

# Towards a Greater Wellington



investing in the future



*Wellington Regional Council ten year plan 2000 – 2010 : 2002 Update  
Incorporating the 2002 – 2003 Annual Plan*



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## INTRODUCTION FROM THE CHAIRPERSON

### *Long Term Financial Strategy and Annual Plan*

In June 2000 we published our Long Term Financial Strategy “*Towards a Greater Wellington: Investing in the Future*”, covering the years 2000-2010.

In that plan the Council outlined its vision that a *Greater Wellington* means:

- A high quality environment
- A prosperous and viable Region
- Healthy people in a safe Region
- A strong and inclusive regional community

In recent months we have been busy considering the extent to which we now need to fine tune our plans for the period 2002-2010 (the remaining eight years of our 10 year plan), with particular focus on 2002/03, the Council’s next Annual Plan.

The law requires the Council to publish a ten year plan every three years. We are also required by law to produce an Annual Plan. Our response, as we prepare our Annual Plan each year, is to update our Long Term Financial Strategy. In this way we keep our Long Term Financial Strategy “refreshed”, making it more relevant to both the Council and the Regional community.



## INTRODUCTION FROM THE CHAIRPERSON

### *Results of the Long Term Financial Strategy Update*

The Council has updated the remaining eight years of our Long Term Financial Strategy. The result of that update has been to reduce the planned increase in Regional rates in 2002/03. The overall Regional rate increase for 2002/03 is 3.7 percent compared with the 5.1 percent signalled in June last year, when the Council's Long Term Financial Strategy was last updated.

Despite the lower level of increase in Regional rates, the Council has been able to introduce the following new projects into the 2002/03 budget:

	<b>Planned Project Expenditure</b>
Additional Rail Rolling Stock Refurbishment	\$1.5 million
Public Transport Marketing Strategy	\$0.2 million
Waikanae Bus Service Improvements	\$0.1 million
Transport Customer Service Enquiry Database	\$0.05 million
Farm Environment Awards	\$0.02 million
Coastal Strategy Development	\$0.04 million
Urban Growth Strategy	\$0.02 million
Mt Bruce Predator Control Work	\$0.07 million

This has been possible because the Council has been able to make savings elsewhere through a combination of removal of projects and deferral of some others.

As noted above the Regional rate increase in 2002/03 is projected to be 3.7 percent compared with the 2001/02 level. However, when account is taken of the increasing number of rate assessments, the average overall increase in Regional rates per assessment reduces to below 2 percent (see table 4 on page 15).

As a result of decisions of the Courts and the Valuer-General, utility networks, including the Regional Council's bulk water network, will become rateable with effect from 1 July 2002. This will further reduce the impact on other ratepayers.

We are also holding the bulk water levy at the current level (following reductions of 2 percent, 4 percent and 4 percent in the past three years). In the Council's proposed Annual Plan we had been proposing a reduction in the bulk water levy of 3 percent. Unfortunately, as a result of the impact of the pending introduction of the rating of utility networks and as a result of a significant increase in insurance costs we have been unable to achieve this.

### *Changes to Council's Long Term Financial Strategy: 2001 Update*

As I have already mentioned, the Council last updated its Long Term Financial Strategy in June 2001. It is that document, "Wellington Regional Council Ten Year Plan 2000-2010: 2001 Update", that we are now updating further.

Throughout this document we have identified the material changes from the current strategy for each of the Council's significant activities (refer pages 28, 37, 46, 54, 63, 71). This should enable you to understand the major changes that we have made since last year.

## INTRODUCTION FROM THE CHAIRPERSON

### *Key Issues Facing this Council*

Included on page 5 is a list of the key issues currently facing this Council. Given the Council's broad range of functions the list is, as you would expect, quite varied.

Many of these issues will need to be further considered by the Council when the next Long Term Financial Strategy is prepared. However, one of pressing importance and one area that I wish to specifically comment on, is the future of Land Transport in the Region.

The Minister of Transport's announcements of additional funding, increased flexibility, and a more strategic focus on transport planning are all music to our ears. We have been advocating such changes for years and Councillors are delighted that the Government has picked up the ball and run with it. Although there are numerous agencies involved in transport, making the delivery of quality outcomes more difficult, in my view, the measures the Government has announced are definitely going to move us in the right direction.

A key part of solving the transport puzzle in this Region is clearly finding a practical and durable solution to the passenger rail issue.

Unfortunately, there has been more heat than light on this issue in the past 12-18 months and we could hardly blame the public for being somewhat confused.

For that reason I want to spell out the nature of the problem that we, as a Council, currently face.

It is no secret that we have found contracting with a private sector monopoly (Tranz Rail) to be difficult. Tranz Rail controls the key monopoly assets (e.g. track and associated infrastructure) and therefore the Council has only one source for the provision of passenger rail services – Tranz Rail.

We have long had concerns over the value for money that we obtain from the public subsidy provided to Tranz Rail. Unfortunately, the regulatory environment around information disclosure is weak and we have therefore been unable to enforce the necessary disclosure from Tranz Rail.

To make matters worse, there has been insufficient funding certainty from Central Government to give the Council the confidence to enter into a long term contract for services with Tranz Rail. This has contributed to a significant backlog of reinvestment, particularly in rolling stock.

All this adds up to a very unsatisfactory situation and one on which the Council has spent considerable time and effort trying to find the 'right' solution for the Region.

The key issues are:

- How to secure control over access rights to the track (which are a monopoly asset currently controlled by Tranz Rail)
- How to get in place an improved contract for passenger rail services.

It is possible that the Government may step in and regain control over the key monopoly assets which in the Council's view should never have been relinquished in 1993, when Tranz Rail was sold. If the Government does step in and regain control over those assets the Regional Council's position would be significantly strengthened.

We await announcement of the Government position on this and other related matters.

In its efforts to obtain a successful outcome the Council still has many hurdles to overcome. Before we commit public money to buy any part of the system we intend to put all the facts before the public in a separate consultation process – just as we did with the proposal to build the Wellington Regional Stadium.

## INTRODUCTION FROM THE CHAIRPERSON

**At the moment, there are no financial implications of change to the ownership of Tranz Metro (Wellington) factored into this Annual Plan. This is because we do not have the necessary information on which to make such an assessment.**

Whatever happens, our bottom line is that we will not accept the continuation of the current system in which the ratepayer funds the subsidy, without the necessary transparency about how that money has been used. Nor can we accept the systematic deterioration of the railway assets.

The future of passenger rail is a vital issue for the whole Region. We will continue to keep the public informed about developments over the next few months.

### *Thank you*

Thank you to all those people who made submissions on our proposed 2002/03 Annual Plan and Long Term Financial Strategy update. Your views have helped us fine tune our current priorities and will also contribute significantly towards the development of our next Long Term Financial Strategy.

We believe that public consultation is a key component of the accountability process. Once again thank you for your interest in the work of your Regional Council.

### *Further Information*

The range of activities of the Council is very wide. It is not practicable to fully encompass the extent of these activities in a document of this nature. More detailed information about each activity is available on request.

For further information about this document or any other matter involving the Council please contact either

- Your local Regional Councillor(s) (refer page 108) or
- The WRC offices in Wellington or Masterton (refer inside back cover)



MARGARET SHIELDS  
Chairperson

## KEY ISSUES

The key issues affecting each significant activity are identified throughout this document as follows:

### **Environment Management** (Page 26)

- Involving the community
- Gaining compliance
- Making a difference
- Working with iwi

### **Regional Transport** (Page 35)

- Increasing patronage
- Implementation of road pricing
- Improving public transport
- Containing public transport costs
- Tranz Metro Wellington

### **Regional Water Supply** (Page 43)

- Maintaining quality and operational standards
- Achieving improved grading of treatment plants
- Prudent debt management

### **Land Management** (Page 52)

- Maintaining landholder interest
- Expansion of sustainability plans
- Progressing biodiversity initiatives
- Assessing our progress with pest management
- Improving our bovine Tb control work

### **Flood Protection** (Page 61)

- Maintaining service levels
- Managing in a new era of construction
- Balancing structural and non structural measures
- Recognition that our rivers and streams are special places

### **Parks and Forests** (Page 69)

- Prudent asset management
- Achieving environmental excellence
- Community involvement
- New parks and services
- Parks and Forests planning

### **Stadium** (Page 74)

- LATE status of the Stadium Trust

### **Investments** (Page 79)

- Balancing the risks of the investment portfolio with the public good
- Implementation of triple bottom line reporting

### **Investment in Democracy** (Page 84)

- Implementing new legislation replacing:  
Local Government Act  
Rating Powers Act

## RELATIONSHIP WITH IWI

Ara Tahī is the inter-iwi representative group set up by the Council and seven iwi authorities in the Region. The purpose of Ara Tahī is to provide a forum where iwi can provide advice to Council on policy matters covering the full range of Council business.

Ara Tahī was established in 1993 under the Charter of Understanding between Te Tangata Whenua o Te Upoko o te Ika a Maui and the Wellington Regional Council. It meets at least six times a year to discuss issues of common interest and to contribute to the setting of the proposed policy directions for Council business.

The Council also places importance on relationships with each of the iwi authorities. We are committed to building relationships based on goodwill and trust, which in turn lead to good environmental outcomes for the whole Region.

This Council is committed to implementing the principles of the Treaty of Waitangi, Te Tiriti o Waitangi. As a Council, we consider principles such as partnership and consultation to be building blocks for our relationship with iwi. These principles ensure that flexible frameworks exist which allow the relationship to prosper.

We will continue to examine the nature of our relationship with tangata whenua, especially in the light of proposed new local government legislation. We remain committed to working together, acknowledging the diversity of our Region and its people, to achieve mutually beneficial outcomes.



## 2002 UPDATE OF THE LONG TERM FINANCIAL STRATEGY

In June 2000 the Council published its Long Term Financial Strategy 2000-2010. This 2002 edition is a further update of the Council's Long Term Financial Strategy and is also Council's 2002/03 Annual Plan.

Each three years the Council undertakes a detailed review of its priorities and policies. This was last done in 2000 and is next due to be completed in 2003. In the intervening years (including 2002) the Council updates, by exception, the work programmes outlined in the Long Term Financial Strategy. This approach is taken because of the long term nature of much of Council's business.

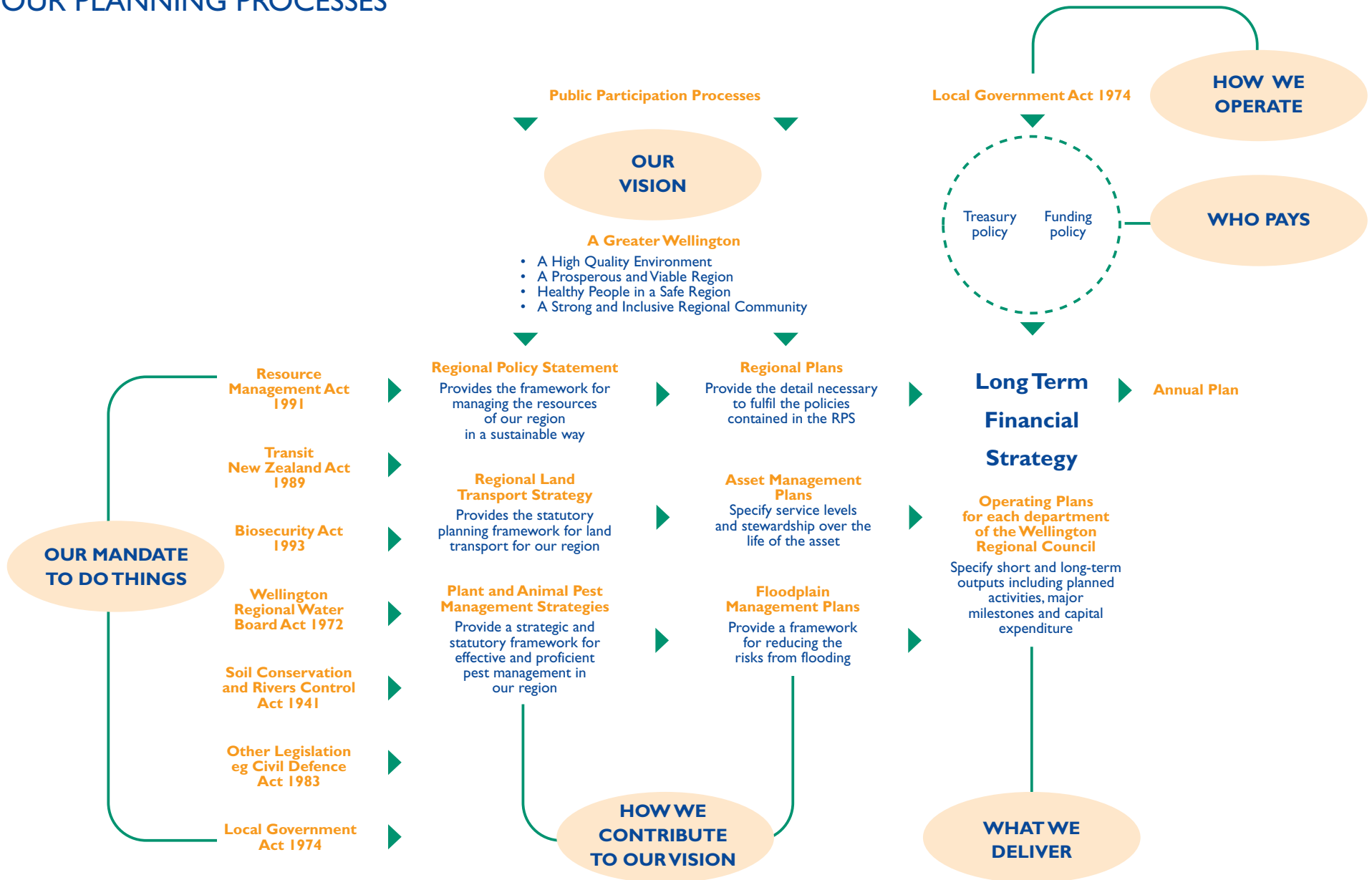
*Investing in the Future* is drawn from a series of policies and planning documents which the Council has prepared in conjunction with the community. The vision for the Region is contained within our Regional Policy Statement.

*Investing in the Future* brings all of these policies and plans together. It is underpinned by Operating Plans which contain detailed work programmes and budgets to show how we shall be executing *Investing in the Future*.

*This document outlines:*

- What the Council plans to do in the eight years 2002-2010;
- Why the Council is going to do it;
- What it will cost;
- What we are trying to achieve in the long term;
- How we will measure our achievements;
- The assumptions we have made;
- The challenges facing the Council;
- How the plan has changed from the Long Term Financial Strategy 2000-2010:2001 Update, published last year.

# OUR PLANNING PROCESSES



## OTHER DOCUMENTS UNDERLYING THIS PLAN

The Council undertakes a wide range of activities. It is not practical to encompass the extent of all these activities in a document of this nature. More detailed information about each activity is available within the divisional strategies and operating plans prepared for each department of Council.

Also, this Long Term Financial Strategy update has been produced in accordance with the following Council policies and plans:

- Funding Policy (a summary is included in this Plan);
- Treasury Management Policy (a summary is included in this Plan);
- Asset Management Plans;
- Specific Council policies in relation to each of the significant activities (e.g. Regional Policy Statement);

- Section 247D analysis of contracting versus in-house service delivery. Since 1992 the Council has had a legal requirement, pursuant to Section 247D(2)(a) of the Local Government Act 1974, not to carry out its works or perform its functions by using its own staff unless it is satisfied that the advantages of this option for the ratepayers of the Region clearly outweigh those of any other option. Each year the means of service delivery in all areas of Council activity are reviewed and the Section 247D analysis is updated accordingly.

Please contact the Council if you wish to see any of these documents.

The Council's policies will continue to be reviewed throughout the period of the plan. However, this plan assumes that current policies will continue.

## YOUR REGIONAL COUNCILLORS



**Margaret Shields**

### Porirua Constituency

Margaret was a Member of Parliament from 1981-1990 and Minister of the Crown from 1984-1990. From 1991-1994, she served as head of INSTRAW, a United Nations research and development agency. Margaret was elected to the Regional Council in 1995, appointed Council Deputy Chairperson in 1998 and elected Chairperson in 2001. She is a Vice-President of Local Government New Zealand. Margaret is particularly interested in the sustainable development of transport and transport infrastructure for the Wellington Region.

### Council Chairperson

#### *Committee Membership:*

(ex-officio on all Council committees)



**Terry McDavitt**

### Wellington Constituency

Terry has been a regional councillor since 1989, and was previously a Wellington City Councillor. He chaired transport committees from 1992-2001 and is now the Council Deputy Chairperson. Terry is a former teacher (secondary and polytechnic) and has also worked in market research and sales. He has particular interests in transport and resource management issues.

### Deputy Council Chairperson

#### *Committee Membership:*

- Environment
- Passenger Transport
- Policy, Finance and Strategy
- Regional Land Transport (chair)
- Rural Services and Wairarapa (ex-officio)
- Utility Services (ex-officio)

## YOUR REGIONAL COUNCILLORS



**Judith Aitken**

### Wellington Constituency

Judith has worked as a teacher, university lecturer and public servant. Since 1988 she ran a small farm in the Wairarapa planting woodlots and breeding cattle. Her main concerns for the region are: sustainable water supplies, coastal protection, the long term maintenance of native forests and efficient, reliable transport. Judith was elected to the Regional Council in 2001 and is also an elected member of the Capital and Coast District Health Board.

#### *Committee Membership:*

- Passenger Transport (deputy chair)
- Policy, Finance and Strategy
- Utility Services



**Hugh Barr**

### Wellington Constituency

Hugh has 30 years' experience as a scientist and business consultant in transport planning, energy, resource use, risk management and advocacy. He was elected to the Regional Council in 2001 and is interested in: cost-effective accessible transport, rates restraint, Council ownership of key facilities including water supply, better recreational access to the coasts and water catchments, a higher profile and use of regional parks, "buy local" and a strong commercial sector.

#### *Committee Membership:*

- Environment
- Landcare (deputy chair)
- Passenger Transport
- Policy, Finance and Strategy



**Ian Buchanan**

### Wairarapa Constituency

Ian's professional life has been in fisheries, wildlife management and in outdoor recreation. Ian was elected to the Regional Council in 1992 and has chaired the Environment Committee since 1993. His main focus is on promoting sustainable development in the region. He also is interested in transport and rural land use issues and is involved in promoting the closer relationship of Maori interests with the Regional Council. He also represents the Council on the Wellington Regional Stadium Trust.

#### *Committee Membership:*

- Environment (chair)
- Passenger Transport
- Policy, Finance and Strategy
- Regional Land Transport
- Rural Services & Wairarapa



**Glen Evans**

### Lower Hutt Constituency

Glen was re-elected to the Regional Council in 2001. He was Mayor of Lower Hutt from 1986-1995 and was previously a regional councillor from 1986-1992. He has practised law since 1961, except when he was a full-time mayor, and has been a barrister since 1995. His special field is resource management and he is particularly interested in transport issues and floodplain management.

#### *Committee Membership:*

- Environment
- Landcare
- Passenger Transport
- Policy, Finance and Strategy
- Policy, Finance and Strategy
- Policy, Finance and Strategy
- Subcommittee (chair)
- Regional Land Transport (deputy chair)

## YOUR REGIONAL COUNCILLORS



**Rex Kirton**

### Upper Hutt Constituency

Rex was Mayor of Upper Hutt City for 24 years. He previously served on the Regional Council from 1980-1986 and was elected to the Regional Council again in 2001. Rex farms in Whiteman's Valley.

#### *Committee Membership:*

- Landcare
- Passenger Transport
- Policy, Finance and Strategy
- Rural Services & Wairarapa (deputy chair)
- Utility Services



**Chris Laidlaw**

### Wellington Constituency

Chris is a former Ambassador, NZ Race Relations Conciliator, Member of Parliament and Prime Ministerial advisor. He is a successful author, columnist and broadcaster. Chris has been a regional councillor since 1998, with a particular interest in conservation and sustainable management of the Council's assets.

#### *Committee Membership:*

- Landcare (chair)
- Passenger Transport
- Policy, Finance and Strategy
- Utility Services



**Rick Long**

### Wairarapa Constituency

Rick is serving his second term on the Regional Council; he served a term on the Masterton District Council from 1995-1998. He is also chairman of the Masterton Licensing Trust. He and his eldest son own and operate a signwriting and graphic art company. Rick's interests are in seeing the eradication of bovine Tb and in reducing flooding impacts.

#### *Committee Membership:*

- Policy, Finance and Strategy
- Rural Services & Wairarapa (chair)
- Utility Services



**Rosemarie Thomas**

### Lower Hutt Constituency

Rosemarie is serving her second term on the Regional Council. She has a range of business experience and a long involvement with community organisations in Lower Hutt. Rosemarie has a keen interest in the Region's water supply, passenger transport and environmental issues.

#### *Committee Membership:*

- Landcare
- Passenger Transport
- Policy, Finance and Strategy
- Utility Services (deputy chair)

## YOUR REGIONAL COUNCILLORS



**Chris Turver**

### **Kapiti Constituency**

Chris has been a regional councillor since 1998 and was formerly Chief Executive of the Royal New Zealand Coastguard Federation. He was earlier a journalist and broadcaster, moving on to manage corporate communications for Radio New Zealand and the New Zealand Police. His key interests are: the environment, coastal and marine conservation, public transport and communications planning. He is also Kapiti's elected representative on the Capital and Coast District Health Board and an elected member of Horowhenua Energy Trust.

#### *Committee Membership:*

- Environment
- Passenger Transport (chair)
- Policy, Finance and Strategy
- Regional Land Transport
- Rural Services & Wairarapa



**Dick Werry**

### **Lower Hutt Constituency**

Elected to the Regional Council in 1995, Dick was previously a member of the Lower Hutt City Council in the 1970s. He is particularly interested in water supply and transport issues.

#### *Committee Membership:*

- Landcare
- Policy, Finance and Strategy
- Utility Services (chair)



**Irvine Yardley**

### **Wellington Constituency**

Irvine has been a Wellington City Councillor and was a regional councillor from 1995-1998. She was again elected to the Regional Council in 2001. Civil Defence is of special interest to her. Other concerns are: resource consent issues, flood protection and the development of a viable passenger transport system. She is also keen to help build relationships with territorial local authorities within the Region.

#### *Committee Membership:*

- Environment (deputy chair)
- Landcare
- Passenger Transport
- Policy, Finance and Strategy

## RATES AND LEVIES: What is the impact on your city or district?

Table 1 shows that we are increasing the Regional Rates by 3.7% in 2002/03. However the increase varies between the cities and districts within the Region. This is partly because of changes in capital values (equalised) as assessed by Quotable Value New Zealand (these changes are totally outside the Council's control and for the first time, include utilities' networks) and partly due to the level and changes in the incidence of the General, Regional Transport, Rivers and Stadium Purposes rates (see Table 3). Please note that on this page and page 15 only, all figures include GST and collection costs.

**Table 1: Regional Rates**  
(GST inclusive)

	2001/02 Budget \$000's	2002/03 Plan \$000's	Change \$000's	Change %
Wellington City	30,259	31,024	765	2.53%
Lower Hutt City	10,504	10,990	486	4.63%
Upper Hutt City	3,052	3,186	134	4.39%
Porirua City	4,892	5,192	300	6.13%
Kapiti Coast District	4,384	4,525	141	3.22%
Masterton District	1,006	1,099	93	9.24%
Carterton District	426	479	53	12.44%
South Wairarapa District	703	769	66	9.39%
Tararua District	1	1	0	0.00%
<b>Regional Rates</b>	<b>55,227</b>	<b>57,265</b>	<b>2,038</b>	<b>3.69%</b>
Bovine Tb Rate	233	147	-86	-36.91%
Wairarapa Scheme Rates	1,233	1,200	-33	-2.68%
<b>Total WRC Rates</b>	<b>56,693</b>	<b>58,612</b>	<b>1,919</b>	<b>3.38%</b>

**Table 2: Water Supply Levy**  
(GST inclusive)

	2001/02 Budget \$000's	2002/03 Plan \$000's	Change \$000's	Change %
Wellington City Council	13,660	13,499	-161	-1.18%
The Hutt City Council	6,621	6,604	-17	-0.26%
Upper Hutt City Council	2,607	2,776	169	6.48%
Porirua City Council	2,735	2,744	9	0.33%
<b>Water Supply Levy</b>	<b>25,623</b>	<b>25,623</b>	<b>0</b>	<b>0.00%</b>

Table 2 shows that although the total water supply levy remains at the 2001/02 level, the amounts charged to each of the four Cities varies as the levy is based on the actual consumption of water in the year to 31 March 2002.

**Table 3: Changes in Regional Rates due to Equalised Capital Value (ECV) Movements and Apportionment from 2001/02 to 2002/03** (GST inclusive)

	ECV Movements		General Rate		River Rate		Regional Transport Rate		Stadium Purposes Rate		Total Regional Rates	
	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %
Wellington City	-195	-0.64%	332	1.10%	-102	-0.34%	730	2.41%	0	0.00%	765	2.53%
Lower Hutt City	-40	-0.38%	118	1.12%	237	2.26%	171	1.63%	0	0.00%	486	4.63%
Upper Hutt City	6	0.20%	40	1.31%	41	1.34%	47	1.54%	0	0.00%	134	4.39%
Porirua City	105	2.15%	50	1.02%	16	0.33%	129	2.63%	0	0.00%	300	6.13%
Kapiti Coast District	-12	-0.27%	66	1.51%	18	0.41%	69	1.57%	0	0.00%	141	3.22%
Masterton District	61	6.06%	28	2.78%	0	0.00%	4	0.40%	0	0.00%	93	9.24%
Carterton District	32	7.51%	14	3.29%	6	1.41%	1	0.23%	0	0.00%	53	12.44%
South Wairarapa District	43	6.12%	20	2.84%	0	0.00%	3	0.43%	0	0.00%	66	9.39%
Tararua District	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Regional Rates</b>	<b>0</b>	<b>0.00%</b>	<b>668</b>	<b>1.21%</b>	<b>216</b>	<b>0.39%</b>	<b>1,154</b>	<b>2.09%</b>	<b>0</b>	<b>0.00%</b>	<b>2,038</b>	<b>3.69%</b>

The numbers in Table 1 and Table 3 should be read in conjunction with the Rating Policy on pages 89 and 90.



## RATES AND LEVIES: What is the impact on your city or district?

**Table 4: Average annual Regional Rates increase per assessment, from 2001/02 to 2002/03 (GST inclusive)**

	Regional Rates		Assessments (1)				Average Rates Per Assessment			
	2001/02 Budget \$000's	2002/03 Plan \$000's	2000 No.	2001 No.	Increase No.	%	2001/02 \$	2002/03 \$	Increase \$	%
Wellington City	30,259	31,024	64,152	65,239	1,087	1.69%	471.68	475.54	3.86	0.82%
Lower Hutt City	10,504	10,990	38,082	38,563	481	1.26%	275.83	284.99	9.16	3.32%
Upper Hutt City	3,052	3,186	14,225	14,583	358	2.52%	214.55	218.47	3.92	1.83%
Porirua City	4,892	5,192	16,486	16,817	331	2.01%	296.74	308.74	12.00	4.04%
Kapiti Coast District	4,384	4,525	21,100	21,685	585	2.77%	207.77	208.67	0.90	0.43%
Masterton District	1,006	1,099	10,747	10,840	93	0.87%	93.61	101.38	7.77	8.30%
Carterton District	426	479	3,247	3,342	95	2.93%	131.20	143.33	12.13	9.25%
South Wairarapa District	703	769	5,089	5,216	127	2.50%	138.14	147.43	9.29	6.73%
Tararua District	1	1	10	10	0	0.00%	100.00	100.00	0.00	0.00%
<b>Regional Rates</b>	<b>55,227</b>	<b>57,265</b>	<b>173,138</b>	<b>176,295</b>	<b>3,157</b>	<b>1.82%</b>	<b>318.98</b>	<b>324.82</b>	<b>5.84</b>	<b>1.83%</b>

(1) Source: Quotable Value New Zealand, Wellington Regional Council Equalisation – as at 1 September 2001.  
The number of assessments includes all classes of rateable property including residential, business and rural.

**Table 5: Percentage changes by city or district, in the various separate rates which together make up Regional Rates from 2001/02 to 2002/03 (GST inclusive)**

	General Rate			River Rate			Regional Transport Rate			Stadium Purposes Rate		
	2001/02 Budget \$000's	2002/03 Plan \$000's	Change %	2001/02 Budget \$000's	2002/03 Plan \$000's	Change %	2001/02 Budget \$000's	2002/03 Plan \$000's	Change %	2001/02 Budget \$000's	2002/03 Plan \$000's	Change %
Wellington City	10,966	11,103	1.25%	258	156	-39.53%	17,247	17,977	4.23%	1,788	1,788	0.00%
Lower Hutt City	3,851	3,929	2.03%	1,085	1,322	21.84%	4,980	5,151	3.43%	588	588	0.00%
Upper Hutt City	1,279	1,325	3.60%	439	480	9.34%	1,176	1,223	4.00%	158	158	0.00%
Porirua City	1,513	1,668	10.24%	82	98	19.51%	3,081	3,210	4.19%	216	216	0.00%
Kapiti Coast District	2,118	2,172	2.55%	884	902	2.04%	1,236	1,305	5.58%	146	146	0.00%
Masterton District	850	939	10.47%	0	0	0.00%	96	100	4.17%	60	60	0.00%
Carterton District	353	399	13.03%	11	17	54.55%	41	42	2.44%	21	21	0.00%
South Wairarapa District	610	673	10.33%	0	0	0.00%	60	63	5.00%	33	33	0.00%
Tararua District	1	1	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
<b>Regional Rates</b>	<b>21,541</b>	<b>22,209</b>	<b>3.10%</b>	<b>2,759</b>	<b>2,975</b>	<b>7.83%</b>	<b>27,917</b>	<b>29,071</b>	<b>4.13%</b>	<b>3,010</b>	<b>3,010</b>	<b>0.00%</b>

The numbers in Table 4 and Table 5 should be read in conjunction with the Rating Policy on pages 89 and 90.

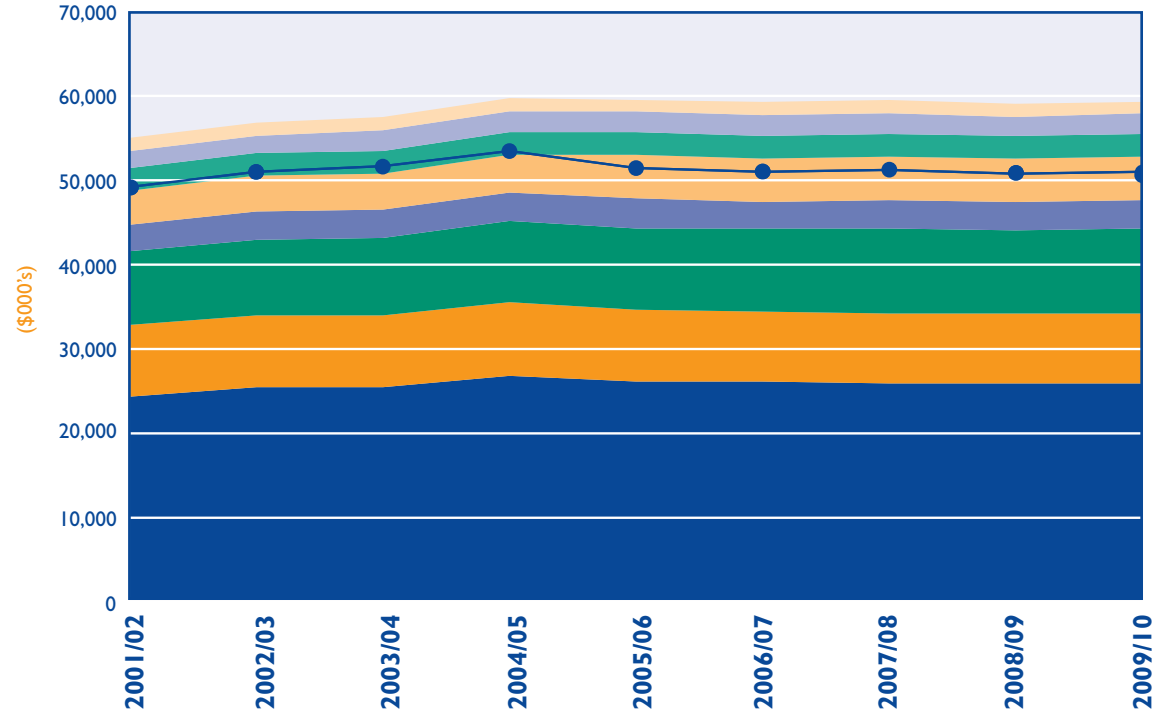
## COUNCIL'S FINANCIAL OVERVIEW: Regional Rates by Significant Activity

This graph shows the Regional rates requirement for each of the Council's significant activities. Regional rates include the General, Regional Transport, Rivers and Stadium Purposes rates but exclude the Water Supply levy, Bovine Tb and Wairarapa Schemes rates.

The key points to note are:

- Total Regional rates in 2002/03 increase by 3.7% from 2001/02 levels.
- A number of projects (primarily in Regional Transport) in 2004/05 result in an increased Regional rate for that year. Otherwise Regional rates are projected to be relatively constant over the long term.

*N.B. All figures exclude GST and are rounded to the nearest hundred thousand dollars.*



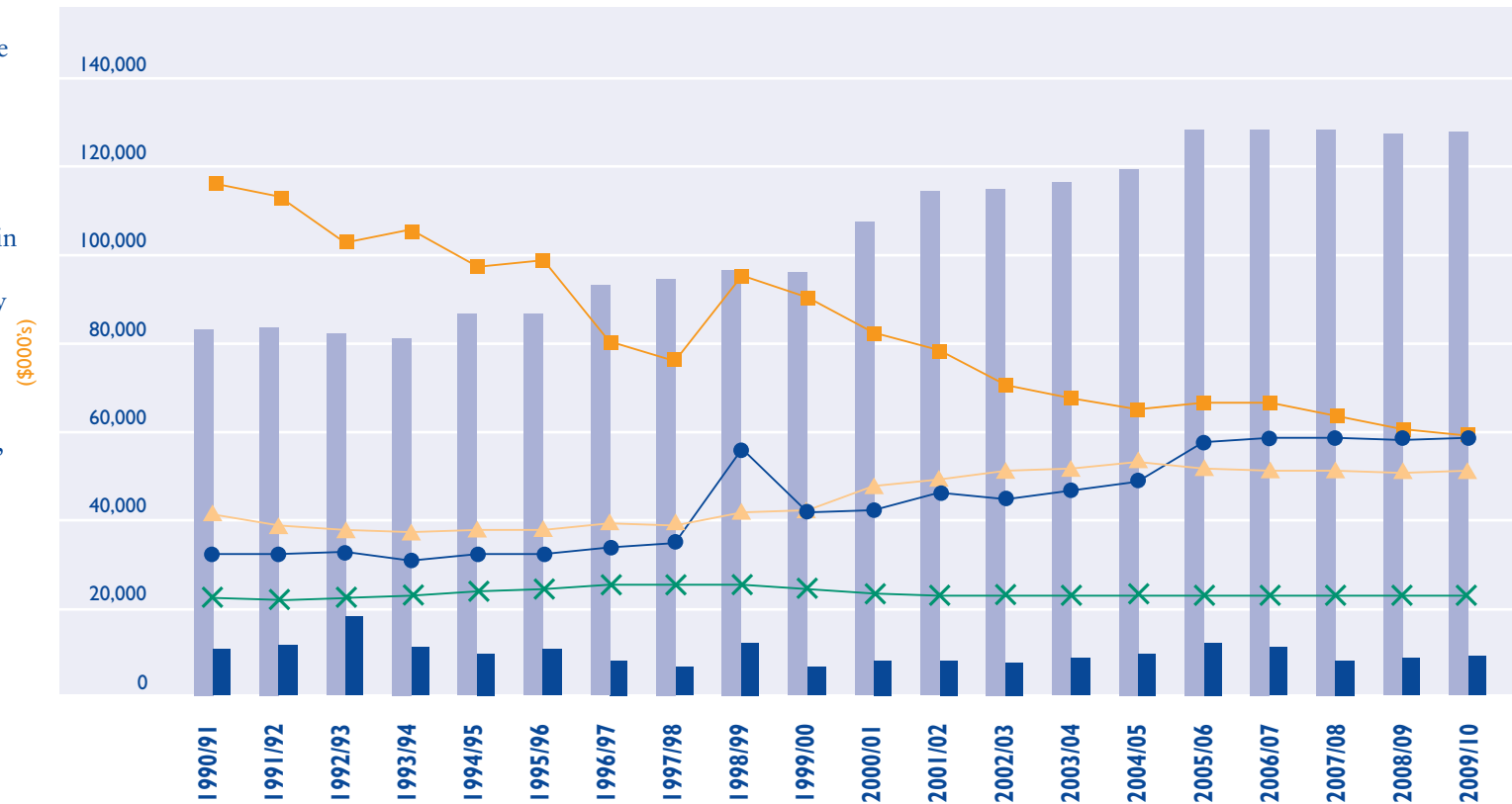
	BUDGET		PLAN		FORECAST				
(\$'000's)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Regional Transport	24,300	25,300	25,400	26,600	26,000	26,100	25,900	25,800	25,800
Environment Management	8,400	8,600	8,500	8,800	8,500	8,200	8,200	8,300	8,300
Flood Protection	8,700	9,000	9,200	9,600	9,800	9,800	10,100	9,900	10,100
Land Management	3,200	3,300	3,300	3,400	3,400	3,300	3,400	3,300	3,400
Parks and Forests	4,000	4,200	4,400	4,500	5,200	5,200	5,100	5,100	5,100
Regional Stadium	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Investment in Democracy	2,200	2,100	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Investments	(5,800)	(5,800)	(5,700)	(6,400)	(8,100)	(8,200)	(8,300)	(8,300)	(8,300)
Other	1,400	1,500	1,500	1,700	1,500	1,500	1,600	1,600	1,500
<b>Total Regional Rates</b>	<b>49,100</b>	<b>50,900</b>	<b>51,700</b>	<b>53,300</b>	<b>51,400</b>	<b>51,000</b>	<b>51,100</b>	<b>50,800</b>	<b>51,000</b>

## COUNCIL'S FINANCIAL OVERVIEW: Total Council Information

This graph places the 2002/03 Annual Plan in the context of the preceding twelve years and eight year planning horizon.

The key points to note are:

- Operating revenue decreases in 2002/03 primarily as a result of the loss of the water supply networks contract with Wellington City Council.
- Operating expenditure increases through to 2005/06, after which it is projected to remain relatively flat.
- Net debt is projected to be progressively reduced over the eight year period.
- The increase in net debt in 1998/99 was primarily due to the Council's contribution of \$25 million to the Wellington Regional Stadium Trust.



*N.B. All figures exclude GST and are rounded to the nearest hundred thousand dollars.*

	(\$'000's)																			
Operating Expenditure	82,800	83,200	82,000	80,900	86,400	86,300	92,800	94,500	96,200	95,700	107,000	114,300	114,900	116,100	119,000	127,900	128,300	127,900	127,000	127,600
Capital Expenditure	10,600	11,300	18,000	10,800	9,600	10,200	7,900	6,400	11,800	6,600	8,100	8,100	7,500	8,600	9,600	12,000	10,700	7,900	8,500	9,000
Net Debt	116,300	113,000	103,000	105,800	97,200	98,700	80,600	75,900	95,100	90,600	82,300	78,500	70,700	67,700	64,900	66,500	66,400	63,300	60,800	58,900
Regional Rates	41,300	38,600	37,800	37,300	37,900	37,800	39,000	38,500	41,700	42,300	47,600	49,100	50,900	51,700	53,300	51,400	51,000	51,100	50,800	51,000
Water Supply Levy	22,200	22,000	22,500	23,000	23,700	24,400	25,200	25,200	25,200	24,200	23,200	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Other Operating Revenue	32,200	32,400	33,000	31,000	32,300	32,500	33,900	34,600	56,200	41,900	42,300	46,300	44,900	46,500	48,700	57,500	58,700	58,400	57,900	58,500

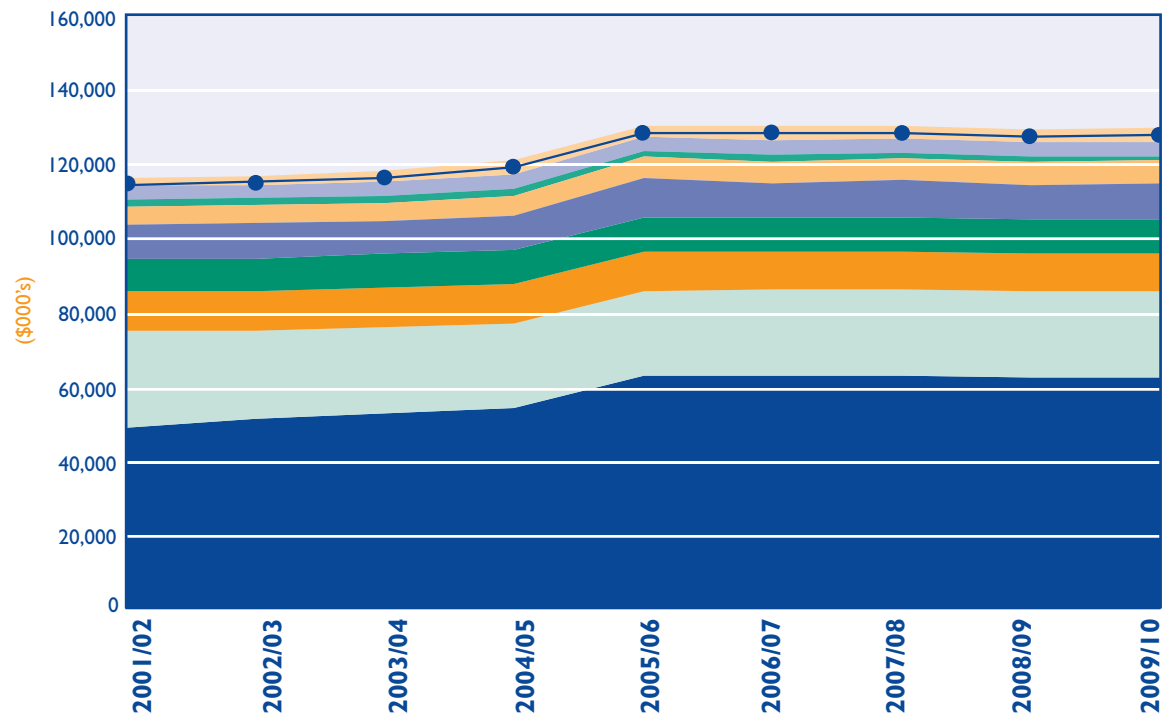
	ACTUAL												BUDGET PLAN			FORECAST				
Operating Expenditure	82,800	83,200	82,000	80,900	86,400	86,300	92,800	94,500	96,200	95,700	107,000	114,300	114,900	116,100	119,000	127,900	128,300	127,900	127,000	127,600
Capital Expenditure	10,600	11,300	18,000	10,800	9,600	10,200	7,900	6,400	11,800	6,600	8,100	8,100	7,500	8,600	9,600	12,000	10,700	7,900	8,500	9,000
Net Debt	116,300	113,000	103,000	105,800	97,200	98,700	80,600	75,900	95,100	90,600	82,300	78,500	70,700	67,700	64,900	66,500	66,400	63,300	60,800	58,900
Regional Rates	41,300	38,600	37,800	37,300	37,900	37,800	39,000	38,500	41,700	42,300	47,600	49,100	50,900	51,700	53,300	51,400	51,000	51,100	50,800	51,000
Water Supply Levy	22,200	22,000	22,500	23,000	23,700	24,400	25,200	25,200	25,200	24,200	23,200	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Other Operating Revenue	32,200	32,400	33,000	31,000	32,300	32,500	33,900	34,600	56,200	41,900	42,300	46,300	44,900	46,500	48,700	57,500	58,700	58,400	57,900	58,500

## COUNCIL'S FINANCIAL OVERVIEW: Operating Expenditure by Significant Activity

This graph shows planned expenditure for each of the Council's significant activities over the eight year planning horizon.

The key points to note are:

- The projected increases in total Council expenditure are largely driven by projected increases in Regional Transport expenditure.
- The \$1.6 million decrease in Water Supply operating expenditure in 2002/03 is primarily as a result of the loss of the water supply networks contract with Wellington City Council.
- Regional Transport operating expenditure is projected to increase by \$8.6 million in 2005/06 for major new public transport infrastructure.



*N.B. All figures exclude GST and are rounded to the nearest hundred thousand dollars.*

	BUDGET	PLAN	FORECAST						
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Regional Transport	48,800	51,400	52,900	54,100	62,700	62,800	62,600	62,400	62,300
Water Supply	26,200	23,300	23,200	22,900	23,000	23,200	23,300	23,100	23,100
Environment Management	10,600	10,700	10,600	10,600	10,600	10,300	10,300	10,300	10,400
Flood Protection	8,700	8,900	8,800	9,100	9,100	9,100	9,300	9,300	9,200
Land Management	9,100	9,500	8,800	9,300	10,400	9,100	9,900	9,200	9,800
Parks and Forests	4,700	4,900	5,100	5,300	5,800	5,900	5,800	5,900	5,900
Regional Stadium	2,000	2,000	1,900	1,800	1,800	1,700	1,500	1,400	1,300
Investment in Democracy	3,800	3,600	3,900	4,100	3,900	3,900	4,100	3,900	3,900
Investments	2,000	2,400	2,800	3,600	2,700	4,200	3,100	3,500	3,600
Other	(1,600)	(1,800)	(1,900)	(1,800)	(2,100)	(1,900)	(2,000)	(2,000)	(1,900)
<b>Total Operating Expenditure</b>	<b>114,300</b>	<b>114,900</b>	<b>116,100</b>	<b>119,000</b>	<b>127,900</b>	<b>128,300</b>	<b>127,900</b>	<b>127,000</b>	<b>127,600</b>

## ENVIRONMENT MANAGEMENT

The Council's Environment Management significant activity is a major contributor to achieving *A High Quality Environment*. It does so through:

- development and implementation of resource management policies and plans;
- environmental regulatory responsibilities, including the management of resource consents and control of pollution incidents;
- specific investigations into particular resources or environmental issues;
- general state of the environment monitoring;
- education of children, businesses and the general community about the need for us all to be more environmentally responsible.

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

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

## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Resources*

#### **LONGTERM**

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

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

#### **SHORTTERM** by 30 June 2003

The implementation of the Council approved Regional Policy Statement and Regional Plans will have progressed to the satisfaction of the Council, within a budget of \$597,000.

All resource consents will be processed in accordance with the Consent Processing Procedures and within statutory timeframes, within a budget of \$522,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$291,000.

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment or Rural Services and Wairarapa Committees. An annual report will be produced within a budget of \$254,000.

Unwanted agricultural chemicals in the Western part of the Region will be collected and disposed of in an environmentally responsible manner, within a budget of \$197,000.

#### **LONGTERM**

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

#### **SHORTTERM** by 30 June 2003

As part of the *Take Care* programme, at least seven Community Environmental Care Groups will be maintained and two new Care Groups established and assisted in providing local environmental care, to the satisfaction of the Council, within a budget of \$205,000.

A second environmental education programme for school children will be scoped and the *Take Action for Water* programme (an environment education programme for schools) will be carried out to the satisfaction of the Council, within a budget of \$153,000.

The *Take Charge* programme (an environmental education programme for business) will have progressed to the satisfaction of the Council, within a budget of \$137,000.

## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Resources – continued*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

The environment will be monitored and the following annual reports will be completed to the satisfaction of the Council and within a budget of \$1,169,000.

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

The Council approved Regional Monitoring strategy will be implemented to the satisfaction of the Council and within a budget of \$65,000.

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

Iwi will be assisted to undertake projects according to the provisions of the relevant contract, within a budget of \$318,000.

Ara Tahi will meet six times, within a budget of \$22,000.

## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Emergencies*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

Assuming the Civil Defence Emergency Management Bill is enacted, the Council will contribute to the setting-up and running of a Civil Defence Emergency Management Group for the Wellington Region, within a budget of \$52,000.

The Logistics Plan focussing on supporting the Wellington Region will be expanded to include areas of *welfare, health, lifelines and sanitation* in partnership with the Auckland Regional Council and territorial authorities within the Wellington Region, within a budget of \$48,000.

The Regional Emergency Operations Centres will be maintained to the standard set in Council guidelines, within a budget of \$27,000.

All flood alarms will be actioned in accordance with documented procedures, within a budget of \$184,000.

### *Managing Harbours*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

The Beacon Hill Harbour Communications Station will provide a 24 hour, 365 days service which is in accordance with Council agreed operating standards, within a budget of \$307,000.

Reports of oil spills in harbour waters will be checked within 30 minutes and clean up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$12,000. A formal log will be kept and incidents followed up wherever possible.

Within a budget of \$77,000, safety in our harbours and coastal waters will be maintained by:

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



## ENVIRONMENT MANAGEMENT: Financial Summary

### FUNDING STATEMENT

	2001/02 Budget \$000's	2002/03 Plan \$000's
General Rate	8,415	8,641
Other Rates	0	0
Government Subsidies	83	95
Other Revenue	1,913	1,855
<b>Operating Revenue</b>	<b>10,411</b>	<b>10,591</b>
Direct Operating Expenditure	10,301	10,428
Interest	4	2
Depreciation	317	284
<b>Operating Expenditure</b>	<b>10,622</b>	<b>10,714</b>
<b>Operating Surplus/(Deficit)</b>	<b>(211)</b>	<b>(123)</b>
Less:		
Capital Expenditure	345	321
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>345</b>	<b>321</b>
Debt Provisioning	22	25
Working Capital Movements	0	0
Reserve Movements	(261)	(185)
Non Cash Items	(317)	(284)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

	2001/02 Budget \$000's	2002/03 Plan \$000's
Managing Resources	8,852	8,855
Managing Harbours	1,243	1,334
Managing Emergencies	527	525
<b>Total Operating Expenditure</b>	<b>10,622</b>	<b>10,714</b>

### CAPITAL EXPENDITURE

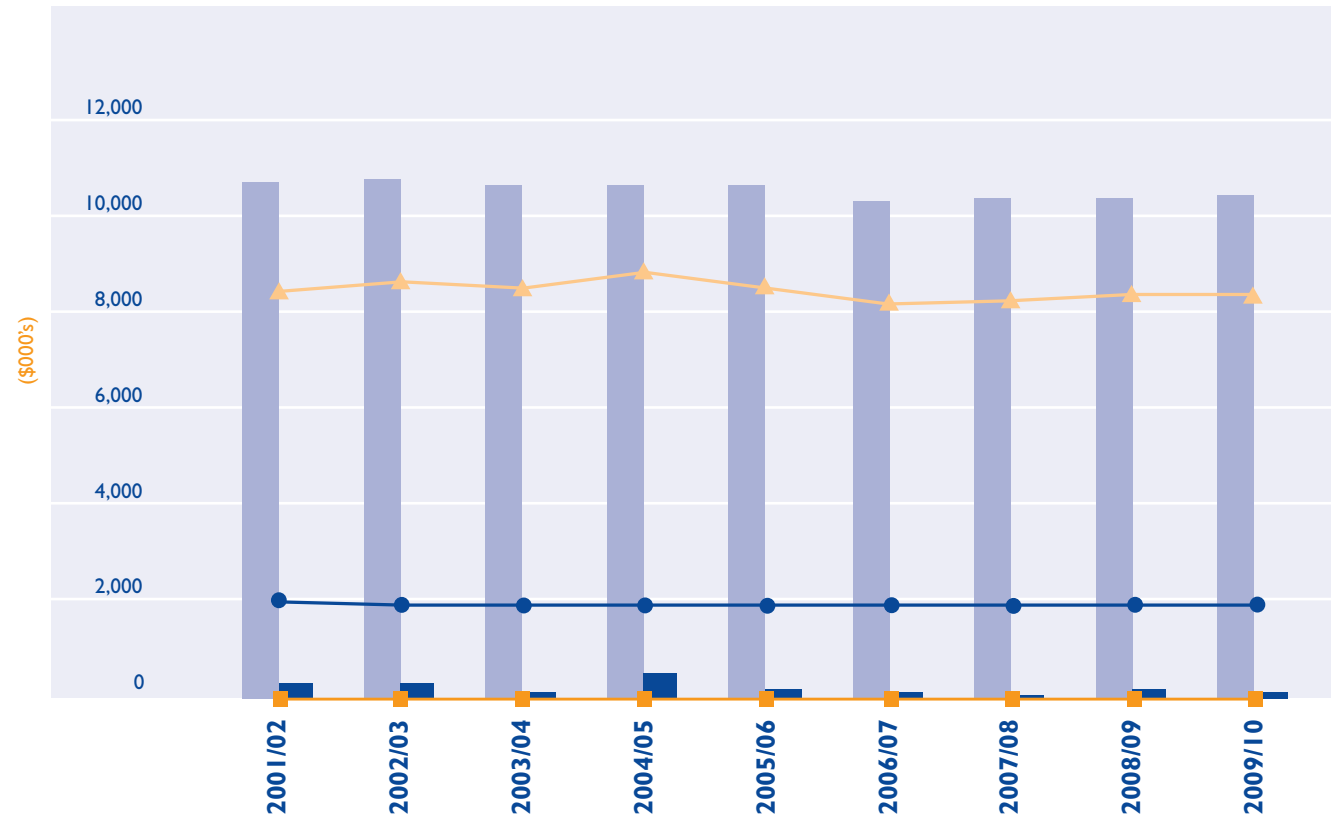
	2001/02 Budget \$000's	2002/03 Plan \$000's
Land & Buildings	0	0
Plant & Equipment	118	186
Motor Vehicles	253	179
Asset Disposals	(26)	(44)
<b>Total Capital Expenditure</b>	<b>345</b>	<b>321</b>

## ENVIRONMENT MANAGEMENT: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key point to note is:

- All key financial indicators are expected to remain relatively constant over the eight year period.



	BUDGET		PLAN		FORECAST				
(\$000's)									
Operating Expenditure	10,622	10,714	10,583	10,550	10,588	10,269	10,335	10,274	10,354
Capital Expenditure	345	321	136	548	202	123	67	222	105
Net Debt	25	0	0	0	0	0	0	0	0
Regional Rates	8,415	8,641	8,469	8,802	8,496	8,162	8,199	8,337	8,340
Other Operating Revenue	1,996	1,950	1,968	1,977	1,956	1,959	1,964	1,966	1,968

## ENVIRONMENT MANAGEMENT

### *Key Issues*

#### **Involving the Community**

One of our biggest challenges is to develop and deliver our environmental education programmes in a fun, innovative and effective manner. Environmental education is a new priority for the Council and we are keen to involve the community (including schools and businesses) in improving the environmental quality of our Region. In the past few years we have been busy planning. We can now move from “planning” to “doing”. We want people to come to understand that environmental care is everyone’s responsibility and everyone’s future.

#### **Gaining Compliance**

We have always tried to take a reasonable view on compliance matters and to work with resource users to effect improvements rather than take immediate legal action. However, our experience is telling us that some resource users perceive this to be a soft approach and, consequently, are taking advantage. Therefore, our challenge is to be more vigilant and “hard” about compliance.

#### **Making a Difference**

Our main objective is to see improvements in the Region’s environment. Other authorities and organisations also have responsibility for environmental care and so it is important that we all work together to achieve a positive result for the Region.

Another main challenge is to get relevant and timely information about the environment to all sectors of the community so that people are motivated to act in an environmentally responsible manner.

#### **Working with Iwi**

The Council has been working hard to achieve a more mutually beneficial relationship with iwi. Giving practical effect to the Treaty of Waitangi is a challenge facing the whole of New Zealand. The Council acknowledges that more resources alone will not resolve tangata whenua issues. The tension between the Council’s jurisdiction and tangata whenua aspirations to exercise kaitiakitanga (guardianship) and tino rangitiratanga (self-determination) will continue. The Council is determined to work through these vital issues and to do its utmost to find acceptable and practical solutions.

## ENVIRONMENT MANAGEMENT

### *Assumptions*

In preparing this eight year programme the following assumptions have been made:

- The resource management legislative framework will not change significantly;
- There will be no material changes to the policies and methods of the Regional Policy Statement and the regional plans;
- The Council will progressively expand the number of Care Groups it supports;
- The Council will maintain a relationship with seven iwi authorities;
- The volume of consents will either remain stable or increase slowly over the next eight years;
- Pollution call-outs will continue to increase in the short to medium term, but will start to decline once the pollution prevention and environmental education programmes take effect;
- There will be no significant changes in the nature or extent of harbour activity;
- Any new role in emergency management will be undertaken within the existing level of resourcing.

## ENVIRONMENT MANAGEMENT

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

The stormwater investigation project has been deferred to 2002/03 (\$74,000).

## PARKS AND FORESTS

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

Parks and Forests help to make *A High Quality Environment* through:

- conserving and enhancing natural ecosystems and features
- preserving heritage, archaeological and cultural features
- protecting landscape and scenic values
- contributing to maintaining high quality source water from water collection areas.

The activity also supports the Council's environmental education and community connection initiatives on Council lands.

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

## PARKS AND FORESTS: Performance Indicators

### LONG TERM

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

### SHORT TERM by 30 June 2003

Environmental assets within the Regional Parks, Forests and Water Collection Areas will be monitored, protected and enhanced, in accordance with the Asset Management Plan service levels and nationally recognised protocols for forest health monitoring.

Compliance with the standards in the Asset Management Plan and the protocols will be reported to the Landcare Committee following the end of the financial year.

### LONG TERM

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

### SHORT TERM by 30 June 2003

Recreation and heritage assets and facilities, and settings in the Regional Parks, Forests and Water Collection Areas will be monitored, maintained, protected and enhanced in accordance with the Regional Parks and Forests Asset Management Plan service levels.

Compliance with the Asset Management Plan service levels will be reported to the Landcare Committee following the end of the financial year.

Environmental, recreational and heritage activities will be completed within a budget of \$2,256,000.

A summary of financial performance will be reported to the Divisional Manager, Landcare following the end of the financial year.

The Council approved annual capital works programme will be undertaken on time, to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management service levels, and within a budget of \$356,000. To be reported to the Landcare Committee following the end of the financial year.

## PARKS AND FORESTS: Performance Indicators

### LONGTERM

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

### SHORT TERM by 30 June 2003

The annual policy and planning work programme, as agreed with the Divisional Manager, Landcare, will be developed following the relevant statutory processes and within a budget of \$221,000.

The Regional Park and Forest management plans will be implemented within a budget of \$44,000 and reported to the Council following the end of the financial year.

### LONGTERM

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

### SHORT TERM by 30 June 2003

The annual environmental education and environmental enhancement projects as agreed with the Divisional Manager, Landcare, will be completed, within a budget of \$237,000, and reported to the Landcare Committee following the end of the financial year.



## PARKS AND FORESTS: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>FUNDING STATEMENT</b>		
General Rate	4,008	4,178
Other Rate	0	0
Government Subsidies	0	0
Other Revenue	764	888
<b>Operating Revenue</b>	<b>4,772</b>	<b>5,066</b>
Direct Operating Expenditure	4,334	4,623
Interest	126	132
Depreciation	197	189
<b>Operating Expenditure</b>	<b>4,657</b>	<b>4,944</b>
<b>Operating Surplus/(Deficit)</b>	<b>115</b>	<b>122</b>
<b>Less:</b>		
Capital Expenditure	579	571
Loan Funding	(401)	(356)
<b>Rates Funded Capital Expenditure</b>	<b>178</b>	<b>215</b>
Debt Provisioning	145	122
Working Capital Movements	0	0
Reserve Movements	(11)	(26)
Non Cash Items	(197)	(189)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

	2001/02 Budget \$000's	2002/03 Plan \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	4,657	4,944
<b>Total Operating Expenditure</b>	<b>4,657</b>	<b>4,944</b>

### CAPITAL EXPENDITURE

	2001/02 Budget \$000's	2002/03 Plan \$000's
Belmont Woolshed	55	0
Queen Elizabeth Park Enhancements	95	110
Tunnel Gully Toilets	40	0
Pakuratahi Bridge Replacements	171	99
Battle Hill Enhancements	15	13
Kaitoke Roading & Toilets	0	55
Akatarawa Bridge Replacements	0	0
East Harbour Bridge Replacement	80	79
<b>Major Project Expenditure</b>	<b>456</b>	<b>356</b>

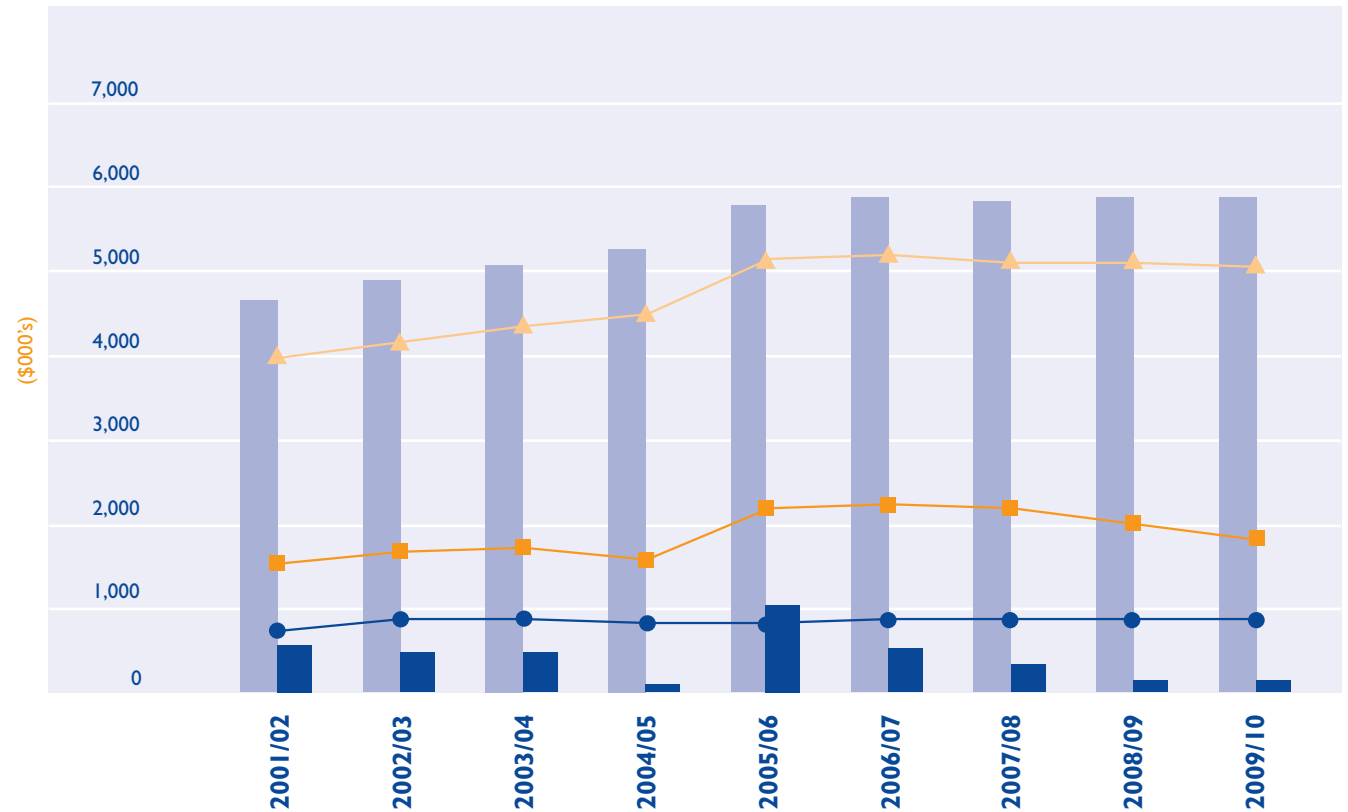
	2001/02 Budget \$000's	2002/03 Plan \$000's
Land & Buildings	0	0
Plant & Equipment	26	55
Motor Vehicles	138	249
Asset Disposals	(41)	(89)
<b>Total Capital Expenditure</b>	<b>579</b>	<b>571</b>

## PARKS AND FORESTS: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- A proposed steady increase in operating expenditure through to 2004/05 as the Council increases its programme in the Hutt River corridor and East Harbour Regional Park.
- A significant increase in both capital and operating expenditure in 2005/06 due to a planned increased involvement in Whitireia Park and Wairarapa Wetlands Park.



(\$000's)	BUDGET		FORECAST						
	PLAN		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Expenditure	4,657	4,944	5,059	5,283	5,772	5,873	5,843	5,857	5,876
Capital Expenditure	579	571	451	112	1,039	508	336	128	118
Net Debt	1,452	1,686	1,768	1,609	2,202	2,274	2,224	2,032	1,824
Regional Rates	4,008	4,178	4,364	4,497	5,161	5,215	5,138	5,112	5,091
Other Operating Revenue	764	888	881	849	869	879	907	884	896

## PARKS AND FORESTS

### *Key Issues*

#### **Prudent Asset Management**

Asset management plans developed over the last three years identified deferred maintenance and historical under-funding of asset renewals. These maintenance gaps have now been fully funded. The challenge in Parks and Forests for the next year is to implement an enhanced capital works and maintenance programme to ensure existing service levels are maintained in the longer-term, or modified where appropriate.

Infrastructural assets in the Parks and Forests include:

- 169 bridges
- 143km of roads
- 143km of fences
- 74 buildings
- 128km of tracks
- plus signs, picnic tables, seats, plants, water and sewer pipes

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

#### **Achieving Environmental Excellence**

There is increasing demand for high environmental management excellence and high quality indigenous forests. Particular challenges will be in the area of pest plant and animal control and monitoring changes in forest health to determine how effective our activities are in protecting and enhancing biodiversity.

#### **Community Involvement**

The Council is in the process of implementing a marketing strategy to increase visitor numbers and increasing community and iwi involvement in the parks and forests through environmental education programmes and projects involving volunteers, iwi and stakeholders groups. The challenges are maintaining volunteer input and stakeholder interest over time; developing effective education programmes; and increasing park use while maintaining their intrinsic values.

#### **New Parks and Services**

The Council is intending to develop East Harbour Regional Park and has provided for a ranger service and funds to enhance the recreational, environmental and heritage values of the Park. A Hutt River ranger has been provided to enhance the environment of this popular river and its recreational opportunities. The Council plans to create two new regional parks by taking over control of Whitireia Park and a Wairarapa Wetlands Park. The challenge for the Council is to complete the planning process for the new parks and deliver appropriate services.

#### **Parks and Forests Planning**

The volume of planning work is increasing significantly due to the current reviews of the parks and forests management plans; additional work in areas of asset management, heritage and ecological planning; and planning for the proposed new regional parks. The challenge will be completing this work and ensuring effective public consultation on service levels within the tight timeframes, while dealing with the daily demand driven work.

## PARKS AND FORESTS

### *Assumptions*

In preparing this eight year programme, the following assumptions have been made:

- There will not be any serious damage to the forests from fires, insect attacks or fungal attacks;
- That in order to meet the obligations for its own land under the Regional Pest Management Strategy, the Council will retain the ability to use chemical control methods, (e.g. 1080, herbicides etc) to control pest plants and animals;
- Treaty claims and settlement processes will not change the land ownership or administration of land within the parks and forests;
- Protecting biodiversity on Council lands will continue to be a high priority;
- The Council will retain the existing Wainuiomata/Orongorongo Catchment access policy;
- The interest rate on debt will be 8.25 percent;
- There will be no significant flood/storm damage in the parks and forests;
- No new contaminated sites will be discovered and existing sites will not incur any additional remedial costs;
- The legislative framework governing the management of regional parks, reserves and forest lands will not alter significantly;
- Revenue will continue from existing leases and licences;
- Asset Management service levels will not change;
- The WRC will successfully negotiate with the Department of Conservation and other agencies, an acceptable management role in the Wairarapa wetlands and Whitiareia Park;
- Funding for catchment management from Utility Services will continue at least at current levels;
- No land purchases will be required.

## PARKS AND FORESTS

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

East Harbour Regional Park – Baring Head Bridge replacement. This project was rebudgeted from the 2001/02 to the 2002/03 financial year due to difficulty obtaining agreement from one user (objecting to paying their share of the bridge replacement cost).

Belmont Regional Park – Flood Damage Repair. Additional funding is required to repair damage to the Belmont Regional Park track network sustained during the December 2001 floods that could not be completed during 2001/02.

## FLOOD PROTECTION

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

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

## FLOOD PROTECTION: Performance Indicators

### LONGTERM

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

### SHORTTERM by 30 June 2003

For the Waitohu Stream, develop a flood hazard assessment and stream management strategy project scope report and implement the programme approved by the Landcare Committee, within a budget of \$65,000.

Implement the Upper Ruamahanga River Scheme Review and progress the Lower Wairarapa Valley Development Scheme Review to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$350,000.

### LONGTERM

By 2040, the Council will implement the adopted floodplain management plans for the Hutt, Otaki and Waikanae Rivers (total approximate capital expenditure of \$92.8 million).

### SHORTTERM by 30 June 2003

Provide responses to written requests for information on floodplain management provisions and general flood and erosion hazards in the Western Region, within 10 working days of receipt in 90 percent of the cases.

In conjunction with officers of Hutt City and Upper Hutt City Councils and to a programme agreed through the Landcare Committee and within a budget of \$109,000:

- prepare plan change or variation applications for integrating the Hutt River Floodplain Management Plan non-structural measures into their respective District Plans; and
- commence developing high priority enhanced emergency management programmes and procedures identified in the Hutt River Floodplain Management Plan.

In the Ava to Ewen reach of the Hutt River, commence construction of the Strand Park Channel Realignment (within the 2002/03 budget of \$1.7 million) and complete detailed design of the Alicetown Stopbank (within total design budget of \$193,000), to programme and to accepted engineering standards.

At Otaihanga, on the Waikanae River, raise sections of road or berm to provide flood protection; to a programme and arrangement agreed with Kapiti Coast District Council, to accepted engineering standards and within a budget of \$184,000.

## FLOOD PROTECTION: Performance Indicators

### LONG TERM

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

### SHORT TERM by 30 June 2003

Complete maintenance operations in the western part of the Region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$1,944,000.

Present the 2002/03 Annual Asset Management Report to, and have it accepted by, the Landcare Committee by 31 October 2003, in accordance with the adopted Western Rivers Asset Management Plan.

Complete maintenance operations for the Region's eight Wairarapa river schemes to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,237,000.

### LONG TERM

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

### SHORT TERM by 30 June 2003

Establish a Hutt River ranger service to provide public safety, surveillance, education and environmental enhancement services to the satisfaction of the Landcare Committee and within a budget of \$129,000.

Enhance the "lagoon area" on the north bank of the Otaki at the river mouth, within a budget of \$39,000, to accepted standards and to a programme approved by the Divisional Manager, Landcare.



## FLOOD PROTECTION: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>FUNDING STATEMENT</b>		
General Rate	6,259	6,406
River Rates	2,403	2,592
Wairarapa Scheme Rates	897	885
Other Revenue	983	1,104
<b>Operating Revenue</b>	<b>10,542</b>	<b>10,987</b>
Direct Operating Expenditure	5,631	5,864
Interest	2,283	2,159
Depreciation	772	860
<b>Operating Expenditure</b>	<b>8,686</b>	<b>8,883</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,856</b>	<b>2,104</b>
<b>Less:</b>		
Capital Expenditure & Investments	1,345	3,063
Loan Funding	(1,493)	(2,732)
<b>Rates Funded Capital Expenditure</b>	<b>(148)</b>	<b>331</b>
Debt Provisioning	2,293	1,923
Working Capital Movements	0	0
Reserve Movements	483	710
Non Cash Items	(772)	(860)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

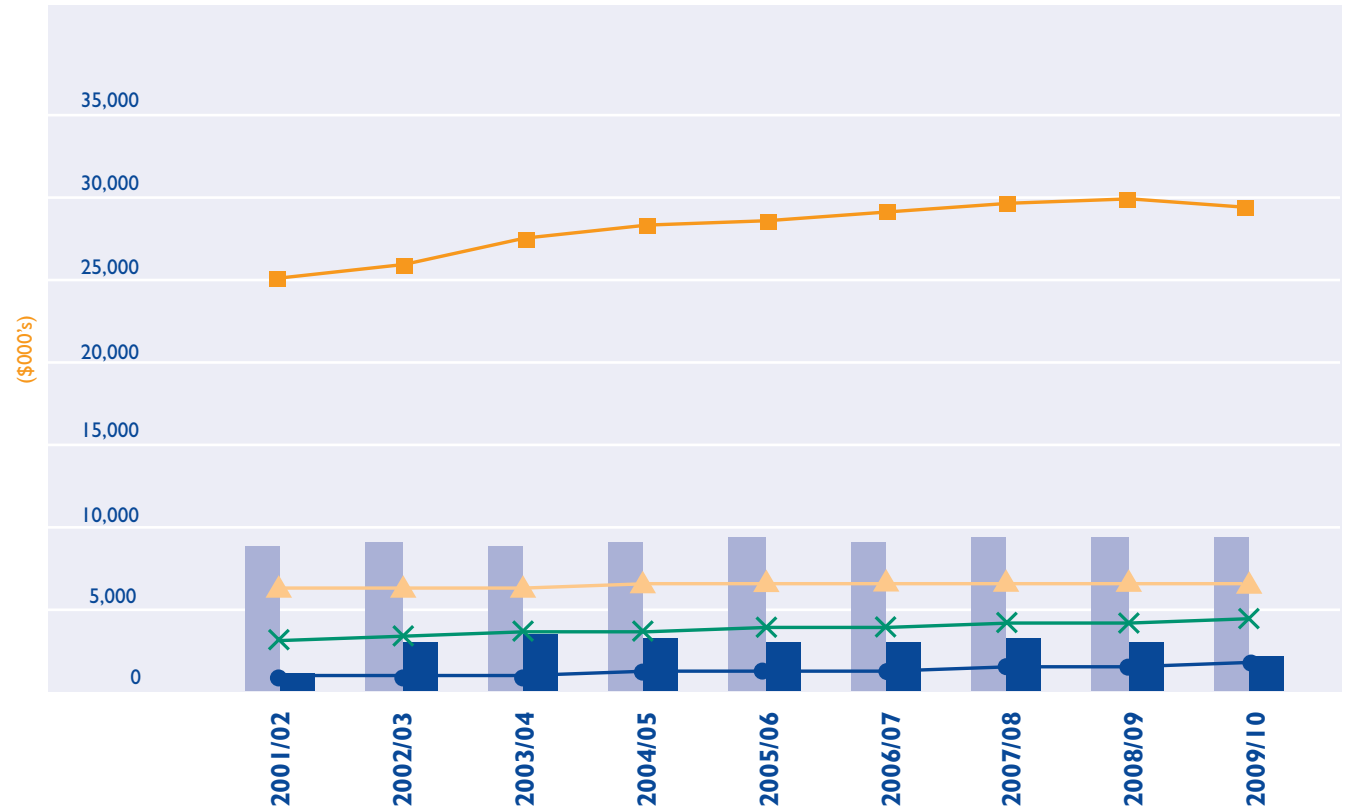
	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>OPERATING EXPENDITURE</b>		
Planning for Flood Protection	1,691	1,806
Delivering Flood Protection	6,995	7,077
<b>Total Operating Expenditure</b>	<b>8,686</b>	<b>8,883</b>
<b>CAPITAL EXPENDITURE</b>		
Hutt Floodplain Management Plan	115	0
Hutt River Improvements	677	1,976
Waikanae River Improvements	140	184
Otaki River Improvements	15	127
Porirua Floodplain Management Plan	334	0
Wairarapa Scheme Improvements	0	100
Other	20	64
<b>Major Project Expenditure</b>	<b>1,301</b>	<b>2,451</b>
Land & Buildings	192	281
Plant & Equipment	5	16
Motor Vehicles	116	97
Asset Disposals	(497)	(31)
<b>Total Capital Expenditure</b>	<b>1,117</b>	<b>2,814</b>
Investment Additions	228	249
<b>Total Capital Expenditure and Investments</b>	<b>1,345</b>	<b>3,063</b>

## FLOOD PROTECTION: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- Capital expenditure averages over \$2.5 million each year across the eight year period.
- Net debt peaks at \$29.9 million in 2008/09.
- General rates remain relatively constant over the eight year period. However there are projected increases in river and scheme rates over the same period.



	BUDGET		FORECAST						
	BUDGET	PLAN	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Expenditure	8,686	8,883	8,842	9,087	9,148	9,147	9,295	9,250	9,237
Capital Expenditure	1,117	2,814	3,540	3,195	2,842	2,974	3,253	2,897	2,249
Net Debt	25,286	26,070	27,480	28,268	28,669	29,151	29,667	29,910	29,410
General Rates	6,259	6,406	6,449	6,753	6,673	6,594	6,735	6,525	6,568
River & Scheme Rates	3,300	3,477	3,598	3,761	3,973	4,078	4,264	4,321	4,398
Other Operating Revenue	983	1,104	1,155	1,213	1,304	1,405	1,523	1,636	1,747

# FLOOD PROTECTION

## *Key Issues*

### **Maintaining Service Levels**

Before the Council commits to capital improvements, it will always maintain existing assets first to ensure they serve future generations as they have served us. “Investing in the Future” makes further budgetary provision to assure sound management of community flood protection assets. The challenge is to continually review and improve asset management, so that our schemes will perform to the standards agreed with the community through floodplain management plans and scheme reviews.

### **Managing in a New Era of Construction**

For the major rivers in the Western Region, construction works to provide the required levels of flood protection have been identified and costed. We are moving out of the planning phases into construction. This will require careful management to ensure planned outcomes are delivered.

The development of equitable rating classifications will also be necessary to maintain the confidence of the Wairarapa rural community in their river schemes. The challenge will be to achieve the right balance between staging, funding, and affordability.

### **Balancing Structural and Non Structural Measures**

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

### **Recognition that our Rivers and Streams are Special Places**

River management activities can have adverse environmental impacts. There is pressure to restrict some of these activities. Increased recreational use of river corridors also creates a demand for higher levels of environmental enhancement and improved recreational access. Progress has already been made. Our Operational Codes of Practice are designed to help us minimise environmental damage and we have ecological strategies which guide our work on many of the major rivers. In addition, most capital works now include provision to enhance these special areas. The challenge is to achieve the right balance between expenditures on core flood protection, environmental enhancement, and the river environment.

## FLOOD PROTECTION

### *Assumptions*

In preparing this eight year programme of services, the following key assumptions have been made:

- There will not be any flood events over the next eight years that require repairs where costs exceed available Flood Contingency Funds and local area reserves;
- The Council's current flood protection funding policies continue and all new works will be funded at the ratio of 50/50 between the General Rate and the local share (direct beneficiaries);
- Rating classification reviews will increase confidence in the Wairarapa river schemes resulting in additional funding from the local communities;
- Floodplain management provisions proposed for district plans are generally adopted;
- Financial provisions for managing and maintaining flood protection assets, will be reviewed following the "triennial" Asset Management Plan review;
- A Hutt River Ranger will be employed from 2002/03 and beyond;
- The interest rate on debt will be 8.25 percent;
- Long term resource consents, for the Wairarapa river schemes, for the Wainuiomata River, Waitohu Stream and other minor watercourses, will be obtained for river maintenance and operations;
- Regimes and revenue for gravel extraction in place on 1 July 2002 will continue throughout the eight year period.

## FLOOD PROTECTION

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

Realignment of the Porirua Stream at Findlay Street has been deferred pending further consultation with local residents and Wellington City Council.

Budgets for the Hutt River, Ava to Ewen, sub projects (the Strand Park river realignment, the Alicetown stopbank upgrade, the Ava Bridge waterway upgrade and the Strand Park stopbank upgrade) have been consolidated over eight years to provide practical and consecutive construction programmes.

The Hutt River Floodplain Management Plan non-structural implementation budget is now programmed over three years (including 2001/02), with \$109,000 and \$75,000 now budgeted in 2002/03 and 2003/04 respectively.

The 2001/02 budget provision for the Otaihanga road or berm raising has been consolidated into 2002/03. Overall budget for 2002/03 is now \$184,000.

The Otaki River edge protection works (river mouth to State Highway 1), originally programmed for 2000/01 were not completed and \$87,000 of expenditure has been re-programmed in 2002/03.

The remaining budget associated with the land swap with Hutt City Council has been carried forward into 2002/03 to fund the work required to be completed in 2002/03.

The purchase of Strand Park is now programmed for 2002/03, with a revised budget of \$235,000 to allow additional time for negotiations.

Additional items budgeted in this 2002 update are:

- Additional gravel income has been budgeted following the recommencement of gravel extraction from the Hutt River channel and changes in the gravel royalty in the Wairarapa.
- Earlier re-construction of the \$100,000 Te Whiti stopbank following the large floods in 1998 and 2000 and requests to complete this work earlier by the Te Whiti community. Construction was previously planned to commence during the 2004/05 year.

## LAND MANAGEMENT

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

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

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

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

## LAND MANAGEMENT: Performance Indicators

### *Promoting Sustainable Land Management*

#### **LONG TERM**

By 2010, the area of erosion prone hill country that has not been stabilised with soil conservation tree planting will be reduced from 36,500 hectares to 31,500 hectares.

**SHORT TERM** by 30 June 2003

Approved soil conservation plan works will incorporate 350 hectares of pole planting (22,000 poles) 100 hectares of conservation woodlots and 8 kms of shelter-belts, to the Department's performance standards, within a budget of \$505,000.

#### **LONG TERM**

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

**SHORT TERM** by 30 June 2003

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

### *Controlling Animal and Plant Pests*

#### **LONG TERM**

By July 2006, the Council will, in conjunction with AgriQuality NZ, reduce the percentage of infected Tb cattle and deer herds in the region from 2.8 percent to 0.8 percent (the Council works under contract to the Animal Health Board as part of the National Bovine Tb Pest Management Strategy).

**SHORT TERM** by 30 June 2003

Bovine Tb vector control operations will be completed on 340,112 hectares in accordance with the contract with the Animal Health Board and to the satisfaction of the Council, within a budget of \$4,836,500.

#### **LONG TERM**

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

**SHORT TERM** by 30 June 2003

Implementation of the second year of the Regional Pest Management Strategy (plants and animals combined) will be completed in accordance with the approved operational plan to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,708,000.

## LAND MANAGEMENT: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>FUNDING STATEMENT</b>		
General Rate	3,185	3,290
Other Rates	250	174
Government Subsidies	0	0
Other Revenue	5,567	5,898
<b>Operating Revenue</b>	<b>9,002</b>	<b>9,362</b>
Direct Operating Expenditure	8,976	9,389
Interest	0	0
Depreciation	84	72
<b>Operating Expenditure</b>	<b>9,060</b>	<b>9,461</b>
<b>Operating Surplus/(Deficit)</b>	<b>(58)</b>	<b>(99)</b>
<b>Less:</b>		
Capital Expenditure	118	108
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>118</b>	<b>108</b>
Debt Provisioning	0	0
Working Capital Movements	0	0
Reserve Movements	(92)	(135)
Non Cash Items	(84)	(72)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>OPERATING EXPENDITURE</b>		
Promoting Sustainable Land Management	1,516	1,516
Controlling Animal and Plant Pests	7,544	7,945
<b>Total Operating Expenditure</b>	<b>9,060</b>	<b>9,461</b>
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	0
Plant & Equipment	0	0
Motor Vehicles	161	144
Asset Disposals	(43)	(36)
<b>Total Capital Expenditure</b>	<b>118</b>	<b>108</b>

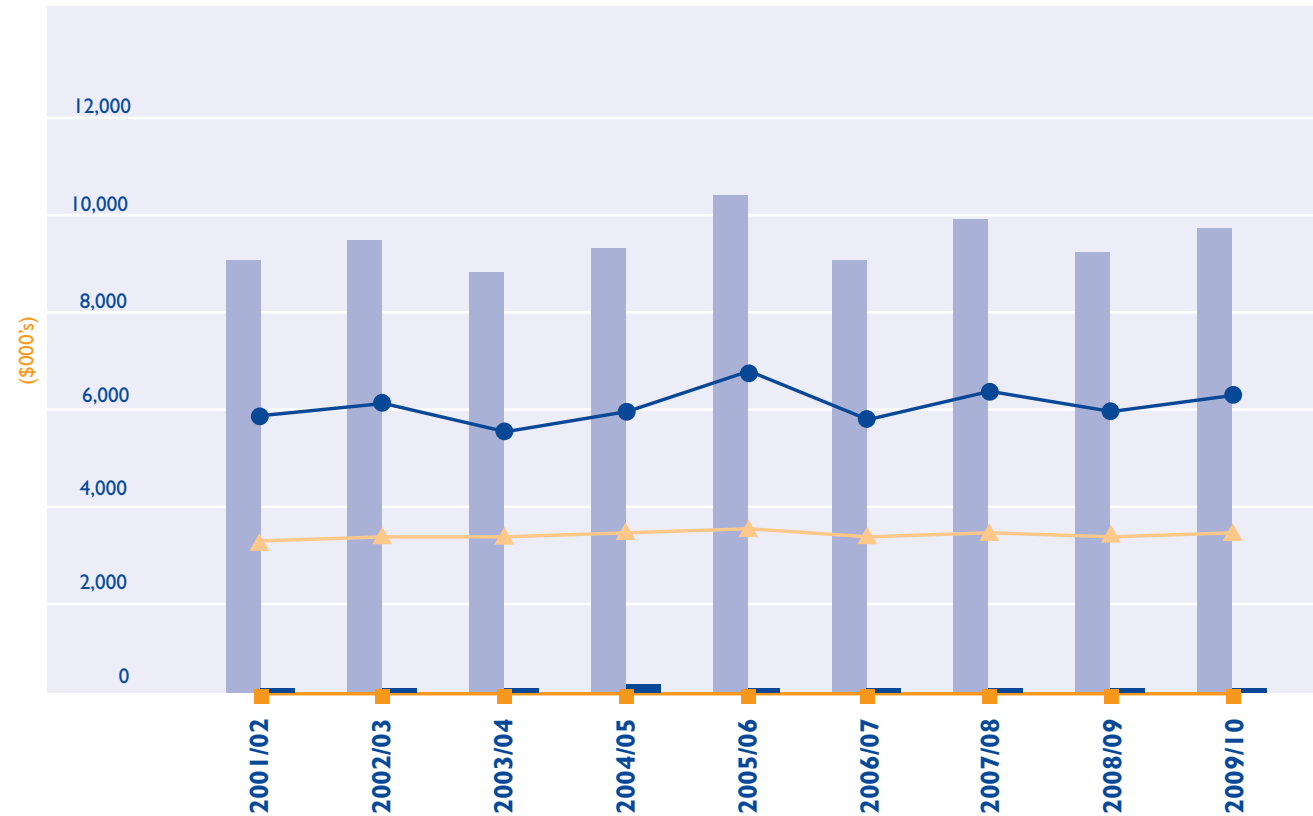


## LAND MANAGEMENT: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- Increased operating expenditure and other operating revenue in 2005/06 and 2007/08 are caused by variations in the Bovine Tb vector control programme.
- Regional rate requirements remain relatively constant over the eight year period.



(\$'000's)

- Operating Expenditure
- Capital Expenditure
- Net Debt
- Regional Rates
- Other Operating Revenue

	BUDGET	PLAN	FORECAST						
Operating Expenditure	9,060	9,461	8,798	9,320	10,386	9,066	9,903	9,247	9,754
Capital Expenditure	118	108	106	131	115	120	107	101	111
Net Debt	0	0	0	0	0	0	0	0	0
Regional Rates	3,185	3,290	3,277	3,357	3,431	3,262	3,389	3,275	3,378
Other Operating Revenue	5,817	6,072	5,474	5,887	6,755	5,723	6,360	5,878	6,233

## LAND MANAGEMENT

### *Key Issues*

#### **Maintaining Landholder Interest**

Progress in soil conservation will always be dependent on the ability of the landholder beneficiary to pay, and on the promotion of the economic and environmental worth of good land management. A key to maintaining landholder confidence is their ongoing relationship with the Council.

#### **Expansion of Sustainability Plans**

Sustainability plans continue to be given priority ahead of other soil conservation works. The challenge will be to increase the number of sustainability plans on severely eroded properties.

#### **Progressing Biodiversity Initiatives**

The Council's desire to make progress in biodiversity projects is continued with activities in riparian management, and protection of remnant indigenous vegetation (QEII Trust). Most land management projects currently use exotic species eg willows, poplars, and pinus radiata. The increasing emphasis on biodiversity will require native species to be considered, where appropriate and cost effective.

#### **Assessing our Progress with Pest Management**

Biosecurity (pest plants and animals) is one area of Council's activities where long term options need to be carefully considered. The new Regional Pest Management Strategy is being implemented from 2001 onwards. This strategy has a 20 year term to reflect the long term management that most regional pests require. The challenge will be to determine what the community's expectations are for the future and to develop meaningful and measurable objectives that satisfy legislative requirements.

#### **Improving our Bovine Tuberculosis Control Work**

Bovine Tb is a particular challenge. Cattle and deer Tb reactors continue to decline within the Council's operational areas. However, reactors are currently increasing in areas of the Region, which are not under control. The need to address this has been recognised by Council and the Animal Health Board. Additional vector control work in the Wellington Region has been provided in the new Proposed National Pest Strategy for Bovine Tb. Final approval of this strategy will determine if the other stakeholders are still willing participants in this activity. Without collective willingness and responsibility, our significant gains in this area will be eroded over time.

## LAND MANAGEMENT

### *Assumptions*

In preparing this eight year programme of services, the following key assumptions have been made:

- The demand from landholders for sustainability plans will be maintained at existing levels;
- Quality plant materials will continue to be available;
- The economic situation (particularly rural) will not change significantly;
- The new strategy for pest plants and animals will be supported by the public;
- There will be no significant changes to pest populations or species in the Region over the next eight years;
- The National Pest Management Strategy for Bovine Tb will be approved by the Minister of Agriculture without any significant changes in relation to planned Wellington Region vector operations and to proposed policies;
- The 1080 toxin will continue to be available for Bovine Tb vector control work.

## LAND MANAGEMENT

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

The Bovine Tb rate has reduced by 37 percent in 2002/03 and remains at that level until 2009/10 at which time the Bovine Tb reserve is expected to be fully utilised.

A new project has been added in the 2002/03 year and beyond in relation to predator control work at Mt Bruce (2002/03 impact \$68,000).

## REGIONAL WATER SUPPLY

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

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

## REGIONAL WATER SUPPLY: Performance Indicators

### *Quality*

#### **LONGTERM**

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

#### **SHORTTERM** by 30 June 2003

- The collection, treatment and delivery of water will be managed to ensure the quality of water supplied continually complies with the Ministry of Health's *Drinking-Water Standards for New Zealand 2000*.
- Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance Section of The Water Group, not less than five days out of every seven. Expenditure will not exceed the budget of \$465,000.
- The Wainuiomata Water Treatment Plant will be regraded to an A or A1 grading.
- Vegetation management measures will be carried out in the Council's water supply catchments, in accordance with the Council's Forestry Management Plan and within a budget of \$180,000, so that the treatment plants receive good quality water.

### *Security of Supply*

#### **LONGTERM**

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

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

#### **SHORTTERM** by 30 June 2003

- The Orongorongo intakes will be refurbished to accepted engineering standards at a cost not exceeding \$200,000.
- The standby generator at Waterloo Water Treatment Plant will be upgraded within a budget of \$150,000.
- Karori Pumping Station equipment will be refurbished to accepted engineering standards at a cost not exceeding \$420,000.

## REGIONAL WATER SUPPLY: Performance Indicators

### *Environmental Management*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

- All appropriate resource consent conditions will be complied with, within a monitoring budget of \$65,000.
- Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2001/02 will be prepared by 30 November 2002.
- Water conservation will be promoted by way of an education campaign during the 2002/03 summer, at a cost not exceeding \$70,000.
- Power factor correction equipment will be installed as part of the Karori Pumping Station refurbishment.

### *Customer Service*

#### **LONG TERM**

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

#### **SHORT TERM**

Customers will be provided with a business report by 30 November 2002 which will include the following information:

- Financial results for the 2001/02 year.
- Actual quality compared with targeted performance.
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair.
- A report on compliance with resource consent requirements.

## REGIONAL WATER SUPPLY: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>FUNDING STATEMENT</b>		
General Rate	0	0
Water Supply Levy	22,776	22,776
Government Subsidies	0	0
Other Revenue	4,949	1,093
<b>Operating Revenue</b>	<b>27,725</b>	<b>23,869</b>
Direct Operating Expenditure	15,951	13,651
Interest	4,897	4,317
Depreciation	5,340	5,336
<b>Operating Expenditure</b>	<b>26,188</b>	<b>23,304</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,537</b>	<b>565</b>
<b>Less:</b>		
Capital Expenditure & Investments	5,257	3,806
Loan Funding	(2,470)	(2,752)
<b>Levy Funded Capital Expenditure</b>	<b>2,787</b>	<b>1,054</b>
Debt Provisioning	4,547	4,888
Working Capital Movements	0	0
Reserve Movements	(457)	(41)
Non Cash Items	(5,340)	(5,336)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>OPERATING EXPENDITURE</b>		
Collecting and Treating Water	18,855	16,779
Delivering Water	7,333	6,525
<b>Total Operating Expenditure</b>	<b>26,188</b>	<b>23,304</b>
<b>CAPITAL EXPENDITURE</b>		
Waterloo Water Treatment Plant	215	250
System Control and Protection Projects	810	60
Te Marua Improvement Projects	170	110
Orongorongo & Wainui Improvement Projects	255	610
Reservoir & Pump Station Construction	430	710
Pipeline Projects	1,530	50
Other	495	962
<b>Major Project Expenditure</b>	<b>3,905</b>	<b>2,752</b>
Land & Buildings	0	0
Plant & Equipment	369	221
Motor Vehicles	364	55
Asset Disposals	(95)	(22)
<b>Total Capital Expenditure</b>	<b>4,543</b>	<b>3,006</b>
Investment Additions	714	800
<b>Total Capital Expenditure and Investments</b>	<b>5,257</b>	<b>3,806</b>

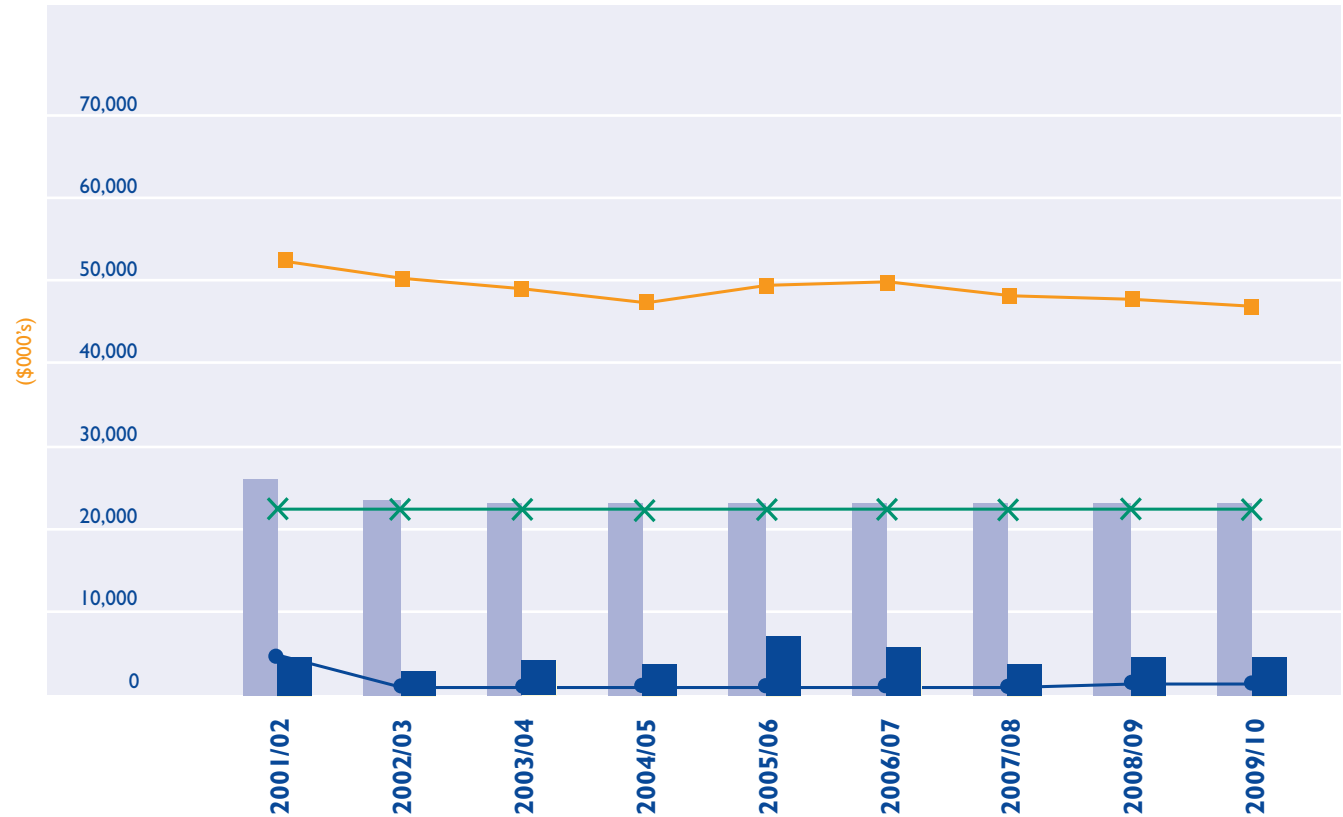


## REGIONAL WATER SUPPLY: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- The water supply levy is projected to remain constant over the eight year period.
- Operating expenditure and other operating revenue decrease significantly in 2002/03, primarily as a result of the loss of the water supply networks contract with Wellington City Council.
- Net debt is projected to fall from \$52.4 million in 2001/02 to \$47.0 million in 2009/10.



(\$'000's)	BUDGET		FORECAST						
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Expenditure	26,188	23,304	23,160	22,944	22,962	23,203	23,252	23,145	23,126
Capital Expenditure	4,543	3,006	3,989	3,796	7,271	5,918	3,633	4,712	4,724
Net Debt	52,423	50,287	49,046	47,487	49,432	50,125	48,458	47,769	47,049
Water Supply Levy	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776
Other Operating Revenue	4,949	1,093	1,148	1,206	1,269	1,336	1,417	1,484	1,565

## REGIONAL WATER SUPPLY

### *Key Issues*

#### **Maintaining Quality and Operational Standards**

At present the *New Zealand Drinking-Water Standards* set a maximum turbidity for treated water at the treatment plants of 0.5 NTU or a change of no more than 0.2 NTU in 10 minutes. The maximum turbidity requirement reduces to 0.1 NTU in 2005.

#### **Achieving Improved Grading of Treatment Plants**

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

#### **Prudent Debt Management**

Significant modernisation of the facilities has taken place in the last 15 years and this has obviously not come without cost. The result in absolute terms is relatively high debt, expected to be \$52.5 million as at June 2002. The net value of our water supply network was \$248 million as at 30 June 2001.

The question then is *What should our debt levels be over the medium-term?* Without doubt, in any sector the level of debt is a judgement call but in the local authority environment a number of factors need to be considered. These include:

- **Intergenerational Equity**

This Council has adopted a 30 year debt repayment term for most of the water supply assets that are loan funded. This then determines the debt repayment programme across the years. It could be argued that this life has been set rather conservatively and arbitrarily, and may not in fact reflect the life of the asset, i.e. the life may be longer. However, on the other side of the coin, 30 years is at the upper end of debt life in local government generally.

- **Future Debt Requirements**

Our next significant amount of capital expenditure is not expected until approximately 2026. Our best estimates are that this would be in the order of \$15 million. This will depend on what happens to the demand for water over the next 25 years.

- **Funding Annual Capital Expenditure Requirements**

Generally, excluding the provision for a new source of water or enhancement of the system, annual capital expenditure should be met by annual depreciation charges. In this eight year plan annual capital requirements are projected, in most years, to be met by depreciation.

## REGIONAL WATER SUPPLY

### *Key Issues – continued*

- **Interest Rate Risk**

Clearly, the higher the level of debt carried the higher exposure to interest rate movements.

If interest rates rise, then the higher the debt the larger the levy increase required to meet increased interest costs. Alternatively, the term that debt is repaid over could be extended and therefore not require a levy increase. Hence the higher the debt, the higher the interest rate risk in absolute terms.

Notwithstanding the above, this Council's treasury management is such that any increases in external interest rates would not affect interest costs for at least a year. Beyond then the impact would begin to be felt progressively.

- **Treasury Management Policy**

In November 1999 the Council reconsidered its Treasury Management Policy and the following limits pertaining to water supply were approved:

- Net debt to levy not to exceed 300 percent
- Net financial costs to levy not to exceed 40 percent

In addition to the internal borrowing limits, the Council has set the following internal "targets" for water supply.

- Net debt to levy not to exceed 220 percent
- Net financial costs to levy not to exceed 20 percent

This generates a target debt level of \$50.1 million based on the current level of water levy. The forecast debt level is expected to be \$52.4 million at 30 June 2002, some \$2.3 million higher than the target. Our projections show that the target debt level will not be reached until 2004.

### *Assumptions*

In preparing this eight year programme, the following assumptions have been made:

- **Changes in Population**

For modelling purposes the high growth projection has been chosen. This assumes the population will increase by 28,000 to 377,000 in 2020. While this approach may be conservative, planning will proceed for developing a new water source. If the growth does not eventuate, then the construction of a new source can be deferred.

- **Consumption Forecasts**

Household use is predicted to fall slightly over the next 20 years in line with the trend to smaller households. Conversely, the amount consumed per person in each household is expected to rise in accordance with population projections. Industrial use has been forecast to fall along a slow recovery/recession cycle. This analysis suggests that the average daily demand would surpass the estimated sustainable yield in 2020.

- **Raw Water Availability**

Raw water availability is governed by resource consents and structure limitations to take the water from the aquifer and rivers. All resource consents for river water and the aquifer will be renewed by about the start of the financial year.

## REGIONAL WATER SUPPLY

### *Assumptions – continued*

- **Risk of Shortfall**

With a high population growth scenario and a 95 percent confidence level, sufficient raw water is available from existing sources until the year 2020. This is based on a 2 percent risk of shortfall event. An “event” is defined as a year that contains at least one shortfall day.

- **Development of a New Water Source**

Provision has been made for \$4 million to develop a new source in the years 2017 to 2020 on the basis of this information and on population projections. It is expected that no further major development would be required until at least 2026.

- **Operational Costs**

It has been assumed that increased efficiencies in some areas will equal increased costs in other areas. For this reason direct operating costs are the same across the planning period. Operational expenditure will be adequate to ensure there is no deferred maintenance.

- **Capital Expenditure**

Expenditure for 2002/03 has been confirmed. Projects in subsequent years are subject to further detailed analysis. From 2007/08 onwards an amount is allowed for unspecified works in order to take the total average expenditure to \$4.14 million per annum. This total is lower than depreciation and reflects that many parts of the system are less than 25 years old and have relatively long lives.

- **Asset Valuation and Depreciation**

Registered valuers revalued fixed assets in November 1999. The net value of the assets increased from \$192 million to \$251 million. Depreciation values are arrived at by taking the current value of an asset and reducing its value on a straight line basis over the remaining life of the asset. In some circumstances technical obsolescence, rather than physical deterioration, may dictate the remaining asset life. Where this is the case all components are assigned a life that does not exceed the obsolescence date. Depreciation for the new assets is calculated from the planned cost. For the unspecified works an average life is assumed for depreciation purposes.

- **Interest Rate**

The interest rate on debt will be 8.25 percent.

- **Self-insurance Investment Fund**

The Council will continue to build up its self-insurance investment fund with no planned withdrawals over the eight year period.

## REGIONAL WATER SUPPLY

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

The water supply levy has been held at the 2001/02 level despite pressure of operating expenditure as a result of significantly increased insurance costs and as a result of new rate charges on the water infrastructure network.

Projected capital expenditure in future years has been further reviewed and refined. This effectively reduces future capital expenditure requirements by \$8.2 million over the eight year planning period.

## REGIONAL TRANSPORT

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

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

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

## REGIONAL TRANSPORT: Performance Indicators

### *Planning and Monitoring the Transport Network*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

A recalibrated and updated transport model will be developed within a budget of \$500,000. The model will fulfil Council's statutory obligation to prepare the Regional Land Transport Strategy.

Reports will be prepared for the Regional Land Transport Committee on progress with implementing the Regional Land Transport Strategy, within a budget of \$50,000. The reports will detail actual achievement against performance measures contained within the Strategy.

### *Building the Public Transport Infrastructure*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

All current public transport user facilities will be maintained in accordance with Council's guidelines to the satisfaction of the Manager, Transport Policy and within a budget of \$503,000.

A refurbished Lambton bus/rail interchange will be provided in conjunction with Wellington City Council, within a budget of \$761,000.

An additional 100 parking spaces will be provided at commuter carparks on the Western and Hutt lines within a budget of \$350,000.

## REGIONAL TRANSPORT: Performance Indicators

### *Funding Public Transport Services*

#### **LONG TERM**

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

#### **SHORT TERM** by 30 June 2003

The Council will achieve, through the tendering process approved by Transfund New Zealand, a total contract price for bus and rail services of no more than \$41,481,000 (including concessionary fare reimbursements and rolling stock refurbishments).

The Total Mobility scheme will be administered to the satisfaction of Transfund New Zealand within a budget of \$1,246,000.

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

#### **LONG TERM**

Public Transport information will be provided to the community using the most appropriate channels of communications, within budget and in a time effective manner.

#### **SHORT TERM** by 30 June 2003

All timetable leaflets will be provided within a budget of \$427,000 to a standard acceptable to the service providers. Timetables will always be made available on the Council's website and will always be maintained in print except in emergency situations or when information has not been supplied by service providers.

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



## REGIONAL TRANSPORT: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>FUNDING STATEMENT</b>		
Transport Rate	24,319	25,324
Other Rates	0	0
Government Subsidies	24,036	25,797
Other Revenue	145	161
<b>Operating Revenue</b>	<b>48,500</b>	<b>51,282</b>
Direct Operating Expenditure	48,046	50,692
Interest	384	350
Depreciation	340	336
<b>Operating Expenditure</b>	<b>48,770</b>	<b>51,378</b>
<b>Operating Surplus/(Deficit)</b>	<b>(270)</b>	<b>(96)</b>
<b>Less:</b>		
Capital Expenditure	25	28
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>25</b>	<b>28</b>
Debt Provisioning	265	292
Working Capital Movements	0	0
Reserve Movements	(220)	(80)
Non Cash Items	(340)	(336)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

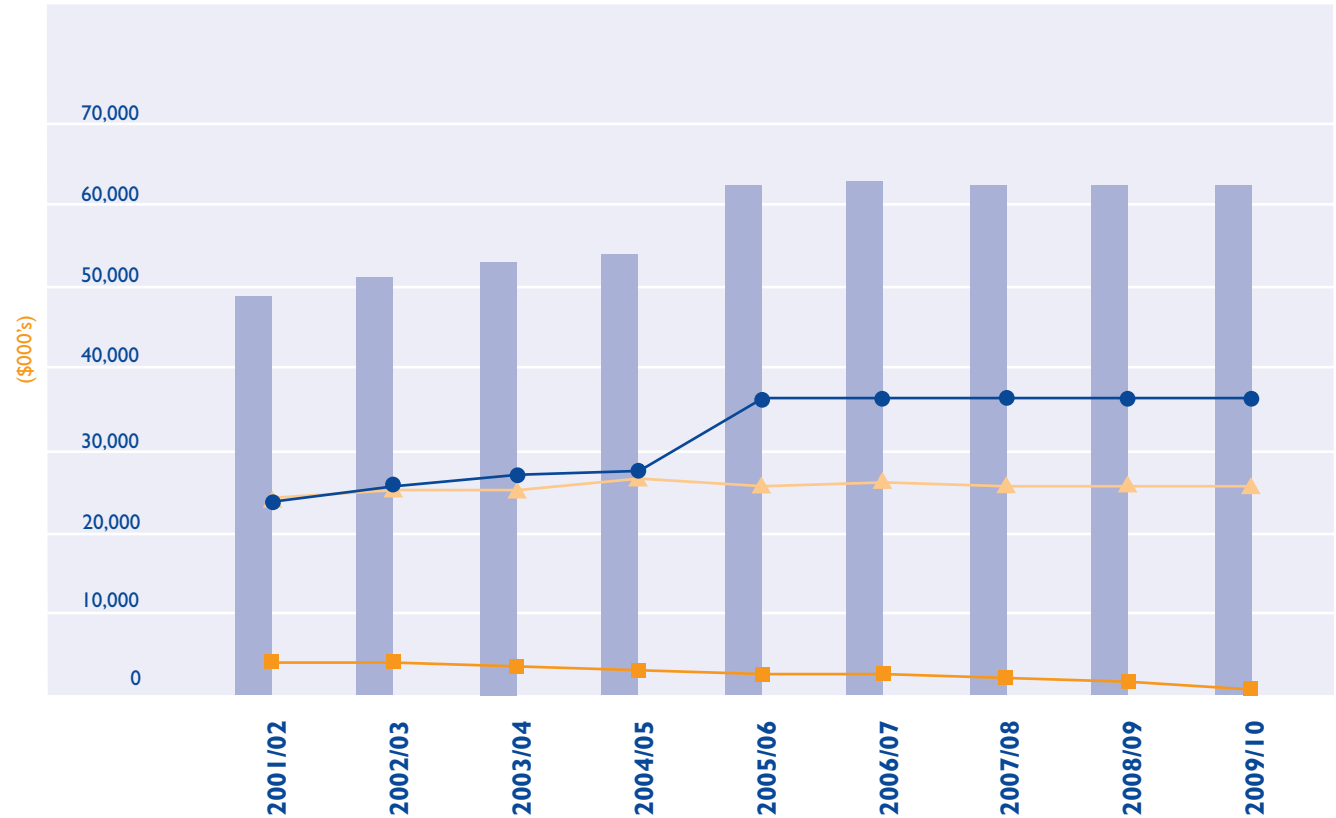
	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>OPERATING EXPENDITURE</b>		
Funding Public Transport Services	43,680	46,171
Planning & Monitoring the Transport Network	1,919	1,976
Building the Public Transport Infrastructure	3,171	3,231
<b>Total Operating Expenditure</b>	<b>48,770</b>	<b>51,378</b>
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	0
Plant & Equipment	0	0
Motor Vehicles	45	41
Asset Disposals	(20)	(13)
<b>Total Capital Expenditure</b>	<b>25</b>	<b>28</b>

## REGIONAL TRANSPORT: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- Operating expenditure increases significantly in 2005/06 as major new expenditure on public transport infrastructure is required. This is projected to be funded from external revenue (road pricing).
- Net debt is progressively reduced over the eight year period.



(\$000's)	BUDGET		FORECAST						
		PLAN							
Operating Expenditure	48,770	51,378	52,854	54,114	62,670	62,835	62,596	62,426	62,346
Capital Expenditure	25	28	16	69	70	12	16	18	20
Net Debt	4,317	4,025	3,708	3,365	2,992	2,589	2,151	1,677	1,162
Regional Rates	24,319	25,324	25,448	26,630	25,977	26,117	25,921	25,790	25,762
Other Operating Revenue	24,181	25,958	27,437	27,582	36,816	36,819	36,823	36,827	36,831

## REGIONAL TRANSPORT

### *Key Issues*

The Council adopted a new Regional Land Transport Strategy in September 1999. The challenge is to see the strategy implemented by the Council in its role as public transport funder and through roading agencies such as Transit New Zealand and Territorial Local Authorities.

#### **Increasing Patronage**

From 1 November 2000 Transfund New Zealand changed its funding procedures for passenger transport from subsidising the expenditure of the Council to providing funds based on patronage, output based funding. The Government announced in its transport policy package at the end of February 2002 some additional funding for passenger transport. These new initiatives challenge the Council to grow patronage to receive a share of the additional funding to invest in more services.

#### **Implementation of Road Pricing**

The strategy requires a new source of funding to be found in the 2005/06 financial year to finance both roading and passenger transport infrastructure. The Council is challenged to develop a range of approaches and levels at which pricing might be set and then to seek a mandate from the community, accompanied by amending legislation, to introduce road pricing as a source of funding for major enhancements of the transport network. The level of road pricing envisaged is modest. Analysis has shown that road pricing at this level will enable new infrastructure to be financed and that there will be a gain in total network performance, economic efficiency and benefits to the regional economy.

#### **Improving Public Transport**

The strategy promotes the further enhancement of the urban rail network, in particular the extension of the network to Waikanae. The Council is challenged to see these enhancements implemented as early as possible but without over burdening the ratepayer. Over time, the Council expects these improvements to increase public transport use and hence the viability of these services.

The long term aim is to see public transport services operating without public funding support. However the Council recognises that achieving further infrastructural improvements in the short to medium term will need public funding support.

#### **Containing Public Transport Costs**

The Council is committed to increasing its expenditure on public transport to provide increased services. It is important that the current cost of providing the existing services is contained or the long term goal will be undermined. Therefore, we will be exploring the long term contractual arrangements which we have with our major operators with the aim of ensuring existing services are retained at minimum cost.

#### **Tranz Metro Wellington**

Tranz Metro Wellington is expected to have a new owner in 2002/03. The Council will need to work closely with the new owner to achieve the implementation of its transport strategy.

## REGIONAL TRANSPORT

### *Assumptions*

In preparing this eight year programme of transport services, the following key assumptions have been made:

- The Council will foster the implementation of the public transport elements of the current Regional Land Transport Strategy;
- The funding provided by Transfund New Zealand will consist of four parts:
  - Baseline Funding – This will be based on the funding received from Transfund New Zealand in the 2000/01 year and will allow for inflation adjustments. After 1 July 2003 the baseline will be increased to include average monthly kick start funding since 1 November 2000 and patronage funding in 2002/03;
  - Kick Start Funding – This will be 40 percent for approved projects in the 2002/03 year;
  - Patronage Funding – Based on output from the Regional Transport Model \$3.5 million per annum is assumed from 2002/03 onwards;
  - Alternatives to Roothing (ATR) Funding – All capital projects will receive at least 40 percent Transfund New Zealand funding.
- If assumed patronage growth does not materialise the Council will need to re-evaluate its future expenditure programme for public transport;
- An acceptable form of road pricing will be found and implemented in the 2005/06 financial year and will provide \$6 million a year which is the shortfall between what the Council believes is affordable from rates and the expenditure required. Currently such road pricing has no legal mandate and therefore the Council requires legislative change in order to be in a position to raise this revenue. If the new revenue source cannot be found Council will need to re-evaluate its future expenditure programme for public transport;
- The Council's current funding policies for public transport will continue;
- In order to progress public transport infrastructure works in the Region (which the Council is not legally allowed to own) the Council funds, by way of a service payment, public infrastructure owned by other parties. For the purposes of this plan an 8 percent funding rate has been assumed on these projects over a period of up to eight years;
- Expected inflation on bus / rail contracts has been included for the 2002/03 year. However no provision for the remaining seven years has been included in this plan;
- Tranz Metro Wellington will be sold by Tranz Rail during 2002/03.

## REGIONAL TRANSPORT

### Material Changes from *Investing in the Future* 2000–2010: 2001 Update

#### Patronage Revenue

Last year the level of overall patronage growth on bus and rail services was assumed to be 2 percent per annum for 2001/02 and 2002/03 with no further growth in 2003/04 or later years. The 2 percent per annum growth assumption translated into patronage revenue of \$1.8 million in 2001/02 and \$2.6 million in 2002/03.

Actual patronage growth in 2001/02 has been above assumed levels and this is expected to continue through 2002/03. As a result patronage revenue in 2002/03, and subsequent years, is expected to be \$0.9 million higher at \$3.5 million and this assumption has been amended accordingly.

#### Proposed Project Changes

Due to the uncertainties over the sale of Tranz Metro Wellington, the Waikanae electrification project has been deferred until 1 March 2003. This reduces rates by \$0.3 million in the 2002/03 year.

The integrated ticketing project included in *Investing in the Future: 2001 Update* awaits the new rail operator's assessment and has therefore been deferred indefinitely. This reduces rates by \$0.9 million per annum from 2002/03 onwards.

To ensure safety standards are maintained on the passenger rail network the current rolling stock refurbishment programme will be extended and accelerated through to 2005/06 when a replacement programme of current rolling stock will continue. This increases rates by \$0.6 million in 2002/03, \$1.0 million in 2003/04 and \$0.4 million in 2004/05.

#### Reduction in Transport Rate

As a result of the additional patronage revenue and the proposed project changes the Transport Rate is projected to decrease from the levels in *Investing in the Future: 2001 Update* by \$0.3 million in 2002/03, \$0.7 million in 2003/04 and 2004/05 and \$1.4 million from 2005/06 onwards.

## REGIONAL STADIUM

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

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

### Background

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

During 1997, the Council commissioned both a financial risk assessment of the Stadium Trust's Project Plan and a construction risk review. On the basis of the

independent professional advice received, the Council agreed, on 28 November 1997, to proceed to lend \$25 million to the Stadium Trust, subject to a number of conditions being met. The Council agreed to the loan being on an interest free basis, with limited rights of recourse, recognising the 'quasi equity' nature of the advance. The loan was advanced to the Stadium Trust on 6 August 1998.

The Council decided that, in keeping with the spirit of the transparency and accountability principles contained within the Local Government Act 1974, it would borrow the entire \$25 million which would then be on-lent to the Stadium Trust.

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

The Stadium was completed in December 1999 and the first event held in January 2000. The Stadium is now fully operational.

The Council receives formal reports from the Stadium Trust each six months to enable the Council to discharge its monitoring role on behalf of the community.

### Where to from here?

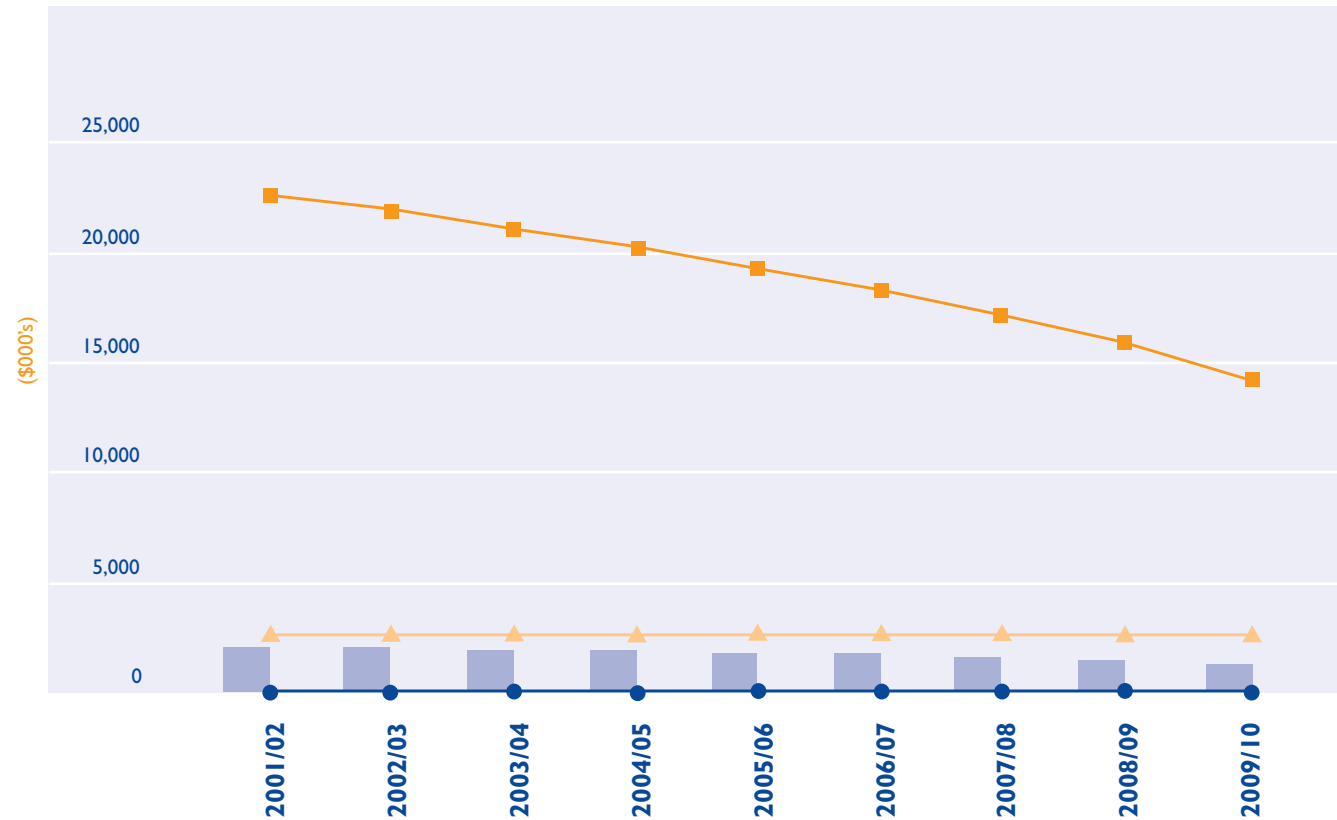
The Council will continue to exercise governance over the Stadium Trust in its capacity as joint settlor of the Trust to ensure as far as practicable that ratepayers' interests are protected.

## REGIONAL STADIUM: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- Debt is projected to progressively reduce over the eight year period.
- Stadium rates are expected to be unchanged over the eight year period.



	BUDGET		FORECAST						
	PLAN								
Operating Expenditure	2,027	1,976	1,919	1,847	1,784	1,690	1,514	1,411	1,300
Capital Expenditure	0	0	0	0	0	0	0	0	0
Net Debt	22,729	22,029	21,272	20,444	19,552	18,566	17,404	16,140	14,764
Stadium Rate	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676
Other Operating Revenue	0	0	0	0	0	0	0	0	0

## REGIONAL STADIUM

### *Key Issues*

This Council has always seen itself purely as a funder of the Stadium on behalf of the community. It is not an expert in the area of stadium design, construction or management. The Wellington Regional Stadium Trust is responsible for managing the ongoing risks associated with operating the Stadium. In doing so, the Trust has been responsible for receiving the appropriate independent professional advice in terms of design, construction and management of the Stadium. This Council has focused on ensuring that the appropriate governance structures are in place and that there are effective mechanisms for managing regional ratepayer risk associated with the Council having advanced \$25 million.

While the Regional Stadium has been successful beyond our expectations there remain significant challenges for all parties involved over the next 12 months as the operations at the Stadium are further fine-tuned and as issues are progressively addressed.

A significant issue which is currently unresolved is the tax status of the Trust and the related issue of the interest free nature of the advances from the two settlors. The Trust was established by the two settlors on the basis that it was a Charitable Trust and it is concerning that the Trust's charitable status is now under threat. If the Trust is considered to be a LATE, the two Councils will be legally required to charge the Trust market based interest on the outstanding advances. The charging of interest on what is essentially capital from the two Councils will significantly undermine the financial viability of the Trust. The Council, in conjunction with the Wellington City Council and the Stadium Trust, are currently seeking to clarify the status of the Stadium Trust for Governance, accountability and tax purposes.

### *Assumptions*

The following key assumptions have been made:

- The Stadium Trust will not make any repayments to the Council during the period covered by this plan.
- The Stadium Trust will not be deemed to be a Local Authority Trading Enterprise (LATE) in terms of the Local Government Act 1974. (If it is, Council will be legally required to charge interest on its \$25 million advance. Such interest will be repayable after the \$25 million advance has been repaid in full).



## INVESTMENTS

The Council manages a significant portfolio of investments comprising of bank deposits, equity investments, forestry, advances, sinking funds and special funds. The Treasury Management Policy (last updated 2 November 1999) includes the Council's philosophy and approach to the management of its investments.

In respect of Council's investments in CentrePort and its interests in forestry the Council believes that at an appropriate time it should reduce its exposure to both investments and use the proceeds to repay debt. On 8 April 1999, the Council reconfirmed that, in respect of both forestry cutting rights and the Port, the Council should be "a seller at the right price rather than a holder at all costs". However, the Council is not a desperate seller and wishes to complete further work in respect of both investments before it will be in a position to sell. Any decision to sell will be subject to consultation with the community.

### CentrePort

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

CentrePort has, via its statement of corporate intent, a commitment to pay shareholders, by way of dividend, at least 60 percent of post tax paid profit. In addition, the Council has received capital repayments and special dividends in the past as follows: \$3.8 million in 1992, \$12.3 million in 1995 and \$5.8 million in 1999. These have in effect reduced the quantum of Council's investment in CentrePort, whilst retaining its 76.9 percent ownership stake. The Council will continue to monitor the capital structure of CentrePort with a view to obtaining further returns of capital where it is prudent to do so.

For the purposes of this long term financial strategy, dividend income from CentrePort to the WRC Holdings Group has been estimated based on the latest available CentrePort Statement of Corporate Intent.

### Forestry

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

## INVESTMENTS

### Forestry (continued)

The overall investment policy of the Council with regard to forestry is to maximise long term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forests within the Region are required to budget for an *internal dividend* irrespective of the projected operating result for the year.

The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of internal dividend contribution to the rates line from forestry is currently \$225,000 per year, and will continue to be reviewed annually.

### Other Investments

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

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

### Business Units

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

The payment of an internal dividend provides certainty of cashflow to the rates line and is generally paid regardless of the level of surplus generated by the business units.

## INVESTMENTS: Financial Summary

	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>INCOME STATEMENT</b>		
Operating Revenue	8,641	8,928
Operating Expenditure	4,437	4,782
<b>Earnings before Interest</b>	<b>4,204</b>	<b>4,146</b>
Interest	(2,421)	(2,377)
<b>Operating Surplus/(Deficit)</b>	<b>6,625</b>	<b>6,523</b>
Contribution to Rates	5,782	5,827
<b>Earnings Retained</b>	<b>843</b>	<b>696</b>
<b>OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS</b>		
Bank Deposit	2,574	3,014
WRC Holdings Limited	628	447
Treasury Management	4,046	3,971
Plantation Forests	(546)	(225)
Reserve Forests	(226)	(775)
Administrative Properties	82	31
Investment Properties	0	0
Akura Conservation Centre	56	49
Wairarapa Workshop	11	11
<b>Total Operating Surplus</b>	<b>6,625</b>	<b>6,523</b>

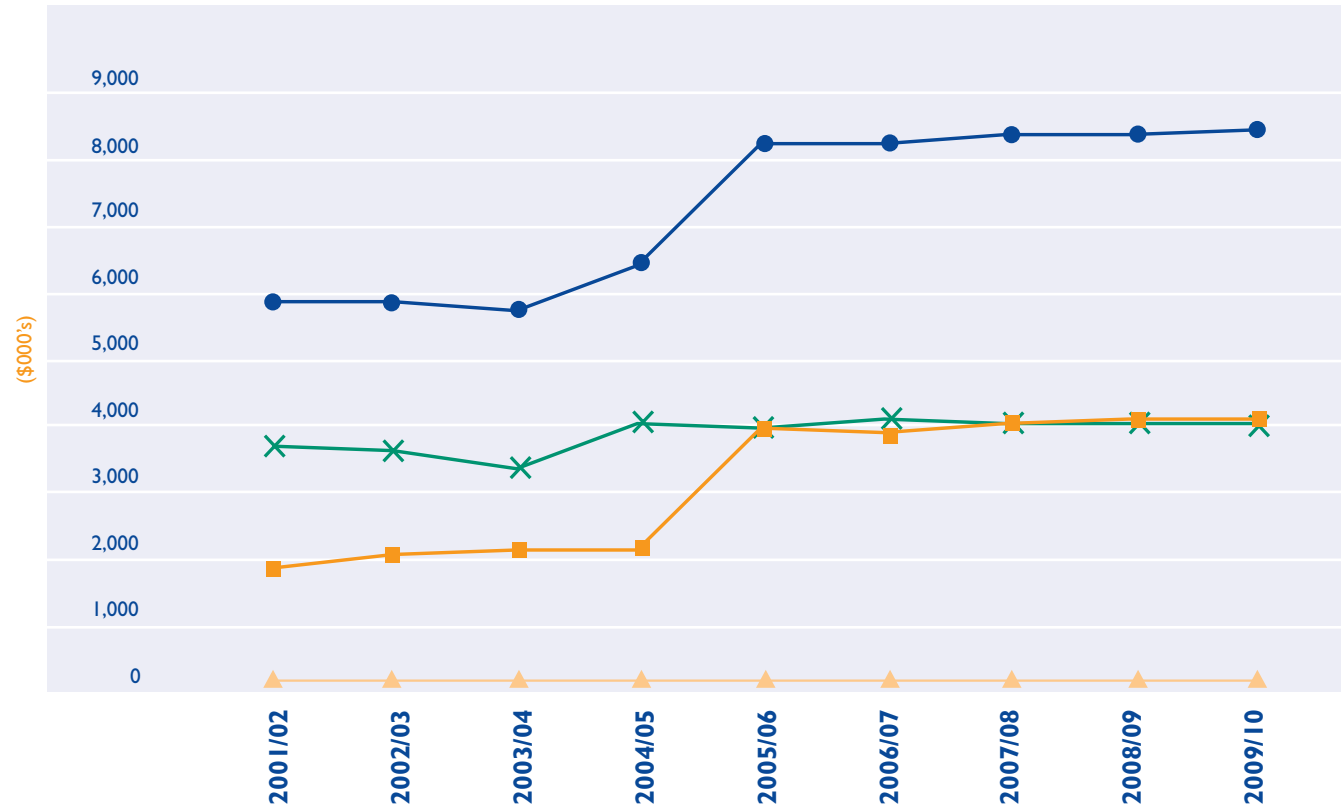
	2001/02 Budget \$000's	2002/03 Plan \$000's
<b>NET CONTRIBUTION TO RATES FROM INDIVIDUAL INVESTMENTS</b>		
Bank Deposit	2,574	3,014
WRC Holdings Limited	(682)	(980)
Treasury Management	3,531	3,488
Plantation Forests	150	150
Reserve Forests	75	75
Administrative Properties	84	30
Investment Properties	0	0
Akura Conservation Centre	35	35
Wairarapa Workshop	15	15
<b>Total Contribution to Rates</b>	<b>5,782</b>	<b>5,827</b>

## INVESTMENTS: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key points to note are:

- The graph shows the net income that the Council expects from its investments over the next eight years. Clearly, the income that flows from the Council's investment portfolio makes a considerable contribution to reducing regional rates. Without the contribution from investments, regional rates would need to increase by a further 12% in 2002/03.
- The steep rise in 2005/06 is a result of increased returns from the WRC Holdings Group, as the last of the debt on the Regional Council Centre building is planned to be repaid.



(\$'000's)	BUDGET		FORECAST						
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Net Contribution to Rates	5,782	5,827	5,671	6,353	8,112	8,155	8,272	8,286	8,319
Subsidiary Related Income	1,892	2,034	2,117	2,153	3,944	3,895	4,029	4,043	4,094
Forestry Contribution	225	225	225	225	225	225	225	225	225
Other Income	3,665	3,568	3,329	3,975	3,943	4,035	4,018	4,018	4,000

## INVESTMENTS

### *Key Issues*

The Council will continue to face significant challenges as it moves to balance the risks of its investment portfolio with the public good.

The Council has signalled its intention in conjunction with CentrePort to further develop triple bottom line performance measures. The challenge is to implement this regime within the normal commercial framework in which Council's companies must legally operate.

### *Assumptions*

The following key assumptions have been made:

- The Council will continue to hold its current investments throughout the eight year period (this is not necessarily a reflection of Council's intentions);
- The internal dividend rate received from plantation and reserve forest investments and other business units will remain at current levels throughout the eight year period.

## INVESTMENT IN DEMOCRACY

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

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

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

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

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

## INVESTMENT IN DEMOCRACY: Performance Indicators

### LONG TERM

Public awareness of the Wellington Regional Council's role and benefits that flow to ratepayers from the public expenditure is significantly greater than in 1999/2000.

**SHORT TERM** by 30 June 2003

The Council newspaper, Elements, is published at least four times to the satisfaction of the General Manager at a cost of no more than \$180,000.

### LONG TERM

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

**SHORT TERM** by 30 June 2003

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

### LONG TERM

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

**SHORT TERM** by 30 June 2003

Two publications of regional economic data are produced to the satisfaction of the Corporate Policy Manager at a cost not exceeding \$50,000.

## INVESTMENT IN DEMOCRACY: Financial Summary

### FUNDING STATEMENT

	2001/02 Budget \$000's	2002/03 Plan \$000's
General Rate	2,209	2,141
Other Rates	0	0
Government Subsidies	0	0
Other Revenue	1,484	1,436
<b>Operating Revenue</b>	<b>3,693</b>	<b>3,577</b>
Direct Operating Expenditure	3,797	3,547
Interest	0	0
Depreciation	26	27
<b>Operating Expenditure</b>	<b>3,823</b>	<b>3,574</b>
<b>Operating Surplus/(Deficit)</b>	<b>(130)</b>	<b>3</b>
<b>Less:</b>		
Capital Expenditure	117	30
Loan Funding	0	0
<b>Rates Funded Capital Expenditure</b>	<b>117</b>	<b>30</b>
Debt Provisioning	0	0
Working Capital Movements	0	0
Reserve Movements	(221)	0
Non Cash Items	(26)	(27)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

	2001/02 Budget \$000's	2002/03 Plan \$000's
Direct Members' Costs	1,173	1,139
Council Secretariat	538	563
Divisional Management Support	250	250
Strategic Communications	500	550
Regional Economic Development	50	50
Other Costs	1,092	1,022
Election Costs	220	0
<b>Total Operating Expenditure</b>	<b>3,823</b>	<b>3,574</b>
<b>CAPITAL EXPENDITURE</b>		
Land & Buildings	0	0
Plant & Equipment	92	5
Motor Vehicles	43	43
Asset Disposals	(18)	(18)
<b>Total Capital Expenditure</b>	<b>117</b>	<b>30</b>

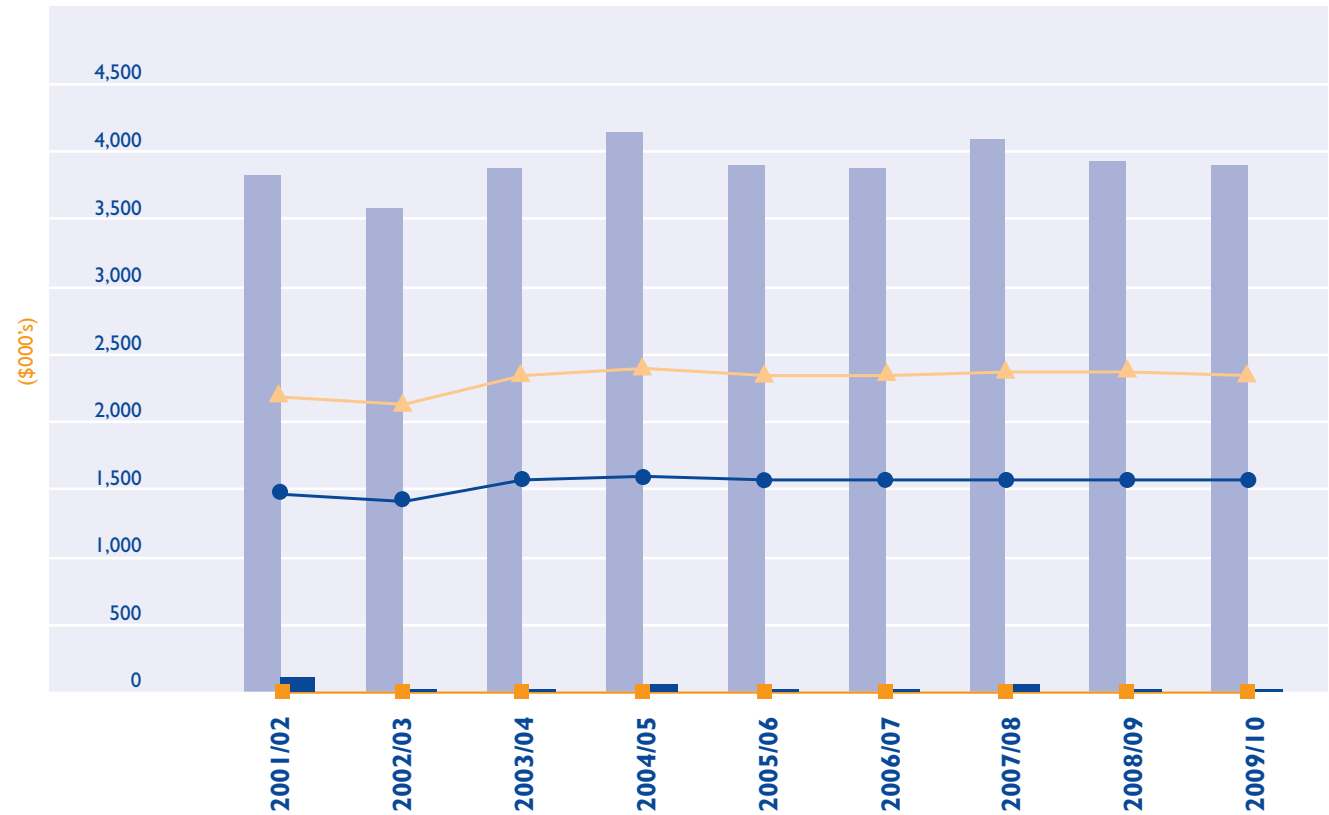


## INVESTMENT IN DEMOCRACY: Eight Year Financial Forecast

This graph places the financial summary for the next year in the context of the eight year planning horizon.

The key point to note is:

- Peaks in operating expenditure every three years are due to election costs.



	BUDGET	PLAN	FORECAST						
Operating Expenditure	3,823	3,574	3,873	4,139	3,904	3,873	4,087	3,908	3,886
Capital Expenditure	117	30	5	52	5	5	52	5	5
Net Debt	0	0	0	0	0	0	0	0	0
Regional Rates	2,209	2,141	2,351	2,401	2,364	2,351	2,377	2,375	2,364
Other Operating Revenue	1,484	1,436	1,581	1,612	1,585	1,582	1,597	1,593	1,592

## INVESTMENT IN DEMOCRACY

### *Key Issues*

#### **Implementing New Legislation**

For some time this Council has been advocating appropriate changes to the statutory powers of regional councils particularly in the Local Government and Rating Powers Act. Council acknowledges that considerable progress has been made towards this objective with the passing of the Local Government (Rating) Act 2002 and the introduction of the Local Government Bill.

The local Government (Rating) Act 2002 gives Regional Councils the same rating powers as Territorial authorities with effect from 1 July 2003.

The Council will also need to give consideration to the type of electoral system to apply to the 2004 and 2007 Regional Council elections. The options are FPP (First Past the Post) as at present or STV (Single Transferable Vote).

### *Assumptions*

In preparing this eight year programme the following key assumptions have been made:

- The number of daily meeting allowances paid will be 1,300, but a new approach to members' remuneration will be introduced and there will be some increase in remuneration levels;
- The operating expenditure for 2003/04 and onwards, includes \$350,000 per annum for sustainable development initiatives which are yet to be determined.

## FUNDING POLICY

In accordance with the Local Government Act 1974 (as amended), the Council has reviewed the way in which its activities are funded. Each of its significant activities have been analysed using the three step process which is specified in the Act.

The Council's activities range from those which have a public benefit, for example, emergency management, to those primarily with a private benefit, for example, navigation aids. In practice most activities have both private and public benefit components, although the mix varies.

In theory, the funding policy would have all public benefit components being funded by rates and all private benefit components funded by the beneficiaries. However, this is not always practical or possible. Further the Council's funding

policy recognises that the Council serves a regional community and that there should be some reflection of that community of interest in the policy

The Council considers debt funding to be an appropriate mechanism for matching costs and benefits over time, so ensuring that the issue of intergenerational equity is addressed. Loans are repaid in accordance with the public/private funding split.

The Council's Funding Policy was adopted on 15 June 2000. **Copies are available from the Council and on the Council's website. The Funding Policy Document should be consulted for the precise implementation details of the policies.** The funding policies are briefly outlined on the following pages.

Significant Activity	Activity	Function	Funding
Environment Management	Managing Resources	Developing policies & plans	<ul style="list-style-type: none"> <li>100% general rate</li> </ul>
		Consents management	Resource consents processing: <ul style="list-style-type: none"> <li>10% general rate (for costs of appeals etc)</li> <li>90% user charge</li> </ul> Compliance monitoring: <ul style="list-style-type: none"> <li>50% user charges</li> <li>50% general rate (for investigations and legal costs)</li> </ul>
		Consents advice to the public	<ul style="list-style-type: none"> <li>100% general rate</li> </ul>
		Monitoring the state of the environment	<ul style="list-style-type: none"> <li>80% general rate</li> <li>20% user charge</li> </ul>
		Regulatory compliance	<ul style="list-style-type: none"> <li>100% general rate (less cost recovery from legal action)</li> </ul>
		Managing Emergencies	<ul style="list-style-type: none"> <li>100% general rate</li> </ul>
		Managing Harbours	Navigation aids and communications services <ul style="list-style-type: none"> <li>10% general rate (for non commercial users)</li> <li>90% user charge on commercial shipping</li> </ul>
		Pollution/emergency response services	Standing costs: <ul style="list-style-type: none"> <li>5% general rate</li> <li>95% user charge (paid by the Maritime Safety Authority)</li> </ul> Pollution clean up costs, where possible, fully recovered from the polluter
		Enforcing maritime safety regulations	<ul style="list-style-type: none"> <li>100% general rate</li> </ul>

## FUNDING POLICY

Significant Activity	Activity	Function	Funding
Regional Transport	Funding Public Transport	Funding public transport services	<ul style="list-style-type: none"> <li>70% user charges (on average), collected and held by the providers (60% when only contracted services are considered)</li> <li>30% (40% when only contracted services are considered) community contribution (which is funded on average equally by road user payments and by WRC works and services rate)</li> </ul> <p>The works and services rate comprises:</p> <ul style="list-style-type: none"> <li>5% by general rate for social benefits</li> <li>85% shared equally by residential ratepayers in district of origin and commercial ratepayers in district of destination, for congestion relief</li> <li>10% shared equally by residential ratepayers in district of origin and commercial ratepayers in district of destination, for concessionary fares</li> </ul>
		Funding Total Mobility	<ul style="list-style-type: none"> <li>50% user charges collected and held by providers</li> <li>50% community contribution of which 40% is funded by road user payments and 60% by WRC works and services rate</li> </ul>
	Managing the Transport Network	Planning and monitoring the transport network	<ul style="list-style-type: none"> <li>100% works and services rate, after the nationally funded road user contribution</li> </ul>
Regional Water Supply	Collecting, Treating, and Delivering Water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington	Operating and maintaining the bulk water supply system	<ul style="list-style-type: none"> <li>The funding policy is prescribed by the Wellington Regional Water Board Act 1972. The costs of operating the water supply are proportioned to the cities based on the individual city's portion of total water deliveries.</li> </ul>

## FUNDING POLICY

Significant Activity	Activity	Function	Funding	
Land Management	Promoting Sustainable Land Management	Advisory services	<ul style="list-style-type: none"> <li>• 100% general rate</li> </ul>	
		Property works	<ul style="list-style-type: none"> <li>• 30% general rate</li> <li>• 70% user charge</li> </ul>	
		Sustainability plans	<ul style="list-style-type: none"> <li>• 40% general rate</li> <li>• 60% user charge</li> </ul>	
		Catchment schemes	<ul style="list-style-type: none"> <li>• 50% general rate</li> <li>• 30–50% separate rate for the local community</li> <li>• 5–20% levy on the local territorial authority for road protection (4 of the 6 schemes)</li> </ul>	
		Drainage and water schemes	<ul style="list-style-type: none"> <li>• Funding of all costs by way of a charge to the organisation or individual concerned. Charges set on a full cost recovery basis</li> </ul>	
	Controlling Animal & Plant Pests	Conducting Bovine Tuberculosis vector control programmes		<ul style="list-style-type: none"> <li>• Animal Health Board contribution (at least 50% of costs)</li> </ul> Balance funded: <ul style="list-style-type: none"> <li>• 60% general rate</li> <li>• 40% specific rate</li> </ul>
			Pest animal management	<ul style="list-style-type: none"> <li>• 100% general rate for inspectors, monitoring and approved control work</li> <li>• 100% user charge for other control work on private land on request</li> </ul>
		Pest plant management		<ul style="list-style-type: none"> <li>• 100% general rate for inspections monitoring and control trials</li> </ul>
				<ul style="list-style-type: none"> <li>• 100% user charge for control work on private land on request</li> </ul>

## FUNDING POLICY

Significant Activity	Activity	Function	Funding
<b>Flood Protection</b>	Providing Flood Protection	Planning for flood protection	<ul style="list-style-type: none"> <li>• 100% general rate</li> </ul>
		Delivering flood protection	Rates to be set on a scheme by scheme basis: <ul style="list-style-type: none"> <li>• 0–50% general rate from the regional community</li> <li>• 50–100% via a separate rate on the local authority or scheme rate or direct contribution</li> </ul>
<b>Parks and Forests</b>	Managing Regional Parks, Recreation Areas and Trails	Managing regional parks, recreation areas and trails	<ul style="list-style-type: none"> <li>• 90% general rate</li> <li>• 10% user charges for organised events, leases, license fees and added value services</li> </ul>
		Managing Forests & Water Catchments	<ul style="list-style-type: none"> <li>• 100% general rate</li> <li>• User charges for organised events, leases, license fees and added value services</li> </ul>
	Indigenous forest management	<ul style="list-style-type: none"> <li>• 100% internal charge to Regional Water Supply</li> <li>• Fire prevention and preparedness: 100% general rate</li> </ul>	
	Indigenous catchment management	<ul style="list-style-type: none"> <li>• 100% internal charge to Regional Water Supply</li> <li>• Fire prevention and preparedness: 100% general rate</li> </ul>	
		Rural fire control	<ul style="list-style-type: none"> <li>• Fire fighting costs: recovered from the Rural Fire Fund or the party concerned</li> </ul>
<b>Democracy</b>	Democracy	The democratic decision making process	A portion of the costs funded according to the number of meeting days spent on a significant activity. Residual on general rate
<b>Regional Stadium</b>	Regional Stadium	Funding and servicing \$25 million loan to facilitate the planning, development and construction of the Regional Stadium	<ul style="list-style-type: none"> <li>• 100% Stadium Purposes Rate</li> </ul>

## RATING POLICY

The Council's Funding Policy (pages 85-88) determines the basis of the Wellington Regional Council rates. The Council will set three rates – General, Transport and Stadium Purposes – for the whole Region. Other Regional Council rates only apply in parts of the Region.

The rates to be set by the Wellington Regional Council are:

### General Rate

The General Rate is levied to fund functions across the whole regional community and reflect “public good”. It is distinct from works and services or other rates that are intended to recover costs of particular functions from particular groups to reflect the level of benefit to those communities that are not appropriately recovered by way of user charges. The General Rate pays for such activities as:

- investment in democracy
- developing resource management policies and plans
- monitoring the state of the environment
- managing emergencies
- managing harbours
- managing regional parks and recreation areas
- managing indigenous forests
- promoting sustainable land management and
- providing a region-wide contribution to flood protection, soil conservation and biosecurity
- communicating with the Regional community.

The general rate is apportioned across the whole Region on an equalised capital value basis and then levied according to the current net rateable capital value of each city or district. (A regional council cannot legally make its general rate on a differential basis nor levy a uniform annual general charge.)

### Works and Services (Transport) Rate

This funds the Council's net expenditure for the Region's public transport services, transport infrastructure and transport planning. To reflect Council's funding policy and take account of the introduction of Patronage Funding and the changes in the impacts within different parts of the region, minor changes to transport rate differentials were required. Full details of the proposed new differentials have been advertised in separate Special Order public notices.

### Works and Services (Stadium Purposes) Rate

This separate rate meets the Council's annual costs of servicing and repaying the loan raised to fund its contribution to the Wellington Regional Stadium. It is made on a differential capital value basis reflecting direct and indirect benefits to different areas and classes of ratepayers. Cities and districts more distant from the Stadium contribute proportionally less.

### Works and Services (Rivers Management) Rates

Works and Services (Rivers Management) Rates are levied in Lower Hutt, Upper Hutt, Porirua and Wellington Cities, and Kapiti Coast and Carterton Districts, on a uniform capital value basis. The River rates fund the local communities' contributions to river maintenance and flood protection improvements – currently 50 percent. The other 50 percent is funded on a region-wide basis from the General Rate.

## RATING POLICY

### **Scheme Rates (Catchment, Drainage and Rural Water Supply)**

The Wellington Regional Council levies rates on specific properties within some thirty catchment, drainage and rural water supply schemes in the Wairarapa Constituency. Generally these rates are made on a differential, land area, basis. For 2002/03 rating differentials for Upper Ruamahanga Schemes are changing. Full details of the new differentials have been advertised in separate Special Order Notices.

As with the Works and Services (Rivers Management) Rates, the catchment scheme rates fund the local communities' contributions to river maintenance and flood protection improvements – currently 50%. The other 50% is funded on a region-wide basis from the General Rate. The drainage and water supply schemes are fully funded by their scheme rates.

### **Bovine Tb Vector Control Rate**

This rate is made on a uniform land area basis and levied in areas where there are current control programmes (there is also a Region wide contribution for vector control operations from the General Rate).

### **Rates Collection**

Within each city and district, the General, Regional Transport, Stadium Purposes and Rivers rates and, in Greytown a scheme rate, are collected on behalf of the Wellington Regional Council by the local city council or district council. All local councils clearly differentiate on rate assessments between local rates and the regional rates they collect as agent for the Wellington Regional Council. Each Regional rate is shown separately.

Other Catchment, Drainage and Rural Water Supply Schemes and Biosecurity Rates are collected directly by the Wellington Regional Council by a single annual assessment.

### **What Can Cause Your WRC Rates to Change?**

Changes in the Council's expenditure levels will affect individual rates assessments.

In 2002/03 some changes to Transport and some Rate differentials are proposed and for the first time utilities distributor networks within both the public and private sectors are liable to be rated.

Changes in equalised values of different constituent cities and districts or changes to individual property values as result of a revaluation can have a significant effect on individual regional rate bills. This Council does not have any control over these valuation changes.

### **Rates Enquiries – How Your Regional Rates are Spent**

Any queries about how your Regional Rates are spent should be directed to the Wellington Regional Council, not your local city or district council (for contact details, see the inside of the back cover).

### **Water Supply Levy**

The water supply is not funded from regional rates. The Wellington Regional Council directly bills the four metropolitan city councils (Wellington, Hutt, Upper Hutt and Porirua) for the wholesale supply of water. The levy is based on actual water usage for the previous year. These costs are included as a component of those councils' water rates and charges.



# TREASURY MANAGEMENT POLICY

## Introduction

The Treasury Management Policy (last updated November 1999) provides the framework for all of the Council's treasury activities and defines key responsibilities and operating parameters within which borrowing, investment and associated risk management activities are to be carried out.

## General Philosophy

The Council acknowledges that there are various financial risks arising from its borrowing and investment activities. It is risk averse and does not wish to incur additional risk from its treasury activities. Council's treasury function is focused on managing risk, such as protecting the net cost of borrowing and cashflow management.

The Council does not involve itself in speculative transactions.

## Borrowing

The Council is a net borrower of funds. It borrows in circumstances it considers appropriate pursuant to the Local Government Act 1974. The Council approves the borrowing programme annually through the approval of the Annual Plan.

The Council raises debt for the following primary purposes:

- To fund significant capital works programmes such as for its Regional Water Supply and Flood Protection activities. These key infrastructural assets are large, have long economic lives and provide long term benefits to the community. The use of debt is seen as an appropriate and efficient mechanism for promoting equity between current and future generations.
- For short-term cash management purposes. The Council manages its liquidity risk essentially through committed and uncommitted money market facilities.

In approving new borrowing, the Council considers the impact of limits defined in the Treasury Management Policy, the appropriateness of borrowing to ensure intergenerational equity, and the consistency of such borrowing with the Council's Long Term Financial Strategy.

The Treasury Management Policy incorporates the Council's intention to continue to unwind all sinking funds as soon as practicable after receipt of the necessary creditor approval.

## TREASURY MANAGEMENT POLICY

### Investments

The Council's philosophy in managing investments is to optimise returns in the long term while balancing risk and rate of return. The Council recognises that as a responsible public authority any investments that it does intend to hold long term should be low risk. It also recognises that lower risk generally means lower returns.

From a risk management point of view, the Council is well aware that its investment returns to the rates line are exposed to the success or otherwise of two significant investments – CentrePort Limited and Forestry. At an appropriate time in the future, the Council believes it should continue to reduce that exposure by reducing its investment holdings and using the proceeds to reduce debt. The timing of any future divestments will be in accordance with the Council's objective of optimising return.

### Use of Derivatives

In August 1998 the Council approved the use of derivative instruments, such as interest rate swaps, to assist in the management of Treasury risks. Such instruments have since been used to take advantage of the low interest rate environment.

### Treasury Management Group

The Council continues to operate a Treasury Management Group to oversee, manage and monitor the risks associated with its treasury activities. This group includes an externally appointed professional treasury advisor to provide both the necessary market intelligence and independent monitoring inherent in a sound accountability framework.

## OTHER POLICIES

### EEO Programme and Policies

The Council's EEO policy is based around its charter of values and principles which includes the following key statements:

- “We value and respect each other's differences.”
- “We have the right to a positive and enjoyable working environment.”
- “We will remain an organisation that attracts and keeps the skills and expertise of the best people – a place where people want to come to work.”

Accordingly, the Council will implement policies and programmes designed to ensure that all appointments, promotions, rewards and work opportunities are based on demonstrated job competence, relevant skills, qualifications and individual potential regardless of colour, race, ethnic belief, sexual orientation, age, disability, family status, political opinion or employment status.

### Health and Safety Management System

The Council is committed to providing and maintaining a safe and healthy working environment for all staff and others, as outlined in the Health and Safety in Employment Act 1992. The Council's Health and Safety Management System provides the Council with a framework for achieving this strategic objective.

The Health and Safety Management System ensures that responsibilities are clearly identified and that health and safety is an integral part of the Council's organisational objectives. The Council has produced a Corporate Health and Safety Plan and the Business Plans of each division include health and safety goals and objectives. These plans are monitored on a quarterly basis as part of the quarterly management review process.

### Significant Changes in Policies

There has been no significant change in the policies and plans of the Council that underpin this Long Term Financial Strategy update.

# ACCOUNTING POLICIES

## 1. Reporting Entity

The budgeted financial statements presented are those of the Wellington Regional Council.

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

The budgeted financial statements have been prepared in accordance with the Local Government Act 1974 and, generally accepted accounting practice with the exception that consolidated financial statements have not been prepared. The Council's own financial statements which incorporate projected rates/levies are considered to be more relevant than consolidated financial statements.

However, performance targets for the Council's subsidiary companies, WRC Holdings Limited (100% owned), Pringle House Ltd (100% owned), Port Investments Ltd (100% owned), and CentrePort Ltd (76.9% owned), are included under a separate section at the end of this document.

## 2. Measurement Base

Those accounting policies considered appropriate by the Institute of Chartered Accountants of New Zealand for measuring and reporting results and financial position under the historical cost method, modified by the initial valuation of certain assets and revaluation of other assets, have been followed.

## 3. Accounting Policies

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

### 3.1 Revenue Recognition

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

### 3.2 Investments

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

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

### 3.3 Fixed Assets and Depreciation

The Council undertook an asset valuation exercise in 1991 for the purposes of bringing all assets on balance sheet for the first time. Asset values based on the 1991 valuation are land and buildings (1990 government valuation), and flood protection and transport facilities infrastructure assets (1991 depreciated replacement cost.) Additions to assets since 1991 are recorded at cost. In respect of these asset classes the Council is not on a revaluation cycle.

Water supply system assets were revalued in 1999 based on depreciated replacement cost.

## ACCOUNTING POLICIES

Depreciation is provided on a straight line basis at rates which will write off assets, less their estimated residual value, over their remaining useful lives. The useful lives of major classes of assets have been estimated as follows:

Buildings	10–100 years
Pipelines/Reservoirs/Dams	50–150 years
Plant/Vehicles/Equipment	3–20 years
Floodplain Management Plans	15 years
Navigational aids	10 years
Waterloo Interchange	40 years

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

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

### 3.4 Investment Properties

Investment properties are revalued annually at net market value.

### 3.5 Inventories

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

### 3.6 Taxation

The assessable income of the Council includes income derived, net of related expenses, from WRC Holdings Group of companies including CentrePort Ltd. All other income currently derived by the Council is exempt from income tax.

The taxation charge for the period is the estimated liability in respect of any assessable income, after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Council and its subsidiaries apply the liability method of accounting for deferred taxation on a comprehensive basis. Future income tax benefits are only recognised to the extent that there is virtual certainty of realisation.

### 3.7 Accounts Receivable

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

### 3.8 Leases

The Wellington Regional Council leases some vehicles and office equipment. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

### 3.9 Employee Entitlements

Provision is made at year end for the total staff entitlement to annual leave. Entitlements to long service leave are accrued at current rates of pay based upon the number of staff who are expected to complete the requisite years of service. Retirement gratuities are accrued at a fixed dollar value in accordance with entitlement.

## ACCOUNTING POLICIES

### 3.10 Financial Instruments

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

### 3.11 Foreign Currency

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

### 3.12 Goods and Services Tax

Financial information has been prepared net of GST, except where otherwise stated.

### 3.13 Overhead Allocation and Internal Transactions

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

Operating revenue and expenditure for individual significant activities are stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the Council's financial statements.

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

### 3.14 Rounding of Amounts

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

### 3.15 Comparatives

The comparatives, where appropriate, are for the budgeted twelve month period ending 30 June 2002.

### 3.16 Legislative Compliance

Under Section 594ZU of the Local Government Act 1974 a regional council is required to divest itself from any ownership or interest in transport operational or infrastructural assets. The Wellington Regional Council continues to maintain an interest in the Waterloo Interchange and has made exhaustive attempts to either transfer or sell the asset to other parties. No suitable arrangement has yet been found. The Minister of Transport can give a time extension for divestment. No such extension has been received. However, the Minister of Transport has recently announced that the Government intends to introduce legislation which will mean regional councils will be able to own transport infrastructure under certain conditions.

## 4. Changes in Accounting Policies

There have been no material changes in Accounting Policies since the Council presented its 2001/02 Annual Plan.

## TOTAL COUNCIL FINANCIAL STATEMENTS

The financial information contained in this Long Term Financial Strategy update is a forecast based on assumptions which the Council reasonably expects to occur. Actual results achieved for the eight year period are likely to vary from the information presented and these variations may be material. It is intended that this information is updated annually at which time new short term performance indicators will be prepared. We expect the Council's next ten year financial strategy to be formally presented in 2003.

### Significant Assumptions

In addition to the assumptions noted for each of the significant activities, this Long Term Financial Strategy update assumes the following:

- all project costs stated within performance indicators exclude overhead costs;
  - the Council's contingency reserves will not be drawn upon within the eight year period;
  - the Council will continue to hold its investments (not necessarily the Council's intention);
  - no allowance has been made for any impact that the potential acquisition of Tranz Metro may have on the Council;
  - the necessary legislation will be passed to enable Council to carry out the activities currently considered to be ultra vires which have been incorporated into this plan.
- 
- all financial projections are in 2002/03 dollars. No allowance has been made for inflation in either revenue (including rates) or in expenditure for the later years;
  - the Council's current funding policies will continue;
  - the Council will continue to perform its existing functions in accordance with current Council policies;
  - the weighted average cost of debt will be between 7.5% and 8.25% per annum;
  - the average return on liquid bank deposits will be 6.85% per annum;

## WELLINGTON REGIONAL COUNCIL FINANCIAL STATEMENTS: Budgeted Statement of Financial Performance by Activity

	2001/02 Budget \$000's	2002/03 Plan \$000's		2001/02 Budget \$000's	2002/03 Plan \$000's
<b>OPERATING REVENUE</b>			<b>OPERATING EXPENDITURE</b>		
General Rates	19,693	20,311	Environment Management	10,622	10,714
Transport Rates	24,319	25,324	Regional Transport	48,770	51,378
River Rates	2,403	2,592	Regional Water Supply	26,188	23,304
Stadium Purposes Rate	2,676	2,676	Land Management	9,060	9,461
<b>Total Regional Rates</b>	<b>49,091</b>	<b>50,903</b>	Flood Protection	8,686	8,883
Water Supply Levy	22,776	22,776	Parks & Forests	4,657	4,944
Pest Management Rates	207	131	Investment in Democracy	3,823	3,574
Wairarapa Scheme Rates	1,096	1,067	Regional Stadium	2,027	1,976
Income from Subsidiaries	1,107	821	Council Investments	2,016	2,405
Government Grants & Subsidies	24,119	25,892	Other	2,892	2,792
Other Revenue	20,791	17,587	<b>Total Operating Expenditure</b>	<b>118,741</b>	<b>119,431</b>
Sinking Fund Interest	517	483	Less: Internal Operating Expenditure	4,420	4,507
Other Interest	2,866	3,413	<b>Total External Operating Expenditure</b>	<b>114,321</b>	<b>114,924</b>
<b>Total Operating Revenue</b>	<b>122,570</b>	<b>123,073</b>	<b>Operating Surplus/(Deficit)</b>	<b>3,829</b>	<b>3,642</b>
Less: Internal Sales/Recoveries	4,420	4,507	Less:		
<b>Total External Operating Revenue</b>	<b>118,150</b>	<b>118,566</b>	Rate Funded Capital Expenditure & Investments	2,342	513
			Debt Provisioning	10,793	16,130
			Working Capital Movement	0	(5,000)
			Reserve Movements	(1,159)	122
			Non Cash Items	(8,147)	(8,123)
			<b>Net Funding Required</b>	<b>0</b>	<b>0</b>



WELLINGTON REGIONAL COUNCIL FINANCIAL STATEMENTS:  
Budgeted Statement of Financial Performance

	2001/02 Budget \$000's	2002/03 Plan \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>OPERATING REVENUE</b>									
Regional Rates	49,091	50,903	51,689	53,304	51,362	51,019	51,142	50,839	50,974
Other Rates	1,303	1,198	1,201	1,186	1,204	1,204	1,204	1,204	1,204
Water Supply Levy	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776
Grants and Subsidies	24,119	25,892	27,368	27,510	30,741	30,741	30,741	30,741	30,741
External Revenue	20,861	17,797	17,938	20,043	25,538	26,773	26,467	25,973	26,544
<b>Total External Operating Revenue</b>	<b>118,150</b>	<b>118,566</b>	<b>120,972</b>	<b>124,819</b>	<b>131,621</b>	<b>132,513</b>	<b>132,330</b>	<b>131,533</b>	<b>132,239</b>
<b>OPERATING EXPENDITURE</b>									
Direct Operating Expenditure	98,813	100,192	101,179	105,010	113,904	114,122	113,947	113,204	114,065
Interest	7,361	6,609	6,597	5,870	5,819	5,860	5,643	5,447	5,257
Depreciation	8,147	8,123	8,283	8,094	8,193	8,324	8,332	8,311	8,277
<b>Total External Operating Expenditure</b>	<b>114,321</b>	<b>114,924</b>	<b>116,059</b>	<b>118,974</b>	<b>127,916</b>	<b>128,306</b>	<b>127,922</b>	<b>126,962</b>	<b>127,599</b>
<b>Operating Surplus/(Deficit)</b>	<b>3,829</b>	<b>3,642</b>	<b>4,913</b>	<b>5,845</b>	<b>3,705</b>	<b>4,207</b>	<b>4,408</b>	<b>4,571</b>	<b>4,640</b>
<b>Less:</b>									
Capital Expenditure & Investments	9,693	9,006	10,145	11,127	13,539	12,410	9,653	10,383	11,000
Loan Funding	(7,351)	(8,493)	(9,500)	(9,895)	(13,318)	(12,057)	(9,662)	(11,036)	(12,073)
<b>Rate funded Capital Expenditure &amp; Investments</b>	<b>2,342</b>	<b>513</b>	<b>645</b>	<b>1,232</b>	<b>221</b>	<b>353</b>	<b>(9)</b>	<b>(653)</b>	<b>(1,073)</b>
Debt Provisioning	10,793	16,130	11,487	11,898	10,559	10,866	11,656	12,045	12,456
Working Capital Movements	0	(5,000)	0	0	0	0	0	0	0
Reserve Movements	(1,159)	122	1,064	809	1,118	1,312	1,093	1,490	1,534
Non Cash Items	(8,147)	(8,123)	(8,283)	(8,094)	(8,193)	(8,324)	(8,332)	(8,311)	(8,277)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## WELLINGTON REGIONAL COUNCIL FINANCIAL STATEMENTS: Budgeted Statement of Financial Position

	2001/02 Budget \$000's	2002/03 Plan \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>RATEPAYERS' FUNDS</b>									
Retained Earnings	192,218	195,738	199,587	204,623	207,210	210,105	213,420	216,501	219,607
Specific Reserves	5,913	6,035	7,099	7,908	9,026	10,338	11,431	12,921	14,455
Revaluation Reserves	225,631	225,631	225,631	225,631	225,631	225,631	225,631	225,631	225,631
<b>Total Ratepayers' Funds</b>	<b>423,762</b>	<b>427,404</b>	<b>432,317</b>	<b>438,162</b>	<b>441,867</b>	<b>446,074</b>	<b>450,482</b>	<b>455,053</b>	<b>459,693</b>
<b>ASSETS</b>									
Current Assets	21,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835	16,835
Investments	96,755	98,255	99,758	101,264	102,807	104,470	106,260	108,105	110,063
Fixed Assets	407,897	407,279	407,638	409,164	412,967	415,389	414,920	415,147	415,913
<b>Total Assets</b>	<b>526,487</b>	<b>522,369</b>	<b>524,231</b>	<b>527,263</b>	<b>532,609</b>	<b>536,694</b>	<b>538,015</b>	<b>540,087</b>	<b>542,811</b>
<b>LIABILITIES</b>									
Current Liabilities	24,240	24,240	24,240	24,240	24,240	24,240	24,240	24,240	24,240
Net Public Debt	78,485	70,725	67,674	64,861	66,502	66,380	63,293	60,794	58,878
<b>Total Liabilities</b>	<b>102,725</b>	<b>94,965</b>	<b>91,914</b>	<b>89,101</b>	<b>90,742</b>	<b>90,620</b>	<b>87,533</b>	<b>85,034</b>	<b>83,118</b>
<b>Net Assets</b>	<b>423,762</b>	<b>427,404</b>	<b>432,317</b>	<b>438,162</b>	<b>441,867</b>	<b>446,074</b>	<b>450,482</b>	<b>455,053</b>	<b>459,693</b>

The 2001/02 "Budget" numbers are an estimate of the Council's financial position at 30 June 2002.

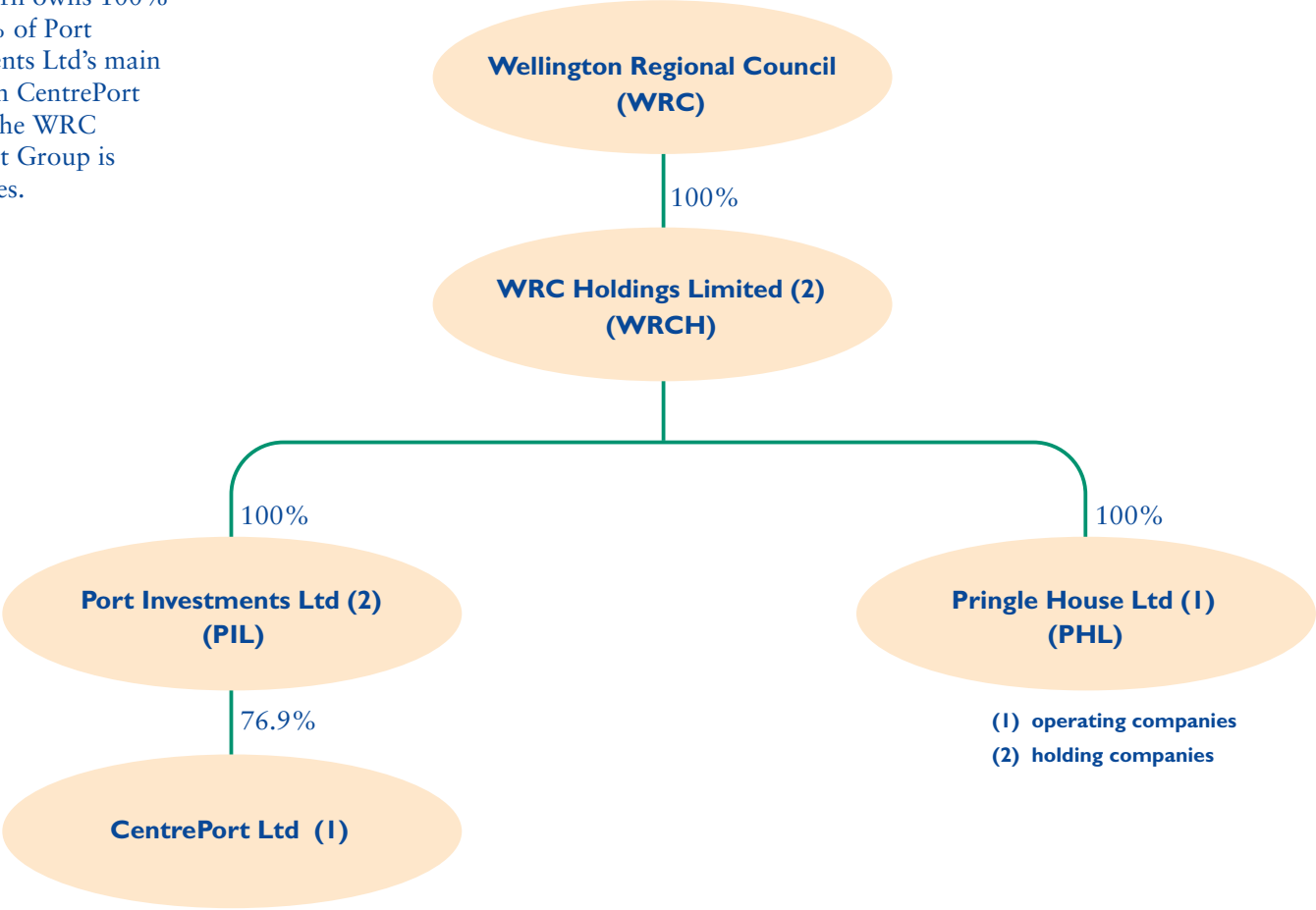
## WELLINGTON REGIONAL COUNCIL FINANCIAL STATEMENTS: Budgeted Cashflow Statement

	2001/02 Budget \$000's	2002/03 Plan \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
Cash is provided from:									
Rates, Levies & Subsidies	97,289	100,769	103,034	104,776	106,083	105,740	105,863	105,560	105,695
Other	16,371	13,080	13,150	15,335	20,957	22,159	21,631	21,030	21,449
Dividends/Interest & Subsidiary Revenue	4,490	4,717	4,788	4,708	4,581	4,614	4,836	4,943	5,095
	118,150	118,566	120,972	124,819	131,621	132,513	132,330	131,533	132,239
Cash is disbursed to:									
Interest on Term Debt	6,942	6,163	6,122	5,417	5,421	5,528	5,367	5,203	5,047
Payment to Suppliers & Employees	98,813	100,192	101,179	105,010	113,904	114,122	113,947	113,204	114,065
	105,755	106,355	107,301	110,427	119,325	119,650	119,314	118,407	119,112
<b>Net Cash Flows from Operating Activities</b>	<b>12,395</b>	<b>12,211</b>	<b>13,671</b>	<b>14,392</b>	<b>12,296</b>	<b>12,863</b>	<b>13,016</b>	<b>13,126</b>	<b>13,127</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>									
Cash is provided from:									
Proceeds from Fixed Assets & Investments	798	301	274	436	314	270	341	396	371
Cash is applied to:									
Purchase of Fixed Assets	8,917	7,807	8,917	10,056	12,310	11,016	8,204	8,935	9,413
Investment Additions	1,574	1,500	1,502	1,507	1,543	1,664	1,790	1,844	1,958
	10,491	9,307	10,419	11,563	13,853	12,680	9,994	10,779	11,371
<b>Net Cash Flows from Investing Activities</b>	<b>(9,693)</b>	<b>(9,006)</b>	<b>(10,145)</b>	<b>(11,127)</b>	<b>(13,539)</b>	<b>(12,410)</b>	<b>(9,653)</b>	<b>(10,383)</b>	<b>(11,000)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>									
Cash is provided from:									
Proceeds from Term Debt	6,932	8,047	9,025	9,442	12,920	11,725	9,386	10,792	11,863
Cash is applied to:									
Debt Provisioning	9,634	16,252	12,551	12,707	11,677	12,178	12,749	13,535	13,990
<b>Net Cash Flows from Financing Activities</b>	<b>(2,702)</b>	<b>(8,205)</b>	<b>(3,526)</b>	<b>(3,265)</b>	<b>1,243</b>	<b>(453)</b>	<b>(3,363)</b>	<b>(2,743)</b>	<b>(2,127)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>0</b>	<b>(5,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# SUPPLEMENTARY INFORMATION: Subsidiary Companies

## Subsidiary Company Structure

Wellington Regional Council owns 100% of WRC Holdings Ltd which in turn owns 100% of Pringle House Ltd and 100% of Port Investments Ltd. Port Investments Ltd's main asset is a 76.9% shareholding in CentrePort Ltd. More information about the WRC Holdings Group and CentrePort Group is contained on the following pages.



## SUPPLEMENTARY INFORMATION: WRC Holdings Group

### Objectives of the Group

The primary objectives of the Group are to:

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

The financial objectives of the Group are to:

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

The environmental objectives of the Group are to:

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

The social objectives of the Group are to:

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

### Shareholders

Wellington Regional Council: 100%

### Performance Targets

	2001/02	2002/03	2003/04
Net Profit (before tax)	\$6.11m	\$5.68m	\$5.75m
Net Profit (after tax) <sup>(1)</sup>	\$3.78m	\$3.63m	\$3.61m
Return on Total Assets <sup>(2)</sup>	10.0%	9.6%	9.6%
Return on Shareholders' Funds <sup>(3)</sup>	22.8%	18.3%	16.0%
Dividend Stream	\$0.67m	\$0.53m	\$0.52m

(1) Net profit after tax but before deduction of minority interest.

(2) Earnings before interest and tax as a percentage of average total assets.

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

*Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2001/02 financial year as the SCI for the 2002/03 year is not yet finalised.*

### Directors

Margaret Shields (Chairperson)  
Stuart Macaskill  
Terry McDavitt

Rick Long  
Anne Blackburn

## SUPPLEMENTARY INFORMATION: CentrePort Group

### Objectives of the Group

The primary objectives of the Group are to:

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

The financial objectives of the Group are to:

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

The environmental objectives of the Group are to:

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

The social objectives of the Group are to:

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

### Shareholders of Centre Port Ltd.

Port Investments Ltd: 76.9%

Manawatu – Wanganui Regional Council: 23.1%

### Directors

Nigel Gould (Chairman)  
Ken Harris (Managing Director)  
Mike Cashin  
Jim Jefferies

Malcolm Johnson  
Warren Larsen  
Howard Stone

### Performance Targets

	2001/02	2002/03	2003/04
Net Profit (before tax)	\$9.75m	\$10.26m	\$10.45m
Net Profit (after tax)	\$6.53m	\$6.77m	\$6.9m
Return on Total Assets <sup>(1)</sup>	12.3%	12.4%	12.4%
Return on Shareholders' Funds <sup>(2)</sup>	10.9%	10.8%	10.6%
Dividend Stream	\$3.92m	\$4.06m	\$4.14m

(1) Net profit before interest and tax as a percentage of average total assets.

(2) Net profit after tax as a percentage of average shareholders' funds.

*Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2001/02 financial year as the SCI for the 2002/03 year is not yet finalised.*

## SUPPLEMENTARY INFORMATION: Projected Net Public Debt

	2001/02 Budget \$000's	2002/03 Plan \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
Forestry – Western Region	11,110	11,755	12,177	12,684	13,689	14,086	14,653	15,757	16,912
Forestry – Wairarapa	6,163	7,254	8,153	8,722	9,355	10,041	10,764	11,550	12,404
Flood Protection – Western Region	24,393	25,174	26,566	27,241	27,542	27,896	28,546	28,883	28,485
Flood Protection – Wairarapa	893	896	913	1,027	1,127	1,255	1,121	1,027	925
Transport	4,317	4,025	3,708	3,365	2,992	2,589	2,151	1,677	1,162
Parks & Forests	1,452	1,686	1,768	1,609	2,202	2,274	2,224	2,032	1,824
Corporate:									
– Regional Council Centre	4,821	3,365	1,788	77	40	0	0	0	0
– Other Buildings	908	878	845	810	772	730	686	637	584
– Information Systems	1,135	842	370	1,353	923	1,253	815	340	1,321
Treasury Internal Loans	(51,859)	(57,466)	(58,932)	(59,958)	(61,124)	(62,435)	(63,529)	(65,018)	(66,552)
Reserves	5,913	6,035	7,099	7,908	9,026	10,338	11,431	12,921	14,455
<b>Regional Responsibilities Net Debt</b>	<b>9,246</b>	<b>4,444</b>	<b>4,455</b>	<b>4,838</b>	<b>6,544</b>	<b>8,027</b>	<b>8,862</b>	<b>9,806</b>	<b>11,520</b>
Less Regional Responsibilities External Reserves	5,352	5,430	6,447	7,206	8,269	9,523	10,552	11,974	13,435
<b>Regional Responsibilities Net External Public Debt</b>	<b>3,894</b>	<b>(986)</b>	<b>(1,992)</b>	<b>(2,368)</b>	<b>(1,725)</b>	<b>(1,496)</b>	<b>(1,690)</b>	<b>(2,168)</b>	<b>(1,915)</b>
Regional Water Supply Net Debt	52,423	50,287	49,046	47,487	49,432	50,125	48,458	47,769	47,049
Less Regional Water Supply Reserves	561	605	652	702	757	815	879	947	1,020
<b>Water Supply Net External Public Debt</b>	<b>51,862</b>	<b>49,682</b>	<b>48,394</b>	<b>46,785</b>	<b>48,675</b>	<b>49,310</b>	<b>47,579</b>	<b>46,822</b>	<b>46,029</b>
Regional Stadium Debt	22,729	22,029	21,272	20,444	19,552	18,566	17,404	16,140	14,764
<b>TOTAL COUNCIL NET EXTERNAL PUBLIC DEBT</b>	<b>78,485</b>	<b>70,725</b>	<b>67,674</b>	<b>64,861</b>	<b>66,502</b>	<b>66,380</b>	<b>63,293</b>	<b>60,794</b>	<b>58,878</b>

## SUPPLEMENTARY INFORMATION: Historical Net Public Debt

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Forestry – Western Region	2,742	2,735	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172
Forestry – Wairarapa	471	1,227	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496
Flood Protection – Western Region	5,279	8,820	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346
Flood Protection – Wairarapa	997	1,102	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141
Transport	4,765	6,149	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582
Parks & Forests	654	648	611	579	565	622	763	861	999	1,127	933	1,296
Corporate:												
– Regional Council Centre	24,851	24,851	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156
– Other Buildings	84	1,335	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935
– Information Systems	2,023	436	767	980	1,037	875	394	232	0	1,470	1,144	893
Emergency Management	0	0	0	0	150	305	244	181	117	46	0	0
Port Related Activities	7,756	8,195	8,004	5,982	5,593	5,317	5,013	0	0	0	0	0
Treasury Internal Loans	5,718	(7,184)	(13,189)	(31,878)	(30,991)	(38,552)	(38,316)	(42,899)	(47,904)	(49,755)	(50,702)	(54,271)
Reserves	1,969	1,669	6,524	9,685	10,814	9,676	10,348	9,716	13,964	8,441	9,392	6,334
<b>Regional Responsibilities Net Debt</b>	<b>57,309</b>	<b>49,983</b>	<b>51,631</b>	<b>37,853</b>	<b>43,209</b>	<b>35,743</b>	<b>36,979</b>	<b>17,681</b>	<b>17,793</b>	<b>13,316</b>	<b>13,868</b>	<b>8,080</b>
Less Regional Responsibilities External Reserves	1,969	1,669	4,840	7,092	7,190	6,903	7,931	7,839	9,006	6,400	7,187	5,323
<b>Regional Responsibilities Net External Public Debt</b>	<b>55,340</b>	<b>48,314</b>	<b>46,791</b>	<b>30,761</b>	<b>36,019</b>	<b>28,840</b>	<b>29,048</b>	<b>9,842</b>	<b>8,787</b>	<b>6,916</b>	<b>6,681</b>	<b>2,757</b>
Regional Water Supply Net Debt	68,050	67,966	68,486	75,050	73,473	71,192	72,050	72,620	72,079	65,720	62,135	57,201
Less Regional Water Supply Reserves	0	0	1,684	2,593	3,624	2,773	2,417	1,877	4,958	2,041	2,205	1,011
<b>Water Supply Net External Public Debt</b>	<b>68,050</b>	<b>67,966</b>	<b>66,802</b>	<b>72,457</b>	<b>69,849</b>	<b>68,419</b>	<b>69,633</b>	<b>70,743</b>	<b>67,121</b>	<b>63,679</b>	<b>59,930</b>	<b>56,190</b>
Regional Stadium Debt	0	0	0	0	0	0	0	0	0	24,500	23,974	23,378
<b>TOTAL COUNCIL NET EXTERNAL PUBLIC DEBT</b>	<b>123,390</b>	<b>116,280</b>	<b>113,593</b>	<b>103,218</b>	<b>105,868</b>	<b>97,259</b>	<b>98,681</b>	<b>80,585</b>	<b>75,908</b>	<b>95,095</b>	<b>90,585</b>	<b>82,325</b>



## SUPPLEMENTARY INFORMATION: Reserves

	2001/02 Budget \$000's	2002/03 Plan \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
Opening Balance Specific Reserves	6,334	5,913	6,035	7,099	7,908	9,026	10,338	11,431	12,921
Budgeted Transfers from Reserves	(3,062)	(1,027)	(137)	(314)	(215)	(110)	(349)	(119)	(188)
Budgeted Transfer to Reserves	1,523	736	711	563	700	700	630	700	700
Unbudgeted Reserve Movements	567	0	0	0	0	0	0	0	0
Reserve Interest	551	413	490	560	633	722	812	909	1,022
<b>Closing Balance</b>	<b>5,913</b>	<b>6,035</b>	<b>7,099</b>	<b>7,908</b>	<b>9,026</b>	<b>10,338</b>	<b>11,431</b>	<b>12,921</b>	<b>14,455</b>
<b>Area of Benefit Reserves</b>									
Regional Park Land Purchase Reserve	767	827	891	960	1,034	1,114	1,201	1,294	1,394
River Rate Reserves	97	225	346	477	617	769	933	1,109	1,299
Wairarapa Scheme Reserves	1,589	2,051	2,542	2,992	3,546	4,143	4,786	5,479	6,226
Transport Reserve	457	492	530	571	616	663	715	770	830
Bovine Tuberculosis Rate Reserve	910	829	761	663	500	434	274	181	9
Regional Water Supply Reserve	561	605	652	702	757	815	879	947	1,020
Wairarapa Workshop Reserve	28	30	32	35	37	40	43	47	50
Akura Nursery Reserve	4	20	37	55	75	97	120	144	171
<b>Contingency Reserves</b>									
Rural Fire Contingency Reserve	50	50	50	50	50	50	50	50	50
Flood Contingency Reserve	168	389	627	883	1,159	1,457	1,777	2,123	2,495
Environment Legal Contingency Reserve	381	411	442	477	514	553	596	643	692
<b>Special Reserves</b>									
Election Reserve	33	106	189	43	121	203	57	134	219
<b>Expense Rebudgeting Reserves</b>									
Expenditure Carry Forwards	868	0	0	0	0	0	0	0	0
<b>Total Reserves</b>	<b>5,913</b>	<b>6,035</b>	<b>7,099</b>	<b>7,908</b>	<b>9,026</b>	<b>10,338</b>	<b>11,431</b>	<b>12,921</b>	<b>14,455</b>

## YOUR REGIONAL COUNCILLORS

*The Wellington Regional Councillors are elected from six constituencies:*

### Kapiti Constituency (1)

#### C R Turver (Chris)

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### Lower Hutt Constituency (3)

#### T G G Evans (Glen)

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#### R F Thomas JP (Rosemarie)

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#### R J Werry (Dick)

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04 567 1936 (business fax)  
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### Porirua Constituency (1)

#### Hon M K Shields QSO, JP (Margaret)

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### Upper Hutt Constituency (1)

#### R Kirton (Rex)

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### Wairarapa Constituency (2)

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#### F R Long (Rick)

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### Wellington Constituency (5)

#### J E Aitken (Judith)

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#### C R Laidlaw (Chris)

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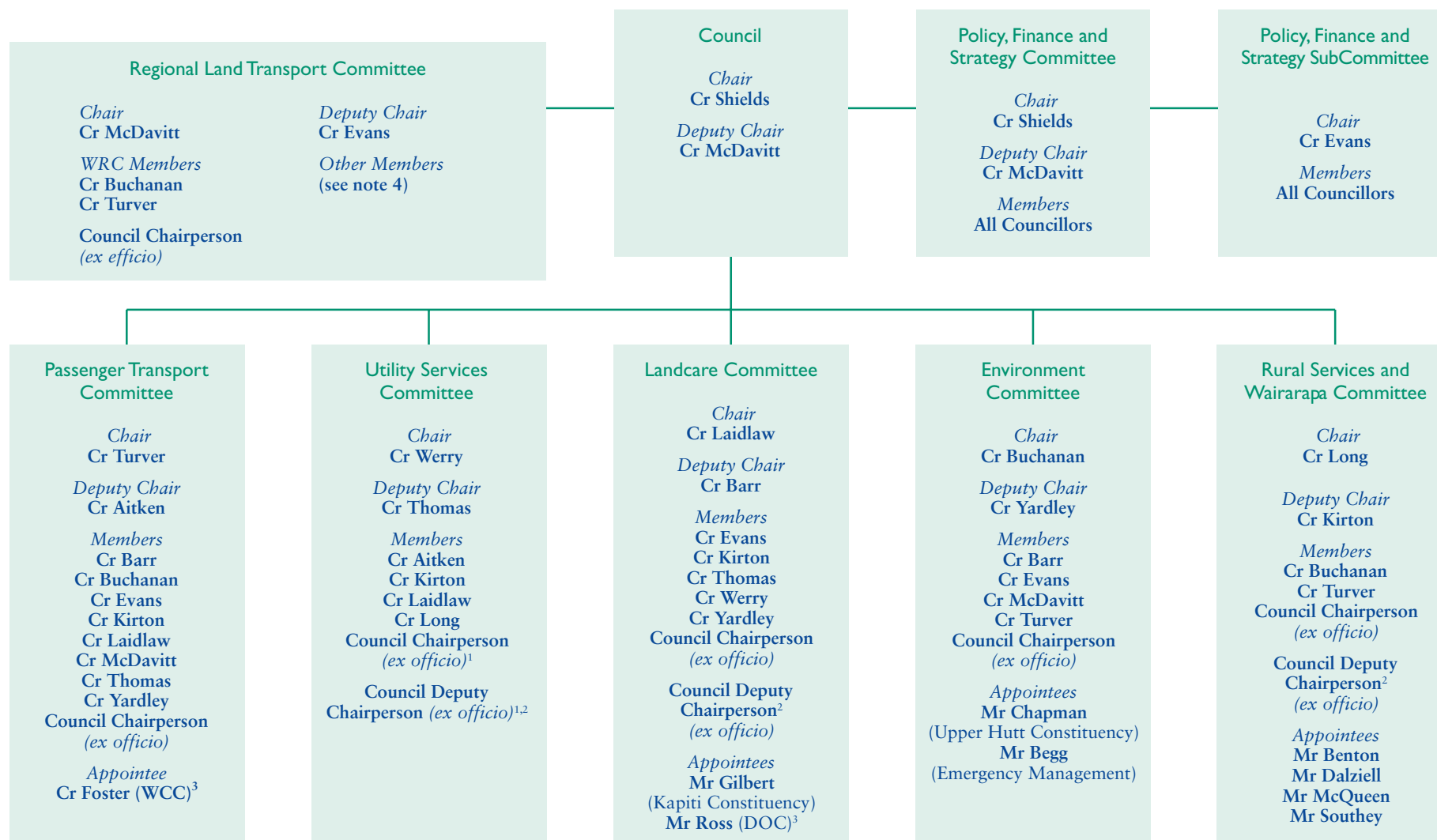
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# WRC COMMITTEE MEMBERSHIP



<sup>1</sup> The Council Chairperson and Council Deputy Chairperson do not vote when the Utility Services Committee is considering Wellington Bulk Water Supply matters.

<sup>2</sup> The Deputy Council Chairperson does not vote when the Council Chairperson is present.

<sup>3</sup> Speaking but no voting rights.

<sup>4</sup> Sixteen persons representing local authorities, Central Government agencies and users.



## ADDRESS DETAILS

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