



greater WELLINGTON
THE REGIONAL COUNCIL

Annual

2003
Report

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ANNUAL HIGHLIGHTS

- The \$10.9 million Lambton Bus/Rail Interchange opened for use in March 2003, the result of a successful partnership agreement between Wellington City, the transport operators and ourselves.
- Our new Regional Pest Management Strategy was adopted, with strong community endorsement.
- Livestock reactor numbers continued to fall as a result of our Bovine Tb possum control operations. There are now only 46 infected herds in the region compared with 354 eight years ago.
- Over 80,000 plants were planted as part of our *Take Care* programme and over 4,000 people are now involved in our environmental care groups.
- Resource consent applications were up by 14% but we met required timeframes in almost all cases.
- The Hutt River ranger service was launched in November 2002.
- Environmental enhancement work commenced on the Otaki River mouth, with Friends of the Otaki River taking an active role in the planting.
- Commenced a project investigating the potential for further renewable energy developments.
- We met water demand comfortably during a very dry late summer and autumn where water consumption was the highest for 10 years.
- Our first set of state of the environment report cards were well received by our stakeholders and the wider community.
- We helped co-ordinate the formation of a new Civil Defence Emergency Management Group for the region.
- We adopted a new brand and promotional name, Greater Wellington Regional Council, which better reflects the role we play in the region.



“Water demands were met comfortably during a very dry late summer and autumn”

CHAIRPERSON'S REPORT



“Moving towards sustainability is one of the greatest challenges facing us today”

Margaret Shields



I am pleased to present Greater Wellington Regional Council's annual report for the year ended 30 June 2003. It has been another successful and rewarding year.

Much of our work is of a long-term nature, with staff and councillors often spending many years planning and then implementing operational and policy projects across the region. The highlights and the challenges of the past year are outlined on the following pages in the reports from the Chief Executive and the five Committee Chairs.

From my point of view, there were two significant changes during the year – the passing of the new Local Government Act on Christmas Eve and the rolling out, in January 2003, of the new Greater Wellington brand, reflecting our vision of sustainability. These changes are the culmination of many years of development and will shape our direction into the future.

Local government has now entered an exciting phase, with an empowering legislative framework that enables councils to be more accountable to their communities. Officers and elected representatives spent considerable time during the year working towards the introduction of this new Act. We were involved in Local Government New Zealand and central government working groups developing guidelines for its implementation – the “KnowHow” guides. As a council, we also made submissions to the Select Committee seeking clarifications and alterations to the Bill.

At the same time, “back at the office” we were working on our triennial planning process that would result in a new strategic plan being adopted in June 2003. We believed strongly in the spirit of the proposed legislation, so we anticipated the new direction in the development of our plan. In particular, in September 2002 we consulted the regional community on our vision for a sustainable region and asked for feedback on what priorities and outcomes were seen as important.

The responses were heartening with general support for, and interest in, sustainability and caring for the environment. The community also told us that they agreed that our contribution to sustainability should be in the areas of biodiversity, water, air, energy, land, transport, waste, recreation and parks, safety and hazards, and community.

When the new Local Government Act became law, we were already well down the track of preparing the long-term council community plan the Act requires. I am proud that this Council was one of a small number who rose to the challenge of adopting such an important plan in 2003.

In June 2000, in the previous triennial strategic plan (against which we are reporting here), the Council signalled a change in its focus from outputs to broad regional goals based on Local Agenda 21 and sustainable development. Moving towards greater sustainability is one of the greatest challenges facing us today a challenge that entails careful balancing of the region's economic, social and cultural needs with care for its unique environment. Our previous brand, which had been unchanged since the late 1980s did not help us communicate this issue and our vision.

The new Greater Wellington branding carries an important message about our role in safeguarding the environment. The new logo reflects at its centre the elements of water, land, air and energy, which combine to provide the essentials for life. That's because much of our work involves managing water, land and air and, through our public transport services, reducing energy use and pollution. The logo is underpinned by the catchline "Quality for Life" which indicates the need to protect the quality of these elements as a means of working towards a sustainable future for all life in our region.

The name Greater Wellington emphasises that our area of responsibility spans not only Wellington city, but also the greater Wellington region including Upper and Lower Hutt, Porirua, Wairarapa and Kapiti. The word "greater" also says something about our region – that it is a wonderful and thriving place within which to live and work. This reflects what we found from focus group research, that residents feel overwhelming pride and satisfaction with living in their local communities within the Wellington region.

We know we can't achieve a sustainable region alone. Our achievements this year and our plans for the future would not be possible without the hard work and goodwill of other agencies, community groups and individuals.

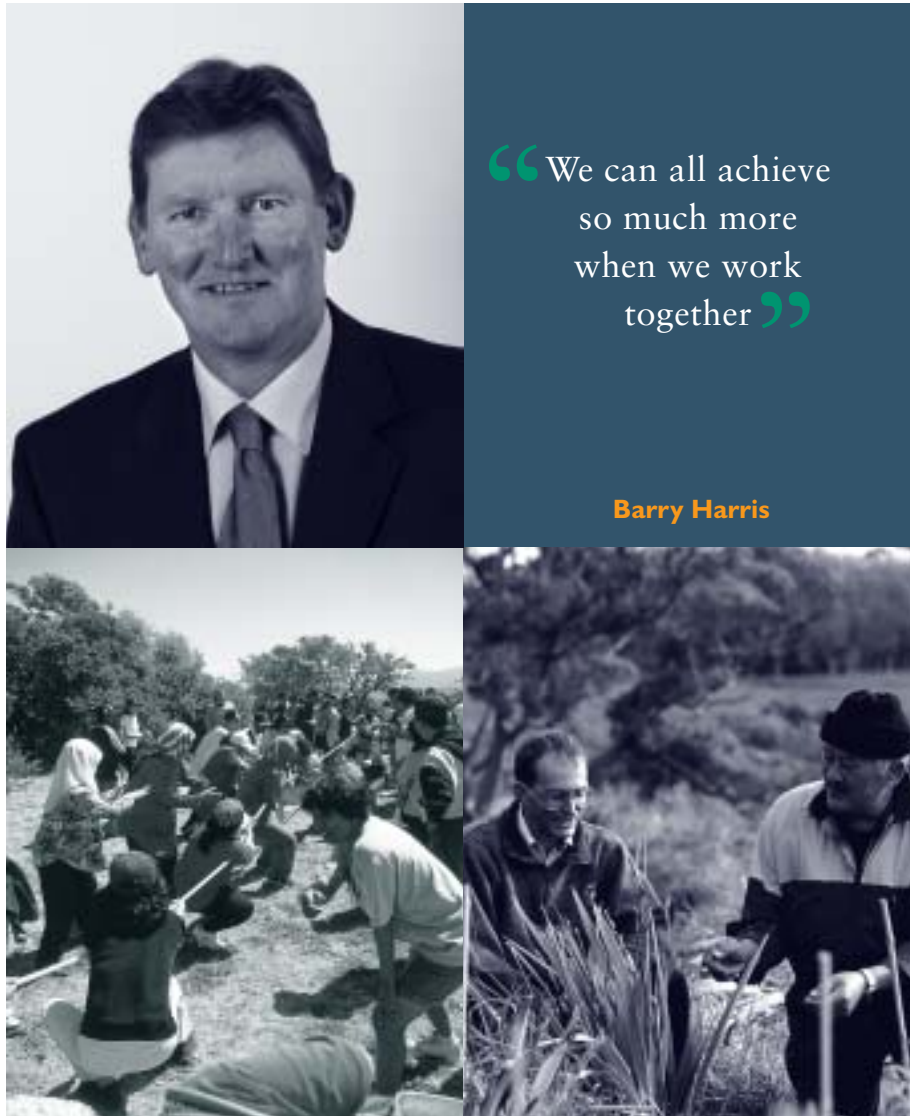
I would also like to acknowledge the tremendous contribution of Howard Stone over his 14 years as General Manager. Greater Wellington Regional Council's reputation as a leading-edge council is largely due to Howard's management skills.

My thanks to all for sharing the vision of a "Greater Wellington".



MARGARET SHIELDS
Chairperson

CHIEF EXECUTIVE'S REPORT



In this my first annual report as Chief Executive of Greater Wellington Regional Council, I'd like to comment on some of the highlights of the past year.

The development of a new 10-year plan was a key focus for councillors and the executive management team during the year. The resulting long-term council community plan was a particular achievement given that the requirements of the new Local Government Act had to be anticipated.

Increasingly, the Council is forming partnerships with other agencies to deliver co-ordinated programmes across the region. We can all achieve so much more when we work together. The new Civil Defence Emergency Management Group and the Lambton Bus/Rail Interchange, are good examples of successful partnerships.

We are also increasingly recognising the benefits of working collaboratively on projects within our own organisation. A number of cross-divisional project teams have been formed, such as the biodiversity co-ordination group whose role is to oversee implementation of biodiversity plans including wetland and riparian strategies.

It's important that we can hold our head up high in the management of the environment. We can't ask others to adopt sustainable behaviour if we're not doing so ourselves. Accordingly, the Council implemented a waste minimisation programme last year and I'm pleased to say that staff have responded positively to having their rubbish bins replaced by recycling boxes for paper and centrally located recycling stations.

I am heartened by the quality of the Council's systems and this is evident in the positive assessments from external agencies. By way of example, for the past two years Audit New Zealand has given the Council five excellent grades out of five for its financial and service performance management. Also last year the Landcare Division achieved a New Zealand first by attaining Enviro-Mark NZ Gold certification for its environmental management systems in the Parks and Forests and Flood Protection departments.

Greater Wellington continues to work towards the sustainability of the region and it is pleasing to see we are starting to make a difference. A great example of this is the re-introduction last year of kokako and other endangered species to the Mount Bruce Scenic Reserve. This was possible due to the combined pest control efforts of the Department of Conservation, Greater Wellington, Horizons Regional Council, Iwi and local residents. Almost 3000 pests including rats, stoats, ferrets, weasels, mice, hedgehogs and feral cats have been eradicated from the reserve and adjacent buffer zone over the past two years.

Of course, getting the basics right and delivering cost-effective core services continues to be our priority. For example the Council has held or reduced the bulk water levy each year for the past seven years despite large increases in certain costs, like insurance.

On a final note, it would have been nice to have been able to report that the issues around the ownership and investment in passenger rail services in the region had been resolved. This continues to be a major challenge for Councillors and management as we look to find the right solution for the region.

My thanks to Greater Wellington staff for their hard work and commitment to sustainability.

Ka kite ano



BARRY HARRIS
Chief Executive

EXECUTIVE MANAGEMENT TEAM

*Divisional Manager
Environment*
Jane Bradbury

*Divisional Manager
Utility Services*
David Benham

*Divisional Manager
Wairarapa*
Colin Wright

Council Secretary
Wayne Hastie

*Divisional Manager
Regional Transport*
Dave Watson

*Divisional Manager
Landcare*
Rob Forlong

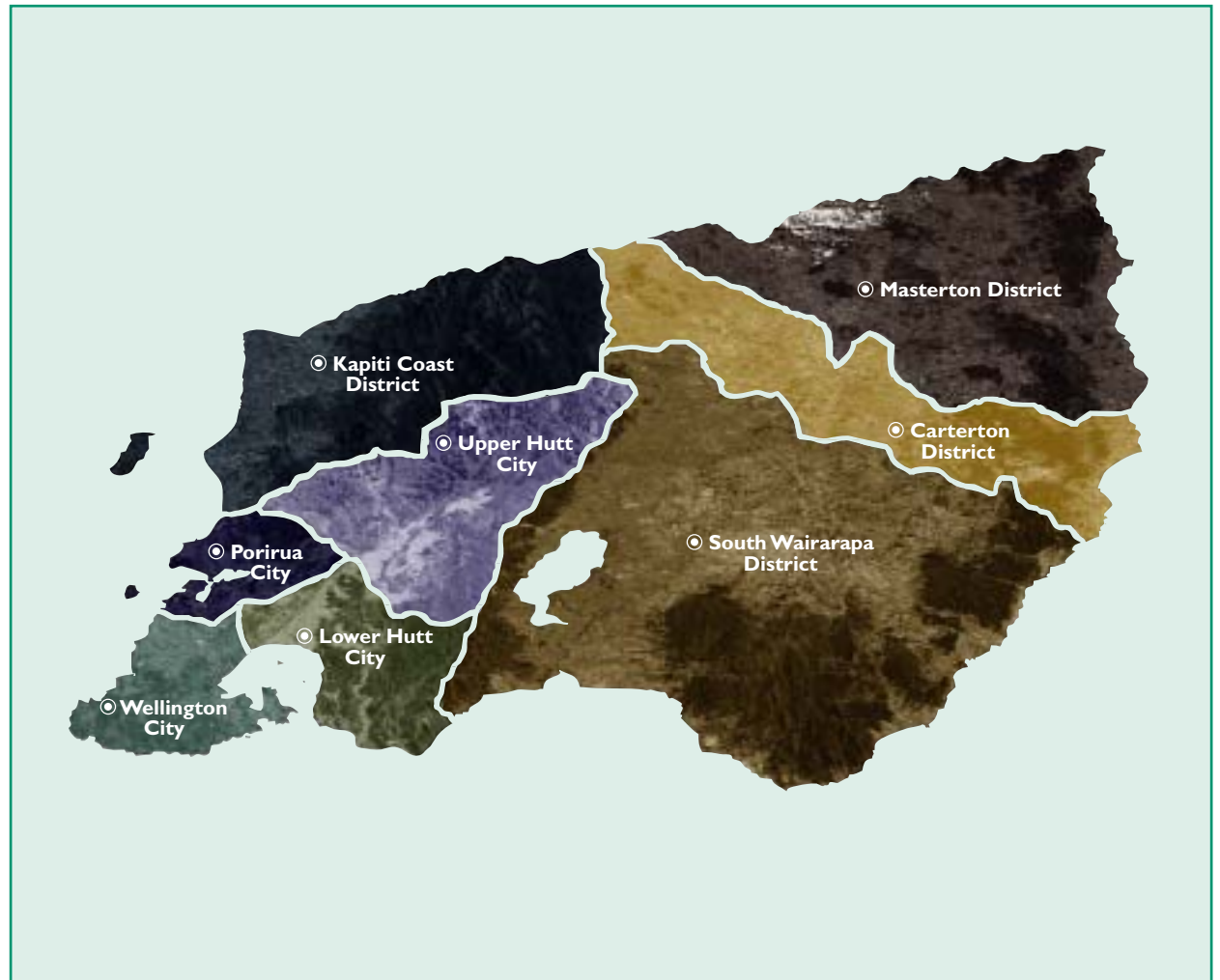
*Chief Financial
Officer*
Greg Schollum

*Corporate Policy
Manager*
John Allard

THE WELLINGTON REGION

Some Facts about the Region

- The Wellington region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington region is 445,400 (Statistics New Zealand, estimated resident population, June 2002).
- Greater Wellington manages 320 kilometres of river channels and 280 kilometres of stopbanks. It is responsible for one of the largest flood protection schemes in New Zealand.
- Around 30 million passenger journeys are made on the region's public transport system each year.
- Greater Wellington collects, treats and delivers about 150 million litres of high quality water per day, on average, for the city councils of metropolitan Wellington.
- Greater Wellington annually manages possum control programmes on approximately 500,000 hectares of land in the region.
- Greater Wellington manages 50,000 hectares of regional parks and forests.



THE BIG PICTURE

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



A HIGH QUALITY ENVIRONMENT



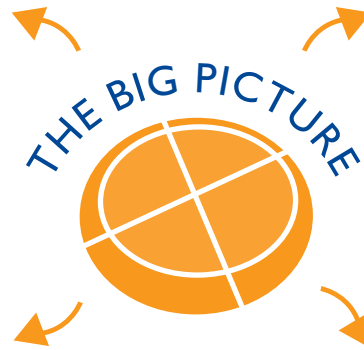
A PROSPEROUS AND VIABLE REGION



HEALTHY PEOPLE IN A SAFE REGION



A STRONG AND INCLUSIVE REGIONAL COMMUNITY



THE BIG PICTURE: A High Quality Environment



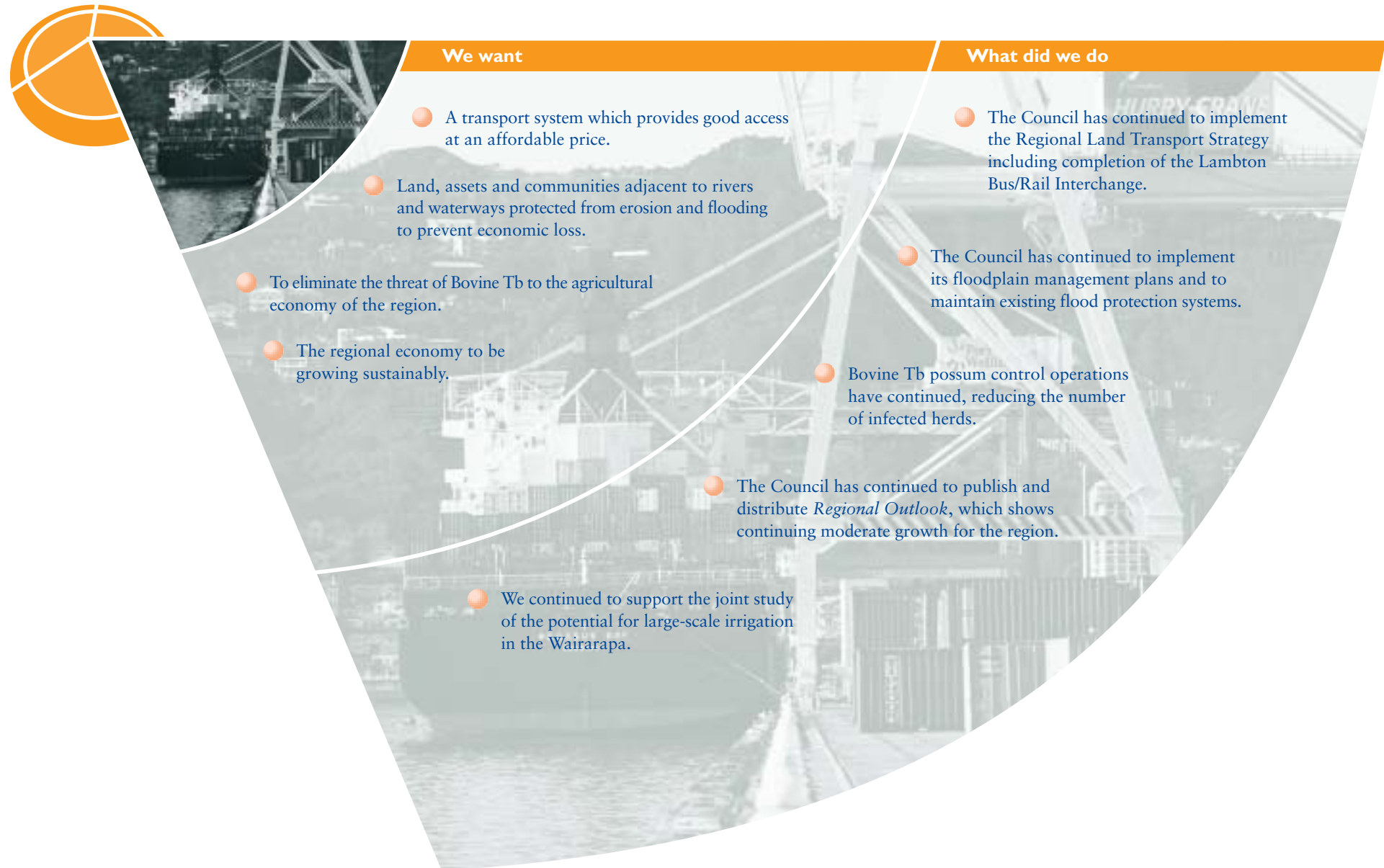
We want

- People to be well-informed about environmental issues and actively involved in them.
- The quality of the region's air, water and soils to be improving. The reasonable needs of resource users to be met.
- To avoid risks to our ecology from plant and animal pests. More biological diversity.
- Appropriate use of land in the region so that it's not eroding away.
- The objectives in the Regional Policy Statement and regional plans to be achieved.
- The region's environmental and heritage assets to be there for future generations.
- People and communities to be kept safe from floods through a sustainable approach.
- A transport system which is environmentally friendly.
- The Council is working to ensure a continuous and reliable transport system including pursuing strategies to progressively improve the system.

What did we do

- The Council is working with the community on a range of projects to restore the environment with over 4000 people involved in our environmental care groups.
- We continued with the clean-up of unwanted agricultural chemicals across the region.
- Significant progress has been achieved in controlling plant and animal pests, particularly in many of our key native ecosystems areas.
- A programme of progressive adoption of environmental management strategies is in place within the Council.
- We published the State of the Environment annual summary in the form of easily accessible report cards.
- We worked with the community on an environmental enhancement programme for the Otaki River Mouth and launched a ranger service on the Hutt River.
- We continued to implement floodplain management plans for the Hutt, Otaki and Waikanae Rivers.

THE BIG PICTURE: A Prosperous and Viable Region



We want	What did we do
<ul style="list-style-type: none">● A transport system which provides good access at an affordable price.	<ul style="list-style-type: none">● The Council has continued to implement the Regional Land Transport Strategy including completion of the Lambton Bus/Rail Interchange.
<ul style="list-style-type: none">● Land, assets and communities adjacent to rivers and waterways protected from erosion and flooding to prevent economic loss.	<ul style="list-style-type: none">● The Council has continued to implement its floodplain management plans and to maintain existing flood protection systems.
<ul style="list-style-type: none">● To eliminate the threat of Bovine Tb to the agricultural economy of the region.	<ul style="list-style-type: none">● Bovine Tb possum control operations have continued, reducing the number of infected herds.
<ul style="list-style-type: none">● The regional economy to be growing sustainably.	<ul style="list-style-type: none">● The Council has continued to publish and distribute <i>Regional Outlook</i>, which shows continuing moderate growth for the region.
<ul style="list-style-type: none">● We continued to support the joint study of the potential for large-scale irrigation in the Wairarapa.	

THE BIG PICTURE: Healthy People in A Safe Region



We want

- The people of the Wellington Region to receive a high standard water supply.
- People to be able to enjoy a safe and high quality outdoor environment on Council lands.
- The region's harbours to provide an attractive environment for recreational and commercial users.
- The region to be ready to cope with emergency events.
- Adequate health facilities and services accessible to all.
- We have formed a new Civil Defence Emergency Management Group that will bring a co-operative approach to emergency management in the region.
- The Council has continued to monitor health issues in the region.

What did we do

- An uninterrupted, high quality supply of water was provided to the metropolitan cities in the region.
- Implementation of the Council's asset management plans has ensured parks and forests remain in good condition. We have also developed an overarching management plan for the regional park network.
- We have continued to promote safety on the water and ensure that recreational and commercial vessels comply with the Wellington Regional Navigation and Safety bylaws.

THE BIG PICTURE: A Strong and Inclusive Regional Community



We want

- A region which supports strong communities.
A region where people are not worried by the fear of crime.
The infrastructure of the region kept up to the mark.
The Wellington Region to be seen as a desirable place for businesses to bring staff to and for people to live in.
- Local government, including the Regional Council, to be able to contribute fully to community well-being.
- The Council and Iwi of the region to have a mutually beneficial relationship.

What did we do

- We responded to the community's desire for increased renewable energy resources and we are investigating possible solutions on our land.
- We have worked with central government to develop a new Local Government Act. We developed a Long Term Council Community Plan reflecting the priorities of our community and the requirements of the new Act.
- The Council has continued to build on its mutually beneficial relationships with Iwi of the region.

ENVIRONMENT: Committee Report



“ This year over 80,000 plants have been planted as part of our *Take Care* programme. Over 4,000 people throughout the Region are now involved in our environmental care groups. I'd like to thank all those who are working so hard to improve our environment ”

Ian Buchanan
Chairperson

Managing Resources

The *Take Action for Water* environmental education programme for schools is proving to be very popular. A total of 39 classes and 1150 school children have undertaken the programme this year. The resulting action projects and the enthusiasm of the kids are overwhelming.

We have had a good response to our state of the environment “report cards”. This is a new way of trying to tell as many people as possible about our successes and also about where we need to devote more effort.

We are delighted that pollution complaints were down this year and hope that this is because people are becoming more environmentally responsible. Odour, however, continues to be a difficult issue for us and odour complaints take up a large amount of staff time.

We received 14% more resource consent applications this year compared to the previous year. However, timeframes were met in almost all cases.

Managing Emergencies

The introduction of long awaited legislation means that we were able to go ahead with the formation of the new Civil Defence Emergency Management Group for the Region. This will bring a new co-operative approach to emergency management involving all local authorities, emergency services and health providers in the region.

Managing Harbours

Our staff continue to promote safety on the water, maintain navigation aids and ensure that recreational and commercial vessels comply with our harbour bylaws. Disappointingly, in spite of all our efforts, there were a few accidents this year, including two fatalities. People still need to be more careful on the water.

COMMITTEE MEMBERS

Chairperson

I M Buchanan

Deputy Chair

I Yardley

Members

H Barr

T G G Evans

T J McDavitt

C R Turver

Council Chairperson (*ex officio*)

Appointees

B Rush (Ministry of Civil Defence and Emergency Management)

W Chapman

PASSENGER TRANSPORT: Committee Report



“ The Committee has worked hard over the year to continue a programme of passenger service quality improvements. However, the lack of any resolution of the ownership of Tranz Metro Wellington has been disappointing ”

Chris Turver
Chairperson

Planning and Monitoring the Transport Network

The Hutt Corridor Plan went through its public submission process and was reported back to the Regional Land Transport Committee (RLTC). The Committee instigated a Western Implementation Plan group to progress that part of the transport strategy and work was initiated on a sustainable urban development strategy. All these led into a review of the strategy which will finally commence before the end of 2003.

Building the Public Transport Infrastructure

The \$10.9 million Lambton Bus/Rail Interchange was completed and opened for use in March 2003. This project was a key element of the very successful quality partnership agreement (QPA) involving Wellington City, the operators and the Regional Council. Other initiatives driven by the QPA introduced this year are the Wellington City “green” bus only lanes funded by the Regional Council.

A new Petone railway station building costing \$580,000 is finally under construction, after three years of consultation, design and negotiations with Tranz Rail, New Zealand Railways Corporation and Hutt City Council.

Tawa, Ngaio, Johnsonville, Melling and Taita commuter carparks have been enlarged because of demand, while additional security patrols have been initiated for all urban rail carparks to reduce car theft and damage.

Funding Public Transport Services

A major effort was made during the year to investigate ways to improve passenger transport. Extensive market research has revealed both barriers to use and incentives to increase use. The Hutt Valley bus review will result in 60% more bus kilometres with a shift from commuter to community services in keeping with the Council’s promotion of a sustainable region. A total expenditure of \$37.2 million for the year has seen passenger numbers increase by 3% to a total of 30.8 million.

COMMITTEE MEMBERS *

Chairperson
C R Turver

Deputy Chair
J E Aitken

Members
H Barr
T G G Evans
T J McDavitt
I Yardley
I M Buchanan
R Kirton
C R Laidlaw
R F Thomas
Council Chairperson (*ex officio*)

Appointee
A Foster¹

* The Regional Land Transport Committee is a separate committee chaired by Councillor McDavitt (Deputy chair of the Council) comprising members of the Passenger Transport Committee and appointees representing local authorities, Central Government agencies and users.

¹ Speaking but no voting rights.

UTILITY SERVICES: Committee Report



“ The robustness of the system and our variety of sources meant the operation met demand reasonably comfortably during quite an extreme event ”

Dick Werry
Chairperson

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

Water Supply

The water supply infrastructure is relatively modern and in good shape. This year we experienced a very dry late summer and autumn. Total annual consumption was the highest for 10 years. The robustness of the system and our variety of sources meant that the operation met demand reasonably comfortably during quite an extreme event.

Significant non-controllable costs have impacted on our direct costs this year. Utility rates, insurance and electricity increases added \$1.3 million to our direct costs. Had they not occurred, overall direct costs would have been down for the sixth straight year.

Despite further utility rate increases being signalled for the 2003/04 year, the water levy for the 2003/04 year has been held at the same level (\$22.8 million excluding GST) as the year under review. The Council has held or cut the levy in each of the last seven years, and it is now at the lowest level in a decade.

Debt is now \$24 million less than in 1997 and this has been achieved whilst funding a significant amount of capital expenditure over the same period.

Plantation Forestry

A reasonable result was achieved with 56,729 tonnes harvested for a net harvest return of \$1.5 million before other operating costs, despite the rapid and significant rise in the NZD/USD cross rate having had a significant adverse impact upon financial performance.

COMMITTEE MEMBERS

Chairperson

R J Werry

Deputy Chair

R F Thomas

Members

J E Aitken

C R Laidlaw

R Kirton

F R Long

Council Chairperson (*ex officio*)¹

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

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

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

LANDCARE: Committee Report



“ This year has been another challenging one for the Landcare Committee. There have been a large number of achievements but some difficult issues to grapple with as well ”

Chris Laidlaw
Chairperson

Flood Protection

We launched the Hutt River ranger service in November 2002. This groundbreaking service is proving to be a real success.

I was very impressed by the work done on the Otaki River mouth. Greater Wellington has sponsored this environmental enhancement as part of the Otaki Floodplain Management Plan and it has been very satisfying the way the Otaki Community responded. On behalf of the Committee I would like to thank all those volunteers who are making a real difference to the regional environment.

The year has also had its share of trials. The delay in gaining agreement with the Ministry of Education on the purchase of Strand Park will cause inevitable delays in the implementation of the Hutt River Floodplain Management Plan.

Parks and Forests

Late last year we installed a new bridge over the Pakuratahi River at Kaitoke Regional Park. The new bridge will allow us to open another track in this popular area and this, together with further landscaping of this area, has enhanced an already very popular recreation facility.

Perhaps the most challenging task has been the development of an overarching management plan for the regional park network. That process is now almost complete and we look forward to beginning the park by park analysis next year, together with the communities concerned.

Finally, I think it's important that we don't forget the day to day work that has been done. At the end of each year staff report back to the Committee on the maintenance programme and each year we are impressed with how much work they get through. That work includes replacing old sections of rock lines as they get damaged, keeping the river corridors clear so they can pass floods, mowing stopbanks and park amenity areas, tidying up tracks, replacing picnic tables, and all the other unseen actions and improvements that contribute to making our magnificent parks and river corridors even more attractive and fulfilling. Enjoy them.

COMMITTEE MEMBERS

Chairperson
C R Laidlaw

Deputy Chair
H Barr

Members
R J Werry
T G G Evans
I Yardley
R Kirton
R F Thomas
Council Chairperson (*ex officio*)

Appointees
J Gilbert
A D Ross²

Council Deputy Chairperson (*ex officio*)¹

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

² Speaking but no voting rights.

RURAL SERVICES & WAIRARAPA: Committee Report



“ It was particularly pleasing to see a new consent operative for the Masterton wastewater discharge ”

Rick Long
Chairperson

Environmental Management

Very good progress has been made this year with the Wairarapa Coastal Strategy project, which is a non-statutory document aimed at providing guidance for the future management of the coast. This joint project with the three Wairarapa district councils and the two Iwi groups is scheduled for completion at the end of 2003.

219 resource consents were issued during the year and we were again able to achieve a high satisfaction level amongst applicants and submitters. It was particularly pleasing to see a new consent operative for the Masterton wastewater discharge and a resulting interim upgrade completed by 30 June.

Land Management

The Council has once again undertaken a very substantial programme of Bovine Tb possum control with operations being completed on 365,000 hectares, which represents 45% of the region’s total land area. As a result, livestock reactor numbers have continued to fall. There are now 46 infected herds in the Region compared with 354 eight years ago.

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

will be carried out under our new Regional Pest Management Strategy, which was adopted during the year with strong community endorsement.

Our hill country sustainability work has continued to progress with nearly 400 hectares of tree planting completed this year.

Flood Protection

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

We have begun a comprehensive review of the Lower Wairarapa Valley Scheme, the first such review since the Scheme was initiated in 1960. We look forward to the involvement of the Scheme’s numerous stakeholders during this process.

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

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

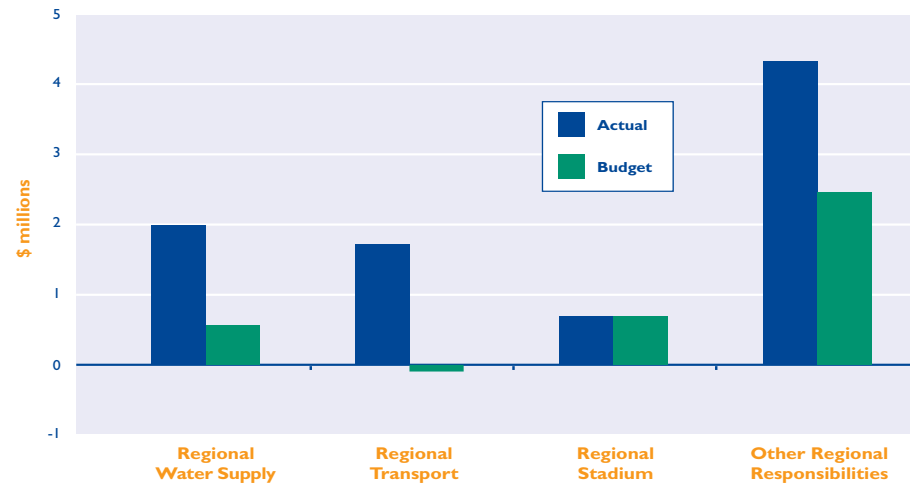
FINANCIAL OVERVIEW – COUNCIL

Operating Results

The Council’s operating surplus for the 2002/03 financial year was \$8.7 million compared with a budgeted surplus of \$3.6 million. Significant components of this surplus above budget were:

- An additional surplus of \$1.4 million in Regional Water Supply because of reduced expenditure on interest, chemicals, energy and rates.
- An additional surplus of \$1.8 million in Regional Transport primarily as a result of the delays in a number of planned projects including rolling stock refurbishment, Waikanae rail electrification project and a number of “kick start” services.
- An additional surplus of \$1.9 million in Other Regional Responsibilities primarily as a result of additional rates income and an unrealised investment write up.

2003 Operating Surplus/Deficit



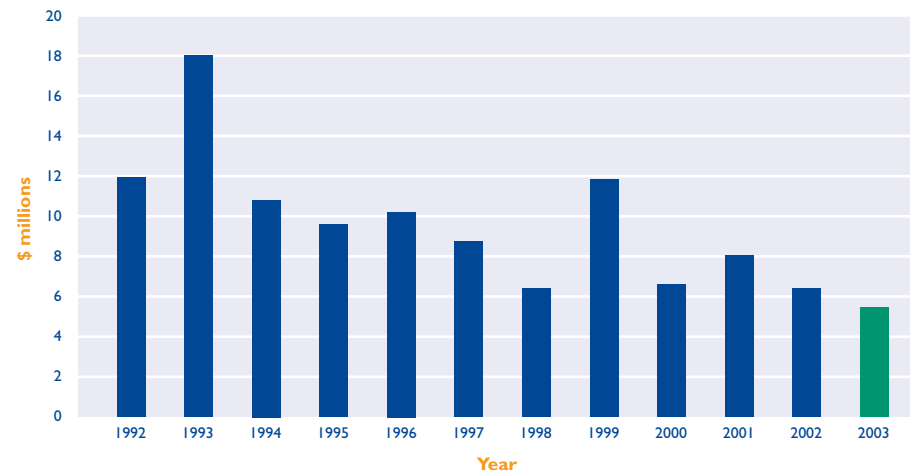
Net Capital Expenditure

By historical standards the level of capital expenditure in 2002/03 has been relatively modest as can be seen from the adjacent table.

Notable projects advanced or completed during 2002/03 included:

- Various flood protection projects, primarily within the Hutt Valley, (Flood Protection).
- Refurbishment of the OK main along the Petone foreshore (Water Supply).
- Replacement of air valves on the Hutt road pipeline (Water Supply).
- Forestry logging road construction (Forestry).

Net Capital Expenditure



FINANCIAL OVERVIEW – COUNCIL

Funding

The adjacent table summarises the Council's operating result and shows how surplus funds have been applied. Funds have been applied to capital expenditure, investment additions, debt servicing and reserve transfers.

Of the Council's operating surplus above budget of \$5.1 million, \$2.2 million has been transferred to reserves and \$2.4 million has been used to fund the lower than planned decrease in working capital. These funds have been in turn used to further repay debt during 2003/04.

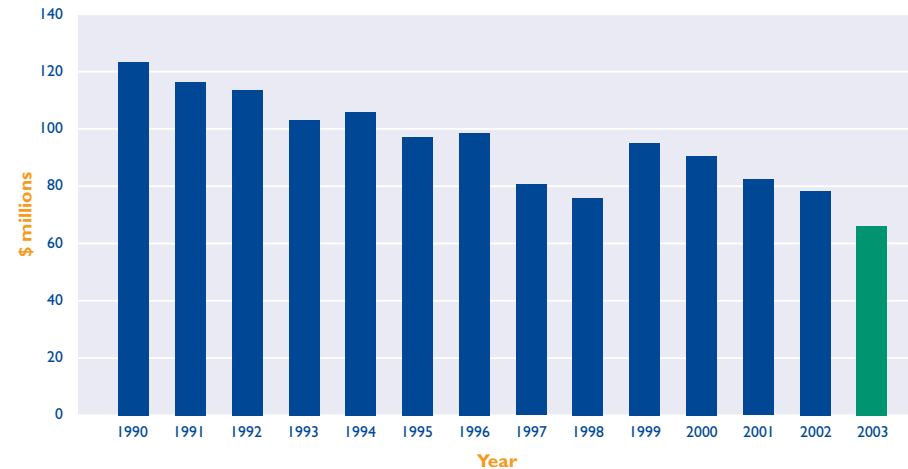
SUMMARY FUNDING STATEMENT	2003 Actual \$000's	2003 Budget \$000's	Variance \$000's
Regional Water Supply	2,001	565	1,436
Regional Transport	1,725	(96)	1,821
Regional Stadium	700	700	0
Other Regional Responsibilities	4,348	2,473	1,875
Operating Surplus (Deficit)	8,774	3,642	5,132
Movement in Reserves	(2,365)	(122)	(2,243)
Add Back Non Cash Items	7,735	8,123	(388)
Funding Surplus from Operations	14,144	11,643	2,501
Less:			
Net Capital Expenditure	5,435	7,506	(2,071)
Investment Additions	1,551	1,500	51
New Loans	(6,386)	(8,493)	2,107
Investment Redemption	0	0	0
Net Capital Expenditure & Investment	600	513	87
Working Capital Movement	(2,633)	(5,000)	2,367
Debt Repayment	16,177	16,130	47
Net Funding Surplus (Deficit)	0	0	0

FINANCIAL OVERVIEW – COUNCIL

Net Council Debt

Net Council debt has been reduced by \$12.1 million during the year from \$78.4 million at 30 June 2002 to \$66.3 million at 30 June 2003. Since 1990 net Council debt had been reduced from \$123.4 million to \$66.3 million, a reduction of 46%. The majority of the Council's debt now relates to Regional Water Supply, Flood Protection and the Regional Stadium.

Net Council Debt

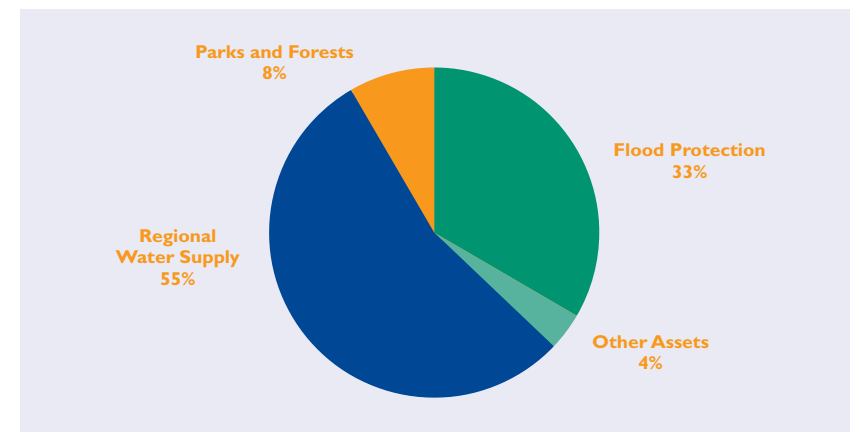


Asset Management

Asset management plans remain an important building block in the Council's financial management framework. Of the total assets worth \$452,416 the majority of the Council's asset base consists of Regional Water Supply, Flood Protection and Parks and Forests assets. These important community assets are required to be maintained and, where possible, enhanced, to enable the Council to continue to provide the agreed service levels to the community.

During the year the Council made further progress in its asset management planning. Parks and Forests Infrastructural assets were revalued during the 2002/03 year resulting in an increase in value of approximately \$28.5 million. We will continue to liaise with Audit New Zealand as further improvements are made to the Council's asset management plans in future.

Fixed Assets



COMPLIANCE WITH COUNCIL POLICIES

Introduction

This page records compliance by the Council against the following Council policies adopted under the Local Government Act 1974:

- Long-Term Financial Strategy (LTFS).
- Funding Policy.
- Treasury Management Policy (Investment Policy / Borrowing Management Policy).

The Local Government Act 2002 came into force in December 2002 but transitional provisions mean that it is appropriate to report against the 1974 Act for the year ended 30 June 2003.

A new Long-Term Council Community Plan (LTCCP) was adopted by the Council on 30 June 2003. The LTCCP contained a new Revenue and Financing Policy (equivalent to Funding Policy) and Treasury Management Policy. Compliance by the Council against these new policies will be reported on in the 2004 Annual Report.

(a) Long-Term Financial Strategy (updated June 2002)

The 2002/03 year was the third year of 10 years contained within the LTFS. The performance of the Council both in terms of the outcomes being achieved and the costs incurred are included within the Statements of Service Performance of each of the Council's significant activities.

(b) Funding Policy (adopted June 2000)

The Council's Funding Policy contains targeted funding mix ratios for all of the Council's functions. As a general rule actual funding mixes achieved were consistent with targeted funding mixes.

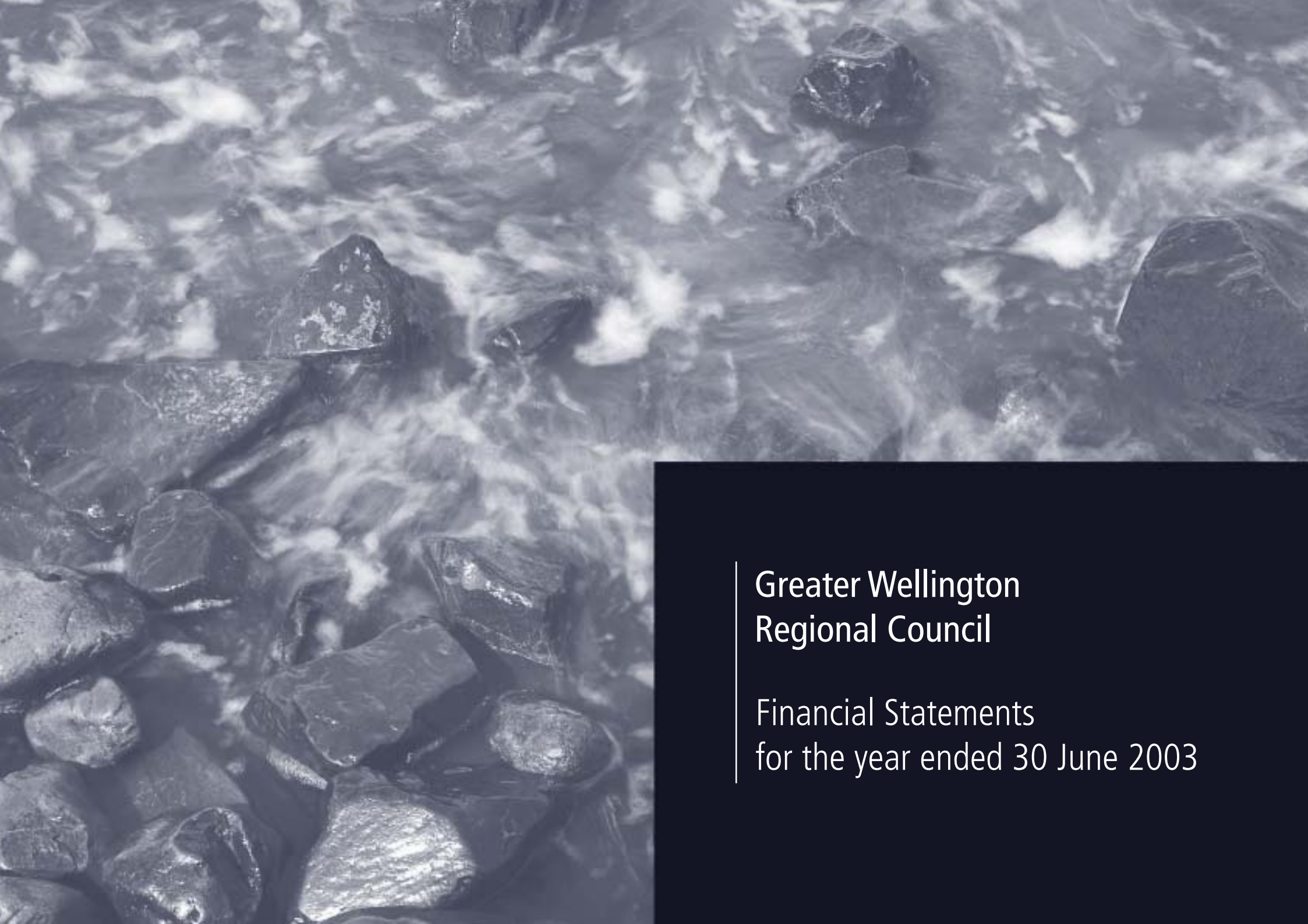
(c) Treasury Management Policy (adopted November 1999)

A summary of Council's compliance with the Council's Treasury Management Policy (incorporating both the Investment Policy and Borrowing Management Policy) and its external limits is detailed in the following tables.

COUNCIL POLICY COMPLIANCE ANALYSIS (MAJOR POLICIES) FOR THE YEAR ENDED 30/6/03	Yes	No																														
<ul style="list-style-type: none"> • Less than 33% of total debt is to mature in any one financial year. • Access to undrawn committed lines and liquid investments of no less than \$5 million. • Access to undrawn committed lines and liquid investments of no less than \$25 million for self-insured assets and contingency reserves. • Less than 40% of total debt has a floating rate profile. • Counterparty exposures and minimum credit limits: <table border="0"> <tr> <td>ANZ</td> <td>≤</td> <td>\$10m</td> <td>AA-</td> <td>✓</td> <td></td> </tr> <tr> <td>NBNZ</td> <td>≤</td> <td>\$50m</td> <td>AA-</td> <td></td> <td>✓</td> </tr> <tr> <td>BNZ</td> <td>≤</td> <td>\$10m</td> <td>AA-</td> <td>✓</td> <td></td> </tr> <tr> <td>Westpac</td> <td>≤</td> <td>\$10m</td> <td>AA-</td> <td>✓</td> <td></td> </tr> <tr> <td>ASB</td> <td>≤</td> <td>\$10m</td> <td>AA-</td> <td>✓</td> <td></td> </tr> </table> 	ANZ	≤	\$10m	AA-	✓		NBNZ	≤	\$50m	AA-		✓	BNZ	≤	\$10m	AA-	✓		Westpac	≤	\$10m	AA-	✓		ASB	≤	\$10m	AA-	✓			
ANZ	≤	\$10m	AA-	✓																												
NBNZ	≤	\$50m	AA-		✓																											
BNZ	≤	\$10m	AA-	✓																												
Westpac	≤	\$10m	AA-	✓																												
ASB	≤	\$10m	AA-	✓																												
EXTERNAL BORROWING LIMITS COMPLIANCE ANALYSIS FOR THE YEAR ENDED 30/6/03	Actual	TMP Limits																														
<ul style="list-style-type: none"> • Net financial cost to rates and levies • Net debt to rates and levies • Net debt/head of population 	<p>7%</p> <p>88%</p> <p>\$149</p>	<p>20%</p> <p>175%</p> <p>\$300</p>																														

Breach of Treasury Management Policy Limits

On 17th June Standard and Poor's dropped the credit rating on NBNZ from AA- to A+. On 30th June 2003 the Council reviewed the counterparty limits in the Policy and after taking advice from its Treasury Advisor, reduced the limits from AA- to A.



Greater Wellington
Regional Council

Financial Statements
for the year ended 30 June 2003

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2003

	Notes	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
OPERATING REVENUE						
Rates & Levies		75,569	73,163	75,569	74,877	73,163
Grants & Subsidies		23,624	24,056	23,624	25,892	24,056
Investment Revenue		3,929	3,708	4,859	4,717	5,615
Other External Revenue		54,152	54,408	13,200	13,080	14,602
Total External Operating Revenue	1	157,274	155,335	117,252	118,566	117,436
OPERATING EXPENDITURE						
Personnel		21,584	22,022	21,584	22,686	22,022
Grants & Subsidies		39,909	40,785	39,909	44,614	40,785
Interest		10,264	10,881	6,055	6,609	6,924
Depreciation	2	12,589	12,275	8,163	8,123	8,102
Other External Operating Expenditure		58,879	56,562	32,767	32,892	32,890
Total External Operating Expenditure	2	143,225	142,525	108,478	114,924	110,723
Operating Surplus before Taxation		14,049	12,810	8,774	3,642	6,713
Taxation Expense	10	1,666	2,165	0	0	0
Operating Surplus for the Year		12,383	10,645	8,774	3,642	6,713
Less Net Surplus Attributable to Minority Interest	14	1,447	1,698	0	0	0
Plus Asset Acquisitions due to Revaluation	7	14,916	0	14,916	0	0
Net Surplus Attributable to Parent Interest		25,852	8,947	23,690	3,642	6,713

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

STATEMENT OF FINANCIAL PERFORMANCE BY ACTIVITY
for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING REVENUE		
Environment Management	10,749	10,591
Regional Transport	49,162	51,282
Regional Water Supply	24,005	23,869
Land Management	8,867	9,362
Flood Protection	10,999	10,987
Parks & Forests	4,992	5,066
Investment in Democracy	3,577	3,577
Stadium	2,676	2,676
Council Investments	3,472	3,101
Other	3,376	2,562
Total Operating Revenue	121,875	123,073
Less: Internal Operating Revenue	4,623	4,507
Total External Operating Revenue	117,252	118,566

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Environment Management	10,663	10,714
Regional Transport	47,437	51,378
Regional Water Supply	22,004	23,304
Land Management	8,855	9,461
Flood Protection	8,371	8,883
Parks & Forests	4,899	4,944
Investment in Democracy	3,486	3,574
Stadium	1,976	1,976
Council Investments	2,256	2,405
Other	3,154	2,792
Total Operating Expenditure	113,101	119,431
Less: Internal Operating Expenditure	4,623	4,507
Total External Operating Expenditure	108,478	114,924
Operating Surplus/(Deficit)	8,774	3,642
Less:		
Capital Expenditure & Investments	6,986	9,006
Loan Funding	(6,386)	(8,493)
Rates Funded Capital Expenditure	600	513
Debt Provisioning	16,177	16,130
Reserve Movements	2,365	122
Working Capital Movements	(2,633)	(5,000)
Non Cash Items	(7,735)	(8,123)
Net Funding Surplus (Deficit)	0	0

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

STATEMENT OF MOVEMENTS IN RATEPAYERS' FUNDS for the year ended 30 June 2003

	Notes	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
PARENT INTEREST						
Ratepayers' Funds at the Start of the Year		450,966	421,827	446,039	423,762	419,134
Net Surplus for the Year		25,852	8,947	23,690	3,642	6,713
Increase/(Decrease) in Asset Revaluation Reserves	13	13,492	20,192	13,492	0	20,192
Total Recognised Revenues & Expenses for the Year		39,344	29,139	37,182	3,642	26,905
Ratepayers' Funds at the End of the Year		490,310	450,966	483,221	427,404	446,039
MINORITY INTEREST						
Ratepayers' Funds at the Start of the Year	14	14,217	13,535	0	0	0
Net Surplus for the Year		1,447	1,698	0	0	0
Total Recognised Revenues & Expenses for the Year		15,664	15,233	0	0	0
Distribution to Owners		(798)	(1,016)	0	0	0
Ratepayers' Funds at the End of the Year		14,866	14,217	0	0	0
Total Ratepayers' Funds at the End of the Year		505,176	465,183	483,221	427,404	446,039

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2003

	Notes	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
RATEPAYERS' FUNDS						
Retained Earnings	12	222,185	198,584	215,096	195,738	193,657
Reserves	13	268,125	252,382	268,125	231,666	252,382
		490,310	450,966	483,221	427,404	446,039
Minority Interests	14	14,866	14,217	0	0	0
Total Ratepayers' Funds		505,176	465,183	483,221	427,404	446,039
ASSETS						
Current Assets	3	69,084	69,806	64,624	60,835	67,934
Non-Current Assets	5	602,822	572,661	510,965	461,534	482,943
Total Assets		671,906	642,467	575,589	522,369	550,877
LIABILITIES						
Current Liabilities	8	55,328	41,576	25,127	24,240	38,930
Non-Current Liabilities	9	111,402	135,708	67,241	70,725	65,908
Total Liabilities		166,730	177,284	92,368	94,965	104,838
Net Assets		505,176	465,183	483,221	427,404	446,039



Margaret Shields
Chairperson
30 October 2003



Barry Harris
Chief Executive
30 October 2003



Greg Schollum
Chief Financial Officer
30 October 2003

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2003

	Notes	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash provided from:						
Customers		40,508	39,887	0	0	0
Rates		51,938	51,226	51,938	52,101	51,226
Water Supply Levy		22,776	22,776	22,776	22,776	22,776
Government Subsidies		23,624	24,056	23,624	25,892	24,056
Interest		3,675	3,584	3,526	3,896	3,474
Dividends		126	135	1,801	613	900
Fees, Charges & Other Revenue		14,348	14,825	14,348	13,288	14,825
		156,995	156,489	118,013	118,566	117,257
Cash disbursed to:						
Payment to Suppliers & Employees		117,496	120,351	92,184	100,192	96,026
Interest		10,283	10,538	5,853	6,163	6,559
Income Tax Paid		1,540	2,000	0	0	0
		129,319	132,889	98,037	106,355	102,585
Net Cash Flows from Operating Activities	22	27,676	23,600	19,976	12,211	14,672
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash provided from:						
Sale of Property, Plant & Equipment		292	518	286	301	453
Repayment of Advance from Associate Company		150	50	0	0	0
Sinking Funds		931	1,347	931	224	1,347
Disposal of Other Investments		754	0	0	0	0
		2,127	1,915	1,217	525	1,800

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2003

	Notes	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
Cash disbursed for:						
Purchase of Property, Plant & Equipment		12,406	18,008	5,762	7,807	6,936
Plantation Forestry Development		479	661	479	451	661
Sinking Funds		53	56	53	483	56
Advance to Associate Company		0	1,500	0	0	0
Investment in Associate Company Shares		820	0	0	0	0
Council Contingency Investments		1,070	882	1,070	1,049	882
		14,828	21,107	7,364	9,790	8,535
Net Cash Flows from Investing Activities		(12,701)	(19,192)	(6,147)	(9,265)	(6,735)
CASH FLOWS FROM FINANCING ACTIVITIES						
Cash provided from:						
Loan Funding		5,937	10,079	5,937	8,047	6,079
		5,937	10,079	5,937	8,047	6,079
Cash disbursed for:						
Debt Repayment		21,244	11,204	18,944	15,993	11,204
Repayment of Intercompany Current Account		0	0	2,448	0	(74)
Dividends Paid to Minority Interests		475	969	0	0	0
		21,719	12,173	21,392	15,993	11,130
Net Cash Flows from Financing Activities		(15,782)	(2,094)	(15,455)	(7,946)	(5,051)
Net Increase in Cash Held		(807)	2,314	(1,626)	(5,000)	2,886
Opening Cash & Call Deposits		7,913	5,599	8,504	9,905	5,618
Closing Cash & Call Deposits	3	7,106	7,913	6,878	4,905	8,504

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

STATEMENT OF ACCOUNTING POLICIES

1. Reporting Entity

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

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

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

2. Measurement Base

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

3. Accounting Policies

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

3.1 Basis of Consolidation

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

3.2 Revenue Recognition

Rates and levies are recognised as income in the year the assessments are issued. Government subsidies and contributions from territorial local

authorities for contract works are recognised as income when eligibility has been established by the grantor. Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the entity paying the dividend has incurred a constructive obligation. Other income is also recognised on an accrual basis.

3.3 Investments

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

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

3.4 Property, Plant & Equipment & Depreciation

The Council has categorised its Property, Plant & Equipment into operational assets, regional water supply assets, floodplain management plans, and infrastructural assets (including flood protection, transport, navigational aids and parks and forests) and capital works in progress.

Valuation & Additions

All valuations are carried out or reviewed by independent qualified valuers at least every five years. The Council undertook an asset valuation exercise in 1991, 1999, 2002 and 2003 of various classes of asset.

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

The asset valuation exercise undertaken in 1991 was for the purpose 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 transport facilities infrastructure assets (1991 depreciated replacement

STATEMENT OF ACCOUNTING POLICIES

cost). Additions to assets since 1991 are recorded at cost. In respect of these asset classes the Council is not on a revaluation cycle.

Regional Water Supply

Tony Pratt MIPMV of Rolle Hillier Parker Ltd revalued the Regional Water Supply System on 1 July 1999 using depreciated replacement cost.

Flood Protection

The Flood Protection infrastructure assets were revalued at 30 June 2002 using depreciated replacement cost methodology. The valuations were carried out by:

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

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

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

Baker & Associates revalued Wairarapa Flood Protection land on 30 June 2002. Land valuation was completed by F T Rutherford BBS (VPM), NZPI, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks & Forests

The Parks & Forests infrastructure assets were revalued at 30 June 2003 using depreciated replacement cost methodology. Graham Laws, Parks & Forests Asset

Management Advisor carried out the valuations. The valuation methodology and rates were reviewed and certified by PM Ollivier BSc, BE (Civil), MIPENZ, MICE and KJ Tonks ANZIV, MPLEINZ of Tse Group Ltd.

Parks & Forests land and improvements were revalued at 30 June 2003 by GH Smith ANZIV, using the market value methodology.

Plantation Forestry bridges were revalued by Kate Swatz, Senior Engineer for the Engineering Consultancy Group. PM Ollivier and KJ Tonks of Tse Group Ltd reviewed the valuation methodology and unit rates.

Plantation Forestry roads and Wairarapa Forests infrastructure assets were revalued by GH Smith ANZIV.

CentrePort Limited

Assets acquired on 1 October 1988 are stated at cost based on a business valuation carried out at that time. Subsequent purchases of Property, Plant & Equipment by CentrePort Limited are recorded at cost.

Depreciation

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

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

STATEMENT OF ACCOUNTING POLICIES

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

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

3.5 Investment Properties

Investment properties are revalued annually at net market value.

3.6 Inventories

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

3.7 Taxation

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

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

3.8 Accounts Receivable

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

3.9 Leases

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

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

3.10 Employee Entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Council. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred. Entitlements to receive 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.

3.11 Financial Instruments

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

3.12 Foreign Currency

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

3.13 Goods and Services Tax

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

STATEMENT OF ACCOUNTING POLICIES

3.14 Overhead Allocation and Internal Transactions

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

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

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

3.15 Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council or Group invests as part of its day to day cash management.

Operating activities include cash received from all income sources of the Group and the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non current assets.

Financing activities comprise the change in equity and debt capital structure.

3.16 Rounding of Amounts

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

3.17 Comparatives

In most cases comparison is made with the 2002/03 budget as set out in the 2002/03 Annual Plan. In other cases the comparatives are the 2001/02 actual figures. Where necessary, comparatives have been changed to assist comparability.

3.18 Legislative Compliance

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

4. Changes in Accounting Policies

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 1

REVENUE

General Rates	21,005	19,693	21,005	20,311	19,693
Transport Rates	25,324	24,319	25,324	25,324	24,319
River Rates	2,592	2,403	2,592	2,592	2,403
Regional Water Supply Levy	22,776	22,776	22,776	22,776	22,776
Bovine Tuberculosis Rates	133	208	133	131	208
Stadium Purposes Rate	2,676	2,676	2,676	2,676	2,676
Wairarapa Scheme Rates	1,063	1,088	1,063	1,067	1,088
Government Grants & Subsidies	23,624	24,056	23,624	25,892	24,056
Dividends	1	0	789	613	1,800
Equity Accounted Earnings from Associates	131	132	0	0	0
Subvention Revenue	0	0	422	208	357
Sinking Fund Interest	476	489	476	483	489
Other Interest	3,321	3,087	3,172	3,413	2,969
Other Subsidiaries Revenue	41,512	40,362	0	0	0
Other Council External Revenue	12,640	14,046	13,200	13,080	14,602
Total Operating Revenue	157,274	155,335	117,252	118,566	117,436

Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
21,005	19,693	21,005	20,311	19,693
25,324	24,319	25,324	25,324	24,319
2,592	2,403	2,592	2,592	2,403
22,776	22,776	22,776	22,776	22,776
133	208	133	131	208
2,676	2,676	2,676	2,676	2,676
1,063	1,088	1,063	1,067	1,088
23,624	24,056	23,624	25,892	24,056
1	0	789	613	1,800
131	132	0	0	0
0	0	422	208	357
476	489	476	483	489
3,321	3,087	3,172	3,413	2,969
41,512	40,362	0	0	0
12,640	14,046	13,200	13,080	14,602
157,274	155,335	117,252	118,566	117,436

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 2

TOTAL OPERATING EXPENDITURE INCLUDES

	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2003 Budget \$000's	Council 2002 Actual \$000's
Assets Written Off	133	353	133	0	353
Bad Debts Written Off	44	12	0	0	2
Directors Fees	188	194	0	0	0
Fees Paid to Principal Auditors for Audit of Financial Statements	105	99	95	90	88
Fees Paid to Other Auditors for Audit of Financial Statements	52	49	0	0	0
Fees Paid to Principal Auditors for Other Services	24	33	24	20	33
Fees Paid to Other Auditors for Other Services	109	118	0	0	0
Increase (Decrease) in Provision for Doubtful Debts	97	382	(4)	0	250
Loss (Gain) on Sale of Property, Plant & Equipment	(23)	(382)	(17)	(184)	(317)
Operating Lease Rentals	1,140	1,192	1,547	1,565	1,587
LGNZ Subscriptions	66	66	66	65	66
Decrease (Increase) in Value of Investments	0	0	(545)	0	16
Insurance	8,448	700	1,248	1,110	700

During the year ended 30 June 2003 the Council invested a further \$828,000 (2002 \$655,000) in a self insurance fund as part of its risk management of Regional Water Supply assets. The Council also invested \$243,000 (2002 \$227,000) in the major flood recovery fund.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 2 (continued)

DEPRECIATION BY CATEGORY

Operational Assets

Port, Buildings & Wharves
Land & Buildings
Fixtures & Fittings
Plant & Equipment
Motor Vehicles
Computer Equipment/Software
Floodplain Management Plans

Infrastructural Assets

Flood Protection
Transport Facilities
Navigational Aids
Parks & Forests

Regional Water Supply

Infrastructure Assets
Administration Buildings
Minor Equipment
Motor Vehicles
Total Depreciation

	Group 2003 Actual \$000's	Group 2002 Actual \$000's	Council 2003 Actual \$000's	Council 2002 Actual \$000's
	2,772	2,491	0	0
	47	51	47	51
	91	94	72	71
	1,777	1,800	142	141
	682	649	682	649
	739	605	739	605
	442	435	442	435
	195	253	195	253
	312	321	312	321
	48	44	48	44
	136	169	136	169
	5,073	4,988	5,073	4,988
	1	1	1	1
	120	176	120	176
	154	198	154	198
	12,589	12,275	8,163	8,102

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 3

CURRENT ASSETS

	Notes	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Bank & Call Deposits		7,106	7,913	6,878	8,504
Receivables	4	15,450	14,283	11,796	12,699
Inventory		2,097	2,107	1,812	1,829
Investments (Current)	6	44,138	44,902	44,138	44,902
Taxation Refund Due		293	601	0	0
		69,084	69,806	64,624	67,934

The Council has an overdraft facility of \$1,000,000 with the National Bank which is unsecured. The current interest rate on the facility is 10.00% (2002 10.00%).

Note 4

RECEIVABLES

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Rates Outstanding	3,479	2,620	3,479	2,620
Other Receivables	13,158	12,854	8,294	9,470
Provision for Subvention Receivable	0	0	422	0
Provision for Dividends Receivable	0	0	788	1,800
Less Provision for Doubtful Debts	(1,187)	(1,191)	(1,187)	(1,191)
	15,450	14,283	11,796	12,699

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 5

NON-CURRENT ASSETS

Future Tax Benefit
Investments (Non Current)
Property, Plant & Equipment

Notes	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
	1,338	1,145	0	0
6	53,063	51,013	58,549	56,091
7	548,421	520,503	452,416	426,852
	602,822	572,661	510,965	482,943

Note 6

INVESTMENTS

Liquid Financial Deposits
Sinking Funds
Water Supply Contingency Investment
Major Flood Recovery Fund
Plantation Forests
New Zealand Local Government Insurance Corporation Limited Shares
WRC Holdings Limited Shares
Stadium Advance
Other Investments
Total Investments

Investments (Current)
Investments (Non Current)
Total Investments

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
	44,000	44,000	44,000	44,000
	3,885	4,285	3,885	4,285
	5,138	4,311	5,138	4,311
	892	649	892	649
	15,807	15,328	15,807	15,328
	80	80	80	80
	0	0	7,885	7,340
	25,000	25,000	25,000	25,000
	2,399	2,262	0	0
	97,201	95,915	102,687	100,993
3	44,138	44,902	44,138	44,902
5	53,063	51,013	58,549	56,091
	97,201	95,915	102,687	100,993

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

INVESTMENTS *(continued)*

The \$44M proceeds from the sale of CentrePort Limited shares and convertible notes from the Council to Port Investments Limited have been invested in a bank deposit. As at 30 June 2003 these investments have an interest rate of 5.85% (2002 6.20%) and are due to mature on 15 August 2003. They are not available for day to day cash management.

The Council has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2003 the sinking funds have a weighted average interest rate of 12.99% (2002 11.55%) and an estimated fair value of \$3.9M (2002 \$4.3M).

As at 30 June 2003 the weighted average interest rate on the water supply contingency investment is 5.22% (2002 5.57%) and an estimated fair value of \$5.1M (2002 \$4.3M).

As at 30 June 2003 the weighted average interest rate on the major flood recovery fund is 5.17% (2002 5.96%) and has an estimated fair value of \$0.9M (2002 \$0.6M).

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests (excluding land, roads, bridges and fences) as at 30 June 2003 based on a discount rate of 9.0% is \$25M (2002 \$25M).

The Council holds 100% of the shares in WRC Holdings Limited. The book value of these shares, \$7.9M (2002 \$7.3M), reflects the net asset backing of the investment at 30 June 2003.

The Council advanced \$25M to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the “quasi equity” nature of the advance. At 30 June 2003 the Council expects that the advance will be fully repaid. The obligations of the Council to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. It is not repayable until after all other debts of the Trust are extinguished.

If the Trust is a Council Controlled Trading Organisation (CCTO) it will be required to pay interest on its limited-recourse loan at a market rate and it will be a taxpayer. However, because of the uncertainty over the CCTO status of the Trust, this interest has not been charged by the Council and accordingly has not been accrued in the financial statements of the Council. This Council, in conjunction with Wellington City Council and the Trust, is seeking to clarify that the Trust is not a CCTO.

There has been some recent debate about whether the Council should equity account its investments in the Trust. The Council has accounted for its \$25 million advance to the Trust as an investment and has not accounted for any ownership interest in the Trust, as the Trust is a stand alone community trust and operates quite independently of the Council. If the Council had equity accounted the Trust, the Council would have recognised an increase in net surplus of \$959,000 and an increase in net assets (over and above the \$25 million advance) of \$5,841,000.

The Council also holds 21,000 fully paid up shares in Airtel Ltd which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association’s decision to form a limited liability company and issue shares to users. The Council was previously a member of the Association. These shares cannot be sold by the Council until 2005.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 7

PROPERTY, PLANT & EQUIPMENT – GROUP

Operational Assets

Port Buildings & Wharves	59,969	0	59,969	23,036	36,933	56,284	20,586	35,698
Land & Buildings	46,880	0	46,880	1,017	45,863	46,335	969	45,366
Fixtures & Fittings	2,589	0	2,589	2,400	189	2,558	2,330	228
Plant & Equipment	32,303	0	32,303	15,830	16,473	29,555	13,727	15,828
Motor Vehicles	4,410	0	4,410	2,417	1,993	4,143	2,352	1,791
Computer Equipment/Software	4,045	0	4,045	2,761	1,284	4,070	2,186	1,884

Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's
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Revaluation/ Cost 2002 \$000's	Accumulated Depreciation 2002 \$000's	Book Value 2002 \$000's
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Floodplain Management Plans

Infrastructural Assets

Flood Protection	1,049	146,303	147,352	195	147,157	146,303	0	146,303
Transport Facilities	11,958	0	11,958	3,718	8,240	11,958	3,406	8,552
Navigational Aids	1,737	0	1,737	947	790	1,737	899	838
Parks & Forests	0	38,064	38,064	0	38,064	10,512	988	9,524

150,196	0	150,196	47,461	102,735
6,640	0	6,640	2,688	3,952

142,945	42,150	100,795
6,549	2,246	4,303

Capital Works In Progress

Total Regional Responsibilities

1,118	0	1,118	0	1,118
172,698	184,367	357,065	55,009	302,056

170,510	5,293	165,217
877	0	877
320,881	49,689	271,192

Regional Water Supply Assets

Infrastructure Assets	14,742	248,346	263,088	19,277	243,811	259,999	14,303	245,696
Administration Buildings	933	0	933	7	926	9	2	7
Minor Equipment	1,651	0	1,651	1,022	629	1,718	1,166	552
Motor Vehicles	985	0	985	653	332	1,064	662	402
Capital Works In Progress	667	0	667	0	667	2,654	0	2,654

18,978	248,346	267,324	20,959	246,365
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265,444	16,133	249,311
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Total Group Property, Plant & Equipment

191,676	432,713	624,389	75,968	548,421
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586,325	65,822	520,503
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 7 (continued)

**PROPERTY, PLANT &
EQUIPMENT – COUNCIL**

Operational Assets

	Historical Cost Basis 2003 \$000's	Revalued Cost Basis 2003 \$000's	Revaluation/ Cost 2003 \$000's	Accumulated Depreciation 2003 \$000's	Book Value 2003 \$000's	Revaluation/ Cost 2002 \$000's	Accumulated Depreciation 2002 \$000's	Book Value 2002 \$000's
Port Buildings & Wharves	0	0	0	0	0	0	0	0
Land & Buildings	3,916	0	3,916	1,017	2,899	3,916	969	2,947
Fixtures & Fittings	874	0	874	758	116	843	706	137
Plant & Equipment	1,866	0	1,866	1,428	438	1,669	1,284	385
Motor Vehicles	4,410	0	4,410	2,417	1,993	4,143	2,352	1,791
Computer Equipment/Software	4,045	0	4,045	2,761	1,284	4,070	2,186	1,884
	15,111	0	15,111	8,381	6,730	14,641	7,497	7,144
Floodplain Management Plans	6,640	0	6,640	2,688	3,952	6,549	2,246	4,303

Infrastructural Assets

Flood Protection	1,049	146,303	147,352	195	147,157	146,303	0	146,303
Transport Facilities	11,958	0	11,958	3,718	8,240	11,958	3,406	8,552
Navigational Aids	1,737	0	1,737	947	790	1,737	899	838
Parks & Forests	0	38,064	38,064	0	38,064	10,512	988	9,524
	14,744	184,367	199,111	4,860	194,251	170,510	5,293	165,217
Capital Works In Progress	1,118	0	1,118	0	1,118	877	0	877
Total Regional Responsibilities	37,613	184,367	221,980	15,929	206,051	192,577	15,036	177,541

Regional Water Supply Assets

Infrastructure Assets	14,742	248,346	263,088	19,277	243,811	259,999	14,303	245,696
Administration Buildings	933	0	933	7	926	9	2	7
Minor Equipment	1,651	0	1,651	1,022	629	1,718	1,166	552
Motor Vehicles	985	0	985	653	332	1,064	662	402
Capital Works In Progress	667	0	667	0	667	2,654	0	2,654
Total Regional Water Supply	18,978	248,346	267,324	20,959	246,365	265,444	16,133	249,311

Total Council Property, Plant & Equipment

	56,591	432,713	489,304	36,888	452,416	458,021	31,169	426,852
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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

Note 7 (continued)

The Council has identified and recorded \$14.9 million worth of existing infrastructural assets for the first time in the financial statements, as a result of the asset revaluation exercise undertaken within the Parks and Forests area in the Council.

Note 8

CURRENT LIABILITIES

	Notes	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Payables		23,227	20,298	17,750	15,925
Employee Provisions (Current)		4,287	3,366	1,395	1,422
Current Account – WRC Holdings Group		0	0	2,137	3,763
Provision For Dividend		415	92	0	0
External Debt (Current)	11	27,399	17,820	3,845	17,820
		55,328	41,576	25,127	38,930

Note 9

NON-CURRENT LIABILITIES

		Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Employee Provisions (Non Current)		939	1,023	939	1,023
External Debt (Non Current)	11	110,463	134,685	66,302	64,885
		111,402	135,708	67,241	65,908

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 10

TAXATION

Net Surplus Subject to Tax

Income Tax at 33%

Adjustments for Permanent Differences

Tax Effect of Imputation Credits

Non Assessable Income

Subvention Payments

Non Deductible Expenditure

Equity Accounted Earnings from Associate Companies

Deferred Tax Benefits not Previously Recognised

Tax Loss not Recognised

Prior Period Adjustment

Taxation Expense

The Taxation Expense is Represented By:

Current Year Taxation

Future Taxation Benefit

Taxation Expense

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Net Surplus Subject to Tax	5,141	6,680	(89)	(658)
Income Tax at 33%	1,696	2,206	(29)	(217)
Adjustments for Permanent Differences				
Tax Effect of Imputation Credits	(12)	42	(594)	(297)
Non Assessable Income	45	(102)	0	0
Subvention Payments	0	0	139	118
Non Deductible Expenditure	0	141	0	0
Equity Accounted Earnings from Associate Companies	0	(1)	0	0
Deferred Tax Benefits not Previously Recognised	(444)	(317)	0	0
Tax Loss not Recognised	541	427	510	396
Prior Period Adjustment	(160)	(231)	(26)	0
Taxation Expense	1,666	2,165	0	0
The Taxation Expense is Represented By:				
Current Year Taxation	1,908	2,188	0	0
Future Taxation Benefit	(242)	(23)	0	0
Taxation Expense	1,666	2,165	0	0

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

TAXATION *(continued)*

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

Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Greater Wellington Regional Council of \$0.42M payable by Pringle House Limited. A subvention payment of \$0.36M was made by Pringle House Limited to the Greater Wellington Regional Council in relation to the amount accrued in the 2002 year.

Timing Differences Not Recognised

A deferred tax asset of \$6.61M (2002 \$7.115M) has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is not virtual certainty of the realisation of that asset. Of this amount \$6.12M relates to CentrePort Limited.

Tax Losses Not Recognised

The Council has tax losses of \$10.10M (2002 \$8.55M) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$3.33M (2002 \$2.82M). WRC Holdings Limited has tax losses of \$0.27M (2002 \$0.18M) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses is \$0.09M (2002 \$0.06M). WRC Holdings Limited's ability to carry forward tax losses is contingent upon such losses continuing to meet the requirements of the Income Tax Act 1994.

Imputation Credits

\$8.61M (2002 \$8.32M) of imputation credits is available within the subsidiaries to attach to future dividends paid to the Council. The subsidiaries' ability to carry forward imputation credits is contingent upon such credits continuing to meet the requirements of the Income Tax Act 1994.

Interest Deductibility

Inland Revenue are currently reviewing the deductibility of certain interest payments made by the Council. The Council's advisors are of the opinion that the interest expenditure should be deductible. The amount of deduction at risk, which is reflected in the tax loss not recognised, is \$0.57M (tax effect of \$0.19M).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 11

EXTERNAL DEBT

	Notes	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Opening Balance		152,505	153,211	82,705	87,411
New Loans Raised		6,386	10,498	6,386	6,498
Loans Repaid		(21,029)	(11,204)	(18,944)	(11,204)
Total External Debt		137,862	152,505	70,147	82,705
External Debt (Current)	8	27,399	17,820	3,845	17,820
External Debt (Non Current)	9	110,463	134,685	66,302	64,885
Total External Debt		137,862	152,505	70,147	82,705

EXTERNAL DEBT BY MATURITY

	Group 2003 \$000's	Council 2003 \$000's
2004	27,399	3,845
2005	6,899	6,845
2006	1,146	1,092
2007	45,617	1,564
2008	17,683	17,683
2009 and Later	39,118	39,118
	137,862	70,147

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2003

EXTERNAL DEBT *(continued)*

Local Government Stock issued by the Council prior to 30 June 1997 is fully secured. \$7.0M (2002 \$24.0M) is secured by a charge against special rates and \$2.3M (2002 \$2.4M) is secured by a charge against the regional water supply levy. Council debt issued subsequent to 30 June 1997 is unsecured.

As at 30 June 2003, the Council's external debt has a weighted average interest rate (after the effect of derivatives) of 7.57% (2002 7.89%) and an estimated fair value of \$76.4M (2002 \$86.0M). Further detailed analysis of Council external debt is provided on page 135.

CentrePort Limited has a bank loan facility of \$40M (drawn to \$23.5M) which is unsecured and matures on 14 April 2004. The interest rate charged on the facility as at 30 June 2003 ranged from 5.4% to 6.1% p.a. (2002 ranged from 4.9% to 6.4% p.a.). CentrePort Limited also has \$0.2M of other borrowing which is unsecured and is repayable by four equal instalments of \$0.05M on 1 May each year. There is no interest charged on this borrowing.

WRC Holdings Limited has a bank loan facility of \$44M (drawn to \$44M) which is secured by a debenture over the assets of the company and matures on 28 October 2006. The interest rate charged on the facility as at 30 June 2003 was 5.95% (2002 6.30%).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 12

RETAINED EARNINGS

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

	Group 2003 \$000's	Group 2002 \$000's
Opening Balance	198,584	189,862
Net Surplus for the Year	25,852	8,947
Transferred from Reserves	1,278	3,449
Transferred to Reserves	(3,132)	(3,348)
Interest Earned	(511)	(409)
Realised Asset Revaluation on Disposal	114	83
Closing Balance	222,185	198,584

	Council 2003 \$000's	Council 2002 \$000's
Opening Balance	193,657	187,169
Net Surplus for the Year	23,690	6,713
Transferred from Reserves	1,278	3,449
Transferred to Reserves	(3,132)	(3,348)
Interest Earned	(511)	(409)
Realised Asset Revaluation on Disposal	114	83
Closing Balance	215,096	193,657

Note 13

RESERVES

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

	Group 2003 \$000's	Group 2002 \$000's
Opening Balance	252,382	231,965
Transferred from Operations	3,132	3,348
Transferred to Operations	(1,278)	(3,449)
Interest Earned	511	409
Realised Asset Movements	(114)	(83)
Infrastructure Asset Revaluation	13,492	20,192
Closing Balance	268,125	252,382

	Council 2003 \$000's	Council 2002 \$000's
Opening Balance	252,382	231,965
Transferred from Operations	3,132	3,348
Transferred to Operations	(1,278)	(3,449)
Interest Earned	511	409
Realised Asset Movements	(114)	(83)
Infrastructure Asset Revaluation	13,492	20,192
Closing Balance	268,125	252,382

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

RESERVES (continued)

* Asset Revaluation Reserve by Category

Operational Assets

Land & Buildings

Infrastructural Assets

Flood Protection

Transport Facilities

Parks & Forests

Regional Water Supply Assets

Infrastructure Assets

Total Asset Revaluation Reserve

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Land & Buildings	491	491	491	491
Flood Protection	108,073	108,073	108,073	108,073
Transport Facilities	1,517	1,517	1,517	1,517
Parks & Forests	13,751	373	13,751	373
Infrastructure Assets	135,083	135,083	135,083	135,083
Total Asset Revaluation Reserve	258,915	245,537	258,915	245,537

Note 14

MINORITY INTERESTS

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

Note 15

EMPLOYEES

Number of Employees

Council 2003	Council 2002
348	339

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 16

CONTINGENCIES

Contingent Liabilities

Legal Proceedings & Possible Obligations
Uncalled Capital in WRC Holdings Limited

Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
1,296	302	1,296	302
0	0	75,000	75,000
1,296	302	76,296	75,302

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

Subsidiary Companies – CentrePort Limited

In respect of CentrePort the following contingent liabilities existed at 30 June 2003:

- A party has commenced litigation disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against this party for breach of contract in respect of charges that have been withheld. Professional advice indicates that it is unlikely that any significant liability will arise.
- During May 2003 a fatal accident occurred. This accident is currently under investigation by the Company and an outside agency.

Contingent Assets

Supplementary Claim to Transfund

Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
125	0	125	0
125	0	125	0

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 17

COMMITMENTS

Transport Operator Commitments

Less than One year

One to Two Years

Two to Five Years

Later than Five Years

Operating Lease Commitments

Less than One Year

One to Two Years

Two to Five Years

Capital Commitments

Total Commitments

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Less than One year	21,385	11,442	21,385	11,442
One to Two Years	10,245	5,367	10,245	5,367
Two to Five Years	17,018	6,588	17,018	6,588
Later than Five Years	1,388	1,234	1,388	1,234
	50,036	24,631	50,036	24,631
Less than One Year	819	743	1,635	1,587
One to Two Years	390	485	164	1,453
Two to Five Years	164	199	13	144
	1,373	1,427	1,812	3,184
	2,395	1,343	254	184
	53,804	27,401	52,102	27,999

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

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

Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$2,141,000 (2002 \$1,159,000)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 18

FINANCIAL INSTRUMENTS

Currency Risk

The Council is not exposed to any material currency risk.

Credit Risk

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

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

Concentration of Credit Risk

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

Liquidity Risk

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

The Council minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines and overdraft facilities with its relationship banks, in accordance with the treasury management policy. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

Interest Rate Risk

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to rise. At 30 June 2003 the Group had entered into forward rate and swap agreements with maturities of:

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

FINANCIAL INSTRUMENTS *(continued)*

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

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Less than One Year	7,000	3,000	0	0
One to Two Years	7,500	7,000	0	0
Two to Three Years	2,500	5,000	0	0
Three to Four Years	0	0	0	0
Four to Five Years	5,000	0	5,000	0
Five to Six Years	10,000	0	10,000	0
Six to Seven Years	5,000	10,000	5,000	10,000
Seven to Eight Years	5,000	5,000	5,000	5,000
Eight to Nine Years	0	5,000	0	5,000
Nine to Ten Years	0	0	0	0
More than Ten Years	0	0	0	0
	42,000	35,000	25,000	20,000

FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS

Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2003

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Estimated Fair Value of Interest Rate Swap Agreements as at 30 June 2003	(1,740)	371	(1,521)	308

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

Note 19

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

During the year ended 30 June 2003, the Greater Wellington Regional Council did not make any severance payments which exceeded \$50,000.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 20

COUNCILLORS' REMUNERATION*

Salary / Fees Received or Receivable
Meeting Allowances*
Travel Allowances*

* Includes Committee Appointees

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

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

Council 2003 \$	Council 2002 \$
400,060	397,656
267,930	248,745
45,261	38,767
713,251	685,168

Council 2003	Council 2002
11	18
0	4
0	6
4	1
2	2
2	2
4	2
0	0
0	1
1	0
24	36

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

Messrs T J McDavitt and F R Long were entitled to a daily allowance of \$195 for attending WRC Holdings Group meetings on those days where they are not receiving an allowance for attendance at a Wellington Regional Council meeting. Councillor Buchanan also received trustees fees in his role as a Stadium Trustee.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 21

EXECUTIVE REMUNERATION

At 30 June 2003 the General Manager of the Wellington Regional Council, appointed under section 119C(1)(a) of the Local Government Act 1974, received a salary of \$182,000. In terms of his contract, the General Manager was entitled to the following benefits:

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

Fringe Benefit Tax (FBT) Payable on the Above Package

Council 2003 \$	Council 2002 \$
182,000	170,000
21,296	21,296
26,932	25,394
2,160	2,143
5,670	5,410
1,500	1,500
3,000	3,000
561	561
18,200	17,000
261,319	246,303
9,715	9,538

On 30 June 2003 the then General Manager's contract expired. As at 30 June he had an annual leave balance of \$27,521 which was paid on termination. He was entitled to his bonus of \$18,200 which related to the 2002/03 financial year and Superannuation of \$2,184 which were both paid to him in August 2003.

For the year ended 30 June 2003 the total cost to the Council of the remuneration package received by the General Manager excluding FBT was \$253,686 (including FBT, was \$261,985).

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

\$120,000 to \$129,999
\$130,000 to \$139,999
\$140,000 to \$149,999
\$150,000 to \$159,999
\$160,000 to \$179,999
\$180,000 to \$189,999
\$190,000 to \$199,999
\$200,000 to \$239,999
\$240,000 to \$249,999
\$250,000 to \$279,999

Council 2003	Council 2002
1	0
1	2
1	0
1	3
2	1
1	2
1	0
0	0
0	1
1	0
9	9

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2003

Note 22

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

Operating Surplus

Add Non-Cash Items

Depreciation

Equity Accounted Earnings from Associate Companies

Decrease (Increase) in Value of Investments

Decrease (Increase) in Future Tax Benefit

Add (Less) Movements in Working Capital

Decrease (Increase) in Accounts Receivable

Decrease (Increase) in Inventory

Decrease (Increase) in Tax Refund Due

Increase (Decrease) in Accounts Payable

Increase (Decrease) in Employee Provisions

Increase (Decrease) in WRC Holdings Group Current Account

Add (Less) Items Classified as Investing Activities

Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment

Dividends Paid/Payable

Net Loss (Gain) on Sale of Property, Plant & Equipment

Sinking Funds Interest Compounded

Add (Less) Items Classified as Financing Activities

Loan to Associate Company

Forestry Encouragement Loan Interest Compounded

Net Cash Flow From Operating Activities

	Group 2003 \$000's	Group 2002 \$000's	Council 2003 \$000's	Council 2002 \$000's
Operating Surplus	12,383	10,645	8,774	6,713
Add Non-Cash Items				
Depreciation	12,589	12,275	8,163	8,102
Equity Accounted Earnings from Associate Companies	(6)	3	0	0
Decrease (Increase) in Value of Investments	(545)	0	(545)	16
Decrease (Increase) in Future Tax Benefit	(193)	36	0	0
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	(1,169)	1,612	903	245
Decrease (Increase) in Inventory	10	75	17	29
Decrease (Increase) in Tax Refund Due	308	145	0	0
Increase (Decrease) in Accounts Payable	3,255	(3,059)	1,825	(1,564)
Increase (Decrease) in Employee Provisions	837	119	(111)	92
Increase (Decrease) in WRC Holdings Group Current Account	0	0	822	651
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Property, Plant & Equipment	562	1,638	154	116
Dividends Paid/Payable	(323)	(46)	0	0
Net Loss (Gain) on Sale of Property, Plant & Equipment	(3)	278	3	343
Sinking Funds Interest Compounded	(478)	(490)	(478)	(490)
Add (Less) Items Classified as Financing Activities				
Loan to Associate Company	0	(50)	0	0
Forestry Encouragement Loan Interest Compounded	449	419	449	419
Net Cash Flow From Operating Activities	<u>27,676</u>	<u>23,600</u>	<u>19,976</u>	<u>14,672</u>

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 23

RELATED PARTIES

The Council owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Councillors Shields, McDavitt and Long are directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd. The Council's General Manager H J Stone who retired on 30 June 2003 is a director of CentrePort Limited, and NZ Local Government Insurance Corporation Ltd for which he received fees of \$22,000. Councillor FR Long owns 50% of the Sign Factory.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2003 included:

	Council 2003 \$000's	Council 2002 \$000's
CentrePort Group		
Income from Use of Navigational Facilities	550	550
Expense for Rental & Services	(24)	(33)
WRC Holdings Group (Excluding CentrePort)		
Income from Management Services Provided	218	206
Income from Subvention Payment	422	357
Income from Dividends	788	1,800
Expense for Rent of the Regional Council Centre	(1,110)	(1,107)
Expense for Interest on Inter Company Current Account	(137)	(123)
Sign Factory		
Expense for Services	(1)	(4)
NZ Local Government Insurance Corporation Limited		
Income from Dividends	0	0

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2003

Note 24

SUBSEQUENT EVENTS

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

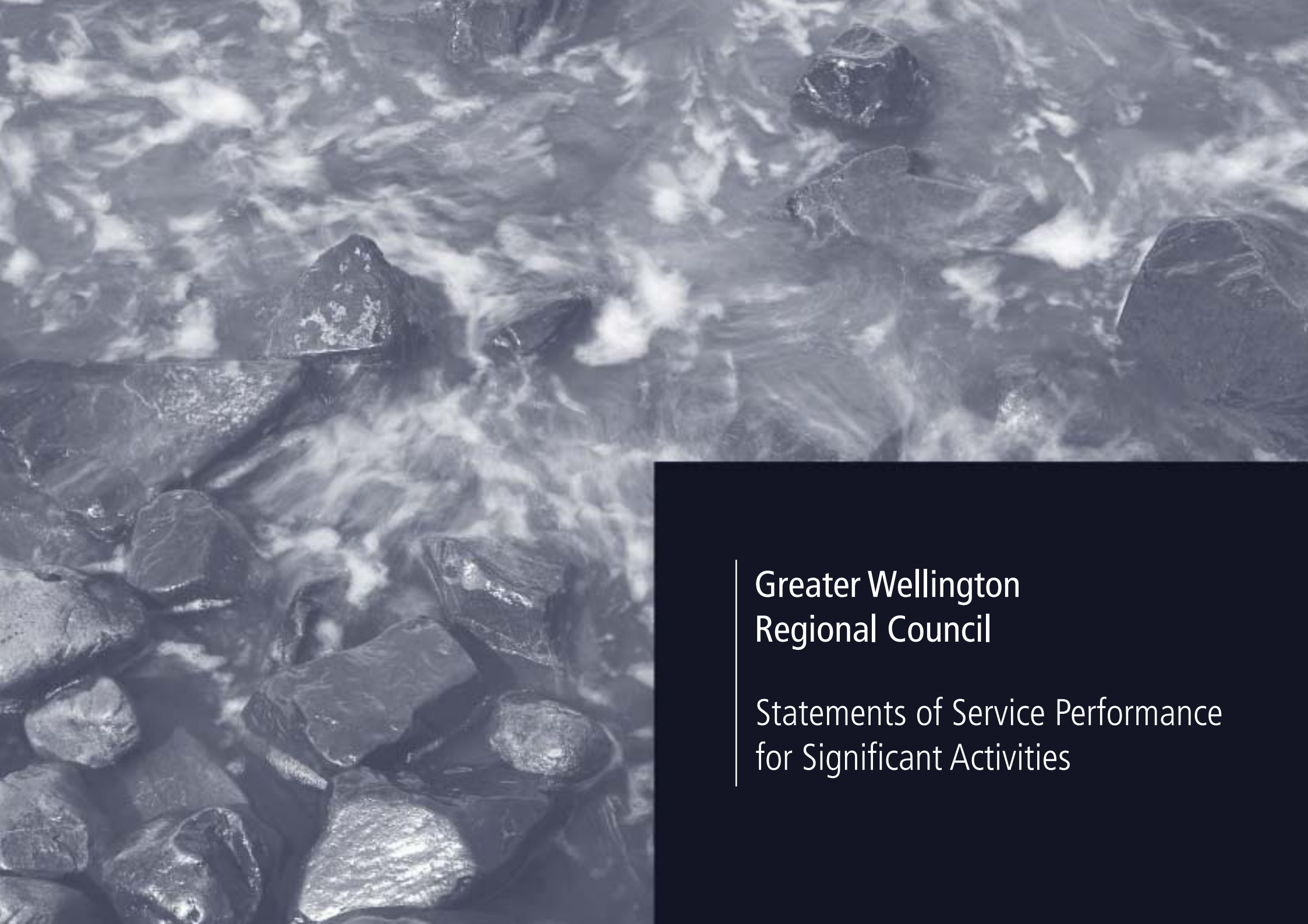
Note 25

STATEMENTS OF SERVICE PERFORMANCE FOR SIGNIFICANT ACTIVITIES

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

Environment Management	58
Regional Transport	74
Regional Water Supply	82
Land Management	94
Flood Protection	102
Parks and Forests	112
Investment in Democracy	120
Investments	124
Stadium	128

For each activity the actual achievement is compared to the planned performance indicators as set out in the 2002/03 Annual Plan. A financial summary is also included showing the operating surplus or deficit and capital expenditure for the year as well as how that expenditure was funded. Any remaining funding surplus after reserve transfers is used to repay debt in accordance with Council policy.



Greater Wellington
Regional Council

Statements of Service Performance
for Significant Activities

ENVIRONMENT MANAGEMENT

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

The Environment Management activity also contributes to *A Safe Region with Healthy People* as the regulator for the region's harbours and coastal waters and, together with the territorial authorities of the region, emergency services and health providers, has a planning and operational role for emergency management in the region.

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

ENVIRONMENT MANAGEMENT

Key Issues

Working with the Community

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

There has been a huge increase in the number of people involved in our environmental care programmes. Our vision is that everyone in the region will become environmentally aware and take some practical action. After all, the environment is everyone's responsibility and everyone's future.

Gaining Compliance

A large proportion of staff time is taken up with resource management compliance issues. Odour, in particular, is a difficult issue for us to deal with. There is now a greater mix of different land uses and activities. For example, people have moved to the inner city or near industries, or to life style blocks in previously rural areas. This inevitably causes friction when established activities impact on new life styles. Tolerance and understanding are required, but so is compliance with our environmental laws. In the past few years we have been forced to take a harder line with compliance – but negotiated solutions are still preferable to enforcement action.

Working with Iwi

Giving practical effect to the Treaty of Waitangi is an issue facing the whole of New Zealand. Opinions about what should be done – and why – are varied and often emotionally charged. There is tension between the Council's statutory responsibilities and tangata whenua aspirations to exercise kaitiakitanga (guardianship) and tino rangatiratanga (self determination). The Council has built up a good relationship with tangata whenua and we have worked through many issues together. The recent Waitangi Tribunal's Report on the Port Nicholson Block Area will pose a challenge to us all. However, the Council's goal is epitomised in the name of our Inter-iwi representative group, *Ara Taahi*, which symbolises two parties walking down the one path together.

Information and Communication

The Council must empower the community with good environmental information if it is to expect people to become more environmentally responsible. We also need good information to gauge the effectiveness of our policies and practices. Information must be relevant, up to date and user-friendly. The Council has reviewed its environmental monitoring programmes and how it disseminates information. We are continually looking at ways that we can improve how we communicate with interested parties and the whole community.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources

Planned Performance

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.

Actual Performance

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

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

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

The Council has been among the top performers in the Ministry for the Environment's Annual Survey of the Consent Authorities for the past five years.

Our key regulatory systems are compliant with the ISO 9001: 2000 standard.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM – *continued*

SHORT TERM 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.

Actual Performance

The Council's pollution response service and follow-up procedures are set down in the Incidence Response and Investigations Manual.

The major management initiatives undertaken covered:

- The investigation of selected Council owned or occupied contaminated sites.
 - The collection of unwanted agricultural chemicals from rural properties in the region.
- ▶ A significant amount of work has been completed. Key results have been:
- *The Erosion and Sediment Control Guidelines for the Wellington Region* completed and distributed.
 - *A Wetland Action Plan, a Beginners Guide to Wetland Restoration*, a guide to common wetland plants, and a wetland database completed.
 - The implementation of the Riparian Management Strategy with priority areas identified and pilot programmes continued.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

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

Actual Performance

- The development and analysis of options for the remediation of the Waiwhetu Stream sediments.
- Assistance for landowners wanting to protect bush and wetlands on their farms.
- The completion of Phase 1 of the Pauatahanui Inlet Restoration Plan.
- The continued remediation of the dune, wetland and habitat on the Waitohu Stream.
- An increased involvement by corporate groups in caring for the environment.

Work undertaken was regularly reported to the respective Council Committees during the year.

Actual costs were \$513,000.

- ▶ A total of 651 consents were processed in accordance with the Consent Processing Procedures Manual. Of these, 24 were processed outside statutory timeframes. The median timeframe for non-notified consents was 13 working days. Actual costs were \$491,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

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.

Actual Performance

- ▶ All consents were monitored in accordance with the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual. Annual compliance reports were provided to the respective Council Committees in September. Significant compliance issues were reported to the respective Council Committees during the year. Actual costs were \$267,000.
- ▶ A total of 1,494 complaints were received during the year (cf - 1,702 for last year). Some of the decrease is attributable to the adoption of a new approach to pollution response which is designed to use our resources, particularly staff resources, more efficiently. Actual costs were \$318,000.
- ▶ A total of 9.5 tonnes of unwanted chemicals were removed from 209 properties in the region during the year. Of these chemicals, 4 tonnes (42%) was exported for disposal, 3.9 tonnes (41%) was disposed of locally and the remaining 1.6 tonnes (17%) was re-issued for use as intended. Actual costs were \$131,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

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

▶ A further four community care groups joined the *Take Care* programme, while 17 others continue to be supported under the programme. Altogether around 4,000 members of the community have been involved in Care Group and related programmes this year, with some 80,000 plants having been planted. The following exemplifies progress that has been made:

- The O Te Pua group has completed the first stage of a willow control programme using Conservation Corp workers.
- The NIWA penguin enclosure project was completed earlier in the year. Penguins have been seen in the enclosure.
- The Moehau Park group is continuing to clear weeds at the site while waiting for plants to be grown at Rimutaka prison.
- The Fensham wetland group has planted and maintained over 1,000 native plants, monitored the mudfish population, upgraded fencing, and trialed weed control.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

Actual Performance

- The Motuwaireka River (Riversdale) care group has removed crack willow from the river margin, and replanted these with native species.
- The Waimeha wetland group has planted 600 plants this year, monitored bird life, and carried out comprehensive pest control.
- The Otari-Wilton Bush group has put some 6,000 plants into the ground at regular Saturday events.
- At Glenside, 1,000 plants have been planted at the debris arrestor site on the Porirua Stream.
- The Waimapehi Stream (Pukerua Bay) group has made progress constructing an information platform and a shade house for growing plants.
- The Te Horo group had a successful planting day on the Mangaone Stream in June. Community support for the project is developing strongly.
- At Silverstream, the restoration of the stream is proceeding. A concept plan has been prepared, weeds have been removed, the wetland replanted, and streamside planting has commenced.

Actual costs were \$150,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

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.

Actual Performance

- ▶ The future direction of the environmental education programme has been scoped and reported to the Environment Committee (May 2003). The intended direction is to retain the *Take Action for Water* programme and to assist teachers with a wider range of action projects.

In total, 39 classes and 1,150 students participated in the *Take Action for Water* programme during the year (either guided by the Council or self guided).

The translation of major parts of the resource into te reo māori has been completed and printed. The programme can now be undertaken completely in Māori.

Actual costs were \$150,000.

- ▶ During the year *Take Charge* audits were undertaken at:
 - Selected Council sites,
 - eight operational quarries, and
 - 68 service station sites.

Actual costs were \$122,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

The findings told us that:

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

- ▶ State of the Environment monitoring programmes for all of these resources continued during the year.

Annual reports for each of these resources were completed and presented to the Environment Committee (November 2002) and the Rural Services and Wairarapa Committee (March 2003). These reports were presented in a report card format as part of the change to the reporting framework. Actual costs were \$1,264,000.

- ▶ In accordance with the Regional Monitoring Strategy, the summary report cards were distributed in November 2002. Actual costs were \$26,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

▶ Contracts for administrative funding for the current year to assist Iwi to build capacity have been signed with all Iwi but one. In addition, contracts have been signed for the following projects:

- Tikanga Māori Report on the Otaki River – Stage 1 (Ngati Raukawa)
- Iwi Environmental Management Plan (Taranaki Whanui)
- Hurunuiorangi Marae Urupa Planting (Ngati Kahungunu)
- Okautete Marae Protection and Beautification Project (Ngati Kahungunu)
- Protection of the Homewood wetlands
- Protection and enhancement of the Ngawihi Lagoon
- Wāhi Tapu database (Rangitāne)
- Inventory of Māori Heritage Values in the Port Nicholson Block (Wellington Tenth's Trust).

Actual costs were \$253,000.

▶ Ara Tahi met six times during the year. Actual costs were \$3,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Emergencies

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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 focusing 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.

Actual Performance

▶ The Council continues to provide a regional response through operational headquarters and approved plans. Communication equipment is regularly tested and staff training exercises carried out.

▶ The Civil Defence Emergency Management Group was established on 15 May 2003 and a chief executives group formalised on 14 August 2003. Actual costs were \$46,000.

▶ As the Civil Defence Emergency Management Act came into effect from 1 December 2002, the Logistics Plan will now become part of the Civil Defence Emergency Management Group Plan – to be completed in 2005.

The following projects are in progress: emergency water supply; roading access; regional reconnaissance; external supply of resources; search and rescue; emergency fuel; and emergency communications. *Health, sanitation and welfare* are integral to each of these projects. These projects are extensive and a completion date of 31 January 2005 has been set. Actual costs were \$35,000.

▶ Radio and computer equipment has been upgraded, tested and maintained in accordance with the emergency management standard operating procedures. The Regional Emergency Operations Centre located in the basement of the Beehive was vacated in April 2003 and all equipment subsequently moved to the Regional Council Centre. Actual costs were \$27,000.

▶ A total of 159 alarms were received and actioned during the year in accordance with procedures (cf – 160 last year). Actual costs were \$51,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours

Planned Performance

LONG TERM

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

Actual Performance

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

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

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours – continued

Planned Performance

SHORT TERM By 30 June 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.

Actual Performance

▶ The Beacon Hill Harbour Communications Station provided a 24-hour communications service in accordance with the Council's specified standards. Actual costs were \$335,000.

▶ There were 41 incidents of oil spills reported. All were checked within the set timeframe. No significant oil spill occurred with only five minor spills necessitating some response action. Of these one required beach reconnaissance work. Actual costs were \$15,000.

▶ The Council appointed eight members of the Maritime Police Unit to act as enforcement officers to help the Council provide a greater presence and to promote water safety through the Navigation and Safety Bylaws.

Two Infringement Notices were issued to people who were not carrying lifejackets on watercraft and one Infringement Notice for speeding while in charge of a watercraft.

A further 1,000 "Safe Boating Information" packs were distributed throughout the region.

The jet ski was used for patrolling Wellington and Porirua Harbours over the summer months.

There were no significant events reported during the year. However, we responded to 41 complaints of unsafe boating behaviour. A formal log was kept.

Actual costs were \$117,000.

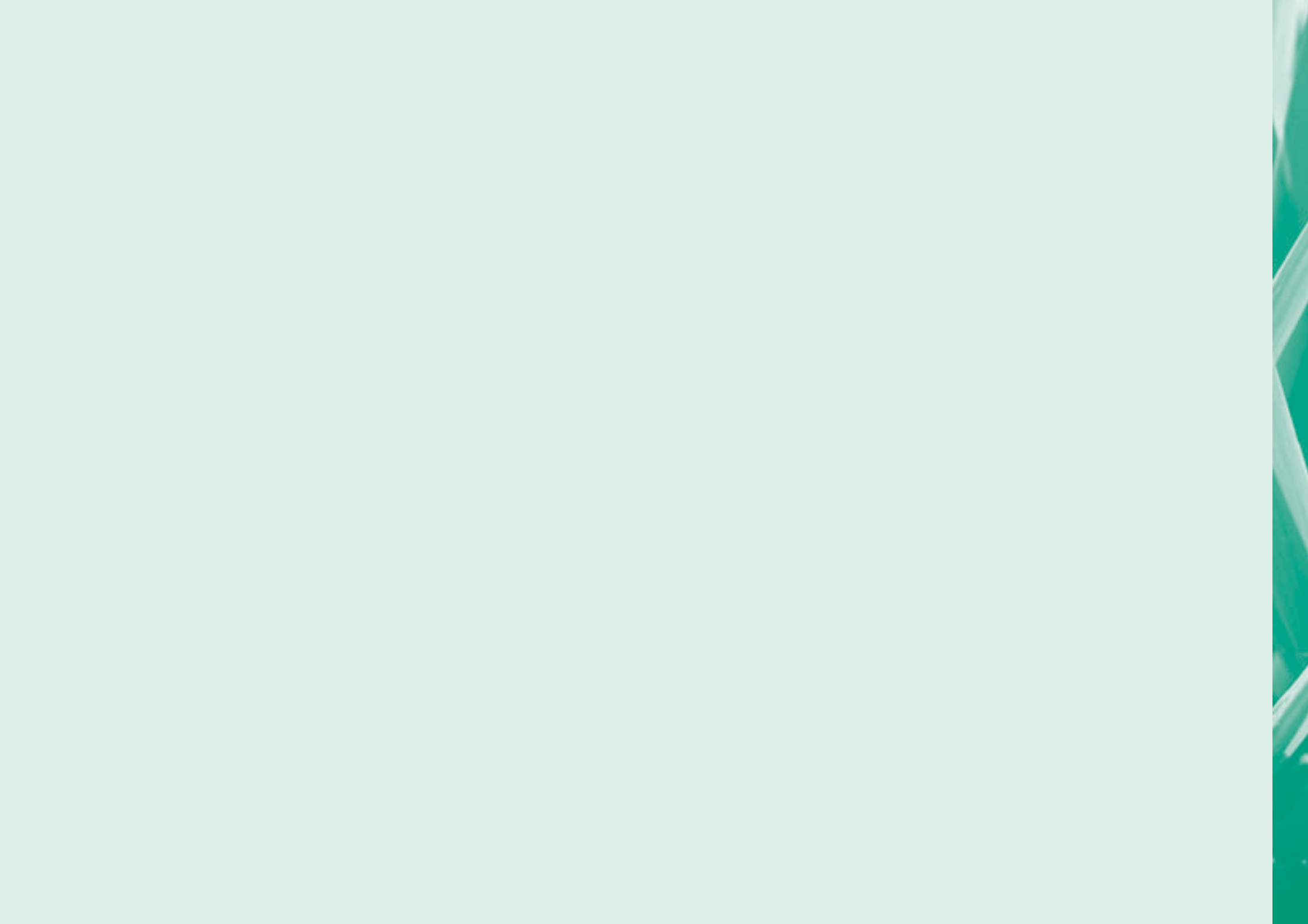
ENVIRONMENT MANAGEMENT: Financial Summary for the year ended 30 June 2003

FUNDING STATEMENT

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
General Rates	8,641	8,641
Other Rates	0	0
Government Subsidies	104	95
Other Revenue	2,004	1,855
Operating Revenue	10,749	10,591
Direct Operating Expenditure	10,411	10,428
Interest	2	2
Depreciation / Loss (Gain) on Disposal	250	284
Operating Expenditure	10,663	10,714
Operating Surplus (Deficit)	86	(123)
Less:		
Capital Expenditure	343	321
Loan Funding	0	0
Rates Funded Capital Expenditure	343	321
Debt Provisioning	25	25
Reserve Movements	(39)	(185)
Non Cash Items	(250)	(284)
Net Funding Surplus (Deficit)	7	0

OPERATING EXPENDITURE

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
Managing Resources	8,815	8,855
Managing Harbours	1,321	1,334
Managing Emergencies	527	525
Total Operating Expenditure	10,663	10,714
CAPITAL EXPENDITURE		
Plant & Equipment	200	186
Motor Vehicles	183	179
Asset Disposals	(40)	(44)
Total Capital Expenditure	343	321



REGIONAL TRANSPORT

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

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

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

REGIONAL TRANSPORT

Key Issues

Urban Passenger Rail Services

The urban passenger rail projects identified in the Council's Regional Land Transport Strategy have been stalled for the past 30 months because of the ongoing uncertainty surrounding the ownership of Tranz Metro Wellington. Towards the end of the financial year Transfund New Zealand approved a competitive pricing process for the purchase of urban rail services in Wellington. The Council has subsequently called tenders for the supply of urban passenger rail services with the expectation of identifying a new quality operator over the next six months. When a new operator is in place the Council is hopeful that quick progress will be made on key rail projects.

Community Bus Services

With the Council's overall drive to promote a sustainable region, this year's urban bus review programme has concentrated on ensuring local accessibility and mobility to encourage greater use of buses for short trips. The Hutt Valley bus review has resulted in a 60% increase in bus kilometres, providing a strong community service, linking suburb to suburb, rather than a simple commuter service.

These new services start in October 2003 and if successful in attracting new users will be the pattern for future bus reviews. Getting people to use a "green" mode (public transport, cycling and/or walking) more often is a step towards achieving sustainable communities.

Passenger Transport Funding

Transfund New Zealand has been reviewing its patronage growth funding scheme for passenger transport with the current scheme ending on 30 June 2004. The current scheme has been more generous to regions where there has been strong patronage growth, whereas the new scheme is expected to recognise the need to maintain patronage through ongoing quality improvements. Final approval of the new scheme for buses and ferries is not expected before October 2003. The scheme for rail services has not yet been released for public discussion and may be held up by the ongoing uncertainty over the ownership of the rail network.

Alternative Source of Funding

The Council's long term financial plan for transport assumes that there will be an alternative funding source in place by 2006. The government recognises that fuel taxes will not provide sufficient funding in the future and while it is expected that some form of road pricing will be made available in Auckland within the next few years, it is expected that this will eventually become applicable to Wellington. Without some additional funding source, the Council will have difficulty providing the level of transport services currently envisaged.

REGIONAL TRANSPORT: Performance Indicators

Planning and Monitoring the Transport Network

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

- ▶ The annual monitoring report was greatly enhanced and formed the basis of a stakeholder forum held in mid 2002. The government released its New Zealand Transport Strategy. The Hutt Corridor Review was the subject of a formal hearing early in 2003. A draft Wairarapa Corridor study was completed and is going to public consultation.
- ▶ The updated transport model was completed in July 2003 at a cost of \$749,000. It has been past a peer review and is now available to test alternative strategies for an upcoming review of the RLTS. Increased funding from Transfund will offset 50% of the cost variance.
- ▶ A substantially improved RLTS monitoring report was provided to the RLTC in October 2002 at a cost of \$53,000. The report covers all RLTS performance measures.

REGIONAL TRANSPORT: Performance Indicators

Building the Public Transport Infrastructure

Planned Performance

LONG TERM

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

Actual Performance

- ▶ All public transport user facilities have been maintained to the Council's standards. Lambton Bus/Rail Interchange was completed and opened for public use in April.

- ▶ All facilities have been maintained in accordance with the Council's guidelines and to the satisfaction of the Manager, Transport Procurement. Costs for the year were \$571,000 of which the additional monies incurred were for cleaning and maintenance of the new Lambton Bus/Rail Interchange.

- ▶ The refurbished Lambton Bus/Rail Interchange was opened April 2003, and at a cost in 2002/03 of \$761,000.

- ▶ An additional 200 parking spaces have been provided at commuter carparks on the Western, Hutt and Johnsonville lines at a cost of \$173,000.

REGIONAL TRANSPORT: Performance Indicators

Funding Public Transport Services

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

- ▶ The Council has continued to invest in new and improved bus and rail services with the assistance of the kick-start funding made available by Transfund New Zealand. A review of Hutt Valley services involving extensive community consultation was completed with full implementation occurring in October 2003. The new services provide 60% more bus kilometres per day to give users more access to Hutt Valley facilities.
- ▶ The total cost of contracted services, including concessionary fare reimbursements and rolling stock refurbishments was \$37,180,000. The favourable cost variance is a result of timing delays and non-implementation of kick-start projects, and the deferring of refurbishment of the English Electric Carriages.
- ▶ Whilst there was no audit by Transfund New Zealand during the year, their procedures were complied with. Costs for the year were \$1,302,000. The adverse cost variance was a result of increase in client numbers over the year.
- ▶ The tendering and contract procedures have been carried out in accordance with the competitive pricing procedures approved by Transfund New Zealand. Transfund New Zealand has approved a new CPP for rail.

REGIONAL TRANSPORT: Performance Indicators

Funding Public Transport Services – continued

Planned Performance

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.

Actual Performance

- ▶ Current outlets for public transport information were mentioned. Tenders were called for the production of a timetable database management system from which will be driven real time information, a journey planner and all timetable products. Work on this database will begin next year.
- ▶ Timetables have been provided in print and on the website at a cost of \$456,000. The cost variance is a result of printing costs for new timetables following the re-scheduling of trolley bus services.
- ▶ Current timetables were displayed on all stops with permanent facilities. Expenditure for the year was \$164,000.

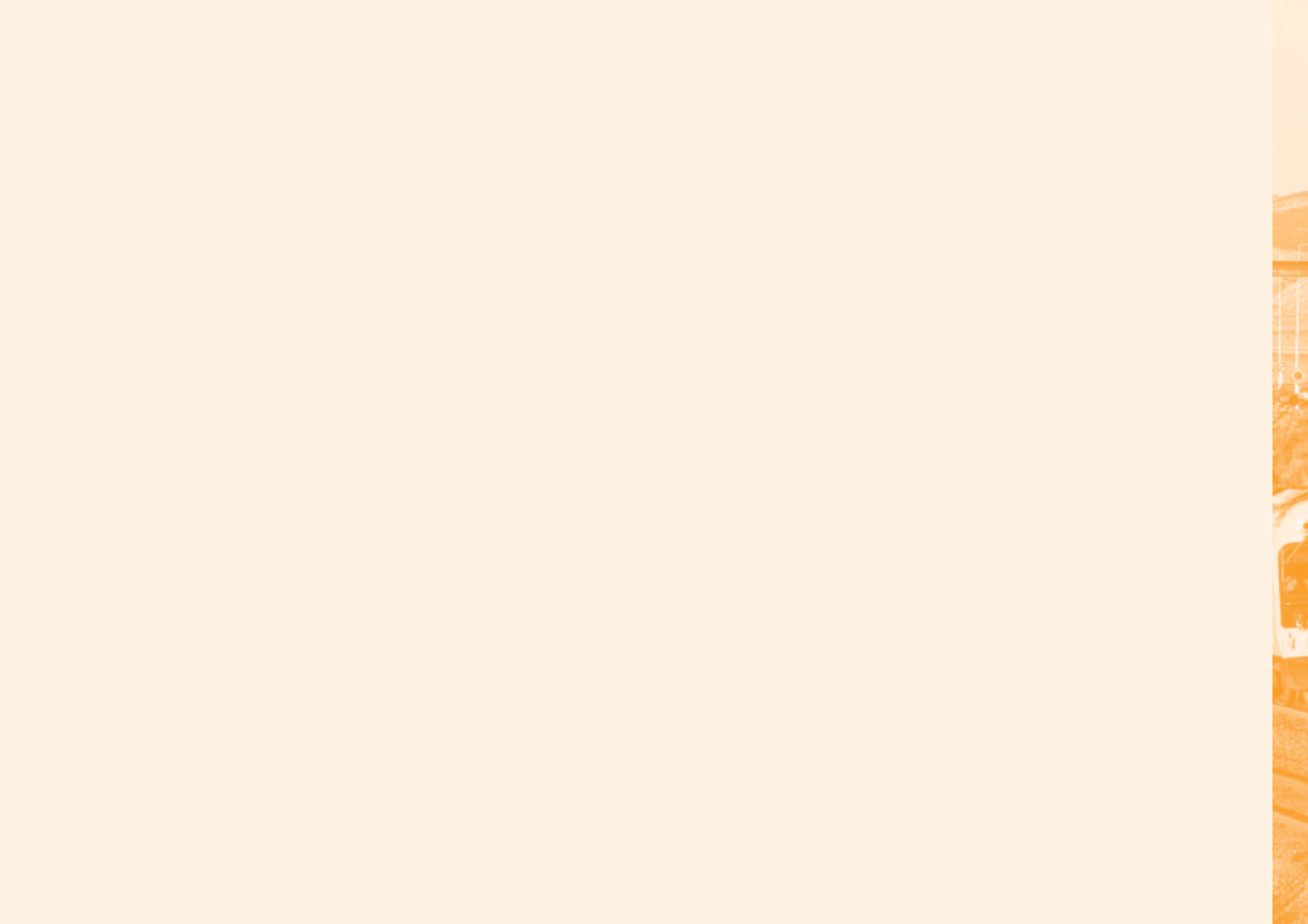
REGIONAL TRANSPORT: Financial Summary for the year ended 30 June 2003

FUNDING STATEMENT

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
Transport Rates	25,324	25,324
Other Rates	0	0
Government Subsidies	23,520	25,797
Other Revenue	318	161
Operating Revenue	49,162	51,282
Direct Operating Expenditure	46,764	50,692
Interest	350	350
Depreciation / Loss (Gain) on Disposal	323	336
Operating Expenditure	47,437	51,378
Operating Surplus (Deficit)	1,725	(96)
Less:		
Capital Expenditure	63	28
Loan Funding	0	0
Rates Funded Capital Expenditure	63	28
Debt Provisioning	292	292
Reserve Movements	1,693	(80)
Non Cash Items	(323)	(336)
Net Funding Surplus (Deficit)	0	0

OPERATING EXPENDITURE

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
Funding Public Transport Services	42,683	46,171
Planning & Monitoring the Transport Network	1,802	1,976
Building the Public Transport Infrastructure	2,952	3,231
Total Operating Expenditure	47,437	51,378
CAPITAL EXPENDITURE		
Motor Vehicles	71	41
Asset Disposals	(8)	(13)
Total Capital Expenditure	63	28



REGIONAL WATER SUPPLY

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

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

REGIONAL WATER SUPPLY

Key Issues

Meeting the Demands of a Growing Population

The population supplied as at 30 June 2002 is 358,200. This information is from Statistics New Zealand and is based on updated Census information.

Our current water sources and treatment plants may reach capacity some time around 2020 – exactly when will depend on the growth rate of consumption. At present, water supply is limited in summer on a few days because of the capacity of the treatment plants, not raw water supply.

Annual demand had been increasing at about 1% a year. However, in 2002 it was noted that demand is now increasing at between 1.5% and 2% a year.

There are concerns about the ability of the Council to meet demand during drought conditions or where there is high daily usage. Such conditions may arise every five to ten years when there is no water available from the Wainuiomata and Orongorongo Catchments. This is a short-term peaking supply issue and investigations are continuing into how to solve this problem.

Greater Wellington Water promotes water conservation in the region to delay the need to source additional supply. The operation of the existing system is being fine-tuned through operational improvements.

Maintaining Water Quality

The Ministry of Health undertakes a grading programme of water production and reticulation facilities. This provides a public statement of the extent to which a public drinking water supply achieves and can ensure a consistently safe, wholesome product. Greater Wellington Water's target for water treatment plant gradings is "A" where practical. Exceptions may occur when customers specifically request an alternative treatment standard that impacts on grading and which is ratified by the Council.

Additional water quality criteria are adopted to provide for asset protection and customer acceptance. They are described in the ISO 9002 documentation (Water Quality).

Upgrading Security of Supply

The Wellington region is prone to earthquakes, landslips and other natural hazards that can threaten the water supply system. Greater Wellington Water has an established works programme to upgrade the resistance of the water supply system in order to enhance our ability to resume normal water supply after a natural disaster. Remedial works are expected to take a number of years to complete.

The next two major projects are a pipeline deviation between State Highways 2 and 58, and the rebuilding of the Karori Pumping Station on a more secure site.

Repairs to the water supply system following a major earthquake will take some time to effect. In the interim, consumers will have to obtain water from a number of sources, including collection from rainfall. Greater Wellington Water is working with water supply managers and emergency management staff of the four city councils to implement a preparation plan. This will take some years to achieve and is expected to continually evolve.

REGIONAL WATER SUPPLY

Key Issues - continued

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, \$48 million as at June 2003. The asset revaluation exercise completed in November 1999 valued our water supply network assets at \$251 million.

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

Our Treasury Management Policy recommends a target debt level of \$50 million based on the current level of water levy. Our latest projections show debt staying around the current level for the next 10 years.

Business Efficiency

Greater Wellington Water is committed to a process of continuous improvement in the way the business is operated. Benchmarking is one way a dominant business can compare itself with similar, non-competing businesses. Information disclosure to customers is another.

Restructuring of Greater Wellington Water took place in 1997 and benefits from this are continuing to flow through. The water supply levy for 1999/00 and 2000/01 was reduced by 4% each year, following three years where the levy was held at the same level. The 2001/02 year saw the water supply levy reduced by a further 2%. The levy for 2002/03 was set at the same level as in 2001/02, even though there were significant increases in utility rates, insurance and electricity

charges of approximately \$1.3 million. The 2003/04 levy has remained unchanged for a second consecutive year, in spite of a further increase in operating costs.

Environment Management

Greater Wellington Water’s primary role is to provide a constant supply of safe drinking water to our customers. Within that role we also do whatever we can to protect the environment. We are aware that by abstracting water, using energy and chemicals, creating noise and disposing of waste, we potentially compromise the environment.

Our Environment Management System, which has ISO 14001 accreditation, was introduced to instil discipline around these activities and set environmental policies, standards and targets to minimise any impact and improve resource use efficiency. We also weigh up the desire of local businesses and the public for access to recreational activities – such as swimming, fishing, hunting, hiking and rafting – alongside the potential risk these pursuits contribute to providing a quality water supply.

Insurance

Following events in the United States in September 2001 and the downturn in the United States’ economy there has been a substantial increase in insurance premiums.

Currently, Greater Wellington Water self-insures some assets. All aspects of the insurance procedures were reviewed in the 2002/03 financial year. As insurance costs are still expected to increase above the rate of inflation, insurance procedures will be further reviewed from time to time.

REGIONAL WATER SUPPLY: Performance Indicators

Quality

Planned Performance

LONG TERM

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

Actual Performance

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

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

Wainuiomata Water Treatment Plant is now graded "A1". Te Marua Water Treatment Plant is currently graded "A".

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

REGIONAL WATER SUPPLY: Performance Indicators

Quality – continued

Planned Performance

SHORT TERM By 30 June 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.

Actual Performance

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

- ▶ Water testing expenditure for the year was \$466,281, which was slightly more than budget because of additional miscellaneous testing requirements.

- ▶ An "A1" grading was achieved in June 2003.

- ▶ Work by Regional Park Operations was carried out according to a programme weighted towards the second half of the year. Annual expenditure of \$91,671 was incurred against a budget of \$180,000. An additional \$85,000 for 1080 bait purchase was rebudgeted into the 2003/04 financial year, reflecting the delay in the Kaitoke Catchment bait drop operation.

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply

Planned Performance

LONG TERM

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

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

Actual Performance

- ▶ Projections using a computer based sustainable yield model show that the Council's water supply infrastructure is sufficient to meet a 1 in 50 year return period event until at least 2020, at current growth rates. A 1 in 50 year drought strategy has been adopted after consultation with our customers. This is less than that of Auckland's 1 in 200 year strategy, although their system is less dynamic in its raw water supply.

The Council manages water supply assets in accordance with a planned programme of maintenance. Council policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines.

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

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply – continued

Planned Performance

SHORT TERM By 30 June 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.

Actual Performance

- ▶ River conditions precluded this work being completed. Costs for the year were \$93,569. The remainder of the project has been deferred until December 2003 with an additional \$53,000 budgeted to complete the work in 2003/04.
- ▶ The late delivery of the generator precluded its commissioning which is now scheduled for early September 2003. Expenditure of \$140,195 was incurred in the financial year.
- ▶ As part of the seismic review work it has been identified that the pumping station is almost on top of the Wellington fault. Instead of refurbishment, work is underway to locate a more secure site for a new pumping station. The refurbishment did not proceed with only minimal expenditure of \$3,590 being incurred in the financial year.

REGIONAL WATER SUPPLY: Performance Indicators

Environmental Management

Planned Performance

LONG TERM

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

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.

Actual Performance

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

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

▶ Annual consent charges for 2002/03 were \$53,405. There have been no significant breaches of the consents during the period.

▶ The report was published in early November 2002.

▶ The final cost of preparing and running a new television water conservation advertisement campaign slightly exceeded the budget at \$73,513.

▶ This work has been deferred as the pumping station refurbishment work did not proceed.

REGIONAL WATER SUPPLY: Performance Indicators

Customer Service

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2003

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.

Actual Performance

- ▶ The Water Group maintains regular communication with customer organisations at various levels of seniority.
- ▶ The business report for the Council's water supply operations was published in October 2002. It included reporting against all the short term planned performance criteria listed.

REGIONAL WATER SUPPLY: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	0	0
Water Supply Levy	22,776	22,776
Government Subsidies	0	0
Other Revenue	1,229	1,093
Operating Revenue	24,005	23,869
Direct Operating Expenditure	12,673	13,651
Interest	3,794	4,317
Depreciation / Loss (Gain) on Disposal	5,537	5,336
Operating Expenditure	22,004	23,304
Operating Surplus (Deficit)	2,001	565
Less:		
Capital Expenditure & Investments	3,419	3,806
Loan Funding	(2,365)	(2,752)
Levy Funded Capital Expenditure	1,054	1,054
Debt Provisioning	6,500	4,888
Reserve Movements	(16)	(41)
Non Cash Items	(5,537)	(5,336)
Net Funding Surplus (Deficit)	0	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Collecting & Treating Water	15,843	16,779
Delivering Water	6,161	6,525
Total Operating Expenditure	22,004	23,304
CAPITAL EXPENDITURE		
Waterloo & Gear Island Water Treatment Plant	426	250
System Control & Protection Projects	246	60
Te Marua Improvement Projects	90	110
Orongorongo & Wainui Improvement Projects	298	610
Reservoir & Pump Station Construction	184	710
Pipeline Projects	247	50
Other Projects	872	962
Major Project Expenditure	2,363	2,752
Plant & Equipment	173	221
Motor Vehicles	101	55
Asset Disposals	(46)	(22)
Total Capital Expenditure	2,591	3,006
Investment Additions	828	800
Capital Expenditure & Investments	3,419	3,806

REGIONAL WATER SUPPLY: Statement of Financial Position as at 30 June 2003

	Notes	Council 2003 \$000's	Council 2002 \$000's
RATEPAYERS' FUNDS			
Retained Earnings		68,314	66,298
Reserves		135,773	135,789
Total Ratepayers' Funds		204,087	202,087
ASSETS			
Current Assets			
Receivables		3,106	2,220
Inventory		1,432	1,434
Total Current Assets		4,538	3,654
Non Current Assets			
Investments		5,828	5,017
Property, Plant & Equipment	7	246,365	249,311
Total Non-Current Assets		252,193	254,328
Total Assets		256,731	257,982
LIABILITIES			
Current Liabilities			
Payables		3,951	3,010
Employee Provisions		587	644
Total Current Liabilities		4,538	3,654
Non Current Liabilities			
Public Debt		48,106	52,241
Total Non-Current Liabilities		48,106	52,241
Total Liabilities		52,644	55,895
Net Assets		204,087	202,087



LAND MANAGEMENT

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

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

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

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

LAND MANAGEMENT

Key Issues

Maintaining Landholder Interest

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

Broadening the Land Management Sustainability Programme

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

Keeping Current with Pest Management

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

Expanding our Bovine Tuberculosis Vector Control Works

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

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management

Planned Performance

LONG TERM

By 2010, the area of erosion prone hill country that has not been stabilised with soil conservation tree plantings will be reduced from the present 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 kilometres of shelter-belts, to the Department's performance standards, within a budget of \$505,000.

Actual Performance

- ▶ The stabilising of erosion prone land is continuing with the annual planting of 500 hectares of soil conservation trees. The remaining area to be stabilised has reduced to 35,600 hectares.
- ▶ Approved soil conservation works were completed on 131 properties, incorporating 17,000 poles on 245 hectares, and establishing 135 hectares of conservation woodlots. Programmes were completed to the Department's performance standard at a cost of \$408,100.

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

- ▶ New works and maintenance work continue to be developed to improve sustainable land management in problem areas.
- ▶ Approved programmes were completed for each of the six catchment schemes to established standards and in accordance with Advisory Committee resolutions. Programmes were completed at a cost of \$76,100.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests

Planned Performance

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.

Actual Performance

- ▶ The Regional Tb Operational Plan identified a maximum of 55 infected herds by 30 June 2003. The actual number achieved was 46 infected herds. If this momentum can be maintained over the next three years, the 0.8 percent target should be readily achieved.
- ▶ Vector control operations were successfully completed to Animal Health Board standards on 364,581 hectares at a total cost of \$4,256,800. Performance monitoring contracts totalling \$75,000 were not completed. They have been included in the 2003/04 programme.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests – continued

Planned Performance

LONG TERM

The control of pest animals and plants will be achieved in accordance with 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.

Actual Performance

- ▶ The 2002/03 year was the first full year of implementing the new Strategy. A major focus of the year was improving public awareness of roles and responsibilities under the new Strategy. A number of major changes were completed during the year, including revising the former Wellington City Old Man's Beard Programme, and increasing contractor services for Eradication Pests and Key Native Ecosystem sites. Overall, landowners continue to have a responsible attitude to managing regionally significant pests on their land.
- ▶ Implementation was completed at a total cost of \$1,707,900. An annual report on achievements under the Regional Pest Management Strategy for the 2002/03 year will be presented to the Rural Services and Wairarapa Committee for approval in November 2003.

LAND MANAGEMENT: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	3,290	3,290
Other Rates	177	174
Government Subsidies	0	0
Other Revenue	5,400	5,898
Operating Revenue	8,867	9,362
Direct Operating Expenditure	8,772	9,389
Interest	0	0
Depreciation / Loss (Gain) on Disposal	83	72
Operating Expenditure	8,855	9,461
Operating Surplus (Deficit)	12	(99)
Less:		
Capital Expenditure	112	108
Loan Funding	0	0
Rates Funded Capital Expenditure	112	108
Debt Provisioning	0	0
Reserve Movements	(99)	(135)
Non Cash Items	(83)	(72)
Net Funding Surplus (Deficit)	82	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Promoting Sustainable Land Management	1,450	1,516
Controlling Animal & Plant Pests	7,405	7,945
Total Operating Expenditure	8,855	9,461
CAPITAL EXPENDITURE		
Motor Vehicles	164	144
Asset Disposals	(52)	(36)
Total Capital Expenditure	112	108



FLOOD PROTECTION

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

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

FLOOD PROTECTION

Key Issues

Maintaining Service Levels

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

A New Era of Construction

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

Other Considerations

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

Rivers are Special Places

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

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

Of the six flood hazard assessments proposed in the western part of the region, four (Waiwhetu, Wainuiomata, Porirua, Mangaone) are complete.

The Waitohu stream flood hazard assessment commenced in 2002/03 and will be finalised in 2003/04.

The priorities for the Scheme Reviews were established by the Rural Services and Wairarapa Committee in 1998. Excellent progress is being made towards the 2007 deadline. Flood hazard maps have been updated, with additions being made, identifying “areas of uncertainty” and “erosion zones” in most of the Ruamahanga River system. To date, the Waiohine, Waipoua and Upper Ruamahanga river schemes have been reviewed. The Lower Wairarapa Valley Development Scheme Review is in progress.

- ▶ The project scoping report was prepared and the implementation programme as approved by the Landcare Committee was largely completed at a cost of \$37,000, although the hydraulics package is slightly behind schedule.
- ▶ The Upper Ruamahanga Scheme Review has been implemented with this reach being divided into the Mount Bruce, Te Ore Ore and Gladstone Schemes. Background data for the Lower Wairarapa Valley Development Scheme Review has been collated, a review committee identified, and hydraulic modelling exercises underway. Total cost was \$325,000.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

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

Actual Performance

- ▶ The implementation of the three western floodplain management plans is well underway and generally ahead of schedule.

The Otaki plan is now 33% complete and the Waikanae plan is 45% complete.

The Hutt plan was launched in October 2001, and the progress on this plan to date includes:

- Completion of the final design of the Alicetown stopbank at a cost of \$124,000 (budget \$193,000).
- Completion of the investigations for waterway improvements for the Ava Rail Crossing at a total cost of \$221,500 (budget \$230,000).
- Resource consent for the Ava to Ewen upgrade was obtained at a total cost of \$131,000 (budget \$167,500).
- Detailed design of the Strand Park channel realignment was completed at a cost of \$264,000 (budget \$240,000). Although the design stage was over budget, the total project budget is not expected to be exceeded.
- Completed design and lodged consent applications for edge protections at Belmont at a cost of \$62,000 (budget \$50,000). Although the design stage was over budget, the total project budget is not expected to be exceeded.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM 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 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 Plan and
- Commence developing high priority enhanced emergency management programmes and procedures identified in the Hutt River Floodplain Management Plan.

Actual Performance

- ▶ The response to written enquiries fell below the target of 90% in 10 working days, largely due to the 25% increase in the number of enquiries received.
- ▶ The target agreed with Hutt City Council and Upper Hutt City Council officers, and endorsed by the Hutt River Advisory and Landcare Committees to complete a set of draft District Plan provisions was essentially completed by 30 June 2003, at a cost of \$85,000.

All emergency management projects that were the responsibility of Greater Wellington Regional Council were completed.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

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.

Actual Performance

- ▶ The Strand Park river realignment construction did not commence due to a delay in the transfer of the Strand Park land from the Ministry of Education. All other aspects of the project, including the selection of a preferred contractor were completed on time at a cost of \$149,000. Construction is now planned to commence in the 2003/04 financial year.

The detailed design of the Alicetown stopbank was completed to programme and to accepted engineering standards at a cost of \$124,000.

- ▶ Kapiti Coast District Council and the affected residents preferred a flood wall option. The final design is complete. However, construction could not proceed as planned as consultation to get an agreed solution took considerably longer than anticipated. The expenditure in 2002/03 was \$42,000.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

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

- ▶ Maintenance operations in the western part of the region were completed at a total cost of \$1,939,000. The operations were completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan.
- ▶ The 2002/03 Annual Asset Management Report was presented to the August 2003 Landcare Committee.
- ▶ Maintenance programmes for the eight Wairarapa river management schemes were completed to established standards, and to the satisfaction of the scheme advisory committees at a total cost of \$1,092,000. An additional \$187,300 of new flood protection structures were constructed for the Lower Wairarapa Valley Development, Upper Ruamahanga, and the Waiohine River Schemes.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

- ▶ Progress was made in implementing environmental strategies for the Hutt, Otaki and Waikanae Rivers, and the Waiwhetu Stream. Work undertaken includes continued planting of native species on the Waikanae River, development of the lagoon area at the Otaki River Mouth and construction of parking areas on the Hutt River berms to control vehicle access.
- ▶ The Hutt River ranger service was successfully launched on 14 October 2002. The ranger is providing a rolling five day a week service and has had a very busy and successful year. The service was provided at a cost of \$115,000.
- ▶ The enhancement of the lagoon area at the Otaki river mouth was completed within programme and to accepted standards at a cost of \$29,000. The Friends of the Otaki River will undertake further planting work.

FLOOD PROTECTION: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	6,406	6,406
River Rates	2,592	2,592
Wairarapa Scheme Rates	878	885
Government Subsidies	0	0
Other Revenue	1,123	1,104
Operating Revenue	10,999	10,987
Direct Operating Expenditure	5,544	5,864
Interest	2,072	2,159
Depreciation / Loss (Gain) on Disposal	755	860
Operating Expenditure	8,371	8,883
Operating Surplus (Deficit)	2,628	2,104
Less:		
Capital Expenditure & Investments	1,219	3,063
Loan Funding	(714)	(2,732)
Rates Funded Capital Expenditure	505	331
Debt Provisioning	2,126	1,923
Reserve Movements	666	710
Non Cash Items	(755)	(860)
Net Funding Surplus (Deficit)	86	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Planning for Flood Protection	1,275	1,284
Delivering Flood Protection	7,096	7,599
Total Operating Expenditure	8,371	8,883
CAPITAL EXPENDITURE		
Hutt River Improvements	460	1,976
Waikanae River Improvements	42	184
Otaki River Improvements	115	127
Wairarapa Scheme Improvements	187	100
Other Projects	37	64
Major Project Expenditure	841	2,451
Land & Buildings	56	281
Plant & Equipment	4	16
Motor Vehicles	106	97
Asset Disposals & Adjustments	(32)	(31)
Total Capital Expenditure	975	2,814
Investment Additions	244	249
Total Capital Expenditure & Investments	1,219	3,063



PARKS AND FORESTS

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

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

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

This function excludes the Council's plantation forestry operations, see Investments page 124

PARKS AND FORESTS

Key Issues

Environmental Excellence

There is increasing community demand for environmental management excellence and high quality native bush. We face particular challenges in the area of pest plant control and monitoring changes in forest health to determine how effective we are in protecting and enhancing biodiversity. Recently we have also become more involved in habitat restoration, particularly in native bush, wetlands and dunes. These projects require us to make a long-term commitment as the benefits can take years to become apparent.

Community Involvement

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

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

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

New Parks and Services

The Council is developing East Harbour Regional Park by providing a ranger service and enhancing the recreational, environmental and heritage values of the Park. We also plan to create two new regional parks in the next six years (taking over control of Whitireia Park and establishing a Wairarapa Wetlands Park).

Establishing a park is a challenging job. Almost invariably we discover problems that we did not know about prior to taking over the management of the land.

It can also be a difficult period for neighbour and regular park users as the park changes from being a “local” area to a regional one. Regional Parks tend to attract people from outside the immediate neighbourhood, which can put pressure on local facilities. Our challenge is to provide appropriate infrastructure to cope with the increased visitor numbers while retaining the character of the park.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

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

Actual Performance

- ▶ Monitoring, maintenance, protection and enhancement of the environmental assets in the Regional Parks, Forests and Water Collection Areas have continued as specified in the Council approved Regional Parks and Forests Asset Management Plan.
- ▶ Environmental assets were monitored, protected and enhanced in accordance with planned service levels and recognised standards. One job, the Hutt Catchment 1080 possum control operation, was not completed within the financial year because of external factors. All of the planning for the operation was completed within the financial year, and the operation was done in July 2003.
- ▶ Compliance with the standards in the Asset Management Plan and the protocols was reported to the August 2003 Landcare Committee meeting.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

- ▶ The facilities, settings and recreational and heritage assets in the Regional Parks, Forests and Water Collection Areas were maintained as specified in the Council approved Regional Parks and Forests Asset Management Plan.
- ▶ Core recreation and heritage assets, facilities and settings monitoring and maintenance activities have been delivered in accordance with the service levels and standards in the Parks and Forests Asset Management Plan.
- ▶ The Asset Management Plan service level compliance was reported to the Landcare Committee on 26 August 2003.
- ▶ All environmental, recreation and heritage activities were completed at a cost of \$2,047,000.
- ▶ A summary of the financial performance was reported to the Divisional Manager, Landcare in July 2003.

PARKS AND FORESTS: Performance Indicators

Planned Performance

SHORT TERM – *continued*

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.

Actual Performance

- ▶ The annual work programme was substantially completed by year end at a cost of \$227,000. All completed projects were achieved in accordance with appropriate architectural and engineering standards, and within the Regional Parks and Forest Asset Management Plan service levels.

The projects undertaken include:

- Construction of a Ranger's office and toilet on the top terrace at Kaitoke Regional Park at a cost of \$55,000 (budget \$55,000).
- Restoration of Ladle Bend and Three Metre bridges in Pakuratahi Forest, including the construction of a new carparking facility at a cost of \$122,000 (budget \$99,000).
- Planning work for the construction of two new toilet blocks in Queen Elizabeth Park at a cost of \$19,000 (budget \$110,000).
- New signage was installed at Battle Hill Farm Forest Park at a cost of \$13,000 (budget \$13,000).
- The restoration of the Baring Head Bridge was planned for 2002/03 but due to external influences was not progressed.

The capital works programme was reported to the Landcare Committee on 26 August 2003.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

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.

Actual Performance

▶ The policy framework for the Regional Parks, Forests and Water Collection Areas continues to progress well. Achievements to date include a draft of the overarching Parks Network Plan being put out to public consultation and further progress being made on the Forest Lands Plan and the Future Water Catchment Areas Plan.

▶ The annual policy and planning work programme was substantially achieved at a cost of \$187,000.

The Parks Network Plan has been through the public submissions. Final changes to the plan are currently being made before it can receive Council approval.

▶ All demand driven work including the implementation of the existing management plans was actioned at a cost of \$18,000.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 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.

Actual Performance

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

► All of the environmental enhancement projects were completed and the environmental education projects were substantially completed during the year at a cost of \$236,000, and reported to the Landcare Committee on 26 August 2003.

The projects included:

- Queen Elizabeth Park bush restoration.
- Queen Elizabeth Park wetland restoration.
- Queen Elizabeth Park dune restoration.
- Rimutaka Incline riparian planting.
- Korokoro bush and pest control.
- Te Marua pest control.
- Cannons Creek bush restoration.
- Battle Hill wetland restoration.

Infrastructure to facilitate environmental education in the parks and forests was improved by the creation of a new truss bridge over the Pakuratahi river, along with various plantings and short nature walks.

PARKS AND FORESTS: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	4,178	4,178
Other Rates	0	0
Government Subsidies	0	0
Other Revenue	814	888
Operating Revenue	4,992	5,066
Direct Operating Expenditure	4,458	4,623
Interest	130	132
Depreciation / Loss (Gain) on Disposal	311	189
Operating Expenditure	4,899	4,944
Operating Surplus (Deficit)	93	122
Less:		
Capital Expenditure	482	571
Loan Funding	(190)	(356)
Rates Funded Capital Expenditure	292	215
Debt Provisioning	119	122
Reserve Movements	(5)	(26)
Non Cash Items	(311)	(189)
Net Funding Surplus (Deficit)	(2)	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	4,899	4,944
Total Operating Expenditure	4,899	4,944
CAPITAL EXPENDITURE		
Queen Elizabeth Park Enhancements	21	110
Tunnel Gully Toilets	2	0
Pakuratahi Bridge Replacements	200	99
Battle Hill Enhancement	13	13
Kaitoke Rooding & Toilets	55	55
Western Region Depot Upgrade	14	0
East Harbour Bridge Replacement	0	79
Major Project Expenditure	305	356
Plant & Equipment	30	55
Motor Vehicles	203	249
Asset Disposals	(56)	(89)
Total Capital Expenditure	482	571

INVESTMENT IN DEMOCRACY

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

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

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

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

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

Planned Performance

LONG TERM

Public recognition 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.

Actual Performance

- ▶ A 2002 survey showed that 28% of the public identify WRC as an organisation concerned with care of the environment in their area. This response is up from 21% in 2000.
- ▶ Four standard issues of Elements were produced at a cost of \$133,000. In addition a special consultation edition was published in September 2002.
- ▶ A range of sources, from targeted market research to articles in the media, indicates a continuing level of support for the perspectives articulated by the Council and its representatives.
- ▶ No regional issues arose during the year that required a specific response (excluding issues that are core responsibilities of the WRC).

INVESTMENT IN DEMOCRACY: Performance Indicators

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2003

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

Actual Performance

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

▶ Publications were produced in August 2002 and February 2003 that were to the required quality and within budget.

INVESTMENT IN DEMOCRACY: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	2,141	2,141
Other Rates	0	0
Government Subsidies	0	0
Other Revenue	1,436	1,436
Operating Revenue	3,577	3,577
Direct Operating Expenditure	3,479	3,547
Interest	0	0
Depreciation / Loss (Gain) on Disposal	7	27
Operating Expenditure	3,486	3,574
Operating Surplus (Deficit)	91	3
Less:		
Capital Expenditure	26	30
Loan Funding	0	0
Rates Funded Capital Expenditure	26	30
Debt Provisioning	0	0
Reserve Movements	1	0
Non Cash Items	(7)	(27)
Net Funding Surplus (Deficit)	71	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Direct Members' Costs	1,056	1,139
Council Secretariat	563	563
Divisional Management Support	250	250
Strategic Communications	550	550
Regional Economic Development	50	50
Other Costs	1,017	1,022
Election Costs	0	0
Total Operating Expenditure	3,486	3,574
CAPITAL EXPENDITURE		
Plant & Equipment	0	5
Motor Vehicles	43	43
Asset Disposals	(17)	(18)
Total Capital Expenditure	26	30

INVESTMENTS

“ Regional rates would need to be 13% higher were it not for the contribution from the Council’s investments ”



The Council has a significant portfolio of investments comprising:

- Liquid financial deposits
- Council’s treasury management function
- Administrative properties (e.g. depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort)
- A loan to the Regional Stadium

The Council’s philosophy in managing investments is to optimise returns in the long term while balancing risk and return considerations. The Council recognises that as a responsible public authority any investments that it holds should be held for the long-term benefit of the community, with any risk being appropriately managed. 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 rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort) and its liquid financial deposits. At an appropriate time in the future the Council believes that it could continue to reduce its risk exposure by reducing its investment holdings, and using the proceeds to repay debt. The timing of these divestments will be in accordance with the Council’s objective to optimise the overall return to ratepayers.

It is important to appreciate that the Council’s investments (excluding the impact of the Stadium rate) contribute approximately 13% to the total level of regional rates. In other words, regional rates would need to be 13% higher were it not for the contribution from the Council’s investments.

INVESTMENTS

Liquid Financial Deposits

The Council holds in liquid financial deposits \$44 million as a result of selling its interest in CentrePort to one of its wholly owned subsidiaries, Port Investments Ltd. The Council regularly reviews the rationale for holding these liquid financial deposits taking into account:

- General provisions of the Council's Treasury Management Policy, including the Council's attitude to risk and creditworthy counterparties.
- Specific provisions of the Council's Treasury Management Policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets.
- The after-tax rate of return from alternative uses of these funds (e.g. reducing debt).
- The requirement to hedge the \$44 million debt within the WRC Holdings Group.

Currently liquid financial deposits are held on the basis that this provides the highest after-tax rate of return to the Council.

Council's Treasury Management Function

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.

Administrative Properties

The Council's interests in the Upper Hutt and Mabey Rd depots and the Masterton office building are grouped to form an investment category, Administrative Properties.

Forestry and Business Units

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

The overall investment policy of the Council with regard to forestry is to maximise 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 forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year.

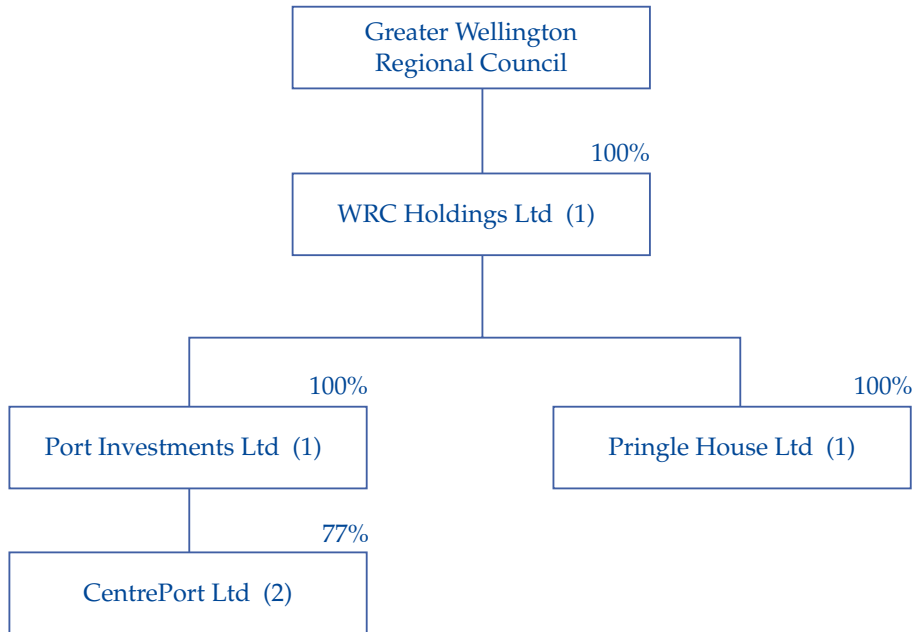
The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of internal dividend contribution to the rate line from forestry is currently \$225,000 per year, and will continue to be reviewed annually.

The Council's other business units, Akura Conservation Centre and the Wairarapa Workshop, are also required to return to the 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.

INVESTMENTS

Equity Investments in the WRC Holdings Group

The Council has the following equity investments in the WRC Holdings Group:



(1) Council Controlled Organisation in accordance with the Local Government Act 2002.

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

WRC Holdings Ltd and Port Investments Ltd are in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Each year WRC Holdings Ltd provides to the Council, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was originally set up for a number of reasons that remain applicable, including:

- Appropriate separation of management and governance.
- Imposing commercial discipline on the Group's activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return.
- Separation of the Council's investment assets from public good assets.

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

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

INVESTMENTS: Financial Summary for the year ended 30 June 2003

INCOME STATEMENT

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
Operating Revenue	9,299	8,928
Operating Expenditure	4,572	4,782
Earnings before Interest	4,727	4,146
Interest	(2,316)	(2,377)
Operating Surplus (Deficit)	7,043	6,523
Contribution to Rates	5,827	5,827
Earnings Retained	1,216	696

OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
Liquid Financial Deposits	2,729	3,014
WRC Holdings Limited	1,252	447
Treasury Management	3,978	3,971
Plantation Forests	(285)	(225)
Reserve Forests	(810)	(775)
Administration Properties	89	31
Investment Properties	25	0
Akura Conservation Centre	52	49
Wairarapa Workshop	13	11
Operating Surplus (Deficit)	7,043	6,523

STADIUM

Role

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

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

Background

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

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

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

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

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

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

Stadium Trustees (at 30 June 2003)

Paul Collins (Chairperson)
Sir Ron Scott
Dame Margaret Bazley
Michael Egan
Peter Biggs
John Hunn

Cr Ian Buchanan (GWRC Councillor)
Cr Chris Parkin (WCC Councillor)

Where to from here?

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

STADIUM: Financial Summary for the year ended 30 June 2003

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
FUNDING STATEMENT		
General Rates	0	0
Stadium Purposes Rates	2,676	2,676
Government Subsidies	0	0
Other Revenue	0	0
Operating Revenue	2,676	2,676
Direct Operating Expenditure	54	54
Interest	1,922	1,922
Depreciation / Loss (Gain) on Disposal	0	0
Operating Expenditure	1,976	1,976
Operating Surplus (Deficit)	700	700
Less:		
Capital Expenditure & Investments	0	0
Loan Funding	0	0
Rates Funded Capital Expenditure	0	0
Debt Provisioning	700	700
Reserve Movements	0	0
Non Cash Items	0	0
Net Funding Surplus (Deficit)	0	0

	Council 2003 Actual \$000's	Council 2003 Budget \$000's
OPERATING EXPENDITURE		
Regional Stadium	1,976	1,976
Total Operating Expenditure	1,976	1,976
CAPITAL EXPENDITURE		
Land & Buildings	0	0
Plant & Equipment	0	0
Motor Vehicles	0	0
Asset Disposals	0	0
Total Capital Expenditure	0	0
Investment Additions	0	0
Capital Expenditure & Investments	0	0

STATEMENT OF COMPLIANCE AND RESPONSIBILITY


greater WELLINGTON
THE REGIONAL COUNCIL

Statement of Compliance and Responsibility

Compliance

The Council and management of Wellington Regional Council confirm that all the statutory requirements of Parts VIIA and VIIB of the Local Government Act 1974 regarding financial management and borrowing have been complied with.

Responsibility

The Council and management of Wellington Regional Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Wellington Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Wellington Regional Council, the annual Financial Statements for the year ended 30 June 2003 fairly reflect the financial position and operations of Wellington Regional Council.


MARGARET SHIELDS
Chairperson
30 October 2003


BARRY HARRIS
Chief Executive
30 October 2003


GREG SCHOLLUM
Chief Financial Officer
30 October 2003

Water, air, earth and energy elements in Greater Wellington's logo that combine to create and sustain life. Greater Wellington promotes Quality for Life by ensuring our environment is protected while meeting the economic, cultural and social needs of the community.



AUDIT REPORT



REPORT OF THE AUDITOR-GENERAL TO THE READERS OF THE FINANCIAL STATEMENTS OF THE WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 22 to 129. The financial statements provide information about the past financial and service performance of the Wellington Regional Council and group and its financial position as at 30 June 2003. This information is stated in accordance with the accounting policies set out on pages 28 to 31.

Responsibilities of the Council

Section 283 of the Local Government Act 2002 requires the Council to prepare its annual report for the year ended 30 June 2003 under section 223E of the Local Government Act 1974. That section requires the Council to prepare financial statements in accordance with generally accepted accounting practice in New Zealand that fairly reflect the financial position of the Wellington Regional Council and group as at 30 June 2003 and the results of its operations and cash flows and service performance achievements for the year ended on that date.

Auditor's responsibilities

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

The Auditor-General has appointed Rudie Tomlinson of Audit New Zealand to undertake the audit.

Basis of opinion

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

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

We conducted our audit in accordance with the Auditing Standards published by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from

material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

During the year we conducted assurance related assignments relating to the Wellington Urban Passenger Rail Services, Indirect Tax, draft Long Term Council Community Plan 2003-2013 and the Council's water division annual report. Other than these assignments, and in our capacity as auditor acting on behalf of the Auditor-General, we have no relationship with or interests in the Wellington Regional Council or any of its subsidiaries.


Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Wellington Regional Council and group on pages 22 to 129:

- ▲ comply with generally accepted accounting practice in New Zealand; and
- ▲ fairly reflect:
 - the Wellington Regional Council and group's financial position as at 30 June 2003;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 30 October 2003 and our unqualified opinion is expressed as at that date.


Rudie Tomlinson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Wellington Regional Council and group for the year ended 30 June 2003 included on the Wellington Regional Council's website. The Council is responsible for the maintenance and integrity of the Wellington Regional Council's website. We have not been engaged to report on the integrity of the Wellington Regional Council's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

We have not been engaged to report on any other electronic versions of the Wellington Regional Council and group's financial statements, and accept no responsibility for any changes that may have occurred to electronic versions of the financial statements published on other websites and/or published by other electronic means.

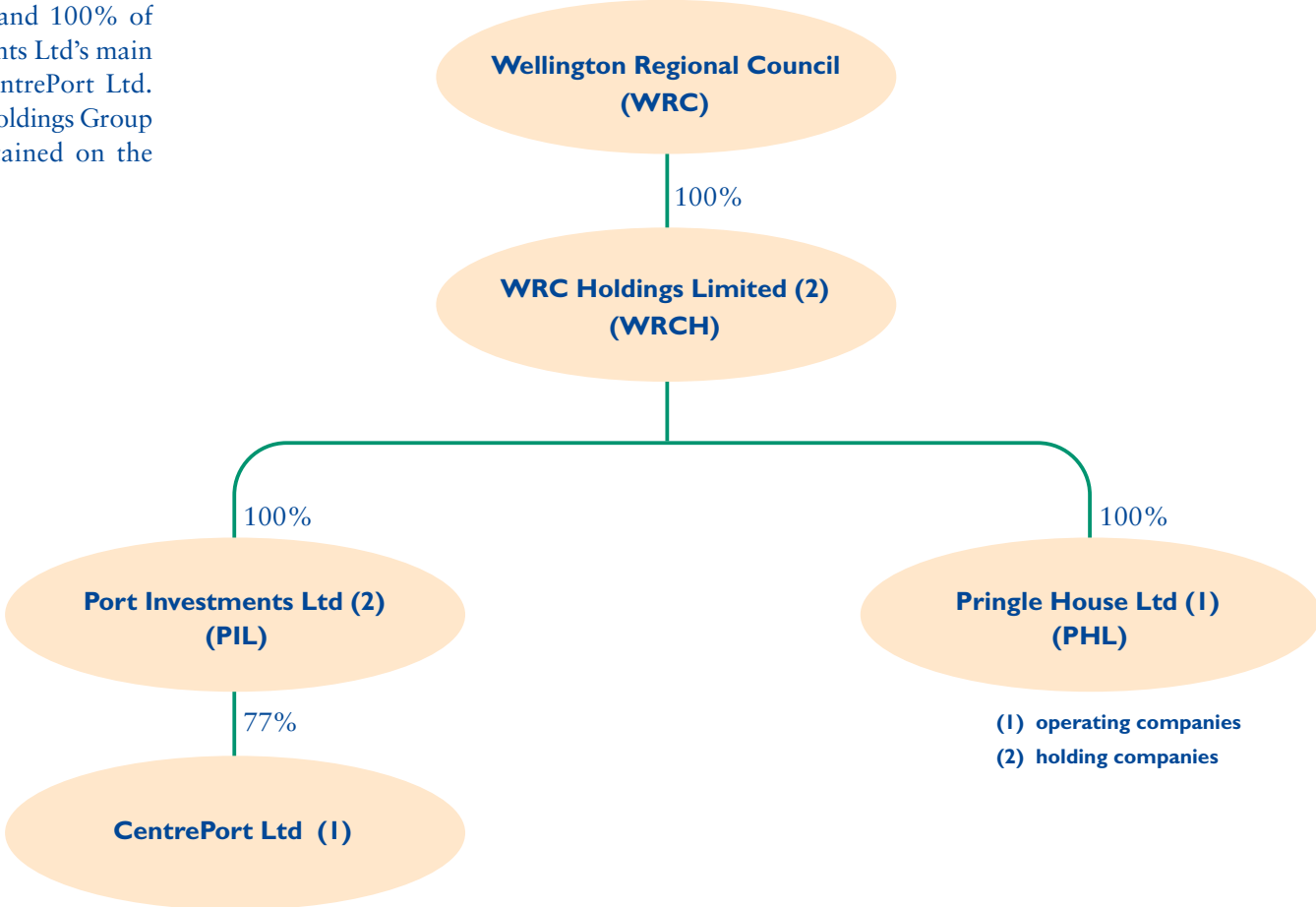
The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30 October 2003 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SUBSIDIARY COMPANIES: WRC Holdings Group

Subsidiary Company Structure

As noted on page 126 Wellington Regional Council owns 100% of WRC Holdings Ltd which in turn owns 100% of Pringle House Ltd and 100% of Port Investments Ltd. Port Investments Ltd's main asset is a 77% shareholding in CentrePort Ltd. More information about the WRC Holdings Group and the CentrePort Group is contained on the following pages.



SUBSIDIARY COMPANIES: WRC Holdings Group

Objectives of the Group

The primary objectives of the Group are to:

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

The financial objectives of the Group are to:

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

The environmental objectives of the Group are to:

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

The social objectives of the Group are to:

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

Shareholders

Wellington Regional Council: 100%

Performance Targets

	Actual 2003	Budget 2003
Net Profit (before tax)	\$7.0m	\$7.8m
Net Profit (after tax)	\$4.9m	\$5.1m
Return on Total Assets ⁽¹⁾	10.9%	11.7%
Return on Shareholders' Funds ⁽²⁾	29.1%	24.9%
Dividend Stream	\$0.8m	\$0.6m

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

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

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2002/03 financial year.

Directors

Margaret Shields (Chairperson)
Stuart Macaskill
Terry McDavitt

Rick Long
Anne Blackburn

SUBSIDIARY COMPANIES: CentrePort Group

Objectives of the Group

The primary objectives of the Group shall be to:

- Operate as a successful and responsible business.
- Undertake efficient commercial port and transport related operations to effectively service the port's customers.

The financial objectives of the Group shall be to:

- Provide a commercial return to shareholders.
- Adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the Group shall be to:

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

The social objectives of the Group shall be to:

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

Shareholders of CentrePort Ltd

Port Investments Ltd: 76.9%

Manawatu – Wanganui Regional Council: 23.1%

Directors

Nigel Gould (Chairperson)

Mike Cashin

Jim Jefferies

Ken Harris (Managing Director – Resigned 31 May 2003)

Malcolm Johnson

Warren Larsen

Howard Stone

Performance Targets

	Actual 2003	Budget 2003
Net Profit (before tax)	\$8.8m	\$10.6m
Net Profit (after tax)	\$6.3m	\$7.1m
Return on Total Assets ⁽¹⁾	10.7%	12.7%
Return on Shareholders' Funds ⁽²⁾	10.0%	11.3%
Dividend Stream	\$3.5m	\$3.9m

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

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

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2002/03 financial year.

SUPPLEMENTARY INFORMATION: External Council Debt

	1992 \$000's	1993 \$000's	1994 \$000's	1995 \$000's	1996 \$000's	1997 \$000's	1998 \$000's	1999 \$000's	2000 \$000's	2001 \$000's	2002 \$000's	2003 \$000's
Forestry – Western Region	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172	11,065	11,864
Forestry – Wairarapa	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496	6,529	7,818
Flood Protection – Western Region	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346	24,501	23,356
Flood Protection – Wairarapa	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141	894	601
Transport	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582	4,317	4,025
Parks & Forests	611	579	565	622	763	861	999	1,127	933	1,296	1,546	1,617
Corporate:												
Regional Council Centre	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156	4,649	3,223
Other Buildings	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935	908	878
Information Systems	767	980	1,037	875	394	232	0	1,470	1,144	893	1,297	884
Regional Stadium	0	0	0	0	0	0	0	24,500	23,974	23,378	22,728	22,029
Regional Water Supply	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190	51,680	48,106
Total Activities Debt	117,094	126,521	127,492	127,416	129,323	121,426	118,737	142,763	139,082	135,585	130,114	124,401
Treasury Internal Funding	6,382	(16,333)	(12,909)	(22,324)	(22,549)	(31,808)	(36,739)	(42,093)	(43,352)	(48,174)	(47,409)	(54,254)
Council External Debt	123,476	110,188	114,583	105,092	106,774	89,618	81,998	100,670	95,730	87,411	82,705	70,147

The above table shows a reduction of \$53.3 million in Council external debt between 1992 and 2003, and in that period the Council borrowed \$25 million to fund its contribution to the Regional Stadium.

YOUR REGIONAL COUNCILLORS

Thirteen Councillors are elected from six constituencies

Wellington Constituency (5)



Terry McDavitt JP

19 Holloway Road
Aro Valley
WELLINGTON
04 938 7036 (business/private phone)
04 938 7037 (business/private fax)
021 238 3965 (mobile)
tmcdavitt@paradise.net.nz



Chris Laidlaw

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Kelburn
WELLINGTON
04 934 3143 (private phone)
04 934 3148 (private fax)
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chrislaidlaw@paradise.net.nz

Upper Hutt Constituency (1)



Rex Kirton

191 Wallaceville Road
Whitemans Valley
RD 1
UPPER HUTT
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021 435 277 (mobile)
kirton@paradise.net.nz



Judith Aitken

37 Putnam Street
Northland
WELLINGTON
04 475 8969 (home)
04 904 8969 (private phone)
04 904 8136 (private fax)
judith.aitken@paradise.net.nz



Irvine Yardley

P O Box 11646
WELLINGTON
025 235 6019 (mobile)
irvineyardley@xtra.co.nz

Kapiti Constituency (1)



Chris Turver

Settlement Road
RD 1
TE HORO
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06 364 3650 (private fax)
027 230 1601 (mobile)
chris.turver@xtra.co.nz



Hugh Barr

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Karori
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04 934 2244 (private/business phone)
04 934 2244 (private/business fax)
025 686 0063 (mobile)
hugh@infosmart.co.nz

YOUR REGIONAL COUNCILLORS

Lower Hutt Constituency (3)



Dick Werry

7 Marina Grove
LOWER HUTT
04 566 3465 (private phone)
04 566 3464 (private fax)
04 567 1912 (business phone)
04 567 1936 (business fax)
025 417 647 (mobile)
dwerry@xtra.co.nz



Rosemarie Thomas JP

14 Brees Street
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04 939 8466 (business/private phone)
04 939 8467 (business fax)
021 284 6627 (mobile)
rosemarie.thomas@gw.govt.nz



Glen Evans

14B Bloomfield Terrace
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04 566 4523 (private phone)
04 570 1434 (business/private fax)
025 458 170 (mobile)
glen@evans.net

Wairarapa Constituency (2)



Ian Buchanan

10a Kuratawhiti Street
GREYTOWN
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06 304 9546 (private fax)
027 282 2833 (mobile)
buchanji@xtra.co.nz



Rick Long

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06 378 7179 (business phone)
06 370 1128 (private fax)
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frlong@xtra.co.nz

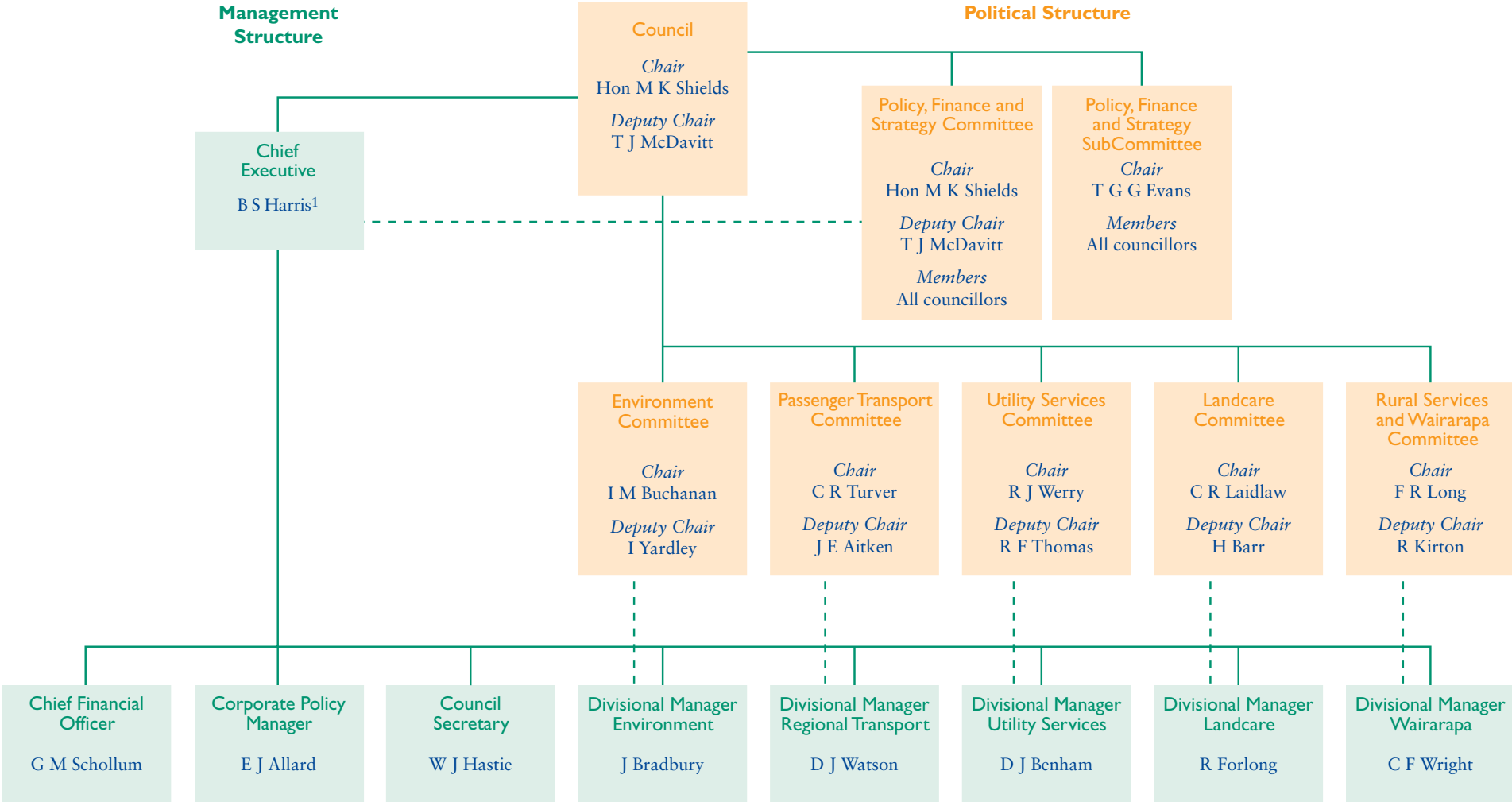
Porirua Constituency (1)



Hon Margaret Shields QSO JP

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

COUNCIL AND MANAGEMENT STRUCTURE



¹ H J Stone was the General Manager until 30 June 2003.

ADDRESS DETAILS AND DIRECTORY

Wellington

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Regional Council
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F 04 385 6960
info@gw.govt.nz
www.gw.govt.nz

Ridewell Inquiry Service
Phone: 04 801 7000
Free phone: 0800 801 700

Wairarapa

Greater Wellington
Regional Council
Masterton Office
P O Box 41
T 06 378 2484
F 06 378 2146
www.gw.govt.nz

Directory

Auditors
Audit New Zealand on behalf of the Auditor-General

Bankers
National Bank of New Zealand

Treasury Advisors
Bancorp New Zealand Limited

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

NOTES



greater WELLINGTON

THE REGIONAL COUNCIL

