



Greater Wellington Regional Council  
**PŪRONGO Ā TAU** 2018/19  
ANNUAL REPORT 2018/19



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## Kōrero whakataki a te Heamana

### Chair's foreword

In the context of the solid work produced by Greater Wellington over the year there's little doubt that the most high-profile issue – and for many people the most important – was the launch of the region's new bus network.

We encountered scheduling, capacity and workforce-related issues that undermined service and generated fiercely negative, and largely justified, public feedback. But it should be noted that such an ambitious and difficult plan was never going to proceed without issues.

I strongly believe the way we responded was a mark of the willingness of Greater Wellington to work with the community to “get it right”. There will be more to come as we progressively translate community expectations into services.

It's important, however, to re-state why we did what we did. The network was increasingly becoming unfit for service. Journey travel times were blowing out due to traffic and bus congestion, particularly along the Golden Mile.

Low patronage and duplicated routes were costly and diverted capacity away from routes with high demand.

Significant population growth, particularly in the northern suburbs, needed bus services to manage the flow of private vehicles into Wellington city.

Difficult though the experience was. I am confident that we are on course to do the right thing for Wellington and frankly, with some modification, we would do it again.

At Greater Wellington we've also heard the rising chorus of concern from the community on climate change and we've redoubled our efforts to address the issues it poses. Our focus has been to work with regional partners to build shared understanding of the regional impact of climate change, an essential pre-cursor to far-reaching decisions that will have to be made in the future.

We therefore worked closely with other councils to complete the Wellington Region Natural Hazards Management Strategy, which provides a policy framework through which to address, among other things, climate change hazards such as sea level rise and coastal erosion. To help our communities understand their impact we also produced an online Sea Level Rise Mapping Tool and a major report on coastal communities' vulnerability to climate change.

While slightly out of our reporting period, we also made plain our determination to address climate change through both declaring a climate change emergency and signalling an agenda of initiatives to address it.

Climate change, of course, knows no boundaries. We have worked very closely with other councils through the Wellington Region Climate Change Working Group, a process that I believe will intensify in the year ahead as we begin to understand and respond to climate change challenges.

While the importance of freshwater to our wellbeing is obvious, as a nation we are guilty of taking it for granted to the point of almost wilful neglect. The consequences of the Havelock North contamination have been significant, with the Government's policy now focusing firmly on water quality management, with the underlying premise that we have to do better.

We agree, and after 10 years of development, we released the latest stage of our Proposed Natural Resources Plan, which provides a blueprint for the positive management of our natural resources.

Much of its emphasis is on protecting and enhancing water quality, and its approach is reinforced by a broad range of non-regulatory support from our Land Management service, which actively works with the rural community to help manage erosion, stock access and other factors that undermine water quality. There is little doubt that the future will see tougher standards applied both by our whaitua committees and by the Government to water quality, an approach we as a regional council will support.

I am particularly pleased that we made great progress on two other aspects of positive environmental management. Biosecurity leads to biodiversity, and we made significant strides on both, releasing the new Regional Pest Management Plan 2019-2039, a biosecurity framework which identifies animal and plant pests and sets out long term strategies for their prevention, eradication and management.

We also established the Collaborative Working Group, a partnership between Greater Wellington, mana whenua, the Department of Conservation and a range of representative community leaders. Its purpose is to look closely at how, as a region, we can best support thriving biodiversity through aligned agencies and community leadership. Both of these initiatives lay the groundwork for sustainable biodiversity gains.

When we look back in a decade or so, I believe the past year will be regarded as a watershed for New Zealand, the point at which the nation finally started to face up to the significant environmental challenges that lie ahead. Greater Wellington should be proud of the role it has played.



**Chris Laidlaw**



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# Kōrero whakataki a te Pou Whakahaere

## Chief Executive's foreword

This year felt like the most challenging in the history of the Greater Wellington Regional Council.

Looking back, it was almost like two parallel universes running alongside each other, within one organisation. On the one hand, buses and on the other, everything else.

July's transition to the new bus network, alongside a wide range of changes, did not go smoothly and our customers were directly and significantly impacted. There are many reflections on what we might have done differently to avoid the impacts experienced by our customers. We simply did too much at once.

The systemic drivers of what happened were deeper.

We aimed for cost neutrality, which effectively forced rationalisation of services, with some customers gaining much-needed services and others losing the comfort that duplication in the old network provided.

Despite years of work, we never seemed to truly achieve deep community engagement with the changes and what they would mean for customers until launch.

Finally, we didn't fully appreciate all the social connections between different parts of Wellington city.

There are still areas of poor performance. We know where they are and what needs to be done to fix them.

Our bus network review will look at any necessary adjustments to the network design.

We are working with operators, unions, other regional councils and the Minister of Transport to fully implement rest and meal break legislation changes over the next year.

We have invested in a career campaign with operators to attract, recruit and retain drivers in light of the ongoing nationwide driver shortages.

We are working with Wellington City Council on bus priority measures across the city to ease congestion and to make travel times more consistent.

None of these are quick fixes but we will resolve them over time with our partners.

Looking forward, we have now delivered sweeping positive changes, including many more services, better connections, free transfers, concessions, new buses including electric double-deckers, and one payment card across all operators.

These changes are now paying dividends as we see patronage lift strongly. Annual passenger boardings on buses were 24.7 million passengers in June 2019, growth of over 4 per-cent year on year across the region. In Wellington city, growth was 5.2 per-cent year on year.

This has also been our busiest year yet for our regional rail network with an all-time patronage high of 14.3 million passenger journeys, which is 800,000 more than the previous year.

Outside of public transport, we made some extraordinary breakthroughs across many aspects of our operations, some unthinkable a year ago.

We helped usher in Let's Get Wellington Moving which will help move more people with fewer vehicles, support the growth of the city and region, and make it safer and easier to get around. We established a joint programme with five partners to land agreement on a new site for a new multi-user ferry terminal.

Our ambitious Natural Resources Plan was put to the public. It is designed to protect and enhance our regional environment and is the culmination of a decade of work.

This past year also saw the completion of the implementation programmes for Ruamāhanga Whaitua and Te Awarua-o-Porirua Whaitua, and the introduction of Whaitua te Whanganui-a-Tara, the third of our community-led collaborative processes to improve the health of our land and waterways.

This committee works with stakeholder organisations, mana whenua and local communities to improve the health of the waterways in the Te Whanganui-a-Tara catchment, which extends from Upper Hutt in the north to Wellington city in the south, Wainuiomata in the east and Makara in the west.

We also charted our way towards a zero carbon target and declared a climate emergency amid increasing concerns and calls for immediate action on climate change.

We introduced our new Regional Pest Management Plan 2019-2039, which will keep biodiversity thriving in our region and remove 17 pest plants and 12 pest animals from our region.

With the help of volunteers, school children, and corporate groups, and with the coordination of our park rangers, we planted 52,000 native trees in our regional parks, against our original aim of 35,000.

We've invested enormously in regional park infrastructure over the years with a big focus on improving accessibility and over-all visitor experience. We have seen a steady increase in park visitors and a survey this year revealed 74 per-cent of participants had visited a major regional park or forest in the past 12 months, with 97 per-cent satisfaction levels.

Water is a huge part of our work and managing flood risks from the 2,333km of rivers and 19,365km of streams that flow across our region takes constant monitoring and planning. We were able to continue our joined-up approach to RiverLink with our partners in the Hutt region while central government funding emerges.

Greater Wellington has provided leadership and has acted as a catalyst for progress across a range of intensely complex programmes. With this comes a great deal of scrutiny, and rightly so.

A report by the Office of the Ombudsman praised Greater Wellington's strong culture of openness in proactively releasing, and dealing with requests for, official information. The report specifically cites how our GW Way supports our open culture.

I am proud of the culture of transparency that exists at Greater Wellington, and the dedication of all of our staff, and I am pleased to present this report on what we have achieved over the past year.



**Greg Campbell**

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# He karere nā te Heamana o Ara Tahi

## Message from the Chair of Ara Tahi

Ko tā tātou he kaitiaki, he mana whenua nō te rohe, ko ā tātou tikanga taketake i āta whanakētia ai nō roto i ngā rautau o te āta whakarongo me te ako, koinā te pūtaka o tō tātou mātauranga me ngā tikanga. Ko te kaupapa o te mātauranga i tukuna iho ai e ō tātou tūpuna kia mārama pū ai me whai hua ō tātou hīkoitanga i te taiao hei painga mō ngā reanga ā muri ake.

Nō te tau 1993 i whakaūngia ai he hoapiri te mana whenua o te rohe me te kaunihera kia mahitahi me te Kaunihera, kia kitea ō tātou kawenga ake mā te whakahaere i te rohe, mā te ū ki ngā haepapa kia mārama ngā whakatikanga mō te āpōpō. Ka whakaūngia tā tātou mahitahi e tā tātou Whakahoatanga Manatū, ka whakatōngia hoki ō tātou ake mātauranga e tutuki ai te hua tino pai mō te rohe.

Nō te tau 2018 ki te tau 2019 kua tutuki i tā tātou mahi hei hoapiri ki te Kaunihera ko ngā āhuatanga e whai ake nei:

- i taunakitia ngā mahere mahi hirahira a te kaunihera e ngā mōhiotanga o ngā mātanga mātauranga Māori
- i whai pūtea tautoko ngā kaupapa ā-iwi
- i arotakengia, i whakatikangia hoki te wāhi ki tā tātou hui hoapiri me Ara Tahi
- te whakamahere i te whakaūnga o ngā mahi ā-whaitua me te whakatutuki hoki i ngā mahi
- kia mahi hei hoapiri i ngā wehewehenga katoa, arā – a Ara Tahi, a Te Upoko Taiao, ka whakaū hoki i te tikanga kia tapaina ngā whakakanohitanga Māori ki ngā kōmiti motuhake a te Kaunihera
- mā te kaupapa here, te rautaki me ngā hōtaka mahi a te Kaunihera e whakatō ai, e whakaweawe ai hoki i tō tātou ahurea tuku iho, ō tātou mātāpono anō hoki
- e whakaū rawa ai ngā mātāpono me ngā whāinga o ngā tāngata whenua ki ngā hōtaka mahi katoa a te Kaunihera, me mahitahi tonu ki te taha o te Kaunihera
- te ārahi i te whakatūnga mai o te rautaki ā-rohe mō te ōhanga Māori

Ka mihi e tātou te hiahia pono o te Kaunihera kia whakapai ake i ngā wā katoa ngā ara mō te mana whenua ki te whānuitanga o ngā wāhi e whakatinanatia ai ngā mahi, ā tautokona tonutia ana e Ara Tahi, tā te kāhui hoapiri hui mō ngā mana whenua me te kaunihera. Hei ngā tau e heke mai

nei, ka poipoia ngā ara mō te ōhanga Māori i tō tātou takiwā me te whakatō haere i te mātauranga Māori. Ka kimi hoki tātou i ngā ara ki te whakatairangatia ki te motu tā tātou mahi hei hoapiri ki te Kaunihera.

Kia hokia ngā maharatanga nō ngā tau 25 o te noho hei hoapiri, he nui tonu ngā tutukinga o te Kaunihera me ngā mana whenua e ono. E aro pū ana tātou ki te wāheke, nā reira me arotake te whakaritenga mō te hoapiri e mōhio ai ka ea rānei i taua whakaritenga ō tātou wawata katoa mō ngā tau 25 e heke mai ana. Nō te Akuhata 2018, i whakaaetia ai e Ara Tahi me ngā Kaikaunihera kua ea i te hanga o Ara Tahi te take i whakatūria ai ia, ā e tika ana te wā kia whakatikahia te hononga mō te wāheke. Nō muri mai, ka hua mai ētahi kōwhiringa i ētahi papamahi i waenganui i Ara Tahi me ngā Kaikaunihera. Kua waihangā mai tētahi taurira hukihuki hou e whakakotahi ana i ngā āhuatanga pai o ngā kōwhiringa i whakapaetia rā he pai ake, hei whakaarotanga mā te kaunihera hou. Ki tā Ara Tahi ka whakapakarīhia ngā kawenga ā-kāhui me ngā haepapa o Ara Tahi e te taurira hukihuki hou, nā te tāpaetanga kia huri hei kōmiti kaunihera kē ki roto o Te Pane Matua Taiao. Mā reira e kaha ake ai tō Ara Tahi whai wāhi ki ngā whakataunga mō ngā rautaki ā-rohe. E hikaka ana a Ara Tahi ki te kōrero tahi ki te Kaunihera hou mō tēnei take.

### **Me huri whakamuri, ka titiro whakamua**

#### **Utilising our past to inform our future**

Mahinarangi Hakaraia

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# He karere nā te Heamana o Ara Tahi

## Message from the Chair of Ara Tahi

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

Since 1993, mana whenua of the region and council have committed to a partnership with the Council that recognises our dual roles in the management of the region along with our responsibility to plan wisely for the future. Our Memorandum of Partnership commits us to working together and to embed our respective knowledge bases to achieve the best outcome for the region.

Over 2018/2019, our partnership with the Council has achieved the following:

- Mātauranga Māori experts providing technical expertise into key work programmes of council
- Funding of iwi projects
- Review and repositioning of our partnership forum Ara Tahi
- Whaitua implementation planning and delivery
- Working in partnership at all levels – Ara Tahi, Te Upoko Taiao and ensured Māori representatives are appointed to standing committees of Council
- Influencing and embedding our cultural heritage and values through policy, strategy, and Council's programmes of work
- Continuing to work alongside council to ensure that tāngata whenua values and aspirations are embedded across all of the Council's work programmes
- Leading the establishment of a regional strategy for the Māori economy

We recognise the genuine desire of Council to continuously improve opportunities for mana whenua across all areas of its operations and will continue to support this through Ara Tahi, our collective partnership forum of mana whenua and council. In the coming years, we will be working to foster Māori economic opportunities within our district, and to continuously embed matāuranga Māori.

We will also look for opportunities to nationally showcase our partnership with the Council.

Looking back over the past 25 years of partnership, much has been achieved between the Council and the six mana whenua. We are focused on the future and that means reviewing the partnership to ensure that it meets our collective needs for the next 25 years.

In August 2018, Ara Tahi and Councillors agreed that for Ara Tahi its existing arrangements had served their purpose and it was time to re-position the relationship for the future. Subsequently, following a series of Ara Tahi and Councillors' workshops, a number of options emerged. A new draft model has been created which incorporates the best aspects from the preferred approaches for consideration by the incoming council. Ara Tahi considers the new draft model strengthens the collective roles and responsibilities of Ara Tahi in proposing they transition to a new council committee inside Greater Wellington. This enables Ara Tahi to have more direct influence on regional strategic decision making. Ara Tahi looks forward to discussing this with the incoming Council.

### **Me huri whakamuri, ka titiro whakamua**

#### **Utilising our past to inform our future**

Mahinarangi Hakaraia

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# Ko te Wāhi ki a Mātou

Our place in your world

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**95%** visitor satisfaction with their **park experience**

**1.84** million visits to a regional park

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**320,000** cubic metres of gravel extracted from regional river systems

**13,400 willow poles** were planted to strengthen river buffers and **12,400 native plants**

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Bus boardings were **24.7 million** passengers, a **4%** increase across the region

Over **50,000** trees planted across the parks network

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Patronage across the **Metlink network** increased by over **4%**

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**Rail** passenger journeys **800,000** more than the previous year

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**125** schools representing **33,762** students participated in the active travel initiative **Movin'March**

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The **Miramar Predator Eradication Project** was assessed as **“gold” standard** at the annual meeting of Predator Free 2050

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**Pedal Ready**, the first provider in the country delivering the BikeReady programme, helped **6,800 children and adults** to become safer cyclists

# Ko ngā Hua mō te Hapori

## Community outcomes

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

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

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

## Partnering with mana whenua

There are six iwi who are mana whenua in our region and who have kaitiaki roles and responsibilities over the land, waterways, animals and birds in their respective rohe.

Greater Wellington has established and maintains relationships with the six mana whenua, who are:

- Ngāti Kahungunu ki Wairarapa (represented by Ngāti Kahungunu ki Wairarapa Charitable Trust)
- Taranaki Whānui ki Te Upoko o Te Ika (represented by the Port Nicholson Block Settlement Trust)
- Ngāti Toa Rangatira (represented by Te Rūnanga o Toa Rangatira Inc)
- Te Ātiawa ki Whakarongotai (represented by Ātiawa ki Whakarongotai Charitable Trust)
- Ngāti Raukawa ki te Tonga (represented by Ngā Hapū ō Ōtaki)
- Rangitāne o Wairarapa (represented by Rangitāne o Wairarapa Inc)

He āta titiro ki ētahi o ā  
mātou mahi

Putting a spotlight on  
some of the things we do



Owhiro bay, Photo by Shanon Stevens

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## Preparing For Climate Resilience

*Our changing climate is the biggest environmental challenge we are facing – and it affects everyone.*

Climate change is already affecting ecosystems and communities around the world. Globally these changes include increasingly frequent and severe storms, floods and droughts; melting polar ice sheets; sea level rise, coastal inundation and erosion; and impacts on biodiversity including species loss.

We all have an important role to play in planning and preparing for climate change because impacts will be felt across city, district and regional boundaries. From the increased frequency and intensity of droughts in the Wairarapa, and more frequent coastal flooding and storm damage due to sea level rise in many places like Kāpiti, Porirua and Wellington city, to increased intensity

of rain storms and flooding in Hutt Valley, the impacts will be different across the region. Therefore, it's critical for local government organisations and our communities to work together to strengthen and build on all our efforts.

During the past year we worked closely with all councils in the region to complete the Wellington Region Natural Hazards Management Strategy. The purpose of the strategy is to help create a region resilient to the impacts from natural hazards. It provides a framework and consistent policy response that will support us to resolve difficult hazard issues such as sea level rise, coastal erosion, landslide and liquefaction.

## Mapping sea level rise

Our identity is tied to the coast. Along our region's 500km of coastline, a considerable amount of building and development has occurred within a few metres above sea level. This makes us vulnerable to one of the biggest impacts resulting from climate change – sea level rise.

To help our communities understand how rising seas might affect places important to them, we developed an interactive Sea Level Rise Mapping Tool.

This online tool is a dynamic map of areas in the region that might be affected by sea level rise and storm surges. It provides long-term insights into environmental changes so that individuals, business owners, communities and councils can make decisions when planning for the future.

Check out the Sea Level Rise Mapping Tool at <https://mapping1.gw.govt.nz/GW/SLR/>

*“It is certain that the sea is rising and will continue to do so for centuries to come. But much is uncertain – how rapidly it will rise, how different coastal areas will be affected, and how we should prepare.”*

– The Parliamentary Commissioner for the Environment, 2015

## Our vulnerable communities

To identify our most vulnerable communities, we conducted a regional coastal vulnerability assessment. Released in August 2019, the report is called Preparing Coastal Communities for Climate Change: Assessing coastal vulnerability to climate change, sea level rise and natural hazards.<sup>1</sup> This report tells us the location of our most environmentally, socially and culturally vulnerable places likely to be affected by climate change. It doesn't only look at our buildings and roads; it also considers the impacts on other things we value, such as our natural environment, culturally significant sites and our more vulnerable people. This will help us prioritise where we start the challenging and unsettling conversations with our region's communities about how we're going to address these impacts together.

## Cleaning up our emissions

Over the past year we have continued to play our part in curbing our carbon emissions. We've continued to expand our electric vehicle fleet and we collaborated with other local government agencies and electricity network providers to develop the Wellington Region Electric Vehicle Support Strategy. This strategy has a long-term vision to limit global warming by using renewable energy to replace fossil fuels in road transport. We've also built a regional carbon calculator,<sup>2</sup> which is an interactive tool to help us visualise how our actions affect our greenhouse gas emissions and understand what changes are needed to transition to a low carbon region.

Reducing our carbon footprint is another important action we are taking. We have signed up with the CEMARS<sup>3</sup> emissions management and reduction scheme so you know that we're following best practice to clean up our emissions. We look forward to our first verified report next year. We've also joined many cities and regions around the world by enrolling with the international Carbon Disclosure Project.<sup>4</sup> This is a voluntary reporting system to help us identify our exposure to climate-related risks. This will allow us to be targeted and transparent in the ways we can reduce these risks.

We will continue to work hard with our staff, partners, stakeholders, communities and the other councils to reduce emissions and increase our collective resilience to climate change.

<sup>1</sup> [www.gw.govt.nz/assets/Uploads/Wellington-Regional-Coastal-Vulnerability-Assessment-June-2019Final.pdf](http://www.gw.govt.nz/assets/Uploads/Wellington-Regional-Coastal-Vulnerability-Assessment-June-2019Final.pdf)

<sup>2</sup> [gwrc.2050calculator.nz/](http://gwrc.2050calculator.nz/)

<sup>3</sup> Certified Emissions Measurement and Reduction Scheme

<sup>4</sup> [www.cdp.net](http://www.cdp.net)



Wairarapa Moana Wetland, Photo by Pete Monk

## Wairarapa Moana Wetland

### Restoring our treasured wetlands

*It takes a village to restore a wetland – collaboration is the key to bring back Wairarapa Moana.*

According to Māori mythology, Māui caught a great fish from the ocean, which became Te Upoko o te Ika a Māui, the “Head of the Fish of Māui”, or the Wellington Region. Wellington Harbour and Lake Wairarapa are referred to as Ngā Whatu o te Ika a Māui, the “Eyes of the Fish”. Lake Wairarapa, which is the largest lake in our region, with Lake Ōnoke and the surrounding wetlands make up the area known as Wairarapa Moana.

Wairarapa Moana is the largest wetland in the lower North Island and is of huge cultural and ecological importance. In the past, Māori valued it for its massive supply of tuna (native freshwater eels) and other mahinga kai (traditional food gathering) species. The variety of habitats means that Wairarapa Moana is home to a diverse range of flora and fauna, including many threatened species such as the giant kōkopu and the matuku, also known as the Australasian bittern.

## Wairarapa Moana Wetlands Project

A number of organisations are invested in this special place. By working together, we can achieve much more than working independently. We collaborate with other partner organisations on the **Wairarapa Moana Wetlands Project**. They are:

- Kahungunu ki Wairarapa
- Rangitāne o Wairarapa
- Papawai Marae
- Kohunui Marae
- South Wairarapa District Council
- Department of Conservation

The Project began in 2008 as a way for all of the partners to pool our resources and expertise. The Project works with the local community to enhance the ecological, recreational and cultural values in the area.

As part of our contribution to the Wairarapa Moana Wetlands Project we provide funding for community groups around Wairarapa Moana who are working hard to restore the area.

**South Wairarapa Biodiversity Group** coordinates a restoration project at Ōkorewa Lagoon, near Lake Ferry. This year, 50 volunteers planted about 1,600 native grasses and rushes around the lagoon. The work that South Wairarapa Biodiversity Group and other community groups do is vital to increase the habitat available for our native species.

People of all ages are involved in projects at Wairarapa Moana. We fund **Mountains to Sea Wellington** to deliver freshwater education programmes to schools in the area. During last year we delivered programmes to 70 students from three classes. As part of this programme, students from St Teresa's School in Featherston have adopted a stretch of Donald's Creek to look after. They've carried out scientific monitoring, presented to Councillors, and prepared their plans for the area.

## The Mysteries Of The Moana

In February 2019 we held the Mysteries of the Moana event on the shores of Lake Wairarapa. Around 200 people congregated at Lake Domain to learn more about the significance of the area. Nine organisations set up stalls with interactive displays, and attendees followed a mystery trail of clues to learn about the fish, birds, plants and history of Wairarapa Moana.

Monitoring the health of the wetland is an essential part of restoring it. At Mysteries of the Moana, the fifth annual kākahi (freshwater mussels) count was held and 30 volunteers took part. The kākahi count is a citizen science programme that monitors our freshwater mussels.

Kākahi are filter-feeders and help improve water quality in wetlands by removing sediment and algae from the water. However, the species is in decline across the country and we're concerned that the population in Lake Wairarapa might be growing old, and young kākahi aren't coming through to replace them. Monitoring the status and health of the kākahi population helps us understand the health of the wider ecosystem and can measure the progress of our restoration activities. The kākahi count programme has been so successful that it's inspired other community groups around New Zealand to start monitoring their local kākahi populations.

## Healthy Wetlands, Healthy Region

Our work at Wairarapa Moana is part of a wider set of programmes that aim to support indigenous biodiversity to flourish in the region. Not only do healthy ecosystems provide homes for our native plants and animals, they can also support our region's resilience to climate change. For example, a healthy wetland acts like a sponge. During a flood, the wetland can absorb and slow down floodwaters and during a drought it stores water. Wetlands' ability to store and hold water will become increasingly important, as the frequency and intensity of rainfall and drought events are predicted to increase.

The mahi (work) to restore the health and vitality of Wairarapa Moana means more opportunities for people to connect with nature. Restoration work means people get to spend time in and around the water, seeing and enjoying our unique and very special native plants and animals. The work we're all doing brings people together to ensure current and future generations can enjoy all that the Moana has to offer.



South Coast, Photo by Ian Robertson

## Returning Our Nature To Life – A Predator-Free Future

*Every night while you sleep, an estimated 68,000 native birds are killed by introduced predators.*

Imagine waking up every morning to choirs of kererū congregating on kōwhai trees and fantails dancing with the ferns in your backyard. To achieve a capital city with flourishing native wildlife, we need fewer possums, rats, stoats and weasels, and more tui, kākā, kākārīki and geckos – and we can't do this alone.

Predator Free Wellington is a decade-long project that aims to make Wellington city free of rats, possums, stoats and weasels.

It also connects a network of households, community groups and organisations from across Wellington city, with the aim of making our capital city the first predator-free capital in the world. Along with Wellington City Council, NEXT Foundation, and Predator Free 2050 Ltd, we've been lending our technical expertise and experience ever since Predator Free Wellington began.

## It's A Team Effort

The project closely aligns to one of our four principles for biodiversity in the region – *Working with others*. As set out in the Regional Pest Management Plan 2019-2039, working with people inside and outside of the Greater Wellington Regional Council is important to make our dream of a predator-free region a reality.

Stage one is one of the biggest urban eradication operations in the country. It is focused on removing every last rat, stoat and weasel from Miramar Peninsula. Miramar Peninsula was chosen as the first area to carry out the eradication operation because its geography makes it easier to defend and the community has already made a huge dent in predator populations. Plus, the Peninsula is already possum-free thanks to a joint eradication effort we did with Wellington City Council in 2006.

Predator Free Miramar Peninsula is a volunteer community group who have been carrying out backyard trapping on the Peninsula over the past few years.

In the past year alone, they have trapped 2,949 rats, 10 stoats, 174 hedgehogs and 2,937 mice!

## Know Your Enemy

It's important to understand what's going on in a place before we do work there. Monitoring is like a mini-census – it gives us a rough idea of the population levels of the target species, such as rats. Our Environmental Science and Biosecurity teams carry out region-wide monitoring every year as part of what we do at Greater Wellington, and monitoring has been happening on Miramar Peninsula for some time. Knowing this information helped us gauge the success of the trapping work the volunteers have already done.

In March this year our Environmental Science team designed and led a monitoring effort to understand pest numbers on the Peninsula before stage one began.

This involved laying out chew cards at 259 points across the Peninsula to survey rat populations. The chew marks on each card were analysed to estimate rat populations.

And the news was good – the results of the monitoring showed that backyard trapping on the Peninsula has clearly made a difference. The number of rats in urban areas reduced by 78 per-cent compared to monitoring carried out in 2018 in the same areas. The survey also helped us identify the best locations on the Peninsula for trapping rats. Almost half (45 per-cent) of the rats were found in the coastal zone, the most in any zone.

This shows the importance of the whole network in eradicating pests and preventing them from hiding out in fringe areas. A study of rats in pipes was also completed. Rats could have been using the pipe system like a subway to move around Miramar, however; no rats were detected in the pipe systems.

This year was also the second year of systematic bird monitoring across the Peninsula. The results are impressive, and have involved a whole other host of activities, including:

- Identifying and mapping all rat food sources
- Reviewing detailed waste/rubbish movements and collection information
- Conducting a biosecurity investigation which analysed pathways and mitigation options-
- Building a biosecurity plan into the eradication operational plan
- Identifying all groups and community interests on the Peninsula.

## Miramar 2019

From January to June this year, the community liaison team went door-knocking on households, schools, community centres and businesses around Miramar Peninsula. They spoke with people about how they could be involved in the eradication operation and also sought homeowners' permission to host traps and bait stations on their properties (for free, of course!). The response from the community was very positive. Almost 3,000 households and businesses will host a bait station or trap on their property and local peanut butter makers Fix & Fogg have donated over 200kg of peanut butter to use as a lure.

By the time this Annual Report is published, stage one will be well underway. Our team will use a wide variety of methods, including toxins, in order to rid the Peninsula of rats, stoats and weasels in one go. From July we will be placing approximately 6,000 bait stations on a 50m x 50m grid and traps on a 100m x 100m grid across the entire Peninsula. This is within the home range of every rat, and means they have a really high chance of coming across one of these devices.

South Coast, Photo by Ian Robertson

Our team will check this massive network of traps and bait stations weekly.

This method is similar to the method used when possums were eradicated in 2006. We are using brodifacoum as our preferred bait, which will be carefully placed in locked bait stations and if pets ingest it there is an easy antidote available. The larger the operation at this stage, the lower the chance of our having to return and use more toxins or traps on an ongoing basis. The overall goal is to be officially predator-free by December this year but monitoring will continue into next year to ensure every last rat, stoat and weasel has been caught.

It has taken three years, many planning documents, numerous site visits, and a great deal of hard work to get to this stage. We are very proud to be involved with and support what will be a real achievement for the Miramar community and for our native wildlife.



**He tiro whānui i ngā  
mahi i tutuki i a mātou**  
Overview of  
our performance

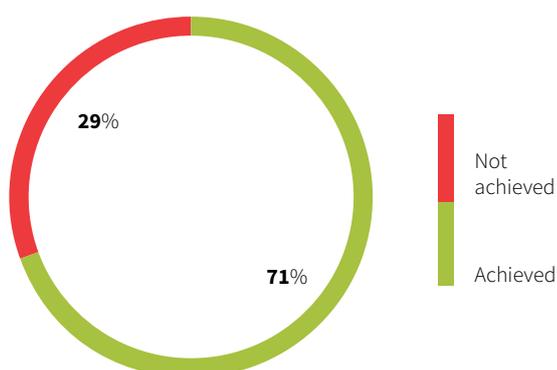
# He tiro whānui i ngā mahi i tutuki i a mātou

## Overview of our performance

### Reaching our non-financial performance targets

Greater Wellington has reported on a total of 65 annual performance targets across the range of activities delivered.

As shown in the below graph, Greater Wellington achieved a total of 71 percent (46) of these performance targets during the 2018/19 year.



This year we achieved the vast majority of our performance targets, reflecting the depth and breadth of the work Greater Wellington carried out over the past year:

- Water supply achieved all five targets for customer satisfaction and critically, the two targets for the safety of drinking water.
- Regional parks and forests achieved all six targets including planting 52,000 trees to help restore significant degraded environments, exceeding their target of planting 35,000 trees. The number of visits to a regional park reached 1.84 million, also exceeding the target of 1.7 million. In addition, we achieved 15,623 on-park volunteer hours, over 600 hours more than the target
- Land management achieved all four targets including increasing the area of erosion-prone hill country planted, and Akura nursery achieved the target to provide high quality goods and services to landowners.

- Pest management achieved all three targets including delivery in accordance with the Key Native Ecosystems plans and the Regional Pest Management Plan.
- In our regional community, 23.4 percent of households have sufficient emergency food and water to last at least seven days; this exceeded the target of 11 percent.
- Regional transport planning and programmes achieved the target to increase the number of adults participating in sustainable transport initiatives and promotions from 2,919 to 4,403 participants

Further information on the non-financial performance targets can be found from page 25 of this report Annual Report.

The targets – “not achieved” during 2018/19 were largely associated with the public transport activity and many related to the introduction of a new Wellington city bus network in July 2018. In public transport we delivered below target against the measures relating to:

- Rail and bus users satisfaction with their trip
- Annual public transport boardings per capita
- Reliability of scheduled bus and rail services delivered as a measure of reliability
- Punctuality of scheduled bus and rail services<sup>5</sup>
- User satisfaction with Metlink information about delays and disruptions
- Average condition of all bus shelters maintained by Metlink
- User satisfaction with the subsidised taxi service to customers who are unable to use buses or trains

Further information on Metlink Public Transport performance can be found on page 54.

<sup>5</sup> Results for bus punctuality have been provided using four calculations against what was originally one measure, to provide complete transparency of performance. 3 of the 4 calculations were below the original measure target.

Seven other targets were “not achieved” across our other activities, and are outlined below.

- Harbour Management navigation aids operations and Beacon Hill Communications Station operations were both slightly below the 100 percent target.
- Biodiversity management actions to improve the habitat of native plants and animals were not completely achieved at three sites.
- Rates of compliance against resource consents for high-risk activities were lower than target, but an improvement on previous performance.
- The Lower Wairarapa Valley Development Scheme work programme is slightly behind completion target.
- The number of published Community Response Plans (CRPs) is slightly below target.
- The water supply target for addressing demand except in a drought with a severity of greater than or equal to 1 in 50 years is at risk and a resolution is under investigation.

## Financial overview of our performance

This overview provides a summary of the major aspects of our financial management and results for the 2018/19 year.

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

Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.

Greater Wellington’s overall operating deficit, excluding capital grants, was held to \$2.5 million more than budgeted. This represents just 0.6 percent of Greater Wellington’s total overall operating costs. While there were a number of operational issues within public transport, the operating result was only slightly below the budget. In other activities there have been a number of contributing factors, many of which have had an offsetting effect.

The two with the largest impacts relate to:

- Costs associated with the RiverLink project, which were incurred through the purchase of land and the planned demolition and removal of unused buildings to make way for the Hutt River project
- Investments in our core Information, Communication and Technology (ICT) systems including a review of the core financial and asset management systems

The reported year-end operating deficit before other items and tax of \$3 million (including capital grants) was \$15.5m unfavourable to budget. The primary driver of this was lower transport improvement grants and subsidies of \$13 million, reflecting lower than budgeted capital expenditure in the year due to the focus on and allocation of resources to operational issues.

An ambitious programme of activity for many projects that were dependent on third parties also made for challenging completion deadlines.

Overall investments across the business totalled \$82 million, including funding toward Metlink’s rail network.

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**\$388.6 million**  
revenue from rates,  
grants and other sources

---

**\$391.6 million**  
cost of running  
Greater Wellington region

---

**\$28.7 million**  
net deficit after  
tax for 2018/19

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**\$5.24**  
cost of delivering all  
Greater Wellington  
services per rating unit  
per day

---

**\$1.7 billion**  
of total assets managed  
by Greater Wellington

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**\$467.5 million**  
borrowing position at  
the end of 2018/19

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**\$ 81.9 million**  
capital spend for  
2018/19

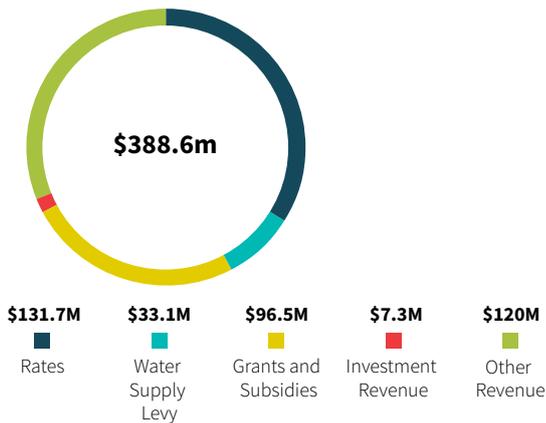
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**AA credit rating**  
with Standard &  
Poor's indicating good  
financial health

# Financial summary

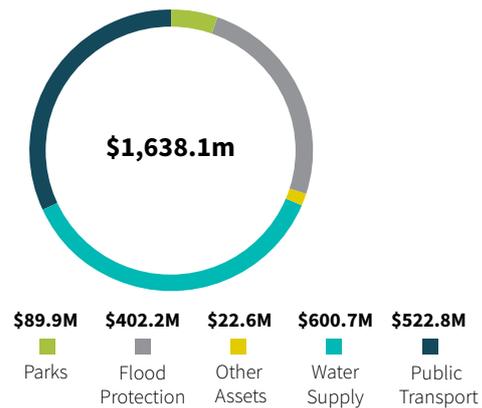
## Revenue

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



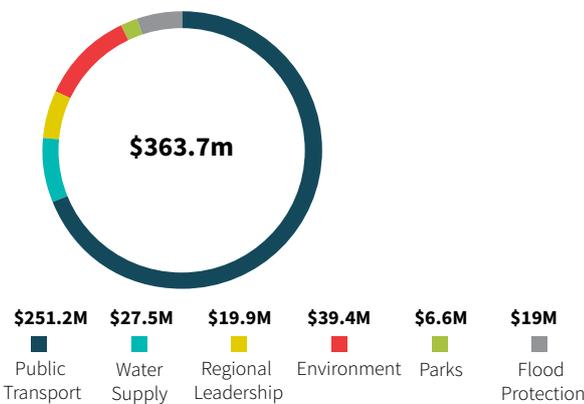
## Asset base

The pie chart below illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes \$457.2m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Greater Wellington subsidiary.



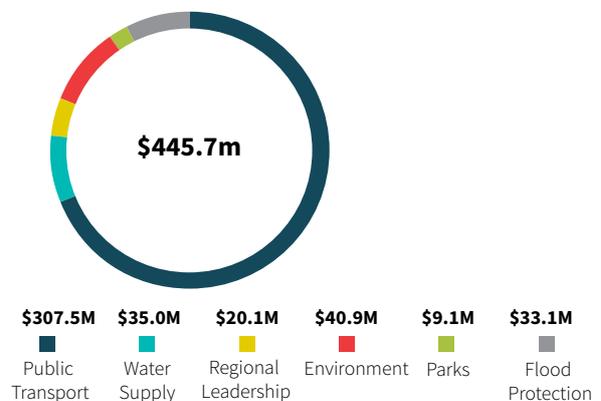
## Operational expenditure

The pie chart below illustrates Greater Wellington's operational expenditure by strategic area outcomes.



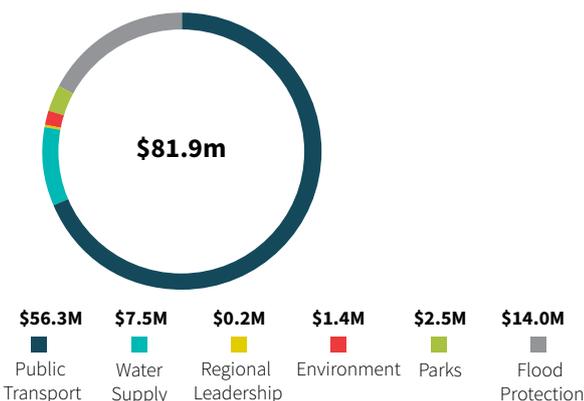
## Total expenditure

The pie chart below illustrates Greater Wellington's total expenditure, ie operational plus capital by strategic area outcomes.



## Capital expenditure

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



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# He Pūrongo Pūtea | Finances at a glance

## Annual revenue

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2017/18  
Actual  
\$315.6M

2018/19  
Annual Plan  
\$394.3M

2018/19  
Actual  
\$388.6M

**\$164.7M**  
from rates

**\$223.9M**  
from grants and  
other sources

## Annual expenditure

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2017/18  
Actual  
\$314.5M

2018/19  
Annual Plan  
\$381.8M

2018/19  
Actual  
\$388.7M

## Capital expenditure

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2017/18  
Actual  
\$65.7M

2018/19  
Annual Plan  
\$117.4M

2018/19  
Actual  
\$81.9M

## Debt

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2017/18  
Actual  
\$379.6M

2018/19  
Annual Plan  
\$473.7M

2018/19  
Actual  
\$467.5M

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

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# Ngā Mahi a Te Pane Matua Taiao

## Activities of the Greater Wellington Regional Council

In our Long Term Plan 2018-28, Greater Wellington set out what we planned to achieve this year. This section of the Annual Report sets out in detail a range of targets and performance measures we set, and a summary of the year's achievements.

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

Baring Head, Photo by Shanon Stevens





**Te Taiāo**  
**Environment**

# Te Taiao

## Environment

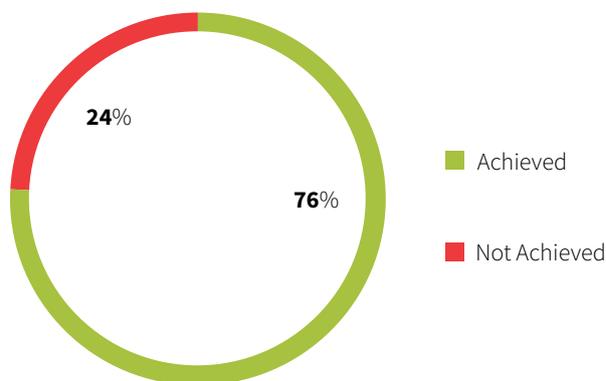
### This group of activities contributes to:

|                    |   |
|--------------------|---|
| Priority area      | Fresh-water quality and biodiversity  |
| Community outcomes | Healthy environment<br>Resilient community<br>Strong economy<br>Engaged community |

### Activities

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

Greater Wellington is responsible for regulating the use of the region’s natural resources. We do this through regional policies, plans and resource consents. We help 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.



## Overall summary of the year's performance

Greater Wellington made good progress through the year with a number of pieces of work which will contribute to the maintenance and improvement of the region's natural environment and create a sustainable region for current and future generations. This work includes the Proposed Natural Resources Plan reaching a significant milestone and the completion of two whitua committee processes. We also partnered with the National Institute of Water and Atmospheric Research (NIWA) to produce 22 videos showcasing the stream health monitoring assessment kit.

The Wellington Regional Erosion Control Initiative (WRECI) made excellent progress this year by planting over 210,000 trees, consisting of 21,500 willow/poplar, 180,500 exotic forestry and 8,500 native.

We also continued our work to explore more effective ways of achieving environmental change on farms.

Our biodiversity work included planning and coordinating ecological restoration at sites of high ecological value across the region through our Key Native Ecosystem (KNE) programme. We established the Wellington Regional Biodiversity Framework Project and continued to work with mana whenua and other partners to restore Wairarapa Moana and Te Awarua-o-Porirua Harbour and catchment. Together with the community we delivered a number of successful public events including training for wetland restoration and keeping volunteers safe, community snorkelling days, and monitoring stream health.

We are proud that Greater Wellington's operational plan for the Miramar Predator Eradication Project was assessed as "gold" standard by Predator Free 2050. We commenced implementation of the plan on the Miramar Peninsula with strong community support.

Remutaka Ranges, Photo by Shanon Stevens



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## Resource management

### The year in summary

Overall, we met most of our objectives, set ourselves some aspirational targets for the year and completed a number of important pieces of work. The Decisions version of the Proposed Natural Resources Plan was publicly notified on 31 July and two whitua committee processes have been completed. We have now completed two (out of five) Whitua Implementation Programmes (WIPs). Both represent very successful achievements.

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

Both the WIPs and the Decisions on the Proposed Natural Resources Plan (PNRP) set a blueprint for how natural and physical resources in our regional environment need to be managed, with a particular focus on land and water management. They represent a significant "upping of the game" towards and beyond the Long Term Plan outcomes on freshwater quality and biodiversity.

While these outcomes are still to be realised through implementation, work has commenced over the last year to determine how we will partner with mana whenua, connect with our partners, and organise our staff resource to implement both the PNRP and new WIPs.

Collaborative consenting projects featured strongly in last year's work programme particularly in areas of wastewater management, most notably in partnership with Wellington Water, mana whenua and a host of other partners, to inform future outcomes for Porirua's wastewater treatment plant and network. There were similarly close collaboration efforts with South Wairarapa District Council towards aligning council and community expectations for possible outcomes of Featherston wastewater treatment plant discharges on local watercourses and Wairarapa Moana.

### Key projects and programmes

| What we said we would do                                   | What we did  |
|--|--|
| Whaitua committee programme                                | The Te Awarua-o-Porirua Whaitua Implementation Programme and Ngāti Toa Statement were completed in April 2019. The Whaitua Te Whanganui-a-Tara Committee was established in December 2018 and is currently underway.   |
| Proposed Natural Resources Plan (PNRP) – Decisions version | The Decisions version of the Proposed Natural Resources Plan was publicly notified on 31 July 2019. Public hearings were completed in August 2018 and covered 68 hearing days with 596 tabled documents and 19 expert conferences.   |
| Soil mapping   | Soil mapping, dataset and factsheet development for the Whangaehu and Kopuranga catchments was completed. The ARC GIS online mapping layers for these catchments were supplied.  |
| Enabling catchment communities – whitua implementation     | The outcomes from the two completed whitua processes is increasing in focus, going hand in hand with implementation of the Proposed Natural Resources Plan.  |
| Citizen science  | We partnered with NIWA to develop and produce 22 videos showcasing the stream health monitoring assessment kit (SHMAK). We also partnered with Mountains to Sea Wellington to produce training modules based on SHMAK and contributed to national understanding and support of citizen science.  |
| Cultural monitoring framework                              | Greater Wellington led the development of a Cultural Monitoring Framework. We completed the method 2 report from Te Ātiawa ki Whakarongotai and are looking at developing an implementation approach.<br><br>Entered into method 2 development with Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa. Development of a kaitiakitanga programme for rangatahi in partnership with Ngā Kanohi Marae o Wairarapa.<br><br>Worked with Ngāti Toa on a Marine Cultural Health indicators project that may be able to provide a method 2 strategy and assist with whitua implementation.<br><br>We worked with Ngā Hapū o Ōtaki to develop an approach to measure cultural values (especially whitebait) in the Waitohu catchment as part of the Mahi Waiora project. |

## Measuring our performance

| Level of service                              | Performance measure   | Performance targets                   |  |   |                           |
|---|---|---------------------------------------|--|---|---------------------------|
|   |   | Baseline (2017)                       | 2018/19 Target                             | 2018/19 Actual  | Achieved/ Not achieved    |
| Customer satisfaction                         | Level of overall satisfaction with consent processing services <sup>6</sup>                               | >4 when measured on a scale of 1 to 5 | >4   | 4.23  | Achieved                  |
| Process resource consents in a timely manner  | Percentage of non-notified resource consents processed within statutory timeframes                        | 100%                                  | 100%                                       | 100%  | Achieved                  |
| Monitor compliance with resource consents     | Rates of compliance for high-risk activities <sup>7</sup> where historical compliance rates are below 80% | High risk activities <80%             | >80%                                       | Water takes – 76%<br>Earthworks – 75%<br>Municipal wastewater – 77%<br>Municipal water supplies and water races – 77% | Not achieved <sup>8</sup> |
| Effective response to environmental incidents | Rate of detection <sup>9</sup> and associated action taken on non-complying incidents <sup>10</sup>       | 28.7%                                 | Maintain or increase against previous year | 32.8%   | Achieved                  |

<sup>6</sup> On a scale of 1 (very dissatisfied) to 5 (very satisfied).

<sup>7</sup> The activities defined as high risk are potentially subject to change if risk profile changes.

<sup>8</sup> Historically, we reached 60% to 70% and set a more aspirational target this year as a result and while seeing improvement we did not reach the target this year.

<sup>9</sup> "Detection" – a discharge or activity is attributed to a specific source (ie, non-compliance by a specific person(s) is confirmed).

<sup>10</sup> This is only measured against those incidents in which environmental effects are rated minor or higher.

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# Land management

## The year in summary

Considerable progress was made during the year in land management initiatives. The range of activities delivered by Greater Wellington aims to manage the environmental impacts of the farming sector while ensuring the sector remains prosperous and secure.

The Wellington Regional Erosion Control Initiative received \$0.5 million of extra funding from the Ministry for Primary Industries relating to the new One Billion Trees programme to support this initiative. This funding boost enabled an additional 195ha of erosion-prone land to be treated in 2018/19.

The Riparian Programme was implemented, providing planning and works delivery for stock exclusion in key waterways and native planting to protect and enhance waterways.

The work carried out by Greater Wellington enables catchment communities by connecting landowners with relevant research, experts, land use innovations and learning opportunities.

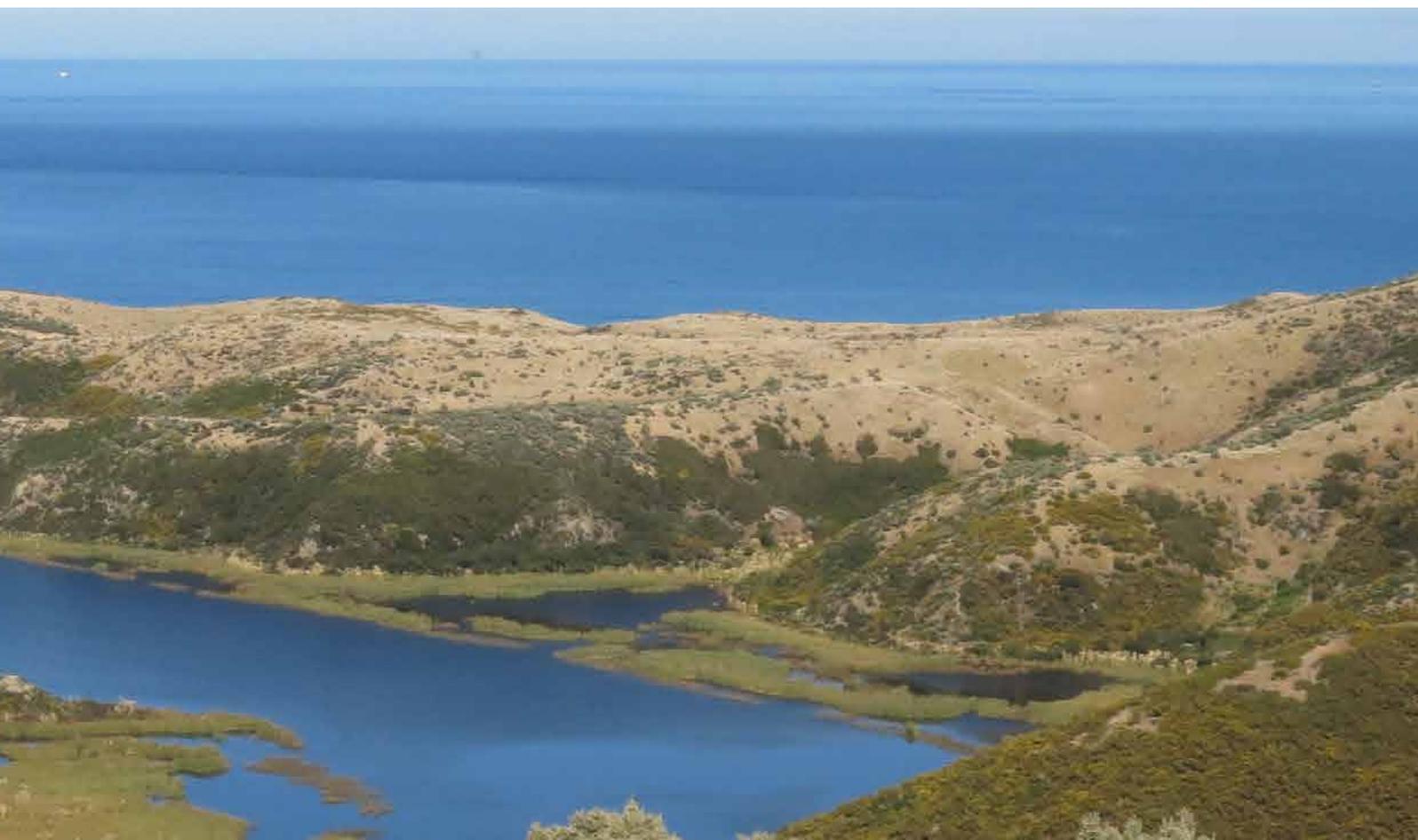
During the year we participated in a range of initiatives and supported various events including:

- Partnering with primary industry led-initiatives with shared land use objectives including dairy, horticulture, meat production and forestry
- Encouraging participation and supporting the Ballance Farm Environment Awards
- Assisting central government with policy development including membership on the stakeholder working group of the one-year review of the National Environmental Standard – Plantation Forestry
- Collaborating with Crown Research Institutes on regionally important research projects, such as Manaaki Whenua's Smarter Targeting of Erosion Control (STEC) programme.



## Key projects and programmes

| What we said we would do  | What we did  |
|---|--|
| Expand farm environment plans in priority catchments  | <p>Work continued in exploring more effective ways of achieving environmental change on farms by delivering farm plans in priority catchments.</p> <p>There are a number of threads to this work including consideration of structure and format of farm plans. This work encourages working with a more flexible approach that better matches individual circumstances and environmental issues of particular farms and catchments.</p> <p>New farm plans also link into the whaitua process in the Ruāmahanga catchment, aiming for better alignment of farm plans to the priority sub-catchment issues identified for particular Freshwater Management Units (FMU).</p> |
| Riparian Programme  | <p>The Riparian Programme has grown substantially this year with 65 new riparian management plans being approved.</p> <p>Work was carried out at 11 category 1 high-value sites – as identified in the Proposed Natural Resources Plan. All of these category 1 sites were located in the Wairarapa with five being significant to mana whenua.</p> <p>The majority of the riparian projects approved and implemented were category 2 sites.</p> <p>The Riparian Programme enabled 41.5 km of riparian fencing, and 23,750 trees were planted across our region.</p>   |
| <p>WRECI (Wellington Region Erosion Control Initiative)</p> <p>Funding and support for erosion prone land</p> | <p>2018-19 was the ninth year of the WRECI programme.</p> <p>In 2018-19, 718 hectares of erosion prone land was treated. This work consisted of 464 hectares of willow/poplar planting, and 254 hectares of afforestation or native reversion land retirement. This work involved planting over 210,000 trees consisting of 21,500 willow/poplar, 180,500 exotic forestry and 8,500 native.</p> <p>The WRECI programme achieved significant growth from 2015-2019, in which erosion treatment was completed on 2,044 hectares of erosion prone land, compared to 872 hectares treated between 2010 and 2015.</p> <p>In 2018/19 work was carried out on 194 properties.</p> |
| Catchment management schemes  | <p>Scheme work programmes were delivered successfully in the Whareama, Mataikona, Homewood, Kaiwhata, Maungaraki, and Awhea catchment schemes. Annual scheme meetings of six catchment schemes were held in May. Highlights of these meetings included full support for improving scheme asset management practice, and conversations regarding schemes’ role in the future Eastern Whaitua process.</p>   |



## Measuring our performance

| Level of service  | Performance measure   | Performance targets |                |                |                        |
|---|---|---------------------|----------------|----------------|------------------------|
|   |   | Baseline (2017)     | 2018/19 Target | 2018/19 Actual | Achieved/ Not achieved |
| Implement farm plans to reduce nutrient and sediment discharges from erosion-prone land | Erosion-prone hill-country covered by an active <sup>11</sup> farm plan   | 60%                 | 61%            | 61%            | Achieved               |
| Deliver planting programme on identified erosion-prone land                             | Erosion-prone hill country planted  | 446.1ha             | 500ha          | 718ha          | Achieved               |
| Deliver farm environment plans to reduce nutrient and sediment loss                     | Over 50% of all contestable funding is allocated to priority catchments identified in the Proposed Natural Resources Plan <sup>12</sup> | New measure         | Achieved       | Achieved       | Achieved               |
| Provide high quality goods and services to landowners from the Akura nursery            | Survival of poles planted under the Wellington Regional Erosion Control Initiative (WRECI)  | New measure         | 85%            | 94%            | Achieved               |

## Unplanned activity

An additional \$0.5 million of funding was received in 2018/19 from the Ministry for Primary Industries relating to the new One Billion Trees programme. This enabled an additional 195ha of erosion prone land to be treated in 2018/19, the completion of deferred maintenance at Akura Nursery to increase poplar pole production in future years, and the production of a report that sets out a framework for the Wellington Region to engage with the One Billion Trees programme to align regional opportunities to the fund.

<sup>11</sup> "Active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past three years.

<sup>12</sup> The "contestable fund" provides assistance to landowners for implementing remediation works to farm system environmental risks. These grants are coordinated through farm environment plans and incentivise farm system improvements that will result in a water quality or biodiversity enhancement. Works are prioritised by priority catchments identified in the Proposed Natural Resources Plan, and any unallocated funding is accessible to non-priority catchments after February in any plan year. In 2018/19, \$286,398 of grants was provided in priority catchments, and \$90,389 was provided in non-priority catchments.

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# Biodiversity management

## The year in summary

During 2018/19 Greater Wellington undertook a range of work to protect and enhance the biodiversity of the region, such as pest plant and animal control, fencing, and planting. Through our Key Native Ecosystem (KNE) programme, we planned and coordinated ecological restoration at sites of high ecological value across the region. Our Wetland Programme supported landowners to improve the condition of natural wetlands. In Te Awarua-o-Porirua Harbour we carried out pest control at 12 sites in the catchment.

KNE sites provided source populations of animals for two translocations to Zealandia. These were the translocation of titipounamu/rifleman from Wainuiomata Mainland Island, part of the Wainuiomata/Orongorongo Water Collection area KNE site, and the translocation of kākahi/freshwater mussel from Parangarahu Lakes Area KNE site. The titipounamu translocation was only possible due to many years of intensive pest animal control in the mainland island leading to a significant increase in the titipounamu population.

We established the Wellington Regional Biodiversity Framework Project, which connects efforts to protect and enhance biodiversity in the region and to design a shared way forward. The project is a partnership between Greater Wellington, mana whenua partners, the Department of Conservation and the wider community. An independent collaborative working group was appointed to begin working on the Framework. The project is expected to take up to two years to form a Framework and will seek input from the wider community along the way.

We continued working with mana whenua and other partners to restore Wairarapa Moana and Te Awarua-o-Porirua Harbour and catchment. We raised awareness with schools and communities about these sites' important ecological and cultural values, and funded community groups to carry out restoration projects. We delivered a number of public events including training for wetland restoration and keeping volunteers safe, community snorkelling days, and monitoring stream health. We also actively partnered with the Department of Conservation and others to deliver Restoration Day – a learning and networking event for the ecological restoration community.

We provided advice on biodiversity policy and planning matters to various internal and external parties on request, and supported improved practice for biodiversity outcomes across the region. At a national level, we co-led the development of a new guidance document, Biodiversity Offsetting Under the Resource Management Act, to provide clearer direction to councils and consent applicants on how to appropriately use biodiversity offsetting under the RMA.

## Key projects and programmes

| What we said we would do  | What we did  |
|---|--|
| Key Native Ecosystem programme  | <p>The KNE programme is a long-term programme where we seek to protect some of the best examples of original ecosystems in the Wellington Region. We have 56 KNE sites, which consist of approximately 48,000ha. This year we have:</p> <ul style="list-style-type: none"> <li>Coordinated operational work (mainly pest animal control and pest plant control) at all 56 KNE sites</li> <li>Drafted 12 five-year KNE operational plans</li> <li>Added one new KNE site to the programme for 2019/20 (Kourarau, in central Wairarapa)</li> <li>Maintained landowner and agency relationships. For example, we have MOU agreements with six territorial authorities.</li> </ul>   |
| Wetland Management Programme  | <p>The Wetland programme is a short-term programme where we seek to assist landowners to look after the wetlands on their property. This year we have:</p> <ul style="list-style-type: none"> <li>Signed up 20 landowners with 33 wetlands to the programme</li> <li>Completed and approved Wetland Management Plans for 18 wetlands</li> <li>Undertaken operational work (mainly contributing towards fencing and weed control, with some planting) as outlined in 40 active Wetland Management Plans</li> <li>Delivered seven presentations to partners on the wetland rules in the Proposed Natural Resources Plan and the Wetland Management Programme</li> </ul>  |
| Collaborative restoration project (Wairarapa Moana and Porirua Harbour) | <p>As part of the Wairarapa Moana Wetland Project (in collaboration with other agencies and iwi) we have:</p> <ul style="list-style-type: none"> <li>Supported two community groups to restore their local areas</li> <li>Enabled 70 students from three classes to learn more about wetlands and stream health</li> <li>Hosted “Mysteries of the Moana” event at Lake Domain Reserve with around 200 attendees.</li> </ul> <p>We contributed to Te Awarua-o-Porirua Harbour and Catchment Strategy and Action Plan (in collaboration with other agencies and iwi) by:</p> <ul style="list-style-type: none"> <li>Supporting 13 community groups with restoration projects in the catchment</li> <li>Contributing to Mountains to Sea Wellington enabling 932 students from 30 classes to learn more about harbour and stream health</li> <li>Delivering ongoing pest control at various sites around the catchment to manage and enhance biodiversity values</li> </ul> |

## Measuring our performance

| Level of service   | Performance measure  | Performance targets |                |                |                            |
|--|--|---------------------|----------------|----------------|----------------------------|
|  |  | Baseline (2017)     | 2018/19 Target | 2018/19 Actual | Achieved/ Not achieved     |
| Plan and deliver a programme to maintain or improve the ecological condition of identified high biodiversity value sites <sup>13</sup> | Percentage of management actions <sup>14</sup> achieved to improve the habitat for native plants and animals | 97.5%               | 95%            | 93%            | Not achieved <sup>15</sup> |

<sup>13</sup> High biodiversity value sites are those managed under the Key Native Ecosystem programme and within collaborative biodiversity projects carried out within Porirua Harbour and Wairarapa Moana catchments.

<sup>14</sup> Management actions can include improving legal protection, fencing and undertaking the control of pest plants and animals.

<sup>15</sup> Not achieved actions were due to external parties not undertaking planned work at three KNE sites.

# Pest management

## The year in summary

Greater Wellington’s pest management activities aim to reduce the impacts of pest animals and plants on the environment, economy, Māori and our communities and to ensure we are managing pests in the most effective way.

During the year we made good progress against our key deliverables, in many instances achieving over and above the work planned for 2018/19. We completed a review of the Regional Pest Management Plan 2019-2039, which sets the direction of pest management for the region.

The Plan is a result of a collaborative effort over the past two years between Greater Wellington, the public and key stakeholders.

Other significant achievements include delivering on all planned activities included in the Regional Pest Management Strategy (RPMS) Operational Plan 2018/19. We also began work on the Miramar Predator Eradication Project on behalf of Predator Free Wellington Ltd.

## Key projects and programmes

| What we said we would do                                   | What we did   |
|--|---|
| Regional Pest Management Plan                              | We delivered all activities as planned and detailed in the RPMS Operational Plan 2018/19 including all control work in the Key Native Ecosystem programme and delivered on all species based programmes.  |
| Regional Possum and Predator Control Programme             | We have serviced more than 122,000 ha of the programme (6,000 ha more than planned) and achieved target control levels  |
| Biosecurity services to territorial authorities and public | Greater Wellington delivered cost recovery services to territorial authorities as per our memoranda of understanding, and cost recovery services to the public (eg, rabbit control) as and when required. |

## Measuring our performance

| Level of service  | Performance measure  | Performance targets           |                               |                | Achieved/ Not achieved |
|---|--|-------------------------------|-------------------------------|----------------|------------------------|
|   |  | Baseline (2017)               | 2018/19 Target                | 2018/19 Actual |                        |
| Provide possum control services in bovine TB free areas                                 | Number of possums in the Regional Possum Predator Control Programme area   | Low (<5% Residual Trap Catch) | Low (<5% Residual Trap Catch) | RTC 4.3%       | Achieved               |
| Provide pest species control services in Greater Wellington Key Native Ecosystems (KNE) | Deliver in accordance with KNE plans <sup>16</sup>                         | New measure                   | Achieved                      | Achieved       | Achieved               |
| Provide pest species control services across the region                                 | Deliver in accordance with the Regional Pest Management Plan <sup>17</sup> | New measure                   | Achieved                      | Achieved       | Achieved               |

## Unplanned activity

Greater Wellington, Wellington City Council and the Next Foundation formed Predator Free Wellington Trust Limited (PFW) charitable company to attempt to achieve the world’s first predator eradication programme in a large urban environment. We prepared an operational plan for Miramar Peninsula.

Based on the operational plan, PFW secured five years’ funding from Predator Free 2050 to undertake predator (stoat, rat and possum) eradication in Wellington. The operational plan for the Miramar Predator Eradication Project was assessed as a “gold” standard by Predator Free 2050 at their annual meeting in Taranaki in March 2019.

<sup>16</sup> These plans describe the work that will be done to protect plants and animals over a three year period  
<sup>17</sup> Refer to operational plan: <http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf>

## Harbour management

### The year in summary

Greater Wellington successfully delivered the work programme for the year, helping to ensure the safety and wellbeing of the many users of the harbours and coastal waters. Maintaining our safety equipment is critical and while we did not quite meet our targets by a very nominal amount, the equipment remained operational.

Adherence to boating bylaws and general boating behaviours was good. There was an increase in infringements and warnings due to an increase in on-the-water presence and a stronger emphasis on enforcement.

The Port and Harbour Marine Safety Code review in May also went well with positive feedback received from the external peer review panel.

Working with Maritime New Zealand we undertook some innovative approaches to education. These were positively received; however, some were more effective than others and this has given us direction to improve for future programmes.

### Measuring our performance

| Level of service   | Performance measure   | Performance targets               |   |                | Achieved/ Not achieved     |
|--|---|-----------------------------------|---|----------------|----------------------------|
|  |   | Baseline (2017)                   | 2018/19 Target                                  | 2018/19 Actual |                            |
| Manage the safety of marine activities in the region's waters                              | Beacon Hill Communications Station is staffed and operational 24 hours a day, seven days a week | 100%                              | 100%  | 99.9%          | Not achieved <sup>18</sup> |
|  | All navigation aids are working 24 hours a day, seven days a week                               | 99.9%                             | Cat 1 99.8%                                     | Cat 1 99.7%    | Not achieved <sup>19</sup> |
|  |   |                                   | Cat 2 99%                                       | Cat 2 99.5%    |                            |
|  |   |                                   | Cat 3 97%                                       | Cat 3 98.53%   |                            |
| Operate in accordance with the current Port and Harbour Marine Safety Code                 | Compliant with standard   | Compliant with standard           | Compliant with standard                         | Achieved       |                            |
| Warnings and infringements issued  | 7 infringements<br>32 warnings<br>(2017/18)   | Increase                          | 11 Infringements                                | Achieved       |                            |
|  |   |                                   | 32 warnings                                     |                |                            |
| Meet obligations to Maritime NZ for oil spill response equipment maintenance and exercises | New measure   | 4 equipment checks<br>2 exercises | 4 equipment checks<br>2 exercises <sup>20</sup> | Achieved       |                            |

### Unplanned activity

A check on the radio aerials at Beacon Hill revealed water damage to the aerial and cables leading to replacement.

Changes are being made to reduce the future likelihood of faults and enable easy fault detection.

<sup>18</sup> While working towards our system upgrade, several equipment failures led to the upgrade being implemented before it was entirely ready. The station remained operational; however there was slightly decreased efficiency and capacity for a short time.

<sup>19</sup> Outages were rear lead (cat 1) faulty daylight switch, which required several visits to diagnose, and some unexpected battery faults, compounded by weather restricting access. Rear Island Bay leads (cat 3) were out for longer due to the power supply (street lighting) being out.

<sup>20</sup> All checks and exercises successfully completed, including Maritime NZ equipment audit and staff revalidation via exercises.



# Ngā Papa Whenua Regional Parks and Forests

# Ngā Papa Whenua

## Regional Parks and Forests

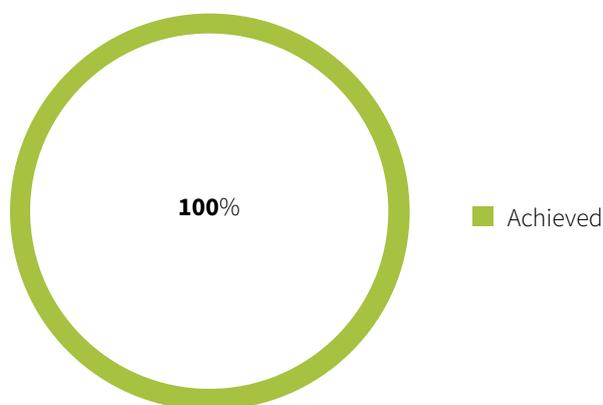
### This group of activities contributes to:

|                    |                                      |
|--------------------|--------------------------------------|
| Priority area      | Fresh-water quality and biodiversity |
| Community outcomes | Engaged community                    |
|                    | Healthy environment                  |
|                    | Strong economy                       |

### Activities

- Parks planning
- Visitor services

Greater Wellington manages a network of regional parks and forests for the community's use and enjoyment in accordance with the provision of the Reserves Act 1977. In addition, we manage a number of other areas under the provisions of the Local Government Act 2002, Wellington Regional Water Board Act 1972, and Wellington City and Suburban Water-supply Act 1927.



### Overall summary of the year's performance

The regional parks continued to grow in popularity this year, with an increase in visitation and growth in partnerships to support our programme of kaitiakitanga/guardianship. Highlights of the year include planting in excess of 50,000 trees across the network, and record numbers of people camping at Kaitoke Regional Park, Battle Hill Farm Forest Park and Belmont Regional Park.

We also gathered feedback from the community and stakeholders to develop a Parks Network Management Plan. From this feedback, key issues and opportunities were identified, such as visitor experience, public access improvements and restoration opportunities, and the new draft management plan is currently being developed.

We completed three large, longstanding projects including a replacement bridge over the Wainuiomata River located at Baring Head/Ōrua-pouanui (East Harbour Regional Park), development of a multi-use track connecting Hill Road and Old Coach Road at Belmont Regional Park and sealing the car park at Whitireia Park (managed by the Whitireia Park Board). A new museum was opened at the Wainuiomata

Recreation Area to showcase the history and management of Wellington's drinking water in the adjoining water catchment.

There was ongoing liaison with the Transmission Gully Motorway project regarding land retirement around the designation as mitigation for the effects of construction. A total of 300ha has now been retired and/or revegetated in both the Duck Creek and upper Cannons Creek catchments. The sites remaining unplanted following mitigation works have been included in a Greater Wellington-wide One Billion Trees application.

On the eastern side of the network, we strengthened the co-governance relationship with Taranaki Whānui ki Te Upoko o Te Ika (Port Nicholson Block Settlement Trust) with new appointees and re-establishment of Rōpū Tiaki for the Parangarahu Lakes Area.

## Key projects and programmes

| What we said we would do  | What we did   |
|---|---|
| Parks Network Plan. Development of a new management plan for eight regional parks and forests   | Initial public consultation was undertaken to seek feedback about what the people of Wellington value about their regional parks and what they would like to see change. As a result of feedback, Council endorsed proposed directions to phase out farming in regional parks and progressively restore these areas, as well as improving public access, collaborating with partners and community, and responding to climate change. A new management plan is currently being drafted with these directions. |
| Upgrade swing-bridge over Hutt River at Pakuratahi Forks, Kaitoke Regional Park   | We commenced preparation for bridge construction for late 2019/20 including completion of engineering designs. Further planning work is required to meet the needs of all users, including those that are disabled.   |
| Planned retreat of road, track and other visitor facilities from the Queen Elizabeth Park shoreline between Raumati South and Paekākāriki | We prepared a draft Coastal Erosion Plan in conjunction with park stakeholders and presented for public comment.<br>Initial planning for a re-route of the Raumati section of the Coastal Track, including a local stakeholder and public consultation planning permission process (outline plan approval) was prepared   |
| Revegetate 25ha section of Queen Elizabeth Park   | Year two of the three-year project was implemented, which involved planting of 7ha out of the total 25ha. A final background report was prepared, to guide the final, largest tranche of planting that will in turn create improved habitat.  |
| Conservation work on the Truss Bridge and Ladle Bend Bridge in Pakuratahi Forest  | Following core drilling, engineering reports were developed, indicating that only minor work is required and only for the Truss Bridge. Work is scheduled for 2019/20.  |
| Conservation Management Plan for Belmont munitions bunkers  | Implementation of the plan included structural repairs of three bunkers. Those considered structurally unsafe have been closed and signposted. The condition of the bunkers will continue to be monitored.  |

## Measuring our performance

| Level of service   | Performance measure  | Performance targets                |                      |   | Achieved/<br>Not achieved |
|--|--|------------------------------------|----------------------|---|---------------------------|
|  |  | Baseline (2017)                    | 2018/19 Target       | 2018/19 Actual                                      |                           |
| Provide facilities and services that support the community enjoying, valuing and participating in regional parks | Percentage of the regional population that has visited a regional park in the last 12 months | 68%                                | ≥70%                 | 74%   | Achieved                  |
|  | Number of visits to a regional park in the last 12 months                                    | 1.7 million                        | Increase on baseline | 1.84 million  | Achieved                  |
|  | Percentage of regional park visitors that are satisfied with their experience <sup>21</sup>  | 95%                                | 95%                  | 97%   | Achieved                  |
|  | On-park volunteer hours <sup>22</sup>  | 15,503 hours pa                    | 15,000               | 15,623  | Achieved                  |
|  | Average asset condition (1 = excellent; 5 = very poor)                                       | 2.33 (structures)<br>2.25 (tracks) | ≤3                   | 2.26 (structures)<br>1.59 (tracks)<br>Overall: 2.06 | Achieved                  |
| Protect and care for the environment, landscape and heritage   | Restore significant degraded environments  | 22,000 trees planted               | 35,000               | 52,000  | Achieved                  |

<sup>21</sup> Randomly selected sample of 500 residents 16+yr in the Wellington Region, telephone interviewing and face to face interviews with questionnaire, 90% confidence interval

<sup>22</sup> This is a measure of time spent by volunteers carrying out on-park work, eg, tree planting, nursery work, track building, pest trapping. Rangers on-site collect the number of volunteer hours.

## Unplanned activity

While carrying out our planned activities for the year, we undertook some additional pieces of work that are noted below:

- While undertaking a track upgrade at Battle Hill Farm Forest Park, we made a decision to retire and fence approximately 5ha of previously grazed land
- Through the Million Metres crowdfunding platform, almost \$50,000 was raised, providing for approximately 5,000 trees to be planted in the Wainuiomata River riparian zone at Baring Head/Ōrua-pouanui, East Harbour Regional Park.
- Early architectural design work was completed for the Upper Terrace camping facility building at Kaitoke Regional Park, which is due for completion by Christmas 2019.

In response to flooding, we undertook stream bank stabilisation work to protect at risk high value assets (the Pakuratahi Forks Truss Bridge and the main camping area at Kaitoke Regional Park, Perhams Road vehicle bridge at Akatarawa Forest, and the Plateau Road entrance area at Tunnel Gully).

Lake Kohangapiripiri, Photo by Shanon Stevens





**Ngā Puna Wai**  
Water Supply

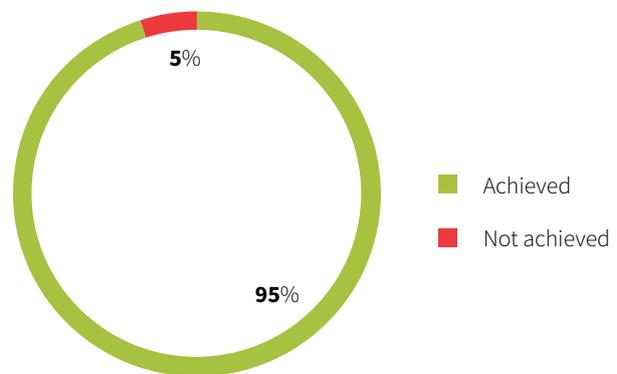
# Ngā Puna Wai

## Water Supply

### This group of activities contributes to:

|                    |  |
|--------------------|--|
| Priority area      | Water supply<br>Regional resilience                          |
| Community outcomes | Strong economy<br>Resilient community<br>Healthy environment |

Providing safe drinking water and future-proofing bulk water supply to Wellington, Hutt, Upper Hutt and Porirua cities in the immediate term and for future generations is a priority area for Greater Wellington. Services to deliver these outcomes are delivered by Wellington Water Limited, a jointly owned council controlled organisation. Wellington Water's work programme ensures our water supply system is able to meet changing demands and is resilient to cope with stresses and emergencies.



### Overall summary of the year's performance

It has been a busy year for Wellington Water delivering against our work plan and making sure the community remains confident in the quality of the water we provide.

We have met all performance targets with one exception – the provision of a continuous and secure bulk water supply. A capacity constraint was identified at the Te Marua water treatment plant. This reduced the capacity of the plant to deliver water, affecting the drought resilience of the bulk network and resulting in the 1 in 50-year target not being met. We are developing plans to address this.

We made some minor adjustments to our work plan to enable us to respond to emerging issues such as addressing the identified capacity constraint. As a result, some project deliverables were amended to maintain the overall programme of work.

We progressed well with our renewal programme by renewing and refurbishing a number of assets across the four water treatment plants including upgrading alarms, compressors, meters, and chemical storage, and one bore, one clarifier and one pump set.

The renewal programme continues into the next year with the upgrading of more chemical storage assets.

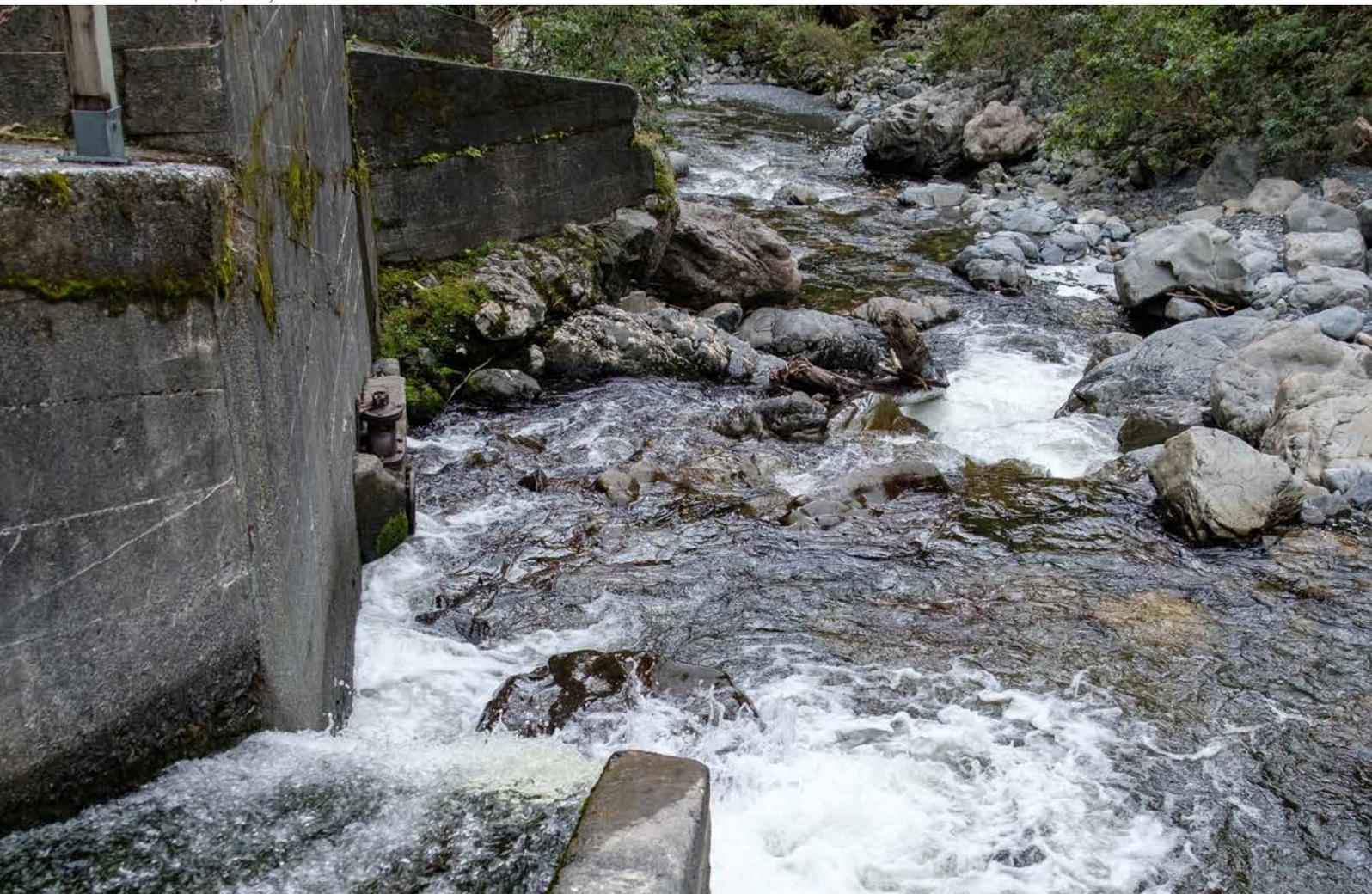
Our reservoir seismic strengthening work also continued with completion of the detailed design of the Wainuiomata reservoir and we expect construction to start during the summer months.

We continued to explore options for an alternative water source for Wellington city by completing the harbour bores investigation. This option turned out not to be viable, so the cross-harbour pipeline remains the preferred option and is being further developed.

## Key projects and programmes

| What we said we would do   | What we did  |
|--|--|
| Securing Wellington's water source – cross-harbour pipeline or harbour bores   | We completed the harbour bores investigation and provided a recommendation to progress with the cross-harbour pipeline as the preferred option due to water found not being of sufficient quantity or quality to allow the harbour bores project to be considered a potentially viable alternative.  |
| Renewal of water treatment assets (Waterloo, Te Marua, Gear Island, Wainuiomata)   | We have renewed and refurbished a number of assets over the four water treatment plants including significant work on: alarms, compressors, meters, chemical storage, one bore, one clarifier and one pump set. The programme is continuing, and in the next year will include more chemical storage assets.   |
| Replace Kaitoke main on Silverstream bridge  | The preferred option is a dedicated pipe bridge across the Hutt River close to the existing rail bridge. The pipe bridge is proposed to be a resilient structure designed to remain serviceable after a design level seismic event and flood events. Progress is being made in developing the design and preparing for consenting of the preferred option. We are also working with stakeholders on understanding the timing and design of future plans to replace the Silverstream road bridge. |
| Porirua Branch extension to Conclusion Street  | This project is well underway and is expected to be completed in October 2019  |
| Strategic stores – provide alternative locations for key equipment that can help restore water service after a seismic event | This project is on hold due to the uncertainty of where staff and equipment would be located in the region. We will review requirements after the implementation of the newly established Network Operation and Maintenance Alliance and associated new depot locations.   |
| Ngauranga and Wainuiomata reservoir seismic strengthening  | We are progressing with the detailed design of the Wainuiomata reservoir and expect construction to start at the end of 2019.<br><br>The Ngauranga reservoir project has been deferred. Costs for the project increased, due to a scope change to increase the structural standards that resulted in increased design and construction costs.  |

Wainuiomata park, Photo by Shanon Stevens



## Measuring our performance

| Level of service   | Performance measure  | Performance targets |                |                | Achieved/ Not achieved     |
|--|--|---------------------|----------------|----------------|----------------------------|
|  |  | Baseline (2017)     | 2018/19 Target | 2018/19 Actual |                            |
| Provide water that is safe and pleasant to drink                                       | Number of waterborne disease outbreaks <sup>23</sup>   | 0                   | 0              | 0              | Achieved                   |
|  | Customer satisfaction:   |                     |                |                |                            |
|  | Number of taste complaints related to bulk water supply  | 5                   | <5             | 0              | Achieved                   |
|  | Number of complaints from territorial authorities (TAs) on drinking water clarity  | 0                   | <5             | 0              | Achieved                   |
|  | Number of complaints from TAs on drinking water odour  | 0                   | <5             | 0              | Achieved                   |
|  | Number of complaints from TAs on drinking water pressure or flow   | 1                   | <5             | 0              | Achieved                   |
|  | Number of complaints per 1,000 connections (end consumers) to the bulk water supply system <sup>24 25</sup>  | 0.04                | <0.2           | 0              | Achieved                   |
|  | Safety of drinking water: <sup>26</sup>  |                     |                |                |                            |
| Compliance with part 4 of the drinking-water standards (bacteria compliance criteria)  | Yes  | Yes                 | Yes            | Achieved       |                            |
| Compliance with part 5 of the drinking-water standards (protozoal compliance criteria) | Yes  | Yes                 | Yes            | Achieved       |                            |
| Provide a continuous and secure bulk water supply                                      | Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers  | 0                   | 0              | 0              | Achieved                   |
|  | Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years <sup>27 28</sup> | 0.4%                | <2%            | 6.9%           | Not achieved <sup>29</sup> |
|  | Attendance for urgent call-outs: <sup>30</sup>   |                     |                |                |                            |
|  | Time from local authority receiving notification to service personnel reaching site  | No events occurred  | <60 minutes    | 0              | Achieved                   |
|  | Time from local authority receiving notification to service personnel confirming resolution  | No events occurred  | <4 hours       | 0              | Achieved                   |

<sup>23</sup> The outcome of the Havelock North Inquiry into water supply and safety is likely to result in changes to reporting requirements

<sup>24</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [4(a-e)].

<sup>25</sup> Using the Water New Zealand survey data for the number of end consumers provided with drinking water (145,224).

<sup>26</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [1(a)-(b)]

<sup>27</sup> Normal demand includes routine hosing restrictions

<sup>28</sup> Assessed using a probability model of annual water supply shortfall

<sup>29</sup> A capacity limitation at Te Marua WTP is affecting the drought resilience of the bulk water network. A preferred upgrade option has been identified. Investigations will continue into 2019/20 to improve the cost estimate of the preferred option. This will be used to inform Smart Investment and the next LTP consultation process.

<sup>30</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [3(a)-(b)].

| Level of service  | Performance measure  | Performance targets |                |                   | Achieved/ Not achieved |
|---|--|---------------------|----------------|-------------------|------------------------|
|   |  | Baseline (2017)     | 2018/19 Target | 2018/19 Actual    |                        |
| <i>Provide a continuous and secure bulk water supply (continued)</i>                      | Attendance for non-urgent call-outs: <sup>31</sup>   |                     |                |                   |                        |
|   | Time from local authority receiving notification to service personnel reaching site  | 35 minutes          | <36 hours      | 0.5 hrs           | Achieved               |
|   | Time from local authority receiving notification to service personnel confirming resolution  | 30 minutes          | <15days        | 0.5 hrs           | Achieved               |
|   | Average drinking water consumption per resident per day within the TA districts supplied by the bulk water system <sup>32</sup>  | 351 L/p/d           | <374 L/p/d     | 359 L/p/d         | Achieved               |
|   | Maintenance of the reticulation network:<br><ul style="list-style-type: none"> <li>Percentage of real water loss from the networked reticulation system<sup>33 34</sup></li> </ul> | 0.7%                | +/- 2%         | 0.1%              | Achieved               |
| Provide bulk water in compliance with all resource consents and environmental regulations | Full compliance with resource consents <sup>35</sup>   | New measure         | Yes            | Yes <sup>36</sup> | Achieved               |
|   | Annual review of relevant environmental legislation  | New measure         | Yes            | Yes               | Achieved               |
|   | HSNO location and stationary container test certificates are current   | New measure         | Yes            | Yes               | Achieved               |

<sup>31</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [3(c)-(d)]

<sup>32</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [5]. Greater Wellington cannot technically report due to the wording of the measure, but will report the average of all residents' consumption for the district it supplies with bulk water.

<sup>33</sup> Non-Financial Performance Measures Rules 2013, Water supply measure [2]

<sup>34</sup> All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks are carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use

<sup>35</sup> Full compliance means no notices/convictions (abatement notices, infringement notices, enforcement orders, or convictions).

<sup>36</sup> There have been two instances of non-conformance with consent conditions, there has not been an instance of non-compliance. Non-conformances are those cases where the consenting authority is aware of an issue but has determined a formal notice or enforcement order is not warranted.



**Te Tiaki me te Arahi  
Waipuke  
Flood Protection and  
Control Works**

# Te Tiaki me te Arahi Waipuke

## Flood Protection and Control Works

### This group of activities contributes to:

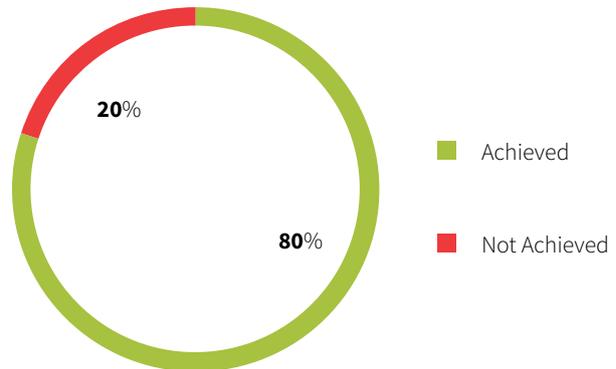
|                    |   |
|--------------------|---|
| Priority areas     | Regional resilience<br>Fresh-water quality and biodiversity                       |
| Community outcomes | Resilient community<br>Strong economy<br>Healthy environment<br>Engaged community |

### Activities

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

Greater Wellington is responsible for managing flood risk in the region. We identify the likelihood of a river flooding our houses, businesses and farms, develop floodplain management plans, provide free advice and consultation service, maintain and build flood protection infrastructure, work with the community to improve the environment and recreational opportunities and provide flood warnings.

We build, manage and maintain flood protection assets along 800km of the major rivers across the region.



### Overall summary of the year’s performance

Our programme of work progressed well during the year and we delivered the majority of our planned outcomes. RiverLink, which is a joint project between NZTA, Hutt City Council and Greater Wellington, is a major multi-year project for Greater Wellington, with significant investment required over the next 10 years. Despite some challenges and minor delays over the year, the project has progressed well with the establishment of a Project Management Group and Office to manage Phase 1, the design and consenting phase. Design consultants were also appointed to take the joint project through the next phase of design and consents.

We progressed with property acquisitions, which are required for the delivery of flood protection components of RiverLink.

We also completed the Te Kāuru Floodplain Management Plan and construction of a new Te Awa Kairangi/Hutt River rock line adjacent to Gibbons Street in conjunction with NZTA, who contributed funding to the works. A total of over 9,000 tonnes of rock was placed in the region's rivers to maintain and strengthen bank edge protection work.

In addition, work progressed in the following areas:

- We finished a comprehensive planting programme of 12,400 native plants and 13,400 willow poles.
- We commenced construction of the first stage of the Ruamāhanga River Pukio East Dairy Limited stopbank realignment project.
- We managed gravel extraction operations from regional river systems, with 320,000 cubic metres extracted during the year.
- We completed a risk assessment of nine river schemes using the asset performance code of practice.

Activities that have progressed more slowly than expected this year are:

- Some Floodplain Management Plans, due to resource constraints on our external partners
- The Whakawhiriwhiri Stream improvement project, due to the time taken to finalise landowner access.

## Key projects and programmes

| What we said we would do   | What we did   |
|--|---|
| RiverLink – Hutt River flood protection  | <p>The following elements of the work programme were completed during 2019/20:</p> <ul style="list-style-type: none"> <li>• Procurement of a supplier for the detail design and statutory approvals (consents and designations).</li> <li>• Development of a project partner agreement across three parties that was subsequently signed by Hutt City Council and Greater Wellington and included a deed of accession for NZTA.</li> <li>• Establishment of a project management board and appointment of a RiverLink Cross Organisation Project Director</li> <li>• Establishment of mana whenua voting rights within the Project Management Board through a Terms of Reference in agreement with Ngāti Toa Rangitira and Taranaki Whānui</li> <li>• Completion of a summer events and engagement programme to continue engagement with residential communities and with business communities</li> <li>• Assistance to NZTA design teams to enable a preferred Southern Melling bridge design option to be selected</li> <li>• Progress on property acquisition with completion of purchase of 76 out of 118 properties required for the delivery of Flood Protection components of RiverLink</li> </ul> |
| Hazard investigations and development of Floodplain Management Plans for Waiohine and Te Kāuru | <p>The following elements of the work programme were completed during 2019/20:</p> <ul style="list-style-type: none"> <li>• Completion of Te Kāuru Floodplain Management Plan and adoption by Council</li> <li>• Continuation of work on the Waiohine Floodplain Management Plan in collaboration with the community</li> </ul>   |
| Ōtaki Floodplain Management Plan review  | <ul style="list-style-type: none"> <li>• Progress on the Ōtaki Floodplain Management Plan review has been slower than anticipated, while we undertake extended consultation. This is now programmed to be completed by the end of the calendar year.</li> </ul>   |

| What we said we would do  | What we did  |
|---|--|
| <p>Implementing the outcomes of the Flood Management Plans for the Ōtaki, Waikanae, Hutt Rivers, the Pinehaven Stream and the Lower Wairarapa Development Scheme Improvements</p> | <p>During the 2018/19 year we:</p> <ul style="list-style-type: none"> <li>• Commenced engagement with property owners adjacent to the Pinehaven Stream project ahead of lodgement of a consent for the Pinehaven Stream Implementation. Completed designs for Sunbrae Drive and Pinehaven Road Culverts.</li> <li>• Finished the Jim Cooke Park Stopbank Upgrade, including removal of dangerous trees and repair of water damaged topsoil and grass areas.</li> <li>• Progressed land acquisition of areas identified in the Hutt River Floodplain Management Plan.</li> <li>• Undertook erosion repairs to Hutt River Floodplain Management Plan design channel alignment for Gibbons St, SH2, Upper Hutt.</li> <li>• Undertook hydraulic re-modelling of Waitohu Stream to assist with progressing Convent Road diversion bund, Ōtaki</li> </ul> <p>During 2018/19 we did not progress the following:</p> <ul style="list-style-type: none"> <li>• The Whakawhiriwhiri Stream project (within LWVDS) was delayed by landowner entry agreement progress. This is now in a legal process.</li> <li>• The Pinehaven Implementation was delayed due to slow progress resolving Upper Hutt City Council Plan Change 42 appeals. The programme became subject to Environment Court timeframes relating to Upper Hutt City Council's Plan Change 42. The appeals have now been withdrawn and work on resource consents for the culvert improvement works are now underway with a focus on accelerating the programme to meet 2019/20 goals.</li> <li>• Implementation of gauging and monitoring site upgrades was not completed at any of targeted sites for 2018/19.</li> <li>• The upgrade or construction projects within Ōtaki River catchment are subject to completion of the Ōtaki Floodplain Management Plan review, and therefore have been delayed. They were subsequently reforecast during the year to be completed in 2019/20.</li> </ul> |
| <p>Implement outcomes of the Hutt, Waikanae, Ōtaki and Pinehaven Environmental Strategies and supporting community groups to enhance the river environments</p>                   | <p>During the 2018/19 year we:</p> <ul style="list-style-type: none"> <li>• Made upgrades to Hutt River Trail at Taita/Pomare including associated plantings, and design for Hutt River Trail connection at Hulls Creek</li> <li>• Designed and lodged a consent for trial stormwater treatment wetland at Belmont, Hutt River</li> <li>• Undertook inter-planting to create understory in riparian areas near to Jim Cooke Park, Waikanae River</li> <li>• Undertook environmental enhancement works associated with completed upgrade or improvement projects</li> <li>• Provided assistance to the Waikanae and Ōtaki Friends Groups to undertake environmental planting along the river corridors. A total of approximately 6000 trees were planted during the year</li> </ul>   |

## Measuring our performance

| Level of service   | Performance measure  | Performance targets |                |                | Achieved/ Not achieved     |
|--|--|---------------------|----------------|----------------|----------------------------|
|  |  | Baseline (2017)     | 2018/19 Target | 2018/19 Actual |                            |
| Provide the standard of flood protection agreed with communities                   | Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents <sup>37 38</sup> | Yes                 | Yes            | Completed      | Achieved                   |
|  | Percentage of Floodplain Management Plans' (FMP) recommended structural improvements implemented   | Hutt 33%            | Hutt 33%       | Hutt 33%       | Achieved                   |
|  |  | Ōtaki 47%           | Ōtaki 47%      | Ōtaki 47%      |                            |
|  |  | Waikanae 45%        | Waikanae 56%   | Waikanae 56%   |                            |
| Pinehaven 0%   |  | Pinehaven 0%        | Pinehaven 0%   |                |                            |
|  | Percentage completion of Lower Wairarapa Valley Development Scheme work programme (2007-21)  | 88%                 | 94%            | 90%            | Not achieved <sup>39</sup> |
| Provide information and understanding of flood risk in the community <sup>40</sup> | Percentage of identified vulnerable floodplains with a FMP in place  | 24%                 | 29%            | 29%            | Achieved                   |
|  | Percentage of identified vulnerable floodplains with flood hazard mapping available via online portal  | 72%                 | 78%            | 78%            | Achieved                   |

## Unplanned activity

We repaired and upgraded the Hutt River rock line adjacent to Gibbons Street, Upper Hutt following damage caused by a number of minor flood events. This resulted in a significant risk to SH2, oversized haulage routes and local walkways.

The work involved reconstructing existing rock lines and placing an additional 3,500 tonnes of rock at a cost of just under \$600,000, with \$290,000 of the total cost funded by NZTA.

<sup>37</sup> Non-Financial Performance Measures Rules 2013, Flood protection and control works measure [1].

<sup>38</sup> Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee.

<sup>39</sup> LWVDS not achieved due to land entry agreement delays for some projects.

<sup>40</sup> These measures are based on a list of vulnerable floodplains, and targets for FMPs/mapping.



**Ngā Waka Tūmatanui**  
**Metlink Public Transport**

# Ngā Waka Tūmatanui

## Metlink Public Transport

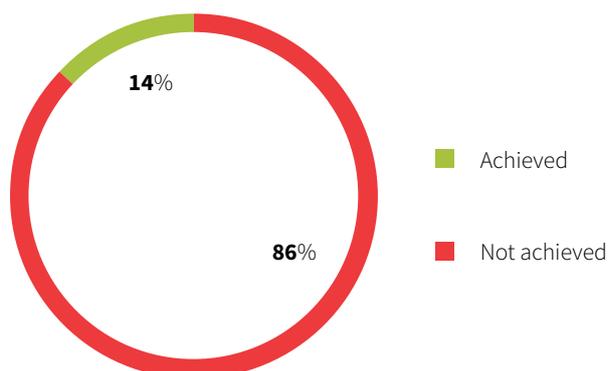
### This group of activities contributes to:

|                    |  |
|--------------------|--|
| Priority area      | Public transport   |
| Community outcomes | Connected community<br>Strong economy<br>Healthy environment |

### Activities

- Metlink network planning and operations – an integrated and accessible network
- Bus and ferry operations – frequent, reliable bus and ferry services
- Rail operations – a high capacity rail system

Greater Wellington manages the Metlink public transport network and delivers public transport services to the regional population. Passengers, ratepayers and road users all help fund it via fares, rates and a subsidy from the NZ Transport Agency. We deliver services across an integrated network of bus routes, five passenger rail lines and the harbour ferry service. We are also responsible for developing and maintaining public transport infrastructure including railway stations, the train maintenance depot, bus and ferry shelters, signs, and Park & Ride facilities.



### Overall summary of the year's performance

A major focus for Metlink over 2018/19 was the introduction of new bus contracts, new operators, a new Wellington city bus network and a raft of changes to ticketing, fares and timetables across the region.

Significant parts of this coordinated rollout of changes to the public transport network in Wellington region went well, including the implementation of a new fare structure, concessions for children, students and disabled customers, the introduction of Snapper ticketing across all operators, and bus and rail timetable changes in Porirua and Kāpiti. This followed successful rollouts in the Wairarapa, the Hutt Valley and Eastbourne in April and June 2018.

However, the changes and transition to the Wellington city bus network in July 2018 did not go smoothly. Public transport customers were directly and significantly impacted by operational and performance challenges.

This overshadowed many of the positive aspects of the new network, such as increased all-day and weekend services, better geographical spread of services that improved access to the network, and cheaper fares for many customers – particularly during the off-peak period. The Real-Time Information (RTI) system initially provided inaccurate information to customers, which compounded the substandard operational performance of many bus services.

An independent review detailed the complexity of the rollout programme and what aspects could have been better managed, such as operator, network and systems performance, communications and data management and reporting. Greater Wellington responded by systematically addressing these issues and bringing stability to the network.

While the overall network has stabilised, service to customers, particularly in Wellington city, continues to be impacted by performance, network and infrastructure challenges. Variability of service in terms of punctuality and reliability continues to be impacted by the lack of bus priority, particularly along core routes in Wellington city. Reflecting these issues, customer satisfaction scores from our annual survey have dropped.

Performance also means having the right resources in place. The national driver shortage remains a significant challenge for the Metlink network. We are working closely with operators, unions and other regional councils to address this fundamental resourcing issue through, for example, the bus driver career campaign and work towards the rest and meal-break legislation.

In stage 2 of our public bus network review, Greater Wellington is working with communities, suburb-by-suburb, to overcome any remaining network design issues – looking at where buses go and how they connect our communities. The findings and resulting actions from this engagement process are expected to be made available to the public in late 2019.

In terms of infrastructure, the Wellington City Council and Greater Wellington have joined forces to identify and remediate a number of key pinch points across the city that, once freed up, should provide more bus priority and consistent public transport performance.

Oriental Bay

As a consequence of these changes, patronage increased by 4.6 percent across the Metlink network, resulting in an additional 1.73 million boardings (increase of 4.0 percent) compared to the previous year. Broken down, bus boardings increased by 5.2 percent in Wellington city, 4.1 percent in Hutt Valley, and 5.6 percent in Kāpiti. Fares and ticketing changes, including free transfers with Snapper, have significantly assisted with increased off-peak travel.

On the rail network, we commenced major initiatives to upgrade the region's metro rail infrastructure assets to address some of our network performance issues, including developing a business case for new trains on the Wairarapa and Manawatū lines, and commenced a multi-year programme to renew KiwiRail's ageing rail network infrastructure. We also provided additional Park and Ride carparks and undertook seismic strengthening of rail footbridges.

Rail boardings increased by 5.7 percent over the 2018/19 year, with even higher levels of growth (7.3 percent) during the peak period. External factors such as congestion and urban growth outside of Wellington city are considered to be the main drivers of change.



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## Metlink public transport network planning and operations

The Metlink public transport network is an integrated network of bus, train and harbour ferry services. We plan the network in an integrated way to connect the communities in our region to their homes, workplaces and recreational activities. The region has a culture of public transport use and we are committed to providing a high-quality public transport system that is accessible to all.

### The year in summary

As we have moved into the new public transport operating environment, we have improved our business intelligence to support contract management and service review and planning. We now have access to more Metlink public transport performance data than ever before and we are making performance data increasingly transparent and accessible, including providing improved performance reporting data on the Metlink website.

We addressed a series of software, hardware and operational faults affecting the accuracy of the Real Time Information (RTI) system, resulting in a significant improvement in the overall quality and reliability of RTI service. Our RTI tracking system is now functioning at a higher level overall than before the network changes, with high levels of on-bus tracking by operators. We have initiated a project to upgrade our RTI system from July 2019 as successive components become obsolete.

We have worked hard to improve communication with customers by attending community meetings, running physical drop-in sessions and online “digital hui” moderated chats, and getting out and about to listen to first-hand user experiences of the new bus services.

We rolled out a suite of new fares and fare products in mid-2018 as part of the new Metlink network launch. These changes have resulted in more affordable fares for many customers and increased Snapper smartcard use on Metlink buses. Snapper smartcards are now used for about 77 percent of all bus boardings while the percentage of cash fare payments on buses has dropped from around 20 percent to around 10 percent.

We are working to provide fully integrated fares and ticketing for all Metlink customers, to enable easier payment and simpler fares. The integrated fares and ticketing system is being procured through the multi-agency National Ticketing programme (Project NEXT).

We commenced a review of the Wellington Regional Public Transport Plan, our key planning document for public transport, and undertook initial engagement with key stakeholders. Council has deferred the preparation of a draft plan for public consultation until after the local body elections. We are also updating the Wellington Regional Rail Plan to support longer term rail planning and provide for future growth in rail patronage.

## Key projects and programmes

| What we said we would do  | What we did  |
|---|--|
| <b>An integrated and accessible network</b>   |  |
| Establish and promote Metlink as the brand for an integrated public transport service   | <p>We have strengthened the cohesion and reach of the Metlink brand:</p> <ul style="list-style-type: none"> <li>• Metlink buses now operate under a consistent Metlink brand to support an integrated network.</li> <li>• We refreshed the look and feel of our marketing material and paper timetables.</li> <li>• We developed mode-specific colours for our public transport updates – to help our customers identify at a glance which information is important to them.</li> </ul>  |
| Provide digital information that keeps pace with customers' expectations of ease and responsiveness                                     | <p>We improved the quality of Metlink Real Time Information at stops, stations and online by adding more RTI signs and raising visibility of the system online.</p> <p>We addressed a series of software, hardware and operational faults affecting the accuracy of the RTI system, resulting in a significant improvement in the overall quality and reliability of RTI service.</p> <p>We have stepped up advance alerts of service changes and cancellations via our website and other digital channels. We also improved the accessibility of the Metlink network by installing Braille signage at major interchanges.</p> <p>We began a trial of on-board announcements for Metlink buses, similar to those already in place on Metlink trains. The audio announcements are accompanied by visual route maps of upcoming stops displayed on screens.</p> <p>We have increased our digital presence on Facebook, Twitter and other social media platforms.</p> <p>We have provided increasingly transparent and comprehensive network performance data on the Metlink website.</p> |
| A single national integrated fares and ticketing system – agree, procure, develop and implement with national and regional stakeholders | <p>The National Ticketing programme (Project NEXT) is a multi-agency project that will be implemented over several years. Project NEXT is currently in the procurement phase, which is being undertaken in two parts: procurement for the core ticketing solution and related services; and procurement for three essential supporting financial services.</p> <p>The scope of procurement is to design, build, implement and operate the solution that will provide ticketing services for GW, national and regional stakeholders.</p> <p>A shortlist for the ticketing solution providers has been agreed following a Request for Expression of Interest process. Work is now focused on preparing and issuing a Request for Proposal from the shortlisted respondents.</p> <p>A Request for Tender for the financial services is nearing completion.</p>  |

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## Bus and ferry operations

Greater Wellington contracts operators (Mana, NZ Bus, Tranzurban and Uzabus) to deliver Metlink bus services throughout the Wellington Region. We also contract a ferry operator (East by West) to provide the harbour ferry services. We design the bus network, including routes and timetables, and undertake area-based service reviews. We monitor performance and work with our operators to improve delivery of services and mitigate operational issues as required. We own and/or fund bus infrastructure such as bus stops and shelters and signs, bus hubs and the Lambton Bus interchange.

### The year in summary

Our focus over 2018/19 has been on completing the transition to region-wide bus performance contracts, introducing a new bus network in Wellington city, together with bus and rail timetable changes in Porirua and Kāpiti, and progressing the new Wellington city bus hubs. We are close to completing a new performance-based contract agreement with the ferry operator East by West.

The launch of the new Wellington city network involved major changes to routes, timetables and operators and resulted in significant adverse impacts on service performance that did not meet customers' expectations.

Since the rollout, we have listened to customers and communities and implemented a number of initiatives to minimise the impact of known issues on customers, including re-timing trips on core routes, and introducing and extending services to some areas such as Vogeltown, the Zoo and Kilbirnie.

As part of the new network, we rolled out a new bus fleet (Euro IV diesel, electric and double decker buses), which has provided significant gains in vehicle capacity.

To ensure we address issues arising from the roll-out of the new bus network, we initiated a comprehensive bus network review. This will focus initially on improving services in Wellington city's eastern suburbs. Service reviews and improvements in West, South, Central and North Wellington will follow.

Bus patronage is showing steady upward growth. During 2018/19 bus patronage grew by over 960,000 boardings, to reach 24.75 million boardings. This represents a 4 percent increase over the year. Ferry boardings, however, slightly declined, there were around 202,200 ferry boardings; a decline of 1 percent over the previous year.

## Key projects and programmes

| What we said we would do   | What we did   |
|--|---|
| <b>Frequent, reliable bus and ferry services</b>   |   |
| Put in place the new Wellington city bus network and bed in the new bus operating model  | <p>We implemented significant bus network changes in Wellington city on 15 July 2018 as part of wider network changes. We responded to a range of operational issues that seriously impacted on the success of the rollout, and on our customers' experience of the changes:</p> <ul style="list-style-type: none"> <li>• Driver unfamiliarity with Wellington city and with the new routes was an issue. We responded by providing on-board "Bus buddy" and bus stop "AmBUSsador" assistance to drivers and passengers for the first weeks after the network launch.</li> <li>• The bus hubs, a critical component of the new network, were incomplete at go-live. We installed temporary bus hubs and wayfinding information until the permanent hubs could be completed.</li> <li>• Late or no-show connecting services, particularly in the evenings, made journeys and transfers difficult. We have adjusted timetables to improve service connections, and continue to monitor operational performance across the city.</li> <li>• Use of "wrong-sized" buses, especially on high-demand core routes at peak times, led to crowding, delays, and full buses driving past passengers. Even with enough right-sized buses at depots, initial day-to-day fleet allocation did not always match passenger demand. We ran extra "banker" buses in high-demand areas and worked with operators at depots to improve bus allocation for high-demand trips.</li> <li>• Many of the bus size and fleet allocation problems were identified within days of the network changes but could not be addressed the operator implemented until a reschedule in February 2019. Since then, there have been significant improvements in the allocation of right-sized buses.</li> <li>• Network capacity continues to improve as new larger-sized buses enter service.</li> </ul> |
| Review and improve levels of service across the bus network, with a focus on further enhancements to the Wellington city network | <p>All areas of the Wellington city bus network have been reviewed since go-live. We have adjusted timetables to improve service reliability and punctuality, and have made further customer-driven enhancements including reinstatement of direct service options to Vogeltown, Kilbirnie and Wellington Zoo, and between the eastern and western suburbs via Wellington Hospital, to reduce some passengers' need to transfer between buses during the day.</p> <p>We have implemented planned service enhancement packages across Wellington city to provide later weekday and Saturday services, more shoulder peak services, more frequent services later into the evening on weekdays and Saturdays, adjustments to some school services, and earlier morning peak services. We have also delivered service enhancements in the Hutt Valley and Porirua.</p> <p>To provide more certainty to customers affected by the shortage of bus drivers, we have temporarily suspended some low-use trips across a number of routes in east, west and central Wellington in line with driver availability to reduce the number of unplanned service cancellations and ensure operators have enough resources to consistently deliver their highest-demand trips relied on by many commuters.</p> <p>We have initiated a comprehensive, community-led post implementation review of the new network, covering Wellington city in the second half of 2019 and extending to the wider region in early 2020. This work will determine what changes are still needed for the network to address customer feedback and requests, taking into account costs, benefits and value for money.</p>  |

| What we said we would do  | What we did   |
|---|---|
| Install new, maintain and upgrade Metlink's assets to meet service demand | <p>Completion of Wellington city's bus hubs was significantly delayed by adverse weather conditions, unforeseen site complications and scheduling conflicts with utilities companies. Hub construction at Kilbirnie, Brooklyn, Miramar shops and Wellington Hospital (Newtown) was completed. Interim facilities were put in place in Johnsonville and Karori Tunnel.</p> <p>We continue to monitor and maintain bus stops, assets and infrastructure across the Metlink network. Twenty-one shelters were installed at bus stops across the region that previously had no shelter. A further 28 life expired shelters have been replaced with modern new shelters.</p> <p>Seven new stops have been installed across the region, and changes have been made to the layout of 15 existing stops, to improve vehicle and passenger access to the network. We are awaiting approval to progress 20 new and amended bus stops, and consultations with affected property owners on a further 53 stop changes are underway.</p> <p>New Real Time Information screens have been installed at 10 stop locations, two of which are at core bus stops in central Wellington (Brandon St and Cable Car).</p> <p>Initial concept work has begun on the replacement of the shelter and upgrade of customer facilities at the Porirua Station bus interchange.</p> |

## Rail operations – a high-capacity rail system

Greater Wellington contracts the rail operator (Transdev) to provide all metro rail services, and the rail network owner (KiwiRail) to provide rail network control, maintenance and renewals, and owns all railway stations (except Wellington Station), pedestrian overbridges and underpasses, and the electric trains and Wairarapa carriages.

### The year in summary

Rail patronage is continuing to grow strongly, particularly during the peak. During 2018/19 rail patronage grew by 771,000 boardings, to reach 14.3 million boardings. This represents a 5.7 percent increase in patronage over the year (and a 7.3 percent increase at peak periods).

We have begun a multi-year programme to renew KiwiRail's ageing rail network infrastructure to ensure the rail network is fit for purpose and to improve the resiliency of the rail corridor.

We have also commenced a programme to upgrade KiwiRail's infrastructure assets and our railway stations to remove key network constraints. This work will lay the groundwork for rail service improvements scheduled for 2021/22 to meet ongoing patronage growth.

We have introduced nine-carriage services on the Wairarapa Line to increase capacity on the highest-demand trips. We are also developing a business case for new trains on the Wairarapa and Manawatū Lines.

Improvements to our rail assets continued throughout the year. We have upgraded Park & Ride facilities at Porirua Station to provide an extra 172 carparks. Park & Ride expansions are planned for Waterloo and Paremata Stations. We are also seismically strengthening rail footbridges.

Rail service delivery performance has fallen over the past year. This is due to driver shortages, which have led to cancelled services, and maintenance issues resulting in shorter trains being run at peak periods. We are working with Transdev to ensure timely and concise communication with customers around cancellations, delays and bus replacements. We are replacing some lower-use rail services with buses and reducing rail ticket station operating hours as an interim measure to ensure the consistent delivery of the highest-demand services. We have been working with Transdev to rectify the train maintenance issues, and the number of short running trains has reduced dramatically since May 2019.

### Key projects and programmes

| What we said we would do   | What we did  |
|--|--|
| <b>A high capacity rail system</b>   |  |
| Catch up renewals to achieve a fit for purpose and more resilient Wellington metro rail track                            | We are in the set-up stage of a multi-year programme of work on KiwiRail's assets to renew ageing infrastructure and improve the resilience of the metro rail track.<br><br>During the year we joined the project governance boards with KiwiRail and early design work is underway on a number of work packages.  |
| Unlocking capacity – rail network infrastructure improvements to remove constraints on increasing capacity at peak times | We are in the project set-up stage of a multi-year programme of work of infrastructure improvements (to KiwiRail's assets) to ensure there is sufficient capacity to deliver increased services frequency.<br><br>We have joined the governance board with KiwiRail. Detailed concept designs are being prepared.  |
| Unlocking capacity – provide additional peak period capacity to meet ongoing passenger growth                            | The introduction of increased capacity and frequency of services is scheduled for 2021/22 once KiwiRail and GW infrastructure has been upgraded.<br><br>We are in the early planning and design stages of upgrades to rail stations. This work is scheduled to take place over 2019/20 and 2020/21, but is subject to availability of funding from the National Land Transport Fund. |
| <b>New rolling stock to service the Wairarapa Line and Capital Connection</b>  |  |
| Develop and agree approach including funding   | A business case has been drafted and is being updated based on revised costings and stakeholder feedback.<br><br>At this stage funding is unconfirmed. A small project to refurbish the Wairarapa Line carriages commenced in June 2019. This will enable the service to continue until the mid-2020s.   |

**What we said we would do**

Install new, maintain and upgrade Metlink's station and network assets to meet service demands

**What we did**

During 2018/19 we:

- Completed the design for the Wellington Station Customer Information System Replacement.
- Completed seismic strengthening of Kenepuru passenger rail bridge.
- Commenced strengthening work on Linden Bridge. Woburn Bridge is being designed.
- Extended Porirua Park & Ride.
- Carried out work on extending Paremata Park & Ride which is scheduled to be completed in July 2019.
- Completed demolition of Waterloo bus depot and commenced Park & Ride development.

Wellington Station, Photo by Shanon Stevens



## Total Mobility

Total Mobility subsidises door-to-door transport for people who are unable to independently use public transport because of a permanent disability or illness.

Total Mobility services are available nationwide wherever scheme transport providers operate.

### The year in summary

As of June 2019 there were 11,813 Total Mobility scheme users in the Wellington Region.

Since July 2018 there has been a 35 per-cent increase in first-time Total Mobility assessments, and a 15 per-cent increase in the number of trips taken by customers.

It is likely that these increases are due to the July 2018 introduction of the Metlink 50 per-cent Accessible Concession and its replacement of some former operator-specific fare products used by members of the disabled community for public transport travel.

Over the last year, our focus has been on engaging with disability organisations within our communities to ensure Total Mobility customers are supported and provided with the information necessary to make informed decisions regarding their personal transport options.

### Measuring our performance

| Level of service  | Performance measure  | Performance targets           |                |                     |                        |
|---|--|-------------------------------|----------------|---------------------|------------------------|
|   |  | Baseline (2017)               | 2018/19 Target | 2018/19 Actual      | Achieved/ Not achieved |
| Transform and elevate customer experience and use of Metlink passenger services | Percentage of rail users satisfied with their trip overall <sup>41</sup>   | 93.0%                         | >92.0%         | 89%                 | Not achieved           |
|   | Percentage of bus users satisfied with their trip overall <sup>42</sup>  | 92.0%                         | >92.0%         | 87%                 | Not achieved           |
|   | Annual public transport boardings per capita   | 74.5<br>(71.8 <sup>43</sup> ) | 75.6           | 75.2                | Not achieved           |
| Deliver services in accordance with the published timetable                     | Percentage of scheduled services delivered (reliability)   | Bus 99.1% <sup>44</sup>       | 99.5%          | 98.4% <sup>45</sup> | Not achieved           |
|   |  | Rail 97.2%                    | 99.5%          | 95.3%               | Not achieved           |
|   | Percentage of scheduled services on time (punctuality to 5 minutes)  | Bus N/A <sup>46</sup>         | 90%            |                     |                        |
|   |  | At origin <sup>47</sup>       |                |                     | 92.5% <sup>48</sup>    |
|   | The two calculations provided reflect punctuality of services where origin data was recorded, vs all services (including those with no origin data). |                               |                | 80% <sup>49</sup>   | Not achieved           |

<sup>41</sup> Satisfied = score of 6-10 on a scale of 0-10.

<sup>42</sup> Satisfied = score of 6-10 on a scale of 0-10.

<sup>43</sup> Performance prior to 2018/19 included boardings for commercial trips, which are no longer reported to Greater Wellington as these services are now defined as exempt services under the Land Transport Management Act 2003. The baseline (2017) excluding these exempt services is 71.8.

<sup>44</sup> Reliability for the 2018/19 year is based on services that are actually tracked by our RTI and Snapper systems, and therefore results cannot be compared to prior years. In prior years operators self-reported reliability.

<sup>45</sup> Cancelled services are factored into the Reliability measure; the Reliability measure checks whether a trip ran (ie, was tracked/sighted in service on its scheduled route). Cancellations are the primary reason why a scheduled trip does not run.

<sup>46</sup> This measure has changed from the previous Long Term Plan, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

<sup>47</sup> This measure is based on services that depart from origin, departing between one minute early and five minutes late.

<sup>48</sup> Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 15% of total trips.

<sup>49</sup> Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

| Level of service  | Performance measure  | Performance targets   |                              |                   |                        |
|---|--|-----------------------|------------------------------|-------------------|------------------------|
|   |  | Baseline (2017)       | 2018/19 Target               | 2018/19 Actual    | Achieved/ Not achieved |
| <i>Deliver services in accordance with the published timetable continued</i>  | at destination <sup>50</sup>   | Bus N/A <sup>51</sup> | 90%                          | 59% <sup>52</sup> | Not achieved           |
|   | The two calculations provided reflect punctuality of services where destination data was recorded, vs all services (incl. those with no destination data). |                       |                              | 52% <sup>53</sup> | Not achieved           |
|   | Percentage of scheduled services on-time (punctuality to 5 minutes) <sup>54</sup>  | Rail 88%              | 90%                          | 88.3%             | Not achieved           |
| Provide accessible and accurate information on Metlink services to the public | Percentage of users satisfied with the provision of Metlink information – about delays and disruptions   | 67%                   | ≥70%                         | 52%               | Not achieved           |
| Maintain and improve the performance and condition of Metlink assets          | Percentage of passengers who are satisfied with overall station/stop/wharf <sup>55</sup>   | 91%                   | ≥91%                         | 91%               | Achieved               |
|   | Average condition rating of all bus shelters maintained by Metlink (1 = very good and 5 = very poor)   | 1.8                   | Improvement on previous year | 1.6               | Not achieved           |
| Provide a subsidised taxi service to customers unable to use buses or trains  | Percentage of users satisfied with the overall service of the scheme <sup>56</sup>   | 99%                   | ≥99%                         | 96%               | Not achieved           |

50 Measure is based on bus services that arrive at destination, arriving between one minute early and five minutes late (with a 30-second leeway). 86% of services arrived at their destinations on time or early (59% arrived at their destination on time, 27% arrived more than one minute early) and 14% arrived more than five minutes late. Some customers do not consider early arrival to be a problem.

51 This measure has changed from the previous Long Term Plan, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

52 Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 14% of total trips.

53 Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

54 Rail punctuality measure is based on rail services arriving at key interchange stations and final destination within five minutes of the scheduled time.

55 Technical details relating to survey: On board survey, systematic random sampling. Sample size 4,042. Response rate 61% (ferry 69%, train 65%, bus 55%). Max margin of error at 95% confidence interval. Total results weighted by mode: 63.5% bus, 36.1% train, 0.4% ferry.

56 Satisfied = score of 3-5 on a scale of 1-5. In 2017/18 the satisfaction scale changed from 1 – 10 points to 1-5 points.



# Ngā Kaihautū o te Rohe Regional Leadership

# Ngā Kaihautū o te Rohe

## Regional Leadership

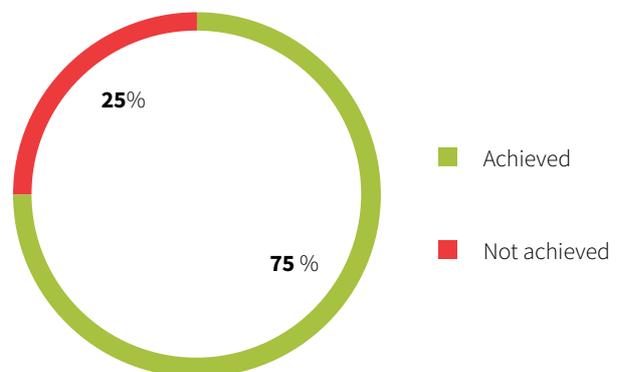
### This group of activities contributes to:

|                    |                                      |
|--------------------|--------------------------------------|
| Priority area      | Water supply                         |
|                    | Public transport                     |
|                    | Resilient region                     |
|                    | Fresh-water quality and biodiversity |
| Community outcomes | Strong economy                       |
|                    | Resilient community                  |
|                    | Connected community                  |
|                    | Healthy environment                  |
|                    | Engaged community                    |

## Activities

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

Greater Wellington coordinates regional leadership activities in partnership with other local authorities on a range of issues and priorities across the region. Our long-term approach is to develop and maintain strong relationships and collaborative programmes at a regional level to assist with achieving integrated decision making across the region. We involve mana whenua, key stakeholders, central government and the community in this process and in our decision making. We also lead or are involved in a number of regional initiatives that provide significant benefits to the regional community.



## Overall summary of the year's performance

During the 2018/19 year a number of significant programmes of work were progressed to support the wellbeing and quality of life of our region now, and for future generations. These include projects to address regional economic development and our critical transport infrastructure, as we look at solutions to address our growing and changing region.

Our partnership with mana whenua continued to make progress and a review of Ara Tahi has been undertaken with recommendations due to be delivered to the incoming Council.

Let's Get Wellington Moving reached a significant milestone during the year with funding for the next stages of the multi-year project agreed.

This programme is jointly managed by Greater Wellington, Wellington City Council and NZ Transport Agency, who have a joint aim to develop a transport system that supports the community's aspirations for how the city looks, feels and functions.

Initiatives to develop the economy of the region progressed well. The Wellington Regional Investment Plan (WRIP) was finalised and, with the WRIP as a base, agreement was reached at a regional and central government level to develop a Regional Growth Framework that has a spatial focus on the future growth of the region. Work also progressed well on a regional Māori Economic Development Strategy and action plan.

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## Wellington Regional Strategy

### The year in summary

The Wellington Regional Strategy (WRS) is the region's economic development strategy, which aims to strengthen the region's economy. The WRS Office coordinates some of the focus areas in the strategy and supports the WRS Committee, which provides political leadership and oversight of the work undertaken. The Wellington Regional Economic Development Agency (WellingtonNZ), which is a joint council controlled organisation with Wellington City Council, is responsible for implementing much of the Wellington Regional Strategy.

The focus over the 2018/19 year has been on the development and finalisation of the Wellington Regional Investment Plan (WRIP) in partnership with the eight territorial authorities (TAs) across the region. The WRIP is a long-range blueprint that details the investment required over the next 30 years to ensure future success and improve the quality of life for the Wellington Region. Through the year meetings were held with ministers, mayors and central government officers to gain support and buy-in for a Wellington region partnership with central government using the WRIP as a base.

This has led to an agreement at a Wellington region and central government level to build on the WRIP and to develop a Regional Growth Framework which will focus more spatially on how the region will develop.

Work was also completed on understanding the challenges and pressures facing our regional workforce and identifying solutions for WellingtonNZ and others to collectively implement to ensure we have the right workforce settings for the future.

A review of Greater Wellington's role in regional economic development was also completed with recommendations due to be released in the first quarter of the 2019/20 year.

Another major piece of work that commenced during the 2018/19 year was the development of a regional Māori Economic Development Strategy and action plan. This plan will focus on outcomes that will embrace the interconnected themes of economic, social and cultural development as the basis for improving Māori wellbeing. Work will continue into the 2019/20 year with a strategy and plan due in the fourth quarter.

## Key projects and programmes

| What we said we would do  | What we did   |
|---|---|
| Labour Market Strategy  | We progressed a review of workforce development across the region. A number of workshops were held with councils, businesses and iwi as well as one-on-one meetings with central government and other large employers to identify what the core issues around workforce were for the region. Greater Wellington, in partnership with WellingtonNZ, has identified recommendations that will support development of the region's workforce; these will be finalised and discussed with stakeholders in the first quarter of 2019/20. |
| Plan for Māori economic development with Ara Tahi   | Ara Tahi created an Ohu (expert iwi working group) for economic development and appointed three members to work in partnership with the WRS Office. Greater Wellington worked with the Ohu and other stakeholders to develop a forward process and plan of action.  |
| Review of the GPI   | During 2018/19 we undertook a review of the current state of the Wellington Region GPI. Council and Ara Tahi were briefed on its status, monitored external developments on wellbeing measures including by the Treasury, Statistics New Zealand, SOLGM, Massey University, and Infometrics. It was agreed that the current GPI requires an upgrade. Recommendations on the proposed approach for this upgrade will be made in the first quarter of 2019/20.  |
| Development and coordination of the Wellington Regional Investment Plan (WRIP)                    | Work continued on the WRIP with workshops across the four main areas of housing, transport, economy and resilience. Meetings were held with ministers to discuss the opportunities around partnership with central government and the mayors signed off a final version of the WRIP was signed off by the Mayors at their 21 June meeting.  |
| Review how we invest in regional economic development to achieve the best outcomes for the region | We undertook a review of the role Greater Wellington should have in regional economic development. Interviews were held with all the city and district councils across the region as well as with WellingtonNZ and the Chamber of Commerce. Initial findings were presented to Greater Wellington, the WRS Committee and the CEOs of the region's councils. A final report with recommendations is due in Q1 2019/20.   |

# Emergency management

## The year in summary

The Wellington Region Emergency Management Office (WREMO) provides coordinated civil defence across the region and works to build resilient communities that are prepared for and able to respond to and recover from emergencies. WREMO was established by the nine local authorities in the region and is administered by Greater Wellington.

During the year great progress was made to help prepare the region for an emergency. We supported community preparedness through the delivery of emergency training programmes, consisting of three-hour and one-hour workshops.

Importantly, the Earthquake Planning Guide, which provides advice on how to be prepared and respond during an earthquake, was translated into 16 languages to ensure our Culturally and Linguistically Diverse (CALD) communities are all equally prepared. This work was complemented with the delivery of civil defence emergency management (CDEM) training across the region.

During the year we also supported the Lifelines Resilience project together with our partners, with the programme business case almost complete. The project is anticipated to be largely completed by the end of 2019.

## Key projects and programmes

| What we said we would do | What we did  |
|--------------------------|--|
| Community Preparedness   | <p>The Earthquake Planning Guide was translated into 16 languages to help Culturally and Linguistically Diverse (CALD) communities around the region have equal access to this important preparedness information.</p> <p>Twenty-two three-hour workshops and 96 one-hour Plan and Prepare Workshops were delivered across the region during the year. The workshops help communities prepare for and respond to an emergency and cover topics such as the various hazards that exist in the Wellington Region, how families can prepare for an emergency event, the potential impacts of a disaster including psychological support and recovery, and ways the community can be involved in the wider response.</p>   |
| Emergency Response Model | <p>Capability development:</p> <p>Over the past year there has been the creation of a dedicated team of two capability development staff to lead and coordinate the effective delivery of CDEM training across the region. This team has developed a five-year strategy and two-year training and exercise plan to significantly improve the quality of training that is being delivered. The team received excellent feedback on the content of the training and the way in which it is being delivered. Over time, this training is expected to make a significant difference to the capability and capacity of trained CDEM staff in the region.</p> <p>Earthquake Response Plans:</p> <p>Following the events of the Kaikōura earthquake, the Wellington CDEM Group has a Wellington Region Earthquake Plan (WREP). Work started on the development of Local Earthquake Response Plans (LERP) to complement the WREP at the local level. Work also started on investigating a range of options for building a fit-for-purpose Emergency Coordination Centre (ECC) to ensure that the region is able to manage a large-scale event.</p> |
| Lifelines Coordination   | <p>The programme business case for the Wellington Lifelines is almost complete, the last piece being the completion of the financial case. The PBC identifies the impacts of a large earthquake event on the region's key lifelines, and a programme of work to reduce this impact. It is anticipated that this project will be largely complete by late 2019. This work has been led by the Wellington Lifelines Group in conjunction with WREMO and Greater Wellington.</p>  |

## Measuring our performance

| Level of service  | Performance measure   | Performance targets |                |                |                        |
|---|---|---------------------|----------------|----------------|------------------------|
|   |   | Baseline (2017)     | 2018/19 Target | 2018/19 Actual | Achieved/ Not achieved |
| Work with the regional community to improve resilience to, and preparedness for, major emergency events | Percentage of households with sufficient emergency food and water to last at least seven days             | 10%                 | 11%            | 23.4%          | Achieved               |
|   | Annual activation test for each Emergency Operations Centre (EOC) and Emergency Coordination Centre (ECC) | 100%                | 100%           | 100%           | Achieved               |
|   | Number of published Community Response Plans  | 75%                 | 85%            | 84%            | Not achieved           |

## Unplanned activity

The Coordinating Executive Group now has two iwi representatives providing input into Group governance and planning, as well as support in identifying marae that wish to have a more active role in emergency management. This is in accordance with the Government's response to the findings of the 2017 ministerial review of CDEM (Better Responses to Natural Disasters and Other Emergencies in New Zealand).

This is a significant step for the Wellington Region, given the lessons learned from Kaikōura and other events around the country, where iwi and marae have played a significant role in supporting their communities in their time of need.

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## Relationships with mana whenua and Māori

### The year in summary

Greater Wellington has a memorandum of partnership with mana whenua that has been in place for 25 years. The memorandum provides guidance to assist Greater Wellington to develop strategic objectives that are aligned to the aspirations of mana whenua for community benefit.

Overall, relationships with mana whenua at their collective governance, management and operational levels are progressing well. This includes the relationships that Greater Wellington is now beginning to foster as we grow the ownership of developing and maintaining relationships with mana whenua.

Greater Wellington supports the right of all of its mana whenua partners in exercising their tino rangatiratanga rights which Te Ātiawa ki Whakarongotai (AKW) has done in stepping away from the Ara Tahi collective Leadership Forum. Greater Wellington will continue to hold the AKW vacancy at the Ara Tahi table should they decide to return. AKW will continue to engage with Greater Wellington in programmes specific to the rohe of Ātiawa ki Whakarongotai.

During the year we made progress with a number of initiatives reflecting the values of mana whenua; these are covered in other areas in this report.

### Key projects and programmes

| What we said we would do   | What we did   |
|--|---|
| Lead legislation and policy advice on areas of implication for Māori | During the year Greater Wellington undertook a stocktake of GW's obligations to Māori to move towards best practice approaches. We are also leading a regional approach to mana whakahono ā rohe with councils from the region. This aims to ensure a collective approach to the way forward that does not undermine existing partnerships with mana whenua.  |
| Training to support organisational cultural understanding            | Council adopted a te reo Māori and tikanga policy that focuses on lifting the capability of all staff to develop and broaden their knowledge, utilisation and understanding of Māori.   |
| Position Ara Tahi for the future                                     | Councillors and members of Ara Tahi have been working towards identifying areas for improvement and a proposed new model of working. During the year, Councillors and mana whenua have been leading a work to re-set the partnership so that the relationship is future focused and meets the collective priorities for the next 25 years. A series of workshops has been held, and these have progressed towards a preferred working option. This will be presented to the incoming Council. |

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## Regional transport planning and programmes

### The year in summary

Greater Wellington manages the production, monitoring and review of the Regional Land Transport Plan (RLTP), carries out regional transport analytics and modelling, provides strategic transport advice, and runs a programme of travel demand management, road safety and behaviour change campaigns across the region.

The 2018/19 year began with the finalisation of the mid-term review of the RLTP and the submission to NZ Transport Agency of the regional programme of transport activities for 2018-21. The RLTP programme is the region's bid to central government for funding through the National Land Transport Fund. The National Land Transport Programme (NLTP) was released in August 2019.

Much of the year was taken up by a series of "lessons learned" exercises post Regional Land Transport Plan and National Land Transport Plan, and collaborative working between central and local government to improve investment decision-making processes.

Greater Wellington, working in collaboration with other regional and unitary councils as well as NZ Transport Agency, has developed a more strategic and consistent approach to RLTPs, the aim of which is to enhance the role that RLTPs play in setting strategic transport direction and influencing investment decisions. Towards the end of the year, we began preparing for production of the next RLTP, which will need to be submitted in April 2021.

A major milestone achieved this year was the government's announcement of a funding package for the Let's Get Wellington Moving project with unanimous support from both Wellington City Council and Greater Wellington. The annual Movin'March active travel to school programme saw significantly increased participation this year, with more than half of the region's primary schools taking part (a 37 per-cent increase on the previous year). Greater Wellington produced a highly successful active travel curriculum resource in conjunction with EnviroSchools, and the Pedal Ready cycle skills training programme was as busy as ever, becoming New Zealand's first (and, so far, only) accredited cycle skills training programme under the new national Bike-Ready programme.

Regional transport planning, Photo by Shanon Stevens



## Key projects and programmes

| What we said we would do  | What we did  |
|---|--|
| Transport modelling, data collection and analysis for regional planning                                       | The planned update of the Wellington Strategic Transport Model was approved by NZTA and funding released. The Annual Monitoring Report was completed and presented to the Regional Transport Committee (RTC) at its November meeting.  |
| Regional Land Transport Plan  | The six-monthly progress reports were presented to the RTC at its August and April meetings. Two variations to the RLTP were approved: Wellington city bus hubs and Hutt City accelerated renewals of LED streetlights. GW led a regional sector-wide review of the RLTP process and developed a new approach for the next round of RLTPs in collaboration with NZTA, the Ministry of Transport, and the other regional and unitary councils. The approach for the next Wellington RLTP 2021 has been developed in collaboration with the region's territorial authorities and NZTA.   |
| Let's Get Wellington Moving – prepare and develop approach to recommendations                                 | The LGWM project team, comprising GW, Wellington City Council and NZTA, developed a Recommended Programme of Investment towards the end of 2018. In May 2019 the Minister of Transport announced a funding package for an Indicative Programme, the first component of which is a series of Early Improvement projects that are already underway. These Early Improvements include bus priority, active transport and urban realm improvements along the Golden Mile and on Thorndon Quay/Hutt Road.   |
| Behaviour change programmes to facilitate use of public transport, walking and cycling and reduce vehicle use | The Aotearoa Bike Challenge and Movin'March events attracted increased rates of participation this year, with a significant 37% increase for Movin'March. A joint GW/Enviroschools curriculum resource was developed for promoting active transport to school and 14 workshops were offered to primary school teachers. The team carried out a number of workplace travel planning activations including Capital & Coast District Health Board, Victoria University and businesses in the new Deloitte building. Senior management approval was obtained for a staff bicycle purchase scheme at GW, similar to other staff schemes at Wellington City Council and NZTA. Bike racks on buses have been rolled out across the entire fleet of new Metlink buses. |
| Training and campaigns to improve road safety   | Pedal Ready exceeded its target by delivering over 10 cycle skills training sessions per week throughout the year to schools, workplaces and communities, including e-bike training and teacher training. Pedal Ready instructors delivered skills activities and awareness raising at a number of events such as Bike the Trail. Six bus bike workshops were held. NZTA's Bike Ready programme was launched with Pedal Ready as its first accredited provider.  |

## Measuring our performance

| Level of service   | Performance measure  | Performance targets |                |                |                        |
|--|--|---------------------|----------------|----------------|------------------------|
|  |  | Baseline (2017)     | 2018/19 Target | 2018/19 Actual | Achieved/ Not achieved |
| Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices | Number of adults participating in sustainable transport initiatives and promotions <sup>57</sup> | 2,919 (2017/18)     | Increase       | 4,403          | Achieved               |

## Unplanned activity

At its meeting on 19 September 2018 the Sustainable Transport Committee highlighted the importance of bus priority measures on the road network to deliver reliable bus journeys, alongside work to address bus service and network issues. The Committee requested that a joint work programme be developed with Wellington City Council to plan for and deliver bus priority measures.

The funding announcement for the Let's Get Wellington Moving programme on 16 May 2019 enabled progress to be made on determining corridors for bus priority improvements across the city to support LGWM and the city vision.

In partnership with WCC officers, good progress has been made on the development of a Bus Priority Action Plan. The aim of the bus prioritisation programme is to move more people using fewer vehicles and make it more attractive to travel by bus than by car.

<sup>57</sup>Aotearoa Bike Challenge – Wellington, national cycle skills training courses, Smart Travel Challenge, Smart Travel registrations, and bus/bike workshops.

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## Regional initiatives

### The year in summary

Greater Wellington leads and partners with others on a number of key initiatives aimed at promoting significant economic, social and environmental benefits to the regional community.

During the 2018/19 year we made progress with a number of planned initiatives. We continued our work with CentrePort and other partners to identify future plans and opportunities for the port land, including investigating options for a new, integrated ferry terminal and options for use of the land.

We also made further progress with the Lifelines Resilience project. This is an initiative to prepare a business case for significantly improving the resilience of Wellington lifeline services to natural hazards.

This is a collaborative project that includes Greater Wellington, representatives from Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt District Council and Kāpiti Coast District Council, and the utility companies.

Greater Wellington continued to work with the Wairarapa councils on the Water Wairarapa project. This is a project to look at how water storage can be integrated with municipal water supply, wastewater, stock water races and provide wider environmental and amenity opportunities, such as increasing flows in rivers and lakes.

### Key projects and programmes

| What we said we would do     | What we did   |
|------------------------------|---|
| Water Wairarapa              | WSP-Opus gathered data and information required by the Wairarapa district councils to consider their collective future support and feasibility for a community water storage scheme. It analyses the strengths and weaknesses, and presents high-level options for each council. Three priority areas were identified, namely urban water infrastructure, regional prosperity and environmental expectations.   |
| Northern Gateway Futures     | <p>We continued to provide leadership to the Programme Steering Group and Programme Control Group for this project.</p> <p>Of the four areas identified for work this year the following occurred:</p> <p><b>Investigating the central NZ supply chain.</b> An application was made to the Regional Growth Fund to fund this work but the application was not successful. A decision has been made to put this work on hold until information from the CentrePort Regeneration Plan is complete.</p> <p><b>CentrePort Regeneration Plan.</b> This work is being led by CentrePort and, as at the end of the financial year, work is still underway to complete this plan. Regular updates have been provided and a completed plan is expected in 2019/20.</p> <p><b>Programme business case for a new ferry terminal.</b> A programme business case has been completed and a preferred option has been selected. This follows analysis of a number of options against a number of key factors. More detailed work will commence on the preferred option.</p> <p><b>Land use context.</b> An initial report has been completed and used as an input to the ferry terminal business case.</p> |
| Lifelines Resilience project | The programme business case for the Wellington Lifelines is almost complete, the last piece being the completion of the financial case. The PBC identifies the impacts of a large earthquake event on the region's key lifelines, and a programme of work to reduce this impact. It is anticipated that this project will be largely complete by late 2019. This work has been led by the Wellington Lifelines Group in conjunction with WREMO and Greater Wellington.  |

**He Tauākī Pūtea a Te Pane  
Matua Taiao mō ngā Hua  
Funding impact  
statements for Greater  
Wellington's activities**

# He Tauākī Pūtea a Te Pane Matua Taiao mō ngā Hua

## Funding Impact Statements for Greater Wellington's activities

### REGIONAL LEADERSHIP

#### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

| Sources of operating funding                      | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| General rate                                      | 8,752                       | 9,293                               | 8,089                               | 7,272                       |
| Targeted rates                                    | 7,479                       | 8,145                               | 8,807                               | 7,301                       |
| Subsidies and grants for operating purposes       | 1,224                       | 1,359                               | 1,614                               | 1,122                       |
| Fees and charges                                  | 18                          | 18                                  | 3                                   | 18                          |
| Fines, infringement fees, and other receipts      | 3,943                       | 2,790                               | 1,939                               | 3,575                       |
| <b>Total operating funding</b>                    | <b>21,416</b>               | <b>21,605</b>                       | <b>20,452</b>                       | <b>19,288</b>               |
| <b>Applications of operating funding</b>          |                             |                                     |                                     |                             |
| Payments to staff and suppliers                   | (18,561)                    | (21,517)                            | (18,373)                            | (17,968)                    |
| Finance costs                                     | (776)                       | (1,047)                             | (1,129)                             | (872)                       |
| Internal charges and overheads applied            | (574)                       | (574)                               | (453)                               | (571)                       |
| <b>Total applications of operating funding</b>    | <b>(19,911)</b>             | <b>(23,138)</b>                     | <b>(19,955)</b>                     | <b>(19,411)</b>             |
| <b>Surplus/(deficit) of operating funding</b>     | <b>1,505</b>                | <b>(1,533)</b>                      | <b>497</b>                          | <b>(123)</b>                |
| <b>Sources of capital funding</b>                 |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure      | 115                         | 459                                 | 401                                 | 51                          |
| Increase/(decrease) in debt                       | (2,790)                     | 1,273                               | (2,290)                             | (54)                        |
| Gross proceeds from asset sales                   | -                           | -                                   | 52                                  | 65                          |
| <b>Total sources of capital funding</b>           | <b>(2,675)</b>              | <b>1,732</b>                        | <b>(1,837)</b>                      | <b>62</b>                   |
| <b>Applications of capital funding</b>            |                             |                                     |                                     |                             |
| - to meet additional demand                       | -                           | -                                   | -                                   | -                           |
| - to improve the level of service                 | (22)                        | -                                   | -                                   | -                           |
| - to replace existing assets                      | (183)                       | (995)                               | (1,641)                             | (370)                       |
| (Increase)/decrease in investments                | 1,211                       | 609                                 | 2,821                               | 453                         |
| (Increase)/decrease in reserves                   | 164                         | 187                                 | 160                                 | (22)                        |
| -   | -                           | -                                   | -                                   | -                           |
| <b>Total applications of capital funding</b>      | <b>1,170</b>                | <b>(199)</b>                        | <b>1,340</b>                        | <b>61</b>                   |
| <b>Surplus/(deficit) of funding</b>               | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>-</b>                    |
| <b>Depreciation on Regional Leadership assets</b> | <b>178</b>                  | <b>184</b>                          | <b>460</b>                          | <b>170</b>                  |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28. All figures on this page exclude GST.

## REGIONAL LEADERSHIP

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>                       |                             |                                     |                                     |                             |
| Wellington Regional Strategy                   | 4,943                       | 4,905                               | 4,960                               | 4,974                       |
| Emergency Management                           | 4,159                       | 3,999                               | 3,740                               | 3,589                       |
| Democratic Services                            | 2,462                       | 2,247                               | 2,225                               | 2,171                       |
| Relationships with Māori                       | 1,334                       | 1,330                               | 944                                 | 1,055                       |
| Regional transport planning and programmes     | 3,942                       | 4,092                               | 3,339                               | 3,241                       |
| Regional initiatives                           | 4,576                       | 5,032                               | 5,244                               | 4,255                       |
| <b>Total operating funding</b>                 | <b>21,416</b>               | <b>21,605</b>                       | <b>20,452</b>                       | <b>19,285</b>               |
| <b>Applications of operating funding</b>       |                             |                                     |                                     |                             |
| Wellington Regional Strategy                   | (5,194)                     | (5,108)                             | (4,946)                             | (4,806)                     |
| Emergency Management                           | (4,129)                     | (3,954)                             | (3,483)                             | (3,510)                     |
| Democratic Services                            | (2,317)                     | (2,170)                             | (2,072)                             | (1,903)                     |
| Relationships with Māori                       | (1,009)                     | (1,322)                             | (943)                               | (933)                       |
| Regional transport planning and programmes     | (3,192)                     | (5,352)                             | (3,364)                             | (3,504)                     |
| Regional initiatives                           | (4,070)                     | (5,232)                             | (5,147)                             | (4,754)                     |
| <b>Total applications of operating funding</b> | <b>(19,911)</b>             | <b>(23,138)</b>                     | <b>(19,955)</b>                     | <b>(19,410)</b>             |
| <b>Capital expenditure</b>                     |                             |                                     |                                     |                             |
| Capital project expenditure                    | (183)                       | (900)                               | (1,416)                             | (172)                       |
| Land and buildings                             | -                           | -                                   | -                                   | -                           |
| Plant and equipment                            | -                           | (15)                                | (47)                                | -                           |
| Vehicles                                       | (22)                        | (80)                                | (178)                               | (198)                       |
| <b>Total capital expenditure</b>               | <b>(205)</b>                | <b>(995)</b>                        | <b>(1,641)</b>                      | <b>(370)</b>                |

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

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

All figures on this page exclude GST.

## PUBLIC TRANSPORT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|   | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Sources of operating funding</b>                       |                             |                                     |                                     |                             |
| General rate  | -                           | -                                   | -                                   | -                           |
| Targeted rates  | 67,736                      | 68,110                              | 67,874                              | 64,656                      |
| Subsidies and grants for operating purposes               | 81,734                      | 79,575                              | 80,425                              | 67,509                      |
| Fees and charges  | 95,422                      | 94,120                              | 103,041                             | 50,995                      |
| Fines, infringement fees, and other receipts <sup>1</sup> | 9,248                       | 7,613                               | 2,207                               | 4,514                       |
| <b>Total operating funding</b>                            | <b>254,140</b>              | <b>249,418</b>                      | <b>253,547</b>                      | <b>187,674</b>              |
| <b>Applications of operating funding</b>                  |                             |                                     |                                     |                             |
| Payments to staff and suppliers                           | (228,167)                   | (221,826)                           | (216,733)                           | (170,337)                   |
| Finance costs   | (13,693)                    | (14,265)                            | (15,772)                            | (12,757)                    |
| Internal charges and overheads applied                    | (9,352)                     | (9,567)                             | (3,968)                             | (5,853)                     |
| <b>Total applications of operating funding</b>            | <b>(251,212)</b>            | <b>(245,658)</b>                    | <b>(236,473)</b>                    | <b>(188,947)</b>            |
| <b>Surplus/(deficit) of operating funding</b>             | <b>2,928</b>                | <b>3,760</b>                        | <b>17,074</b>                       | <b>(1,273)</b>              |
| <b>Sources of capital funding</b>                         |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure              | 11,308                      | 23,980                              | 9,838                               | 16,355                      |
| Increase/(decrease) in debt                               | 40,050                      | 46,650                              | 16,257                              | (26,096)                    |
| Gross proceeds from asset sales                           | 4                           | 10                                  | 10                                  | 4                           |
| <b>Total sources of capital funding</b>                   | <b>51,362</b>               | <b>70,640</b>                       | <b>26,105</b>                       | <b>(9,737)</b>              |
| <b>Applications of capital funding</b>                    |                             |                                     |                                     |                             |
| - to meet additional demand                               | (97)                        | (4,117)                             | -                                   | (179)                       |
| - to improve the level of service                         | (1,700)                     | (7,398)                             | (20,898)                            | (7,571)                     |
| - to replace existing assets                              | (41,002)                    | (34,522)                            | (1,101)                             | (1,753)                     |
| (Increase)/decrease in investments <sup>2</sup>           | (13,536)                    | (30,748)                            | (22,157)                            | (7,197)                     |
| (Increase)/decrease in reserves                           | 2,045                       | 2,385                               | 977                                 | 1,189                       |
| <b>Total applications of capital funding</b>              | <b>(54,290)</b>             | <b>(74,400)</b>                     | <b>(43,179)</b>                     | <b>(15,511)</b>             |
| <b>Surplus/(deficit) of funding</b>                       | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>(26,521)</b>             |
| <b>Depreciation on Public Transport assets</b>            | <b>3,361</b>                | <b>4,615</b>                        | <b>3,788</b>                        | <b>1,670</b>                |

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

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

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## PUBLIC TRANSPORT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|   | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>  |                             |                                     |                                     |                             |
| Metlink public transport network planning                                 | 23,839                      | 25,542                              | 15,322                              | 16,114                      |
| Rail operations and asset management                                      | 131,238                     | 127,275                             | 128,791                             | 111,859                     |
| Bus and ferry operations and asset management                             | 99,063                      | 96,601                              | 109,434                             | 59,701                      |
| <b>Total operating funding</b>  | <b>254,140</b>              | <b>249,418</b>                      | <b>253,547</b>                      | <b>187,674</b>              |
| <b>Applications of operating funding</b>                                  |                             |                                     |                                     |                             |
| Metlink public transport network planning                                 | (22,387)                    | (26,591)                            | (13,751)                            | (13,825)                    |
| Rail operations and asset management                                      | (121,530)                   | (120,479)                           | (110,063)                           | (109,784)                   |
| Bus and ferry operations and asset management                             | (107,295)                   | (98,588)                            | (112,659)                           | (64,078)                    |
| <b>Total applications of operating funding (excluding improvements)</b>   | <b>(251,212)</b>            | <b>(245,658)</b>                    | <b>(236,473)</b>                    | <b>(187,687)</b>            |
| <b>Improvement expenditure</b>  |                             |                                     |                                     |                             |
| Bus and ferry operations and asset management                             | -                           | -                                   | -                                   | (1,260)                     |
| Total improvement expenditure   | -                           | -                                   | -                                   | (1,260)                     |
| <b>Total applications of operating funding (including improvements)</b>   | <b>(251,212)</b>            | <b>(245,658)</b>                    | <b>(236,473)</b>                    | <b>(188,947)</b>            |
| <b>Net surplus/(deficit) of operating funding</b>                         | <b>2,928</b>                | <b>3,760</b>                        | <b>17,074</b>                       | <b>(1,273)</b>              |
| <b>Investment in Greater Wellington Rail Ltd</b>                          |                             |                                     |                                     |                             |
| Rail operations and asset management                                      | (13,536)                    | (30,748)                            | (22,157)                            | (7,197)                     |
| <b>Capital project expenditure</b>  |                             |                                     |                                     |                             |
| New public transport shelters, signage, pedestrian facilities and systems | (1,059)                     | (45,997)                            | (21,958)                            | (7,275)                     |
| Land and buildings  | (1,129)                     | -                                   | -                                   | -                           |
| Plant and equipment   | (9,689)                     | -                                   | -                                   | (2,228)                     |
| Vehicles  | (30,922)                    | (40)                                | (41)                                | -                           |
| <b>Total capital expenditure</b>  | <b>(42,799)</b>             | <b>(46,037)</b>                     | <b>(21,999)</b>                     | <b>(9,503)</b>              |
| <b>Total investment in Public Transport Infrastructure</b>                | <b>(56,335)</b>             | <b>(76,785)</b>                     | <b>(44,156)</b>                     | <b>(17,960)</b>             |

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

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

All figures on this page exclude GST.

## WATER SUPPLY

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Sources of operating funding</b>            |                             |                                     |                                     |                             |
| General rate                                   | -                           | -                                   | -                                   | -                           |
| Targeted rates                                 | -                           | -                                   | -                                   | -                           |
| Subsidies and grants for operating purposes    | -                           | -                                   | -                                   | -                           |
| Fees and charges                               | -                           | -                                   | -                                   | -                           |
| Fines, infringement fees, and other receipts   | 34,534                      | 34,308                              | 32,934                              | 32,511                      |
| <b>Total operating funding</b>                 | <b>34,534</b>               | <b>34,308</b>                       | <b>32,934</b>                       | <b>32,511</b>               |
| <b>Applications of operating funding</b>       |                             |                                     |                                     |                             |
| Payments to staff and suppliers                | (20,829)                    | (19,985)                            | (19,446)                            | (23,566)                    |
| Finance costs                                  | (4,706)                     | (4,957)                             | (5,189)                             | (4,653)                     |
| Internal charges and overheads applied         | (2,008)                     | (2,008)                             | (1,465)                             | (1,333)                     |
| <b>Total applications of operating funding</b> | <b>(27,543)</b>             | <b>(26,950)</b>                     | <b>(26,100)</b>                     | <b>(29,552)</b>             |
| <b>Surplus/(deficit) of operating funding</b>  | <b>6,991</b>                | <b>7,358</b>                        | <b>6,834</b>                        | <b>2,959</b>                |
| <b>Sources of capital funding</b>              |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure   | -                           | -                                   | -                                   | -                           |
| Increase/(decrease) in debt                    | 3,934                       | 10,535                              | 22,511                              | 13,902                      |
| Gross proceeds from asset sales                | -                           | -                                   | -                                   | -                           |
| <b>Total sources of capital funding</b>        | <b>3,934</b>                | <b>10,535</b>                       | <b>22,511</b>                       | <b>13,902</b>               |
| <b>Applications of capital funding</b>         |                             |                                     |                                     |                             |
| - to meet additional demand                    | (1,049)                     | (150)                               | -                                   | -                           |
| - to improve the level of service              | (4,533)                     | (11,183)                            | (21,354)                            | (12,518)                    |
| - to replace existing assets                   | (1,907)                     | (3,312)                             | (4,583)                             | (1,138)                     |
| (Increase)/decrease in investments             | (3,276)                     | (3,257)                             | (3,408)                             | (3,272)                     |
| (Increase)/decrease in reserves                | (160)                       | 9                                   | -                                   | 67                          |
| <b>Total applications of capital funding</b>   | <b>(10,925)</b>             | <b>(17,893)</b>                     | <b>(29,345)</b>                     | <b>(16,861)</b>             |
| <b>Surplus/(deficit) of funding</b>            | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>-</b>                    |
| <b>Bulk Water Levy<sup>1</sup></b>             | <b>33,069</b>               | <b>33,069</b>                       | <b>31,215</b>                       | <b>30,863</b>               |
| <b>Depreciation on Water assets</b>            | <b>15,596</b>               | <b>15,675</b>                       | <b>10,981</b>                       | <b>10,801</b>               |

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

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## WATER SUPPLY

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>                       |                             |                                     |                                     |                             |
| Water supply                                   | 34,534                      | 34,308                              | 32,934                              | 32,511                      |
| <b>Total operating funding</b>                 | <b>34,534</b>               | <b>34,308</b>                       | <b>32,934</b>                       | <b>32,511</b>               |
| <b>Applications of operating funding</b>       |                             |                                     |                                     |                             |
| Water supply                                   | (27,543)                    | (26,950)                            | (26,100)                            | (29,552)                    |
| <b>Total applications of operating funding</b> | <b>(27,543)</b>             | <b>(26,950)</b>                     | <b>(26,100)</b>                     | <b>(29,552)</b>             |
| <b>Capital expenditure</b>                     |                             |                                     |                                     |                             |
| Water sources                                  | -                           | (130)                               | (1,657)                             | -                           |
| Water treatment plants                         | (3,317)                     | (3,475)                             | (1,489)                             | (2,128)                     |
| Pipelines                                      | (1,272)                     | (1,365)                             | (12,048)                            | (482)                       |
| Pump stations                                  | (703)                       | (40)                                | (42)                                | (10)                        |
| Reservoirs                                     | -                           | -                                   | -                                   | -                           |
| Monitoring and control                         | (148)                       | (137)                               | (367)                               | (50)                        |
| Seismic protection                             | -                           | -                                   | -                                   | -                           |
| Energy   | -                           | -                                   | -                                   | -                           |
| Other  | (2,016)                     | (9,443)                             | (10,276)                            | (10,985)                    |
| Land and buildings                             | -                           | -                                   | -                                   | -                           |
| Plant and equipment                            | (33)                        | (55)                                | (58)                                | (1)                         |
| Vehicles                                       | -                           | -                                   | -                                   | -                           |
| <b>Total capital expenditure</b>               | <b>(7,489)</b>              | <b>(14,645)</b>                     | <b>(25,937)</b>                     | <b>(13,656)</b>             |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## ENVIRONMENT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

| Sources of operating funding                              | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| General rate  | 28,751                      | 29,549                              | 27,880                              | 27,844                      |
| Targeted rates  | 73                          | 605                                 | 636                                 | 534                         |
| Subsidies and grants for operating purposes               | 723                         | 340                                 | -                                   | 352                         |
| Fees and charges  | 5,689                       | 6,368                               | 4,349                               | 5,599                       |
| Fines, infringement fees, and other receipts <sup>1</sup> | 5,152                       | 3,813                               | 4,233                               | 4,761                       |
| <b>Total operating funding</b>                            | <b>40,388</b>               | <b>40,675</b>                       | <b>37,098</b>                       | <b>39,090</b>               |
| <b>Applications of operating funding</b>                  |                             |                                     |                                     |                             |
| Payments to staff and suppliers                           | (32,079)                    | (33,141)                            | (33,788)                            | (35,400)                    |
| Finance costs   | (237)                       | (281)                               | (149)                               | (168)                       |
| Internal charges and overheads applied                    | (7,128)                     | (7,198)                             | (1,822)                             | (3,550)                     |
| <b>Total applications of operating funding</b>            | <b>(39,444)</b>             | <b>(40,620)</b>                     | <b>(35,759)</b>                     | <b>(39,118)</b>             |
| <b>Surplus/(deficit) of operating funding</b>             | <b>944</b>                  | <b>55</b>                           | <b>1,339</b>                        | <b>(28)</b>                 |
| <b>Sources of capital funding</b>                         |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure              | -                           | -                                   | -                                   | -                           |
| Increase/(decrease) in debt                               | 797                         | 2,016                               | (245)                               | 1,044                       |
| Gross proceeds from asset sales                           | 25                          | 205                                 | 41                                  | 57                          |
| <b>Total sources of capital funding</b>                   | <b>822</b>                  | <b>2,221</b>                        | <b>(204)</b>                        | <b>1,101</b>                |
| <b>Applications of capital funding</b>                    |                             |                                     |                                     |                             |
| - to meet additional demand                               | -                           | -                                   | -                                   | -                           |
| - to improve the level of service                         | -                           | -                                   | -                                   | -                           |
| - to replace existing assets                              | (1,422)                     | (3,056)                             | (987)                               | (1,402)                     |
| (Increase)/decrease in investments                        | -                           | -                                   | -                                   | -                           |
| (Increase)/decrease in reserves                           | (344)                       | 780                                 | (148)                               | 329                         |
| <b>Total applications of capital funding</b>              | <b>(1,766)</b>              | <b>(2,276)</b>                      | <b>(1,135)</b>                      | <b>(1,073)</b>              |
| <b>Surplus/(deficit) of funding</b>                       | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>-</b>                    |
| <b>Depreciation on Environment assets</b>                 | <b>888</b>                  | <b>926</b>                          | <b>695</b>                          | <b>705</b>                  |

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

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## ENVIRONMENT

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>                       |                             |                                     |                                     |                             |
| Resource management                            | 21,306                      | 21,839                              | 17,967                              | 20,423                      |
| Land management                                | 5,937                       | 5,402                               | 6,429                               | 5,216                       |
| Biodiversity management                        | 4,918                       | 4,737                               | 4,591                               | 4,865                       |
| Pest management                                | 5,827                       | 6,311                               | 5,835                               | 6,283                       |
| Harbour management                             | 2,400                       | 2,386                               | 2,276                               | 2,303                       |
| <b>Total operating funding</b>                 | <b>40,388</b>               | <b>40,675</b>                       | <b>37,098</b>                       | <b>39,090</b>               |
| <b>Applications of operating funding</b>       |                             |                                     |                                     |                             |
| Resource management                            | (21,244)                    | (21,670)                            | (17,134)                            | (21,187)                    |
| Land management                                | (5,956)                     | (5,703)                             | (6,211)                             | (4,924)                     |
| Biodiversity management                        | (4,617)                     | (4,685)                             | (4,543)                             | (4,683)                     |
| Pest management                                | (5,433)                     | (6,369)                             | (5,770)                             | (6,181)                     |
| Harbour management                             | (2,194)                     | (2,193)                             | (2,101)                             | (2,143)                     |
| <b>Total applications of operating funding</b> | <b>(39,444)</b>             | <b>(40,620)</b>                     | <b>(35,759)</b>                     | <b>(39,118)</b>             |
| <b>Capital expenditure</b>                     |                             |                                     |                                     |                             |
| Capital project expenditure                    | (481)                       | (2,370)                             | (105)                               | (558)                       |
| Land and buildings                             | (18)                        | -                                   | -                                   | (14)                        |
| Plant and equipment                            | (495)                       | (190)                               | (706)                               | (518)                       |
| Vehicles                                       | (428)                       | (496)                               | (176)                               | (312)                       |
| <b>Total capital expenditure</b>               | <b>(1,422)</b>              | <b>(3,056)</b>                      | <b>(987)</b>                        | <b>(1,402)</b>              |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## FLOOD PROTECTION AND CONTROL WORKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Sources of operating funding</b>                        |                             |                                     |                                     |                             |
| General rate   | 11,512                      | 11,512                              | 10,870                              | 10,679                      |
| Targeted rates   | 7,969                       | 7,969                               | 8,011                               | 7,310                       |
| Fees and charges   | 3                           | -                                   | -                                   | 2                           |
| Fines, infringement fees, and other receipts <sup>1</sup>  | 4,600                       | 4,564                               | 2,221                               | 3,464                       |
| <b>Total operating funding</b>                             | <b>24,084</b>               | <b>24,045</b>                       | <b>21,102</b>                       | <b>21,455</b>               |
| <b>Applications of operating funding</b>                   |                             |                                     |                                     |                             |
| Payments to staff and suppliers                            | (10,523)                    | (9,974)                             | (9,690)                             | (9,575)                     |
| Finance costs  | (5,183)                     | (5,342)                             | (4,682)                             | (4,332)                     |
| Internal charges and overheads applied                     | (3,301)                     | (3,301)                             | (1,064)                             | (1,939)                     |
| <b>Total applications of operating funding</b>             | <b>(19,007)</b>             | <b>(18,617)</b>                     | <b>(15,436)</b>                     | <b>(15,846)</b>             |
| <b>Surplus/(deficit) of operating funding</b>              | <b>5,077</b>                | <b>5,428</b>                        | <b>5,666</b>                        | <b>5,609</b>                |
| <b>Sources of capital funding</b>                          |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure               | -                           | -                                   | -                                   | -                           |
| Increase/(decrease) in debt                                | 9,742                       | 13,163                              | 10,290                              | 24,476                      |
| Gross proceeds from asset sales                            | 113                         | 117                                 | 84                                  | 250                         |
| <b>Total sources of capital funding</b>                    | <b>9,855</b>                | <b>13,280</b>                       | <b>10,374</b>                       | <b>24,726</b>               |
| <b>Applications of capital funding</b>                     |                             |                                     |                                     |                             |
| - to meet additional demand                                | -                           | -                                   | -                                   | -                           |
| - to improve the level of service                          | (13,636)                    | (17,570)                            | (14,498)                            | (29,224)                    |
| - to replace existing assets                               | (411)                       | (393)                               | (316)                               | (268)                       |
| (Increase)/decrease in investments <sup>2</sup>            | (417)                       | (359)                               | (500)                               | (402)                       |
| (Increase)/decrease in reserves                            | (468)                       | (386)                               | (726)                               | (441)                       |
| <b>Total applications of capital funding</b>               | <b>(14,932)</b>             | <b>(18,708)</b>                     | <b>(16,040)</b>                     | <b>(30,335)</b>             |
| <b>Surplus/(deficit) of funding</b>                        | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>-</b>                    |
| <b>Depreciation on Flood Protection and Control assets</b> | <b>1,326</b>                | <b>1,328</b>                        | <b>1,126</b>                        | <b>1,100</b>                |

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

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## FLOOD PROTECTION AND CONTROL WORKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|   | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>  |                             |                                     |                                     |                             |
| Understanding flood risk  | 2,933                       | 2,846                               | 2,389                               | 2,942                       |
| Maintaining flood protection and control works and improving flood security | 21,151                      | 21,199                              | 18,713                              | 18,513                      |
| <b>Total operating funding</b>  | <b>24,084</b>               | <b>24,045</b>                       | <b>21,102</b>                       | <b>21,455</b>               |
| <b>Applications of operating funding</b>                                    |                             |                                     |                                     |                             |
| Understanding flood risk  | (2,133)                     | (2,438)                             | (2,057)                             | (2,406)                     |
| Maintaining flood protection and control works and improving flood security | (16,874)                    | (16,179)                            | (13,379)                            | (13,440)                    |
| <b>Total applications of operating funding</b>                              | <b>(19,007)</b>             | <b>(18,617)</b>                     | <b>(15,436)</b>                     | <b>(15,846)</b>             |
| <b>Capital expenditure</b>  |                             |                                     |                                     |                             |
| Hutt River improvements   | (12,159)                    | (12,566)                            | (7,011)                             | (27,501)                    |
| Ōtaki River improvements  | (360)                       | (1,687)                             | (823)                               | (870)                       |
| Wairarapa scheme  | 2                           | (1,483)                             | (6,034)                             | (235)                       |
| Other flood protection  | (1,119)                     | (1,834)                             | (630)                               | (618)                       |
| Land and buildings  |                             | -                                   | -                                   | -                           |
| Plant and equipment   | (164)                       | (133)                               | (129)                               | (38)                        |
| Vehicles  | (247)                       | (260)                               | (187)                               | (230)                       |
| <b>Total capital expenditure</b>  | <b>(14,047)</b>             | <b>(17,963)</b>                     | <b>(14,814)</b>                     | <b>(29,492)</b>             |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## PARKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

| Sources of operating funding                              | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|---|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| General rate  | 6,069                       | 6,069                               | 6,270                               | 6,582                       |
| Targeted rates  | -                           | -                                   | -                                   | -                           |
| Subsidies and grants for operating purposes               | -                           | -                                   | -                                   | 10                          |
| Fees and charges  | 287                         | 238                                 | 185                                 | 223                         |
| Fines, infringement fees, and other receipts <sup>1</sup> | 1,049                       | 707                                 | 611                                 | 781                         |
| <b>Total operating funding</b>                            | <b>7,405</b>                | <b>7,014</b>                        | <b>7,066</b>                        | <b>7,596</b>                |
| <b>Applications of operating funding</b>                  |                             |                                     |                                     |                             |
| Payments to staff and suppliers                           | (4,143)                     | (3,822)                             | (5,337)                             | (4,885)                     |
| Finance costs   | (447)                       | (499)                               | (526)                               | (422)                       |
| Internal charges and overheads applied                    | (2,027)                     | (1,957)                             | (771)                               | (1,506)                     |
| <b>Total applications of operating funding</b>            | <b>(6,617)</b>              | <b>(6,278)</b>                      | <b>(6,634)</b>                      | <b>(6,813)</b>              |
| <b>Surplus/(deficit) of operating funding</b>             | <b>788</b>                  | <b>736</b>                          | <b>432</b>                          | <b>783</b>                  |
| <b>Sources of capital funding</b>                         |                             |                                     |                                     |                             |
| Subsidies and grants for capital expenditure              | -                           | -                                   | -                                   | -                           |
| Increase/(decrease) in debt                               | 1,432                       | 2,804                               | 1,120                               | 722                         |
| Gross proceeds from asset sales                           | (64)                        | 832                                 | 44                                  | 121                         |
| <b>Total sources of capital funding</b>                   | <b>1,368</b>                | <b>3,636</b>                        | <b>1,164</b>                        | <b>843</b>                  |
| <b>Applications of capital funding</b>                    |                             |                                     |                                     |                             |
| - to meet additional demand                               | -                           | -                                   | -                                   | -                           |
| - to improve the level of service                         | -                           | -                                   | -                                   | -                           |
| - to replace existing assets                              | (2,496)                     | (3,980)                             | (1,760)                             | (1,909)                     |
| (Increase)/decrease in investments                        | -                           | -                                   | -                                   | -                           |
| (Increase)/decrease in reserves                           | 340                         | (392)                               | 164                                 | 283                         |
| <b>Total applications of capital funding</b>              | <b>(2,156)</b>              | <b>(4,372)</b>                      | <b>(1,596)</b>                      | <b>(1,626)</b>              |
| <b>Surplus/(deficit) of funding</b>                       | <b>-</b>                    | <b>-</b>                            | <b>-</b>                            | <b>-</b>                    |
| <b>Depreciation on Parks assets</b>                       | <b>2,232</b>                | <b>2,298</b>                        | <b>2,273</b>                        | <b>2,329</b>                |

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

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For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## PARKS

### FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2019

|  | 2018/19<br>Actual<br>\$000s | 2018/19<br>Long Term Plan<br>\$000s | 2017/18<br>Long Term Plan<br>\$000s | 2017/18<br>Actual<br>\$000s |
|--|-----------------------------|-------------------------------------|-------------------------------------|-----------------------------|
| <b>Operating funding</b>                       |                             |                                     |                                     |                             |
| Parks planning                                 | 286                         | -                                   | 266                                 | 699                         |
| Visitor services                               | 7,119                       | 7,014                               | 6,800                               | 6,897                       |
| Protecting the environment of regional parks   | -                           |                                     |                                     | -                           |
| <b>Total operating funding</b>                 | <b>7,405</b>                | <b>7,014</b>                        | <b>7,066</b>                        | <b>7,596</b>                |
| <b>Applications of operating funding</b>       |                             |                                     |                                     |                             |
| Parks planning                                 | (300)                       | -                                   | (266)                               | (692)                       |
| Visitor services                               | (6,186)                     | (6,278)                             | (6,332)                             | (6,118)                     |
| Protecting the environment of regional parks   | (131)                       | -                                   | (36)                                | (3)                         |
| <b>Total applications of operating funding</b> | <b>(6,617)</b>              | <b>(6,278)</b>                      | <b>(6,634)</b>                      | <b>(6,813)</b>              |
| <b>Capital expenditure</b>                     |                             |                                     |                                     |                             |
| Battle Hill Farm Forest Park                   | (48)                        | (260)                               | (146)                               | (30)                        |
| Belmont Regional Park                          | (330)                       | (613)                               | (271)                               | (444)                       |
| Queen Elizabeth Park                           | (107)                       | (900)                               | (1,057)                             | (801)                       |
| Whitireia Park                                 | (114)                       | (107)                               | (13)                                | (18)                        |
| Pakuratahi Forest                              | (239)                       | (237)                               | -                                   | (77)                        |
| Akatarawa Forest                               | (59)                        | (200)                               | (1)                                 | (8)                         |
| Wainuiomata Recreation Area                    |                             | (4)                                 | -                                   | -                           |
| Kaitoke Regional Park                          | (40)                        | (436)                               | (8)                                 | (12)                        |
| East Harbour Regional Park                     | (1,089)                     | (780)                               | -                                   | (172)                       |
| Other  | (173)                       | (130)                               | (109)                               | 1                           |
| <b>Capital project expenditure</b>             | <b>(2,198)</b>              | <b>(3,667)</b>                      | <b>(1,605)</b>                      | <b>(1,561)</b>              |
| Land and buildings                             | -                           | -                                   | -                                   | (34)                        |
| Plant and equipment                            | (10)                        | -                                   | -                                   | (161)                       |
| Vehicles                                       | (288)                       | (313)                               | (155)                               | (153)                       |
| <b>Total capital expenditure</b>               | <b>(2,496)</b>              | <b>(3,980)</b>                      | <b>(1,760)</b>                      | <b>(1,909)</b>              |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

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

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# Tā te Kaunihera Rōpū me ngā Mahi Haumi

## Council Controlled Organisations and Investments

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### Overview

Greater Wellington has a significant portfolio of investments, comprising:

- Liquid financial deposits
- Administrative properties (eg, depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort Ltd)
- Rail rolling stock

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that, as a responsible public authority, investments should

be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

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

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

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### Treasury management

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

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

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### Local Government Funding Agency

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

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

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## Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly owned subsidiaries, Port Investments. We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy,

including our attitude to risk, creditworthy counterparties, and need to hold liquidity to meet liquidity covenants to maintain our high credit rating.

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## Administrative properties

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

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## Forestry

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

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

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

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

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## Civic Financial Services Limited

Greater Wellington has a minor equity interest in Civic Financial Services Limited. This investment is owned

directly by Greater Wellington rather than via the WRC Holdings Group.

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## Wellington Regional Economic Development Agency (WellingtonNZ)

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

## Westpac Stadium

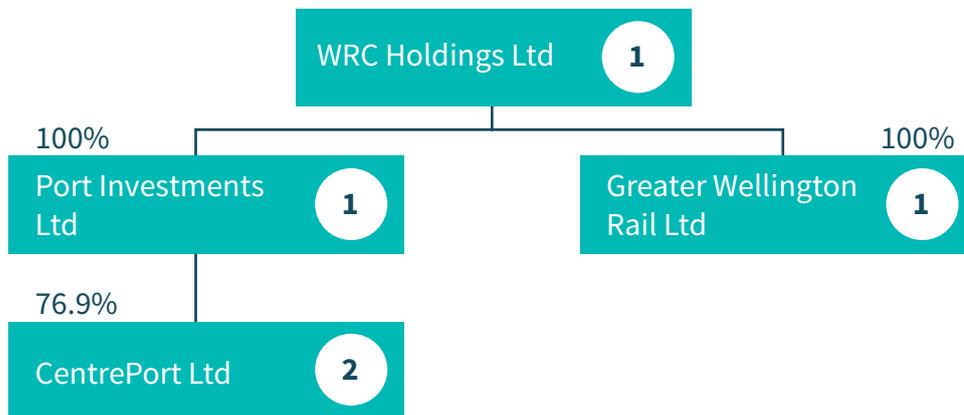
Westpac Stadium is a regional facility that provides a high-quality, multi-purpose venue for sporting and cultural events.

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

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

## WRC Holdings Group

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



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

WRC Holdings Ltd and Port Investments Ltd are investment holding companies. The main operating companies in the Group are CentrePort Ltd and Greater Wellington Rail Limited. Every year, WRC Holdings Ltd provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

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

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

## WRC Holdings parent financial performance targets are:

|  | Actual 2019  | Target 2019  | Actual 2018  |
|--|--------------|--------------|--------------|
| Dividend distribution \$000s               | \$1,800      | \$1,461      | -            |
| Dividend distribution %                    | 100%         | 100%         | 0.0%         |
| Return on equity <sup>58</sup>             | 0.78%        | 0.60%        | (0.1)%       |
| Return on assets <sup>59</sup>             | 1.00%        | 0.90%        | 0.34%        |
| <b>Shareholders' funds to total assets</b> | <b>84.0%</b> | <b>85.2%</b> | <b>83.4%</b> |

## WRC Holdings group financial performance targets are:

|  | Actual 2019    | Target 2019     | Actual 2018    |
|--|----------------|-----------------|----------------|
| Net profit/(deficit) before tax                | \$53.9 million | \$80.9 million  | \$23.8 million |
| Net profit/(deficit) after tax <sup>60</sup>   | \$53.7 million | \$81.6 million  | \$23.1 million |
| Earnings before interest, tax and depreciation | \$80.1 million | \$109.1 million | \$60.0million  |
| Return on total assets <sup>61</sup>           | 7.1%           | 11.3%           | 5.1%           |
| Return on shareholders' funds <sup>62</sup>    | 10.1%          | 16.0%           | 3.1%           |
| Stakeholders' funds to total assets            | 67.5%          | 70.0%           | 65.8%          |
| Dividends <sup>63</sup>                        | -              | -               | -              |

The main drivers for the variance to target are lower insurance proceeds than budgeted for CentrePort, as the overall insurance claim is still in negotiation and the costs of CentrePort redeeming the MCN issued by the CentrePort property companies.

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

- Samantha Sharif (retired December 2018)
- Prue Lamason (Chair)
- Roger Blakeley
- Barbara Donaldson
- Ian McKinnon
- Nick Leggett
- Helen Mexted
- Nancy Ward

<sup>58</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

<sup>59</sup> Based on earnings before interest and tax divided by average assets.

<sup>60</sup> Net profit after tax, but before deduction of minority interest.

<sup>61</sup> Earnings before interest and tax as a percentage of average total assets.

<sup>62</sup> Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

<sup>63</sup> Dividends (interim and final) paid or payable to the shareholder.

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## Greater Wellington Rail Ltd

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

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

### Performance targets

|  | Actual 2019    | Target 2019    | Actual 2018    |
|--|----------------|----------------|----------------|
| Shareholders' funds to total assets                  | 79.6%          | 83%            | 81%            |
| Operating expenditure (\$ million)                   | \$37.5 million | \$37.7 million | \$37.5 million |
| Capital expenditure (\$ million)                     | \$13.5 million | \$30.7 million | \$7.2 million  |
| Operating costs are maintained overall within budget | Complied       | Complied       | Complied       |

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## Port Investments Limited

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

|                                     | Actual 2019 | Target 2019 | Actual 2018 |
|-------------------------------------|-------------|-------------|-------------|
| Dividend distribution \$000s        | 1,909       | 1,644       | -           |
| Dividend distribution%              | 98%         | 100%        | -           |
| Return on equity <sup>64</sup>      | 72%         | 62%         | 18.8%       |
| Return on assets <sup>65</sup>      | 6.3%        | 6.3%        | 1.0%        |
| Shareholders' funds to total assets | 5.6%        | 5.4%        | 5.2%        |

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

<sup>64</sup> Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses. Based on earnings before interest and tax divided by average asset.

<sup>65</sup> Based on earnings before interest and tax divided by average assets.

## CentrePort Limited

|   | <b>Actual 2019</b> | <b>Target 2019</b> | <b>Actual 2018</b> |
|---|--------------------|--------------------|--------------------|
| Net profit before tax   | \$ 18.6 million    | \$21.9 million     | \$15.2 million     |
| Net profit after tax  | \$ 16.6 million    | \$17.1 million     | \$11.8 million     |
| Return on total assets <sup>66</sup>  | 8.8%               | 8.5%               | 6.0%               |
| Return on shareholders' funds <sup>67</sup>                                   | 6.2%               | 6.7%               | 5.5%               |
| Dividends distribution as a percentage of NPAT                                | 24.1%              | 23.4%              | 16.9%              |
| Dividend <sup>68</sup>  | \$4 million        | \$4million         | \$2 million        |
| Interest cover ratio <sup>69</sup>  | 0                  | >2.5%              | 11                 |
| Gearing ratio <sup>70</sup>   | 12.4%              | <50%               | 9%                 |
| Underlying NPAT before earthquake impacts and changes in fair value per share | \$0.71             | \$0.73             | \$0.51             |
| Dividend per share  | \$0.17             | \$0.17             | \$0.09             |
| Net assets per share  | \$12.95            | \$12.95            | \$10.01            |

Directors of CentrePort Ltd are:

- Lachie Johnstone (Chair)
- Kerrie Magill
- Mark Petersen
- David Benham
- Sophie Haslem
- John Monaghan

<sup>66</sup> Net profit before interest and tax as a percentage of average total assets.

<sup>67</sup> Net profit after tax as a percentage of average shareholders' funds.

<sup>68</sup> For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

<sup>69</sup> The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

<sup>70</sup> Total liabilities divided by total assets.

## Safety and security performance targets

| Objective  | Performance measure   | Performance target FY19  | Performance target Q4 and FY19   |
|--|---|--|--|
| Year-on-year improvement towards zero harm   | Lost Time Injury Frequency (LTIFR) (per 200,000 hours worked)   | ≤3.5   | Q4 LTIFR 3.00; 12-month rolling LTIFR 2.48   |
|  | Lost Time Injury Severity Rate (LTISR)  | ≤10  | Q4 LTISR 7.0; 12-month rolling LTISR 13.83   |
|  | Site Inspections  | >120   | Q4 59 site inspections; FY19 191 site inspections  |
|  | Safety Interactions   | >120   | Q4 48 safety interactions; FY19 161 safety interactions  |
|  | Random Drug and Alcohol Testing (as a percentage of total employees)  | >40%   | Drug and alcohol testing was carried out every month above the target level                            |
|  | bSafe Reports (incident and near miss reports)  | >900   | Q3 319 bSafe reports FY19 1,194 bSafe reports  |
| Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems                               | AS/NZS 4801 audit completed in alternate years to WSMP  | Compliance with AS/NZS 4801                                      | Health & Safety systems are all fit for purpose and comply with AS/NZS 4801                            |
| Maintain a Health and Safety Policy that leads our zero harm aspiration and actions                          | Policy reviewed annually against CentrePort's objectives and external benchmarks  | Compliance with policy   | H&S policy and tier 1 documents have been reviewed and strategy aligns to CentrePort values and vision |
| Maintain and promote excellence in Marine Operations consistent with the Port and Harbour Safety Code (PHSC) | The requirements of the PHSC continue to be met   | No breaches of the PHSC  | No breaches of the PHSC  |
|  | Risk assessments of new tasks or reviews post incident completed  | All new task risk assessments and post incident reviews complete | All new tasks and any changes to current workflows have adequate risk assessment prior to any changes  |
| Maintain compliance with the International Ship and Port Security (ISPS) Code                                | Compliance is maintained, all incidents are reported to Maritime NZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented | Compliance maintained  | Compliance with the ISPS maintained. All reportable incidents reported to the correct regulatory body  |

## Environmental performance targets

| Objective                                    | Performance measure   | Performance target FY19  | Performance target Q4 and FY19 Outcome   |
|--|---|--|--|
| Ensure regulatory compliance                 | Compliance breaches   | Zero   | No compliance breaches in Q4. Operational compliance including biosecurity and stormwater management were a Q4 focus. Successful “Port of First Arrival” (biosecurity) audit by Ministry for Primary Industries completed. Significant improvements achieved in debris and dust management. Ongoing environmental management of infrastructure projects on port and at hub locations. Regular engagement with regulatory authorities and weekly assurance inspections are continuing |
| Minimise risk to the environment             | System: consistency with ISO14001   | Audit and completion of first stage certification (note 1 below) | EnviroMark certification audit held on 30 and 31 July 2019. Gold certification achieved  |
|  | Incidents: number of registered environmental incidents(FY2015 baseline – 32)   | Minimum 15% decrease from baseline                               | Eight reported environment incidents in Q4. No notifiable incidents. FY19 41 incidents were reported. This is above the FY15 baseline but reflects the postearthquake conditions including damaged stormwater drains and higher activity levels  |
|  | Complaints: number of complaints from external stakeholders about environmental performance   | Zero   | One public complaint received regarding noise from scrap ship loading at Aotea Quay (resulted in review of operational controls). Noise management for significant projects such as Kings Wharf resilience works (stone column and piling) and the demolition of former BNZ building. Three public complaints received for port operational noise at night   |
| Realise opportunities to be more sustainable | Greenhouse gas emissions (quantity CO <sub>2</sub> equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol. | Meet targets identified in Emissions Management Plan             | Progress is being made on a range of carbon reduction initiatives such as fuel transition (eg, biofuels), electrification, energy efficiency, waste minimisation and increased use of rail   |
|  | Ozone depleting substances used (quantity methyl bromide released to atmosphere)  | 100% recapture   | 100% recapture for the period  |
|  | Solid waste to landfill (quantity)  | Waste minimisation integrated into EQ recovery projects          | Significant quantities of waste continue to be reused in resilience and regeneration projects eg, Hinemoa Street access improvements. Preparations underway for further reuse of demolition waste from CESCO House and former BNZ building. Total demolition waste concrete volumes over 25,000m <sup>3</sup> . Office and kitchen waste minimisation scheme implemented. Finalist in the Wellington Gold awards for waste minimisation efforts                                      |

| Objective   | Performance measure   | Performance target FY19   | Performance target Q4 and FY19 Outcome   |
|---|---|---|--|
| Improve stakeholder relations                     | Environmental Consultative Committee meeting frequency                | At least three per annum  | No meeting held in Q4 due to unavailability of external members. Next meeting scheduled for 8 August. Engagement with external stakeholders occurred via other channels (eg, Sanctuary to Sea Project and direct contact at project level) |
|   | Iwi engagement  | Pre lodgement consultation undertaken for 100% of resource consent applications | Achieved   |
|   | Transparency  | Performance against targets reported in Annual Report                           | 2019 Annual Report includes coverage of environmental performance  |
| Develop a culture of awareness and responsibility | Board subcommittee (Health, Safety and Environment) meeting frequency | At least four per annum   | Meeting held in May 2019. Next meeting scheduled for September 2019  |
|   | Internal "sustainability subcommittee" meeting frequency              | At least three per annum  | Health, Safety and Environment committee meetings held six weekly  |

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

## Social performance targets

| Objective                           | Performance measure   | Performance target FY19   | FY19 Outcome   |
|-------------------------------------|---|---|--|
| Make a positive social contribution | Contribute to the desired outcome of the Wellington Regional Strategy                             | Provision of workplace opportunities and skills enhancements of employees.  | As at 30 June 2019- CentrePort directly employs 242 staff. BERL estimates that CentrePort indirectly supports 26,300 jobs throughout central New Zealand.  |
|                                     |   | Ensuring the regional economy is connected by the provision of high-quality port services to support international and coastal trade.   | BERL estimates that CentrePort enables \$4.2bn of New Zealand's GDP  |
|                                     |   | Collaborating with key partners to improve service outcomes   | CentrePort, in partnership with KiwiRail, provides the CentreRail service linking hubs located in Taranaki, Whanganui, Palmerston North, the Wairarapa and Marlborough to the port in Wellington. The CentreRail service provides a cost-effective service for exporters and importers by connecting central New Zealand with global markets. CentrePort is actively working to expand the capacity and range of services at some existing locations, along with developing new locations. |
| Support the regional community      | Investing in community sponsorship and engaging in community activities to enhance relationships. | CentrePort made \$102,059 in donations during the year  |  |
| Develop enduring relationships      | Undertake regular meetings with representative community groups.                                  | During the year CentrePort supported a range of community cultural, sporting and business activities including Export New Zealand Export Awards, the Royal Port Nicholson Yacht Club's International Youth Match Racing Regatta, the Waterbourne water sports festival beach clean up event, and the Whanganui Regional Business Awards |  |

## General performance targets

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

## Regeneration measures

| Objective   | Performance measure  | Performance target FY19   |   |
|---|--|---|---|
|   |  | FY19  | Q4 and FY 19  |
| Planning supports the appropriate regeneration and growth of the port | Planning completed on time and with input from key stakeholders                                  | Medium Term Operating Plan finalised in full by December 2018<br>Port Regeneration Plan developed by June 2019              | Medium Term Operating Plan adopted and work streams progressing for implementation. New main gate entrance works commenced. Regeneration Plan delayed due to insurance claim status, as advised in April 2019. Core elements of the Regeneration Plan are progressing |
| Infrastructure restoration and challenge                              | Demolition programme on target as contained in Medium Term Operating Plan                        | On target   | 15 buildings in total demolished. BNZ deconstruction (stage 1 stripout) commenced, with Shed 19 complete. Enabling works commenced on both Central Group and remainder of Shed 51 to enable hard demolition   |
|   | Natural hazard resilience programme developed  | Performance standards determined<br>Sea level rise adaptation strategy developed<br>Results fed into Port Regeneration Plan | Awaiting further testing to refine ground information/modelling. Information certain enough to drive mediumterm resilience profile and longer-term spatial layouts/ infrastructure  |
|   | Restoration of buildings on target as contained in Medium Term Operating Plan                    | On target   | Shed 39 ground floor works 70% complete by 30 June 2019   |
|   | Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan | On target   | Hinemoa Street upgrade to allow main gate alignment commenced, along with former Shed 35 land remediation in Q4 FY19. Target for commencement in Q3 FY20. Pedestrian movements to be rationalised   |

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## Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington city. Under an agreement between all the councils in the region, WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council (80 percent shareholding) and Greater Wellington (20 percent shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in the region.

WellingtonNZ implements the majority of the Wellington Regional Strategy and will support other plans that are currently being developed.

### Performance targets

The performance targets for Wellington NZ are set through its 2018-2020 SOI, which was signed off by both the Wellington Regional Strategy Committee and shareholders. Results against the 2018/19 year will be published in their Annual Report by the end of September 2019.

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## Wellington Water Ltd

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, stormwater and wastewater service delivery in the four cities of the Wellington Region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20 percent share. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

### Performance targets

Wellington Water's performance targets, and performance for the 2018/19 year, are set out in the Water Supply section of the Long Term Plan 2018-28.<sup>71</sup>

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<sup>71</sup> Pages 66-68 of this document sets out the performance report against the Long term Plan 2018-28 measures, as included in the Wellington Water Annual Report.

# He tauākī pūtea Financial Statements

# He tauākī pūtea

## Financial Statements

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**Statement of Comprehensive Revenue and Expense**

For the year ended 30 June 2019

|   | Note | Council            |                    | Group              |                    |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |      | Actual 2019 \$000s | Budget 2019 \$000s | Actual 2018 \$000s | Actual 2019 \$000s | Actual 2018 \$000s |
| <b>Operating revenue</b>                                      |      |                    |                    |                    |                    |                    |
| Rates and levies  | 3    | 164,741            | 165,180            | 152,995            | 164,741            | 152,995            |
| Transport operational grants and subsidies                    | 3    | 85,122             | 81,274             | 69,059             | 85,122             | 69,059             |
| Transport Improvement grants and subsidies                    | 3    | 11,423             | 24,439             | 16,406             | 11,423             | 16,406             |
| Other revenue   | 3    | 127,355            | 123,422            | 77,132             | 212,526            | 154,138            |
| Other gains/(losses) net                                      |      | 388,641<br>(2,915) | 394,315<br>(241)   | 315,592<br>(1,679) | 473,812<br>(5,252) | 392,598<br>(2,117) |
| <b>Total operating revenue and gains</b>                      |      | <b>385,726</b>     | <b>394,074</b>     | <b>313,913</b>     | <b>468,560</b>     | <b>390,481</b>     |
| <b>Operating expenditure</b>                                  |      |                    |                    |                    |                    |                    |
| Employee benefits   | 4    | (48,556)           | (49,989)           | (46,118)           | (75,773)           | (71,343)           |
| Grants and subsidies  |      | (196,247)          | (197,896)          | (148,056)          | (185,050)          | (135,872)          |
| Depreciation and amortisation                                 | 5    | (25,267)           | (26,434)           | (18,644)           | (51,131)           | (42,462)           |
| Finance expenses  |      | (23,341)           | (22,581)           | (19,843)           | (23,391)           | (32,170)           |
| Other operating expenses                                      | 6    | (93,479)           | (84,706)           | (78,921)           | (154,264)          | (132,683)          |
| Transport improvement expenditure                             |      | (1,826)            | -                  | (1,262)            | (1,826)            | (1,262)            |
| <b>Total operating expenditure</b>                            |      | <b>(388,716)</b>   | <b>(381,606)</b>   | <b>(312,844)</b>   | <b>(491,435)</b>   | <b>(415,792)</b>   |
| <b>Operating surplus/(deficit) before other items and tax</b> |      | <b>(2,990)</b>     | <b>12,468</b>      | <b>1,069</b>       | <b>(22,875)</b>    | <b>(25,311)</b>    |
| Share of associate's surplus/(deficit)                        |      | -                  | -                  | -                  | 10,311             | 23,081             |
| <b>Earthquake related items:</b>                              |      |                    |                    |                    |                    |                    |
| Insurance deductible expenses                                 | 8    | -                  | -                  | -                  | (24,220)           | (33,628)           |
| Impairment of assets  | 8    | -                  | -                  | -                  | (3,271)            | (2,596)            |
| Earthquake costs  | 8    | -                  | -                  | -                  | (2,174)            | -                  |
| Net insurance recovery associates                             | 8    | -                  | -                  | -                  | 90,382             | 55,583             |
| <b>Other fair value changes</b>                               |      |                    |                    |                    |                    |                    |
| Gain/(loss) on financial instruments                          | 7    | (25,725)           | 8,907              | (8,684)            | (25,725)           | 94                 |
| Fair value gain/(loss) on investment property                 | 20   | -                  | -                  | -                  | 1,021              | (975)              |
| <b>Total fair value movements</b>                             |      | <b>(25,725)</b>    | <b>8,907</b>       | <b>(8,684)</b>     | <b>36,013</b>      | <b>18,478</b>      |
| <b>Surplus/(deficit) before tax</b>                           |      | <b>(28,715)</b>    | <b>21,375</b>      | <b>(7,615)</b>     | <b>23,449</b>      | <b>16,248</b>      |
| Tax (expense)/benefit   | 9    | -                  | -                  | -                  | 1,818              | 1,254              |
| Surplus from continuing operations                            |      | (28,715)           | 21,375             | (7,615)            | 25,267             | 17,502             |
| <b>Operating surplus/(deficit) after tax</b>                  |      | <b>(28,715)</b>    | <b>21,375</b>      | <b>(7,615)</b>     | <b>25,267</b>      | <b>17,502</b>      |
| <b>Other comprehensive revenue and expenses</b>               |      |                    |                    |                    |                    |                    |
| Revaluation gain/(loss) on infrastructure assets after tax    |      | 8,056              | 1,140              | 195,041            | 68,318             | 195,041            |
| Deferred tax recognised in reserves                           |      | -                  | -                  | -                  | (16,874)           | -                  |
| Increases/(decreases) in valuations of other financial assets |      | 4,126              | -                  | -                  | 4,126              | -                  |
| <b>Total other comprehensive income</b>                       |      | <b>12,182</b>      | <b>1,140</b>       | <b>195,041</b>     | <b>55,570</b>      | <b>195,041</b>     |
| <b>Total comprehensive income</b>                             |      | <b>(16,533)</b>    | <b>22,515</b>      | <b>187,426</b>     | <b>80,837</b>      | <b>212,543</b>     |
| <b>Surplus is attributable to:</b>                            |      |                    |                    |                    |                    |                    |
| Equity holders of the Parent                                  |      | (16,533)           | 22,515             | 187,426            | 63,989             | 203,743            |
| Non-controlling interest                                      |      | -                  | -                  | -                  | 16,848             | 8,800              |
|   |      | <b>(16,533)</b>    | <b>22,515</b>      | <b>187,426</b>     | <b>80,837</b>      | <b>212,543</b>     |

The accompanying notes form an integrated part of these financial statements.

## Statement of Financial Position

As at 30 June 2019

|   | Note | Council                  |                          |                          | Group                    |                          |
|---|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |      | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Assets</b>                                     |      |                          |                          |                          |                          |                          |
| <b>Current assets</b>                             |      |                          |                          |                          |                          |                          |
| Cash and cash equivalents                         | 11   | 16,857                   | 18,915                   | 5,308                    | 108,585                  | 7,622                    |
| Trade and other receivables                       | 12   | 38,452                   | 31,375                   | 37,674                   | 49,498                   | 46,937                   |
| Other financial assets                            | 14   | 79,382                   | 32,928                   | 73,056                   | 79,382                   | 73,056                   |
| Inventories                                       | 13   | 3,058                    | -                        | 3,097                    | 4,898                    | 4,448                    |
| Derivatives                                       | 22   | -                        | -                        | 206                      | -                        | 206                      |
| Other current assets                              | 8    | -                        | -                        | -                        | 50,000                   | 59,268                   |
| <b>Total current assets</b>                       |      | <b>137,749</b>           | <b>83,218</b>            | <b>119,341</b>           | <b>292,363</b>           | <b>191,537</b>           |
| <b>Non-current assets</b>                         |      |                          |                          |                          |                          |                          |
| Other financial assets                            | 14   | 69,557                   | 41,280                   | 21,801                   | 25,557                   | 21,801                   |
| Property, plant and equipment                     | 17   | 1,217,791                | 1,269,526                | 1,164,799                | 1,813,479                | 1,702,425                |
| Intangible assets                                 | 18   | 10,419                   | -                        | 10,487                   | 13,513                   | 13,698                   |
| Investment in subsidiaries                        | 21   | 269,295                  | 289,412                  | 256,595                  | -                        | -                        |
| Investment properties                             | 20   | -                        | -                        | -                        | 54,904                   | 13,679                   |
| Derivatives                                       | 22   | 1,056                    | -                        | 450                      | 1,056                    | 450                      |
| Investments accounted for under the equity method |      | -                        | -                        | -                        | 578                      | 487                      |
| Deferred tax assets                               | 10   | -                        | -                        | -                        | 24,919                   | 21,332                   |
| Investments in joint ventures                     | 15   | -                        | -                        | -                        | (190)                    | 74,584                   |
| <b>Total non-current assets</b>                   |      | <b>1,568,118</b>         | <b>1,600,218</b>         | <b>1,454,132</b>         | <b>1,933,816</b>         | <b>1,848,456</b>         |
| <b>Total assets</b>                               |      | <b>1,705,867</b>         | <b>1,683,436</b>         | <b>1,573,473</b>         | <b>2,226,179</b>         | <b>2,039,993</b>         |
| <b>Liabilities</b>                                |      |                          |                          |                          |                          |                          |
| <b>Current liabilities</b>                        |      |                          |                          |                          |                          |                          |
| Derivatives                                       | 22   | 1,247                    | -                        | 671                      | 1,247                    | 671                      |
| Trade and other payables                          | 23   | 47,171                   | 42,642                   | 41,737                   | 59,069                   | 48,577                   |
| Interest bearing liabilities                      | 24   | 64,713                   | 126,800                  | 99,622                   | 64,713                   | 121,662                  |
| Employee benefits liabilities and provisions      | 25   | 3,324                    | -                        | 2,790                    | 7,019                    | 6,310                    |
| Income tax payable                                |      | -                        | -                        | -                        | 2,821                    | -                        |
| <b>Total current liabilities</b>                  |      | <b>116,455</b>           | <b>169,442</b>           | <b>144,820</b>           | <b>134,869</b>           | <b>177,220</b>           |
| <b>Non-current liabilities</b>                    |      |                          |                          |                          |                          |                          |
| Interest bearing liabilities                      | 24   | 402,800                  | 346,917                  | 280,000                  | 402,800                  | 324,080                  |
| Derivatives                                       | 22   | 66,173                   | -                        | 41,047                   | 66,173                   | 41,047                   |
| Deferred tax liabilities                          | 10   | -                        | -                        | -                        | 125,347                  | 109,566                  |
| Employee benefits liabilities and provisions      | 25   | 137                      | -                        | 194                      | 419                      | 839                      |
| Service concession liability                      | 17   | 29,425                   | -                        | -                        | 29,425                   | -                        |
| <b>Total non-current liabilities</b>              |      | <b>498,535</b>           | <b>346,917</b>           | <b>321,241</b>           | <b>624,164</b>           | <b>475,532</b>           |
| <b>Total liabilities</b>                          |      | <b>614,990</b>           | <b>516,359</b>           | <b>466,061</b>           | <b>759,033</b>           | <b>652,752</b>           |
| <b>Net assets</b>                                 |      | <b>1,090,877</b>         | <b>1,167,077</b>         | <b>1,107,412</b>         | <b>1,467,146</b>         | <b>1,387,241</b>         |
| <b>Equity</b>                                     |      |                          |                          |                          |                          |                          |
| Retained earnings                                 |      | 302,966                  | 385,044                  | 332,077                  | 565,718                  | 559,163                  |
| Other reserves                                    |      | 787,911                  | 782,033                  | 775,335                  | 831,394                  | 773,967                  |
| Minority interest                                 |      | -                        | -                        | -                        | 70,034                   | 54,111                   |
| <b>Total equity</b>                               |      | <b>1,090,877</b>         | <b>1,167,077</b>         | <b>1,107,412</b>         | <b>1,467,146</b>         | <b>1,387,241</b>         |



**Chris Laidlaw**  
Chair  
10 October 2019



**Greg Campbell**  
Chief Executive  
10 October 2019



**Alan Bird**  
Chief Financial Officer  
10 October 2019

**Statement of Changes in Equity**

For the year ended 30 June 2019

| Note   | Council            |                    |                    | Group              |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | Actual 2019 \$000s | Budget 2019 \$000s | Actual 2018 \$000s | Actual 2019 \$000s | Actual 2018 \$000s |
| <b>Opening equity</b>                            | <b>1,107,412</b>   | <b>1,144,562</b>   | <b>919,986</b>     | <b>1,387,241</b>   | <b>1,175,159</b>   |
| Operating surplus /(deficit) after tax           | (28,715)           | 22,515             | (7,615)            | 25,267             | 17,501             |
| Dividend to Non-controlling interest             | -                  | -                  | -                  | (924)              | (462)              |
| Asset revaluation movements                      | 8,056              | -                  | 195,041            | 51,444             | 195,041            |
| Revaluation movement of other financial assets   | 4,126              | -                  | -                  | 4,126              | -                  |
| <b>Total closing equity at 30 June</b>           | <b>1,090,877</b>   | <b>1,167,077</b>   | <b>1,107,412</b>   | <b>1,467,146</b>   | <b>1,387,241</b>   |
| <b>Components of equity</b>                      |                    |                    |                    |                    |                    |
| <b>Asset revaluation reserves</b>                |                    |                    |                    |                    |                    |
| Opening asset revaluation reserves               | 738,940            | 751,871            | 543,869            | 722,129            | 527,058            |
| Increase/(decrease) in asset Revaluation reserve | 8,056              | 1,140              | 195,041            | 68,318             | 195,041            |
| Deferred tax on other comprehensive revenue      | -                  | -                  | -                  | (16,874)           | -                  |
| Transfers from/(to) accumulated funds            | 1,864              | -                  | 30                 | 1,864              | 30                 |
| <b>Closing asset revaluation reserve</b>         | <b>748,860</b>     | <b>753,011</b>     | <b>738,940</b>     | <b>775,437</b>     | <b>722,129</b>     |
| <b>Other reserves</b>                            |                    |                    |                    |                    |                    |
| Opening other reserves                           | 36,395             | 32,909             | 37,347             | 36,350             | 37,302             |
| Transfers to accumulated funds                   | 4,693              | (3,887)            | (6,348)            | 4,693              | (6,348)            |
| Transfers from accumulated funds                 | (7,209)            | -                  | 4,167              | (7,209)            | 4,167              |
| Interest earned                                  | 1,048              | -                  | 1,229              | 1,045              | 1,229              |
| <b>Closing other reserves</b>                    | <b>34,927</b>      | <b>29,022</b>      | <b>36,395</b>      | <b>34,879</b>      | <b>36,350</b>      |
| <b>Retained earnings</b>                         |                    |                    |                    |                    |                    |
| Opening accumulated funds                        | 332,077            | 359,782            | 338,770            | 628,765            | 610,804            |
| Operating surplus/(deficit) after tax            | (28,715)           | 22,515             | (7,615)            | 25,267             | 17,501             |
| Interest allocated to reserves                   | (1,048)            | -                  | (1,229)            | (1,048)            | (1,229)            |
| Other transfers to reserves                      | (4,693)            | -                  | (4,167)            | (4,693)            | (4,167)            |
| Transfers from reserves                          | 7,209              | -                  | 6,348              | 7,209              | 6,348              |
| Dividend to Non-controlling interest             | -                  | -                  | -                  | (929)              | (462)              |
| Other transfers from/(to) reserves               | (1,864)            | 2,747              | (30)               | (1,864)            | (30)               |
| Revaluation movement of other financial assets   | 4,126              | -                  | -                  | 4,126              | -                  |
| <b>Closing accumulated funds</b>                 | <b>307,092</b>     | <b>385,044</b>     | <b>332,077</b>     | <b>656,833</b>     | <b>628,765</b>     |
| <b>Total closing equity at 30 June</b>           | <b>1,090,877</b>   | <b>1,167,077</b>   | <b>1,107,412</b>   | <b>1,467,146</b>   | <b>1,387,241</b>   |

The accompanying notes form an integrated part of these financial statements.

**Statement of Cash-flow**

For the year ended 30 June 2019

|   | Note      | Council                  |                          |                          | Group                    |                          |
|---|-----------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |           | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Cash-flows from operating activities</b>                               |           |                          |                          |                          |                          |                          |
| Receipts from customers   |           | -                        | -                        | -                        | 83,751                   | 70,669                   |
| Rates revenue received  |           | 133,614                  | 132,111                  | 121,372                  | 133,614                  | 121,372                  |
| Water supply levy received  |           | 33,069                   | 33,069                   | 30,863                   | 33,069                   | 30,863                   |
| Government subsidies received   |           | 95,495                   | 105,713                  | 83,829                   | 95,494                   | 83,829                   |
| Interest received   |           | 4,908                    | 4,282                    | 4,313                    | 5,547                    | 4,355                    |
| Dividends received  |           | 1,973                    | -                        | 105                      | 173                      | 605                      |
| Rent income   |           | -                        | -                        | -                        | 6,390                    | 6,599                    |
| Fees, charges and other revenue   |           | 120,173                  | 118,899                  | 71,749                   | 119,339                  | 69,060                   |
| Payments to suppliers and employees                                       |           | (139,718)                | (332,591)                | (127,290)                | (231,374)                | (202,296)                |
| Payment of grants and subsidies   |           | (196,248)                | -                        | (148,056)                | (160,427)                | (135,872)                |
| Interest paid   |           | (23,157)                 | (22,528)                 | (18,783)                 | (24,410)                 | (31,282)                 |
| Income tax paid/(refund)  |           | -                        | -                        | -                        | (1,089)                  | 1,535                    |
| Business loss of rents  | 8         | -                        | -                        | -                        | -                        | 8,477                    |
| Temporary works   | 8         | -                        | -                        | -                        | 6,622                    | (36,678)                 |
| Business Interruption Temporary works                                     | 8         | -                        | -                        | -                        | (22,740)                 | 33,628                   |
| <b>Net cash from/(used in) operating activities</b>                       | <b>26</b> | <b>30,109</b>            | <b>38,955</b>            | <b>18,102</b>            | <b>43,959</b>            | <b>24,864</b>            |
| <b>Cash-flows from investing activities</b>                               |           |                          |                          |                          |                          |                          |
| Receipts from sale of property, plant and equipment                       | 16        | 207                      | 1,614                    | 515                      | 666                      | 744                      |
| Earthquake insurance payments received                                    |           | -                        | -                        | -                        | 68,808                   | 16,895                   |
| Sale of investments (bonds and term deposits)                             |           | 22                       | -                        | -                        | 22                       | -                        |
| Cash balance from acquired joint venture                                  |           | -                        | -                        | -                        | 47,944                   | 16,758                   |
|   |           | 229                      | 1,614                    | 515                      | 117,440                  | 34,397                   |
| Purchase of property, plant and equipment                                 |           | (41,493)                 | (98,021)                 | (58,446)                 | (62,785)                 | (73,176)                 |
| Purchase of intangible assets   |           | (106)                    | -                        | (16)                     | (2,743)                  | (174)                    |
| Development of investment properties                                      |           | -                        | -                        | -                        | -                        | (2,707)                  |
| Acquisition of investments  |           | (65,081)                 | (30,748)                 | (7,349)                  | (8,381)                  | 101                      |
| EQ capital expenditure  |           | -                        | -                        | -                        | (8,263)                  | (6,141)                  |
| Investment in joint venture   |           | -                        | -                        | -                        | -                        | (7,750)                  |
| Other transfer  |           | -                        | -                        | -                        | 885                      | (90)                     |
| <b>Net cash-flow from investing activities</b>                            |           | <b>(106,451)</b>         | <b>(127,155)</b>         | <b>(65,296)</b>          | <b>36,153</b>            | <b>(55,540)</b>          |
| <b>Cash-flows from financing activities</b>                               |           |                          |                          |                          |                          |                          |
| Loan funding  |           | 87,891                   | 85,184                   | 52,156                   | 87,891                   | -                        |
| Loan funding  |           | -                        | -                        | -                        | -                        | 52,156                   |
| Debt repayment  |           | -                        | 6,767                    | -                        | (62,080)                 | (18,000)                 |
| Dividends paid to Non-controlling interests                               |           | -                        | -                        | -                        | (923)                    | (462)                    |
| <b>Net cash from financing activities</b>                                 |           | <b>87,891</b>            | <b>91,951</b>            | <b>52,156</b>            | <b>24,888</b>            | <b>33,694</b>            |
| <b>Net increase/(decrease) in cash and cash equivalents</b>               |           | <b>11,549</b>            | <b>3,751</b>             | <b>4,962</b>             | <b>105,000</b>           | <b>3,018</b>             |
| Cash and cash equivalents at the beginning of year                        |           | 5,308                    | 15,164                   | 346                      | 3,585                    | 567                      |
| <b>Cash, cash equivalents, and bank overdrafts at the end of the year</b> | <b>11</b> | <b>16,857</b>            | <b>18,915</b>            | <b>5,308</b>             | <b>108,585</b>           | <b>3,585</b>             |

The accompanying notes form an integrated part of these financial statements.

**Funding Impact Statement**

For the year ended 30 June 2019

|   | Council                  |                          |                          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Budget<br>2018<br>\$000s |
| <b>Sources of operating funding</b>                       |                          |                          |                          |                          |
| General rate  | 47,510                   | 47,283                   | 41,351                   | 42,479                   |
| Targeted rates  | 84,163                   | 84,828                   | 80,779                   | 81,482                   |
| Subsidies and grants for operating purposes               | 85,122                   | 81,274                   | 69,058                   | 89,351                   |
| Interest and dividends from investments                   | 7,307                    | 4,282                    | 4,506                    | 3,043                    |
| Fees and charges  | 97,385                   | 100,931                  | 52,929                   | 53,783                   |
| Fines, infringement fees, and other receipts <sup>1</sup> | 55,632                   | 51,037                   | 51,021                   | 40,979                   |
| <b>Total operating funding</b>                            | <b>377,119</b>           | <b>369,635</b>           | <b>299,644</b>           | <b>311,117</b>           |
| <b>Applications of operating funding</b>                  |                          |                          |                          |                          |
| Payments to staff and suppliers                           | (340,108)                | (332,591)                | (275,694)                | (273,587)                |
| Finance costs   | (23,288)                 | (22,528)                 | (19,608)                 | (19,686)                 |
| <b>Total applications of operating funding</b>            | <b>(363,396)</b>         | <b>(355,119)</b>         | <b>(295,302)</b>         | <b>(293,273)</b>         |
| <b>Surplus/(deficit) of operating funding</b>             | <b>13,723</b>            | <b>14,516</b>            | <b>4,342</b>             | <b>17,844</b>            |
| <b>Sources of capital funding</b>                         |                          |                          |                          |                          |
| Subsidies and grants for capital expenditure              | 11,423                   | 24,439                   | 16,407                   | 7,202                    |
| Increase/(decrease) in debt                               | 113,319                  | 88,064                   | 45,924                   | 52,731                   |
| Gross proceeds from asset sales                           | 107                      | 1,214                    | 515                      | 416                      |
| <b>Total sources of capital funding</b>                   | <b>124,849</b>           | <b>113,717</b>           | <b>62,846</b>            | <b>60,349</b>            |
| <b>Applications of capital funding</b>                    |                          |                          |                          |                          |
| - to meet additional demand                               | (2,404)                  | (4,267)                  | (262)                    | (5,976)                  |
| - to improve the level of service                         | (23,595)                 | (36,151)                 | (49,231)                 | (41,635)                 |
| - to replace existing assets                              | (45,917)                 | (57,604)                 | (8,969)                  | (16,931)                 |
| Increase/(decrease) in investments                        | (68,125)                 | (34,098)                 | (9,678)                  | (21,208)                 |
| Increase/(decrease) in reserves                           | 1,469                    | 3,887                    | 952                      | 7,557                    |
| <b>Total applications of capital funding</b>              | <b>(138,572)</b>         | <b>(128,233)</b>         | <b>(67,188)</b>          | <b>(78,193)</b>          |
| <b>Surplus/(deficit) of capital funding</b>               | <b>(13,723)</b>          | <b>(14,516)</b>          | <b>(4,342)</b>           | <b>(17,844)</b>          |
| <b>Funding balance</b>                                    | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 |
| Depreciation on council assets                            | 25,267                   | 26,434                   | 18,644                   | 17,930                   |
| Water supply levy   | 33,069                   | 33,069                   | 30,863                   | 30,863                   |

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

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

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the Long Term Plan 2018-28.

All figures on this page exclude GST.

## Financial Reserves

30 June 2019

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

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

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

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

| <b>Council created reserves</b> | <b>Purpose of the fund</b>   | <b>Opening balance<br/>Jul18<br/>\$000s</b> | <b>Deposits<br/>\$000s</b> | <b>Withdrawals<br/>\$000s</b> | <b>Closing balance<br/>Jun19<br/>\$000s</b> |
|---------------------------------|--|---|----------------------------|-------------------------------|---|
| <b>Area of benefit reserves</b> |  |   |                            |                               |   |
| Regional parks reserve          | Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure   | 407   | 7                          | (360)                         | 54  |
| Public transport reserve        | Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure  | 14,463                                      | 471                        | (2,159)                       | 12,775                                      |
| Transport planning reserve      | Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure                                | 960   | 31                         | -                             | 991   |
| WRS reserve                     | Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure                                 | 1,282                                       | 35                         | (339)                         | 978   |
| Iwi reserve                     | Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure  | 353   | 12                         | -                             | 365   |
| WREMO reserve                   | Contributions by other local authorities to run the WREMO  | 82  | 3                          | (61)                          | 24  |
| Catchment scheme reserves       | Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure | 7,887                                       | 1,034                      | (833)                         | 8,088                                       |
| Land management reserves        | Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure  | 2,510                                       | 412                        | (180)                         | 2,742                                       |
| <b>Contingency reserves</b>     |  |   |                            |                               |   |
| Environmental legal reserve     | To manage the variation in legal costs associated with resource consents and enforcement   | 231   | 8                          | -                             | 239   |
| Flood contingency reserves      | To help manage the costs for the repair of storm damage throughout the region.   | 2,532                                       | 286                        | -                             | 2,818                                       |
| Rural fire reserve              | To help manage the costs of rural fire equipment.  | 74  | 2                          | -                             | 76  |
| <b>Special reserves</b>         |  |   |                            |                               |   |
| Election reserve                | To manage the variation in costs associated with the election cycle  | 257   | 59                         | -                             | 316   |
| Corporate systems reserve       | To manage the variation in costs associated with key IT infrastructure and software  | 2,309                                       | 415                        | (1,200)                       | 1,524                                       |
| Long Term Plan reserve          | To manage variation in costs associated with Long Term Plan process  | 410   | 13                         | -                             | 423   |
| <b>Re-budget reserve</b>        |  |   |                            |                               |   |
| Re-budgeted reserve             | Expenditure that has been rated for in 2016/17 when the project will not be completed until 2017/18  | 2,077                                       | 2,953                      | (2,077)                       | 2,953                                       |
| Earthquake proceeds reserve     | To manage future repair and maintenance due to the Kaikōura earthquake   | 562   | -                          | -                             | 562   |
|                                 |  | <b>36,395</b>                               | <b>5,741</b>               | <b>(7,209)</b>                | <b>34,927</b>                               |

All figures on this page exclude GST.

## Debt

As at 30 June 2019

| Debt position                             | Opening balance<br>2018<br>\$000s | Additions<br>\$000s | Repayments<br>\$000s | Closing balance<br>2019<br>\$000s | Finance costs<br>\$000s                       |
|---|-----------------------------------|---------------------|----------------------|-----------------------------------|---|
| <b>Regional leadership</b>                |                                   |                     |                      |                                   |   |
| Strategic planning                        | 177                               | 90                  | (99)                 | 168                               | 11  |
| Wairarapa water use project               | 3,299                             | 158                 | -                    | 3,457                             | 174   |
| Warm Wellington                           | 11,196                            | 1,360               | (2,831)              | 9,725                             | 591   |
| <b>Public transport</b>                   |                                   |                     |                      |                                   |   |
| Public transport                          | 227,710                           | 21,103              | (10,921)             | 237,892                           | 12,278  |
| <b>Water supply</b>                       |                                   |                     |                      |                                   |   |
| Water supply                              | 87,001                            | 7,893               | (3,960)              | 90,934                            | 4,706   |
| <b>Environment</b>                        |                                   |                     |                      |                                   |   |
| Environment                               | 4,439                             | 1,077               | (530)                | 4,986                             | 236   |
| <b>Flood protection and control works</b> |                                   |                     |                      |                                   |   |
| Flood protection and control works        | 92,663                            | 14,740              | (4,746)              | 102,657                           | 5,183   |
| <b>Parks</b>                              |                                   |                     |                      |                                   |   |
| Parks                                     | 7,684                             | 2,001               | (706)                | 8,979                             | 447   |
| <b>Investments</b>                        |                                   |                     |                      |                                   |   |
| Stadium                                   | -                                 | -                   | -                    | -                                 | -   |
| Property and other                        | 33,504                            | 3,196               | (1,790)              | 34,910                            | 1,922   |
|   | <b>467,673</b>                    | <b>51,618</b>       | <b>(25,583)</b>      | <b>493,708</b>                    | <b>25,548</b>                                 |
|   |                                   |                     |                      |                                   | <b>Council<br/>Actual<br/>2019<br/>\$000s</b> |
| Total activities debt                     |                                   |                     |                      |                                   | 493,708                                       |
| Treasury internal funding <sup>1</sup>    |                                   |                     |                      |                                   | (26,195)                                      |
|   |                                   |                     |                      |                                   | <b>467,513</b>                                |
| External debt (current)                   |                                   |                     |                      |                                   | 64,713  |
| External debt (non-current)               |                                   |                     |                      |                                   | 402,800                                       |
|   |                                   |                     |                      |                                   | <b>467,513</b>                                |

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

All figures on this page exclude GST.

# Notes to the financial statements

## 1 Reporting entity

### 1.1 Reporting entity

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

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

#### Statement of compliance

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

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

The financial statements of Greater Wellington Regional Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Greater Wellington on 10 October 2019.

#### Accounting judgements and estimations

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

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

Operational Port Land was revalued as at 30 June 2017. Investment property was revalued to fair value as at 30 June 2019.

The board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant and Equipment. There is an element of judgement in this. There is a development Port plan, and those items of land that are considered integral to the operations of the port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

#### (ii) Capital Work in Progress

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

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

Note 15 describes Harbour Quay A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of CentrePort. The SPVs had issued mandatory convertible notes (MCNs) to the Accident Compensation Corporation (ACC) which provided ACC with joint control over the SPVs. During the year ended 30 June 2019, the Group redeemed the MCNs issued by the SPVs to ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019.

#### (iv) Revenue recognition relating to insurance revenue from the port insurance claim

See note 8 for details

#### (v) Earthquake uncertainties in the accounting for Harbour Quays Special Purpose Vehicles (SPVs)

See note 15 for details

#### (vi) Income tax calculations

See note 9 for details

## 2 Accounting policies

### 2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

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

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2019.

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

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

#### (i) Impairment of assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments, further damage arising from the earthquake has been identified resulting in a further \$2.6m impairment being recognised during the year (2018: \$1.9m).

An impairment of \$0.7m (2018: \$0.6m) has been taken to investment property for higher than forecasted costs of repairs.

#### (ii) Revenue recognition – insurance revenue

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

### 2.3 Basis of consolidation

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

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

Associates are entities in which the Group has significant influence but not control over their operations.

GW's share of the assets, liabilities, revenue and expenditure is included in the financial statements of the Group on an equity accounting basis.

All significant intercompany transactions are eliminated on consolidation.

## Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

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

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

## 2.4 Revenue

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

### (i) Rates and levies

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

### (ii) Government grants and subsidies

Greater Wellington receives government grants from the New Zealand Transport Agency.

These grants subsidise part of Greater Wellington's costs for the following – the provision of public transport subsidies to external transport operators, the capital purchases of rail rolling stock within a Greater Wellington subsidiary and transport network upgrades owned by KiwiRail.

The grants and subsidies are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial local authorities are recognised as revenue when eligibility has been established by the grantor.

### (iii) User charges

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

### (iv) Dividends

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

### (v) Interest

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

### (vi) Sales of goods

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

## 2.5 Borrowing costs capitalised

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

## 2.6 Property, plant and equipment

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

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

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

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

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

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

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

### Revaluation

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

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

extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

### Flood protection

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

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

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

### Parks and forests

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

### Public transport

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited, as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

### **Regional water supply**

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

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

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

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

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses.

Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

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

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

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

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

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

Property, Plant and Equipment is recorded at cost less accumulated depreciation and impairment.

Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All Property, Plant and Equipment is depreciated, excluding land.

### **Additions**

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

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

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

**Disposals**

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

**Depreciation**

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

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

|  |                       |
|--|-----------------------|
| Port, wharves and paving                     | 10 to 50 years        |
| Operational port freehold land               | Indefinite            |
| Operational land                             | Indefinite            |
| Operational buildings                        | 10 to 75 years        |
| Operational plant and equipment              | 2 to 40 years         |
| Operational vehicles                         | 2 to 37 years         |
| Flood protection infrastructural assets      | 2 years to indefinite |
| Transport infrastructural assets             | 3 to 50 years         |
| Rail rolling stock                           | 5 to 35 years         |
| Navigational aids infrastructural assets     | 1 to 80 years         |
| Parks and forests infrastructural assets     | 2 to 155 years        |
| Regional water supply infrastructural assets | 3 to 156 years        |
| Right to use                                 | 20 years              |

Capital work in progress is not depreciated. Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

**Impairment of property, plant and equipment**

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

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

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

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

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

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

*Value in use for cash-generating assets*

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

## 2.7 Intangible assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives between 1 and 5 years.

The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

### New Zealand Emissions Trading Scheme

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

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

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

## 2.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise.

The Group has the following classes of Investment Property:

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

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

## 2.9 Other financial assets

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

The Group's financial assets are categorised as follows:

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

- Held to maturity investments

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

After initial recognition they are recorded at amortised cost using the effective interest method.

Gains and losses when the asset is impaired or settled are recognised in the statement of revenue and expenses.

### Impairment of financial assets

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

Impairment is established when there is objective evidence that the Group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash-flows, discounted using the original effective interest rate.

For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairments in term deposits, local authority stock, and government stock, are recognised directly against the instrument's carrying amount.

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

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

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

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

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

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

### Other financial assets

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

Purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash-flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

### Financial liabilities

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

## 2.10 New Zealand Local Government Funding Agency

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

Financial reporting standards require Greater Wellington to recognise the guarantee liability at fair value. However, the Greater Wellington has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

Greater Wellington considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

## 2.11 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.12 Income tax

### Recognition and measurement

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

## 2.13 Foreign currency

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

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

## 2.14 Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash-flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of revenue and expenses as incurred.

Greater Wellington Regional Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multiemployer defined benefit scheme.

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

## 2.15 Provisions

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

## 2.16 Goods and services tax

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

## 2.17 Leases

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

### *Consolidated entity as lessee:*

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

### *Consolidated entity as lessor:*

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

### *Lease incentive*

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

## 2.18 Service concession asset and liability

Greater Wellington (as guarantor) has entered into a service concession arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32. They are depreciated over a useful life of 30 years on a straight-line basis. An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

## 2.19 Overhead allocation and internal transactions

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

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

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

## 2.20 Equity

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

## 2.21 Statement of cash-flow

The following are the definitions used in the statement of cash-flow:

- a. Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.
- b. Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.
- c. Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.
- d. Operating activities comprise the principal revenue-producing activities of the Group and other activities that are not considered to be investing or financing activities.

## 2.22 Budget figures

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

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

*PBBE IPSAS 36 Disclosures of interest in other entities – effective date 1 January 2019*

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

*PBE IFRS 9 Financial Instruments – effective date 1 January 2021*

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

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

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

*PBE IPSAS 35 Consolidated financial statements – effective date 1 January 2019*

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

*PBBE IPSAS 37 – Joint arrangements effective date 1 January 2019*

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

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

### 3 Revenue from exchange and non-exchange transactions

|  | Council                  |                          | Group                    |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Revenue from exchange transactions:</b>     |                          |                          |                          |                          |                          |
| Water supply                                   | 33,069                   | 33,069                   | 30,863                   | 33,069                   | 30,863                   |
| Subsidiaries revenue                           | -                        | -                        | -                        | 64,713                   | 68,585                   |
| Dividends                                      | 1,973                    | 1,561                    | 105                      | 173                      | 105                      |
| Interest received                              | 5,355                    | 2,721                    | 4,401                    | 4,858                    | 4,401                    |
| Rental income                                  | 4,392                    | 4,144                    | 2,862                    | 27,136                   | 13,972                   |
| <b>Total exchange</b>                          | <b>44,789</b>            | <b>41,495</b>            | <b>38,231</b>            | <b>129,949</b>           | <b>117,926</b>           |
| <b>Revenue from non-exchange transactions:</b> |                          |                          |                          |                          |                          |
| General rates                                  | 47,510                   | 47,283                   | 41,351                   | 47,510                   | 41,351                   |
| Targeted rates                                 | 84,162                   | 84,828                   | 80,780                   | 84,162                   | 80,780                   |
| Rates, penalties, remissions & rebates         | 726                      | -                        | 656                      | 726                      | 656                      |
| Grants & subsidies                             | 85,122                   | 81,274                   | 69,059                   | 85,122                   | 77,142                   |
| Transport improvement grants                   | 11,423                   | 24,439                   | 16,406                   | 11,434                   | 8,333                    |
| Provision of goods & services                  | 114,909                  | 114,996                  | 69,109                   | 114,909                  | 66,420                   |
| <b>Total non-exchange</b>                      | <b>343,852</b>           | <b>352,820</b>           | <b>277,361</b>           | <b>343,863</b>           | <b>274,682</b>           |
| <b>Total exchange and non-exchange</b>         | <b>388,641</b>           | <b>394,315</b>           | <b>315,592</b>           | <b>473,812</b>           | <b>392,608</b>           |

### 4 Employee benefits

|  | Council                  |                          | Group                    |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Employee benefits</b>                         |                          |                          |                          |                          |                          |
| Other employee benefits expense                  | 45,491                   | 47,304                   | 43,359                   | 72,708                   | 68,584                   |
| Defined contribution plan employer contributions | 3,065                    | 2,685                    | 2,759                    | 3,065                    | 2,759                    |
| <b>Total personnel costs</b>                     | <b>48,556</b>            | <b>49,989</b>            | <b>46,118</b>            | <b>75,773</b>            | <b>71,343</b>            |

## 5 Depreciation and amortisation

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Depreciation and amortisation on assets</b>       |                          |                          |                          |                          |
| Port wharves and paving                              | -                        | -                        | 1,026                    | 994                      |
| Land and buildings                                   | 597                      | 329                      | 942                      | 760                      |
| Plant and equipment                                  | 1,559                    | 1,631                    | 6,928                    | 5,238                    |
| Rail rolling stock                                   | -                        | -                        | 14,619                   | 14,522                   |
| Motor vehicles                                       | 896                      | 838                      | 892                      | 838                      |
| Flood protection                                     | 855                      | 738                      | 855                      | 738                      |
| Water infrastructure                                 | 15,559                   | 10,758                   | 15,559                   | 10,758                   |
| Transport infrastructure                             | 1,219                    | 1,088                    | 5,561                    | 5,138                    |
| Navigational aids                                    | 70                       | 73                       | 70                       | 73                       |
| Parks and forests                                    | 2,035                    | 2,251                    | 2,035                    | 2,251                    |
| Right to use   | 1,544                    | -                        | 1,544                    | -                        |
| Amortisation – Computer software                     | 933                      | 938                      | 1,100                    | 1,152                    |
| <b>Total depreciation and amortisation on assets</b> | <b>25,267</b>            | <b>18,644</b>            | <b>51,131</b>            | <b>42,462</b>            |

## 6 Other operating expenditure

|  | Council                  |                          |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Other operating expenses</b>                          |                          |                          |                          |                          |                          |
| Fees to Audit New Zealand for financial statement audits | 240                      | 265                      | 219                      | 284                      | 280                      |
| Fees to Audit New Zealand for Long Term Plan audit       | 20                       | -                        | 140                      | 20                       | 140                      |
| Fees to Audit New Zealand for other assurance services   | 138                      | -                        | 8                        | 138                      | 8                        |
| Fees to Deloitte for CentrePort Group audit services     | -                        | -                        | -                        | 358                      | 285                      |
| Impairment of trade receivables                          | (170)                    | -                        | 119                      | (170)                    | 119                      |
| Rates and insurance                                      | 2,097                    | 4,000                    | 1,669                    | 11,403                   | 9,199                    |
| Directors' fees  | -                        | -                        | -                        | 523                      | 531                      |
| Subscriptions LGNZ                                       | 490                      | 755                      | 484                      | 490                      | 484                      |
| Operating lease rentals                                  | 2,639                    | 3,449                    | 2,318                    | 3,066                    | 3,199                    |
| Energy and utilities                                     | 3,118                    | 2,877                    | 3,028                    | 3,118                    | 3,028                    |
| Councillor fees and costs                                | 1,592                    | 1,337                    | 1,637                    | 1,592                    | 1,637                    |
| Repairs and maintenance expenses                         | 5,959                    | 3,704                    | 5,182                    | 24,993                   | 23,670                   |
| Materials and supplies                                   | 18,819                   | 15,032                   | 13,200                   | 18,819                   | 13,200                   |
| Contractors and consultants                              | 53,775                   | 45,208                   | 46,492                   | 53,944                   | 46,492                   |
| Other operating expenses                                 | 4,762                    | 8,079                    | 4,425                    | 35,686                   | 30,411                   |
| <b>Total other expenditure</b>                           | <b>93,479</b>            | <b>84,706</b>            | <b>78,921</b>            | <b>154,264</b>           | <b>132,683</b>           |

## 7 Fair value movements

|  | Council                  |                          | Group                    |                          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Budget<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Fair value movements in other assets</b>          |                          |                          |                          |                          |                          |
| Stadium advance                                      | (423)                    | 286                      | (2,882)                  | (423)                    | (2,882)                  |
| <b>Fair value movements in financial instruments</b> |                          |                          |                          |                          |                          |
| Loans  | -                        | -                        | -                        | -                        | -                        |
| Interest rate swaps                                  | (25,302)                 | 8,621                    | (5,802)                  | (25,302)                 | 2,976                    |
| Carbon credits                                       | -                        | -                        | -                        | -                        | -                        |
|  | <b>(25,302)</b>          | <b>8,621</b>             | <b>(5,802)</b>           | <b>(25,302)</b>          | <b>2,976</b>             |
| <b>Fair value movements of investment properties</b> |                          |                          |                          |                          |                          |
| Investment properties                                | -                        | -                        | -                        | -                        | (1,014)                  |
| <b>Total fair value movements</b>                    | <b>(25,725)</b>          | <b>8,907</b>             | <b>(8,684)</b>           | <b>(25,725)</b>          | <b>(920)</b>             |

## 8 Earthquake Related matters

### Kaikōura warthquake

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

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process is well advanced and engineering damage assessments have been completed. However there is considerable uncertainty in relation to the final quantification for the settlement of the insurance claim. The Group is working closely with independent advisors and the insurers assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited.

At the time of the earthquake CentrePort had a total insured value (in relation to port infrastructure) of \$600.0m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36-month indemnity period. Insurance progress payments of \$90.0m were received by CentrePort in the year ended 30 June 2019 (2018: \$60.0m) bringing total progress payments received to 30 June 2019 to \$250.0m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of \$170.4m. Of this, \$158.2m related to the SPVs and \$12.2m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

Insurance and property related impacts for CentrePort and CentrePort Properties Limited are set-out below. As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 15.

The Group received \$210.4m of payments in 2019 for claims on these policies, of which \$90m related to CentrePort progress payments and \$120.4m related to the final settlement for the CentrePort Properties Limited claim.

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2019:

|  | Material Damage<br>\$000s | Business<br>Interruption<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
|--|---------------------------|------------------------------------|--------------------------|--------------------------|
| Loss of gross profits and rents              | -                         | 6,622                              | 6,622                    | 8,477                    |
| Temporary works expenditure incurred to date | -                         | 24,220                             | 24,220                   | 33,628                   |
| Material damage – preliminary estimates      | 59,540                    | -                                  | 59,540                   | 13,478                   |
| <b>Total insurance income</b>                | <b>59,540</b>             | <b>30,842</b>                      | <b>90,382</b>            | <b>55,583</b>            |
| Total insurance income                       | 210,769                   | 101,236                            | 312,005                  | 221,624                  |
| Less progress payments received              | (160,769)                 | (101,236)                          | (262,005)                | (162,356)                |
| <b>Receivable as at 30 June 2019</b>         | <b>50,000</b>             | <b>-</b>                           | <b>50,000</b>            | <b>59,268</b>            |

### Business Interruption

An estimate of the amount recoverable for loss of gross profits has been made for the period to 30 June 2019. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods. CentrePort Property Limited's loss of gross profit of \$0.3m is per the final settlement.

A change to the estimated loss of revenue of +/-10% would result in an increase/decrease in the loss of gross profits income estimate accrued of \$0.6m for the current year.

### Material Damage Insurance Receivable

The Group has insurance cover for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the Group's insurance policies; however, the final claim settlement amount has not yet been agreed. As a result assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage.

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income.

There is potential for adjustments to be made to insurance amounts recognised in prior periods (based on estimates at that time) when the claim is settled and these may be material.

There is a contingent asset in relation to the insurance claim for the Port (note 28).

### Earthquake Deductible Expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. The total of the deductible relating to CentrePort infrastructure is \$13.5m.

### Impairment of Assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments further damage arising from the earthquake has been identified resulting in a further \$2.6m impairment being recognised during the year (2018: \$1.9m). An impairment of \$0.7m (2018: \$0.6m) has been taken to investment property for higher than forecasted costs of repairs.

|   | Group                    |                          |
|---|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Asset impairment arising out of the earthquake:</b>  |                          |                          |
| Estimated asset impairments relating to damaged assets (note 17)  | 2,621                    | 1,996                    |
| Impairment and fair value writedown on investment properties owned by CenterPort Properties Ltd (note 20) | 650                      | 600                      |
|   | <b>3,271</b>             | <b>2,596</b>             |

### Port land

An adjustment of \$63 million (2018: \$63m) to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in note 17.

### Tax impact

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

## 9 Taxation

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>(a) Income tax recognised in profit or loss Tax expense/(benefit) comprises:</b>  |                          |                          |                          |                          |
| Current tax expense/(benefit)  | -                        | -                        | 2,861                    | (938)                    |
| Adjustments recognised in the current period in relation to the deferred tax of prior periods (note 10)  | -                        | -                        | 80                       | (355)                    |
| Deferred tax expense/(income) relating to the origination and reversal of temporary differences (note 10)  | -                        | -                        | (4,759)                  | 39                       |
| <b>Total income tax (benefit)/expense</b>  | <b>-</b>                 | <b>-</b>                 | <b>(1,818)</b>           | <b>(1,254)</b>           |
| <b>The prima facie income tax expense on pretax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:</b> |                          |                          |                          |                          |
| Surplus/(deficit) from operations  | (28,715)                 | (7,615)                  | 23,449                   | 16,248                   |
| Income tax expense/(benefit) calculated at 28%   | (8,040)                  | (2,132)                  | 6,566                    | 4,549                    |
| Surplus/(deficit) not subject to taxation  |                          |                          |                          |                          |
| Non-deductible expenses  | 110,258                  | 84,238                   | 114,503                  | 87,823                   |
| Non-assessable income  | (103,385)                | (84,060)                 | (125,778)                | (94,836)                 |
| Land and buildings reclassification  | -                        | -                        | (286)                    | 273                      |
| Tax loss offsets from or subventions paid to Group companies   | -                        | -                        | -                        | -                        |
| Unused tax losses and temporary differences not recognised as deferred tax assets  | 1,867                    | 1,887                    | (376)                    | -                        |
| Tax effect of imputation credits   | (700)                    | -                        | (700)                    | -                        |
| Temporary differences  | -                        | -                        | 4,280                    | 739                      |
| Permanent differences  | -                        | -                        | -                        | 344                      |
| (Under)/over provision of income tax in previous year  | -                        | 67                       | (27)                     | (146)                    |
| <b>Total tax expense/(benefit)</b>   | <b>-</b>                 | <b>-</b>                 | <b>(1,818)</b>           | <b>(1,254)</b>           |

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

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Tax expense/(benefit) is attributable to:</b> |                          |                          |                          |                          |
| Continuing operations                            | -                        | -                        | (1,818)                  | (1,254)                  |
|  | -                        | -                        | <b>(1,818)</b>           | <b>(1,254)</b>           |

### (b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During the 2019 year, no subvention payments were made (2018: Nil) and no loss offsets occurred (2018: Nil).

The 2019 financial statements for the Parent do not include any subvention payments to be received (2018: Nil) for utilisation of Greater Wellington's net losses.

### (c) Key assumptions

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of \$59.5m (2018: \$3.3m) of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes; this brings the cumulative allocation of insurance proceeds to \$179.8m (2018: \$120.3m).

The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of \$59.5m (2018: \$3.3m) with a tax effect of \$16.7m (2018: \$0.9m) being the proceeds over and above original cost.

The historic tax depreciation claimed on the assets deemed to be destroyed that is likely to be recovered by Inland Revenue has been reflected as a deferred tax liability with a tax effect of \$16.5m (2018: \$16.5m). The remainder of the proceeds are deemed to be taxable as the related

expenditure on repairs will be deductible. These estimates are based on the best information at the time of signing the accounts and the tax positions will be finalised in due course as the insurance claim is settled.

## 10 Deferred tax

|   | Council            |                    | Group              |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Actual 2019 \$000s | Actual 2018 \$000s | Actual 2019 \$000s | Actual 2018 \$000s |
| <b>The balance comprises temporary differences attributable to:</b> |                    |                    |                    |                    |
| Tax losses  | -                  | -                  | 23,098             | 18,266             |
| Temporary differences   | -                  | -                  | 1,821              | 3,066              |
|   | -                  | -                  | <b>24,919</b>      | <b>21,332</b>      |
| <b>Other</b>  |                    |                    |                    |                    |
| Temporary differences   | -                  | -                  | (125,347)          | (109,566)          |
| <b>Subtotal other</b>   | -                  | -                  | <b>(125,347)</b>   | <b>(109,566)</b>   |
| <b>Total deferred tax liabilities</b>                               | -                  | -                  | <b>(100,428)</b>   | <b>(88,234)</b>    |

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

| Movements – Group              | Investment properties \$000s | Property, plant and equipment \$000s | Trade and other payables \$000s | Other financial liabilities \$000s | Tax losses \$000s | Insurance recoverable \$000s | Total \$000s     |
|--------------------------------|------------------------------|--------------------------------------|---------------------------------|------------------------------------|-------------------|------------------------------|------------------|
| Balance at 1 July 2018         | 592                          | (77,257)                             | 2,394                           | 80                                 | 18,266            | (32,309)                     | (88,234)         |
| Charged to income              | (705)                        | (566)                                | (818)                           | (80)                               | 4,832             | 2,017                        | 4,680            |
| Charged to equity              | -                            | (16,874)                             | -                               | -                                  | -                 | -                            | (16,874)         |
| <b>Balance at 30 June 2019</b> | <b>(113)</b>                 | <b>(94,697)</b>                      | <b>1,576</b>                    | <b>-</b>                           | <b>23,098</b>     | <b>(30,293)</b>              | <b>(100,428)</b> |

|                       | Council            |                    | Group              |                    |
|-----------------------|--------------------|--------------------|--------------------|--------------------|
|                       | Actual 2019 \$000s | Actual 2018 \$000s | Actual 2019 \$000s | Actual 2018 \$000s |
| Tax losses            | 8,929              | 7,062              | -                  | -                  |
| Temporary differences | -                  | -                  | -                  | -                  |
|                       | <b>8,929</b>       | <b>7,062</b>       | -                  | -                  |

### Tax losses not recognised

Greater Wellington has \$31.889 million of unrecognised tax losses at Parent level (2018: \$25.221 million) available to be carried forward and to be offset against taxable income in the future.

The tax effect of losses at 28% was \$8.929 million (2018: \$7.062 million). The ability to carry forward tax losses is contingent upon continuing to meet the requirements of the Income Tax Act 2007.

## 11 Cash and cash equivalents

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Cash and cash equivalents</b>                    |                          |                          |                          |                          |
| Cash at bank and in hand                            | 9,857                    | 210                      | 101,585                  | 2,524                    |
| Money market  | 7,000                    | 2,300                    | 7,000                    | 2,300                    |
| Bulk water supply contingency fund                  | -                        | 2,548                    | -                        | 2,548                    |
| Material damage property insurance contingency fund | -                        | 250                      | -                        | 250                      |
| <b>Total cash and cash equivalents</b>              | <b>16,857</b>            | <b>5,308</b>             | <b>108,585</b>           | <b>7,622</b>             |

In Greater Wellington, the net cash and cash equivalent which includes money market borrowing is a current asset of \$14,057,000 (2018: \$Nil). In Council Group the net cash and cash equivalent is \$105,785,000 (2018: \$3,585,000).

Cash at bank and on hand earns interest at the official cash rate. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Council and the Group. They earn interest at the respective short-term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2019 there is \$7,000,000 (2018: \$2,300,000) invested in a money market term deposit at 1.88% (2018: 1.75%).

Greater Wellington has not invested any of its bulk water contingency funds in term deposits with a maturity of three months or less (2018: \$2,548,000).

As at 30 June 2018 the weighted average rate of the two term deposits was 3.02%. The bank term deposits are recorded at fair value.

As at 30 June 2019 there are no funds (2018: \$250,000) of the material damage property insurance contingency fund invested in short-term deposits. The interest rate on the investment per 30 June 2018 was 3.0%. Bank deposits are available for day to day cash management and are recorded at fair value.

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

## 12 Trade and other receivables

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Debtors and other receivables</b>         |                          |                          |                          |                          |
| Rates outstanding*                           | 12,126                   | 12,358                   | 12,126                   | 12,358                   |
| Trade customers**                            | 8,633                    | 7,955                    | 17,985                   | 16,822                   |
| Accrued revenue                              | 12,759                   | 11,601                   | 13,796                   | 11,657                   |
| Less provision for impairment of receivables | (981)                    | (1,151)                  | (981)                    | (1,436)                  |
| Other receivable                             | -                        | -                        | 268                      | 382                      |
| Pre-payments                                 | 2,253                    | 1,573                    | 2,642                    | 1,816                    |
| Water levies receivables                     | 1,491                    | 3,592                    | 1,491                    | 3,592                    |
| Other receivable                             | 2,171                    | 1,746                    | 2,171                    | 1,746                    |
| <b>Total debtors and other receivables</b>   | <b>38,452</b>            | <b>37,674</b>            | <b>49,498</b>            | <b>46,937</b>            |

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

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

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Provision for impairment of receivables</b> |                          |                          |                          |                          |
| Opening balance                                | (1,151)                  | (1,032)                  | (1,436)                  | (1,055)                  |
| Movement                                       | 170                      | (119)                    | 455                      | (381)                    |
| <b>Closing balance</b>                         | <b>(981)</b>             | <b>(1,151)</b>           | <b>(981)</b>             | <b>(1,436)</b>           |

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2019.

|                                      | Council                  |                          | Group                    |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                      | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Gross trade receivables</b>       |                          |                          |                          |                          |
| Not past due                         | 36,647                   | 35,778                   | 45,522                   | 43,344                   |
| Past due 31-60 days                  | 56                       | 112                      | 1,599                    | 1,338                    |
| Past due 61-90 days                  | 244                      | 377                      | 489                      | 466                      |
| Past due >90 days                    | 1,505                    | 1,407                    | 1,888                    | 1,789                    |
| <b>Total gross trade receivables</b> | <b>38,452</b>            | <b>37,674</b>            | <b>49,498</b>            | <b>46,937</b>            |

## 13 Inventories

| Inventories                    | Council                  |                          | Group                    |                          |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Depots                         | -                        | 124                      | -                        | 124                      |
| Water supply                   | 2,669                    | 2,655                    | 2,677                    | 2,655                    |
| Rail                           | -                        | -                        | -                        | -                        |
| Wairarapa                      | 350                      | 279                      | 350                      | 279                      |
| Kaiwharawhara crushed concrete | -                        | -                        | 781                      | -                        |
| Emergency management           | 39                       | 39                       | 39                       | 39                       |
| CentrePort spare stock         | -                        | -                        | 933                      | 1,237                    |
| CentrePort fuel and stock      | -                        | -                        | 118                      | 114                      |
| <b>Total inventory</b>         | <b>3,058</b>             | <b>3,097</b>             | <b>4,898</b>             | <b>4,448</b>             |

No inventories are pledged as securities for liabilities (2018: Nil)

## 14 Other financial assets

| Other financial assets   | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Stadium advance  | -                        | 423                      | -                        | 423                      |
| Civic Financial Services Limited shares                            | 128                      | 80                       | 128                      | 80                       |
| New Zealand Local Government Funding Agency Limited shares         | 5,153                    | 1,866                    | 5,153                    | 1,866                    |
| New Zealand Local Government Funding Agency Limited borrower notes | 6,400                    | 4,880                    | 6,400                    | 4,880                    |
| Warm Wellington funding  | 9,985                    | 11,196                   | 9,985                    | 11,196                   |
| Bank deposits with maturity terms more than three months           | 33,000                   | 33,000                   | 33,000                   | 33,000                   |
| Bulk water supply contingency fund                                 | 34,151                   | 28,646                   | 34,151                   | 28,646                   |
| Material damage property insurance contingency fund                | 9,428                    | 8,489                    | 9,428                    | 8,489                    |
| Major flood contingency fund                                       | 6,694                    | 6,277                    | 6,694                    | 6,277                    |
| Loan to WRC Holdings Limited                                       | 44,000                   | -                        | -                        | -                        |
|  | <b>148,939</b>           | <b>94,857</b>            | <b>104,939</b>           | <b>94,857</b>            |
| Current financial assets   | 79,382                   | 73,056                   | 79,382                   | 73,056                   |
| Non-current financial assets                                       | 69,557                   | 21,801                   | 25,557                   | 21,801                   |
| <b>Total financial assets</b>                                      | <b>148,939</b>           | <b>94,857</b>            | <b>104,939</b>           | <b>94,857</b>            |

### Airtel Limited

Greater Wellington sold its 21,000 fully paid up shares in Airtel Ltd in the year ending 30 June 2019. The shares were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. Greater Wellington was previously a member of the Association.

### Advance to Wellington Regional Stadium Trust

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse.

The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. Greater Wellington – without prejudice – expects that the Stadium will not repay the advance and consequently the asset is fully impaired.

### **Civic Financial Services Limited**

Greater Wellington holds 80,127 shares (2018: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

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

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2018: 1,866,000). It has also invested \$6,400,000 (2018: \$4,880,000) in LGFA borrower notes, which return on average 2.40% as at 30 June 2019 (2018: 2.70%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

### **Warm Wellington**

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

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

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

Greater Wellington has invested \$33,000,000 (2018: \$33,000,000) of its funds in short-term deposits with an average rate of 3.17% (2018: 3.49%). They are recorded at fair value.

### **Bulk water supply contingency fund**

Greater Wellington is holding \$34,151,000 (2018: \$28,646,000) in bulk water supply contingency funds. These are invested as follows: \$29,151,000 (2018: \$10,446,000) in term deposits, \$5,000,000 (2018: \$11,200,000) in bank bonds and no funds are invested in a floating rate note (2018: \$7,000,000). The weighted average rate is 3.20% (2018: 3.80%).

The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

At 30 June 2019 there are none (2018: \$2,548,000) of the bulk water supply contingency funds that are part of cash and cash equivalents.

### **Material damage property insurance contingency fund**

Greater Wellington has invested \$9,428,000 (2018: \$8,489,000) of its material damage property insurance contingency fund in short-term deposits with an average rate of 3.37% (2018: 4.39%). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. There are no additional funds (2018: \$250,000) of the material damage property insurance funds part of cash and cash equivalents.

### **Major flood contingency fund**

Greater Wellington has invested \$6,694,000 (2018: \$6,277,000) of its major flood contingency fund in a short-term deposit with a rate of 3.21% (2018: 3.41%). The deposit is recorded at fair value.

### **Loan to WRC Holdings Limited**

Greater Wellington loaned \$44,000,000 (2018: \$Nil) to its wholly owned subsidiary WRC Holdings Limited. The rate as at 30 June 2019 is 2.4175% (2018: n/a) and is reset quarterly.

## 15 Aggregated joint venture information

| Name of joint venture                      | Principal activity              | 2019<br>Percentage<br>ownership<br>% | 2018<br>Percentage<br>ownership<br>% |
|--|---------------------------------|--------------------------------------|--------------------------------------|
| Harbour Quays A1 Limited*                  | Commercial rental property      | 76.9%                                | 76.9%                                |
| Harbour Quays D4 Limited*                  | Commercial rental property      | 76.9%                                | 76.9%                                |
| Harbour Quays F1F2 Limited*                | Commercial rental property      | 76.9%                                | 76.9%                                |
| Direct Connect Container Services Limited* | Transport hubbing and logistics | 38.5%                                | 38.5%                                |

The remaining 50% shareholding of Wellington Port Coldstore Limited was acquired during the year and from acquisition date is accounted for as a subsidiary.

Prior to 1 June 2019 Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) were accounted for as joint ventures of the Group although the SPVs are wholly owned by CentrePort Properties Limited, a subsidiary of the Parent.

The SPVs have issued mandatory convertible notes to the Accident Compensation Corporation (ACC). These notes provide ACC with joint control over the SPVs.

During the year ended 30 June 2019, the Group redeemed the MCNs issued by the SPVs to ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019. Please see note 16 for further information on this.

\* All companies are incorporated and operate in New Zealand.

\*\* For commercial sensitivity purposes, the financial information of associates is not disclosed.

| Group  | Council and Group        |                          |
|--|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Carrying amount at beginning of year   | 74,584                   | 59,397                   |
| Consolidation of net assets of SPVs on acquisition                               | (84,992)                 | -                        |
| Equity accounted earnings of joint ventures*                                     | 10,218                   | 22,999                   |
| Dividends from joint ventures  | -                        | (500)                    |
| Consolidation of net assets of Wellington Port Coldstores Limited on acquisition | -                        | (7,312)                  |
| <b>Carrying amount at end of year</b>  | <b>(190)</b>             | <b>74,584</b>            |
| Represented by:  |                          |                          |
| Harbour Quays A1 Limited   | -                        | 18,157                   |
| Harbour Quays D4 Limited   | -                        | 13,599                   |
| Harbour Quays F1F2 Limited   | -                        | 42,952                   |
| Individually immaterial associates   | (190)                    | (124)                    |
|  | <b>(190)</b>             | <b>74,584</b>            |

### Earthquake damage

The investment properties owned by the SPV companies were significantly damaged in the November 2016 earthquake. The insurance claim for the properties was settled in October 2019 for \$170.4m, of which \$158.2m related to the SPVs. CentrePort's equity accounted earnings from these entities have been affected by the estimated cost of earthquake related costs and insurance proceeds accounted for in these entities.

A summary of the SPV earthquake treatment follows.

### Harbour Quays A1 Limited

The former Statistics House building sustained significant damage as a result of the earthquake. The land that was occupied by the building has been developed into a carpark. The total insurance claim for Harbour Quays A1 Limited was \$40.3m, comprising \$4.0m for loss of rental income and \$38.0m for material damage, less a deductible of \$1.7m.

**Harbour Quays D4 Limited**

The Customhouse property was damaged in the earthquake and damage assessments have concluded that both structural and non-structural damage was caused; however it was relatively minor compared to the damage sustained by other buildings. The building was repaired and reoccupied since December 2017. The total insurance claim for Harbour Quays D4 Limited was \$5.5m, comprising \$4.1m for loss of rental income and \$3m for material damage, less a deductible of \$1.6m.

**Harbour Quays F1F2 Limited**

The former BNZ House sustained significant damage in the earthquake and is in the process of being demolished. The total insurance claim for Harbour Quays F1F2 Limited was \$112.4m, comprised of \$24.0m for loss of rental income and \$93.0m for material damage, less a deductible of \$4.6m.

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## 16 Redemption of mandatory convertible notes

**Summary of acquisition**

On 31 May 2019 the Group redeemed the Mandatory Convertible Notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs on 31 May 2019.

The SPVs were previously accounted for as joint ventures although the Group held 100% of the share capital in the SPVs.

As at the acquisition date the fair value of the equity interest in the SPVs held immediately before the acquisition amounted to \$85.0m, which includes the loss recognised as a result of redeeming the MCNs of \$9.7m. This loss on re-measurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the Equity Method in the statement of comprehensive income.

The control over the SPVs was obtained through the redemption of the MCN liabilities on 31 May 2019. The redemption amount was determined through a negotiation process and is deemed to be at fair value.

**(a) Assets and liabilities acquired**

The assets and liabilities recognised as a result of the acquisition are as follows:

| Fair value as at 31 May 2019            | Fair value<br>\$000s |
|---|----------------------|
| Cash and cash equivalents               | 47,944               |
| Trade receivables                       | 845                  |
| Insurance receivables                   | -                    |
| Investment properties                   | 36,873               |
| Deferred tax assets                     | -                    |
| Trade payables                          | (312)                |
| Income tax payable                      | (84)                 |
| Income in advance                       | (274)                |
| <b>Net identifiable assets acquired</b> | <b>84,992</b>        |

There was no goodwill recognised as a result of the step acquisition as the fair value of the net assets acquired equals the fair value of the equity interest held immediately before the acquisition and there were no intangible assets or contingent liabilities identified that were not previously recorded as part of the SPVs net assets.

**(b) Purchase consideration – cash outflow**

| <b>Outflow of cash to acquire subsidiary, net of cash acquired</b> | <b>\$000s</b> |
|--|---------------|
| Cash consideration   | -             |
| Less: Balances acquired  | -             |
| Cash   | 47,944        |
| Bank overdraft   | -             |
| <b>Net outflow of cash – investing activities</b>                  | <b>47,944</b> |

**(c) Acquired receivables**

The fair value of acquired trade receivables is \$0.8million. The gross contractual amount for trade receivables due is \$0.8 million, all of which is expected to be collectible.

**(d) Revenue and profit contribution**

The acquired businesses contributed revenues of \$4.4 million and net profit of \$10.3 million to the Group for the period from 1 July 2018 to 31 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated proforma revenue and profit for the period ended 30 June 2019 would have been \$4.7m and \$11.4m respectively.

These amounts have been calculated using the subsidiary’s results and adjusting them for:

- Differences in the accounting policies between the Group and the subsidiary
- The additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax effects

**(e) Acquisition related costs**

Acquisition related costs of \$72k are included in administrative expenses in the Statement of Comprehensive Income and in operating cash-flows in the statement of cashflows.

## 17 Property, plant and equipment

| Council 2019                   | Cost/<br>revaluation<br>1 Jul 2018<br>\$000s | Transfers<br>into 2019<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>1 Jul 2018<br>\$000s | Current year<br>additions<br>\$000s | Current year<br>disposals<br>\$000s | Current year<br>impairment<br>charges<br>\$000s | Net<br>depreciation<br>\$000s | Current year<br>impairment<br>charges<br>\$000s | Revaluation<br>surplus<br>\$000s | Cost/<br>revaluation<br>30 Jun 2019<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>30 Jun 2019<br>\$000s |
|--------------------------------|--|----------------------------------|---------------------------------------|--|-------------------------------------|-------------------------------------|---|-------------------------------|---|----------------------------------|---|---------------------------------------|---|
| <b>Operating assets</b>        |  |                                  |                                       |  |                                     |                                     |   |                               |   |                                  |   |                                       |   |
| <b>At cost and valuation</b>   |  |                                  |                                       |  |                                     |                                     |   |                               |   |                                  |   |                                       |   |
| Land and buildings             | 29,092                                       | 134                              | (2,401)                               | 26,825                                     | 6,236                               | (2,128)                             | -   | (522)                         | -   | -                                | 33,334  | (2,923)                               | 30,411                                      |
| Plant and equipment            | 15,660                                       | -                                | (9,111)                               | 6,549                                      | 2,159                               | (5,202)                             | -   | 3,603                         | -   | -                                | 12,617  | (5,508)                               | 7,109                                       |
| Motor vehicles                 | 7,599  | -                                | (4,657)                               | 2,942                                      | 1,311                               | (617)                               | -   | (312)                         | -   | -                                | 8,293   | (4,969)                               | 3,324                                       |
| <b>Total</b>                   | <b>52,351</b>                                | <b>134</b>                       | <b>(16,169)</b>                       | <b>36,316</b>                              | <b>9,706</b>                        | <b>(7,947)</b>                      | <b>-</b>  | <b>2,769</b>                  | <b>-</b>  | <b>-</b>                         | <b>54,244</b>                                 | <b>(13,400)</b>                       | <b>40,844</b>                               |
| <b>Infrastructural assets</b>  |  |                                  |                                       |  |                                     |                                     |   |                               |   |                                  |   |                                       |   |
| <b>At cost and revaluation</b> |  |                                  |                                       |  |                                     |                                     |   |                               |   |                                  |   |                                       |   |
| Flood protection               | 400,021                                      | -                                | (8,428)                               | 391,593                                    | 12,648                              | (6,724)                             | -   | 5,869                         | (1,232)   | -                                | 404,713                                       | (2,559)                               | 402,154                                     |
| Navigational aids              | 2,172  | -                                | (393)                                 | 1,779                                      | -                                   | -                                   | -   | (70)                          | -   | 545                              | 2,254   | -                                     | 2,254                                       |
| Parks and forests              | 90,041                                       | -                                | -                                     | 90,041                                     | 1,919                               | (1)                                 | -   | (2,034)                       | -   | -                                | 91,959  | (2,034)                               | 89,925                                      |
| Transport infrastructure       | 18,287                                       | (134)                            | (3,615)                               | 14,538                                     | 10,803                              | (2,810)                             | -   | 761                           | -   | 8,953                            | 32,245  | -                                     | 32,245                                      |
| Water infrastructure           | 603,622                                      | -                                | -                                     | 603,622                                    | 141                                 | (178)                               | -   | (15,538)                      | -   | -                                | 603,585                                       | (15,538)                              | 588,047                                     |
| Capital work in progress       | 26,910                                       | -                                | -                                     | 26,910                                     | 6,067                               | -                                   | -   | -                             | -   | -                                | 32,977  | -                                     | 32,997                                      |
| Right to use                   | -  | -                                | -                                     | -  | 30,889                              | -                                   | -   | (1,544)                       | -   | -                                | 30,889  | (1,544)                               | 29,345                                      |
| <b>Total</b>                   | <b>1,141,053</b>                             | <b>(134)</b>                     | <b>(12,436)</b>                       | <b>1,128,483</b>                           | <b>62,467</b>                       | <b>(9,713)</b>                      | <b>-</b>  | <b>(12,556)</b>               | <b>(1,232)</b>                                  | <b>9,498</b>                     | <b>1,198,622</b>                              | <b>(21,675)</b>                       | <b>1,176,947</b>                            |
| <b>Total Council</b>           | <b>1,193,404</b>                             | <b>-</b>                         | <b>(28,605)</b>                       | <b>1,164,799</b>                           | <b>72,173</b>                       | <b>(17,660)</b>                     | <b>-</b>  | <b>(9,787)</b>                | <b>(1,232)</b>                                  | <b>9,498</b>                     | <b>1,252,866</b>                              | <b>(35,075)</b>                       | <b>1,217,791</b>                            |

## 17 Property, plant and equipment continued

| Council 2018                   | Cost/<br>revaluation<br>1 Jul 2017 | Transfers into<br>2015 | Accumulated<br>depreciation | Carrying<br>amount<br>1 Jul 2017 | Current year<br>additions | Current year<br>disposals | Current year<br>impairment<br>charges | Net<br>Depreciation | Revaluation<br>surplus | Cost/<br>revaluation<br>30 Jun 2018 | Accumulated<br>depreciation | Carrying<br>amount<br>30 Jun 2018 |
|--------------------------------|------------------------------------|------------------------|-----------------------------|----------------------------------|---------------------------|---------------------------|---------------------------------------|---------------------|------------------------|-------------------------------------|-----------------------------|-----------------------------------|
| <b>Operating assets</b>        |                                    |                        |                             |                                  |                           |                           |                                       |                     |                        |                                     |                             |                                   |
| <b>At cost &amp; valuation</b> |                                    |                        |                             |                                  |                           |                           |                                       |                     |                        |                                     |                             |                                   |
| Land and buildings             | 15,012                             | -                      | (2,077)                     | 12,935                           | 15,640                    | (1,560)                   | -                                     | (324)               | -                      | 29,092                              | (2,401)                     | 26,691                            |
| Plant and equipment            | 16,425                             | -                      | (11,728)                    | 4,697                            | 3,493                     | (4,268)                   | -                                     | 2,628               | -                      | 15,660                              | (9,111)                     | 6,549                             |
| Motor vehicles                 | 7,423                              | -                      | (4,724)                     | 2,699                            | 1,133                     | (957)                     | -                                     | 67                  | -                      | 7,599                               | (4,657)                     | 2,942                             |
| <b>Total</b>                   | <b>38,860</b>                      | <b>-</b>               | <b>(18,529)</b>             | <b>20,331</b>                    | <b>20,266</b>             | <b>(6,785)</b>            | <b>-</b>                              | <b>2,371</b>        | <b>-</b>               | <b>52,351</b>                       | <b>(16,169)</b>             | <b>36,182</b>                     |
| <b>Infrastructural assets</b>  |                                    |                        |                             |                                  |                           |                           |                                       |                     |                        |                                     |                             |                                   |
| <b>At cost &amp; valuation</b> |                                    |                        |                             |                                  |                           |                           |                                       |                     |                        |                                     |                             |                                   |
| Flood protection               | 383,461                            | -                      | (7,692)                     | 375,769                          | 18,082                    | (179)                     | -                                     | (738)               | -                      | 400,021                             | (8,428)                     | 391,593                           |
| Navigational aids              | 2,172                              | -                      | (320)                       | 1,852                            | -                         | -                         | -                                     | (73)                | -                      | 2,172                               | (393)                       | 1,779                             |
| Parks and forests              | 85,886                             | -                      | (8,067)                     | 77,819                           | 2,047                     | (154)                     | -                                     | (2,225)             | 12,554                 | 90,041                              | -                           | 90,041                            |
| Transport infrastructure       | 17,440                             | -                      | (2,534)                     | 14,906                           | 908                       | (61)                      | -                                     | (1,081)             | -                      | 18,287                              | (3,615)                     | 14,672                            |
| Water infrastructure           | 461,459                            | -                      | (43,674)                    | 417,785                          | 14,117                    | (450)                     | -                                     | (10,525)            | 182,695                | 603,622                             | -                           | 603,622                           |
| Capital work in progress       | 25,199                             | -                      | -                           | 25,199                           | 1,711                     | -                         | -                                     | -                   | -                      | 26,910                              | -                           | 26,910                            |
| <b>Total</b>                   | <b>975,617</b>                     | <b>-</b>               | <b>(62,287)</b>             | <b>913,330</b>                   | <b>36,865</b>             | <b>(844)</b>              | <b>-</b>                              | <b>(14,642)</b>     | <b>195,249</b>         | <b>1,141,053</b>                    | <b>(12,436)</b>             | <b>1,128,617</b>                  |
| <b>Total Council</b>           | <b>1,014,477</b>                   | <b>-</b>               | <b>(80,816)</b>             | <b>933,661</b>                   | <b>57,131</b>             | <b>(7,629)</b>            | <b>-</b>                              | <b>(12,271)</b>     | <b>195,249</b>         | <b>1,193,404</b>                    | <b>(28,605)</b>             | <b>1,164,799</b>                  |

## 17 Property, plant and equipment continued

| Group 2019                    | Cost/<br>revaluation<br>1 Jul 2018<br>\$000s | Transfers into<br>2019<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>1 Jul 2018<br>\$000s | Current year<br>additions<br>\$000s | Current year<br>disposals<br>\$000s | Current year<br>impairment<br>charges<br>\$000s | Net<br>depreciation<br>\$000s | Revaluation<br>surplus<br>\$000s | Cost/<br>revaluation<br>30 Jun 2019<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>30 Jun 2019<br>\$000s |
|-------------------------------|--|----------------------------------|---------------------------------------|--|-------------------------------------|-------------------------------------|---|-------------------------------|----------------------------------|---|---------------------------------------|---|
| <b>Operating assets</b>       |  |                                  |                                       |  |                                     |                                     |   |                               |                                  |   |                                       |   |
| Land and buildings            | 108,884                                      | 134                              | (17,847)                              | 91,171                                     | 10,814                              | (2,250)                             | (757)   | (812)                         | -                                | 116,825                                       | (18,659)                              | 98,166                                      |
| Plant and equipment           | 97,546                                       | -                                | (45,473)                              | 52,073                                     | 5,587                               | (14,656)                            | -   | 2,448                         | -                                | 88,487  | (43,035)                              | 45,452                                      |
| Motor vehicles                | 7,599  | -                                | (4,657)                               | 2,942                                      | 1,311                               | (617)                               | -   | (312)                         | -                                | 8,293   | (4,969)                               | 3,324                                       |
| <b>Total</b>                  | <b>214,029</b>                               | <b>134</b>                       | <b>(67,977)</b>                       | <b>146,186</b>                             | <b>17,712</b>                       | <b>(17,523)</b>                     | <b>(757)</b>                                    | <b>1,324</b>                  | <b>-</b>                         | <b>213,605</b>                                | <b>(66,663)</b>                       | <b>146,942</b>                              |
| <b>Infrastructural assets</b> |  |                                  |                                       |  |                                     |                                     |   |                               |                                  |   |                                       |   |
| <b>At cost and valuation</b>  |  |                                  |                                       |  |                                     |                                     |   |                               |                                  |   |                                       |   |
| Flood protection              | 400,021                                      | -                                | (8,429)                               | 391,592                                    | 12,648                              | (6,724)                             | (1,232)   | 5,869                         | -                                | 404,713                                       | (2,559)                               | 402,154                                     |
| Parks and forests             | 90,041                                       | -                                | -                                     | 90,041                                     | 1,919                               | (1)                                 | -   | (2,034)                       | -                                | 91,959  | (2,034)                               | 89,925                                      |
| Capital work in progress      | 38,337                                       | -                                | -                                     | 38,337                                     | 9,006                               | -                                   | -   | -                             | -                                | 47,342  | -                                     | 47,342                                      |
| Port wharves and paving       | 68,219                                       | -                                | (50,228)                              | 17,991                                     | 1,056                               | -                                   | -   | (1,025)                       | -                                | 69,275  | (51,253)                              | 18,022                                      |
| Navigational aids             | 2,172  | -                                | (393)                                 | 1,779                                      | -                                   | -                                   | -   | (70)                          | 545                              | 2,254   | -                                     | 2,254                                       |
| Transport infrastructure      | 480,635                                      | (134)                            | (67,624)                              | 412,877                                    | 28,888                              | (5,854)                             | -   | (15,680)                      | 69,216                           | 489,449                                       | -                                     | 489,449                                     |
| Water infrastructure          | 603,622                                      | -                                | -                                     | 603,622                                    | 141                                 | (178)                               | -   | (15,538)                      | -                                | 603,585                                       | (15,538)                              | 588,047                                     |
| Right to use                  | -  | -                                | -                                     | -  | 30,888                              | -                                   | -   | (1,544)                       | -                                | 30,888  | (1,544)                               | 29,345                                      |
| <b>Total</b>                  | <b>1,683,047</b>                             | <b>(134)</b>                     | <b>(126,674)</b>                      | <b>1,556,239</b>                           | <b>84,546</b>                       | <b>(12,757)</b>                     | <b>(1,232)</b>                                  | <b>(30,022)</b>               | <b>69,761</b>                    | <b>1,739,465</b>                              | <b>(72,928)</b>                       | <b>1,666,537</b>                            |
| <b>Total Group</b>            | <b>1,897,076</b>                             | <b>-</b>                         | <b>(194,651)</b>                      | <b>1,702,425</b>                           | <b>102,258</b>                      | <b>(30,280)</b>                     | <b>(1,989)</b>                                  | <b>(28,698)</b>               | <b>69,761</b>                    | <b>1,953,070</b>                              | <b>(139,591)</b>                      | <b>1,813,479</b>                            |

## 17 Property, plant and equipment continued

| Group 2018   | Cost/<br>revaluation<br>1 Jul 2017<br>\$000s | Transfers into<br>2017<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>1 Jul 2017<br>\$000s | Current year<br>additions<br>\$000s | Current year<br>disposals<br>\$000s | Current year<br>impairment<br>charges<br>\$000s | Net<br>depreciation<br>\$000s | Revaluation<br>surplus<br>\$000s | Cost/<br>revaluation<br>30 Jun 2018<br>\$000s | Accumulated<br>depreciation<br>\$000s | Carrying<br>amount<br>30 Jun 2018<br>\$000s |
|--|--|----------------------------------|---------------------------------------|--|-------------------------------------|-------------------------------------|---|-------------------------------|----------------------------------|---|---------------------------------------|---|
| <b>Operating assets</b>                                |  |                                  |                                       |  |                                     |                                     |   |                               |                                  |   |                                       |   |
| Land and buildings                                     | 92,984                                       | -                                | (17,093)                              | 75,891                                     | 18,729                              | (2,382)                             | (451)   | (750)                         | -                                | 108,884                                       | (17,847)                              | 91,037                                      |
| Plant and Equipment                                    | 82,376                                       | -                                | (40,083)                              | 42,293                                     | 19,572                              | (4,401)                             | -   | (5,390)                       | -                                | 97,546  | (45,473)                              | 52,073                                      |
| Motor vehicles   | 7,416  | -                                | (4,724)                               | 2,692                                      | 1,140                               | (957)                               | -   | 67                            | -                                | 7,599   | (4,657)                               | 2,942                                       |
| <b>Total Group's property,<br/>plant and equipment</b> | <b>182,776</b>                               | <b>-</b>                         | <b>(61,900)</b>                       | <b>120,876</b>                             | <b>39,441</b>                       | <b>(7,740)</b>                      | <b>(451)</b>                                    | <b>(6,073)</b>                | <b>-</b>                         | <b>214,029</b>                                | <b>(67,977)</b>                       | <b>146,052</b>                              |
| <b>Infrastructural assets</b>                          |  |                                  |                                       |  |                                     |                                     |   |                               |                                  |   |                                       |   |
| Flood protection                                       | 383,461                                      | -                                | (7,692)                               | 375,769                                    | 18,081                              | (179)                               | (1,341)   | (738)                         | -                                | 400,021                                       | (8,429)                               | 391,592                                     |
| Parks and forests                                      | 85,886                                       | -                                | (8,067)                               | 77,819                                     | 2,047                               | (154)                               | -   | (2,225)                       | 12,554                           | 90,041  | -                                     | 90,041                                      |
| Capital work in progress                               | 39,849                                       | -                                | -                                     | 39,849                                     | 30,726                              | (32,238)                            | -   | -                             | -                                | 38,337  | -                                     | 38,337                                      |
| Port wharves and paving                                | 67,670                                       | -                                | (49,727)                              | 17,943                                     | 549                                 | -                                   | -   | (501)                         | -                                | 68,219  | (50,228)                              | 17,991                                      |
| Navigational aids                                      | 2,172  | -                                | (320)                                 | 1,852                                      | -                                   | -                                   | -   | (73)                          | -                                | 2,172   | (393)                                 | 1,779                                       |
| Transport infrastructure                               | 476,150                                      | -                                | (52,707)                              | 423,443                                    | 9,281                               | (4,777)                             | -   | (14,935)                      | -                                | 480,635                                       | (67,624)                              | 413,011                                     |
| Water infrastructure                                   | 461,461                                      | -                                | (43,674)                              | 417,787                                    | 14,115                              | (450)                               | -   | (10,525)                      | 182,695                          | 603,622                                       | -                                     | 603,622                                     |
| <b>Total infrastructural<br/>assets</b>                | <b>1,516,649</b>                             | <b>-</b>                         | <b>(162,187)</b>                      | <b>1,354,462</b>                           | <b>74,799</b>                       | <b>(37,798)</b>                     | <b>(1,341)</b>                                  | <b>(28,997)</b>               | <b>195,249</b>                   | <b>1,683,047</b>                              | <b>(126,674)</b>                      | <b>1,556,373</b>                            |
| <b>Total Group's property,<br/>plant and equipment</b> | <b>1,699,425</b>                             | <b>-</b>                         | <b>(224,087)</b>                      | <b>1,475,338</b>                           | <b>114,240</b>                      | <b>(45,538)</b>                     | <b>(1,792)</b>                                  | <b>(35,070)</b>               | <b>195,249</b>                   | <b>1,897,076</b>                              | <b>(194,651)</b>                      | <b>1,702,425</b>                            |

## 17 Property, plant and equipment continued

### Infrastructural assets further disclosures

| Council 2019                          | Additions                 |                               |                                      | Estimated replacement cost \$000s |
|---------------------------------------|---------------------------|-------------------------------|--------------------------------------|-----------------------------------|
|                                       | Closing book value \$000s | Constructed by Council \$000s | Assets transferred to Council \$000s |                                   |
| <b>Infrastructural assets</b>         |                           |                               |                                      |                                   |
| Water treatment plants and facilities | 265,363                   | 90                            | -                                    | 273,324                           |
| Other water assets                    | 322,684                   | 51                            | -                                    | 332,364                           |
| Flood protection and control works    | 402,154                   | 12,648                        | -                                    | 425,477                           |
| <b>Total infrastructural assets</b>   | <b>990,201</b>            | <b>11,789</b>                 | <b>-</b>                             | <b>1,031,165</b>                  |

| Council 2018                          | Additions                 |                               |                                      | Estimated replacement cost \$000s |
|---------------------------------------|---------------------------|-------------------------------|--------------------------------------|-----------------------------------|
|                                       | Closing book value \$000s | Constructed by Council \$000s | Assets transferred to Council \$000s |                                   |
| <b>Infrastructural assets</b>         |                           |                               |                                      |                                   |
| Water treatment plants and facilities | 260,177                   | 784                           | -                                    | 451,851                           |
| Other water assets                    | 330,806                   | 691                           | -                                    | 700,037                           |
| Flood protection and control works    | 391,593                   | 18,081                        | -                                    | 416,471                           |
| <b>Total infrastructural assets</b>   | <b>982,576</b>            | <b>19,556</b>                 | <b>-</b>                             | <b>1,568,359</b>                  |

### Capital Work in Progress

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

### Service Concession Arrangement

#### Background:

Greater Wellington (as grantor) has entered into an arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contract terms of 15 years.

During this period, the operator will earn revenues from operating the buses while Greater Wellington pays the service fees and substantively controls the use of the double decker buses as specified in the agreement. At the end of the contract term, the ownership of those buses will transfer to Greater Wellington with the price determined using a contracted formula.

#### Service concession asset

The double decker buses are recognised at fair value of \$31 million at 2018/19 and subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and are depreciated on a straight-line basis.

#### Service concession liability

\$31 million of financial liability in relation to the service concession arrangement is also recognised at 2018/19. This financial liability is accounted for using the amortised cost model leading to finance expenses over 15 years.

**Operational Port Land**

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was \$110.5m (which excludes \$3.1m of

additions during the year ended 30 June 2017 and \$2.9m of additions during the year ended 30 June 2018), which was adjusted by \$63.0m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

| <b>Operational port land</b>                             | <b>2019<br/>\$000s</b> |
|--|------------------------|
| Industrial Zoned Land                                    | 79,590                 |
| Commercial Zoned   | 8,832                  |
| Other Port Land  | 25,231                 |
| <b>Total Operational Port Land</b>                       | <b>113,653</b>         |
| Provision for Resilience                                 | (63,000)               |
| <b>Carrying Value Operational Port Land</b>              | <b>50,653</b>          |
| Additions, Transfers and Disposals of Port Land          | 2,738                  |
| <b>Carrying Value Operational Port Land 30 June 2019</b> | <b>53,391</b>          |

**Valuation Approach Operational Port Land**

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1-Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting and NZ IFRS 13 (Fair Value Measurement).

The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- Sales of land or development sites within the wider Wellington region
- Size, shape, location and access to services
- Road frontage , exposure to vehicles
- Allowable height and density of use.

Key assumptions underlying the valuation are set out below:

- (i) Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.
- (ii) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re-levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

| <b>Freehold land</b> | <b>Fair value<br/>\$000s</b> | <b>Valuation approach</b>   | <b>Key valuation assumptions</b>             | <b>Valuation impact</b> |
|----------------------|------------------------------|---|--|-------------------------|
| Industrial Zoned     | \$79,590                     | Comparison to sales of industrial land in similar locations         | Weighted average land value\$40-\$600 psm    | +/- 5% (\$4.0m)         |
| Commercial Zoned     | \$8,831                      | Comparison to sales of commercially zoned land in similar locations | Weighted average land value\$750-\$2,100 psm | +/- 5% (\$0.4m)         |

**Operational Port Land resilience**

An adjustment of \$63m (2018: \$63m) has been made to the fair value of Operational Port Land at 30 June 2019 to recognise the resilience work that needed to be undertaken to support the land. The resilience work costs are estimated with reference to the expected costs for remediation works undertaken for part of the Operational Port Land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of \$9.5m.

**Valuation approach – other port land**

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance

made for differences between contract and market rents adjusted for the terms of the lease.

Inputs into this valuation approach are:

- Comparable recent rental settlements on a rate per square metre of land
- Perpetually renewable or terminating lease
- Rental review periods
- Forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach, under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate per square metre and multiplies by the land area leased, and the
- Traditional approach, whereby the valuer assesses a market land value and applies a market-based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. This is then adjusted for the value of the right to renew if it is a perpetual lease or the present value of the market value of the site deferred until the lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

| Other port land | Fair value \$000s | Valuation approach   | Key valuation assumptions                  | Valuation impact                  |
|-----------------|-------------------|--|--|-----------------------------------|
| Other port land | \$25,231          | Capitalised market rental checked to comparable sales of freehold land | Lessors Capitalisation Rate 6.75% to 7.00% | +/- 0.25%<br>+/- \$763k to \$817k |

**Greater Wellington Rail Limited (GWRL)**

GWRL infrastructural assets and its rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited, as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

## 18 Intangible assets

| Council                                 | Software<br>\$000s | *Emission units<br>\$000s | Total<br>\$000s |
|---|--------------------|---------------------------|-----------------|
| <b>Year ended 30 June 2018</b>          |                    |                           |                 |
| Opening net book amount                 | 3,224              | 4,859                     | 8,083           |
| Additions                               | 1,324              | 878                       | 2,202           |
| Revaluation                             | -                  | 1,140                     | 1,140           |
| Amortisation charge                     | (938)              | -                         | (938)           |
| <b>Closing net book amount</b>          | <b>3,610</b>       | <b>6,877</b>              | <b>10,487</b>   |
| <b>At 30 June 2018</b>                  |                    |                           |                 |
| Cost and valuation                      | 11,614             | 6,877                     | 18,491          |
| Accumulated amortisation and impairment | (8,004)            | -                         | (8,004)         |
| <b>Net book amount</b>                  | <b>3,610</b>       | <b>6,877</b>              | <b>10,487</b>   |
| <b>Year ended 30 June 2019</b>          |                    |                           |                 |
| Opening net book amount                 | 3,610              | 6,877                     | 10,487          |
| Additions                               | 106                | -                         | 106             |
| Disposals                               | (32)               | -                         | (32)            |
| Revaluation                             | -                  | 791                       | 791             |
| Net amortisation charge                 | (933)              | -                         | (933)           |
| <b>Closing net book amount</b>          | <b>2,751</b>       | <b>7,668</b>              | <b>10,419</b>   |
| <b>At 30 June 2019</b>                  |                    |                           |                 |
| Cost and valuation                      | 10,684             | 7,668                     | 18,352          |
| Accumulated amortisation and impairment | (7,933)            | -                         | (7,933)         |
| <b>Net book amount</b>                  | <b>2,751</b>       | <b>7,668</b>              | <b>10,419</b>   |

## 18 Intangible assets continued

| Group                                   | Goodwill<br>\$000s | Software<br>\$000s | *Emission units<br>\$000s | Total<br>\$000s |
|---|--------------------|--------------------|---------------------------|-----------------|
| <b>Year ended 30 June 2018</b>          |                    |                    |                           |                 |
| Opening net book amount                 | 2,674              | 3,837              | 4,859                     | 11,370          |
| Additions                               | -                  | 1,612              | 878                       | 2,490           |
| Revaluation                             | -                  | -                  | 1,140                     | 1,140           |
| Disposal                                | -                  | (103)              | -                         | (103)           |
| Amortisation charge                     | -                  | (1,199)            | -                         | (1,199)         |
| <b>Closing net book amount</b>          | <b>2,674</b>       | <b>4,147</b>       | <b>6,877</b>              | <b>13,698</b>   |
| <b>At 30 June 2018</b>                  |                    |                    |                           |                 |
| Cost                                    | 2,674              | 15,839             | 6,877                     | 29,613          |
| Accumulated amortisation and impairment | -                  | (11,692)           | -                         | (15,915)        |
| <b>Net book amount</b>                  | <b>2,674</b>       | <b>4,147</b>       | <b>6,877</b>              | <b>13,698</b>   |

| Group                                   | Goodwill<br>\$000s | Software<br>\$000s | Emission units<br>\$000s | Total<br>\$000s |
|---|--------------------|--------------------|--------------------------|-----------------|
| <b>Year ended 30 June 2019</b>          |                    |                    |                          |                 |
| Opening net book amount                 | 2,674              | 4,147              | 6,877                    | 13,698          |
| Additions                               | -                  | 156                | -                        | 156             |
| Revaluation                             | -                  | -                  | 791                      | 791             |
| Disposal                                | -                  | (35)               | -                        | (35)            |
| Amortisation charge                     | -                  | (1,097)            | -                        | (1,097)         |
| <b>Closing net book amount</b>          | <b>2,674</b>       | <b>3,171</b>       | <b>7,668</b>             | <b>13,513</b>   |
| <b>At 30 June 2019</b>                  |                    |                    |                          |                 |
| Cost and valuation                      | 2,674              | 14,955             | 7,668                    | 25,297          |
| Accumulated amortisation and impairment | -                  | (11,784)           | -                        | (11,784)        |
| <b>Net book amount</b>                  | <b>2,674</b>       | <b>3,171</b>       | <b>7,668</b>             | <b>13,513</b>   |

No intangible assets are pledged as security for liabilities.

The amortisation expense is included in operating expenses in the statement of comprehensive income.

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

## 19 Insurance coverage, asset values and contingency funds

### Section 31 A (a) LG Act Amendment Act No 3

a) The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured

|                | Value of assets covered by insurance<br>\$000s | Maximum level of insurance coverage<br>\$000s |
|----------------|--|---|
| Council assets | 1,602,643                                      | 647,546                                       |
| Rolling stock  | 474,200  | 140,000                                       |
| <b>Total</b>   | <b>2,076,843</b>                               | <b>787,546</b>                                |

b) The total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority

|                | Value of fund maintained<br>\$000s | Total value of assets self-insured<br>\$000s |
|----------------|------------------------------------|--|
| Council assets | 93,224                             | 1,143,236                                    |
| Rolling stock  | -                                  | 334,200                                      |
| <b>Total</b>   | <b>93,224</b>                      | <b>1,477,436</b>                             |

Mean Damage Estimates are used based on a 1,000-year average return interval (ARI) targeting the Wellington Fault based on a magnitude (Mw) 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event.

The combined estimate for the Water underground assets and Flood Protection assets has been calculated at \$206 million (2018: \$173 million) by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below-ground water infrastructure assets. This support is laid down in section 26 of The Guide to the National Civil Defence Emergency Management Plan.

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

Council's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kāpiti Coast District Council and Porirua City Council. The Council shares its building and equipment insurance with these four Councils to the value of \$600 million, based on our Council assets of \$688 million and sharing group assets of \$1.711 billion.

## 20 Investment properties

Greater Wellington holds no investment in properties.

The Group's investment properties comprise CentrePort Limited Group developed and undeveloped investment properties.

Investment Property, which is property held to earn rental and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of

- Investment Property:
- Developed Investment Property
- Land Available for Development
- Lessors Interests

### Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

The fair value of Investment Property is determined with reference to a fair value hierarchy of inputs as described in note 16. This hierarchy reflects the significance of the inputs used in making the measurements.

All inputs into the determination of fair value of Investment Property sit within level 3 of this hierarchy.

### Developed Investment Property – Valuation

Developed Investment Property consists of the building and leasehold interest in the land for the Customhouse. This property is leased to a third party.

The Developed Investment Property was valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property,

in particular Valuation Guidance Note NZVGN 1– Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 16) the value determined by Colliers International was \$29.7 m (2018: \$29.1m).

Developed Investment Property is valued using a combination of the following approaches:

- Market capitalisation approach– This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.
- Discounted cashflow approach– This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

#### **Land Available for Development – Valuation**

Land Available for Development consists of the Harbour Quays Development Land and the sites of the former BNZ Building and the former Statistics House (2018: Harbour Quays Development Land). These were valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The sites were valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1– Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 13) the value determined by Colliers International was \$38.9m (2018: \$23.4m) based on the below assumptions:

It is assumed that all “normal” site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.

The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in the valuation.

Land Available for Development is valued using the direct sales comparison approach.

This is where the subject property is compared to recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of the investment properties is \$25.0m (2018: \$13.5m).

#### **Lessors Interests – Valuation**

The Lessors Interests were valued on 30 June 2019 by independent registered valuers of the firm Colliers international. The property is valued in accordance with Australia and New Zealand Valuation and Property standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1– Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. The value determined by Colliers International was \$0.18m (2018:\$0.16m).

Lessors interest is valued using the market capitalisation approach. This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.

## 20 Investment properties continued

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

|                                | Fair value<br>\$000s | Valuation approach      | Key valuation assumptions  | Valuation impact |
|--------------------------------|----------------------|-------------------------|--|------------------|
| Developed Investment Property  | 29,700               | Market Capitalisation   | Market capitalisation rate– the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value | 8.00% to 9.25%   |
| Developed Investment Property  | 29,700               | Discounted Cashflow     | Discount rate– the rate of return used to determine the present value of future cash-flows   | 8.75%            |
| Land Available for Development | 38,857               | Direct Sales Comparison | Weighted average land value– the rate per sqm applied to the subject property  | \$100 to \$2,500 |
| Lessors Interest               | 181                  | Market Capitalisation   | Lessors interest yield– a rental percentage applied to the land value to arrive at current market ground rent  | 6.75%            |

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Investment properties</b>  |                          |                          |                          |                          |
| Developed investment properties brought forward                     | -                        | -                        | -                        | -                        |
| Additions/(disposals)   | -                        | -                        | 29,191                   | -                        |
| Reclassification to property, plant and equipment                   | -                        | -                        | -                        | -                        |
| Land available for development brought forward                      | -                        | -                        | 13,515                   | 12,022                   |
| Additions/(disposals)   | -                        | -                        | 3,224                    | 2,507                    |
| Consolidated from SPVs  | -                        | -                        | 7,682                    | -                        |
| Impairment and change in the value of developed investment property | -                        | -                        | 107                      | -                        |
| Increase/(decrease) in fair value                                   | -                        | -                        | 1,004                    | (1,014)                  |
| <b>Land available for development carried forward</b>               | -                        | -                        | <b>54,723</b>            | <b>13,515</b>            |
| <b>Transfers from Property, plant and equipment</b>                 | -                        | -                        | <b>164</b>               | <b>127</b>               |
| <b>Fair value change</b>  | -                        | -                        | <b>17</b>                | <b>37</b>                |
|   | -                        | -                        | <b>181</b>               | <b>164</b>               |
| <b>Total investment properties</b>                                  | -                        | -                        | <b>54,904</b>            | <b>13,679</b>            |

## 21 Investments in subsidiaries and associates

| Subsidiaries and associates                     |  | Equity holding<br>2019<br>% | 2018<br>% |
|---|--|-----------------------------|-----------|
| WRC Holdings Limited                            | Subsidiary of Greater Wellington       | 100                         | 100       |
| Port Investments Limited                        | Subsidiary of WRC Holdings Limited     | 100                         | 100       |
| CentrePort Limited                              | Subsidiary of Port Investments Limited | 76.9                        | 76.9      |
| Greater Wellington Rail Limited                 | Subsidiary of WRC Holdings Limited     | 100                         | 100       |
| Wellington Regional Economic Development Agency | Minority Interest                      | 20                          | 20        |
| Wellington Water Limited                        | Council Controlled Organisation        | 20                          | 20        |

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

All significant intragroup transactions have been eliminated on consolidation.

|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
|---|--------------------------|--------------------------|
| WRC Holdings Limited shares             | 269,145                  | 256,445                  |
| Wellington Water Limited                | 150                      | 150                      |
| <b>Total investment in subsidiaries</b> | <b>269,295</b>           | <b>256,595</b>           |

For commercial sensitivity purposes, the financial information of associates is not disclosed.

## 22 Derivative financial instruments

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Current asset portion</b>                                |                          |                          |                          |                          |
| Interest rate swap  | -                        | 206                      | -                        | 206                      |
| <b>Total current asset portion</b>                          | <b>-</b>                 | <b>206</b>               | <b>-</b>                 | <b>206</b>               |
| <b>Non-current asset portion</b>                            |                          |                          |                          |                          |
| Interest rate swaps   | 1,056                    | 450                      | 1,056                    | 450                      |
| <b>Total non-current asset portion</b>                      | <b>1,056</b>             | <b>450</b>               | <b>1,056</b>             | <b>450</b>               |
| <b>Total derivative financial instruments – assets</b>      | <b>1,056</b>             | <b>656</b>               | <b>1,056</b>             | <b>656</b>               |
| <b>Current liability portion</b>                            |                          |                          |                          |                          |
| Interest rate swaps   | 1,247                    | 671                      | 1,247                    | 671                      |
| <b>Total current liability portion</b>                      | <b>1,247</b>             | <b>671</b>               | <b>1,247</b>             | <b>671</b>               |
| <b>Non-current liability portion</b>                        |                          |                          |                          |                          |
| Interest rate swaps   | 66,173                   | 41,047                   | 66,173                   | 41,047                   |
| <b>Total non-current liability portion</b>                  | <b>66,173</b>            | <b>41,047</b>            | <b>66,173</b>            | <b>41,047</b>            |
| <b>Total derivative financial instruments – liabilities</b> | <b>67,420</b>            | <b>41,718</b>            | <b>67,420</b>            | <b>41,718</b>            |
| <b>Total net derivative financial instruments</b>           | <b>(66,364)</b>          | <b>(41,062)</b>          | <b>(66,364)</b>          | <b>(41,062)</b>          |

For more information on interest rate swaps and foreign exchange contracts, please refer to note 27 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

## 23 Trade and other payables

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Trade and other payables</b>                   |                          |                          |                          |                          |
| Trade payables                                    | 36,486                   | 28,364                   | 53,518                   | 43,317                   |
| Deposits and bonds                                | -                        | -                        | 6                        | 6                        |
| Revenue in advance                                | 2,144                    | 2,037                    | 2,144                    | 2,037                    |
| Accrued interest on borrowings                    | 3,401                    | 3,217                    | 3,401                    | 3,217                    |
| Amounts due to related parties                    | 5,140                    | 8,119                    | -                        | -                        |
| <b>Total current creditors and other payables</b> | <b>47,171</b>            | <b>41,737</b>            | <b>59,069</b>            | <b>48,577</b>            |

Trade and other payables are non-interest bearing and are normally settled on 30-day terms; therefore the carrying value approximates their fair value.

## 24 Debt

|   | Note  | Council                  |                          | Group                    |                          |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |       | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Current debt liabilities</b>           |       |                          |                          |                          |                          |
| Bank overdraft                            | (i)   | -                        | -                        | -                        | 4,037                    |
| Commercial paper                          | (ii)  | 64,713                   | 74,622                   | 64,713                   | 74,622                   |
| Floating rate notes                       | (iii) | -                        | 25,000                   | -                        | 25,000                   |
| Bank loans                                | (iii) | -                        | -                        | -                        | 18,003                   |
| <b>Total current debt liabilities</b>     |       | <b>64,713</b>            | <b>99,622</b>            | <b>64,713</b>            | <b>121,662</b>           |
| Committed lines                           | (i)   | 2,800                    | -                        | 2,800                    | -                        |
| Bank loans                                | (iv)  | -                        | -                        | -                        | 44,080                   |
| Fixed rate bond                           | (vi)  | 25,000                   | 25,000                   | 25,000                   | 25,000                   |
| Floating rate notes                       | (v)   | 375,000                  | 255,000                  | 375,000                  | 255,000                  |
| <b>Total non-current debt liabilities</b> |       | <b>402,800</b>           | <b>280,000</b>           | <b>402,800</b>           | <b>324,080</b>           |
| <b>Total debt liabilities</b>             |       | <b>467,513</b>           | <b>379,622</b>           | <b>467,513</b>           | <b>445,742</b>           |

### Terms and conditions

Greater Wellington provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

(i) Greater Wellington has no overdraft facility. As at 30 June 2019 Greater Wellington has \$105,000,000 (2018: \$105,000,000) credit lines of which \$102,200,000 (2018: \$105,000,000) is undrawn. The three credit lines are for \$35,000,000 each, of which \$35,000,000 matures in 2021 and \$70,000,000 matures in 2022. All three facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. These borrowings are subject to a charge over rates.

As at 30 June 2019 the Group had a bank overdraft balance of \$2,800,000 (2018: \$4,037,000).

(ii) Greater Wellington has issued three (2018: three) tranches of commercial paper which mature within three months from balance date. Their weighted average interest rate is 1.77% (2018: 2.07%).

(iii) CentrePort has revolving cash advance agreements with ANZ Bank New Zealand Limited and Westpac Banking Corporation Limited. The bank facilities total \$50,000,000 (2018: \$125,000,000). One \$25,000,000 banking line renews in May 2021. The second bank facility is an evergreen facility of \$25,000,000 subject to a 13-month cancellation notice. Greater Wellington Regional Council has guaranteed CentrePorts borrowings up to the full limit of the facility. CentrePort pays a guarantee fee to Greater Wellington Regional Council.

(iv) In the year ending 30 June 2019 WRC Holdings Limited has received a \$44,000,000 loan from Greater Wellington which matures on 15 October 2021 and is repriced quarterly.

The loan has an interest rate of 2.4175%. As per 30 June 2018 WRC Holdings had a commercial paper of \$44.3 million (2018: \$44.3 million) on issue which was supported by a \$44 million bank facility with the Commonwealth Bank of Australia Limited. The bank facility has been canceled during the year.

(v) As at 30 June 2019 Greater Wellington has issued 12 (2018: ten) Floating Rate Notes (FRN) of \$25,000,000 each. They mature in between May 2021, April 2022, October 2023, June 2024, April 2025, June 2025, November 2025, June 2026, April 2027, April 2028, April 2029 and April 2033 (2018: March 2019, May 2021, April 2022, October 2023, June 2024, June 2025, June 2026, April 2027, April 2029 and April 2033). The interest rates are ranging between 2.1025% and 2.6425% (2018: 2.4975% and 2.9325%). Greater Wellington has issued one (2018: one) \$30,000,000 (2018: \$30,000,000) FRN with a maturity of April 2023. The interest rate is 2.43% (2018: 2.6250%). Greater Wellington has also issued one \$45,000,000 (2018: Nil) FRN with a maturity of October 2021. The interest rate is 2.1675% pa (2018: Nil). The interest rate of the floating rate notes is reset quarterly based on the 90-day bank bill rate plus a margin.

(vi) The \$25,000,000 fixed rate bond has a 4.31% coupon and is due for repayment in April 2031.

In December 2011 Greater Wellington (long-term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$50,000,000 (2018: \$125,000,000). In recognition of the provision of the guarantee the company pays a guarantee fee to Greater Wellington.

## 25 Employee entitlements and provisions

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Current liability</b>                  |                          |                          |                          |                          |
| Employee benefits                         | 2,799                    | 2,790                    | 6,494                    | 6,310                    |
| Provision                                 | 525                      | -                        | 525                      | -                        |
|   | <b>3,324</b>             | <b>2,790</b>             | <b>7,019</b>             | <b>6,310</b>             |
| <b>Non-current portion</b>                |                          |                          |                          |                          |
| Employee benefits                         | 137                      | 194                      | 419                      | 839                      |
| <b>Total employee benefit liabilities</b> | <b>3,461</b>             | <b>2,984</b>             | <b>7,438</b>             | <b>7,149</b>             |

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash-flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The rate used for discounting the provision for future payments is 2.5% (2018: 2.9%).

|                                       | Annual leave<br>\$000s | Long service<br>leave<br>\$000s | Earthquake<br>repair works<br>\$000s | Total<br>\$000s |
|---------------------------------------|------------------------|---------------------------------|--------------------------------------|-----------------|
| <b>Council 2019</b>                   |                        |                                 |                                      |                 |
| Opening carrying value                | 2,790                  | 194                             | -                                    | 2,984           |
| Addition                              | 9                      | -                               | 525                                  | 534             |
| Amounts used                          | -                      | (57)                            | -                                    | (57)            |
| <b>Carrying amount at end of year</b> | <b>2,799</b>           | <b>137</b>                      | <b>525</b>                           | <b>3,461</b>    |

|                                       | Annual leave<br>\$000s | Long service<br>leave<br>\$000s | Earthquake<br>repair works<br>\$000s | Total<br>\$000s |
|---------------------------------------|------------------------|---------------------------------|--------------------------------------|-----------------|
| <b>Council 2018</b>                   |                        |                                 |                                      |                 |
| Opening carrying value                | 2,494                  | 201                             | 441                                  | 3,136           |
| Addition                              | 296                    | -                               | -                                    | 296             |
| Amounts used                          | -                      | (7)                             | (441)                                | (448)           |
| <b>Carrying amount at end of year</b> | <b>2,790</b>           | <b>194</b>                      | <b>-</b>                             | <b>2,984</b>    |

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

| Reconciliation of operating surplus/(deficit) with cashflow from operating activities | Council            |                    | Group              |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Actual 2019 \$000s | Actual 2018 \$000s | Actual 2019 \$000s | Actual 2018 \$000s |
| Surplus/(deficit) after tax   | (28,715)           | (7,615)            | 25,267             | 17,502             |
| Add/(less) noncash items  |                    |                    |                    |                    |
| Depreciation and amortisation   | 25,266             | 18,644             | 51,507             | 42,691             |
| Non-cash assets   | -                  | -                  | -                  | -                  |
| Impairment of property, plant and equipment   | -                  | -                  | (1,021)            | -                  |
| Sale of fixed assets  | 3,112              | 1,970              | 5,449              | 2,011              |
| Equity accounted earnings from associate companies                                    | -                  | -                  | (10,311)           | (22,581)           |
| Change in value of future tax benefit   | -                  | -                  | (2,377)            | (1,950)            |
| Inventory adjustment  | -                  | -                  | -                  | -                  |
| EQ related cost   | -                  | -                  | 3,271              | 2,596              |
| Changes in fair value of emission units   | -                  | (878)              | -                  | (878)              |
| Gain on disposal of fixed asset   | -                  | -                  | -                  | 32                 |
| Changes in fair value of investment property  | -                  | -                  | -                  | 826                |
| Changes in fair value of derivative financial instruments                             | 25,302             | 8,684              | 25,302             | (94)               |
| Changes in fair value of stadium advance  | 423                | -                  | 423                | -                  |
| Movement in provision for impairment of doubtful debts                                | (170)              | 119                | (170)              | 119                |
| Add/(less) movements in working capital   |                    |                    |                    |                    |
| Accounts receivable   | (322)              | (4,358)            | 295                | (4,574)            |
| Warm Wellington receivable  | 1,211              | 453                | 1,211              | 452                |
| Inventory   | 37                 | 9                  | (444)              | 82                 |
| Borrowings  | -                  | -                  | -                  | (146)              |
| Accounts payable  | 4,210              | 1,075              | 7,249              | 3,387              |
| Employee provisions   | (49)               | 290                | (240)              | 112                |
| Insurance receivable  | -                  | -                  | 9,268              | 3,417              |
| Tax   | -                  | -                  | 436                | 2,232              |
| Working capital recognised on WPC acquisition   | -                  | -                  | -                  | (1,900)            |
| Other   | -                  | -                  | 38                 | (13)               |
| Add/(less) items classified as investing or financing                                 |                    |                    |                    |                    |
| (Inc)/(Dec) in debtors and other receivables  | -                  | -                  | -                  | -                  |
| Accounts payable related to fixed assets  | -                  | (291)              | (1,052)            | (537)              |
| Accounts payable related to EQ capital expenditure                                    | -                  | -                  | -                  | (842)              |
| Accounts receivable related to fixed assets   | -                  | -                  | -                  | -                  |
| Inc/(Dec) in creditors and other payables   | -                  | -                  | -                  | -                  |
| Inc/(Dec) Gain/Loss on disposal of property, plant and equipment                      | (174)              | -                  | (175)              | (290)              |
| Inc/(Dec) Gain/Loss on disposal of investment   | (22)               | -                  | (22)               | -                  |
| Inc/(Dec) in insurance progress payment schedule                                      | -                  | -                  | (68,804)           | (16,895)           |
| Inc/(Dec) in employee entitlements  | -                  | -                  | -                  | -                  |
| Other   | -                  | -                  | (1,141)            | 106                |
| <b>Net cash inflow/(outflow) from operating activities</b>                            | <b>30,109</b>      | <b>18,102</b>      | <b>43,959</b>      | <b>24,864</b>      |

## 27 Financial instruments

Greater Wellington and Group have a series of policies to manage the financial risks associated with its operation. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk.

Greater Wellington and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures.

The use of financial instruments is governed by Treasury policies which are approved by the Council/the board of directors respectively. The policies do not allow Greater Wellington and the Group to enter into any transaction that is speculative in nature.

### (a) Market risk

#### Currency risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars.

Any foreign currency risks arising from contractual commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas.

As at 30 June 2019 the Council does not have any foreign exchange contracts (2018: Nil). In the Group there is no FX contract as per 30 June 2019 (2018: no contract).

#### Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2019 the Group had entered into the following interest rate swap agreements:

|  | Council        |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$000s | 2018<br>\$000s | 2019<br>\$000s | 2018<br>\$000s |
| <b>Movement in interest rate:</b>          |                |                |                |                |
| Less than one year                         | 45,000         | 60,000         | 45,000         | 60,000         |
| One to two years                           | 30,000         | 45,000         | 30,000         | 45,000         |
| Two to five years                          | 95,000         | 105,000        | 95,000         | 105,000        |
| Greater than five years                    | 285,000        | 305,000        | 285,000        | 305,000        |
| <b>Total fair value interest rate risk</b> | <b>455,000</b> | <b>515,000</b> | <b>455,000</b> | <b>515,000</b> |

At 30 June 2019, the fixed interest rates of swaps of the Council and Group vary from 2.8175% to 5.40% (2018: 2.8175% to 5.6850%).

#### Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cashflow interest rate risk.

Generally, the Group raises long-term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk.

Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

**Sensitivity analysis**

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with

all other variables held constant, based on the Group's financial instrument exposures at balance date.

| <b>30 June 2019</b>  | <b>Council<br/>+1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Council<br/>+1%<br/>Equity<br/>\$000s</b> | <b>Council<br/>1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Council<br/>1%<br/>Equity<br/>\$000s</b> | <b>Group<br/>+1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Group<br/>+1%<br/>Equity<br/>\$000s</b> | <b>Group<br/>1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Group<br/>1%<br/>Equity<br/>\$000s</b> |
|--|--|--|---|---|--|--|---|---|
| <b>Interest rate risk</b>  |  |  |   |   |  |  |   |   |
| <b>Financial assets</b>  |  |  |   |   |  |  |   |   |
| Cash at bank and term deposits                                     | 169  | -  | (169)   | -   | 1,086  | -  | (1,086)   | -   |
| New Zealand Local Government Funding Agency Limited borrower notes | 60   | -  | (60)  | -   | 60   | -  | (60)  | -   |
| Bank deposits with maturity terms more than 3 months               | 330  | -  | (330)   | -   | 330  | -  | (330)   | -   |
| Bulk water supply contingency fund                                 | 292  | -  | (292)   | -   | 292  | -  | (292)   | -   |
| Material damage property insurance contingency fund                | 94   | -  | (94)  | -   | 94   | -  | (94)  | -   |
| Major flood contingency fund                                       | 67   | -  | (67)  | -   | 67   | -  | (67)  | -   |
| Bank bonds/floating rate notes                                     | -  | -  | -   | -   | -  | -  | -   | -   |
| Loan to WRC Holdings Limited                                       | 440  | -  | (440)   | -   | 440  | -  | (440)   | -   |
| Derivatives  | (674)  | -  | 702   | -   | (674)  | -  | 702   | -   |
| <b>Financial liabilities</b>                                       |  |  |   |   |  |  |   |   |
| Committed and uncommitted lines                                    | (28)   | -  | 28  | -   | (28)   | -  | 28  | -   |
| Commercial paper   | (647)  | -  | 647   | -   | (647)  | -  | 647   | -   |
| Floating rate notes  | (3,750)  | -  | 3,750   | -   | (3,750)  | -  | 3,750   | -   |
| Derivatives  | 24,462   | -  | (26,729)  | -   | 24,462   | -  | (26,729)  | -   |
| <b>Total sensitivity to interest rate risk</b>                     | <b>20,815</b>  | <b>-</b>                                     | <b>(23,054)</b>   | <b>-</b>                                    | <b>21,732</b>  | <b>-</b>                                   | <b>(23,971)</b>   | <b>-</b>                                  |

| <b>30 June 2018</b>  | <b>Council<br/>+1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Council<br/>+1%<br/>Equity<br/>\$000s</b> | <b>Council<br/>1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Council<br/>1%<br/>Equity<br/>\$000s</b> | <b>Group<br/>+1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Group<br/>+1%<br/>Equity<br/>\$000s</b> | <b>Group<br/>1%<br/>Surplus/<br/>(deficit)<br/>\$000s</b> | <b>Group<br/>1%<br/>Equity<br/>\$000s</b> |
|--|--|--|---|---|--|--|---|---|
| <b>Interest rate risk</b>  |  |  |   |   |  |  |   |   |
| <b>Financial assets</b>  |  |  |   |   |  |  |   |   |
| Cash at bank and term deposits                                     | 53   | -  | (53)  | -   | 76   | -  | (76)  | -   |
| New Zealand Local Government Funding Agency Limited borrower notes | 45   | -  | (45)  | -   | 45   | -  | (45)  | -   |
| Bank deposits with maturity terms more than 3 months               | 330  | -  | (330)   | -   | 330  | -  | (330)   | -   |
| Bulk water supply contingency fund                                 | 104  | -  | (104)   | -   | 104  | -  | (104)   | -   |
| Material damage property insurance contingency fund                | 47   | -  | (47)  | -   | 47   | -  | (47)  | -   |
| Major flood contingency fund                                       | 63   | -  | (63)  | -   | 63   | -  | (63)  | -   |
| Bank bonds/floating rate notes                                     | 70   | -  | (70)  | -   | 70   | -  | (70)  | -   |
| Derivatives  | (1,014)  | -  | 1,063   | -   | (1,014)  | -  | 1,063   | -   |
| <b>Financial liabilities</b>                                       |  |  |   |   |  |  |   |   |
| Committed and uncommitted lines                                    | -  | -  | -   | -   | (661)  | -  | 661   | -   |
| Commercial paper   | (746)  | -  | 746   | -   | (746)  | -  | 746   | -   |
| Floating rate notes  | (2,800)  | -  | 2,800   | -   | (2,800)  | -  | 2,800   | -   |
| Derivatives  | 24,784   | -  | (27,250)  | -   | 24,784   | -  | (27,250)  | -   |
| <b>Total sensitivity to interest rate risk</b>                     | <b>20,936</b>  | <b>-</b>                                     | <b>(23,353)</b>   | <b>-</b>                                    | <b>20,298</b>  | <b>-</b>                                   | <b>(22,715)</b>   | <b>-</b>                                  |

**(b) Credit risk**

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

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

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

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is not expected to be realised.

**Concentration of credit risk**

Greater Wellington derives the majority of its income from rates, the regional water supply levy, train fares and transport subsidies.

Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for Greater Wellington by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

**Insurance receivables credit risk**

A total of \$50 million (2018: \$59 million) is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

| Credit risk  | Council        |                | Group          |                |
|--|----------------|----------------|----------------|----------------|
|  | 2019<br>\$000s | 2018<br>\$000s | 2019<br>\$000s | 2018<br>\$000s |
| Cash at bank and term deposits                                     | 49,857         | 38,308         | 141,581        | 40,622         |
| Trade and other receivables  | 38,452         | 37,674         | 49,498         | 46,937         |
| Bank bonds/floating rate notes                                     | 5,000          | 22,053         | 5,000          | 22,053         |
| New Zealand Local Government Funding Agency Limited borrower notes | 6,400          | 4,880          | 6,400          | 4,880          |
| Stadium advance  | -              | 423            | -              | 423            |
| Derivative financial instrument assets                             | 1,056          | 656            | 1,056          | 656            |
| Bulk water supply contingency fund                                 | 29,151         | 10,414         | 29,151         | 10,414         |
| Material damage property insurance contingency fund                | 9,428          | 4,669          | 9,428          | 4,669          |
| Major flood contingency fund                                       | 6,694          | 6,277          | 6,694          | 6,277          |
| Loan to WRC Holdings Limited                                       | 44,000         | -              | -              | -              |
| Insurance receivable   | -              | -              | 50,000         | 59,268         |
| <b>Total credit risk</b>   | <b>190,038</b> | <b>125,354</b> | <b>298,808</b> | <b>196,199</b> |

**Credit quality of financial assets**

The credit quality of financial assets can be assessed by reference to Standard and Poor’s credit rating or to historical information about counterparty default rates.

|   | Council        |                | Group          |                |
|---|----------------|----------------|----------------|----------------|
|   | 2019<br>\$000s | 2018<br>\$000s | 2019<br>\$000s | 2018<br>\$000s |
| <b>Counterparties with credit ratings</b>                                 |                |                |                |                |
| <b>New Zealand Local Government Funding Agency Limited borrower notes</b> |                |                |                |                |
| AA+   | 6,400          | 4,880          | 6,400          | 4,880          |
| <b>Cash at bank and term deposits</b>                                     |                |                |                |                |
| AA-   | 76,658         | 57,121         | 149,887        | 59,435         |
| A   | 18,472         | 2,547          | 36,972         | 2,547          |
| Bank Bonds/Floating Rate Note   | -              | -              | -              | -              |
| <b>AA-</b>  | <b>5,000</b>   | <b>22,053</b>  | <b>5,000</b>   | <b>22,053</b>  |
| Derivative financial instruments  |                |                |                |                |
| <b>AA-</b>  | <b>1,056</b>   | <b>656</b>     | <b>1,056</b>   | <b>656</b>     |

**(c) Liquidity risk**

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

Greater Wellington minimises liquidity risk principally by maintaining liquid financial investments and undrawn committed lines with its relationship banks in accordance with the Treasury Risk Management Policy. The investments are in either short-term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

**Contractual maturity analysis of financial liabilities**

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date.

Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

| 30 June 2019                       | Less than<br>3 months<br>\$000s | Less than<br>1 year<br>\$000s | 12 years<br>\$000s | 25 years<br>\$000s | More<br>than 5<br>years<br>\$000s | Contractual<br>cashflows<br>\$000s | Carrying<br>amount<br>\$000s |
|------------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|-----------------------------------|------------------------------------|------------------------------|
| <b>Council 2019</b>                |                                 |                               |                    |                    |                                   |                                    |                              |
| <b>Financial liabilities</b>       |                                 |                               |                    |                    |                                   |                                    |                              |
| Trade and other payables           | -                               | 47,171                        | -                  | -                  | -                                 | 47,171                             | 47,171                       |
| Commercial paper                   | 65,000                          | -                             | -                  | -                  | -                                 | 65,000                             | 64,713                       |
| Derivatives                        | 2,699                           | 8,068                         | 10,905             | 28,205             | 20,288                            | 70,165                             | 67,420                       |
| Lines of credit                    | -                               | -                             | -                  | 2,801              | -                                 | 2,801                              | 2,800                        |
| Floating rate notes                | 2,278                           | 7,001                         | 34,312             | 171,276            | 216,900                           | 431,767                            | 375,000                      |
| Fixed rate bond                    | -                               | 1,078                         | 1,078              | 3,234              | 32,540                            | 37,930                             | 25,000                       |
| <b>Total financial liabilities</b> | <b>69,977</b>                   | <b>63,318</b>                 | <b>46,295</b>      | <b>205,516</b>     | <b>269,728</b>                    | <b>654,834</b>                     | <b>582,104</b>               |
| <b>Council 2018</b>                |                                 |                               |                    |                    |                                   |                                    |                              |
| <b>Financial liabilities</b>       |                                 |                               |                    |                    |                                   |                                    |                              |
| Trade and other payables           | -                               | 41,737                        | -                  | -                  | -                                 | 41,737                             | 41,737                       |
| Commercial paper                   | 75,000                          | -                             | -                  | -                  | -                                 | 75,000                             | 74,622                       |
| Derivatives                        | 2,166                           | 7,145                         | 8,414              | 17,419             | 9,116                             | 44,260                             | 41,718                       |
| Lines of credit                    | -                               | -                             | -                  | -                  | -                                 | -                                  | -                            |
| Floating rate notes                | 1,894                           | 30,509                        | 6,939              | 68,629             | 223,158                           | 331,129                            | 280,000                      |
| Fixed rate bonds                   | -                               | 1,078                         | 1,078              | 3,234              | 33,618                            | 39,008                             | 25,000                       |
| <b>Total financial liabilities</b> | <b>79,060</b>                   | <b>80,469</b>                 | <b>16,431</b>      | <b>89,282</b>      | <b>265,892</b>                    | <b>531,134</b>                     | <b>463,077</b>               |
| <b>Group 2019</b>                  |                                 |                               |                    |                    |                                   |                                    |                              |
| <b>Financial liabilities</b>       |                                 |                               |                    |                    |                                   |                                    |                              |
| Trade and other payables           | -                               | 59,069                        | -                  | -                  | -                                 | 59,069                             | 59,069                       |
| Commercial paper                   | 65,000                          | -                             | -                  | -                  | -                                 | 65,000                             | 64,713                       |
| Derivatives                        | 2,699                           | 8,068                         | 10,905             | 28,205             | 20,288                            | 70,165                             | 67,420                       |
| Lines of credit                    | -                               | -                             | -                  | 2,801              | -                                 | 2,801                              | 2,800                        |
| Floating rate notes                | 2,278                           | 7,001                         | 34,312             | 171,276            | 216,900                           | 431,767                            | 375,000                      |
| Fixed rate bond                    | -                               | 1,078                         | 1,078              | 3,234              | 33,618                            | 39,008                             | 25,000                       |
| WRCH Group loans                   | -                               | -                             | -                  | -                  | -                                 | -                                  | -                            |
| <b>Total financial liabilities</b> | <b>69,977</b>                   | <b>75,216</b>                 | <b>46,295</b>      | <b>205,516</b>     | <b>270,806</b>                    | <b>667,810</b>                     | <b>594,002</b>               |
| <b>Group 2018</b>                  |                                 |                               |                    |                    |                                   |                                    |                              |
| <b>Financial liabilities</b>       |                                 |                               |                    |                    |                                   |                                    |                              |
| Trade and other payables           | -                               | 48,577                        | -                  | -                  | -                                 | 48,577                             | 48,577                       |
| Commercial paper                   | 75,000                          | -                             | -                  | -                  | -                                 | 75,000                             | 74,622                       |
| Derivatives                        | 2,166                           | 7,145                         | 8,414              | 17,419             | 9,116                             | 44,260                             | 41,718                       |
| Floating rate notes                | 1,894                           | 30,509                        | 6,939              | 68,629             | 223,158                           | 331,129                            | 280,000                      |
| Crown loans                        | -                               | 1,078                         | 1,078              | 3,234              | 66,318                            | 71,708                             | 25,000                       |
| WRCH Group loans                   | 220                             | 22,700                        | 44,300             | -                  | -                                 | 67,220                             | 66,120                       |
| <b>Total financial liabilities</b> | <b>79,280</b>                   | <b>110,009</b>                | <b>60,731</b>      | <b>89,282</b>      | <b>298,592</b>                    | <b>637,894</b>                     | <b>536,037</b>               |

**(d) Fair value hierarchy disclosures**

For those instruments recognised at fair value in the balance sheet, fair values are determined according to the following hierarchy:

- Quoted market price (level 1)- Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2)- Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non-observable inputs (level 3)- Financial instruments valued using models where one or more significant inputs are not observable.

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

| <b>Council</b>   | <b>Significant non-observable inputs \$000s</b> | <b>Observable inputs \$000s</b> | <b>Quoted market price \$000s</b> | <b>Total \$000s</b> |
|--|---|---------------------------------|-----------------------------------|---------------------|
| <b>30 June 2019</b>  |   |                                 |                                   |                     |
| <b>Financial assets</b>  |   |                                 |                                   |                     |
| Bank bonds/notes   | -   | 5,000                           | -                                 | 5,000               |
| New Zealand Local Government Funding Agency Limited borrower notes | -   | 6,400                           | -                                 | 6,400               |
| Stadium advance  | -   | -                               | -                                 | -                   |
| Civic Financial Services Limited shares                            | 128   | -                               | -                                 | 128                 |
| New Zealand Local Government Funding Agency Limited shares         | 5,153   | -                               | -                                 | 5,153               |
| Derivative financial instrument assets                             | -   | 1,056                           | -                                 | 1,056               |
| <b>Total assets</b>  | <b>5,281</b>                                    | <b>12,456</b>                   | <b>-</b>                          | <b>17,737</b>       |
| <b>Financial liabilities</b>                                       |   |                                 |                                   |                     |
| Derivative financial instrument liabilities                        | -   | 67,420                          | -                                 | 67,420              |
| Fixed rate bonds   | -   | 25,000                          | -                                 | 25,000              |
| Floating rate notes  | -   | 375,000                         | -                                 | 375,000             |
| <b>Total liabilities</b>   | <b>-</b>  | <b>467,420</b>                  | <b>-</b>                          | <b>467,420</b>      |
| <b>30 June 2018</b>  |   |                                 |                                   |                     |
| <b>Financial assets</b>  |   |                                 |                                   |                     |
| Bank bonds/notes   | -   | 22,053                          | -                                 | 22,053              |
| New Zealand Local Government Funding Agency Limited borrower notes | -   | 4,880                           | -                                 | 4,880               |
| Stadium advance  | 423   | -                               | -                                 | 423                 |
| Derivative financial instrument assets                             | -   | 656                             | -                                 | 656                 |
| <b>Total assets</b>  | <b>423</b>                                      | <b>27,589</b>                   | <b>-</b>                          | <b>28,012</b>       |
| <b>Financial liabilities</b>                                       |   |                                 |                                   |                     |
| Derivative financial instrument liabilities                        | -   | 41,718                          | -                                 | 41,718              |
| Fixed rate bonds   | -   | 25,000                          | -                                 | 25,000              |
| Floating rate notes  | -   | 280,000                         | -                                 | 280,000             |
| <b>Total liabilities</b>   | <b>-</b>  | <b>346,718</b>                  | <b>-</b>                          | <b>346,718</b>      |

| <b>Group</b>   | <b>Significant non<br/>observable<br/>inputs<br/>\$000s</b> | <b>Observable<br/>inputs<br/>\$000s</b> | <b>Quoted market<br/>value<br/>\$000s</b> | <b>Total<br/>\$000s</b> |
|--|---|---|---|-------------------------|
| <b>30 June 2019</b>  |   |   |   |                         |
| <b>Financial assets</b>  |   |   |   |                         |
| Bank bonds/notes   | -   | 5,000                                   | -   | 5,000                   |
| New Zealand Local Government Funding Agency Limited borrower notes | -   | 6,400                                   | -   | 6,400                   |
| Stadium advance  | -   | -                                       | -   | -                       |
| Civic Financial Services Limited shares                            | 128   | -                                       | -   | 128                     |
| New Zealand Local Government Funding Agency Limited shares         | 5,153   | -                                       | -   | 5,153                   |
| Derivative financial instrument assets                             | -   | 1,056                                   | -   | 1,056                   |
| <b>Total assets</b>  | <b>5,281</b>  | <b>12,456</b>                           | <b>-</b>                                  | <b>17,737</b>           |
| <b>Financial liabilities</b>                                       |   |   |   |                         |
| Derivative financial instrument liabilities                        | -   | 67,420                                  | -   | 67,420                  |
| Fixed rate bonds   | -   | 25,000                                  | -   | 25,000                  |
| Floating rate notes  | -   | 375,000                                 | -   | 375,000                 |
| Bank loans   | -   | -                                       | -   | -                       |
| <b>Total liabilities</b>   | <b>-</b>  | <b>467,420</b>                          | <b>-</b>                                  | <b>467,420</b>          |
| <b>30 June 2018</b>  |   |   |   |                         |
| <b>Financial assets</b>  |   |   |   |                         |
| Bank bonds/notes   | -   | 22,053                                  | -   | 22,053                  |
| New Zealand Local Government Funding Agency Limited borrower notes | -   | 4,880                                   | -   | 4,880                   |
| Stadium advance  | 423   | -                                       | -   | 423                     |
| Derivative financial instrument assets                             | -   | 656                                     | -   | 656                     |
| <b>Total assets</b>  | <b>423</b>  | <b>27,589</b>                           | <b>-</b>                                  | <b>28,012</b>           |
| <b>Financial liabilities</b>                                       |   |   |   |                         |
| Derivative financial instrument liabilities                        | -   | 41,718                                  | -   | 41,718                  |
| Fixed rate bonds   | -   | 25,000                                  | -   | 25,000                  |
| Floating rate notes  | -   | 280,000                                 | -   | 280,000                 |
| Bank loans   | -   | 66,120                                  | -   | 66,120                  |
| <b>Total liabilities</b>   | <b>-</b>  | <b>412,838</b>                          | <b>-</b>                                  | <b>412,838</b>          |

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

**(d) Fair value hierarchy disclosures continued****Valuation techniques with significant non observable inputs (level 3)**

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

| <b>Council</b>   | <b>Level 3<br/>\$000s</b> |
|--|---------------------------|
| Balance at 1 July 2018   | 2,369                     |
| Gain and losses recognised in the operating surplus or deficit         | -                         |
| Gain and losses recognised in other comprehensive revenue and expense  | 2,912                     |
| Maturing debt/Transfer out   | -                         |
| <b>Balance at 30 June 2019</b>   | <b>5,281</b>              |
| Balance at 1 July 2017   | 5,251                     |
| Gain and losses recognised in the operating surplus or deficit         | -                         |
| Gain and losses recognised in other comprehensive revenue and expenses | (2,882)                   |
| Maturing debt/transfer out   | -                         |
| <b>Balance at 30 June 2018</b>   | <b>2,369</b>              |

| <b>Group</b>  | <b>Level 3<br/>\$000s</b> |
|---|---------------------------|
| Balance at 1 July 2018  | -                         |
| Gain and losses recognised in the operating surplus or deficit  | -                         |
| Gain and losses recognised in other comprehensive revenue and expense   | -                         |
| Maturing debt/Transfer out  | -                         |
| <b>Balance at 30 June 2019</b>  | <b>-</b>                  |
| Balance at 1 July 2017  | 3,305                     |
| Gain and losses recognised in the operating surplus or deficit  | -                         |
| Gain and losses recognised in other comprehensive revenue and expense   | (2,882)                   |
| Maturing debt/Transfer out  | -                         |
| <b>Balance at 30 June 2018</b>  | <b>423</b>                |
| <b>Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period</b> | <b>-</b>                  |

Greater Wellington -without prejudice- does not expect the repayment of the stadium advance and consequently the asset is fully impaired. The asset is written back by \$428,000 (2018: \$2,882,000 write back) to \$1 (2018: \$428,000).

\* The opening balance per 1 July 2017 was increased by \$1,866,000 for the value of the New Zealand Local Government Funding Agency shares and by \$80,000 for the shares in Civic Financial Services Limited.

**(e) Financial instrument categories**

| <b>Council assets</b>                                | <b>Assets at fair value through surplus or deficit \$000s</b> | <b>Assets at fair value through other comprehensive revenue and expense \$000s</b> | <b>Shares, loans and receivables \$000s</b> | <b>Held to maturity investments \$000s</b> | <b>Total \$000s</b> |
|--|---|--|---|--|---------------------|
| <b>30 June 2019</b>                                  |   |  |   |  |                     |
| Cash and cash equivalents                            | -   | -  | 9,857                                       | 7,000                                      | 16,857              |
| Receivables and prepayments                          | -   | -  | 38,452                                      | -  | 38,452              |
| NZ Local Government Funding Agency shares            | -   | 5,153  | -   | -  | 5,153               |
| Civic Financial Services Limited shares              | -   | 128  | -   | -  | 128                 |
| Wellington Water Limited Shares                      | -   | -  | 150   | -  | 150                 |
| NZ Local Government Funding Agency Borrowers Notes   | -   | -  | -   | 6,400                                      | 6,400               |
| Warm Wellington Funding                              | -   | -  | 9,985                                       | -  | 9,985               |
| Bank Deposits with maturity terms more than 3 months | -   | -  | -   | 33,000                                     | 33,000              |
| Stadium advance                                      | -   | -  | -   | -  | -                   |
| Bulk Water Supply Contingency Fund                   | -   | -  | -   | 34,151                                     | 34,151              |
| Material Damage Property Insurance Contingency Fund  | -   | -  | -   | 9,428                                      | 9,428               |
| Major Flood Contingency Fund                         | -   | -  | -   | 6,694                                      | 6,694               |
| Derivative financial instruments                     | 1,056   | -  | -   | -  | 1,056               |
| Loan to WRC Holdings Limited                         | -   | -  | -   | 44,000                                     | 44,000              |
| <b>Total assets</b>                                  | <b>1,056</b>  | <b>5,281</b>   | <b>58,444</b>                               | <b>140,673</b>                             | <b>205,454</b>      |
| <b>30 June 2018</b>                                  |   |  |   |  |                     |
| Cash and cash equivalents                            | -   | -  | 210   | 5,098                                      | 5,308               |
| Receivables and prepayments                          | -   | -  | 37,674                                      | -  | 37,674              |
| NZ Local Government Funding Agency Shares            | -   | -  | 1,866                                       | -  | 1,866               |
| Civic Financial Services Limited shares              | -   | -  | 80  | -  | 80                  |
| Wellington Water Limited Shares                      | -   | -  | 150   | -  | 150                 |
| NZ Local Government Funding Agency Borrowers Notes   | -   | -  | -   | 4,880                                      | 4,880               |
| Warm Wellington Funding                              | -   | -  | 11,196                                      | -  | 11,196              |
| Bank Deposits with maturity terms more than 3 months | -   | -  | -   | 33,000                                     | 33,000              |
| Stadium advance                                      | 423   | -  | -   | -  | 423                 |
| Bulk Water Supply Contingency Fund                   | -   | -  | -   | 28,646                                     | 28,646              |
| Material Damage Property Insurance Contingency Fund  | -   | -  | -   | 8,489                                      | 8,489               |
| Major Flood Contingency Fund                         | -   | -  | -   | 6,277                                      | 6,277               |
| Derivative financial instruments                     | 656   | -  | -   | -  | 656                 |
| <b>Total assets</b>                                  | <b>1,079</b>  | <b>-</b>   | <b>51,176</b>                               | <b>86,390</b>                              | <b>138,645</b>      |

| <b>Group assets</b>                                  | <b>Assets at fair value through surplus or deficit \$000s</b> | <b>Assets at fair value through other comprehensive revenue and expense \$000s</b> | <b>Shares, loans and receivables \$000s</b> | <b>Held to maturity investments \$000s</b> | <b>Total \$000s</b> |
|--|---|--|---|--|---------------------|
| <b>30 June 2019</b>                                  |   |  |   |  |                     |
| Cash and cash equivalents                            | -   | -  | 101,585                                     | 7,000                                      | 108,585             |
| Receivables and prepayments                          | -   | -  | 49,498                                      | -  | 49,498              |
| NZ Local Government Funding Agency Shares            | -   | 5,153  | -   | -  | 5,153               |
| Civic Financial Services Limited shares              | -   | 128  | -   | -  | 128                 |
| Wellington Water Limited Shares                      | -   | -  | 150   | -  | 150                 |
| NZ Local Government Funding Agency Borrowers Notes   | -   | -  | -   | 6,400                                      | 6,400               |
| Warm Wellington Funding                              | -   | -  | 9,985                                       | -  | 9,985               |
| Bank Deposits with maturity terms more than 3 months | -   | -  | -   | 33,000                                     | 33,000              |
| Stadium advance                                      | -   | -  | -   | -  | -                   |
| Bulk Water Supply Contingency Fund                   | -   | -  | -   | 34,151                                     | 34,151              |
| Material Damage Property Insurance Contingency Fund  | -   | -  | -   | -  | -                   |
| Major Flood Contingency Fund                         | -   | -  | -   | 9,428                                      | 9,428               |
| Material Damage Property Insurance Contingency Fund  | -   | -  | -   | 6,694                                      | 6,694               |
| Derivative financial instruments                     | 1,056   | -  | -   | -  | 1,056               |
| <b>Total assets</b>                                  | <b>1,056</b>  | <b>5,281</b>   | <b>161,218</b>                              | <b>96,673</b>                              | <b>264,228</b>      |
| <b>30 June 2018</b>                                  |   |  |   |  |                     |
| Cash and cash equivalent                             | -   | -  | 2,524                                       | 5,098                                      | 7,622               |
| Receivables and pre-payments                         | -   | -  | 46,937                                      | -  | 46,937              |
| NZ Local Government Funding Agency Shares            | -   | -  | 1,866                                       | -  | 1,866               |
| Local Government Insurance Corp Shares               | -   | -  | 80  | -  | 80                  |
| Wellington Water Limited Shares                      | -   | -  | 150   | -  | 150                 |
| Bank bonds/notes                                     | -   | -  | -   | 4,880                                      | 4,880               |
| Warm Wellington Funding                              | -   | -  | 11,196                                      | -  | 11,196              |
| NZ Local Government Funding Agency Borrowers Notes   | -   | -  | -   | -  | -                   |
| Bank Deposits with maturity terms more than 3 months | -   | -  | -   | 33,000                                     | 33,000              |
| Stadium advance                                      | 423   | -  | -   | -  | 423                 |
| Water Supply Contingency Investment                  | -   | -  | -   | 28,646                                     | 28,646              |
| Material Damage Property Insurance Contingency Fund  | -   | -  | -   | 8,489                                      | 8,489               |
| Major Flood Contingency Fund                         | -   | -  | -   | 6,277                                      | 6,277               |
| Derivative financial instruments                     | 656   | -  | -   | -  | 656                 |
| <b>Total assets</b>                                  | <b>1,079</b>  | <b>-</b>   | <b>62,753</b>                               | <b>86,390</b>                              | <b>150,222</b>      |

| <b>Council liabilities</b>       | <b>Liabilities at fair value through surplus or deficit \$000s</b> | <b>Measured at amortised cost \$000s</b> | <b>Total \$000s</b> |
|----------------------------------|--|--|---------------------|
| <b>30 June 2019</b>              |  |  |                     |
| Trade and other payables         | -  | 47,171                                   | 47,171              |
| Committed lines                  | -  | 2,800                                    | 2,800               |
| Commercial paper                 | -  | 64,713                                   | 64,713              |
| Floating rate notes              | -  | 375,000                                  | 375,000             |
| Fixed rate bond                  | -  | 25,000                                   | 25,000              |
| Derivative financial instruments | 67,420   | -  | 67,420              |
| <b>Total liabilities</b>         | <b>67,420</b>  | <b>514,684</b>                           | <b>582,104</b>      |
| <b>30 June 2018</b>              |  |  |                     |
| Trade and other payables         | -  | 41,737                                   | 41,737              |
| Committed lines                  | -  | -  | -                   |
| Commercial paper                 | -  | 74,622                                   | 74,622              |
| Floating rate notes              | -  | 280,000                                  | 280,000             |
| Fixed rate bond                  | -  | 25,000                                   | 25,000              |
| Derivative financial instruments | 41,718   | -  | 41,718              |
| <b>Total liabilities</b>         | <b>41,718</b>  | <b>421,359</b>                           | <b>463,077</b>      |

| <b>Group liabilities</b>         | <b>Liabilities at fair value through surplus or deficit \$000s</b> | <b>Measured at amortised cost \$000s</b> | <b>Total \$000s</b> |
|----------------------------------|--|--|---------------------|
| <b>30 June 2019</b>              |  |  |                     |
| Trade and other payables         | -  | 64,206                                   | 64,206              |
| Committed Lines                  | -  | 2,800                                    | 2,800               |
| Commercial paper                 | -  | 64,713                                   | 64,713              |
| Bank loans                       | -  | -  | -                   |
| Floating rate notes              | -  | 375,000                                  | 375,000             |
| Fixed rate bond                  | -  | 25,000                                   | 25,000              |
| Derivative financial instruments | 67,420   | -  | 67,420              |
| <b>Total liabilities</b>         | <b>67,420</b>  | <b>531,719</b>                           | <b>599,139</b>      |
| <b>30 June 2018</b>              |  |  |                     |
| Trade and other payables         | -  | 48,577                                   | 48,577              |
| Commercial paper                 | -  | 74,622                                   | 74,622              |
| Bank loans                       | -  | 66,120                                   | 66,120              |
| Floating rate notes              | -  | 280,000                                  | 280,000             |
| Fixed rate bond                  | -  | 25,000                                   | 25,000              |
| Derivative financial instruments | 41,718   | -  | 41,718              |
| <b>Total liabilities</b>         | <b>41,718</b>  | <b>494,319</b>                           | <b>536,037</b>      |

## 28 Contingencies

|  | Council                  |                          | Group                    |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Legal proceedings and obligations                          | -                        | -                        | -                        | -                        |
| Uncalled capital - WRC Holdings Limited                    |                          |                          |                          |                          |
| 50,000,000 \$1 shares uncalled and unpaid                  | 50,000                   | 50,000                   | -                        | -                        |
| 170,200,000 \$1 shares, 170,200,000 shares called and paid | -                        | 11,826                   | -                        | -                        |
| 19,000,000 \$1 shares, 874,024 shares called and paid      | 18,126                   | -                        | -                        | -                        |
| Guarantee for CentrePort debt obligations                  | 50,000                   | 125,000                  | -                        | -                        |
| New Zealand Local Government Funding Agency Limited        |                          |                          |                          |                          |
| 1,866,000 \$1 shares uncalled and unpaid                   | 1,866                    | 1,866                    | 1,866                    | 1,866                    |
| <b>Total contingencies</b>                                 | <b>119,992</b>           | <b>188,692</b>           | <b>1,866</b>             | <b>1,866</b>             |

Greater Wellington Regional Council is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue are \$9,840,000,000 (2018: \$8,594,000,000).

The Group has made a claim with its insurers for damages incurred to its port assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the Group insurance policies; however, the final settlement amount has not yet been agreed.

Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

## 29 Related party transactions

Related party disclosures have not been made for transactions with related parties that are with a normal supplier or client/recipient relationship on terms and conditions no more favourable than those that it is reasonable to expect Greater Wellington and the Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Greater Wellington Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

### Related party transactions required to be disclosed

Greater Wellington has paid Wellington Regional Economic Development Agency (WREDA) total grants of \$4.4m during the year (2018: \$4.3m). This grant partly funds WREDA activities supporting the development of economic development strategies and initiatives for Wellington. Greater Wellington has collected these funds for the grant via the targeted WRS rate from all ratepayers.

### Key management personnel

| Council  | Parent<br>Actual<br>2019<br>\$000s | Parent<br>Actual<br>2018<br>\$000s |
|--|------------------------------------|------------------------------------|
| Remuneration   | 1,095                              | 1,101                              |
| Full-time equivalent members                                   | 13                                 | 13                                 |
| <b>Executive Leadership Team including the Chief Executive</b> |                                    |                                    |
| Remuneration   | 2,595                              | 2,355                              |
| Full-time equivalent members                                   | 10                                 | 9                                  |
| <b>Total key management personnel remuneration</b>             | <b>3,690</b>                       | <b>3,456</b>                       |
| <b>Total Full-time equivalent personnel</b>                    | <b>22</b>                          | <b>22</b>                          |

Due to the difficulty in determining the full-time equivalent for Councillors, the Full-time equivalent figure is taken as the number of Councillors.

## 30 Remuneration

### Chief Executive remuneration

For the year ending 30 June 2019, Greater Wellingtons Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of \$440,522 (2018: \$429,886).

|  | Actual<br>2019<br>\$ | Actual<br>2018<br>\$ |
|--|----------------------|----------------------|
| <b>Councillor remuneration</b>         |                      |                      |
| Councillor R Blakeley                  | 78,110               | 79,812               |
| Councillor J Brash                     | 66,415               | 64,855               |
| Councillor I McKinnon                  | 78,110               | 77,458               |
| Councillor A Staples                   | 80,492               | 83,030               |
| Councillor B Donaldson                 | 97,838               | 97,878               |
| Councillor P Gaylor                    | 69,661               | 74,164               |
| Councillor S Kedgley                   | 81,511               | 81,594               |
| Councillor K Laban                     | 65,403               | 64,855               |
| Chair C Laidlaw                        | 168,000              | 167,166              |
| Councillor P Lamason                   | 81,508               | 83,419               |
| Councillor D Ponter                    | 81,473               | 81,328               |
| Councillor P Swain                     | 81,473               | 80,790               |
| Councillor D Ogden                     | 65,403               | 64,855               |
| <b>Total Councillor's remuneration</b> | <b>1,095,367</b>     | <b>1,101,204</b>     |

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2019.

| Employee remuneration  | Number of employees |            |
|--|---------------------|------------|
|  | 2019                | 2018       |
| \$60,000 and below   | 80                  | 106        |
| \$60,001-\$79,999  | 142                 | 156        |
| \$80,000-\$99,999  | 129                 | 112        |
| \$100,000-\$119,999  | 77                  | 76         |
| \$120,000-\$139,999  | 47                  | 33         |
| \$140,000-\$159,999  | 13                  | 14         |
| \$160,000-\$179,999  | 22                  | 15         |
| \$180,000-\$199,999  | 6                   | 7          |
| \$200,000-\$239,999  | 8                   | 9          |
| \$240,000-\$440,000  | 7                   | 6          |
| <b>Total employees</b>   | <b>531</b>          | <b>534</b> |
| The number of full-time employees as at 30 June 2019                       | 467                 | 473        |
| The full-time equivalent number of all other non-full-time employees       | 64                  | 43         |
| The number of employees receiving total remuneration of less than \$60,000 | 80                  | 106        |

A full-time employee or full-time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is \$240,000-\$440,000.

## 31 Capital commitments and operating leases

|                                      | Council                  |                          | Group                    |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                      | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| <b>Capital commitments</b>           |                          |                          |                          |                          |
| <b>Property, plant and equipment</b> | <b>606</b>               | <b>6,511</b>             | <b>80,153</b>            | <b>83,253</b>            |

WRC Holdings Limited and Port Investments Limited have no capital or operating commitments as at 30 June 2019 (2018: Nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant and equipment amounting to \$11.7m for the Group (2018: \$5.1m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$67.8m (2018: \$71.6m). This relates to the heavy maintenance of the rolling stock.

### Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Within one year                               | 13,597                   | 2,574                    | 13,929                   | 2,919                    |
| After one year but no more than five years    | 66,670                   | 2,439                    | 67,622                   | 3,433                    |
| More than five years                          | 101,961                  | 613                      | 102,437                  | 1,268                    |
| <b>Total non-cancellable operating leases</b> | <b>182,228</b>           | <b>5,626</b>             | <b>183,988</b>           | <b>7,620</b>             |

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$2,143,395 was recognised as an expense in the statement of comprehensive income (2018: \$2,109,478). Contingent rent was not paid (2018: Nil).

### Operating leases as lessor

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

|   | Council                  |                          | Group                    |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s | Actual<br>2019<br>\$000s | Actual<br>2018<br>\$000s |
| Within one year   | 3,328                    | 2,703                    | 21,384                   | 16,632                   |
| After one year but no more than five years  | 8,208                    | 6,428                    | 64,902                   | 56,074                   |
| More than five years  | 26,301                   | 9,150                    | 45,592                   | 41,438                   |
| <b>Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements</b> | <b>37,837</b>            | <b>18,281</b>            | <b>131,878</b>           | <b>114,144</b>           |

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

## 32 Severance payments

There were two employees (2018: one) who received severance payments of \$80,951 (2018: \$22,910). This

disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002.

## 33 Rating base information

|  | <b>Total</b>      |
|--|-------------------|
| (a) the number of rating units within the district or region of the local authority at the end of the preceding financial year:              | 204,711           |
| (b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year: | \$148,307,466,881 |
| (c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year.    | \$73,311,223,381  |

## 34 Major variances between actual and budget

| <b>Statement of comprehensive revenue and expenses</b>                          | <b>Council<br/>Actual<br/>2019<br/>\$000s</b> | <b>Budget<br/>2019<br/>\$000s</b> |
|---|---|-----------------------------------|
| <b>Revenue</b>  |   |                                   |
| Rates and levies  | 164,741                                       | 165,180                           |
| Grants and subsidies  | 85,122  | 81,274                            |
| Other revenue   | 124,440                                       | 123,181                           |
| <b>Total operational revenue</b>  | <b>374,303</b>                                | <b>369,635</b>                    |
| <b>Expenditure</b>  |   |                                   |
| Finance costs   | (23,341)                                      | (22,581)                          |
| Operational expenditure   | (365,375)                                     | (359,025)                         |
| <b>Operational surplus/(deficit) for the year before transport improvements</b> | <b>(14,413)</b>                               | <b>(11,971)</b>                   |
| Transport improvements grants and subsidies revenue                             | 11,423  | 24,439                            |
| Transport improvement expenditure   | -   | -                                 |
| <b>Net revenue/(expenditure) for transport improvements</b>                     | <b>11,423</b>                                 | <b>24,439</b>                     |
| <b>Surplus/(deficit) for the year before tax and fair value gains/losses</b>    | <b>(2,990)</b>                                | 12,468                            |
| Asset revaluation   | 12,182  | 1,140                             |
| Fair value gains/(losses) in revenue and expenditure statement                  | (25,725)                                      | 8,907                             |
| <b>Total comprehensive income/(deficit) for the year</b>                        | <b>(16,533)</b>                               | <b>22,515</b>                     |

| <b>Balance sheet</b>  | <b>Council<br/>Actual<br/>2019<br/>\$000s</b> | <b>Budget<br/>2019<br/>\$000s</b> |
|---|---|-----------------------------------|
| <b>Assets</b>   |   |                                   |
| Current   | 137,749                                       | 83,218                            |
| Non-current   | 1,568,118                                     | 1,600,218                         |
| <b>Total assets</b>   | <b>1,705,867</b>                              | <b>1,683,436</b>                  |
| <b>Liabilities</b>  |   |                                   |
| Ratepayers equity   | 1,090,877                                     | 1,167,077                         |
| Current liabilities   | 116,455                                       | 169,442                           |
| Non-current liabilities   | 498,535                                       | 346,917                           |
| <b>Total equity and liabilities</b>   | <b>1,705,867</b>                              | <b>1,683,436</b>                  |
| <b>Statement of cash-flow</b>   |   |                                   |
| Cashflows from operating activities   | 30,109  | 38,955                            |
| Cashflows from investing activities   | (106,451)                                     | (127,155)                         |
| Cashflows from financing activities   | 87,891  | 91,951                            |
| <b>Net increase/(decrease) in cash, cash equivalents and bank overdraft</b> | <b>11,549</b>                                 | <b>3,751</b>                      |
| Cash and cash equivalents at the beginning of the year                      | 5,308   | 15,164                            |
| <b>Cash and cash equivalents at the end of the year</b>                     | <b>16,857</b>                                 | <b>18,915</b>                     |

Greater Wellington's 2018/19 net operating deficit before fair value gains and losses is \$3 million, compared to a budgeted surplus of \$12.5 million; including asset revaluation (\$12 million), fair value movements (negative \$25.7 million) and net deficit of \$16.5 million, which is \$39 million below budget.

### Significant components of this variance are:

#### 1. Rates and levies

Greater Wellington rates and levies revenue was \$0.4m lower than budget due to reduced targeted rates collection for Warm Wellington.

#### 2. Grants and subsidies revenue

Greater Wellington primarily receives grants and subsidies revenue to fund key transport programmes. Grants and subsidies revenue was greater than budget by \$3.8m. This reflects higher revenue received as higher than budgeted costs were incurred in the public transport activities.

#### 3. Other revenue

Greater Wellington receives revenue from external fees and charges, interest, dividend revenue and any gains or losses on the disposal of assets. Other revenue was higher than budget by \$1.3m, key variances to budget were:

- Higher interest income of \$2.6m due to prefunding debt and replacing external funding to WRC Holdings Ltd with funding via Greater Wellington.
- Higher dividend income flowing from CentrePort \$0.4m
- Higher rental income of \$0.2m
- Offset by unbudgeted losses on the disposal of assets of \$2.7m

#### 4. Transport improvements

Greater Wellington primarily receives grants revenue to fund key transport projects that are of a capital nature. Grants and subsidies revenue is \$13m lower than budgeted which reflects lower than budgeted capital expenditure.

#### 5. Finance costs

Greater Wellington incurs finance costs on the debt it uses to fund capital expenditure. Finance costs are \$0.8m higher than budgeted due to replacing external funding to WRC Holdings Ltd with funding via Greater Wellington offset by lower interest costs and lower debt levels excluding the funding to WRC Holdings Ltd.

#### 6. Operational expenditure

Greater Wellington incurs a range of costs in undertaking its various operational activities. Total operational expenditure was \$6.4m above budget. The key driver of the variance relates to contractors and consultants associated with various projects including public transport, various technology projects and a review of key financial and asset management systems.

#### 7. Asset revaluations

Greater Wellington revalues its assets on a regular basis. The revaluation of public transport assets in the current year resulted in a higher value of these assets than anticipated.

## 8. Fair value adjustment

Fair value adjustments is unfavourable to budget by \$34.6m reflecting the decrease of the fair value of the interest rate swaps held by Greater Wellington due to the continuing decrease in market interest rates and the write-down of the Wellington Regional Stadium Trust advance.

## 9. Current assets

The key driver of the higher level of current assets relates to replacing external funding to WRC Holdings Ltd with funding via Greater Wellington of \$44m. This is reflected as a current asset for GW.

## 10. Ratepayer equity

The key driver of the lower than budget ratepayer equity is the unfavourable variance to budget re the fair value adjustments referred to above.

## 11. Current and non current liabilities

The key drivers of the higher level of liabilities compared to budget relate to the derivatives and non-interest bearing liabilities not being included in the budget position.

## 12. Cashflows

The overall cash position (including cash equivalents) is only slightly down on budget as a result of a lower cash position at the beginning of the financial year being offset by lower cash outflows in relation to capital expenditure.

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## 35 Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2018: Nil).

Subsequent to balance date the Reserve Bank reduced the Official Cash Rate (OCR) on 7 August to 1.0% and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rate swaps.

Financial statements will be authorised for issue by Council on 10 October 2019.

Subsequent to balance date, CentrePort Ltd and the insurers have agreed terms for a final settlement of their outstanding insurance claims. At the date of signing, the final settlement documentation has not yet been signed by all parties.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements.

# He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2019

## Annual Report disclosure statement for year ended 30 June 2019

### What is the purpose of this statement?

The purpose of this statement is to disclose Greater Wellington’s financial performance in relation to various benchmarks to enable the assessment of whether Greater Wellington is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

Greater Wellington is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

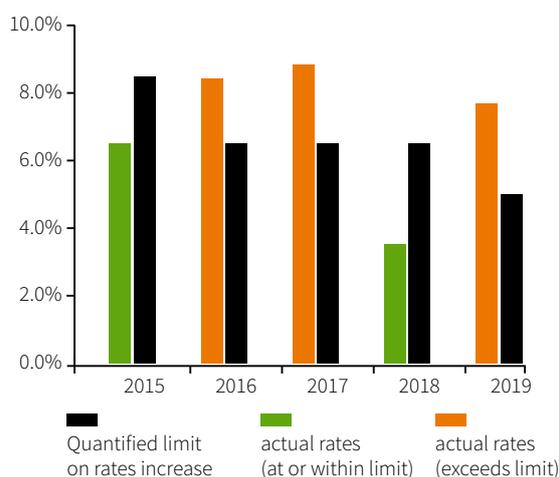
Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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

It is also important to keep in mind the overall strategy and policies Greater Wellington has also adopted when reading these graphs. These are included within the Long Term Plan 2018-28.

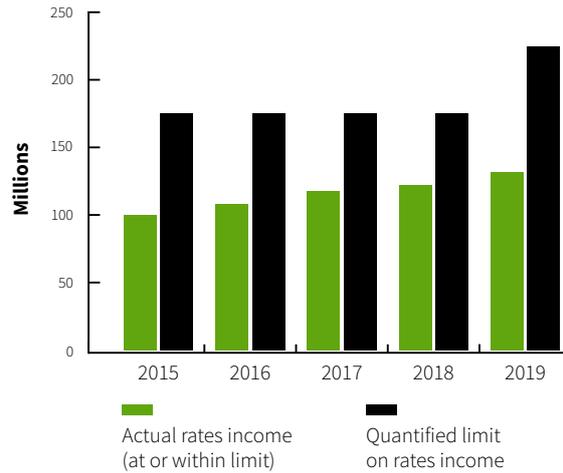
### Rates (increases) affordability

Greater Wellington adopted an average increase of 5.0% per annum (around \$30, GST inclusive, per year for the average residential ratepayer) in its Long Term Plan 2018-28 as it continues to significantly invest in improving the public transport network and the ongoing flood protection programme.



## Rates income affordability

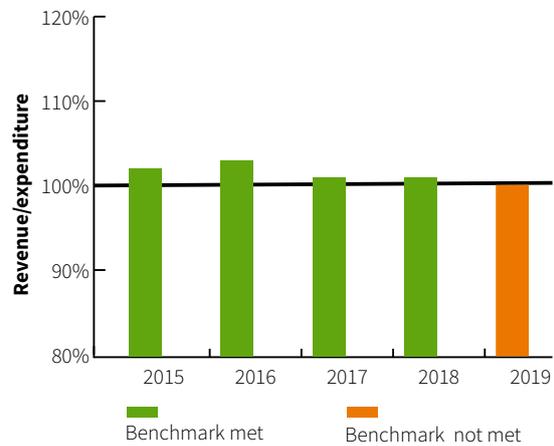
This graph shows the total rates.



## Balanced budget

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

Over recent years Greater Wellington has been exceeding this benchmark.

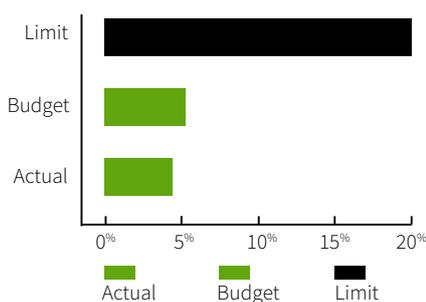


## Financial Strategy financial limits

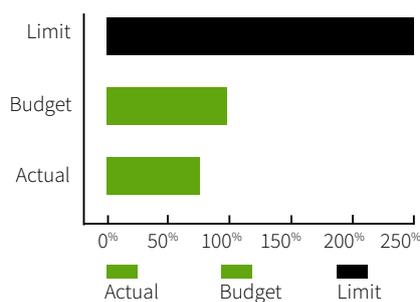
The goal of Greater Wellington’s Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers’ investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that the Greater Wellington adopted in its Long Term Plan 2018-28.

These graphs show that Greater Wellington is being managed within these financial prudential limits.

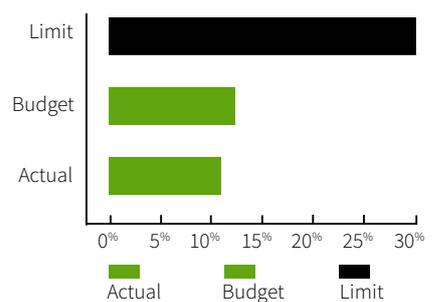
**Net Interest / Total Revenue - Limit < 20%**



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



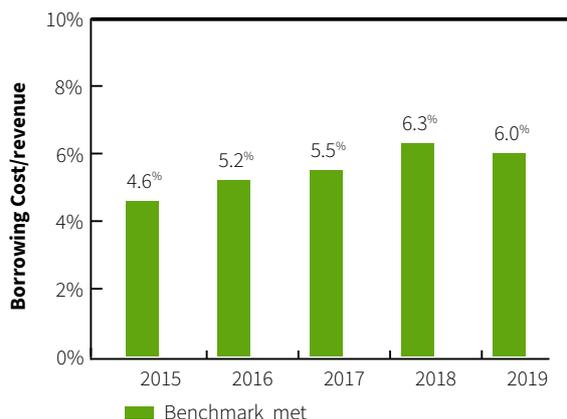
**Net interest / rates and levies - Limit < 30%**



## Debt affordability graphs – debt servicing

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

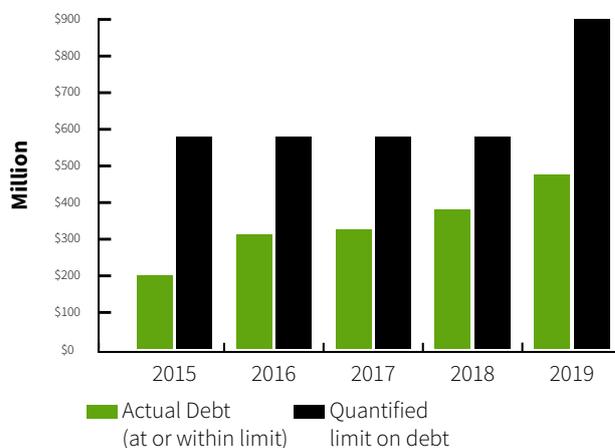
Greater Wellington continues to satisfy this benchmark test.



## Debt affordability graphs – debt balance

This graph shows the actual debt compared to the debt limit adopted in the Long Term Plan 2018-28. In the Long Term Plan 2018-28 the debt projection is for it to peak at \$763 million in 2024/25 as the full impact of the investment in upgrading the public transport network, the substantial flood protection work in the Hutt Valley and the significant bulk water resilience projects are completed.

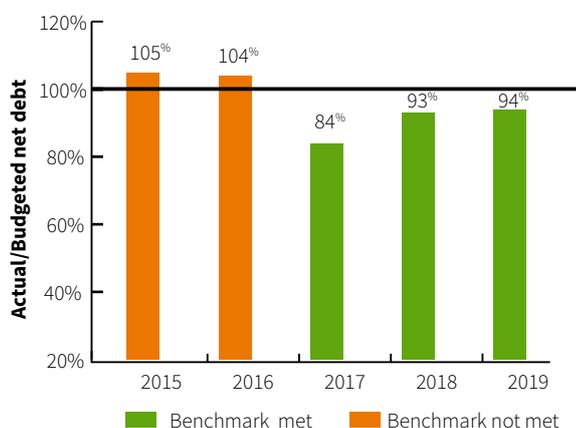
Greater Wellington is satisfying this benchmark test.



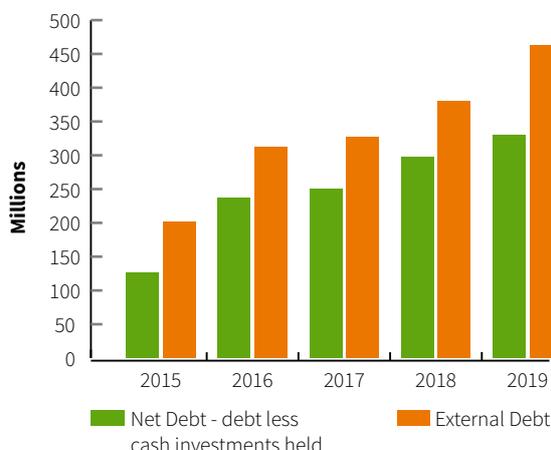
## Debt affordability graphs – debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100% indicate that our actual result is close to what we planned.

Greater Wellington meets this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position.

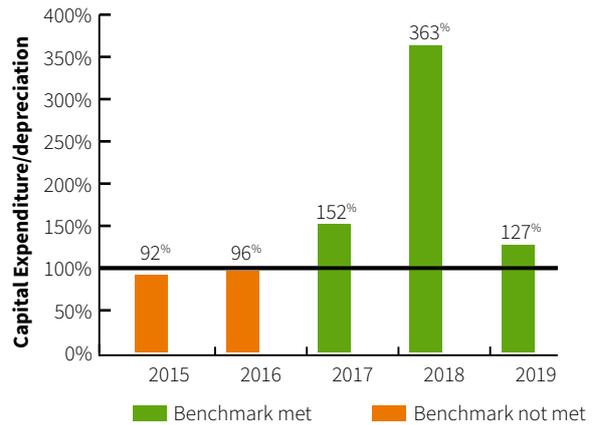


## Essential services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation, indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

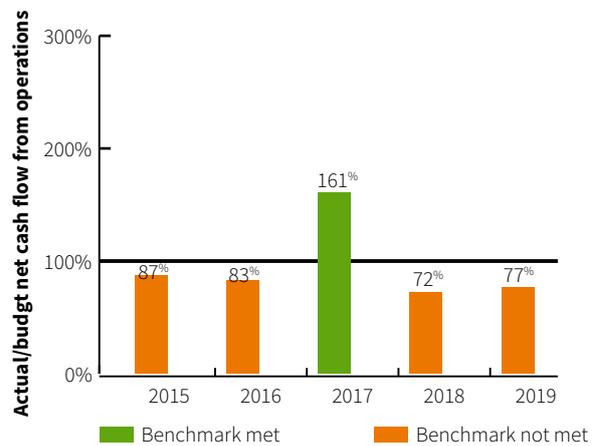
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

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



## Operational cash control

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



# He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa

## Statement of compliance and responsibility

### Compliance

The Council and Greater Wellington’s management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

### Responsibility

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

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2019 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

|   |   |   |
|---|---|---|
| Chris Laidlaw   | Greg Campbell   | Alan Bird   |
| Chair   | Chief Executive   | Chief Financial Officer   |
| 10 October 2019   | 10 October 2019   | 10 October 2019   |
|  |  |  |

# He Pūrongo Arotake Pūtea

## Audit Report

### Independent Auditor's Report

## To the readers of Greater Wellington Regional Council's annual report for the year ended 30 June 2019

The Auditor-General is the auditor of Greater Wellington Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Jacques Coetzee, using the staff and resources of Audit New Zealand, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 10 October 2019. This is the date on which we give our report.

We are also required to report on:

- whether the Regional Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the Regional Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

## Opinion on the audited information

In our opinion:

- the financial statements on pages 102 to 105, 107 to 108 and pages 110 to 166:
  - present fairly, in all material respects:
    - the Regional Council and Group’s financial position as at 30 June 2019;
    - the results of the operations and cash-flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 106, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council’s Long Term Plan;
- the section entitled “Activities of the Greater Wellington Regional Council’ on pages 26 to 74:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 76 to 87, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council’s Long Term Plan; and
- the funding impact statement for each group of activities on pages 76 to 87, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council’s Long Term Plan.

## Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 167 to 170, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group’s audited information and, where applicable, the Regional Council’s Long Term Plan and annual plans.

## Uncertainties arising from the impact of the Kaikoura earthquake

Without modifying our opinion, we draw attention to Note 8 of the financial statements, which explains the material impact of the Kaikoura earthquake on the Group in relation to CentrePort Limited. This note explains the uncertainties that remain to be resolved, including the value of the final settlement of the insurance claim. It also links to disclosures in the financial statements about the uncertainties and judgements involved in the allocation of insurance proceeds and the related tax treatment, and the adjustment to the fair value of port land.

## Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

## Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the Regional Council and the Group or there is no realistic alternative but to do so.

## Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's annual plan and Long Term Plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the section entitled "Activities of the Greater Wellington Regional Council", as a reasonable basis for assessing the levels of service achieved and reported by the Regional Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Regional Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Regional Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 171 and 176 to 179, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independence

We are independent of the Regional Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we performed agreed upon procedures in respect of Greater Wellington Regional Council – Wellington Metropolitan Rail special purpose financial statements, performed a limited assurance engagement related to the Regional Council's debenture trust deed, and assurance services related to the procurement of a new radio communications network and the procurement of an integrated fares and ticketing system. Other than these engagements, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.



**Jacques Coetzee**  
**Audit New Zealand**  
**On behalf of the Auditor-General**  
**Wellington, New Zealand**

**Ētahi atu  
taipitopito korero  
Other information**

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# Ngā Māngai a Rohe

## Regional Councillors as at June 2019

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**Penny Gaylor**

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**David Ogden**

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### Porirua-Tawa



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**Barbara Donaldson  
(Deputy Chair)**

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### Wellington



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# Ko te Tū ā Komiti o te Kaunihera

## Council committee structure

As at September 2019

(c) Chair

(d) Deputy Chair (if appointed)

(co-c) Co-chair

### Council

Cr Laidlaw (c)  
Cr Donaldson (d)

| Chief Executive Employment Review | Environment        | Finance, Risk and Assurance | Regional Transport       | Sustainable Transport    | Te Upoko Taiao - Natural Resources Plan | Wairarapa                | Wellington Regional Strategy |
|-----------------------------------|--------------------|-----------------------------|--------------------------|--------------------------|---|--------------------------|------------------------------|
| Cr Ian McKinnon (c)               | Cr Sue Kedgley (c) | Cr Paul Swain (c)           | Cr Barbara Donaldson (c) | Cr Barbara Donaldson (c) | Cr Daran Ponter (co-c)                  | Cr Staples (c)           | Mayor, Justin Lester (c)     |
|                                   | Cr Jenny Brash (d) |                             | Cr Chris Laidlaw (d)     | Cr Daran Ponter (d)      | Hikitia Ropata (co-c)                   | Cr Barbara Donaldson (d) | Cr Roger Blakeley (d)        |

# Ko tā Te Pane Matua Taiao tū

## Greater Wellington structure

**Greg Campbell**

**Chief Executive**

| <b>Wayne Hastie</b>                  | <b>Samantha Gain</b>                      | <b>Nigel Corry</b>                       | <b>Greg Pollock</b>              | <b>Al Cross</b>                               | <b>Wayne O'Donnell</b>                | <b>Luke Troy</b>               | <b>Monica Fraser</b>                 | <b>Jeremy Holmes</b>   |
|--------------------------------------|---|--|----------------------------------|---|---------------------------------------|--------------------------------|--------------------------------------|------------------------|
| General Manager Strategic Programmes | Acting General Manager Corporate Services | Acting General Manager People & Customer | General Manager Public Transport | Acting General Manager Environment Management | General Manager, Catchment Management | General Manager, Strategy      | Te Pou Whakarae/ Te Hunga Whiriwhiri | Regional Manager WREMO |
|                                      | Finance                                   | Customer Contact                         | Bus & Ferry Operations           | Environmental Policy                          | Biosecurity                           | Strategic & Corporate Planning |                                      |                        |
|                                      | Information, Communication & Technology   | Human Resources                          | Rail Operations                  | Environmental Regulation                      | Biodiversity                          | Regional Transport Planning    |                                      |                        |
|                                      | Legal, Procurement and Asset Management   | Health & Safety                          | Public Transport Planning        | Environmental Science                         | Flood Protection                      | Sustainable Transport          |                                      |                        |
|                                      | Treasury                                  | Communications and Marketing             |                                  | Harbours                                      | Land Management                       | Democratic Services            |                                      |                        |
|                                      | Programme Management Office               |  |                                  | Parks   |                                       |                                |                                      |                        |





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October 2019  
GW/CP-G-19/120

