



greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Greater Wellington Regional Council

PRE-ELECTION REPORT

2 August 2013

Table of Contents

Message from the Chief Executive	3
Introduction	4
Our Activities	4
Our Financial Strategy	6
Major Projects	10
Financial Summary	13
Summary Balance Sheet	14
Potential Futures for the Wellington Region	15



Message from the Chief Executive

Greater Wellington Regional Council is responsible for a significant number of activities across the region. We provide essential infrastructure for the region, including managing and funding public transport services, building and maintaining flood protection along our major rivers, and providing drinking water for most people in the region. GWRC also provides regional parks, manages the region's natural resources – water, coasts, air, soil and biodiversity, and leads regional planning for transport, economic development, emergency management and climate change.

GWRC believes that it is crucial to continue to invest in our regional infrastructure to improve the standard of our assets and maintain them to an appropriate level. We have developed long-term strategies to guide our investment in regional infrastructure in a way that will deliver enduring outcomes for the Wellington region, and in particular the regional economy, and have committed to continued spending over the next 3 years and beyond to deliver on these strategies.

GWRC proposes to continue significant investment in our public transport and flood protection infrastructure assets, and are looking ahead to future investment in new water storage capacity to provide drinking water to our growing regional population. Some new service improvements are also proposed for public transport, parks, land management and pest control activities.

This report provides a streamlined view of what we do, why we do it, and how this contributes to the economic well-being of the Wellington region. It will provide information for potential candidates to the Regional Council and for the community as it considers prospective candidates.

I hope the information in this Pre-Election Report is useful to you.



A handwritten signature in black ink, appearing to read 'David Benham'. The signature is stylized and written in a cursive-like font.

David Benham

Introduction

The Local Government Act 2002 was amended in 2010 to include a requirement for the Chief Executive to prepare a Pre-Election Report prior to each local government election. This report is to provide information for the community and prospective election candidates to enable a better informed election debate.

The Pre-Election Report provides a set of financial statements that cover the last three years, and the next three years. To assist understanding of the current financial forecasts we have included both figures from the Long Term Plan and updated budget estimates for the next three years. The budget estimates reflect some significant changes to the scope and timing of our major capital works programmes since the Long Term Plan was adopted. We have also provided longer-term information on expenditure, debt and rates.

This report brings together information previously published in our Long Term Plan, Annual Plan, and Annual Reports as well as updated financial figures based on the latest budgeting information. While this is not an audited report, much of the information contained in this report has already been audited. In particular, 2010/11 and 2011/12 financial data have been audited via the respective Annual Reports, and the 2014/15, 2015/16 and 2016/17 financial data via the Long-Term Plan. As such, the financial information included in this report reflects the decisions of GWRC at the time these budgets were adopted.

Also included is a summary of the major projects either underway or proposed to be undertaken by GWRC over the next 3 years. These highlight the ongoing and significant role that GWRC plays in planning and implementing essential regional infrastructure.

For more information on the GWRC and its activities please visit our website at www.gw.govt.nz and refer to the Long Term Plan 2012-2022 or the latest Annual Plan for 2013/14.

Our Activities

If you live in Wellington, Lower Hutt, Upper Hutt, Porirua, Kapiti Coast, Masterton, Carterton or the South Wairarapa, the GWRC provides you with a range of services. Key activities include:

- **Provision and management of regional infrastructure and services:**
 - Planning and funding the Metlink public transport network that includes the region's rail, bus and ferry services
 - Collecting, treating and distributing drinking water to Wellington City, Hutt City, Upper Hutt City and Porirua City
 - Managing flood risk by constructing and maintaining flood protection works and improving flood security through planning and data
 - Managing and maintaining our network of regional parks.
- **Sustainable management of our natural resources (land, air and water)** to provide for their long-term use including for our primary export sector:
 - Regulating the use of the region's natural resources through the Resource Management Act planning and consenting process, compliance monitoring and enforcement, pollution prevention and control, and state of the environment monitoring
 - Managing biodiversity in our key native ecosystems
 - Managing the region's erosion-prone land
 - Managing pest animals and plants and their impact on the environment, economy and community
 - Managing the region's harbours and coastal waters for navigation and safety purposes.
- **Strategic planning for the region** - Leading and coordinating strategic planning for the region on transport, economic development, emergency management and the impacts of climate change. This includes involving tangata whenua and the community in our decision making.
- **Managing natural hazards** – floods, earthquakes, tsunamis and other emergencies.



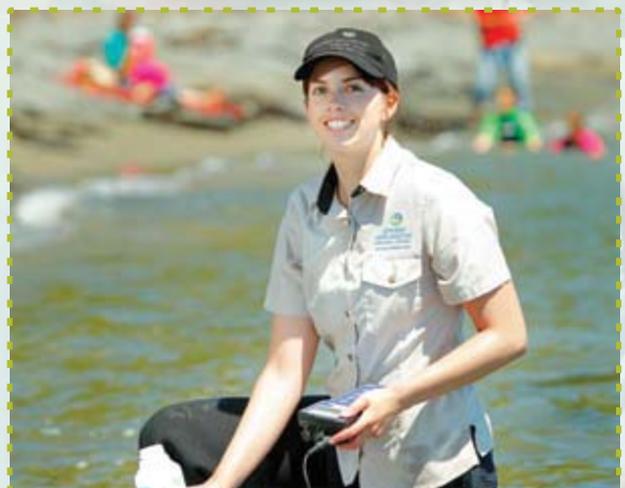
GWRC collects, treats and distributes drinking water to the Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council to provide to residents and other water users.



GWRC manages flood risk from the region's rivers and streams. We develop floodplain management plans, maintain and build flood protection works, and provide advice and flood warnings.



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



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



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



GWRC manages a network of regional parks and forests for the use and enjoyment of the community. The network includes a range of unique natural areas for recreation and conservation. We plan for the future of the network, work with community groups to protect park environments, provide park ranger services, and maintain and develop facilities such as tracks and toilets.

Our Financial Strategy

The goal of our financial strategy is to ensure GWRC delivers good value for ratepayers' money by delivering the right services at the best cost.

Our approach to funding our activities is based on five principles:

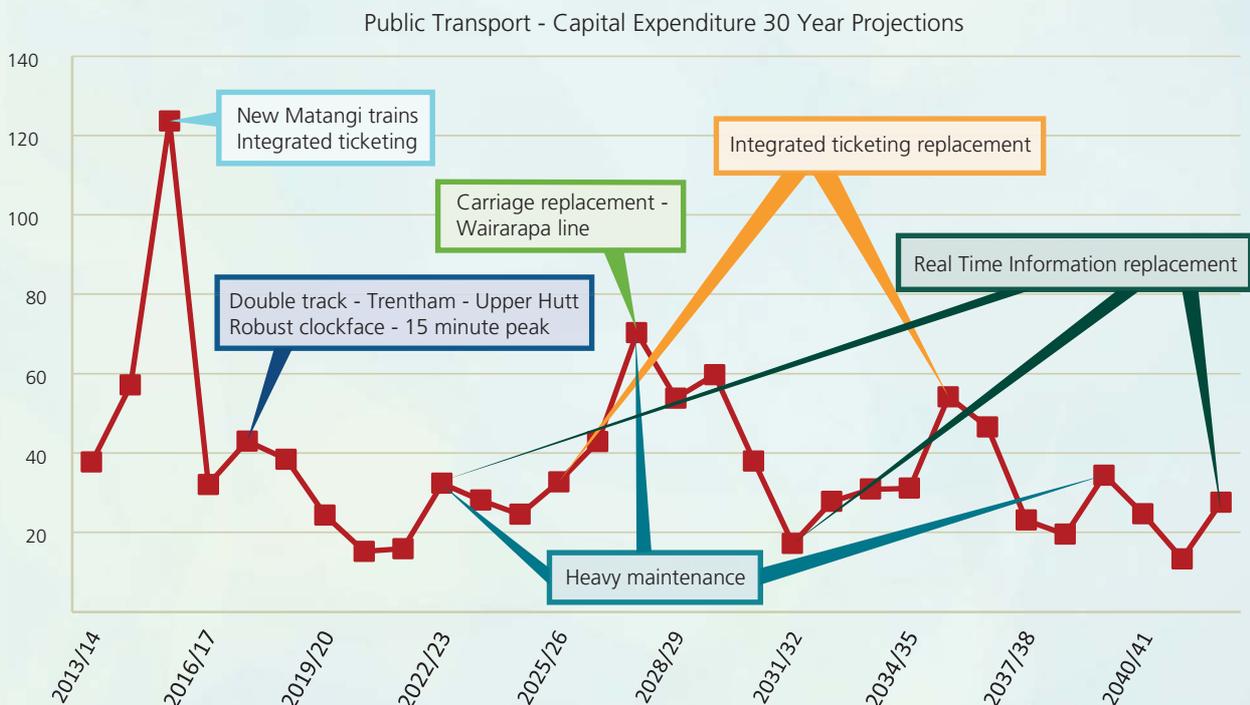
1. Financial prudence (balancing the books)
2. Meeting our statutory requirements
3. Ensuring fairness across generations (intergenerational equity)
4. Fairness and transparency
5. Value for money

A financial strategy does not begin with a clean slate. We have a significant number of statutory requirements with which we must comply, and GWRC has committed to long-term programmes to maintain and upgrade our essential regional infrastructure. GWRC believes that we should continue to invest in our regional infrastructure programmes to improve the standard of our assets and to maintain them to an appropriate level. This will require continued investment over the next 30 years.

Most of this capital investment will be funded through borrowing, which is paid back over a number of years to ensure intergenerational fairness.

In public transport this covers the substantial and ongoing upgrade to the metropolitan rail network, integrated ticketing, and future bus improvements. Over the next three years a full complement of Matangi trains will be acquired. The total cost of this project is \$400 million. In 2026/27 GWRC will consider the replacement of the Wairarapa carriages. Another challenge over the next eight years is that the contribution from the National Land Transport Fund will progressively reduce, resulting in a higher share for regional ratepayers.

Graph 1 – Major transport projects



In the flood protection area of activity, the new stopbanks in the Hutt Valley will continue to be constructed over the short to medium term. These have a total cost of \$42 million over the next nine years. Flood protection works are also programmed for Kapiti (total cost \$9 million) and Wairarapa (total cost \$17 million). Ongoing maintenance of the region's flood defences also has a considerable cost and we need to monitor and prepare for the long term impacts of rising sea levels.

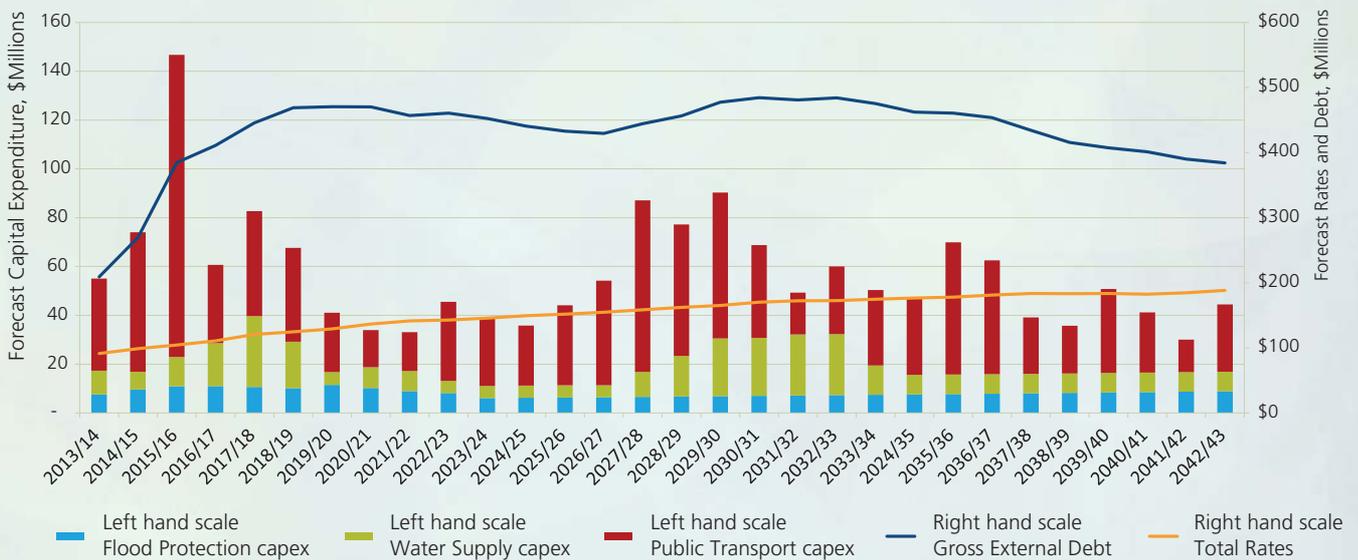
In delivering the bulk water supply, we need to maintain the A1 water supply rating we currently enjoy, while preparing for the region’s growing population. Investment in water saving measures over the last several years, (eg leak fixing, lower water use appliances) has meant the need for a new water source has been pushed back a number of years, however it still remains on the horizon. GWRC is also currently investigating options for new emergency water storage lakes located around the region to provide better earthquake resilience.

Most of the other activities provided by GWRC are able to be managed within the general cost of inflation through careful and active management, which is a key component of our financial strategy.

Graph 2 below shows a 30 year horizon of the capital programme, the likely debt levels and the rates revenue required to service this. It is this programme of capital projects that primarily drives the proposed rates increases.

GWRC regularly reviews activities and, as opportunities arise or circumstances change, the cost and timing of the programmes will be altered to achieve efficiencies. Since the adoption of the Long Term Plan 2012-2022, reviews of the capital programme have identified a number of areas where savings can be achieved and these are reflected in the updated estimates shown in the Financial Summary on page 13.

Graph 2 – 30 Year projection of capital expenditure, gross external debt and rates

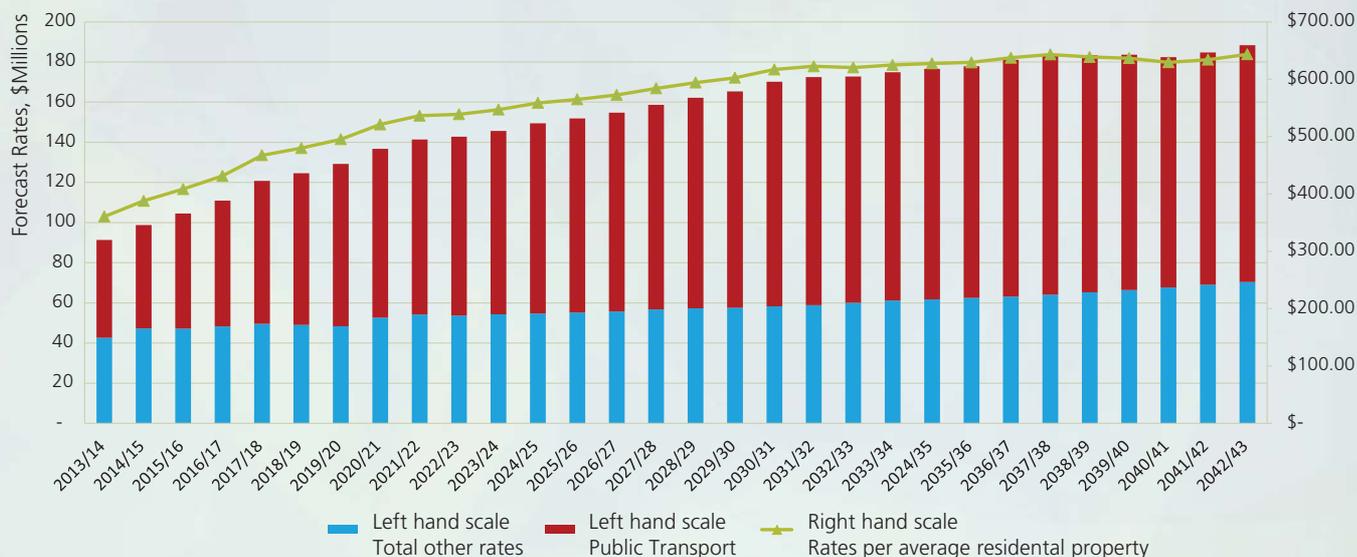


Graph 3 below looks at potential rates over this 30 year horizon. This shows that, allowing for inflation, rates income required may double over the next 30 years. However with growth in the region, increases for individual ratepayers will be less than this.

If spread equally over 30 years the additional rates requirement would equate to an annual increase of around \$10 per year for the average residential ratepayer.

As can be seen by Graphs 2 and 3, the current major investment in public transport requires higher than average increases over the next few years as we start to fully fund this investment.

Graph 3 – Rates



The costs of maintaining all these assets and services are shared across the region. On average regional residential ratepayers are currently paying between \$300 and \$400 per year.

Rates are currently projected to increase by 7.9% in 2014/15. This equates to less than \$30 per year for the average ratepayer, or less than 60 cents per week. We are already reviewing the timing of projects that are driving this increase in 2014/15 which is currently made up as follows:

Public Transport

- A \$1.1 million increase in rates to fund our share of the capital costs of the second stage of new Matangi train procurement (35 trains)
- A projected reduction in transfers from the transport rate reserve of \$0.5 million
- A \$0.5 million increase in rates because of the reduction in the NZ Transport Agency financial assistance rate for rail operations and infrastructure
- Projected inflation and other costs increases of \$0.7 million.

Catchment Management / Food Protection

- Ongoing capital works programme, \$0.3 million
- Expanded predator control programme in western parts of the region \$0.4 million
- Biodiversity programme for Wainui / Orongorongo \$0.3 million
- Projected inflation and other costs increases costs of \$0.8 million.

Environment

- Extensive work required on behalf of the region on the Roads of National significance programme, \$0.25 million
- Investment in the new and innovative Waitua committees that support a collaborative planning approach to ensure community ownership of outcomes, \$0.25 million

Parks

- Ongoing development of the park network, including the Queen Elizabeth Park heritage precinct

Water

New developments and increases in the cost of running the bulk water supply impact the levy we charge each of the four cities for water. This increase will flow into the rates charged by the four cities

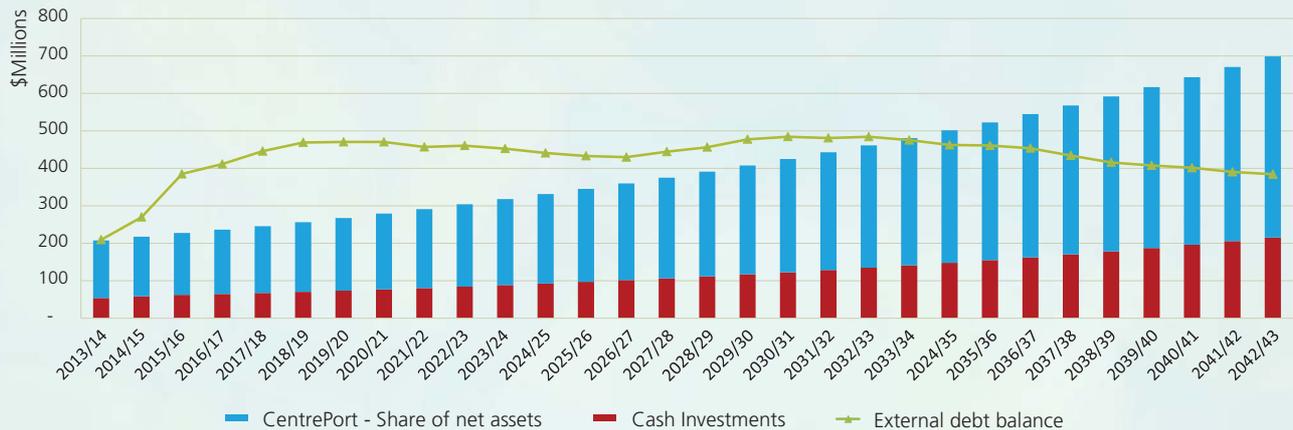
- Development of additional storage sites at Kaitoke and Takapu and investigation of other sites, \$5.4 million capital expenditure
- Ongoing improvements and resilience of the water infrastructure, \$4.4 million capital expenditure
- Projected inflation and other costs increases of \$0.5 million.

Investments and External Debt

GWRC holds a number of cash investments to ensure funds are available in case of emergency and holds significant self-insurance reserves, which help to reduce insurance cost. GWRC is also the majority shareholder of CentrePort which provides an acceptable level of cash return plus an on-going increase in the value of the investment.

Graph 4 shows GWRC's external debt compared to cash investments and the net assets of CentrePort over the same 30 year time frame. Investments lower the over-all impact of the debt.

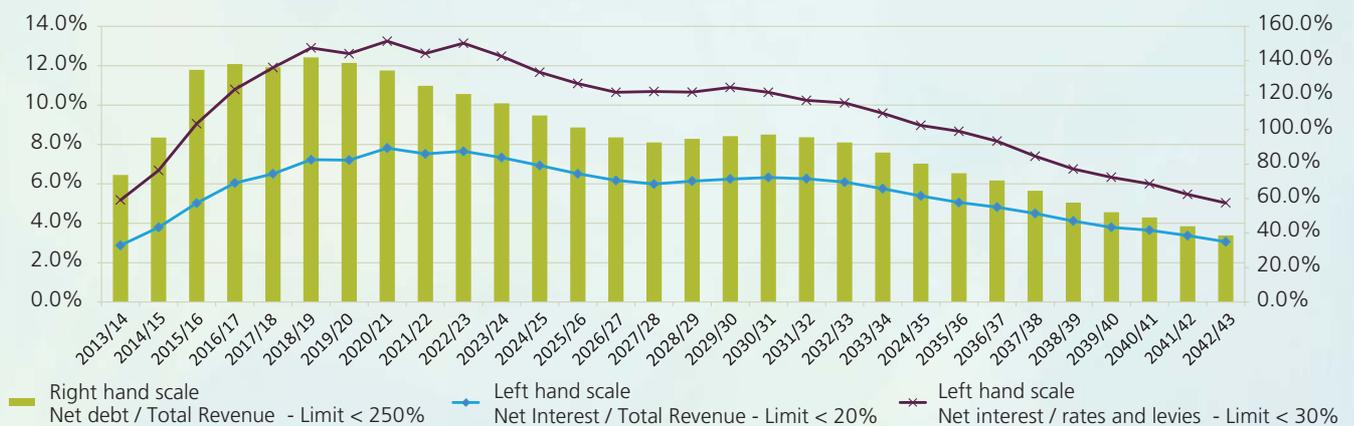
Graph 4 – Investments and debt



Financial Limits

The tables on pages 13 and 14 show funding impact statements and balance sheets for the current period. GWRC has fully complied with the limits of the Financial Strategy contained within the Long Term Plan 2012-2022. Graph 5 below shows the forecast ratios compared to financial limits over the next 30 years. With the forecast level of expenditure GWRC remains comfortably within its prudent financial limits.

Graph 5 – Financial Strategy limits



Financial assumptions

Graphs 1 to 5 and the financial summaries on pages 13 and 14 are based on assumptions we reasonably expect to occur as at 2 August 2013. These assumptions are:

- Our anticipated capital programme and the cost of servicing the debt at 6% per annum
- Long-term inflation of costs and non-rates revenue of 2% per annum
- Long-term investment growth of 4% for CentrePort and our liquid investments

Major Projects

GWRC's focus continues to be on investing in our essential regional infrastructure and building long-term economic growth for the region.

There are a number of challenges we face over the longer term, including building greater resilience for our community from major events and the continual influence of climate change. The importance of this has been highlighted over recent years through the Canterbury earthquakes that significantly affected not only Canterbury but also the overall economy of the nation.

The more gradual effects of climate change are now, through better science, being understood and we will need to ensure that our key infrastructure and communities are future proofed to cope with increased storm events and rising sea levels. These issues are particularly important for our work in flood protection, environmental management, water supply and regional transport.

The desire to be better connected is a transforming global trend that also affects Wellington. Many cities around the world are developing new approaches to essential transport infrastructure, using a range of different policies. This is aimed at moving people and goods more efficiently and effectively and coping with growing populations without the high costs of road congestion.

We are continuing to invest in the region's rail network to bring this up to modern standards as well as planning for the transformation of our other public transport systems, such as the Wellington Public Transport Spine, to provide high quality services to the regional community.

GWRC is also focused on developing the economic viability of the Wellington region and setting a path that ensures it is successful both nationally and internationally. Successful city regions have a strong identity that builds on the unique strengths and characteristics of each place and stimulates innovation, creativity and economic opportunities. They appeal to talented people because they offer a high quality of life, housing choice, effective transport and infrastructure systems, high environmental quality, good connections to other places, and have good leisure and cultural opportunities. GWRC plays an important role in many of these foundational aspects of the regional economy as well as leading the region in the implementation of the Wellington Regional Strategy and the work of Grow Wellington, our regional economic development agency.

As well as investing in projects on the ground, GWRC has established a number of long term plans to guide the development of the region. These include the recently finalised Regional Policy Statement and the draft Natural Resource Plan. Water Supply, Flood Protection and Public Transport are also areas driven by long-term (30 year) strategies to ensure that investment is placed into the right areas to meet demand and achieve our regional outcomes. There has been extensive consultation on each of these long term plans and strong community support for continued investment.

The table below provides costs for the major projects proposed for the next three years (2014/15, 2015/16 & 2016/17), which are focused on improving the standard of our regional assets and delivering enduring outcomes for the Wellington region. It is these major programmes that are driving the proposed increase in rates income. It is important to note that this is a not a full list of all our activities or business as usual tasks – for further information on our projects please refer to the Long Term Plan 2012-2022 or Annual Plan 2013/14.

Major Projects Planned for the Three Financial Years Following the 2013 Election	2014/15	2015/16	2016/17	Total Cost of Project
PUBLIC TRANSPORT				
Matangi trains	\$45.7m	\$97.6m	\$7.1m	\$170.2m
Purchasing 35 new Matangi trains to replace the aging GanzMavag fleet (the fleet will be 35 years old on retirement). This project also includes the retrofit of the existing 48 Matangi trains to provide a flexible, efficient, homogenous fleet				
Integrated Electronic Ticketing	\$2.2m	\$14.8m	\$14.8m	\$39m
Delivering an integrated fares and ticketing system across all Metlink bus, ferry and train services, which will:				
<ul style="list-style-type: none"> enable passengers to use one fare medium (e.g. a smartcard) for a journey, even if they transfer between modes or operators provide standardised but more flexible fare products enable simpler and more effective service design improve operational efficiency and revenue collection on rail provide revenue, patronage and travel data allowing enhanced monitoring and service design 				
FLOOD PROTECTION AND CONTROL WORKS				
Building and maintaining a network of flood protection structures , including stopbanks, river works and detention dams, to mitigate the effect of floods.				
Hutt River flood protection improvement works (including Lower Hutt City Centre Stopbank and Boulcott-Hutt Stopbank)	\$1.0	\$1.8	\$5.7	\$42m ¹
Hutt River flood protection maintenance	\$2.5	\$2.4	\$2.3	\$24m ¹
Kapiti Area flood protection improvement works (including Jim Cooke Park Stopbank)	\$1.3	\$1.3	\$0.9	\$9m ¹
Kapiti Area flood protection maintenance	\$1.1	\$1.2	\$1.1	\$11m ¹
Wairarapa flood protection improvement works	\$3.5	\$3.5	\$0.8	\$17m ¹
Wairarapa flood protection maintenance	\$2.7	\$2.6	\$2.6	\$26m ¹
REGIONAL LEADERSHIP				
Development of a Regional Land Transport Plan	\$0.9m	\$0.7m	\$0.4m	\$6.1m ¹
Development of the long-term regional land transport plan, including the region's submission to Government for funding through the National Land Transport Fund for projects in the 2015-18 programme period.				
Public Transport Spine	\$2m	\$2m	\$0.5m	\$4.95m
Preparation of a business case and scheme assessment to support the Wellington Public Transport Spine Study, as well as working with Wellington City Council and the NZ Transport Agency to further detailed designs for its implementation.				
Wairarapa Water Use Project	TBC ²			\$4.5m ²
The idea is simple – to capture a small portion of the excess winter rainfall that pours off the Tararua Ranges and the surrounding hills mainly in winter, store it, then use it during dry periods in order to:				
<ul style="list-style-type: none"> access to more reliable water supplies increase productivity and economic growth help address water quantity & quality issues 				
PARKS				
Upgrades to Queen Elizabeth Park	\$0.3m	\$0.3m	\$0.3m	\$2m
Creation of family friendly facilities including an interpretation centre and upgrading of the MacKay's Crossing entrance to improve traffic and pedestrian flows.				
East Harbour Park – new bridge at Baring Head			\$0.65m	\$0.65m
Replacement of the ageing vehicle bridge over the Wainuiomata River at Baring Head Orua-Pouanui, to maintain access for park management, recreation and other users.				
Transmission Gully / Mackays to Peka Peka Expressway	\$0.1m	\$0.1m		\$0.2m
Managing the impacts of Transmission Gully Motorway and MacKays to Peka Peka Expressway on Battle Hill, Belmont and Queen Elizabeth regional parks, including acquisition of park land under the Public Works Act, possible reorganisation of farming activities at Belmont Regional Park, and future grazing licences. Planning for a high-specification cycleway/walkway at Queen Elizabeth Park between Paekakariki and Raumati South as part of the roading project.				
NZTA is required to fund these activities so that GWRC is "no worse off" following construction of the roads, and is compensated for the direct effects of the projects, with the exception of staff time.				

Major Projects Planned for the Three Financial Years Following the 2013 Election	2014/15	2015/16	2016/17	Total Cost of Project
ENVIRONMENT				
Expanding Pest Control Programmes Expanding the area controlled for possums and predators to all new areas that are declared Tb free and to more high ecological value areas and public reserves in Wellington, Porirua & Kapiti in order to maintain the economic and biodiversity gains of long-term pest control in the region.	\$1.0	\$1.1	\$1.3	\$11m
Implementing National Policy Statement for Freshwater / Whaitua Committees Establishing Whaitua Committees across the region tasked with looking at whole of catchment solutions for land and water management issues as we develop policy responses to implement the National Policy Statement for Freshwater. Whaitua Committees will have a key role in the freshwater quality and quantity limit-setting process, as well as looking at a range of non-regulatory approaches to managing our land and water resources within catchments.	\$0.25m	\$0.25m		\$0.5m
WATER SUPPLY				
Development of new sources and emergency storage Developing a strategy for the development of a new water source and emergency storage. These include further investigation into additional storage sites at Kaitoke and Takapu. Other possibilities for emergency water supply, such as small emergency storage ponds in Wellington City or a pipeline across Wellington Harbour are also being considered.	\$5.4m	\$1.5m	\$7.6m	\$84.6m
Improvements to water supply infrastructure Essential works to maintain the capacity of the water supply infrastructure and increase its resilience to withstand natural events such as earthquakes. Currently all water supply buildings are being assessed for their seismic performance. Other scheduled work includes the upgrading of pipe joints, and the installation of seismic restraints.	\$2.8m	\$1.8m	\$1.1m	\$7.5m
Replacement of water pipelines infrastructure Preventative replacement of wholesale water pipelines to improve the reliability of bulk water supply system and mitigate risks to water quality and disruption. Includes the replacement of the Wainuiomata and Mana Esplanade cast iron mains with more resilient ductile steel.	\$1.6m	\$4.0m	\$4.0m	\$42.0m

¹ Cost to 2021/22

² Project funding to 2014/15 was \$4.5m. 50% of the cost of this project has been reimbursed by central government.

No funding has yet been allocated beyond 2014/15, however if the project continues to progress, more funds will be required.

Financial Summary

Prospective Funding Impact Statement

For Greater Wellington Regional Council

For the year ending 30 June

	2010/11 Actual \$000s	2011/12 Actual \$000s	2012/13 Draft \$000s	2013/14 Annual Plan \$000s	2014/15 Estimate \$000s	2015/16 Estimate \$000s	2016/17 Estimate \$000s	2014/15 LTP \$000s	2015/16 LTP \$000s	2016/17 LTP \$000s
Sources of operating funding										
General rate	27,875	25,435	27,468	28,476	32,639	32,182	32,450	29,909	29,977	27,743
Targeted rates	54,676	60,171	63,187	65,856	69,136	75,272	81,391	81,142	87,072	96,499
Subsidies and grants for operating purposes	152,154	164,735	67,126	67,022	68,422	73,625	75,617	77,412	89,466	95,237
Fees, charges, and targeted rates for water supply	4,993	5,139	7,601	5,165	3,491	3,549	3,717	3,296	3,441	3,595
Interest and dividends	5,216	5,608	7,606	3,522	4,884	5,432	5,896	5,794	6,337	7,087
Fines, infringement fees, and other receipts ¹	35,752	28,705	37,855	43,487	45,546	47,126	50,265	51,178	53,485	54,309
Total operating funding	280,666	289,793	210,843	213,528	224,118	237,186	249,336	248,731	269,778	284,470
Applications of operating funding										
Payments to staff and suppliers	261,444	277,871	197,374	192,190	194,136	200,102	202,139	268,385	233,939	247,845
Finance costs	5,243	7,233	7,926	8,824	11,479	15,312	18,742	14,512	17,716	18,789
Other operating funding applications	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	266,687	285,104	205,300	201,014	205,615	215,414	220,881	282,897	251,655	266,634
Surplus/(deficit) of operating funding	13,979	4,689	5,543	12,514	18,503	21,772	28,455	(34,166)	18,123	17,836
Sources of capital funding										
Subsidies and grants for capital expenditure	9,225	3,942	2,900	2,152	2,299	7,673	7,631	9,708	9,116	205
Increase / (decrease) in debt	24,639	24,549	27,405	45,809	56,802	111,504	23,752	108,465	15,821	4,136
Gross proceeds from asset sales	309	5,861	886	220	518	566	566	380	716	551
Total sources of capital funding	34,173	34,352	31,191	48,181	59,619	119,743	31,949	118,553	25,653	4,892
Applications of capital funding										
- to meet additional demand	1,104	1,514	1,769	2,250	2,406	5,723	3,363	662	234	265
- to improve the level of service	11,542	15,832	18,493	7,865	19,285	28,229	31,796	26,952	31,532	10,154
- to replace existing assets	4,616	6,331	7,395	18,646	5,829	5,322	12,932	6,954	6,182	6,444
Increase / (decrease) in investments	28,330	6,242	6,198	36,495	55,044	106,235	15,441	51,596	7,768	7,429
Increase / (decrease) in reserves	2,560	9,122	2,879	(4,561)	(4,442)	(3,995)	(3,129)	(1,777)	(1,940)	(1,564)
Total applications of capital funding	48,152	39,041	36,734	60,694	78,122	141,514	60,403	84,387	43,776	22,728
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
This statement is not an income statement or a traditional cash flow statement as it excludes all non cash transactions and has regulated classifications. Its purpose is to assist readers understand how the council is cash funded and how those funds are utilised.										
Depreciation	12,153	12,372	12,744	13,465	14,729	15,783	16,473	16,056	16,593	18,577
¹ Includes Water Supply Levy	23,460	24,164	24,890	25,635	26,919	28,265	29,679	26,919	28,265	29,679

Figures labeled Actual are taken from prior years annual reports recast into the legislated format.

Figures labeled Draft are the preliminary and unaudited year end 30 June 2013 numbers. These numbers are subject to change and may be different once the accounts are finalised and audited.

Figures labeled AP are the 2013/14 Annual Plan numbers adopted by Council on 26th June 2013.

Figures labeled Estimate are GWRC's unaudited updated Long-Term Plan numbers for the years 2014-2017

Figures labeled LTP are the Long Term Plan numbers adopted by Council on the 27th June 2012.

Accounting method

Prospective financial information is based on a number of assumptions that Greater Wellington Regional Council reasonably expected to occur as at 2 August 2013. Actual results are likely to vary from the information presented and these variations may be material.

Prospective Statement of financial position

Greater Wellington Regional Council

as at 30 June

Assets	2010/11 Actual	2011/12 Actual	2012/13 Draft	2013/14 Annual Plan	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2014/15 LTP	2015/16 LTP	2016/17 LTP
Current assets	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Cash and cash equivalents	38,547	47,669	25,646	34,321	36,124	38,096	40,252	49,971	51,972	54,237
Investments (current)	5,578	-	-					-	-	-
Trade and other receivables	34,222	34,513	37,997	45,544	46,025	45,296	43,876	42,293	41,848	40,611
Current assets	78,347	82,182	63,643	79,865	82,149	83,392	84,128	92,264	93,820	94,848
Non-current assets										
Investments (non current)	41,274	50,337	28,816	39,569	42,189	44,097	44,342	41,677	41,904	42,149
Forestry investments	20,135	22,064	21,533	24,151	25,020	27,127	28,116	25,401	26,635	26,521
Investment in subsidiaries	50,725	59,981	68,513	98,575	150,051	253,918	268,617	152,434	159,020	165,083
Property, plant and equipment	644,122	700,646	822,355	777,804	790,079	813,005	881,160	763,217	783,856	818,697
Non-current assets	756,256	833,028	941,217	940,099	1,007,339	1,138,147	1,222,235	982,729	1,011,415	1,052,450
Total assets	834,603	915,210	1,004,860	1,019,964	1,089,488	1,221,539	1,306,363	1,074,993	1,105,235	1,147,298
Equity and liabilities										
Equity attributable to equity holders of the parent										
Retained Earnings	370,999	361,870	349,764	365,002	377,127	396,754	419,661	305,310	317,912	316,771
Reserves	302,320	354,124	463,877	410,689	407,316	404,650	439,865	362,387	361,839	398,691
Total taxpayers Funds.	673,319	715,994	813,641	775,691	784,443	801,404	859,526	667,697	679,751	715,462
Current liabilities										
Debt (current)	66,406	9,441	74,868	26,722	26,721	26,721	26,722	26,721	26,721	26,721
Other current liabilities	48,397	61,846	21,857	31,099	31,099	31,099	31,099	49,922	49,922	49,922
Current liabilities	114,803	71,287	96,725	57,821	57,820	57,820	57,821	76,643	76,643	76,643
Non-current liabilities										
Debt (non current)	45,898	127,929	94,494	186,452	247,225	362,315	389,016	330,653	348,841	355,193
Non current liabilities	46,481	127,929	94,494	186,452	247,225	362,315	389,016	330,653	348,841	355,193
Total liabilities	161,284	199,216	191,219	244,273	305,045	420,135	446,837	407,296	425,484	431,836
Total equity and liabilities	834,603	915,210	1,004,860	1,019,964	1,089,488	1,221,539	1,306,363	1,074,993	1,105,235	1,147,298

Figures labeled Actual are taken from prior years annual reports recast into the legislated format.

Figures labeled Draft are the preliminary and unaudited year end 30 June 2013 numbers. These numbers are subject to change and may be different once the accounts are finalised and audited.

Figures labeled AP are the 2013/14 Annual Plan numbers adopted by Council on 26th June 2013.

Figures labeled Estimate are GWRC's unaudited updated Long-Term Plan numbers for the years 2014-2017

Figures labeled LTP are the Long Term Plan numbers adopted by Council on the 27th June 2012.

Accounting method

Prospective financial information is based on a number of assumptions that Greater Wellington Regional Council reasonably expected to occur as at 2 August 2013. Actual results are likely to vary from the information presented and these variations may be material.

Potential Futures for the Wellington Region

In our Long Term Plan 2012-22, we outlined the context in which the Greater Wellington Regional Council is working and some of the key issues we are facing. These remain issues for the future and include:

- The global economic downturn and its impact on the regional economy
- An increased focus on resilience from changing climatic conditions, natural hazards, emergency situations or economic conditions
- A continued focus on investment in the transport network of the region, including strategic roads, rail and other public transport networks
- Maintaining the quality of our natural environment and managing natural resources such as freshwater.

Since the adoption of the Long Term Plan in June 2012 there has, however, been further change to the context within which we operate. This changing context includes the following:

GWRC is facing a changing legislative framework, with amendments to the Local Government Act and Land Transport Management Act already enacted; changes to Resource Management Act pending, and further changes to the Resource Management Act and Local Government Act proposed:

- The Local Government Act 2002 Amendment Act 2012 (December 2012) narrowed the purpose of local government from a very broad enabling role to a more specific role that focuses on the provision of infrastructure, local public services and regulatory functions. An increased emphasis has also been placed on delivering these roles in the most cost-effective way. As a result the GWRC reviewed core activities and is reviewing investment activities. We have also amended decision-making procedures to ensure that they remain compliant with the Act.
- The Resource Management Reform Bill has been introduced to Parliament and gone through the Select Committee process. The Bill introduces a streamlined process for Auckland's first unitary plan, a six-month time limit for processing consents for medium-sized projects and provisions to require direct referral to the Environment Court for major projects. The Bill also introduces stronger requirements for councils to base their planning decisions on thorough cost-benefit analysis, including how jobs and employment will be affected. A discussion document outlining further reforms was released in February 2013. This proposes a review of sections 6 and 7 of the RMA, which list matters of national importance and other matters which decision-makers must take into account and further changes to encourage more streamlined plan development and consenting processes.

The work programme also incorporates the government's freshwater management reforms, which will promote the use of national objectives frameworks and collaborative planning processes for the management of freshwater resources.

- The Land Transport Management Amendment Bill was enacted in June 2013. It contains significant changes to national and regional transport planning processes, streamlined membership of Regional Transport Committees, changes to decision-making criteria and consultation processes, and the introduction of the Public Transport Operating Model.

There are accelerated discussions on local government structural reform in the Wellington region, with several applications for reform already lodged with the Local Government Commission.

The Wellington Region Local Government Review Panel published its report into local government re-organisation in Wellington region in October 2012. Subsequent to the Panel report, and further public consultation, an application to the Local Government Commission was lodged by GWRC in June 2013. The three Wairarapa councils have also jointly submitted a proposal to the Local Government Commission to create a single unitary council for Wairarapa, without a regional council. Other councils in the region are also promoting alternative models, including a single-tier unitary authority for the western part of the region (excluding Wairarapa) as well as the status quo.

Depending on the Local Government Commission's process, structural change to the Wellington local government arrangements could be in place on or before the date of the local government election in 2016. It is expected that a region-wide poll of electors will be held on the Local Government Commission's final proposal.

Any change to the structure of local government will have far reaching consequences for GWRC that may influence the timing, priority and delivery of our current programmes.

A number of active central government programmes are re-examining the role and function of local government and how it operates. This includes the Better Local Government programme managed by the Department of Internal Affairs and a number of inquiries by the Productivity Commission and Government sponsored panels.

As further legislative or structural changes are enacted, the GWRC will review its activities, systems and processes to ensure compliance with any new or altered requirements.