maintained to the Council's standards. Lambton Bus/Rail Interchange which was delayed six months due to uncertainties over funding, should now be completed by Christmas 2002. Further commuter carpark spaces were provided at Trentham, Waterloo, Woburn, Ngaio, Redwood, Plimmerton, Solway and Johnsonville stations.
- ▶ All facilities have been maintained in accordance with the Council's guidelines and to the satisfaction of the Manager, Transport Policy. Costs for the year were \$414,000.

REGIONAL TRANSPORT: Performance Indicators

Funding Public Transport Services

Planned Performance

LONG TERM

The Council will purchase passenger transport services which conform to both the Council's transport policies, as expressed by the Regional Passenger Transport Plan, and the Council's Vehicle Quality Standards. The overall level of service will be progressively increased in response to growth in demand.

SHORT TERM By 30 June 2002

The Council will achieve, through the tendering process approved by Transfund New Zealand, a total contract price for bus and rail services of no more than \$39,438,000 (including concessionary fare reimbursements and Ganz Mavag refurbishments).

The Total Mobility Scheme will be administered to the satisfaction of Transfund New Zealand within a budget of \$1,244,000.

All tendering and contract procedures will be carried out in accordance with the competitive pricing procedures approved by Transfund New Zealand.

Actual Performance

- ▶ The Council has continued to make use of Transfund New Zealand's kick start funding scheme by introducing additional bus and rail services across the Region. Paraparaumu has an increased peak and off peak rail service, the Kapiti Coast has additional bus services along with Porirua and Wellington in response to increasing demand.
- ▶ The total cost of contracted services, including concessionary fare reimbursements and Ganz Mavag refurbishments was \$38,031,000. The favourable cost variance is a result of both falling fuel prices causing decreases in contract costs and timing delays in the implementation of new kick-start projects.
- ▶ Transfund NZ audited the Council's Total Mobility Scheme and was satisfied that the scheme complied with its approved procedures. Costs for the year were \$1,266,000.
- ▶ The Transfund New Zealand audit found that its contracting procedures, temporarily amended during the three year kick-start programme, had in a few cases been breached with respect to the allowable duration. The Transfund Board accepted the Council's proposed remedial actions.

REGIONAL TRANSPORT: Performance Indicators

Funding Public Transport Services – continued

Planned Performance

LONG TERM

The Council will maintain the current sources of public information, such as timetables, bus stop displays, media advertising and telephone enquiries.

SHORT TERM By 30 June 2002

All timetable leaflets will be provided within a budget of \$315,000 to a quality standard acceptable to the service providers. Timetables will always be made available on the Council's website and will always be maintained in print except in emergency situations or when information has not been supplied by service providers.

All passenger stops with permanent timetable facilities will display current timetables, within a budget of \$164,000.

Actual Performance

- ▶ All possible information outlets have been maintained, these include timetable displays, media advertising, a website and the Ridewell telephone enquiry service centre.
- ▶ Timetables have been provided in print and on the website at a cost of \$487,000. The cost variance is due to the large scale introduction of new kick-start services across the Region and is largely offset by increased funding from Transfund.
- ▶ Current timetables were displayed on all stops with permanent facilities. Expenditure for the year was \$276,000. The cost variance is due to the large scale introduction of new kick-start services across the Region and is largely offset by increased funding from Transfund.

REGIONAL TRANSPORT: Financial Summary for the year ended 30 June 2002

FUNDING STATEMENT

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
Transport Rates	24,319	24,319
Other Rates	0	0
Government Subsidies	23,947	24,036
Other Revenue	202	145
Operating Revenue	48,468	48,500
Direct Operating Expenditure	47,323	48,046
Interest	384	384
Depreciation / Loss (Gain) on Disposal	339	340
Operating Expenditure	48,046	48,770
Operating Surplus (Deficit)	422	(270)
Less:		
Capital Expenditure	0	25
Loan Funding	0	0
Rates Funded Capital Expenditure	0	25
Debt Provisioning	265	265
Reserve Movements	496	(220)
Non Cash Items	(339)	(340)
Net Funding Surplus (Deficit)	0	0

OPERATING EXPENDITURE

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
Funding Public Transport Services	42,820	43,680
Planning & Monitoring the Transport Network	2,113	1,919
Building the Public Transport Infrastructure	3,113	3,171
Total Operating Expenditure	48,046	48,770
CAPITAL EXPENDITURE		
Land & Buildings	0	0
Plant & Equipment	0	0
Motor Vehicles	0	45
Asset Disposals	0	(20)
Total Capital Expenditure	0	25

REGIONAL WATER SUPPLY

The Council's water supply significant activity has a major role in creating *A Safe Region with Healthy People* in the metropolitan part of the Region by ensuring a constant supply of safe, potable water. The water supply is vital, also, in enabling *A Prosperous and Viable Region*.

Regional Water Supply collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington.

REGIONAL WATER SUPPLY

Key Issues

Meeting Demand

Our current water sources and treatment plants may reach capacity some time around 2020 – exactly when will depend on the growth rate of consumption. At present the capacity of our treatment plants means that we have a limited supply of water for only a few days in summer. The Council will be monitoring demand in relation to supply capacity, so that it can take appropriate measures to ensure a continuing water supply.

Keeping Up with Quality Standards

The Council's policy is to achieve an A or A1 grading for treatment plants, where practical to do so. Te Marua Water Treatment Plant is already graded A and it is expected that Wainuiomata Water Treatment Plant will achieve an A grading during 2002/03. The Waterloo Water Treatment Plant is graded B and at present a higher grading is not possible without chlorination.

The current *Drinking-Water Standards for New Zealand: 2000* set a maximum turbidity for treated water at the treatment plants of 0.5 NTU for 95 percent of the time, or a change of no more than 0.2 NTU in 10 minutes. The maximum turbidity requirement will reduce to 0.1 NTU on 1 January 2005.

The new Drinking-Water Standards also changed the criteria for groundwater being classified as secure. Ageing tests have confirmed the Waiwhetu aquifer water as secure.

Debt Management

Significant modernisation of the facilities has taken place in the last 15 years and this has obviously not come without cost. The result in absolute terms is relatively

high debt, \$52 million as at June 2002. The asset revaluation exercise completed in 2000/01 has placed a value of \$245 million on our water supply network.

The question then is “What should our debt levels be over the medium-term?” Without doubt, in any sector the level of debt is a judgement call but in the local authority environment a number of factors need to be considered. These include: financial prudence; intergenerational equity; future debt requirements; funding future capital expenditure requirements and interest rate risk.

Our Treasury Management Policy recommends a target debt level of \$50 million based on the current level of water levy. Our projections show that the target level will be reached in 2004.

Clearly, as we get closer to achieving the targeted debt level, questions will arise as to how quickly debt should be repaid beyond the target level. Reducing the debt repayment level could reduce the amount of the levy. This will have to be balanced against financial prudence, having regard to potential future increased debt requirements and intergenerational equity.

Increasing Efficiency

Over the last five years significant operational improvements to our system have occurred. In addition, debt has fallen by \$20.9 million over that period. These two factors have driven down our operating expenditure by 29 percent over that five year period. However this is the end of that trend, due to the impact of \$1 million in increased utility rates, insurance premiums that have increased 80 percent following the September 11 terror attack on the United States and new electricity prices that have resulted in a \$0.3 million increase in costs.

REGIONAL WATER SUPPLY: Performance Indicators

Quality

Planned Performance

LONG TERM

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

Actual Performance

► All water that The Water Group treats currently meets Ministry of Health Drinking Water Standards. The Regional Council has a policy to target an A grade standard for each of its water treatment plants. This means the water supplied to its customers is completely satisfactory, with minimal levels of health risk.

Waterloo and Gear Island Treatment Plants are graded B. This would be upgraded to A if chlorine was added to the treated water, although Hutt City Council requested that this should not occur.

Wainuiomata Water Treatment Plant is graded C. Te Marua Water Treatment Plant is currently graded A.

The Water Group holds certification to ISO 9002 for its wholesale water supply operations.

REGIONAL WATER SUPPLY: Performance Indicators

Quality – continued

Planned Performance

SHORT TERM By 30 June 2002

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied complies with the Ministry of Health's Drinking-Water Standards for New Zealand 2000.

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance Section of The Water Group, not less than five days out of every seven. Expenditure will not exceed the budget of \$436,000.

The Wainuiomata Water Treatment Plant will be regraded to an A or A1 grading.

Actual Performance

- ▶ No significant breaches of this standard occurred during the year.

- ▶ Expenditure for water testing for the year was \$441,580, which was slightly more than budget, due to additional miscellaneous testing requirements. Testing was carried out in an approved manner in Ministry of Health certified laboratories.

- ▶ New Drinking Water Standards were introduced in January 2001 at short notice. These are much more onerous, than the 1995 standards. For example, compliance has to be achieved for individual filters, whereas previously it was for the combined filtered water. A number of new issues have arisen with the new standards and the Ministry of Health is preparing amendments. During the year new instrumentation was installed for compliance purposes. At year-end though, there are still doubts about whether an A grading can be achieved without changing the filter material. This should be known in the coming year. Twelve months of complying records are required in order to apply for a new grading.

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply

Planned Performance

LONG TERM

Sufficient water will be available on a daily basis to meet the 1 in 50 year return period drought situation. The related water supply infrastructure will continue to be maintained and improved to meet the standards specified in the *Regional Water Supply Asset Management Plan*.

In the event of a major emergency appropriate contingency plans will be in place.

Actual Performance

- ▶ Projections using a computer based sustainable yield model show that the Council's water supply infrastructure is sufficient to meet a 1 in 50 year return period event until at least 2020, at current growth rates. The 1 in 50 year drought strategy has been adopted after consultation with our customers.
- ▶ The Council manages water supply assets in accordance with a planned programme of maintenance. Council policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines.

The Council has a "n-1" policy for security of water supply. This means that either Te Marua or Waterloo Water Treatment Plants could be out of commission and the daily base water requirement of 145 ML still met.

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply – continued

Planned Performance

SHORT TERM By 30 June 2002

The security of supply to Pinehaven will be enhanced by the replacement of the asbestos main, to accepted engineering standards, within a budget of \$230,000.

The pipeline across the Hutt River at Silverstream is vulnerable to major floods and seismic events. Investigations into an alternative river crossing will be completed at a cost not exceeding \$30,000.

The security of the Johnsonville Pumping Station will be improved by replacing the electrical switchboard within a budget of \$160,000.

The OK pipeline from Randwick to Korokoro will be refurbished to accepted engineering standards, at a cost not exceeding \$1,250,000.

Actual Performance

- ▶ Replacement of the pipeline has now been deferred as investigation work identified that the existing pipe condition is still sufficient for the purpose. Hence, cumulative project costs of \$13,571 have been expensed within the 2001/02 annual accounts.
- ▶ Investigations into an alternative river crossing were completed at a cost of \$22,748.
- ▶ The scale of the project was amended following investigations and design work, as it now includes new pumps. Costs for the year were \$250,972. A further \$50,000 will be spent in 2002/03 to complete the work.
- ▶ Problems encountered by the contractor have delayed completion of the project beyond 30 June 2002, by a few weeks. Expenditure of \$1,130,209 has been incurred to date.

REGIONAL WATER SUPPLY: Performance Indicators

Environmental Management

Planned Performance

LONG TERM

All water supply activities will be undertaken in an environmentally sympathetic manner according to the principles of the *Resource Management Act 1991*.

Actual Performance

- ▶ The Council acquires and seeks to comply with all appropriate resource consents. Abstraction consents govern the quantity of water that can be drawn from each source and how much must remain. Consents are also sought for any discharges from the treatment plants. Most by-products from the plants are processed through waste water recovery plants and removed off-site.

The Council holds certification to ISO 14001 (the International Standard Organisation's environmental management benchmark) for its wholesale water supply activities.

REGIONAL WATER SUPPLY: Performance Indicators

Environmental Management – continued

Planned Performance

SHORT TERM By 30 June 2002

All appropriate resource consent conditions will be complied with within a monitoring budget of \$80,000.

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2000/01 will be prepared by 30 November 2001.

Water conservation will be promoted by way of an education campaign during the 2001/02 summer, at a cost not exceeding \$70,000.

Funding of \$180,000 will be provided towards leak detection activities within the customer authorities' retail networks. Customers to report on outcomes by 30 November 2002.

Selected reservoir high level probes will be replaced at a cost not exceeding \$30,000 in order to avoid reservoir overflows.

Actual Performance

- ▶ Annual ongoing consent charges of \$53,540 for 2001/02 have been reviewed and agreed with the Environment Division.
- ▶ The Report was published before 30 November 2001. There were two minor consent breaches. One was a discharge of partially treated water and the other was a delay in completing a fish survey.
- ▶ Water conservation advertising on TV took place during the summer of 2001/02 at a total actual cost of \$42,937.
- ▶ Customers have been invited to submit programmes for 2001/02. A review of the expenditure has been carried out. The Utility Services Committee approved concluding the programme at 30 June 2002.
- ▶ Work has currently been delayed on this project because of higher priority work. Expenditure of \$5,978 was incurred in the current financial year.

REGIONAL WATER SUPPLY: Performance Indicators

Customer Service

Planned Performance

LONG TERM

The Council will continue to demonstrate that it has a high standard of customer service. It will provide customers with up-to-date and relevant information, as well as listening and responding to their needs.

SHORT TERM By 30 June 2002

Customers will be provided with a business report by 30 November 2001 which will include the following information:

- Financial results for the 2000/01 year.
- Operating costs that are benchmarked against Watercare Services Ltd. Structural anomalies will be removed as far as possible to allow relevant comparisons.
- Actual quality compared with targeted performance.
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair.
- A report on compliance with resource consent requirements.

Actual Performance

- ▶ The Water Group maintains regular communication with customer organisations at various levels of seniority.
- ▶ The business report was distributed in November 2001. It included all the subjects listed in the above bullet points.

REGIONAL WATER SUPPLY: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	0	0
Water Supply Levy	22,776	22,776
Government Subsidies	0	0
Other Revenue	3,565	4,949
Operating Revenue	26,341	27,725
Direct Operating Expenditure	13,014	15,951
Interest	4,497	4,897
Depreciation / Loss (Gain) on Disposal	5,658	5,340
Operating Expenditure	23,169	26,188
Operating Surplus (Deficit)	3,172	1,537
Less:		
Capital Expenditure & Investments	4,168	5,257
Loan Funding	(2,080)	(2,470)
Levy Funded Capital Expenditure	2,088	2,787
Debt Provisioning	7,040	4,547
Reserve Movements	(305)	(457)
Non Cash Items	(5,658)	(5,340)
Net Funding Surplus (Deficit)	7	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Collecting & Treating Water	15,318	16,316
Delivering Water	7,851	9,872
Total Operating Expenditure	23,169	26,188
CAPITAL EXPENDITURE		
Waterloo & Gear Island Water Treatment Plant	287	215
System Control & Protection Projects	542	810
Te Marua Improvement Projects	235	170
Orongorongo & Wainui Improvement Projects	372	255
Reservoir & Pump Station Construction	348	430
Pipeline Projects	1,268	1,530
Other Projects	463	495
Major Project Expenditure	3,515	3,905
Land & Buildings	0	0
Plant & Equipment	54	369
Motor Vehicles	133	364
Asset Disposals	(189)	(95)
Total Capital Expenditure	3,513	4,543
Investment Additions	655	714
Capital Expenditure & Investments	4,168	5,257

REGIONAL WATER SUPPLY: Financial Summary for the year ended 30 June 2002

DISCONTINUED ACTIVITY

In December 2001 the Wellington City Water facilities management contract was terminated, which resulted in the discontinuation of the Networks operation.

For the year ended 30 June 2002 the operating surplus and operating revenue for Networks was as follows:

Networks Operating Revenue
Networks Operating Surplus (Deficit)

Council 2002 Actual \$000's	Council 2002 Budget \$000's
1,734	3,706
(160)	178

REGIONAL WATER SUPPLY: Statement of Financial Position as at 30 June 2002

	Notes	Council 2002 \$000's	Council 2001 \$000's
RATEPAYERS' FUNDS			
Retained Earnings		66,298	62,829
Reserves		135,789	136,094
Total Ratepayers' Funds		202,087	198,923
ASSETS			
Current Assets			
Receivables		2,220	2,917
Inventory		1,434	1,520
Total Current Assets		3,654	4,437
Non Current Assets			
Investments		5,017	4,666
Fixed Assets	7	249,311	251,458
Total Non-Current Assets		254,328	256,124
Total Assets		257,982	260,561
LIABILITIES			
Current Liabilities			
Payables		3,010	3,511
Employee Provisions		644	926
Total Current Liabilities		3,654	4,437
Non Current Liabilities			
Public Debt		52,241	57,201
Total Non-Current Liabilities		52,241	57,201
Total Liabilities		55,895	61,638
Net Assets		202,087	198,923

LAND MANAGEMENT

The Council's land management role comprises two main functions – biosecurity and soil conservation.

The biosecurity function helps to produce *A High Quality Environment* by managing the adverse effects of plant and animal pests so that they do not cause significant harm to the Region's ecosystems (- or to social and economic values). Pest management programmes in a range of Key Native Ecosystems assist the Council to achieve a number of its biodiversity objectives.

A Prosperous and Viable Region is supported by the Council's Bovine Tuberculosis Vector Management programme which protects the viability of cattle and deer farming in the Wellington Region and New Zealand's export trade in beef, dairy and venison products. The programmed targeting of the possum and other vectors also brings very substantial environmental benefits to the Region.

The Council's soil conservation role helps to promote sustainable use of the Region's land and thus supports *A High Quality Environment* whilst contributing to making *A Prosperous and Viable Region*. Soil conservation promotes appropriate protection of the Region's soils from uses which result in erosion or degradation, thus retaining the sustainable productive capacity of soils.

LAND MANAGEMENT

Key Issues

Maintaining Landholder Interest

Despite fluctuations in the rural economy and the impact of recent droughts, many landholders with a strong soil conservation ethic have continued their soil conservation programmes. However, progress in soil conservation will always be dependent on the ability of the landholder beneficiary to pay, and on the promotion of the economic and environmental worth of good land management. A key to maintaining landholder confidence is their ongoing relationship with the Council.

Broadening the Land Management Sustainability Programme

Recent Council initiatives to become involved in new activities such as riparian management, protection of remnant indigenous vegetation and wetland enhancement is providing new challenges. The Council is developing new programmes and skills for Region wide implementation. As with many land management programmes, the Akura Conservation Centre will be pivotal in providing quality tree stocks. Maintaining the Centre at the 'cutting edge' is requiring new initiatives.

Keeping Current with Pest Management

A new Regional Pest Management Strategy for addressing pest animal and plants in the Region has just been adopted by Council. This Strategy incorporates some new pests and new approaches for our future work. The challenge for the future will be to keep this Strategy up to date with the community's expectations and the evolving nature of biosecurity work.

Expanding our Bovine Tuberculosis Vector Control Works

Bovine Tb is a particular challenge. Cattle and deer Tb reactors continue to decline within the Council's operational areas. However, reactors are still present in concerning numbers in areas of the Region which are not under specific control programmes. The need to address this has been recognised by Council. However, under the current funding arrangements, the bulk of the funding for this work comes via the Animal Health Board. The Animal Health Board has not been able to fund all the desired control work in the Wellington Region because of its priorities elsewhere in New Zealand. The Council will continue to press for adequate work in this Region so that current gains are not lost over time.

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management

Planned Performance

LONG TERM

By 2010, the area of erosion prone hill country that has not been stabilised with soil conservation tree plantings will be reduced from the present 37,000 hectares to 31,500 hectares.

SHORT TERM By 30 June 2002

Approved soil conservation plan works will incorporate 350 hectares of pole planting (22,000 poles) 200 hectares of conservation woodlots and 8 kms of shelter-belts, to the Department's performance standards, within a budget of \$599,000.

Actual Performance

- ▶ The stabilising of erosion prone land is continuing with the annual planting of 500 hectares of soil conservation trees. The remaining area to be stabilised has reduced to 36,000 hectares.
- ▶ Approved soil conservation works were completed on 147 properties, incorporating 19,500 poles on 300 hectares, and establishing 172 hectares of conservation woodlots and 12 kms of shelter-belts. Programmes were completed to the Department's performance standard at a cost of \$550,000.

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management – continued

Planned Performance

LONG TERM

Sustainable land management will progressively be practised in identified problem areas.

SHORT TERM By 30 June 2002

Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee, to established standards, within a budget of \$77,000.

Isolated works for District Councils and one-off programmes will be completed, to the Department's performance standards, within a budget of \$20,000.

Actual Performance

- ▶ New works and maintenance work continue to be developed to improve sustainable land management in problem areas.
- ▶ Approved programmes were completed for each of the six Catchment Schemes to established standards and in accordance with Advisory Committee resolutions. These programmes were completed at a cost of \$83,800.
- ▶ Isolated works were completed on 12 properties to Department standards, at a cost of \$48,200.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests

Planned Performance

LONG TERM

By July 2004, the Council will, in conjunction with AgriQuality NZ, reduce the percentage of infected Tb cattle and deer herds in the Region to 1.4%, working under contract to the Animal Health Board as part of the National Bovine Tb Pest Management Strategy.

SHORT TERM By 30 June 2002

Bovine Tb vector control operations will be completed on 322,600 hectares to the satisfaction of the Council and the Animal Health Board, within a budget of \$4,721,000.

Actual Performance

- ▶ The Regional Tb Operational Plan was revised in 2001. The new targets for July 2004 were set at 1.7% or 47 infected herds. To achieve this level, a maximum of 70 infected cattle and deer herds by July 2002 was required. The total number of infected herds at the 30 June 2002 was 63 (80 at June 2001). Further reductions are anticipated in 2003 following successful vector control operations over a large part of south-east Wairarapa.
- ▶ Vector control operations were successfully completed to Animal Health Board specifications on 310,988 hectares at a cost of \$4,027,700. Four contracts, totalling \$403,000, were not completed. They have been included in the 2002/03 programme.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests – continued

Planned Performance

LONG TERM

The control of pest animals and plants will be achieved in accordance with approved regional strategies with the aim of minimising actual and potential detrimental effects on the environment.

SHORT TERM By 30 June 2002

The implementation of the first year of the new Regional Pest Management Strategy (plants and animals combined) will be completed in accordance with the approved operational plan to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,678,000.

Actual Performance

- ▶ The Regional Pest Management Strategy 1996-2001 was reviewed in 2000/01. A new 2001-2021 Strategy was developed but received a single appeal to the Environment Court. This appeal delayed implementation of the new Strategy in the 2001/02 year. Work in 2001/02 was, therefore, completed under the old Strategy rules.

Records indicate that compliance with the Strategy has generally improved over the past five-year period. This reflects an increasing awareness of the Strategy rules and an improved understanding of the negative affects that pests have on the regional environment.

The Council continues to reiterate the importance of regular pest control expenditure to landowners.

- ▶ The Environment Court appeal prevented implementation of the first year of the new Strategy. However, Council approved a combined pest plants and animals Operational Plan for the 2001/02 year under the old Strategy. Implementation of the Plan was completed at a cost of \$1,771,800. Additional operating revenue, totalling \$129,000, was generated to offset the increased level of expenditure.

LAND MANAGEMENT: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	3,185	3,185
Other Rates	252	250
Government Subsidies	0	0
Other Revenue	5,214	5,567
Operating Revenue	8,651	9,002
Direct Operating Expenditure	8,517	8,976
Interest	1	0
Depreciation / Loss (Gain) on Disposal	89	84
Operating Expenditure	8,607	9,060
Operating Surplus (Deficit)	44	(58)
Less:		
Capital Expenditure	125	118
Loan Funding	0	0
Rates Funded Capital Expenditure	125	118
Debt Provisioning	0	0
Reserve Movements	48	(92)
Non Cash Items	(89)	(84)
Net Funding Surplus (Deficit)	(40)	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Promoting Sustainable Land Management	1,570	1,516
Controlling Animal & Plant Pests	7,037	7,544
Total Operating Expenditure	8,607	9,060
CAPITAL EXPENDITURE		
Plant & Equipment	0	0
Motor Vehicles	157	161
Asset Disposals	(32)	(43)
Total Capital Expenditure	125	118

FLOOD PROTECTION

The Council's Flood Protection significant activity contributes directly to producing *A Safe Region with Healthy People* and supporting *A Prosperous and Viable Region* through its role in assisting the community to protect itself from the consequences of floods. It helps to create *A High Quality Environment* through its community protection role and by taking care of, and providing access to, river environments.

Within this activity, the Council undertakes floodplain management planning, investigations, asset management planning, asset maintenance, structural works, flood warning, gravel extraction, and environmental enhancement backed by appropriate community consultation.

FLOOD PROTECTION

Key Issues

Maintaining Service Levels

Before the Council commits to capital improvements, it will always maintain existing assets first to ensure they serve future generations as they have served us. The challenge is to continually review and improve asset management, so that our schemes will perform to the standards agreed with the community through floodplain management plans and scheme reviews.

A New Era of Construction

For the major rivers in the Western Region, construction works to provide the required levels of flood protection have been identified and costed. We are moving out of the planning phases into construction. The key questions are “how fast?” and “who pays?” The development of equitable rating classifications will also be necessary to maintain the confidence of the Wairarapa rural community in their river schemes. The challenge will be to achieve the right balance between staging, funding, and affordability.

Other Considerations

Flood protection systems are not invincible. The “non-structural” measures, which complement “on the ground” works and structures, must not be forgotten. The Council will continue to work with the Territorial Authorities to achieve appropriate District Plan provisions and Emergency Procedures.

Rivers are Special Places

River management activities can have adverse environmental impacts. There is pressure to restrict some of these activities. Increased recreational use of river corridors also creates a demand for higher levels of environmental enhancement and improved recreational access. Progress has already been made with operational codes of practice, works now include provision to enhance these special areas, and environmental and ecological strategies for our major rivers. The challenge is to achieve the right balance between expenditures on core flood protection, environmental enhancement, and the river environment.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

By 2007, the Council will, after consultation with affected communities, complete plans for the management of regionally significant floodplains, and will complete flood hazard assessments of rivers and streams which are subject to flooding and erosion.

SHORT TERM By 30 June 2002

Publish the Hutt River Floodplain Management Plan by October 2001, to a standard accepted by the Landcare Committee, within a budget of \$115,000. The total expenditure for the completed phases 2, 3 and 4 and the publication costs will not exceed the total approved project budget of \$1,340,000.

Implement the Waiohine and Waipoua river scheme reviews and progress public consultation for the review of the Upper Ruamahanga river scheme, to the satisfaction of the Rural Services and Wairarapa Committee within a budget of \$343,000.

Actual Performance

- ▶ All three western river (Otaki, Waikanae and Hutt) Floodplain Management Plans are complete.

Of the six flood hazard assessments proposed in the western part of the region, four (Waiwhetu, Wainuiomata, Porirua and Mangaone) are complete. The Waitohu stream flood hazard assessment commences in 2002/03.

The priorities for the Scheme Reviews were established by the Rural Services and Wairarapa Committee in 1998. Excellent progress is being made towards the 2007 deadline. Flood hazard maps have been updated, and the coverage extended to include the Huangaroa and Tauherenikau Rivers. To date, the Waiohine, Waipoua and Upper Ruamahanga River schemes have been completed. The Lower Wairarapa Valley Development Scheme review is underway.

- ▶ The Hutt River Floodplain Management Plan was published in October 2001, followed by a very successful launch at the Manor Park Golf Course. Timing variances meant that expenditure for 2001/02 was slightly overspent at \$130,500. However, the total expenditure for the project was within budget at \$1,335,300.
- ▶ The revised Waiohine and Waipoua Schemes have been implemented. The Upper Ruamahanga Scheme review was successfully completed. There are now three new schemes. Mount Bruce (Mount Bruce to Te Ore Ore Bridge), Te Ore Ore (Te Ore Ore Bridge to Wardells Bridge), and Gladstone (Wardells Bridge to the Waiohine river junction). Total cost was \$321,000.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

By 2040, the Council will implement the adopted floodplain management plans for the Hutt, Otaki and Waikanae Rivers (total approximate capital expenditure of \$92.75 million).

SHORT TERM By 30 June 2002

Prepare the information base for developing the Hutt River Floodplain Management non-structural principles into full measures, within a budget of \$90,000 and to the satisfaction of the Landcare Committee. The development of measures will involve consideration by Upper Hutt City and Hutt City Councils of:

- Policy and provisions for District Plans.
- Enhanced Emergency Management programmes and procedures.

Actual Performance

▶ During the year, the following implementation projects were completed or advanced:

- Investigations for waterway improvements for the Ava Rail Crossing (Hutt River) were completed at a cost of \$73,300 (budget \$80,000).
- Resource consent for the Ava to Ewen (Hutt River) upgrade was obtained. Detailed design is underway. Spending in 2001/02 was \$93,000 (budget \$126,000).
- A duplicate set of floodgates was constructed at Rangiuru (Otaki River) at a cost of \$174,400 (budget \$120,000).

Work on the Otaki and Waikanae floodplain management plan implementation is ahead of schedule. Structural and river management capital improvements are approximately 32% and 45% complete respectively.

▶ The target of preparing the information base for transforming the non-structural principles into district plan measures was completed and endorsed by the Hutt River Advisory Committee (HRAC) at its meeting on 27 June 2002, at a cost of \$31,500. The HRAC was also presented with a 3 year programme of prioritised emergency management projects.

The information base and the emergency management programme were subsequently referred to both Hutt City and Upper Hutt City Councils for consideration.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

In conjunction with Tranz Rail, complete feasibility design and agree waterway criteria for replacement of the Ava Railway Bridge, within a budget of \$80,000.

For the Hutt River at Melling, complete detailed waterway investigations and agree waterway parameters with Hutt City Council, Transit NZ and Tranz Rail for a long-term strategy for the management of road traffic and rail crossings, to an agreed programme and within a budget of \$60,000.

In the Ava to Ewen reach of the Hutt River, apply for and obtain resource consents for the Strand Park Channel Realignment, the Alicetown Stopbank and the Strand Park Stopbank, within a budget of \$126,000.

Actual Performance

▶ Feasibility design was completed and Tranz Rail agreed in principle to the proposed stopbank strengthening option. Expenditure for the year was \$73,300.

▶ The Melling Bridge waterway investigations did not proceed because the other project partners (Hutt City Council, Transit NZ and Tranz Rail) were not ready to begin with the project at this stage.

At its meeting on 19 February 2002, the Landcare Committee decided to defer the project to 2008/09.

▶ Resource consents for the Strand Park Channel Realignment, the Alicetown and Strand Park Stopbanks and the Ava Railway Stopbank strengthening were granted on 26 June 2002 at a cost of \$93,000.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

Complete detailed design of the channel realignment (including model study) and of any dependant stopbank works, and purchase the required sections of land to accommodate the works, within a total budget of \$407,000.

Actual Performance

- ▶ The model study to assist in the design of the Strand Park realignment did not proceed. Instead, two specialist consultants were engaged to undertake the design of the parameters. This was completed by 30 June 2002.

Opus International Consultants were engaged to complete the detailed design of the channel realignment and the Alicetown Stopbank. This work is proceeding.

The purchase of Strand Park from the Ministry of Education is not complete, although an agreement in principle has been reached with Hutt Valley High School and the Ministry of Education for the purchase to proceed.

The design work and negotiations for the purchase of Strand Park were undertaken at a cost of \$116,200.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

Raise sections of road at Otaihanga, Waikanae, in conjunction with Kapiti Coast District Council, to an agreed programme and accepted engineering standards, within a budget of \$140,000.

Complete realignment of the Porirua Stream at Findlay Street, including relocation of three Council owned properties, to accepted engineering standards, within a budget of \$334,000.

Actual Performance

- ▶ Stage 2 of the road raising at Otaihanga did not proceed as there was insufficient support from the directly affected community.

At its meeting on 19 February 2002, the Landcare Committee decided to defer this project indefinitely.

- ▶ The realignment of the Porirua Stream at Findlay Street was put on hold following pre-consent consultation with Wellington City Council (WCC). An alternative option more consistent with WCC policy was put to the Landcare Committee for consideration.

At its meeting on 5 December 2001, the Landcare Committee resolved not to proceed with the new option and instead put the Findlay Street project on hold, and resolved that further consultation with Wellington City Council be undertaken.

The consultation programme is well underway at a cost of \$17,200.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

Flood Protection systems constructed to lessen the effects of flooding and river erosion will continue to provide the levels of service specified in adopted Asset Management Plans.

SHORT TERM By 30 June 2002

Maintenance operations that satisfy quality assurance policies and statutory requirements will be carried out in the Western part of the Region. The Hutt, Otaki, Waikanae and Wainuiomata Rivers and the Porirua Stream schemes annual maintenance will be completed in accordance with the adopted Western Rivers Asset Management Plan, all with a budget of \$1,889,000.

Actual Performance

- ▶ Western Region flood protection structures were again tested during the floods in November 2001 and June 2002. These floods were generally well within design capacities, and only minor damage occurred.

Maintenance programmes were adjusted to include flood damage repairs.

Flood protection systems continue to provide the levels of service specified in the adopted Asset Management Plans for all river schemes. These plans are reviewed annually, and peer reviews are carried out by independent river engineering staff (from Landcare, Wellington for Wairarapa and from Wairarapa for Landcare, Wellington) each year.

- ▶ Maintenance operations in the western part of the Region were completed at a total cost of \$1,873,500. Work completed included a number of unplanned items, including a clean up of 2,4-D contamination at Waikanae, repairs to the Porirua debris arrestor following flood damage, setting up native planting trials in conjunction with the Wellington Botanical Society, and hosting a national seminar to look at alternative river edge protection plant species in response to the willow saw fly threat.

The maintenance operations were completed in accordance with established quality assurance policies and statutory requirements. An annual asset maintenance report was submitted to the August 2002 Landcare Committee as required by the Western Rivers Asset Management Plan.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

Maintenance operations will be completed for the Region's eight Wairarapa river schemes to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,153,000.

Actual Performance

- ▶ Maintenance programmes for the eight Wairarapa river management schemes were completed to established standards, and to the satisfaction of the scheme advisory committees at a total cost of \$1,264,000. Fortunately no significant floods occurred over this past year allowing consolidation of works in the river schemes. The total cost includes \$111,000 of programme extensions and minor flood damage repairs.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

The Council will complete and progressively implement environmental strategies for selected regionally significant rivers at a rate acceptable to the regional and local communities.

SHORT TERM By 30 June 2002

On the north bank at the Otaki River mouth, consult on and design a “nature reserve” area, and in conjunction with Kapiti Coast District Council agree a management regime. Purchase strategic property at the river mouth. All work and land purchase within a total budget of \$45,000 and within an agreed programme.

Actual Performance

▶ Further progress was made in implementing environmental strategies for the Hutt, Otaki and Waikanae Rivers, and the Waiwhetu Stream. Examples of work underway include the removal of crack willows and replacement with native species on the Waikanae River, development of the lagoon area at the Otaki River Mouth, and the construction of parking areas at Belmont School and Owen Street on the Hutt River berms to control vehicle access.

▶ A design report and landscape plan for the Otaki River Mouth lagoon area has been prepared in conjunction with Ngati Raukawa, Friends of the Otaki River, the Department of Conservation, Fish & Game NZ and the Kapiti Coast District Council.

An agreement for the purchase of the Mangahanene land was approved by Council, at its meeting on the 14th May 2002. However, further work is required to effect the purchase and this was underway at 30 June 2002.

All work was undertaken at a cost of \$6,800.

FLOOD PROTECTION: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	6,259	6,259
River Rates	2,403	2,403
Wairarapa Scheme Rates	886	897
Government Subsidies	0	0
Other Revenue	961	983
Operating Revenue	10,509	10,542
Direct Operating Expenditure	5,725	5,631
Interest	2,231	2,283
Depreciation / Loss (Gain) on Disposal	1,053	772
Operating Expenditure	9,009	8,686
Operating Surplus (Deficit)	1,500	1,856
Less:		
Capital Expenditure & Investments	1,007	1,345
Loan Funding	(836)	(1,493)
Rates Funded Capital Expenditure	171	(148)
Debt Provisioning	1,906	2,293
Reserve Movements	487	483
Non Cash Items	(1,053)	(772)
Net Funding Surplus (Deficit)	(11)	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Planning for Flood Protection	1,277	1,229
Delivering Flood Protection	7,732	7,457
Total operating expenditure	9,009	8,686
CAPITAL EXPENDITURE		
Hutt Floodplain Management Plan	131	115
Hutt River Improvements	317	677
Waikanae River Improvements	23	140
Otaki River Improvements	188	15
Porirua Floodplain Management	17	334
Other Projects	51	20
Major Project Expenditure	727	1,301
Land & Buildings	111	192
Plant & Equipment	10	5
Motor Vehicles	132	116
Asset Disposals & Adjustments	(200)	(497)
Total Capital Expenditure	780	1,117
Investment Additions	227	228
Total Capital Expenditure & Investments	1,007	1,345

PARKS AND FORESTS

The Council's Parks and Forests significant activity contributes to *A Safe Region with Healthy People* through its role in providing the community with outdoor recreational opportunities in a safe and high quality outdoor environment.

Parks and Forests help to make *A High Quality Environment* through conserving and enhancing natural ecosystems and features, preserving heritage, archaeological and cultural features and protecting landscape and scenic values. Parks and Forests contribute to maintaining high quality source water from water collection areas. The activity also supports the Council's environmental education and community connection initiatives on Council lands.

Parks and Forests benefit *A Prosperous and Viable Region* through encouraging use of Council lands for appropriate activities (e.g. concessions, filming, eco-tourism) in ways that do not conflict with the Council's environmental, heritage and recreational objectives.

This function excludes the Council's plantation forestry operations, see Investments page 128

PARKS AND FORESTS

Key Issues

Asset Management

Asset management plans developed over the last three years identified deferred maintenance and underfunding of asset renewals. The challenge for Parks and Forests for the next three years is to implement an enhanced capital works and maintenance programme to ensure existing service levels are maintained in the longer term, or modified where appropriate.

Infrastructural assets in the Parks and Forests include:

- 145 bridges.
- 72 buildings.
- 115km of roads.
- 152km of tracks.
- 152km of fences.
- plus signs, picnic tables, seats, plants, water and sewer pipes.

The Council has prepared an Environmental Asset Management Plan for the 40,000 hectares of native forest we manage. This is leading edge work and an exciting challenge, as environmental asset and forest health management are evolving fields.

Environmental Excellence

There is increasing community demand for high quality native bush. Particular challenges will be in the area of pest plant control and monitoring changes in forest health to determine how effective our activities are in protecting and enhancing biodiversity.

Community Involvement

Although popular, some Regional Parks and Forests are still only regularly visited by particular sectors of the regional community. The challenge is to increase park use while maintaining their intrinsic values.

The Council proposes to increase community and iwi involvement in, and commitment to, the Parks and Forests through environmental education programmes and projects involving volunteers and stakeholder groups. The challenges will be maintaining volunteer input, stakeholder interest, and developing effective education programmes.

Securing funding for additional development of the Parks and Forests through tourism, concessions, and filming will be an additional challenge.

New Parks and Services

The Council wants to develop East Harbour Regional Park by providing a ranger service and enhancing the recreational, environmental and heritage values of the Park. A Hutt River ranger is also proposed to enhance the environment of this popular river and its recreational opportunities. The Council plans to create two new regional parks, (taking over control of Whitireia Park and a Wairarapa Wetlands Park). The challenge for the Council is when to invest in each area, how much and to what levels of service.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to monitor, maintain, protect and enhance the environmental assets in the Regional Parks, Forests and Water Collection Areas as specified in the Regional Parks and Forests Asset Management Plan.

SHORT TERM By 30 June 2002

Environmental assets within the Regional Parks, Forests and Water Collection Areas will be monitored, protected and enhanced, within a budget of \$456,000 in accordance with: (1) the Regional Parks and Forests Asset Management Plan service levels; (2) the Regional Pest Management Strategy; (3) nationally recognised protocols for forest health monitoring. All to be reported to the Landcare Committee following the end of the financial year.

Actual Performance

- ▶ Overall monitoring, maintenance, protection and enhancement of the environmental assets in the Parks, Forests and Water Collection Areas has thus far been completed in accordance with the specifications in the Parks and Forests Asset Management Plan.

The environmental management work programme evolved to ensure animal pest control work is responding to the findings from our monitoring research and analysis. This should achieve better and more sustainable long-term environmental asset management in the Parks and Forests.

- ▶ During the year the Environmental Asset Management Plan was further enhanced using the results of the previous year's monitoring programmes.

All monitoring and pest control activities were undertaken in accordance with the revised work programmes and to the service levels specified in the Parks and Forests Asset Management Plan, the Regional Pest Management Strategy and nationally recognised protocols for forest health monitoring. The only exception is a Possum Control programme in the Hutt Water Catchment Area which has been deferred.

All activities were completed at a cost of \$428,705 and reported to the Landcare Committee in July 2002.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to monitor, maintain, protect and enhance the facilities, settings, and recreational and heritage assets to ensure public safety and enjoyment of the Regional Parks, Forests and Water Collection Areas as specified in the Regional Parks and Forests Asset Management Plan.

SHORT TERM By 30 June 2002

Recreation and heritage assets and facilities, and settings in the Regional Parks, Forests and Water Collection Areas will be monitored, maintained, protected and enhanced to ensure public safety in accordance with the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$1,011,000. Public enjoyment of, and satisfaction with, the facilities and assets will be measured through the biennial visitor satisfaction survey. To be reported to the Landcare Committee following the end of the financial year.

Actual Performance

► Overall, the recreational and heritage assets in the Parks, Forests and Water Collection Areas were maintained to the service levels specified in the Parks and Forests Asset Management Plan.

► Core monitoring and maintenance activities have been delivered in accordance with the service levels and standards in the Parks and Forests Asset Management Plan.

The Asset Management Plan was used to programme regular inspection of infrastructure assets and ongoing maintenance requirements.

During May 2002, asset condition was audited internally for compliance with the Asset Management Plan standards, and was found to have met the service levels.

A biennial visitor satisfaction survey occurred in February/March 2002. The data was analysed and reported to the Landcare Committee in July 2002. The survey indicates a high level of general satisfaction.

The activities were completed at a cost of \$919,430.

PARKS AND FORESTS: Performance Indicators

Planned Performance

SHORT TERM – *continued*

The annual capital works programme will be undertaken on time, to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$456,000. Public satisfaction with the capital works assets will be measured through the biennial visitor satisfaction survey.

Actual Performance

- ▶ The annual work programme was completed by year end, with the exception of the Baring Head Bridge project and interpretation at Battle Hill, both of which will now be completed in the 2002/03 year.

The 2001/02 Capital works programme was reported to the Landcare Committee in June 2002.

Projects completed include:

- Replacing a toilet block at Tunnel Gully at a cost of \$48,100.
- Restoration of the Ladle Bend bridge and completing restoration of the three meter bridges on the Rimutaka Rail Trail at a cost of \$156,600.
- Replacing a toilet block at Paekakariki, Queen Elizabeth Park at a cost of \$103,000.
- Refurbishment of the Belmont woolshed to education centre standard as part of the environmental education programme at a cost of \$54,000.

All projects were achieved in accordance with architectural and engineering standards, and within the Regional Parks and Forests Asset management Plan service levels and were completed at a cost of \$365,000.

In addition to the programmed work, a culvert at Tunnel Gully needed replacing due to flood damage at a cost of \$90,500 and the Western Region Depot was upgraded at a cost of \$75,700.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to provide a ranger service which enhances park users' experiences of the recreational, environmental and heritage values and educational opportunities in the Regional Parks, Forests and Water Collection Areas.

SHORT TERM By 30 June 2002

Within a budget of \$628,000, ranger services will be provided that:

- Facilitate Council approved public access to the Regional Parks, Forests and Water Collection Areas.
- Educate and inform visitors and users.
- Liaise with community and stakeholder groups.
- Ensure compliance with Council policies.

Customer satisfaction with ranger services will be measured through the biennial visitor satisfaction survey and information received from the public.

A summary of key activities to be reported to the Landcare Committee following the end of the financial year.

Actual Performance

▶ A ranger service was provided across all existing regional parks and forests. Visitor surveys consistently confirm that Park Rangers add value to the users experience of the parks and forests.

▶ Rangers have managed approved access to their respective regional park or forest including this years *Regional Outdoors* and the *Battle Hill Spring Visits* programmes.

They have also undertaken activities including:

- Liaising with lessees/licencees.
- Supervising contractors and internal maintenance staff.
- Liaising with users and interest groups.
- Monitoring maintenance standards.
- Co-ordinating flood damage works.
- Involvement in environmental education programmes and community projects.

A biennial visitor satisfaction survey occurred in February/March 2002. The survey indicates a high level of general satisfaction.

All activities were provided at a cost of \$625,300 and were reported to the Landcare Committee in August 2002.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will develop, implement and interpret an appropriate policy framework for the provision and management of the Regional Parks, Forests and Water Collection Areas.

SHORT TERM By 30 June 2002

Within a budget of \$314,000, parks planning will be undertaken, including:

- The annual policy and planning work programme, as agreed with the Divisional Manager, Landcare.

The quality of this work will be measured through: (1) external peer review of selected policy work; (2) an evaluation of the effectiveness of internal and external consultation processes, when appropriate; (3) policy recommendations being accepted by the Council.

- An annual report will be submitted to the Divisional Manager, Utility Services on the forest health and pest control activities undertaken in the designated current and future Water Collection Areas.
- The Regional Parks and Forest management plans, Bylaws and other policies will be interpreted, and demand-driven work actioned, as required.

Actual Performance

- ▶ Policy and planning work is progressing steadily, including the development, implementation and interpretation of policies for management purposes.

- ▶ The annual policy and planning work programme was substantially achieved, at a cost of \$246,900. Work undertaken includes:

- The progression of a draft Forests Lands Plan and a Network Parks Plan of generic Regional Parks policies.
- Councillor and iwi workshops.
- Completing the Region wide telephone survey.
- Further work on the Park and Forest concept plans.
- Facilitating nine reference group sessions.
- Reviewing public submissions.
- Reviewing the Wainuiomata-Orongorongo Water Collection Area Access Plan.

Forest health and pest control activities were undertaken in the current and future Water Collection Areas and a report submitted to the Divisional Manager, Utility Services outlining the work completed during the year, with recommendations for the 2002/03 year's work programme.

All demand driven work was actioned including filming and concession applications, and the interpretation of the Regional Parks and Forests Management Plans, Bylaws and other policies.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to develop opportunities to enhance community participation, understanding and education about its Regional Parks and Forests.

SHORT TERM By 30 June 2002

The annual environmental education and environmental enhancement initiatives as agreed with the Divisional Manager, Landcare, will be completed, within a budget of \$248,000, and reported to the Landcare Committee following the end of the financial year.

Actual Performance

► Overall, community participation in the Council's Parks and Forests is increasing through the establishment of Care Groups and other volunteers becoming involved in environmental enhancement projects.

► All the environmental enhancement projects were completed during the year at a cost of \$232,200, and reported to the Landcare Committee in July 2002:

- Te Marua Bush Restoration.
- Korokoro Bush Goat Control.
- Mainland Island Restoration Operation (MIRO).
- Pakuratahi River Riparian Planting and Ladle Bend Wetland.
- Queen Elizabeth Park Remnant Forest Restoration.
- Queen Elizabeth Park Wetland Restoration.
- Queen Elizabeth Park Foredune Restoration.
- Battle Hill Wetland Restoration.
- Cannons Creek Valley Bush Restoration – Belmont Regional Park.

Work was completed on improving infrastructure in the parks and forests to enable the *Take Action* environmental trails to occur. The Stratton Street woolshed extension project was completed and was officially opened on 22 March 2002.

PARKS AND FORESTS: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	4,008	4,008
Other Rates	0	0
Government Subsidies	0	0
Other Revenue	743	764
Operating Revenue	4,751	4,772
Direct Operating Expenditure	4,330	4,334
Interest	116	126
Depreciation / Loss (Gain) on Disposal	178	197
Operating Expenditure	4,624	4,657
Operating Surplus (Deficit)	127	115
Less:		
Capital Expenditure	636	579
Loan Funding	(401)	(401)
Rates Funded Capital Expenditure	235	178
Debt Provisioning	152	145
Reserve Movements	78	(11)
Non Cash Items	(178)	(197)
Net Funding Surplus (Deficit)	(160)	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	4,624	4,657
Total Operating Expenditure	4,624	4,657
CAPITAL EXPENDITURE		
Belmont Woolshed	54	55
Queen Elizabeth Park Enhancement	103	95
Tunnel Gully Toilets	48	40
Pakuratahi Bridge Replacements	157	171
Battle Hill Enhancement	1	15
Kaitoke Roading & Toilets	0	0
Akatarawa Bridge Replacements	0	0
Western Region Depot Upgrade	76	0
Replacement Tunnel Gully Culvert	91	0
East Harbour Bridge Replacement	2	80
Major Project Expenditure	532	456
Land & Buildings	2	0
Plant & Equipment	13	26
Motor Vehicles	143	138
Asset Disposals	(54)	(41)
Total Capital Expenditure	636	579

INVESTMENT IN DEMOCRACY

Providing effective political representation on behalf of the Wellington regional community contributes to *A Strong and Inclusive Regional Community*.

This budget covers the political costs of Council, including both the direct costs relating to Councillors carrying out their statutory roles and the costs of support services such as those provided by the Council Secretariat. Specifically, such costs include:

- Councillors' annual salaries, daily meeting allowances and travel expenses, as well as allowances and travel costs of other persons appointed to Council's Committees.
- Public notice of Council and Committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing Council and its Committees.

- Other public notices, dealing with special orders, WRC Rates, elections and the like.
- The Regional Council's share of local body election costs including triennial constituency and membership reviews plus induction of Councillors following elections.
- Subscription costs for Council's membership of organisations and forums, such as *Local Government New Zealand*.
- Other costs incurred by Councillors in representing and communicating with the regional community.

For the 2001-2004 Triennium, the Local Government Commission has determined the WRC will comprise thirteen Councillors from six constituencies with Porirua decreasing from 2 to 1 members.

Also, included within this budget is funding for Regional economic initiatives, including publication of economic data, which contributes to *A Prosperous and Viable Region*.

INVESTMENT IN DEMOCRACY: Performance Indicators

Planned Performance

LONG TERM

Public recognition of the Wellington Regional Council will be significantly greater than in 1999/00.

SHORT TERM By 30 June 2002

The Council newspaper, Elements, will be published six times a year to the satisfaction of the General Manager at a cost of no more than \$180,000.

LONG TERM

The Council's viewpoint will be both heard and well-regarded by the wider community.

SHORT TERM By 30 June 2002

The Council will respond effectively to regional issues as they arise, at a cost of no more than \$100,000.

Actual Performance

▶ A 2002 survey showed that 28% of the public identify WRC as an organisation concerned with care of the environment in their area. This response is up from 21% in 2000.

▶ Seven issues of Elements were produced at a cost of \$199,000. This included a Summer events listing edition and an issue with four regional versions.

▶ A range of sources, from targeted market research to articles in the media, indicate a continuing level of support for the perspectives articulated by the Council and its representatives.

▶ No regional issues arose during the year that required a specific response (excluding issues that are core responsibilities of the WRC).

INVESTMENT IN DEMOCRACY: Performance Indicators

Planned Performance

LONG TERM

The publication of regional economic data by the Wellington Regional Council will be supported by business interests.

SHORT TERM By 30 June 2002

Two publications will be produced per annum to the satisfaction of the Corporate Policy Manager at a cost not exceeding \$50,000.

Actual Performance

▶ The Council continues to receive advice that the report is well regarded by those with an interest in economic development.

▶ Achieved, publications were produced in August 2001 and February 2002 that were to the required quality.

INVESTMENT IN DEMOCRACY: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	2,209	2,209
Other Rates	0	0
Government Subsidies	0	0
Other Revenue	1,485	1,484
Operating Revenue	3,694	3,693
Direct Operating Expenditure	3,725	3,797
Interest	0	0
Depreciation / Loss (Gain) on Disposal	9	26
Operating Expenditure	3,734	3,823
Operating Surplus (Deficit)	(40)	(130)
Less:		
Capital Expenditure	17	117
Loan Funding	0	0
Rates Funded Capital Expenditure	17	117
Debt Provisioning	0	0
Reserve Movements	(272)	(221)
Non Cash Items	(9)	(26)
Net Funding Surplus (Deficit)	224	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Direct Members' Costs	1,123	1,173
Council Secretariat	487	538
Divisional Management Support	250	250
Strategic Communications	545	500
Regional Economic Development	30	50
Other Costs	1,086	1,092
Election Costs	213	220
Total Operating Expenditure	3,734	3,823
CAPITAL EXPENDITURE		
Land & Buildings	0	0
Plant & Equipment	17	92
Motor Vehicles	0	43
Asset Disposals	0	(18)
Total Capital Expenditure	17	117

INVESTMENTS

“ CentrePort is a significant strategic asset held by the Council on behalf of the Regional Community ”



The Council manages a significant portfolio of investments comprising equity investments, forestry, investment property, sinking funds, special funds and, from time to time, short-term money market deposits. The Treasury Management Policy (last updated 2 November 1999) includes the Council’s philosophy and approach to the management of its investments.

Of the Council’s investments, its majority shareholding in CentrePort and its interests in forestry are of most significance to ratepayers. At an appropriate time in the future the Council believes it should reduce its exposure to both investments and use the proceeds to repay debt. On 8 April 1999, the Council reconfirmed that, in respect of both forestry cutting rights and the Port, the Council should be “a seller at the right price rather than a holder at all costs”. However, further work is required before it will be in a position to sell. Any decision to sell will be subject to consultation with the community.

INVESTMENTS

CentrePort

The Council, through its subsidiary company WRC Holdings Ltd, currently owns 76.9 percent of CentrePort with the balance of shares held by the Manawatu–Wanganui Regional Council. CentrePort is a significant strategic asset held by the Council on behalf of the regional community.

CentrePort has a commitment to pay shareholders, by way of dividend, at least 60 percent of post tax paid profit unless otherwise agreed by the shareholders. In addition, the Council has received capital repayments and special dividends in the past as follows: \$3.8 million in 1992, \$12.3 million in 1995 and \$5.8 million in 1999. The Council will continue to monitor the capital structure of CentrePort with a view to obtaining further returns of capital where it is prudent to do so.

Forestry

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

The overall investment policy of the Council with regard to forestry is to maximise profit while meeting biodiversity, soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis recognising the Council's broader objectives noted above. Both the plantation and reserve forests within the Region are required to budget for an *internal dividend* which reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of internal dividend contribution to the rates line from forestry is currently \$225,000 per year and is reviewed annually. No actual dividend was paid in 2002 (2001 NIL).

INVESTMENTS

Other Investments

The Council, through a subsidiary company, Pringle House Ltd, owns the Regional Council Centre in Wakefield Street. It occupies seven of the nine floors of the Regional Council Centre and pays market based rentals to Pringle House Ltd. While Pringle House Ltd generates an operating surplus, the costs of servicing the debt on the Regional Council Centre mean that there is an overall deficit arising from this investment.

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

Business Units

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

The payment of an internal dividend provides certainty of cashflow to the rates line.

INVESTMENTS: Financial Summary for the year ended 30 June 2002

INCOME STATEMENT

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
Operating Revenue	9,515	8,641
Operating Expenditure	4,631	4,437
Earnings before Interest	4,884	4,204
Interest	(2,393)	(2,421)
Operating Surplus (Deficit)	7,277	6,625
Contribution to Rates	5,782	5,782
Earnings Retained	1,495	843

OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
Bank Deposits	2,539	2,574
WRC Holdings Limited	1,584	628
Treasury Management	4,253	4,046
Plantation Forests	(649)	(546)
Reserve Forests	(571)	(226)
Administration Properties	82	82
Investment Properties	(8)	0
Akura Conservation Centre	36	56
Wairarapa Workshop	11	11
Operating Surplus (Deficit)	7,277	6,625

STADIUM

Role

The Council's primary role is as a funder of the project and, in conjunction with the Wellington City Council, it is a joint settlor of the Wellington Regional Stadium Trust. In turn, the Stadium Trust is responsible for the ownership, operation and maintenance of the Stadium as a multi-purpose sporting and cultural venue.

The Stadium contributes directly to *A Prosperous and Viable Region*.

Background

In August 1995, the Council agreed in principle to participate in the establishment of the Wellington Regional Stadium Trust. The Wellington Regional Council (Stadium Empowering) Act 1996 empowers the Council to lend up to \$25 million to the Trust to facilitate the planning, development and construction of the Stadium. The Council reached this decision after extensive public consultation which was supported by a market research survey conducted during July/August 1995. The decision in principle was conditional upon the risks of the project being fully investigated and being found to be within acceptable boundaries for a project of this type.

During 1997, the Council commissioned both a financial risk assessment of the Stadium Trust's Project Plan and a construction risk review. On the basis of the independent professional advice received, the Council agreed, on 28 November 1997, to proceed to lend \$25 million to the Stadium Trust, subject to a number of conditions being met. The Council agreed to the loan being on an interest free

basis, with limited rights of recourse, recognising the 'quasi equity' nature of the advance. The loan was advanced to the Stadium Trust on 6 August 1998.

The Council decided that, in keeping with the spirit of the transparency and accountability principles contained within the Local Government Act, it would borrow the entire \$25 million which would then be on-lent to the Stadium Trust.

The Council also established a separate Stadium Purposes Rate to service and repay the \$25 million it has borrowed. This rate is levied on a differential basis reflecting direct and indirect benefits to different parts and classes of ratepayers throughout the Region. The Stadium Purposes Rate appeared as a separate item on each rates assessment commencing in the 1998/99 financial year.

The Stadium was completed in December 1999 and the first event held in January 2000. The Stadium has just completed its second full year of operations.

Stadium Trustees (at 30 June 2002)

Paul Collins (Chairperson)	Dr Ngatata Love (retired 30 April 2002)
Sir Ron Scott	Cr Ian Buchanan (WRC Councillor)
Dame Margaret Bazley	Cr Chris Parkin (WCC Councillor)
Michael Egan	
Peter Biggs (appointed 1 July 2002)	
John Hunn	

Where to from here?

The Council will continue to exercise governance over the Stadium Trust in its capacity as joint settlor of the Trust to ensure as far as practicable that ratepayers' interests are protected.

STADIUM: Financial Summary for the year ended 30 June 2002

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
FUNDING STATEMENT		
General Rates	0	0
Stadium Purposes Rates	2,676	2,676
Government Subsidies	0	0
Other Revenue	0	0
Operating Revenue	2,676	2,676
Direct Operating Expenditure	54	54
Interest	1,973	1,973
Depreciation / Loss (Gain) on Disposal	0	0
Operating Expenditure	2,027	2,027
Operating Surplus (Deficit)	649	649
Less:		
Capital Expenditure & Investments	0	0
Loan Funding	0	0
Rates Funded Capital Expenditure	0	0
Debt Provisioning	649	649
Reserve Movements	0	0
Non Cash Items	0	0
Net Funding Surplus (Deficit)	0	0

	Council 2002 Actual \$000's	Council 2002 Budget \$000's
OPERATING EXPENDITURE		
Regional Stadium	2,027	2,027
Total Operating Expenditure	2,027	2,027
CAPITAL EXPENDITURE		
Land & Buildings	0	0
Plant & Equipment	0	0
Motor Vehicles	0	0
Asset Disposals	0	0
Total Capital Expenditure	0	0
Investment Additions	0	0
Capital Expenditure & Investments	0	0

STATEMENT OF COMPLIANCE AND RESPONSIBILITY



AUDIT REPORT



Audit New Zealand

REPORT OF THE AUDITOR-GENERAL TO THE READERS OF THE FINANCIAL STATEMENTS OF THE WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 22 to 133. The financial statements provide information about the past financial and service performance of the Wellington Regional Council and group and its financial position as at 30 June 2002. This information is stated in accordance with the accounting policies set out on pages 28 to 31.

Responsibilities of the Council

The Local Government Act 1974 requires the Council to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Wellington Regional Council and group as at 30 June 2002 and the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

Section 15 of the Public Audit Act 2001 requires the Auditor-General to audit the financial statements presented by the Council. It is the responsibility of the Auditor-General to express an independent opinion on the financial statements and to report that opinion to you.

The Auditor-General has appointed E M Mason of Audit New Zealand to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Wellington Regional Council in the preparation of the financial statements, and
- ▲ whether the accounting policies are appropriate to the Wellington Regional Council and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

During the year we conducted assurance related assignments relating to the regional rail project, transport division management processes, the Ministry for Environment Resource Management Act survey and the Council's water division annual report. Other than these assignments, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Wellington Regional Council or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.
In our opinion the financial statements of the Wellington Regional Council and group on pages 22 to 133:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the Wellington Regional Council and group's financial position as at 30 June 2002;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 31 October 2002 and our unqualified opinion is expressed as at that date.

E M Mason

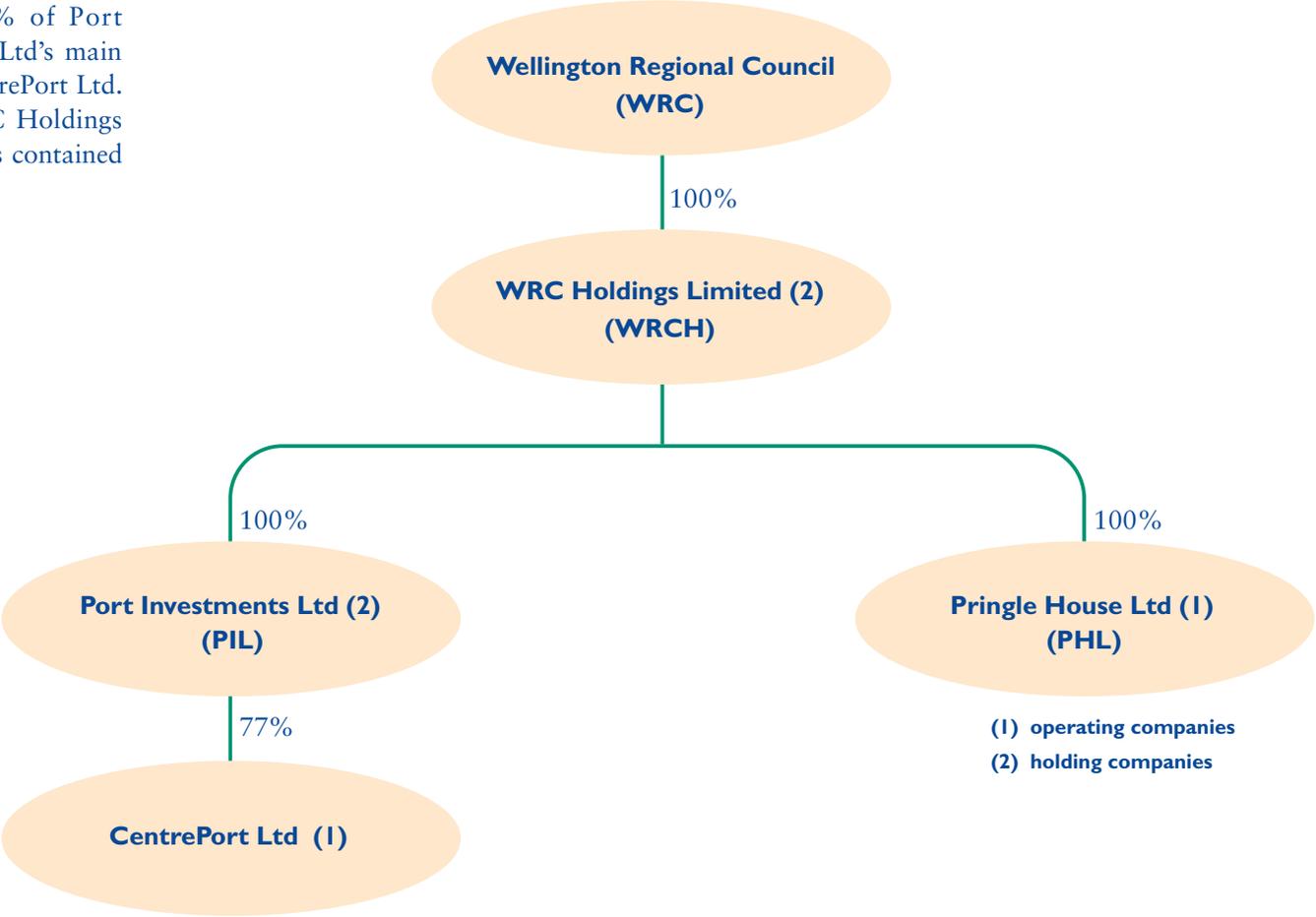
E M Mason
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



SUBSIDIARY COMPANIES: WRC Holdings Group

Subsidiary Company Structure

Wellington Regional Council owns 100% of WRC Holdings Ltd which in turn owns 100% of Pringle House Ltd and 100% of Port Investments Ltd. Port Investments Ltd's main asset is a 77% shareholding in CentrePort Ltd. More information about the WRC Holdings Group and the CentrePort Group is contained on the following pages.



SUBSIDIARY COMPANIES: WRC Holdings Group

Objectives of the Group

The primary objectives of the Group are to:

- Operate as a successful and responsible business.
- Own and operate the Wellington Regional Council's headquarters at 142-146 Wakefield Street, Wellington (known as the "Regional Council Centre") on a cost effective basis.
- Own the Wellington Regional Council's interest in CentrePort Ltd and to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment.
- Effectively manage any other investments held in the Group to maximise the commercial value to the shareholders and to protect the shareholders' investment.

The financial objectives of the Group are to:

- Provide a commercial return to shareholders.
- Adopt policies which minimise risk and protect the investment of shareholders.

The environmental objectives of the Group are to:

- Operate in an environmentally responsible manner.
- Minimise the impact of any of the Group's activities on the environment.
- Raise awareness of environmental issues within the Group.

The social objectives of the Group are to:

- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the Regions in which the Group operates.

Shareholders

Wellington Regional Council: 100%

Performance Targets

	Actual 2002	Budget 2002
Net Profit (before tax)	\$8.2m	\$6.1m
Net Profit (after tax)	\$5.7m	\$3.8m
Return on Total Assets ⁽¹⁾	12.3%	10.0%
Return on Shareholders' Funds ⁽²⁾	42.1%	22.8%
Dividend Stream	\$1.8m	\$0.67m

(1) Return on total assets is the net profit before interest and tax divided by the average total assets.

(2) Return on shareholders' funds is the net profit after tax less minority interest divided by the average shareholders' funds (excluding minority interest).

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2001/02 financial year.

Directors

Margaret Shields (Chairperson)
Stuart Macaskill
Terry McDavitt

Rick Long
Anne Blackburn

SUBSIDIARY COMPANIES: CentrePort Group

Objectives of the Group

The primary objectives of the Group are to:

- Operate as a successful and responsible business.
- Operate as an efficient commercial port to effectively service the port's customers.

The financial objectives of the Group are to:

- Provide a commercial return to shareholders.
- Adopt policies which minimise risk and protect the investment of shareholders.

The environmental objectives of the Group are to:

- Operate in an environmentally responsible manner.
- Raise awareness of environmental issues within the Group.

The social objectives of the Group are to:

- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the Regions in which the Group operates.

Shareholders of Centre Port Ltd.

Port Investments Ltd: 76.9%

Manawatu – Wanganui Regional Council: 23.1%

Directors

Nigel Gould (Chairperson)

Ken Harris (Managing Director)

Mike Cashin

Jim Jefferies

Malcolm Johnson

Warren Larsen

Howard Stone

Performance Targets

	Actual 2002	Budget 2002
Net Profit (before tax)	\$10.4m	\$9.8m
Net Profit (after tax)	\$7.4m	\$6.5m
Return on Total Assets ⁽¹⁾	12.9%	12.3%
Return on Shareholders' Funds ⁽²⁾	12.2%	10.9%
Dividend Stream	\$4.4m	\$3.9m

(1) Return on total assets is the net profit before interest and tax divided by the average total assets.

(2) Return on shareholders' funds is the net profit after tax divided by the average shareholders' funds.

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2001/02 financial year.

SUPPLEMENTARY INFORMATION: Net Public Debt

Public Debt

The adjacent table details movement in public debt by functional area, from the time of the Wellington Regional Council reorganisation in 1989. Net external public debt has been reduced by \$35.2 million between 1992 and 2002. Debt figures in the table are shown net of sinking fund investments.

Reserves (1)

Reserves are shown in the table as debt. This clearly shows that the Council does not hold reserves in the form of cash assets. Reserves are used to reduce external borrowing therefore reducing interest expense. When reserves are required to be used, new loans are taken out to fund the expenditure.

REGIONAL WATER SUPPLY DEBT

	1992 \$000's	1993 \$000's	1994 \$000's	1995 \$000's	1996 \$000's	1997 \$000's	1998 \$000's	1999 \$000's	2000 \$000's	2001 \$000's	2002 \$000's
Regional Water Supply	68,486	75,050	73,473	71,192	72,050	72,620	72,079	65,720	62,135	57,201	52,241
Regional Water Supply Reserves (1)	(1,684)	(2,593)	(3,624)	(2,773)	(2,417)	(1,877)	(4,958)	(2,041)	(2,205)	(1,011)	(561)
Regional Water Supply Net External Public Debt	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190	51,680

STADIUM DEBT

	0	0	0	0	0	0	0	24,500	23,974	23,378	22,729
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OTHER DEBT

Forestry – Western Region	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172	11,065
Forestry – Wairarapa	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496	6,529
Flood Protection – Western Region	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346	24,501
Flood Protection – Wairarapa	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141	894
Transport	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582	4,317
Parks & Forests	611	579	565	622	763	861	999	1,127	933	1,296	1,546
Regional Council Centre	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156	4,649
Other Buildings	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935	908
Information Systems	767	980	1,037	875	394	232	0	1,470	1,144	893	1,297
Emergency Management	0	0	150	305	244	181	117	46	0	0	0
Port Related Activities	8,004	5,982	5,593	5,317	5,013	0	0	0	0	0	0
Treasury Use of Reserves (1)	6,524	9,685	10,814	9,676	10,348	9,716	13,964	8,441	9,392	6,334	6,643
Treasury Internal Loans	(13,189)	(31,878)	(30,991)	(38,552)	(38,316)	(42,899)	(47,904)	(49,755)	(50,702)	(54,271)	(52,255)
Other Reserves (1)	(4,840)	(7,092)	(7,190)	(6,903)	(7,931)	(7,839)	(9,006)	(6,400)	(7,187)	(5,323)	(6,082)

Other Net External Public Debt	46,791	30,761	36,019	28,840	29,048	9,842	8,787	6,916	6,681	2,757	4,012
Total Council Net External Public Debt	113,593	103,218	105,868	97,259	98,681	80,585	75,908	95,095	90,585	82,325	78,421

YOUR REGIONAL COUNCILLORS

Thirteen Councillors are elected from six constituencies

Lower Hutt Constituency (3)



Dick Werry

7 Marina Grove
LOWER HUTT
04 566 3465 (private phone)
04 566 3464 (private fax)
04 567 1912 (business phone)
04 567 1936 (business fax)
025 417 647 (mobile)
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Rosemarie Thomas JP

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LOWER HUTT
04 934 8466 (private phone)
04 939 8466 (business phone)
04 939 8467 (business fax)
025 846 627 (mobile)
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Glen Evans

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LOWER HUTT
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04 570 1433 (business phone)
04 570 1434 (business/private fax)
025 458 170 (mobile)
glen@evans.net

Wellington Constituency (5)



Terry McDavitt JP

19 Holloway Road
Aro Valley
WELLINGTON
04 938 7036 (business/private phone)
04 938 7037 (business/private fax)
tmcdavitt@paradise.net.nz



Judith Aitken

37 Putnam Street
Northland
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04 904 8969 (private phone)
04 904 8136 (private fax)
judith.aitken@paradise.net.nz



Hugh Barr

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Karori
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04 934 2244 (private/business phone)
04 934 2244 (private/business fax)
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Chris Laidlaw

51 Moana Road
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04 934 3148 (private fax)
021 260 9496 (mobile)
chrislaidlaw@paradise.net.nz



Irvine Yardley

2 Kamla Way
Khandallah
WELLINGTON
04 479 3393 (private phone/fax)
025 235 6019 (mobile)
yardley@paradise.net.nz

Porirua Constituency (1)



Hon Margaret Shields QSO JP

23 Haunui Road
Pukerua Bay
PORIRUA
04 802 0346 (business phone)
04 384 5023 (business fax)
04 239 9949 (private phone)
04 239 9084 (private fax)
027 231 6102 (mobile)
margaret.shields@gw.govt.nz

YOUR REGIONAL COUNCILLORS

Upper Hutt Constituency (1)



Rex Kirton

191 Wallaceville Road
Whitemans Valley
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UPPER HUTT
04 528 4751 (private phone/fax)
kirton@paradise.net.nz

Wairarapa Constituency (2)



Ian Buchanan

86 Pownall Street
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06 378 7260 (private fax)
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buchanji@xtra.co.nz

Kapiti Constituency (1)



Chris Turver

Settlement Road
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TE HORO
06 364 3640 (private phone)
06 364 3650 (private fax)
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Rick Long

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Regional Council Membership until October 2001

Porirua Constituency (2)

Robert Shaw JP
Hon Margaret Shields QSO JP

Upper Hutt Constituency (1)

Stuart Macaskill CNZM QSO JP

Kapiti Constituency (1)

Chris Turver

Wairarapa Constituency (2)

Ian Buchanan
Rick Long

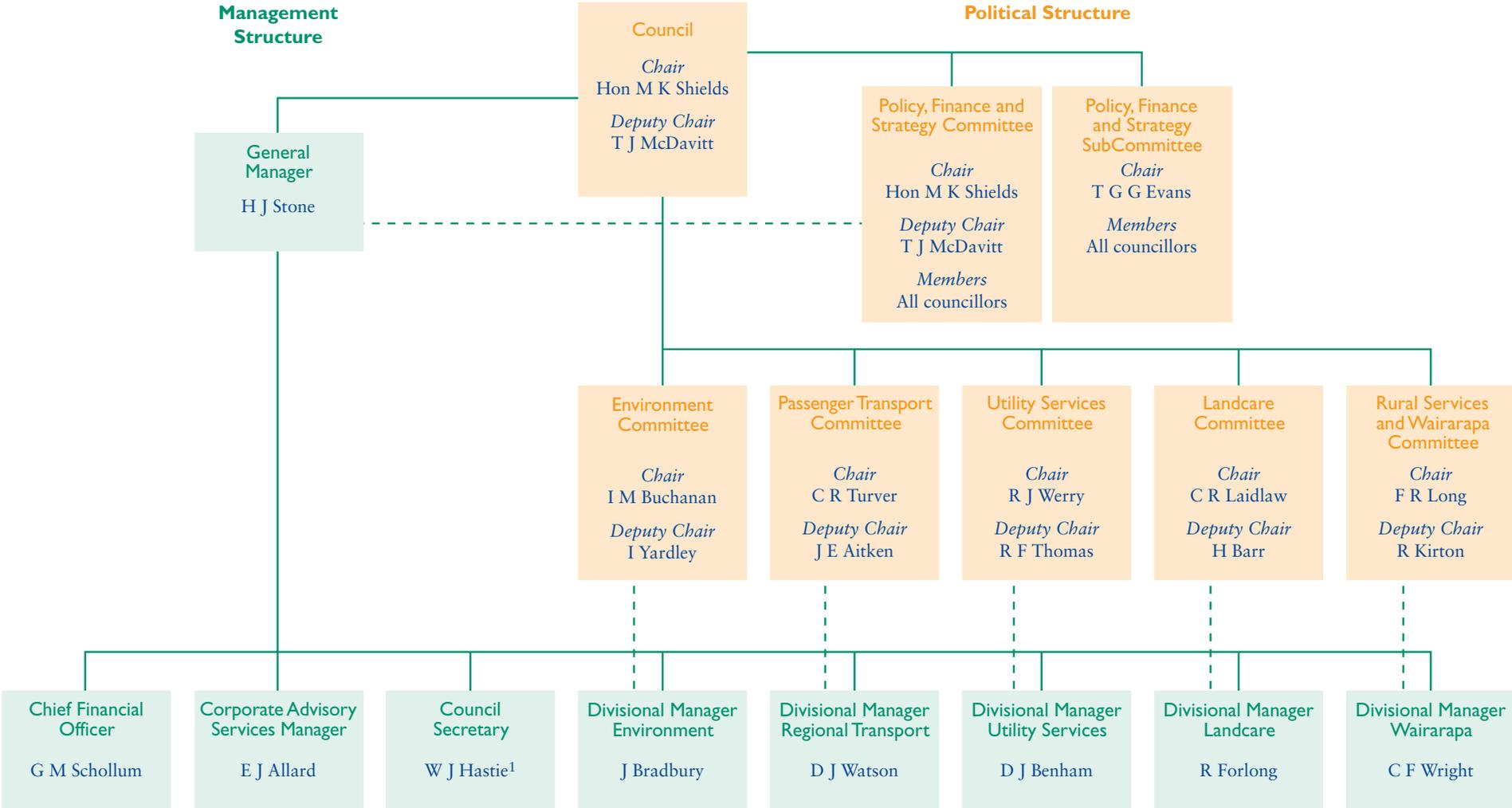
Lower Hutt Constituency (3)

Jim Allen JP
Dick Werry
Rosemarie Thomas JP

Wellington Constituency (5)

Margaret Bonner JP
Chris Laidlaw
Euan McQueen
Mike Gibson JP
Terry McDavitt JP

COUNCIL AND MANAGEMENT STRUCTURE



¹ E P Maguire was the Council Secretary until 30 June 2002.

ADDRESS DETAILS AND DIRECTORY

Wellington

Main Office

Regional Council Centre
142 - 146 Wakefield Street
Wellington
PO Box 11-646
Phone: 04 384 5708
Free phone: 0800 4WN REG or 0800 496 734
Fax: 04 385 6960
Email: info@wrc.govt.nz
Website: www.wrc.govt.nz

Ridewell Inquiry Service

Phone: 04 801 7000
Free phone: 0800 801 700

Wairarapa

34 Chapel Street
Masterton
PO Box 41
Phone: 06 378 2484
Fax: 06 378 2146

Directory

Auditors

Audit New Zealand on behalf of the Auditor-General

Bankers

National Bank of New Zealand

Treasury Advisors

Bancorp New Zealand Limited

Solicitors

Oakley Moran
Simpson Grierson
Chapman Tripp Sheffield Young
Gawith and Co.



THE REGIONAL
COUNCIL
W
TICINO

