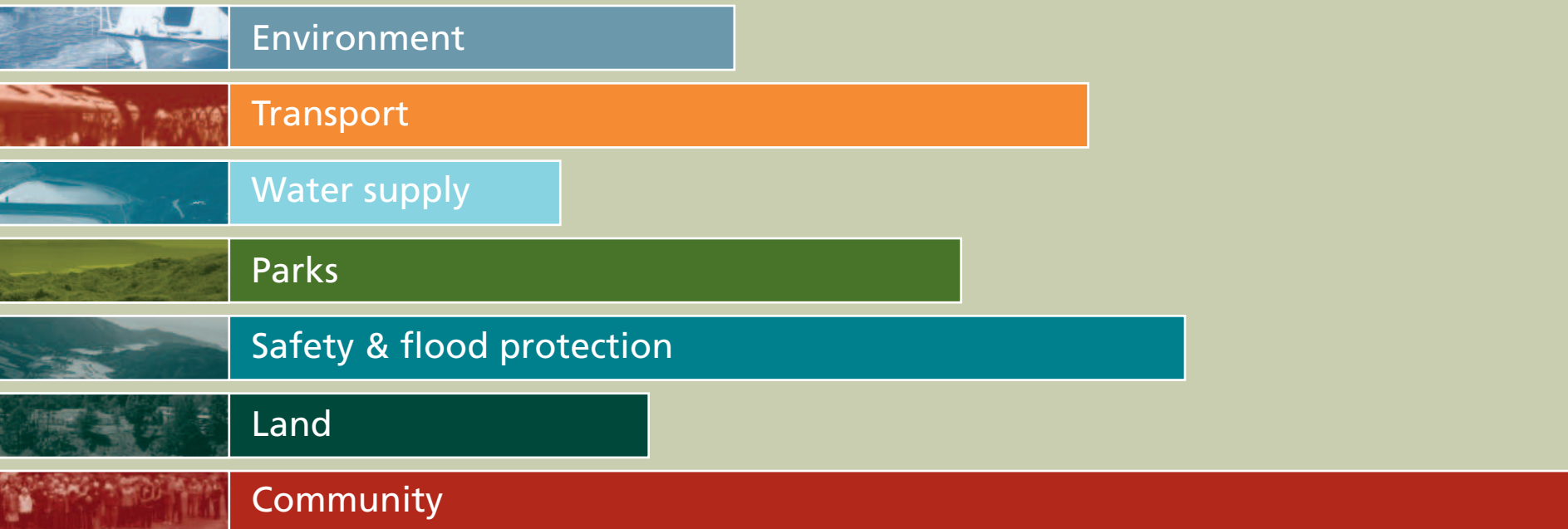


a sustainable region Detailed information

Greater Wellington Regional Council's proposed ten-year plan 2006–16
Incorporating the 2006/07 Annual Plan

Quality for Life



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Greater Wellington Regional Council's ten-year plan comprises three documents – Summary, Detailed Information and Policies.

The *Summary* document provides an overall summary of the information provided in the other two documents. It describes the outcomes that the community wants for the region and shows how Greater Wellington will contribute to the achievement of these outcomes, along with the costs.

The *Detailed Information* document is organised around groups of activities that reflect Greater Wellington's functional areas. It details our work programmes and sets out both long-term (ten-year) and short-term targets (three years) for our work so that our progress can be assessed. Detailed budgeting and funding information is also included, as is information on our investments and our Council Controlled Organisations.

The *Policies* document contains the following policies:

- Significance
- Partnerships with the private sector
- Rates remission and postponement
- Development contributions or financial contributions
- Treasury management
- Revenue and financing.



Message from the chairman

I am pleased to present Greater Wellington Regional Council's Proposed Long-term Council Community Plan for the region (this Plan).

For some time now, Greater Wellington has had a vision of *a sustainable region*. This Plan shows how we will continue to contribute to achieving sustainability. It sets out the outcomes we are trying to achieve and our planned work programmes – as well as the cost. Just as importantly, it shows who we will be working with – because we cannot do it alone. Sustainability requires shared effort and effective working partnerships.

Sustainability is one of the most important challenges facing our society today. Issues such as increasing energy costs, climate change, water supply, environmental threats, social equity and economic growth are at the forefront of today's political concerns, both in New Zealand and worldwide.

While the challenges are clear, the solutions at a regional level are not easy to pin down – and then there is the need to balance what we'd like to do with what is affordable. This Plan is the result of much work and debate, both within and outside Greater Wellington. For Greater Wellington, *a sustainable region* means ensuring our environment is protected while meeting the economic, social and cultural needs of the community. But in preparing this Plan, councillors also put much thought into "how" we are going to work, as well as into "what" we are going to do. To this end we developed the following themes to assess the appropriateness of our planned work programmes:

- Working as a region
- Doing what we do well
- Being innovative and visionary
- Working **with** and **for** the community.

Councillors also faced a new challenge when preparing this ten-year Plan. The Local Government Act 2002 permits regional councils to engage in new areas of activity if those activities meet the needs of the community. We have been requested to fund some new areas of work. These requests have been carefully considered, but councillors decided to "stick to their knitting" and focus on maintaining and improving existing programmes rather than branching out into new areas. So this Plan is essentially "business as usual" in that it does not include any new functions. That said, the Council has identified some particular strategic decisions that need to be made before this Plan is finalised. We would value your opinion on the following:

Improving public transport

A year ago Greater Wellington sought the community's views on some major funding increases needed to maintain and improve public transport in the region. The response was that we should go ahead. Those transport improvements are included in this Plan and are the main reason for the proposed rates increase.

As well as increasing rates to pay for improved transport in the region, we also propose to increase passenger rail fares by 15%, effective from July 2006. This will be the first increase in rail fares for four years. Utilising both rates and fares means that the costs will be spread fairly across all ratepayers (who will benefit from less road congestion and an improved environment) and fare paying passengers (who will benefit from improved rail and bus services). If we don't increase rail fares by 15%, we will have to increase the transport rate by 4.6%.

Although the upgrade of the region's passenger rail system and improvements to our bus network will take some years to complete, improvements have already begun. The refurbishment of the English electric units is underway and 18 new passenger carriages for the Wairarapa line will start coming into service from March 2007.

We are grateful for the substantial contribution that central government has pledged to make these transport improvements possible.

Message from the chairman



3

Greater Wellington has a legal opinion saying that, in accordance with the Land Transport Management Act 2003, the new public transport infrastructure must be owned by a Council Controlled Trading Organisation (CCTO). We propose to set up four new CCTOs for this purpose.

We'd like to know if you agree with our approach to funding transport improvements in the region.

A major commitment to flood protection across the region

Greater Wellington has already committed to a forty-year programme of major flood protection improvements in the Hutt Valley and Kapiti Coast. However, recent floods have generated requests from affected communities to speed up this programme of works – and even expand it to cover some smaller rivers and streams. In the Wairarapa there is also a demand for improved flood protection.

Council has the option of increasing expenditure on improving flood protection works. This Plan provides for some acceleration of the Hutt Valley works and for new expenditure in the Wairarapa. Kapiti Coast works will continue as planned.

This will mean increased costs for the communities who will benefit directly, as well as for ratepayers across the region. We'd like to know whether you agree with our approach to flood protection.

Expanding our parks network

Greater Wellington has five regional parks and has signalled in the past that it would like to expand the network to provide more areas for public recreation across the region. This Plan provides for a wetland regional park in the Wairarapa and for a regional park at Whitireia, Titahi Bay. Adding these new parks to the network means additional costs for ranger services, infrastructure, such as signage and tracks, and general operating costs associated with managing land. These additional costs will increase the rates by just less than 1% in 2007/08. Consequently, we are not planning to add any other new services or significant infrastructure to our existing parks.

Greater Wellington has already committed to the purchase of the Waitangirua block which will become part of the Belmont Regional Park.

We want to know if you agree with the planned additions to our regional parks network or whether you would prefer to have additional facilities and services in our current parks.





Message from the chairman

Water conservation measures versus a new water source

We collect, treat and deliver water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. At current estimates of population growth, we will reach our supply limit within two to three years. Some enhancements, costing up to \$6 million, will provide a solution for a few years. Consequently, this Plan provides for investigative work on a major new water source, potentially costing up to \$102 million. We will have the costs refined in about a year.

Whatever source is chosen, construction will, undoubtedly, be costly. If people reduce their water consumption, a new water source may not be required so soon – or perhaps not at all. The water supply growth rate is about one percent a year, so reducing consumption by one percent a year through using water more wisely will put off the need for a new water source.

Should we put increased resources into water conservation measures, such as education or metering, to try and reduce consumption levels, or should we put our resources into finding a viable new water source?

Water metering of households is a vexed issue. Potentially, it could reduce consumption by about 15 percent. The four city councils would have to introduce metering through a collaborative approach. Introducing water meters could cost about \$50 million and result in operating costs of about \$15 a year for each household. Environmental benefits would be considerable – more water left in our rivers and less waste water for the cities to treat.

We would welcome your views on these and any other matters contained in our ten-year Plan.

Ian Buchanan
Chairman





Once adopted, this ten-year Plan becomes the blueprint for the work we do on your behalf. Before then, we'd like your feedback. We encourage you to make a submission on any aspect of this Plan, but especially on those issues highlighted in the Chairman's message.

Here are some ways to respond:

Write to:

Proposed ten-year plan submissions
Freepost 3156
Greater Wellington Regional Council
P O Box 11646
Wellington

or email to ltccp@gw.govt.nz

or fax to 04 385 6960

or online www.gw.govt.nz

... to reach us no later than 5pm on 4 May 2006.

Please include your name, address and phone number in all submissions. If you wish to be heard in support of your submission, please state this clearly.

Please note that any submission you make may become publicly available if a request for it is made under the Local Government Official Information and Meetings Act 1987.

If you are making a submission as an individual, Greater Wellington will consider removing your personal details if you request this in your submission.

Our ten-year plan process

December 2004
to February 2005

Review community outcomes from existing plans
Develop community outcomes through the Wellington Regional Strategy process

March to August
2005

Gather information and review our current activities
Secure agreement from other organisations and groups

August to
September 2005

Consult on community outcomes through the Wellington Regional Strategy

October to
November 2005

Collate feedback and revise outcomes

November 2005
to March 2006

Develop the details of the proposed ten-year plan

Late March 2006

Invite submissions on the proposed ten-year plan

Mid May 2006

Hear submissions

Late June 2006

Adopt the ten-year plan.





Community outcomes

What the region wants

This Long-term Council Community Plan (this Plan) provides a ten-year focus for the activities of Greater Wellington and describes how those activities will contribute to the achievement of community outcomes.

Outcomes are simply a desired result or state of affairs. Community outcomes describe the type of place that our people want the Wellington region to be. They describe what we value as important for a good quality for life. The identification of outcomes for the Wellington regional community is important because it enables us to plan with a longer term focus. Clearly though, Greater Wellington is not in a position to achieve all of the outcomes that the community seeks.

Greater Wellington's role in furthering community outcomes will be different for different outcomes. For some outcomes Greater Wellington will play a major role. For others it will have only a small role to play, or no role at all, and it will be up to other organisations or agencies to take the lead. The identification of outcomes for the Wellington regional community, therefore, has a second important purpose – to allow for the coordination and prioritisation of resources across different organisations, such as councils, government departments, business groups, iwi, community groups and others.



Community outcomes for the Wellington region

Healthy environment

We have clean water, fresh air and healthy soils. Well functioning and diverse ecosystems make up an environment that can support our needs. Resources are used efficiently. There is minimal waste and pollution.

Quality lifestyle

Living in the Wellington region is enjoyable and people feel safe. A variety of lifestyles can be pursued. Our art, sport, recreation and entertainment scenes are enjoyed by all community members – and attract visitors.

Sense of place

We have a deep sense of pride in the Wellington region. We value its unique characteristics – its rural, urban and harbour landscapes, its climate, its central location, and its capital city.

Prosperous community

All members of our community prosper from a strong and growing economy. A thriving business sector attracts and retains a skilled and productive workforce.

Prepared community

We can cope with emergency events. Individuals and businesses are able to take responsibility for their own well-being. Effective emergency management systems are in place.

Connected community

Access is quick and easy – locally, nationally and internationally. Our communication networks, air and sea ports, roads and public transport systems enable us to link well with others, both within and outside the region.

Entrepreneurial and innovative region

Innovation and new endeavours are welcomed and encouraged. Ideas are exchanged across all sectors, resulting in a creative business culture. We have excellent education and research institutions, and benefit from being the seat of government.

Essential services

High quality and secure infrastructure and services meet our everyday needs. These are developed and maintained to support the sustainable growth of the region, now and in the future.

Healthy community

Our physical and mental health is protected. Living and working environments are safe, and everyone has access to health care. Every opportunity is taken to recognise and provide for good health.

Strong and tolerant community

People are important. All members of our community are empowered to participate in decision-making and to contribute to society. We celebrate diversity and welcome newcomers, while recognising the special role of tangata whenua.



How the community outcomes were identified

Greater Wellington's draft regional community outcomes for our Long-term Council Community Plan (LTCCP) 2006-16 were originally created by drawing together the community outcomes from all the councils in the Wellington metropolitan region. Each council had been through a "blank sheet" community outcomes process previously, including Greater Wellington with its 2002 process for the LTCCP 2003-2013. The outcomes from each council were compared and aligned to create a set of 8 draft outcomes that reflected both the sub-regions' and the Greater Wellington region's community views.

A group of organisations (local government, central government and quasi government), capable of influencing the identification or promotion of community outcomes, was formed and meetings were held to discuss progress and key issues. Participation in these meetings was enthusiastic and agreement to the process was secured.

The Wellington Regional Strategy (WRS), a sustainable growth framework for the region, was the vehicle for initial consultation on the community outcomes. The intention was for the WRS community outcomes to also be Greater Wellington's community outcomes for this Plan. The rationale behind this was to avoid duplication of process (and in particular, avoid "consultation fatigue"), maximise the use of council and community resources and capture joined-up regional thinking and ideas.

The WRS Growth Framework discussion document was sent out to around 4,500 organisations and individuals. It included a questionnaire asking for submissions on the community outcomes. Electronic submissions were sought through the WRS website. Further, a mail survey was carried out that included questions about the community outcomes.

Meetings were held with local authorities, central government agencies, Ara Tahi, iwi, Pacific Island community representatives and other groups to consult on the WRS and the community outcomes.

The feedback received was collated and applied to the original set of outcomes. The original outcomes were rewritten with an active voice and two new outcomes (*Healthy community*, *Prepared community*) addressing health and emergency response/preparedness were added, based on feedback from the community.



How Greater Wellington will contribute to the community outcomes

The role of Greater Wellington in furthering community outcomes can take a number of forms. For example, it can take on the roles of:

Advocate	trying to persuade others to act
Facilitator	bringing various parties together to carry out an activity
Educator	providing information and advice

Greater Wellington can also take on more direct roles of a:

Funder	making a financial investment in a programme
Service Provider	carrying out a programme using the Council's own resources
Regulator	developing and enforcing rules
Monitor	gathering information

In some cases Greater Wellington will be involved in more than one way of furthering a community outcome. In other cases it will not have any specific role because of the functions of other parties. The following sections of this Plan detail these activities and roles of Greater Wellington.

Relationship to our key strategic planning documents

Greater Wellington has a number of key strategic documents in place that govern many of its activities. These relate to, and will assist, in working towards the achievement of the community outcomes. These planning documents and our key planning processes are outlined in **Figure 1** on page 10.

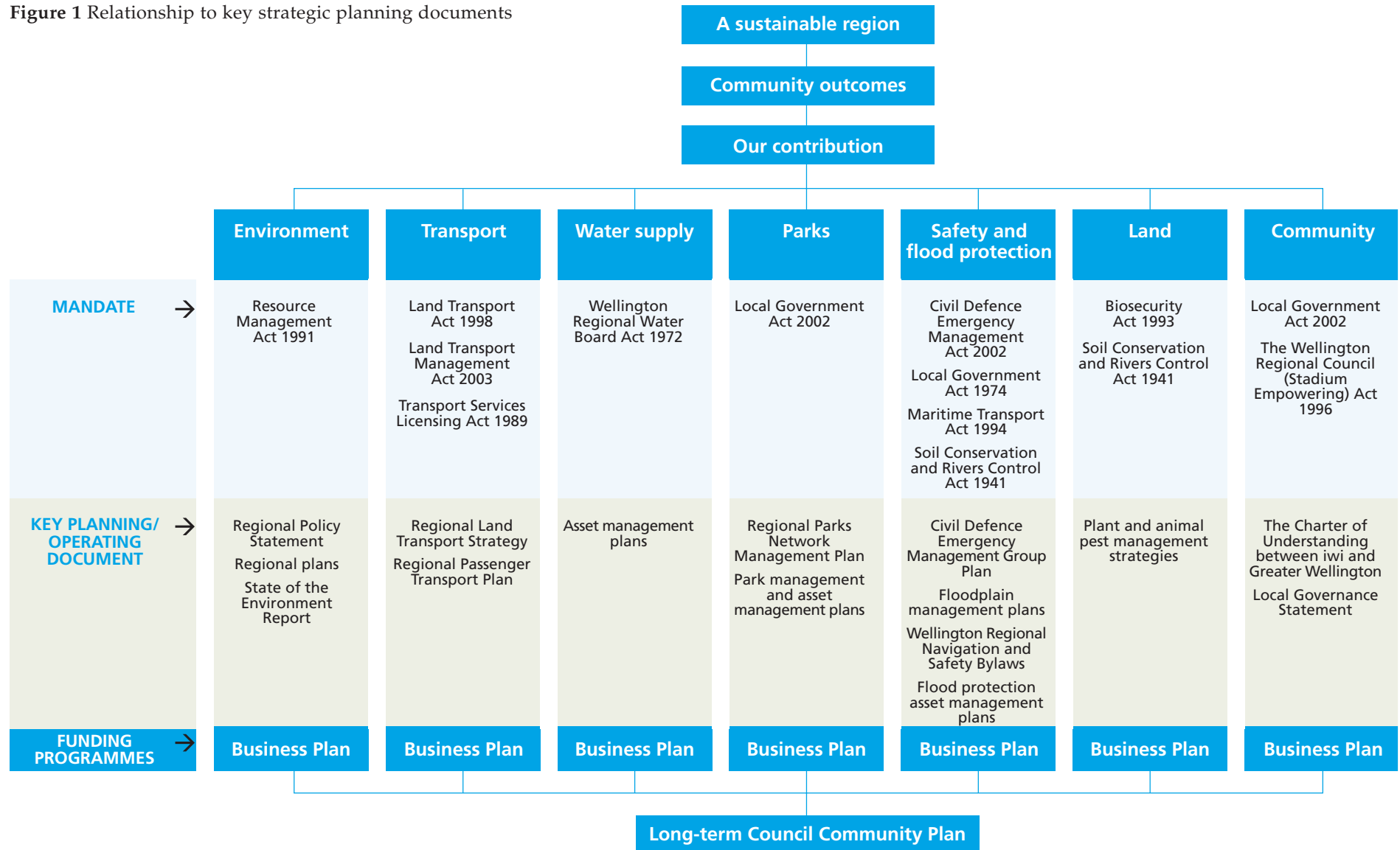
How we will work with others

Greater Wellington will work with other local and regional organisations, Māori, central government and non-government organisations and the private sector to achieve the community outcomes. The range of organisations and stakeholders that Greater Wellington will work with is shown in the following sections of this Plan.



Community outcomes

Figure 1 Relationship to key strategic planning documents





How we will measure progress

Greater Wellington is required by the Local Government Act 2002 to monitor and report on the community's progress towards community outcomes for the Wellington region.

Greater Wellington has developed a set of indicators to assess progress towards the achievement of the community outcomes. There will be more technical measures that sit below these indicators. Local authorities and other agencies in the region are working together, through the Wellington Regional Strategy process, to agree on these technical measures. In turn, it is hoped to develop a system that combines and prioritises the measures to come up with a genuine progress indicator for the region. This will be a simple and meaningful measure of the economic, social, environmental and cultural wellbeing of the region.

Progress towards the achievement of the community outcomes will be monitored using this measurement regime and reported to the community every three years.





Community outcomes

Recommended indicators for Wellington region

Healthy environment

- Freshwater and coastal water quality
- Air quality
- Soil quality
- Pest plant and animal management
- Levels of waste and pollution

Quality lifestyle

- Satisfaction with work/life balance
- Participation in art, sport, physical activity, leisure, culture and community events
- Satisfaction with access to community facilities
- Crime rates/perception of safety
- Visitor numbers

Sense of place

- Level of pride in the region
- Number of care groups
- Satisfaction with the quality of the built and natural environment

Prosperous community

- Regional population changes
- Regional GDP (or GST)
- Economic activity

Prepared community

- Level of household preparedness for emergency events
- Level of organisational preparedness for emergency events
- Civil defence emergency management organisations' state of preparedness
- Level of flood protection

Connected community

- Access to and use of electronic and telecommunications systems
- Road congestion levels
- Use of public passenger transport

Entrepreneurial and innovative region

- New business activity
- Public and private sector collaboration
- Educational attainment
- Investment in research and development

Essential services

- Availability of potable water
- Availability of energy supplies
- Quality of transport infrastructure

Healthy community

- Health of the community
- Access to health care

Strong and tolerant community

- Participation in decision-making
- Ethnic mix
- Perception of community belonging
- Recognition of tangata whenua



Development of Māori capacity to contribute to decision-making

This section sets out the steps that the Greater Wellington intends to take to foster the development of Māori capacity to contribute to Greater Wellington's decision-making processes.

Greater Wellington has a long-standing and well developed relationship with iwi in the region. Underpinning this relationship is the Charter of Understanding that was signed by iwi and Greater Wellington in 1993. A review of the Charter was completed in July 2000, and resulted in the scope of the Charter being expanded to cover all areas of our business.

Following the review, Greater Wellington developed a policy for strengthening the relationship between itself and tangata whenua. This policy contained a range of initiatives that enable iwi to participate better in Greater Wellington's functions.

In 2005, iwi and Greater Wellington independently carried out reviews to identify further opportunities to improve participation by Māori in Greater Wellington decision-making.

Ara Tahi

Ara Tahi is the name given to the Council's inter-iwi representative group. Ara Tahi is used as a forum for collective discussion and to provide policy advice to the Council.

Representatives from Ara Tahi are appointed to the Wellington Regional Strategy Forum and the Regional Land Transport Committee. In this capacity the representatives are able to participate in the decision-making of these bodies.

Māori hearing appointees

Greater Wellington attempts to use an iwi appointee on all resource consent hearing panels. This provides iwi with a direct involvement in decision-making.

Technical workshops

A number of technical workshops are held annually involving Greater Wellington staff and iwi. The purpose of the workshops is to exchange information, explain technical concepts, and identify issues and solutions. The result is an increase in the capacity of iwi to participate in our business.

Iwi projects

The Council supports iwi to undertake projects that enable them to become more directly involved in the management of resources.

Secondments/exchanges

Opportunities can be created within departments for the secondment of iwi representatives. Similarly, the opportunity for Greater Wellington staff to work within iwi authority structures has been discussed with iwi.

Maori liaison officers/Kaitakawaenga

Greater Wellington employs two dedicated Māori liaison officers/Kaitakawaenga. These specialist positions enable us to provide enhanced assistance to iwi to participate in Greater Wellington's business.

Capacity building within Greater Wellington

Greater Wellington carries out a number of activities to increase the capacity of councillors and staff to appreciate and understand Māori perspectives, the Treaty of Waitangi, tikanga etc. We achieve this through training sessions, rohe walkovers, noho marae and direct contact with iwi.

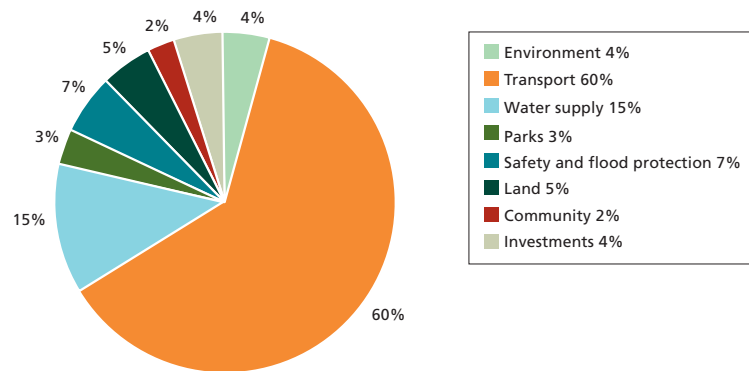
Although the direct focus is on building capacity, indirectly this enhances the ability of iwi to participate in our business. Development and training is a key initiative supported by the region's iwi.



What it will cost and how we plan to pay for it

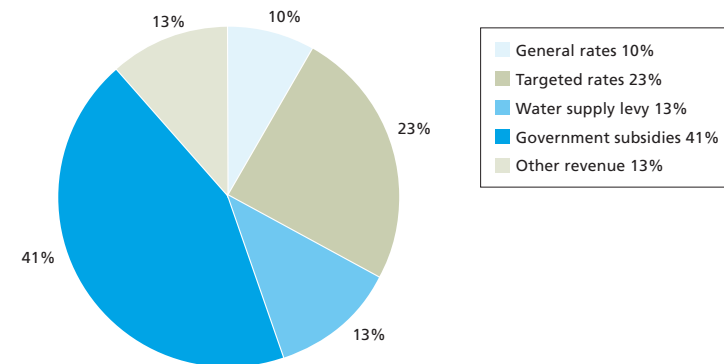
Please note that throughout this document all projected financial information includes an estimate of inflation, except for pages 18 and 19 which exclude inflation. Page 17 compares 'rates with inflation to rates without inflation'.

Our work programmes



Over the next ten years Greater Wellington plans to spend approximately \$750 million on capital expenditure and transport investments. Over that same period we will have operating expenditure of over \$2.0 billion. This graph shows the total costs of delivering Greater Wellington's services broken down by our groups of activities. The most significant area of our expenditure relates to transport, at 60% of the total.

Where our revenue comes from



The cost of our work programmes will be funded by a mix of rates, levies, government subsidies and other revenue. Regional rates, comprising general rates and targeted rates, make up 33% of Greater Wellington's total revenue. Government subsidies (primarily for funding public transport) make up a further 41% and the water supply levy (charged to Wellington, Porirua, Hutt and Upper Hutt city councils) makes up 13%. The remaining 13% of revenue is from other external sources.

Ten-year financial forecast (with inflation)

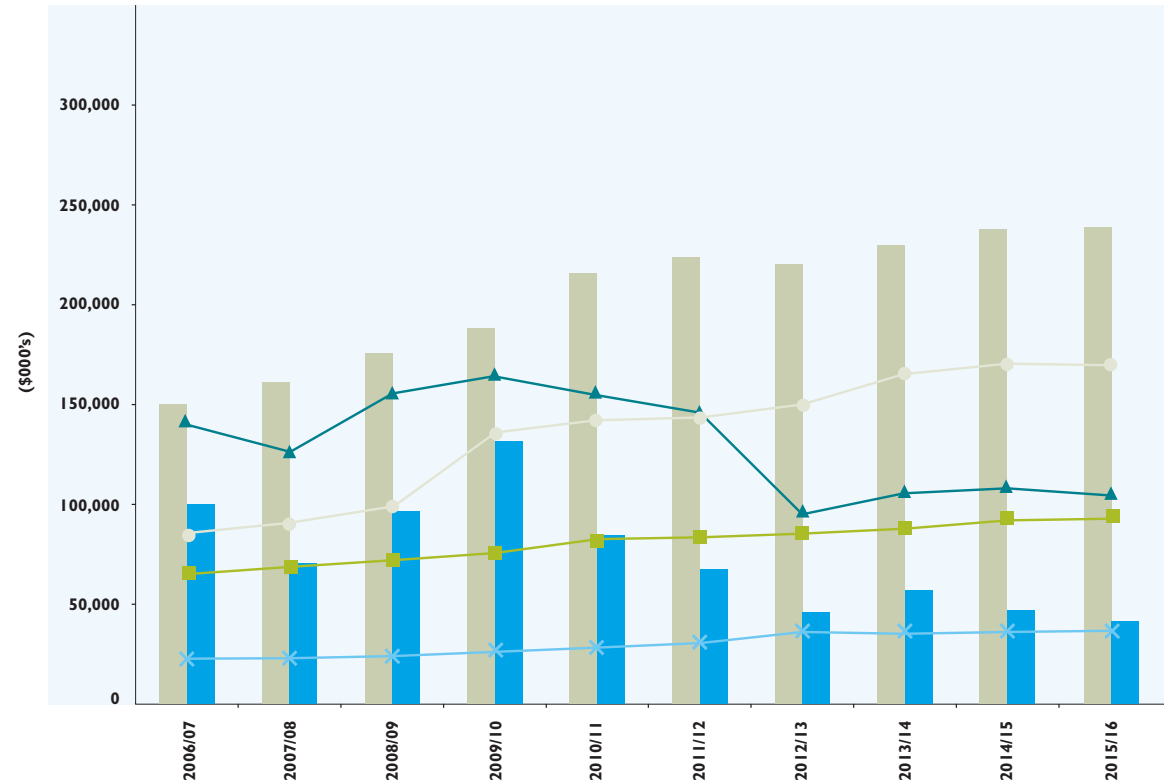


This graph outlines financial performance, capital expenditure and debt over the next ten years for overall Greater Wellington.

Key points to note are:

- Capital expenditure and transport investment, primarily rail rolling stock, peaks at \$136 million in 2009/10
- Other operating revenue increases and decreases with the expenditure on public transport infrastructure because the majority of this is funded by government grants
- Debt rises to \$170 million over the period as it is required to fund Greater Wellington's share of public transport infrastructure and other capital expenditure.
- Regional rates are projected to rise to \$93 million. The increase is mainly to fund the purchase of transport infrastructure
- The water supply levy increases from 2007/08 onwards to fund the new water source and to cover increasing costs due to inflation.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	150,187	161,049	174,021	187,289	216,809	229,820	220,620	230,292	238,032	238,847
Capital expenditure & transport investment	100,684	70,150	98,309	135,591	82,190	67,317	46,225	57,794	46,992	41,860
Debt	85,910	90,688	99,929	134,764	142,133	144,853	150,222	166,564	170,188	170,127
Regional rates	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987
Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
Other operating revenue	140,085	127,961	153,583	162,940	153,161	142,786	99,716	105,780	109,254	104,318
Operating surplus/(deficit)	74,294	56,525	75,196	78,389	46,223	27,712	(1,177)	(2,015)	(1,330)	(5,505)

The large operating surpluses in 2006/07 to 2011/12 are due to government grants being accounted for as income. A significant portion of these grants is used to fund our capital purchase of passenger transport infrastructure. The new assets are then depreciated over their expected life, resulting in deficits in future years.



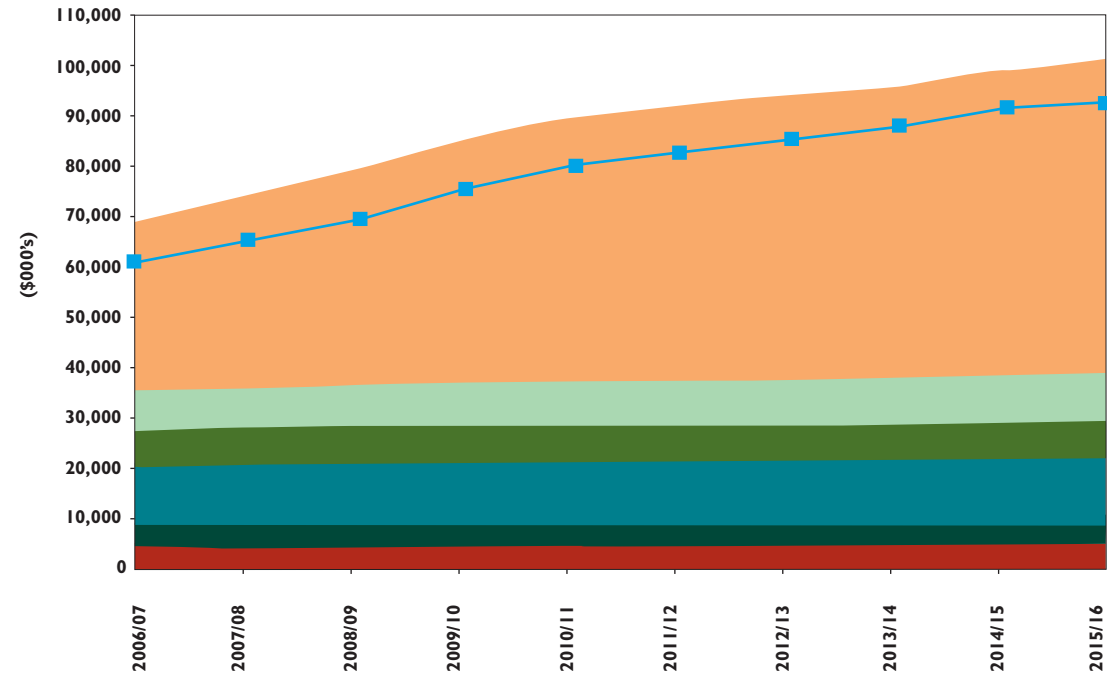
Ten-year rates (with inflation)

This graph shows the proposed regional rates requirement for each of Greater Wellington's groups of activities over the next ten years. Regional rates include the general, regional transport, river management, stadium purposes, bovine tb and Wairarapa schemes rates, but exclude the water supply levy.

Key points to note are:

- Non-transport rates are fairly flat over the period with the exception of flood protection where increases are due to continued expenditure in Hutt Valley and Wairarapa
- Increases in transport rates over the period are to fund investment in public transport infrastructure.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Transport	32,274	34,456	37,769	41,517	45,785	47,640	49,879	52,432	56,073	56,303
Environment	8,907	9,385	9,943	10,090	10,095	10,185	10,287	10,271	10,359	10,555
Water supply	0	0	0	0	0	0	0	0	0	0
Parks	5,517	6,109	6,026	6,247	6,361	6,434	6,664	6,513	6,477	6,778
Safety and flood protection	12,384	13,063	13,611	14,340	15,066	15,646	15,720	15,740	16,038	16,502
Land	4,076	4,370	4,426	4,774	4,649	4,731	4,781	4,847	4,908	4,967
Community	5,312	5,382	5,480	5,500	5,688	5,712	5,703	5,851	5,906	5,881
Investments	(7,556)	(8,073)	(8,013)	(8,149)	(8,310)	(8,357)	(8,377)	(8,910)	(8,654)	(8,904)
Other	706	734	757	775	786	798	810	842	871	905
Total regional rates	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987

Impact of inflation on forecast rates

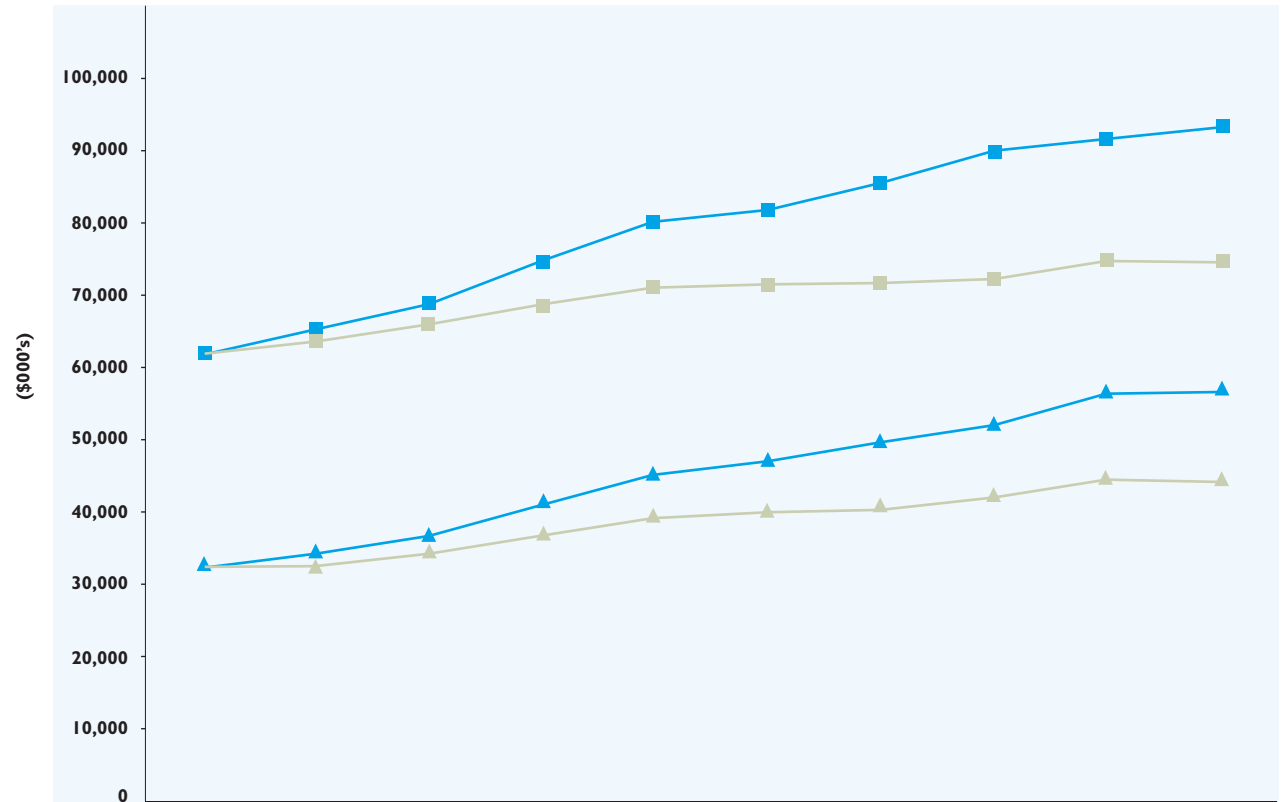


This graph compares the 'rates with inflation' that are proposed in the Long-term Council Community Plan to 'rates without inflation'.

Key points to note are:

- Inflation over the period increases rates by \$18.4 million
- Two-thirds of this increase comes from transport rates
- The average inflation increase per year is 3%.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Overall rates (with inflation)	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987
Overall rates (without inflation)	61,620	63,067	65,229	68,181	71,026	71,576	71,796	72,185	74,940	74,538
Transport rates (with inflation)	32,274	34,456	37,769	41,517	45,785	47,640	49,879	52,432	56,073	56,303
Transport rates (without inflation)	32,274	32,920	34,630	37,035	39,890	40,328	40,775	42,210	44,749	44,175

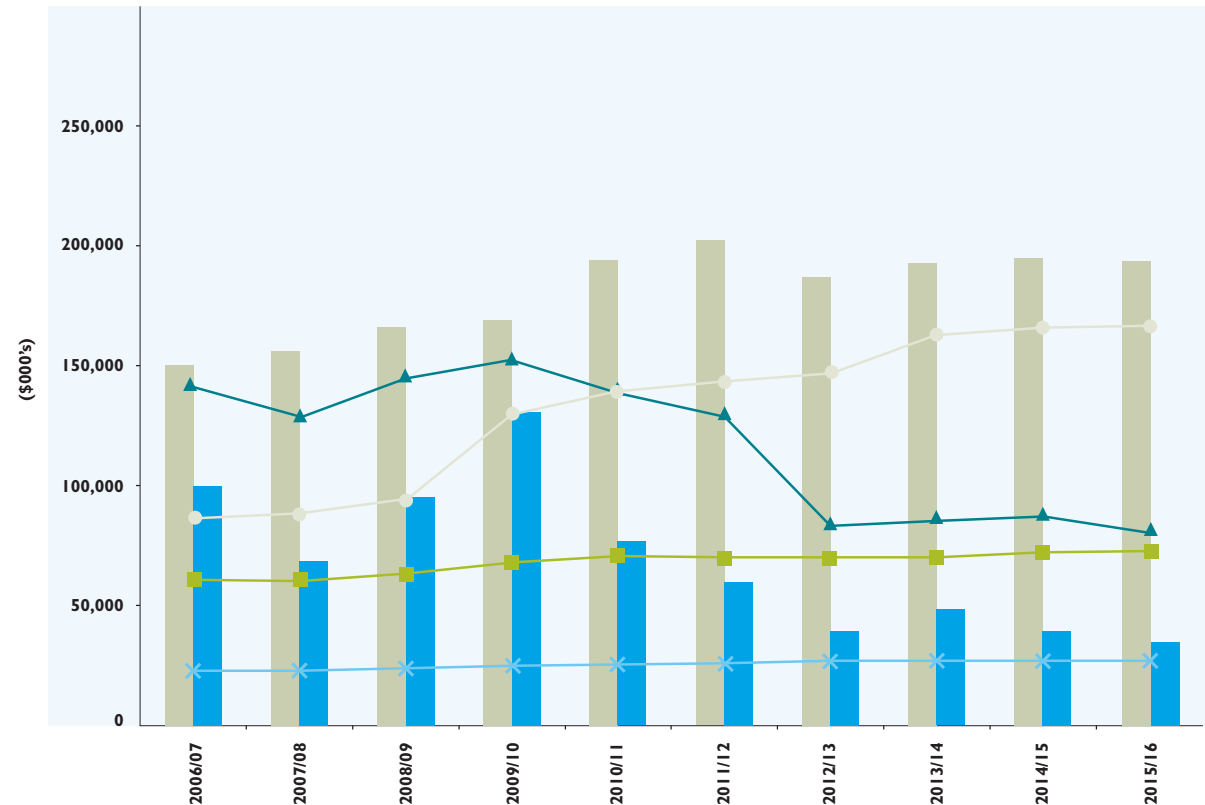


Supplementary information – ten-year financial forecast (without inflation)

This graph outlines the financial forecast for the next ten years for overall Greater Wellington. **The numbers on this page do not include inflation and are provided as supplementary information.**

Key points to note are:

- Capital expenditure and transport investment, primarily rail rolling stock, peaks at \$131 million in 2009/10
- Other operating revenue increases and decreases with the expenditure on public transport infrastructure as the majority of this is funded by government grants
- Debt rises to \$166 million over the period as it funds Greater Wellington's share of these investments and capital expenditure
- Regional rates are projected to rise to \$75 million. The increase is mainly to fund the purchase of public transport infrastructure
- Water supply levy increases from 2007/08 onwards until 2012/13 to fund the new water source.



Please note that these figures exclude GST.

(\$'000's)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	150,187	155,579	163,124	169,798	193,889	201,765	187,347	191,983	194,476	192,164
Capital expenditure and transport investment	100,684	69,138	95,237	130,641	76,125	60,320	39,657	48,655	38,949	34,156
Debt	85,910	90,597	99,548	133,589	140,263	142,723	147,512	161,631	165,065	165,513
Regional rates	61,620	63,067	65,229	68,181	71,026	71,576	71,796	72,185	74,940	74,538
Water supply levy	22,776	23,460	24,164	25,372	26,640	27,972	29,371	29,371	29,371	29,371
Other operating revenue	140,085	123,773	146,369	152,156	139,239	126,020	82,606	85,573	86,483	80,534
Operating surplus/(deficit)	74,294	54,721	72,638	75,911	43,016	23,803	(3,574)	(4,854)	(3,682)	(7,721)

The large operating surpluses in 2006/07 to 2011/12 are due to government grants being accounted for as income. A significant portion of these grants is used to fund our capital purchase of passenger transport infrastructure. The new assets are then depreciated over their expected life, resulting in deficits in future years.

Supplementary information – ten-year rates (without inflation)

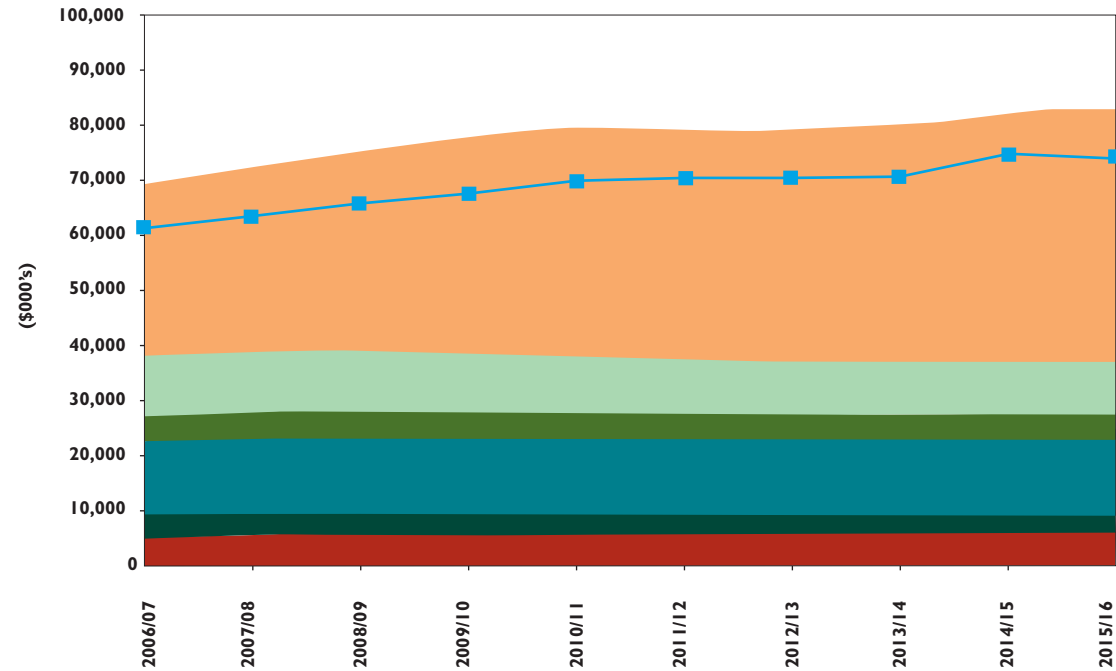


This graph shows the proposed regional rates requirement for each of Greater Wellington’s groups of activities over the next ten years. Regional rates include the general, regional transport, river management, stadium purposes, bovine tb and Wairarapa schemes rates, but exclude the water supply levy.

The numbers on this page do not include inflation and are provided as supplementary information.

Key points to note are:

- Non-transport rates are fairly flat over the period with the exception of flood protection which is due to continued expenditure in Hutt Valley and Wairarapa
- Increases in transport rates over the period are to fund investment in public transport infrastructure.



Please note that these figures exclude GST.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Transport	32,274	32,920	34,630	37,035	39,890	40,328	40,775	42,210	44,749	44,175
Environment	8,907	9,147	9,453	9,380	9,193	9,090	9,019	8,866	8,814	8,857
Water supply	0	0	0	0	0	0	0	0	0	0
Parks	5,517	5,957	5,736	5,812	5,793	5,749	5,847	5,634	5,528	5,704
Safety & flood protection	12,384	12,856	13,185	13,681	14,164	14,505	14,364	14,171	14,256	14,506
Land	4,076	4,265	4,228	4,473	4,281	4,284	4,262	4,262	4,262	4,262
Community	5,312	5,299	5,330	5,284	5,361	5,347	5,287	5,326	5,368	5,305
Investments	(7,556)	(8,082)	(8,034)	(8,175)	(8,337)	(8,393)	(8,417)	(8,950)	(8,714)	(8,957)
Other	706	705	701	691	681	666	659	666	677	686
Total regional rates	61,620	63,067	65,229	68,181	71,026	71,576	71,796	72,185	74,940	74,538



Summary of rates and levies

What this will mean for rates and community charges

	2005/06 Budget \$000's	2006/07 Plan \$000's	Change \$000's	Change %
Wellington City	33,867	36,652	2,785	8.22%
Lower Hutt City	12,686	12,670	(16)	-0.13%
Upper Hutt City	3,574	4,318	744	20.82%
Porirua City	5,306	5,339	33	0.62%
Kapiti Coast District	5,375	5,447	72	1.34%
Masterton District	1,406	1,553	147	10.46%
Carterton District	585	631	46	7.86%
South Wairarapa District	954	1,106	152	15.93%
Tararua District	2	3	1	50.00%
District-wide rates	63,755	67,719	3,964	6.22%
Bovine Tb Rate	160	160	0	0.00%
South Wairarapa District – river rates	190	197	7	3.68%
Wairarapa scheme and stopbank rates	1,095	1,246	151	13.79%
Regional rates	65,200	69,322	4,122	6.32%
Water supply levy	25,623	25,623	0	0.00%
Overall community charges	90,823	94,945	4,122	4.54%

This table shows that overall community charges are planned to increase by 4.54% in this proposed 2006/07 Annual Plan. Please note that these figures include GST.

Greater Wellington plans to increase regional rates by 6.32% overall in 2006/07. This increase varies between the cities and districts because of changes in capital values (equalised) and differences in Greater Wellington's work programmes.

The water supply levy, charged directly to the four metropolitan city councils, remains at the 2005/06 level.

Note: Amounts labelled 2005/06 Budget are sourced from the 2005/06 Annual Plan and amounts labelled 2006/07 Plan are the amounts that Greater Wellington is now planning in this proposed 2006/07 Annual Plan.

The numbers in the above table should be read in conjunction with the Funding Impact Statement on pages 132 to 140 and the Revenue and Financing Policy contained within the separate Policies document.

Rates and levies

What is the impact on your city or district?



Table 1 shows that Greater Wellington plans to increase regional rates by 6.32% overall in 2006/07. The increase varies between the cities and districts because of changes in capital values (equalised), differences in Greater Wellington's work programmes and application of the Revenue and Financing Policy.

Table 1: Regional rates (GST inclusive)

	2005/06 Budget \$000's	2006/07 Plan \$000's	Change \$000's	Change %
Wellington City	33,867	36,652	2,785	8.22%
Lower Hutt City	12,686	12,670	(16)	-0.13%
Upper Hutt City	3,574	4,318	744	20.82%
Porirua City	5,306	5,339	33	0.62%
Kapiti Coast District	5,375	5,447	72	1.34%
Masterton District	1,406	1,553	147	10.46%
Carterton District	585	631	46	7.86%
South Wairarapa District	954	1,106	152	15.93%
Tararua District	2	3	1	50.00%
District-wide rates	63,755	67,719	3,964	6.22%
Bovine Tb Rate	160	160	0	0.00%
South Wairarapa District – river rates	190	197	7	3.68%
Wairarapa scheme and stopbank rates	1,095	1,246	151	13.79%
Regional rates	65,200	69,322	4,122	6.32%

Table 2: Water supply levy (GST inclusive)

	2005/06 Budget \$000's	2006/07 Plan \$000's	Change \$000's	Change %
Wellington City Council	13,980	13,853	(127)	-0.91%
Hutt City Council	6,425	6,432	7	0.10%
Upper Hutt City Council	2,446	2,469	23	0.93%
Porirua City Council	2,772	2,869	97	3.50%
Water supply levy	25,623	25,623	0	0.00%

Table 2 shows that, although the total water supply levy remains at the 2005/06 level, the amounts charged to each of the four cities vary as the levy is based on the actual consumption of water in the year to 31 March 2006.

The proposed 2006/07 water supply levy is based upon 46 weeks of 2005/06 data and may change when the full year's results are known.

District-wide rates are rates which are levied across all of the rating units within a city or district. The other rates, which together with district-wide rates make up regional rates, are levied only on certain rating units within the region.

Table 3: Changes in district-wide rates due to equalised capital value (ECV) movements and apportionment from 2005/06 to 2006/07 (GST inclusive)

	ECV movements		General rate		River management rate		Regional transport rate		Stadium purposes rate		Total district-wide rates	
	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %
Wellington City	53	0.16%	175	0.52%	(27)	-0.08%	2,584	7.63%	0	0.00%	2,785	8.22%
Lower Hutt City	(46)	-0.36%	60	0.47%	61	0.48%	(91)	-0.72%	0	0.00%	(16)	-0.13%
Upper Hutt City	7	0.20%	22	0.62%	119	3.33%	596	16.68%	0	0.00%	744	20.82%
Porirua City	(46)	-0.87%	26	0.49%	(25)	-0.47%	78	1.47%	0	0.00%	33	0.62%
Kapiti Coast District	(10)	-0.19%	36	0.67%	81	1.51%	(35)	-0.65%	0	0.00%	72	1.34%
Masterton District	11	0.78%	18	1.28%	0	0.00%	118	8.39%	0	0.00%	147	10.46%
Carterton District	(10)	-1.71%	7	1.20%	1	0.17%	48	8.21%	0	0.00%	46	7.86%
South Wairarapa District	40	4.19%	13	1.36%	0	0.00%	99	10.38%	0	0.00%	152	15.93%
Tararua District	1	50.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	50.00%
District-wide rates	0	0.00%	357	0.56%	210	0.33%	3,397	5.33%	0	0.00%	3,964	6.22%

The numbers in Table 1 and Table 3 should be read in conjunction with the Funding Impact Statement on pages 132 to 140 and the Revenue and Financing Policy contained within the separate Policies document.

Please note that on pages 20 to 23, all figures are shown inclusive of GST.



Rates and levies

What is the impact on your city or district?

Table 4: Percentage changes in each rate type which together make up district-wide rates from 2005/06 to 2006/07 (GST inclusive)

	General rate			River management rate			Regional transport rate			Stadium purposes rate		
	2005/06 Budget \$000's	2006/07 Plan \$000's	Change %	2005/06 Budget \$000's	2006/07 Plan \$000's	Change %	2005/06 Budget \$000's	2006/07 Plan \$000's	Change %	2005/06 Budget \$000's	2006/07 Plan \$000's	Change %
Wellington City	11,818	12,045	1.92%	171	144	-15.79%	20,090	22,675	12.87%	1,788	1,788	0.00%
Lower Hutt City	4,167	4,181	0.34%	1,462	1,523	4.17%	6,469	6,378	-1.41%	588	588	0.00%
Upper Hutt City	1,472	1,501	1.97%	444	563	26.80%	1,500	2,096	39.73%	158	158	0.00%
Porirua City	1,844	1,824	-1.08%	107	82	-23.36%	3,139	3,217	2.48%	216	216	0.00%
Kapiti Coast District	2,468	2,494	1.05%	1,249	1,330	6.49%	1,512	1,477	-2.31%	146	146	0.00%
Masterton District	1,246	1,276	2.41%	0	0	0.00%	99	217	119.19%	60	60	0.00%
Carterton District	501	498	-0.60%	19	20	5.26%	44	92	109.09%	21	21	0.00%
South Wairarapa District	862	915	6.15%	0	0	0.00%	59	158	167.80%	33	33	0.00%
Tararua District	2	3	50.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
District-wide rates	24,380	24,737	1.46%	3,452	3,662	6.08%	32,912	36,310	10.32%	3,010	3,010	0.00%

Table 5: 2005/06 Residential rates by rate type and by average residential property (GST inclusive)

	General rate per \$100,000 of capital value		River management rate per \$100,000 of capital value		Regional transport rate per \$100,000 of capital value		Stadium purposes rate per \$100,000 of capital value		Total residential rates per \$100,000 of capital value		Total residential rates per average residential property	
	2005/06 Budget	2006/07 Plan	2005/06 Budget	2006/07 Plan	2005/06 Budget	2006/07 Plan	2005/06 Budget	2006/07 Plan	2005/06 Budget	2006/07 Plan	2005/06 Budget	2006/07 Plan
Wellington City	\$37.78	\$34.06	\$0.55	\$0.41	\$33.62	\$32.56	\$4.85	\$4.34	\$76.80	\$71.37	\$292.00	\$299.57
Lower Hutt City	\$38.42	\$38.31	\$13.48	\$13.95	\$57.09	\$59.11	\$4.91	\$4.89	\$113.90	\$116.26	\$286.16	\$292.66
Upper Hutt City	\$38.09	\$38.57	\$11.48	\$14.46	\$41.48	\$57.63	\$4.45	\$4.40	\$95.50	\$115.06	\$205.65	\$248.30
Porirua City	\$36.15	\$37.30	\$2.09	\$1.68	\$65.13	\$69.69	\$4.31	\$4.55	\$107.68	\$113.22	\$289.72	\$289.36
Kapiti Coast District	\$48.60	\$33.33	\$24.59	\$17.78	\$36.23	\$22.18	\$3.07	\$2.11	\$112.49	\$75.40	\$246.58	\$222.97
Masterton District	\$54.69	\$33.33	\$0.00	\$0.00	\$6.88	\$9.04	\$4.14	\$2.70	\$65.71	\$45.07	\$79.34	\$83.26
Carterton District	\$42.87	\$42.26	\$1.64	\$1.73	\$9.05	\$15.88	\$3.89	\$3.82	\$57.45	\$63.69	\$83.59	\$93.17
South Wairarapa District ⁽¹⁾	\$43.89	\$46.35	\$0.00	\$0.00	\$7.07	\$16.92	\$4.49	\$4.45	\$55.45	\$67.72	\$91.87	\$112.55


Note: ⁽¹⁾ Excludes river rates charged on Greytown and Featherston urban properties.

The numbers in Table 4 and Table 5 should be read in conjunction with the Funding Impact Statement on Pages 132 to 140 and the Revenue and Financing Policy contained within the separate policies document.

Please note that on pages 20 to 23, all figures are shown inclusive of GST.



Table 6: Rates calculator for residential properties (GST inclusive)

	2006/07 proposed rates per \$100,000 of capital value		Enter the capital value of your property		Proposed rates on your property for 2006/07
Wellington City	\$71.37	x		÷ 100,000	
Lower Hutt City	\$116.26	x		÷ 100,000	
Upper Hutt City	\$115.06	x		÷ 100,000	
Porirua City	\$113.22	x		÷ 100,000	
Kapiti Coast District	\$75.39	x		÷ 100,000	
Masterton District	\$45.07	x		÷ 100,000	
Carterton District	\$63.68	x		÷ 100,000	
South Wairarapa District ⁽¹⁾	\$67.72	x		÷ 100,000	

Note: ⁽¹⁾ Excludes river rates charged on Greytown and Featherston urban properties.

⁽²⁾ The calculator relates only to properties classified as residential.

Table 6 shows how you can calculate your own indicative residential regional rates for 2006/07.

For example, if you live in Upper Hutt City and have a property with a capital value of \$150,000 your indicative regional rates are \$172.59.

Upper Hutt City example	\$115.06	x	\$150,000	÷ 100,000	\$172.59
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Please note the above calculation does not include rates set by to your local city or district council.

Greater Wellington rates are set and assessed by Greater Wellington but are invoiced and collected by the relevant territorial authority in the Wellington region. Such combined collection arrangements are cost effective and are more convenient for ratepayers.

The numbers in Table 6 should be read in conjunction with the Funding Impact Statement on pages 132 to 140 and the Revenue and Financing Policy contained within the separate Policies document.



Our contribution

Greater Wellington is one of a number of organisations working to achieve the outcomes that the community wants. We all have our part to play.

As a regional council we have certain statutory responsibilities. These are reflected in our seven activity groups. Each group brings social, economic, cultural and environmental benefits to the region, albeit in different ways. Collectively they are our contribution towards the achievement of the community outcomes.

For each group of activities we have described the activities and listed how they will contribute to the community outcomes. We then go on to describe the key agencies, organisations and groups with whom we will work on that group of activities. Issues that may impact on our activities and the achievement of the stated targets are listed. We will maintain a watching brief on these issues and their potential impacts.

The activities that make up the group are then listed, together with the levels of service to be provided, long-term targets to be achieved over the next ten years, and short-term targets for each of the next three years. Achievement of short-term targets will contribute to the achievement of the long-term targets. We will monitor progress towards all targets and report performance each year in our annual report. Interim reports will be provided to Council.

A prospective funding impact statement is provided for each group of activities, together with a ten-year financial forecast. The assumptions we have made when preparing the Plan are also listed. Each section concludes with a statement of the assets associated with the group of activities and how they will be managed.



Environment



Transport



Water Supply



Parks



Safety & flood protection



Land



Community



Environment management is a core business of Greater Wellington Regional Council. It contributes to the following community outcomes: *Healthy environment, Sense of place and Healthy community.*

We develop policies and plans to manage our key natural resources in the region – water, soil, air and the coast – and have a regulatory role, principally through the resource consent process, to ensure compliance with resource management rules.

Our environment monitoring programmes enable us to assess our progress in achieving desired environmental outcomes and to report to the public about the state of the region’s environment. Sometimes our monitoring shows that a more targeted investigation is required about a particular resource management problem.

We also work with the community – schools, businesses and community groups – to help people look after and restore degraded parts of the environment in their local areas. This work brings all parts of the community together, and often has considerable social as well as environmental benefits.

Contribution to community outcomes

Healthy environment

Develop and implement the Regional Policy Statement and regional plans.
Process and monitor resource consents.

Sense of place

Investigate and clean up pollution incidents.
Research key environmental issues and threats.

Healthy community

Measure the quality and quantity of our natural resources, e.g., river flows, air quality, soil health.
Report to the public on the state of the environment.
Help children, businesses and the community to look after and restore the environment.



Key partnerships

City and district councils

Department of Conservation

Iwi

Ministry for the Environment

Non-government organisations e.g. Fish and Game Council

Private landowners

Queen Elizabeth II National Trust

Schools, businesses and community groups

Key issues

Review of Regional Policy Statement and Regional Plans

The Resource Management Act 1991 requires that we review the Regional Policy Statement (RPS) and regional plans every ten years. A new proposed RPS is scheduled for public notification in September 2007; new regional plans will follow. A legislative amendment now requires territorial authorities to “give effect” to the RPS, and so it is imperative that our review processes are inclusive, credible and legally correct. At present these planning documents are relatively broad. It may be better to focus on a few significant resource management issues. Further, it is possible that a rationalisation of plans is desirable. Our consultative processes will determine the future approach to these important planning documents.

However, it is not the development of these policies and plans alone that will promote the sustainable management of resources, but the implementation of these documents. While the regulatory aspects will be dealt with through the resource consent process, it is the non-regulatory aspects, such as the provision of information, education, and restoration and enhancement of degraded ecosystems etc that must be implemented if the RPS and plans are to have their full effect. The challenge is to ensure that all methods are implemented during the ten-year life time of these documents.

Regulatory and non-regulatory approaches

It is generally accepted that regulation alone is not the best way to achieve desired environmental outcomes. Non-regulatory approaches are just as important. Greater Wellington has a number of non-regulatory programmes that provide advice, financial assistance and services for landowners and communities.



Key issues – continued

Our environmental education programmes provide the tools and information for young people, community members and businesses to change their attitudes to the environment and act differently, just as financial incentives are provided for farmers to retire stream margins or protect bush areas.

These programmes encourage people to become actively involved in environmental work and to become good environmental citizens. Often the programmes have just as many social benefits as environmental benefits. They demonstrate our commitment to working **with** communities rather than just **for** communities.

The potential for non-regulatory work is great. We can always do much more. However, we strive to achieve a balance between regulation and non-regulation, whilst maintaining sensible budgetary limits.

Planning, monitoring and doing

Similarly, there is a tension between how much time and resources we spend on planning and environmental monitoring – as opposed to actually “doing”. We need plans for our regulatory framework; we need good environmental information to develop meaningful plans and let our community know about the state of the environment in the region. Often we don’t have enough information to make sound assessments.

Once again, it’s a question of maintaining a sensible balance between a variety of approaches – all of which are designed to achieve good environmental outcomes.

Impact of central government initiatives

Central government initiatives are imposing an increasing workload on regional councils. For example, the new air quality standards require that we carry out increased monitoring in the region. More environmental standards are expected. Whilst we agree with some of the approaches that central government are taking, there is a real impact on our resources.

Rehabilitation of the Waiwhetu Stream

This Plan contains some funding provision for implementing the Waiwhetu Stream Action Plan. Any contribution from Greater Wellington is certainly subject to further negotiations and discussion with the parties involved – the Ministry for the Environment and Hutt City Council.



Environment Targets

Activity: Manage resources

Levels of service:

1 Develop and implement the Regional Policy Statement (RPS) and regional plans

A Regional Policy Statement and regional plans are developed, implemented and monitored to manage strategically our natural resources.

Long-term targets by 30 June 2016

- 60 wetlands on private land will be legally protected (currently 31).
- 400 native forest areas on private land will be protected (currently 176).
- The water quality index will show that the water quality in our key streams and rivers is being maintained or enhanced.
- Coastal water quality will meet the standard for which it is being managed as specified in the Regional Coastal Plan (e.g. contact recreation) and measured through our coastal water quality monitoring programme.
- There will be no recorded instances when air pollution reaches the “alert” level of the national air quality guidelines or 66% or greater of the national air quality standards.

Short-term by 30 June 2007

- A draft Regional Policy Statement will be released for public comment in February 2007, within a budget of \$210,000.
- The following programmes and plans will be implemented and a progress report will be approved by Council, within a budget of \$523,000:
 - Wetland Action Plan
 - Queen Elizabeth II Trust private land protection programme

- Freshwater ecosystems programme
- Kaiwharawhara Stream Plan
- Waiwhetu Stream Action Plan
- Pauatahanui Inlet Action Plan
- Coastal and marine ecosystem programme.

- A storm water action plan will be finalised and implementation will begin in association with our city and district councils, within a budget of \$85,000.
- An air quality monitoring station will be set up within a budget of \$120,000.

Short-term by 30 June 2008

- A proposed Regional Policy Statement will be released for public consultation in September 2007, within a budget of \$217,000.
- The following programmes and plans will be implemented and a progress report will be approved by Council, within a budget of \$590,000:
 - Wetland Action Plan
 - Queen Elizabeth II Trust private land protection programme
 - Freshwater ecosystems programme
 - Kaiwharawhara Stream Plan
 - Waiwhetu Stream Action Plan
 - Pauatahanui Inlet Action Plan
 - Coastal and marine ecosystem programme.
- The storm water action plan will be implemented in association with our city and district councils, within a budget of \$86,000.



Activity: Manage resources – *continued*

Short-term by 30 June 2009

- An implementation plan for the Regional Policy Statement will be approved by Council by December 2008 and a progress report will be approved by Council by June 2009, within a budget of \$220,000.
- The following programmes and plans will be implemented and a progress report will be approved by Council, within a budget of \$770,000:
 - Wetland Action Plan
 - Queen Elizabeth II Trust private land protection programme
 - Freshwater ecosystems programme
 - Kaiwharawhara Stream Plan
 - Waiwhetu Stream Action Plan
 - Pauatahanui Inlet Action Plan
 - Coastal and marine ecosystem programme.
- An air quality monitoring station will be set up within a budget of \$120,000.
- The storm water action plan will be implemented in association with our city and district councils, within a budget of \$88,000.

Levels of service:

2 Process and monitor resource consents

Resource consents are processed in accordance with the Resource Management Act 1991 and compliance with consent conditions is monitored.

Long-term targets by 30 June 2016

- 100% of resource consents will be processed within statutory timeframes (20 working days for non-notified consents).
- 100% of resource consents will be monitored for compliance with resource consent conditions.
- Customer satisfaction surveys will show that over 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents processing service as excellent or very good.

Short-term by 30 June 2007

- 100% of resource consents will be processed within statutory timeframes (20 working days for non-notified consents), within a budget of \$629,000.
- 100% of resource consents will be monitored for compliance with resource consent conditions, within a budget of \$364,000.
- At least two workshops will be conducted for customers on how they can obtain best value from the resource consent process, within a budget of \$91,000.



Environment Targets

Activity: Manage resources – *continued*

Short-term by 30 June 2008

Programmes as for 2006/07 within a budget of \$1,099,000.

- An independent customer satisfaction survey will show that over 60% of recent applicants and existing consent holders rate their level of satisfaction with our resource consents processing service as excellent or very good, within a budget of \$45,000.

Short-term by 30 June 2009

Programmes as for 2006/07 within a budget of \$1,140,000.

Levels of service:

3 Research key environmental issues and threats

Targeted investigations of significant resource issues are undertaken in response to pollution incidents or matters identified in our environmental monitoring programmes (e.g. algal bloom). By their nature these investigations are unspecified but they require a response.

This service also includes on-going investigation and monitoring of contaminated sites.

Long-term target by 30 June 2016

- Environmental problems will be investigated as soon possible after they are identified so that appropriate remedial action can be taken.

Short-term by 30 June 2007

- Targeted investigations will be completed within a budget of \$287,000. A progress report will be approved by Council.
- The Selected Land Use Register will be maintained and public enquiries will be responded to within a week and within a budget of \$79,000.

Short-term by 30 June 2008

- Programmes as for 2006/07 within a budget of \$376,000.

Short-term by 30 June 2009

- Programmes as for 2006/07 within a budget of \$386,000.



Activity: Manage resources – *continued*

Levels of service:

4 Investigate and clean up pollution incidents

All reports of pollution incidents are recorded. Incidents are investigated and remedial and/or enforcement action is taken, where appropriate to do so.

Long-term targets by 30 June 2016

- The number of reported pollution incidents will decrease on an annual basis.
- Reported pollution incidents will be responded to in timeframes that are in accordance with the severity of the incident.

Short-term by 30 June 2007

- An annual report card that provides a summary of pollution control activities will be approved by Council.
- All reported pollution response incidents will be categorised and responded to in accordance with the following timeframes:

- Log only	no action required
- Red (serious adverse environmental effect which requires immediate attention)	60 minutes
- Yellow (serious environmental effect where no benefit will be gained by an immediate response)	24 hours
- Blue (minor environmental effect not requiring immediate response)	7 days

- All within a budget of \$229,000.

Short-term by 30 June 2008

- Programme as for 2006/07 within a budget of \$236,000.

Short-term by 30 June 2009

- Programme as for 2006/07 within a budget of \$242,000.



Environment Targets

Activity: Monitor the state of the environment

Levels of service:

1 Measure the quality and quantity of our natural resources e.g. river flows, air quality, soil health

Through a comprehensive environment monitoring programme, the quality and quantity of our key natural resources is monitored on a continual basis to ensure that resource management decision-makers have up-to-date and relevant information and warnings can be given of key environmental threats.

Long-term targets by 30 June 2016

- The following environmental data will be provided to the public on a regular basis: bathing water quality, river levels, rainfall, groundwater levels, tide levels, air quality, lake levels and meteorological information.
- Timely warnings will be given of threats to the environment and human life.

Short-term by 30 June 2007

- Greater Wellington's flood managers will be notified within 30 minutes when any river or rainfall trigger levels are reached, within a budget of \$130,000.
- Greater Wellington's water and consents managers will be notified within one working day of low groundwater levels in the Waiwhetu aquifer, within a budget of \$90,000.

- Water samples will be taken weekly throughout the bathing season (1 November to 31 March) and tested for the presence of bacteria. A traffic light warning framework will be implemented as follows and within a budget of \$87,000:

Green – low or no public health risk

Amber – alert mode requiring follow-up monitoring

Red – action required and beach closed.

- Real-time environmental data will be available on Greater Wellington's website.

Short-term by 30 June 2008

- Programme as for 2006/07 within a budget of \$318,000.

Short-term by 30 June 2009

- Programme as for 2006/07 within a budget of \$324,000.



Activity: Monitor the state of the environment – *continued*

Levels of service:

2 Report to the public on the state of the environment

The results of our environmental monitoring programmes are collated and analysed to provide information about the state of the environment that is easily understood and accessible to the general public.

Long-term target by 30 June 2016

- The community will have access to reliable and relevant information about the state of the environment through regular reports and Greater Wellington's web site. Annual report cards on our key resources will be published annually and a comprehensive state of the environment report will be published every six years.

Short-term by 30 June 2007

- An annual report card containing summary information for the following resources will be approved by Council within a budget of \$1,732,000:
 - Hydrology
 - Groundwater
 - Freshwater quality
 - Coastal water quality
 - Recreational water quality
 - Air quality
 - Soil quality.

Short-term by 30 June 2008

- Programme as for 2006/07 within a budget of \$1,749,000.

Short-term by 30 June 2009

- Programme as for 2006/07 within a budget of \$1,789,000.



Environment Targets

Activity: Environment education

Levels of service:

1 Help children, businesses and the community to look after and restore the environment

Imaginative and innovative environmental education and restoration programmes for schools, businesses and the general community are delivered so that the community is included in our work and positive environmental results are achieved.

Long-term targets by 30 June 2016

- Through the Take Care community environmental education programme, five new Care Groups will be established each year and assisted to care for degraded local ecosystems and existing Care Groups will be maintained.
- On average 2000 students per year will participate in the Take Action environment education programme.
- 20 small to medium sized businesses per year will be provided with advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment.

Short-term by 30 June 2007

- Through the Take Care community environmental education programme, five new Care Groups will be established and assisted to care for degraded local ecosystems and existing Care Groups will be maintained, within a budget of \$265,000.

- 20 schools will participate in the Take Action environment education programme, within a budget of \$231,000.
- 20 small to medium sized businesses will be provided with advice on how to take practical action to avoid, remedy or mitigate any adverse effects on the environment, within a budget of \$215,000.

Short-term by 30 June 2008

- Programme as for 2006/07 within a budget of \$742,000.

Short-term by 30 June 2009

- Programme as for 2006/07 within a budget of \$758,000.

Environment

Prospective funding impact statement



35

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT			
General rate	8,907	9,385	9,943
Targeted rate	0	0	0
Government subsidies	10	10	11
Interest and dividends	20	18	19
Other operating revenue	1,271	1,329	1,365
Operating revenue	10,208	10,742	11,338
Direct operating expenditure	10,055	10,526	10,947
Finance costs	12	26	37
Depreciation	248	273	195
Operating expenditure	10,315	10,825	11,179
Operating surplus/(deficit)	(107)	(83)	159
Less:			
Capital expenditure	431	275	627
Proceeds from asset sales	(14)	(14)	(110)
Loan funding	(319)	(154)	(287)
Rates-funded capital expenditure	98	107	230
Debt repayment	23	65	105
Investment additions	0	0	0
Operational reserve movements	20	18	19
Working capital movements	0	0	0
Non-cash items	(248)	(273)	(195)
Net funding required	0	0	0

OPERATING REVENUE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Manage resources	5,208	5,506	5,821
Monitor the state of the environment	4,027	4,232	4,453
Environment education	973	1,004	1,064
Total operating revenue	10,208	10,742	11,338

OPERATING EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Manage resources	5,235	5,560	5,744
Monitor the state of the environment	4,079	4,232	4,409
Environment education	1,001	1,033	1,026
Total operating expenditure	10,315	10,825	11,179

CAPITAL EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Environment monitoring equipment	320	155	287
Capital project expenditure	320	155	287
Land and buildings	0	0	0
Plant and equipment	60	72	74
Vehicles	51	48	266
Total capital expenditure	431	275	627

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.



Environment

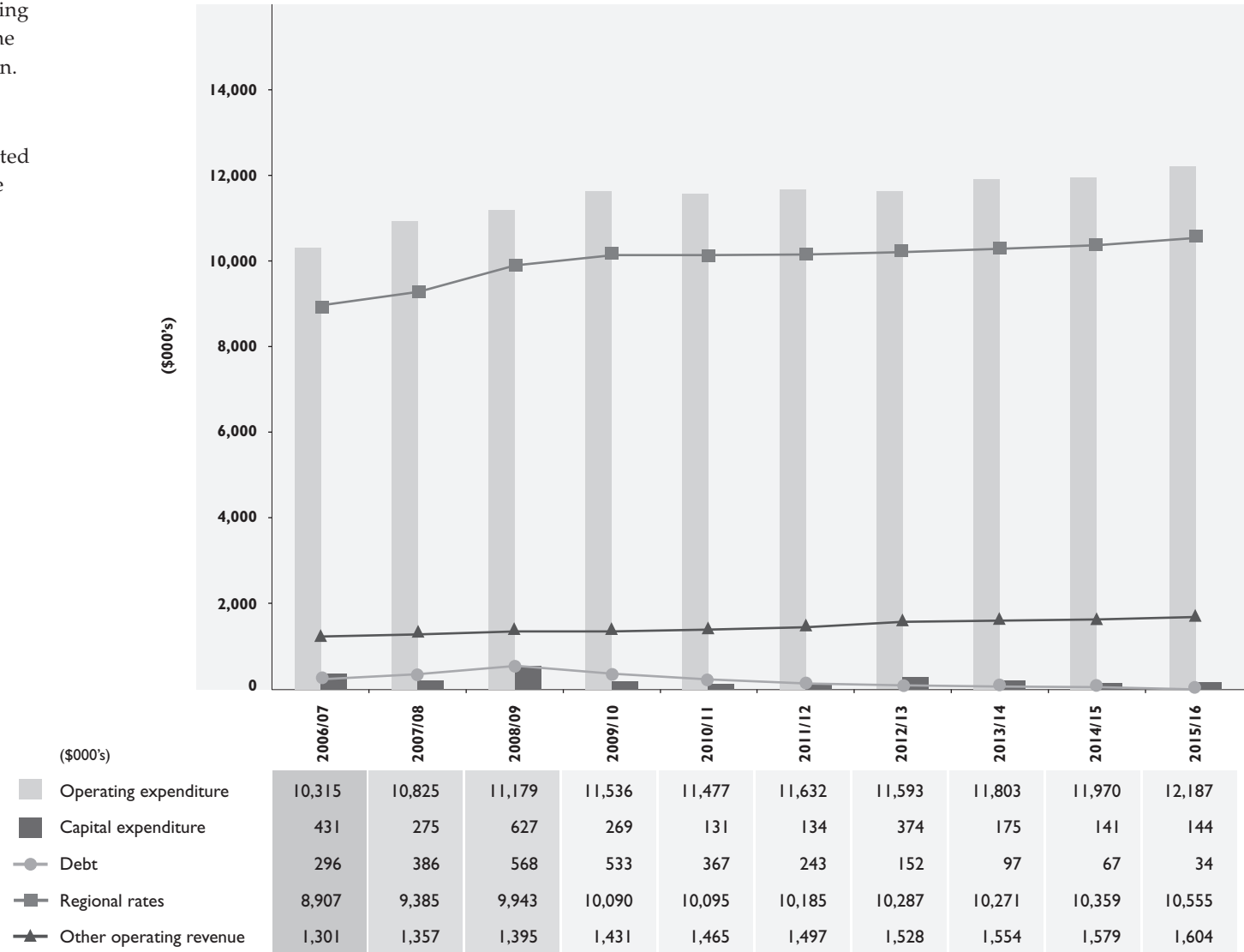
Ten-year financial forecast

This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key point to note is:

- All key financial indicators are expected to remain relatively constant over the ten-year period after allowing for inflation.

Please note that these figures exclude GST.





Assumptions and planning considerations

In preparing this ten-year programme for Environment, the following key assumptions have been made:

- The resource management legislative framework will not alter significantly.
- Greater Wellington's commitment to environmental education and community involvement in environmental restoration projects will continue.
- The volume of consents will either remain stable or increase slowly.
- There will be no unplanned increases in monitoring requirements and costs as a result of national standards or strategies.
- Pollution call outs will start to decline as effects-based response protocols are implemented and our pollution prevention programmes take effect.

Assets

Compared with other Greater Wellington activities, the Environment group of activities uses few assets, principally vehicles, and environment monitoring and flood warning equipment.

All assets are subject to routine maintenance to ensure that they function as required.

Large cost asset items are generally loan funded while small cost items are funded entirely from rates. The size of the latter does not warrant additional debt.





Greater Wellington's transport activities contribute significantly to the following community outcomes: *Connected community, Essential services, Prosperous community, Quality lifestyle, Healthy environment and Healthy community.*

Our principal contribution is providing funding for contracted public transport services (bus, rail and harbour ferry). These services, in conjunction with funding for public transport infrastructure and the provision of high quality information about public transport, result in fewer private car trips. Fewer vehicles on the road results in lower levels of congestion and reduced environmental impacts.

We also support special transport programmes for people with disabilities and provide security and safety measures to protect users of public transport.

The Regional Land Transport Strategy promotes public transport use and encourages cycling and walking.

Contribution to community outcomes

Prosperous community

Fund rail, bus and local harbour ferry passenger services.

Connected community

Provide passenger service information through a call centre, website and paper timetables.

Essential services

Provide and maintain urban passenger trains, "Park and Ride" facilities, train stations, bus-rail interchanges, bus lanes and bus shelters.

Develop an affordable Regional Land Transport Strategy and monitor its implementation.

Healthy environment

Encourage people to use public transport.

Healthy community

Quality lifestyle

Part fund taxi services for people with disabilities.



Key partnerships

City and district councils

Community groups

Disability groups

District Health Boards

Energy Efficiency Conservation Authority

Land Transport New Zealand

Ministry of Transport

National transport organisations

Passenger transport operators

Passenger transport users

Schools

Taxi companies

Transit New Zealand

Key issues

Greater Wellington has a lead role in funding and implementing the passenger transport and non-roading elements of the Regional Land Transport Strategy. Roading agencies and Land Transport New Zealand are responsible for other elements of the strategy.

Urban passenger rail

The scale of investment for delivering rolling stock and other rail infrastructure improvements is large and will need to be carefully managed to meet quality, time and cost expectations.

The additional funding pledged by the Crown over the next ten years is not inflation indexed.

Greater Wellington has committed to raise an additional \$95 million through last year's amendment to the Long-term Council Community Plan 2003-13. However, this still leaves a further need to increase rail fares to cover additional costs.

Accessible land transport

The recommendations from the Human Rights Commission's inquiry into "Accessible Land Transport" sets Greater Wellington a clear challenge. First, we need to identify the practical responses needed to fulfil the recommendations. Secondly, we need to establish a realistic programme of expenditure to deliver these responses and thirdly, we need to raise the funding necessary to complete the task.



Key issues – continued

Increasing public transport patronage

The Regional Passenger Transport Plan sets a clear goal of growing public transport patronage to maintain its current share of all journeys. This will require marketing of passenger transport, the provision of real time service information, increases in service levels and coverage, a new integrated ticketing system and an ongoing transport quality improvement. Innovative new services will be necessary to encourage motorists to switch mode.

Alternatives to roading

As no agency has specific responsibility for promoting alternatives to roading, Greater Wellington has chosen to be proactive about selected activities which will aid progress toward the community's sustainability outcomes. Activities such as promoting cycle use and travel planning are examples. However, Greater Wellington's innovative travel planning programme relies on unlocking Crown funding.

Regional Land Transport Strategy Review

This review is underway with work on the Western Corridor Plan and Wellington Regional Strategy expected to provide key inputs by mid 2006. The current review should be completed by early 2008.

Ownership of passenger transport infrastructure

Greater Wellington has a legal opinion saying that, in accordance with the Land Transport Management Act 2003, the new public transport infrastructure, must be owned by a Council Controlled Trading Organisation (CCTO). We propose to set up four new CCTOs for this purpose. The formation of these CCTOs is subject to consultation as part of this Plan.

Asset management plans

Asset management plans for the proposed new passenger transport infrastructure will need to be developed. The magnitude of the investment necessitates careful asset management. The assets will be maintained to meet the levels of service specified in these asset management plans.



Activity: Plan and monitor and transport network

Levels of service:

1 Develop an affordable Regional Land Transport Strategy and monitor its implementation

A Regional Land Transport Strategy is developed and monitored to contribute to the overall aim of achieving an integrated, safe, responsive, and sustainable land transport system.

Long-term targets by 30 June 2016

- Average congestion on selected roads will remain below 20 seconds delay per km travelled despite traffic growth (currently 20 seconds delay per km).
- At least 80% of all trips up to 1 km and 60% of all trips between 1 and 2 kms will be walked or cycled (74% and 19% respectively in 2004).
- At least 15.6% of journey to work trips will be made using public passenger transport (currently 15.6%).
- Less than 442 million litres of petrol and diesel per annum will be used for transport purposes (currently 459 million litres).

Short-term by 30 June 2007

- An annual report on the Regional Land Transport Strategy will be approved by Council within a budget of \$73,000.
- Greater Wellington will commence a travel planning programme within a budget of \$1,025,000.
- Greater Wellington will progress the review of the Regional Land Transport Strategy within a budget of \$230,000.

- Greater Wellington will commence an upgrade of the Wellington Transport Strategic Model within a budget of \$360,000.

Short-term by 30 June 2008

- An annual report on the Regional Land Transport Strategy will be approved by Council within a budget of \$25,000.
- Greater Wellington will continue to implement a travel planning programme within a budget of \$1,057,000.
- Greater Wellington will complete the review of the Regional Land Transport Strategy within a budget of \$211,000.
- Greater Wellington will maintain the Wellington Transport Strategic Model within a budget of \$103,000.

Short-term by 30 June 2009

- An annual report on the Regional Land Transport Strategy will be approved by Council within a budget of \$51,000.
- Greater Wellington will continue to implement a travel planning programme within a budget of \$1,088,000.
- Greater Wellington will commence a review of the Regional Land Transport Strategy within a budget of \$324,000.
- Greater Wellington will maintain the Wellington Transport Strategic Model within a budget of \$106,000.



Activity: Provide the infrastructure for public transport

Levels of service:

1 Provide and maintain urban passenger trains, "Park and Ride" facilities, stations, bus-rail interchanges, bus lanes, and bus shelters

Infrastructure is provided and maintained to assist with the implementation of the public transport elements of the Regional Land Transport Strategy.

Long-term target by 30 June 2016

- Average congestion on selected roads will remain below 20 seconds delay per km travelled despite traffic growth.

Short-term by 30 June 2007

- All current and future public transport user facilities will be maintained in accordance with Greater Wellington's guidelines and asset management plans, within a budget of \$9,357,000. This includes maintenance of public transport user facilities and provision of bus lanes and bus priority systems, as well as the installation of 2250 Metlink standard bus stop signs and 21 Metlink CBD display units.

Short-term by 30 June 2008

- All current and future public transport user facilities will be maintained in accordance with Greater Wellington's asset management plans and within a budget of \$9,957,000. This includes maintenance of public transport user facilities and provision of bus lanes and bus priority systems, as well as the improvement of signage at the region's 53 rail stations.

Short-term by 30 June 2009

- All current and future public transport user facilities will be maintained in accordance with Greater Wellington's asset management plans and within a budget of \$10,824,000. This includes maintenance of public transport user facilities and provision of bus lanes and bus priority systems.



Transport Targets

Activity: Fund and promote public transport services

Levels of service:

1 Fund rail, bus and local harbour ferry passenger services

Greater Wellington will purchase urban rail services and bus and harbour ferry services from other operators.

Long-term targets by 30 June 2016

- Average congestion on selected roads will remain below 20 seconds delay per km travelled despite traffic growth (currently 20 seconds delay per km).
- At least 80% of all trips up to 1 km and 60% of all trips between 1 and 2 kms will be walked or cycled (74% and 19% respectively in 2004).
- At least 15.6% of journey to work trips will be made using public passenger transport (currently 15.6%).
- Less than 442 million litres of petrol and diesel per annum will be used for transport purposes (currently 459 million litres).

Short-term by 30 June 2007

- More than 95% of calls to the Metlink Service Centre will be answered and customers provided with the necessary travel information within a budget of \$576,000.
- At least 15.6% of journey to work trips will be made using public transport.
- All rail, bus and harbour ferry service contracts will meet the requirements of Land Transport New Zealand (as required by the Land Transport Management Act 2003).
- Greater Wellington will undertake an integrated ticketing review within a budget of \$100,000.

- Greater Wellington will complete the review of Porirua, Tawa and Wairarapa services within a budget of \$125,000.

Short-term by 30 June 2008

- More than 95% of calls to the Metlink Service Centre will be answered and customers provided with the necessary travel information within a budget of \$591,000.
- At least 15.6% of journey to work trips will be made using public transport.
- All rail, bus and harbour ferry service contracts will meet the requirements of Land Transport New Zealand (as required by the Land Transport Management Act 2003).
- Greater Wellington will complete the review of Wellington City services within a budget of \$129,000.

Short-term by 30 June 2009

- More than 95% of calls to the Metlink Service Centre will be answered and customers provided with the necessary travel information within a budget of \$605,000.
- At least 15.6% of journey to work trips will be made using public transport.
- All rail, bus and harbour ferry service contracts will meet the requirements of Land Transport New Zealand (as required by the Land Transport Management Act 2003).
- Greater Wellington will commence a review of services focusing on the Kapiti Coast within a budget of \$133,000.



Activity: Fund total mobility

Levels of service:

1 Part fund taxi services for people with disabilities

Transport services are provided to people with disabilities who are not able to benefit from public transport services.

Long-term target by 30 June 2016

- Greater Wellington will fund subsidised taxi travel for people with disabilities, distributed in consultation with disability agencies so that community facilities can be easily accessed.

Short-term by 30 June 2007

- The Total Mobility scheme will be administered to the satisfaction of Land Transport New Zealand within a budget of \$2,360,000.

Short-term by 30 June 2008

- The Total Mobility scheme will be administered to the satisfaction of Land Transport New Zealand within a budget of \$2,633,000.

Short-term by 30 June 2009

- The Total Mobility scheme will be administered to the satisfaction of Land Transport New Zealand within a budget of \$2,853,000.



Transport

Prospective funding impact statement

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's		2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT				OPERATING REVENUE			
General rate	0	0	0	Plan and monitor the transport network	4,233	3,573	3,796
Targeted rate	32,274	34,456	37,769	Provide the infrastructure for public transport	80,883	64,744	88,034
Government subsidies	113,952	99,016	124,098	Fund and promote public transport services	58,068	61,847	66,403
Interest and dividends	152	137	145	Fund total mobility	3,382	3,647	3,998
Other operating revenue	188	202	219	Total operating revenue	146,566	133,811	162,231
Operating revenue	146,566	133,811	162,231	OPERATING EXPENDITURE			
Direct operating expenditure	74,540	78,662	84,758	Plan and monitor the transport network	4,237	3,551	3,802
Finance costs	470	580	899	Provide the infrastructure for public transport	10,533	13,577	18,985
Investment impairment	497	2,431	6,060	Fund and promote public transport services	57,972	61,925	66,474
Depreciation	537	1,081	1,605	Fund total mobility	3,302	3,701	4,061
Operating expenditure	76,044	82,754	93,322	Total operating expenditure	76,044	82,754	93,322
Operating surplus/(deficit)	70,522	51,057	68,909	CAPITAL EXPENDITURE AND TRANSPORT INVESTMENT			
Less:				Rail	81,804	41,782	62,045
Capital expenditure	3,652	4,620	3,049	Other	1,790	12,903	21,548
Passenger transport investment	80,187	50,198	80,575	Capital project expenditure	83,594	54,685	83,593
Proceeds from asset sales	(12)	(6)	(6)	Land and buildings	0	0	0
Loan funding	(13,420)	(1,956)	(9,308)	Plant and equipment	187	103	0
Rates and subsidy-funded capital expenditure	70,407	52,856	74,310	Vehicles	58	30	31
Debt repayment	997	1,576	2,119	Total capital expenditure and transport investment	83,839	54,818	83,624
Investment additions	0	0	0				
Operational reserve movements	152	137	145				
Working capital movements	0	0	0				
Non-cash items ⁽¹⁾	(1,034)	(3,512)	(7,665)				
Net funding required	0	0	0				

(1) Non-cash items include depreciation and impairment of the investment in Greater Wellington's 100% owned subsidiary WRC Holdings Ltd. The investment in WRC Holdings Ltd is for the purchase of passenger transport rolling stock and public transport infrastructure. The assets purchased will be subject to depreciation, resulting in a projected investment impairment.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.

Transport

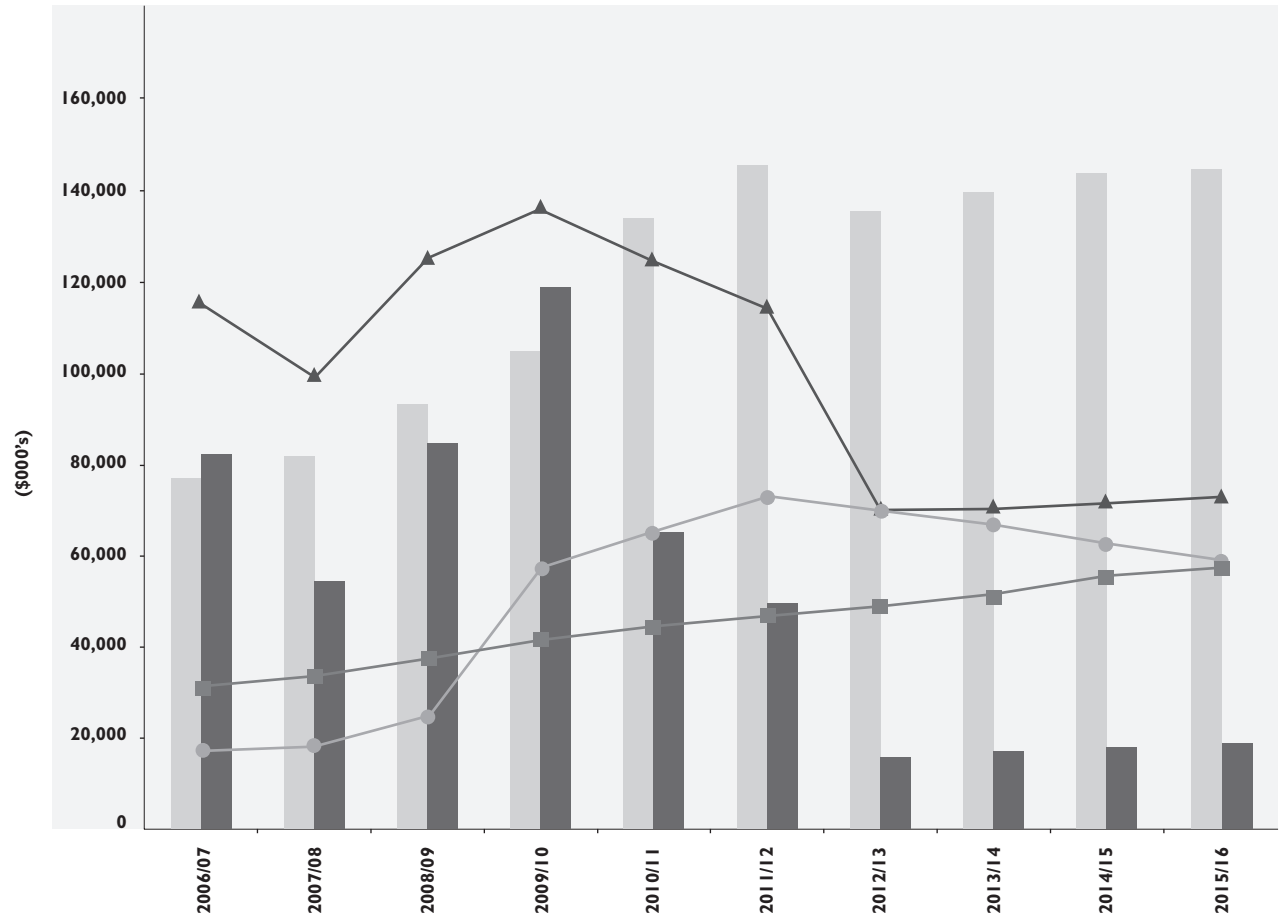
Ten-year financial forecast



This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- Capital expenditure and transport investments will peak in 2009/10 at \$119.4 million. The majority of the funding for this expenditure will come from the Government
- The transport rate is projected to increase from \$32.3 million to \$56.3 million in 2015/16, primarily to fund Greater Wellington's investment in public transport infrastructure
- Other operating revenue increases and decreases are due to the timing of Government grants received to help fund the investment in public transport infrastructure
- Debt increases significantly over the ten-year period to fund Greater Wellington's share of the investments
- The rise in operating expenditure is due to the higher depreciation on capital expenditure and impairment of transport investments.



Please note that these figures exclude GST.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	76,044	82,754	93,322	104,283	133,183	145,244	134,987	139,148	143,264	144,198
Capital expenditure & transport investment	83,839	54,818	83,624	119,363	65,693	51,962	16,378	17,359	17,973	18,225
Debt	17,633	18,012	25,201	58,221	65,883	72,592	69,293	65,884	62,220	58,161
Regional rates (transport rate)	32,274	34,456	37,769	41,517	45,785	47,640	49,879	52,432	56,073	56,303
Other operating revenue	114,292	99,355	124,462	134,986	124,395	113,938	70,602	72,397	72,974	73,505



Assumptions and planning considerations

In preparing this ten-year programme for Transport, the following key assumptions have been made:

- Greater Wellington is committed to implementing the public transport and non-roading elements of the Regional Land Transport Strategy.
- The funding provided by Land Transport New Zealand will be as follows:
 - *Bus and ferry services* will be funded at a rate of 50% of cost for year 2006/07 and onwards.
 - *Trolley buses* will be funded at a rate of 50% of the cost of an equivalent diesel bus service for year 2006/07 and onwards. Additional costs for providing the trolley bus service, new trolley buses and the overhead wire network will be funded through a combination of Crown allocations and local contribution.
 - *Passenger rail services* will be funded at a rate of 60%.
 - *Rail rolling stock and passenger transport infrastructure* will be funded at rates of 50-60%, plus a combination of Crown allocations and local contributions.
 - *Total Mobility* will be funded at a rate of 60% of cost for year 2006/07 onwards.
- Greater Wellington will not rate the community to fund the depreciation and impairment of the new transport infrastructure and passenger rail rolling stock. Rates will only fund the debt repayment on Greater Wellington's share of the capital expenditure. The Council's view is that it is unfair to charge current ratepayers for assets that have already been fully funded. At the end of the design life of the transport infrastructure and passenger rail rolling stock, Greater Wellington will seek government funding to replace these assets, if appropriate or necessary to do so.
- Expenditure for the Total Mobility scheme will increase by about \$100,000 per annum due to an increased user base as a result of the ageing society and inclusion of mental health clients to the scheme. Any additional expenditure resulting from government initiatives to standardise and expand the scheme (estimated to cost an additional \$15 million over ten years) is assumed to be funded by government.
- There will be a 15% rail fare increase from 1 July 2006, and further periodic fare increases.
- A long-term contract with Toll NZ Ltd for Tranz Metro Wellington urban rail services will be in place by 1 July 2006. The contract will trigger off a number of rail infrastructure projects, primarily relating to rolling stock refurbishments and replacements.
- The 2006-16 LTCCP is aligned with the proposed public transport capital projects contained within the Proposed Western Corridor Plan, except for the funding. It has been assumed that Western Corridor Plan public transport capital projects will not receive any funding from rates or fares.
- No funding from rates will be required for travel planning and awareness campaigns undertaken in accordance with the Regional Travel Demand Management Strategy.
- The impact of population growth in itself is not a significant assumption for forecasting patronage growth on public transport services.



Assets

Currently the majority of assets used in delivering passenger transport are owned by the bus, rail and ferry operators. Greater Wellington owns Waterloo bus/rail interchange and Petone railway station building. They have a current valuation of \$8.3 million.

During the next ten years of this plan, Greater Wellington will be procuring a range of passenger transport assets costing a total of \$523.1 million.

Greater Wellington has a legal opinion saying that, in accordance with the Land Transport Management Act 2003, the new public transport infrastructure must be owned by a Council Controlled Trading Organisation (CCTO). We propose to set up four new CCTOs for this purpose. The formation of these CCTOs is subject to consultation as part of this Plan.

Comprehensive asset procurement strategies and asset management plans will be developed. The asset management plans will be developed in accordance with the *International Infrastructure Management Manual* which sets out New Zealand best practice. The new passenger transport assets will be maintained to meet the levels of service specified in these asset management plans.

Capital infrastructure programme

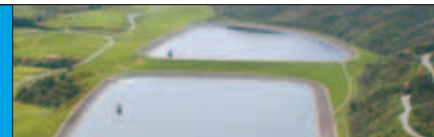
This 2006-16 LTCCP provides for a total of \$523.1 million of new and upgraded passenger transport capital infrastructure.

Rail rolling stock*	\$343.1 million
Real time information	\$8.7 million
Electronic integrated ticketing	\$6.1 million
Rail station maintenance and upgrade	\$15.0 million
Porirua Bus and Rail Interchange	\$10.0 million
Raumati Station	\$5.0 million
Lindale Bus and Rail Interchange	\$10.0 million
Bus and rail accessibility improvements	\$102.3 million
Passenger transport service reliability improvements	\$22.9 million
Total	\$523.1 million

* Includes 58 new electric units and the refurbishment of existing Ganz Mavag units

This investment into passenger transport infrastructure will ensure a reliable, accessible, quality transport network for the region is retained.





Greater Wellington collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. It contributes to the following community outcomes: *Essential services, Healthy community, Healthy environment and Prepared community.*

The water supply infrastructure is both maintained and improved to ensure the quality of supply meets Ministry of Health standards, and sufficient water is available to meet a one in 50-year return period drought.

It is envisaged that a new water supply source will be required in the next few years to meet the demand as our population grows.

Contribution to community outcomes

Essential services

Collect water from the Hutt, Wainuiomata and Orongorongo catchments and the Waiwhetu aquifer for public drinking water supply.

Healthy community

Treat water so that it meets the Ministry of Health's standards for drinking water.

Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington.

Assess the demand for water – now and in the future – and plan how such demands will be met, including developing future sources.

Healthy environment

Encourage people to use water wisely.

Manage catchments so that treatment plants receive good water quality.

Prepared community

Maintain our pipes and plants and build resilience in the system so that water can continue to be supplied after an emergency – or restored as quickly as possible.

Work with city councils to plan how water will be delivered to the community following an emergency event that disrupts supply.



Water supply

Key partnerships

Hutt City Council

Ministry of Health

Porirua City Council

Upper Hutt City Council

Wellington City Council

Key issues

Greater Wellington Water manages the water supply functions of Greater Wellington Regional Council.

Meeting the demands of a growing population and water management

As at June 2005 the population supplied with water was 370,100 (Statistics New Zealand).

Currently, the existing water services are able to supply a population of 377,000 without breaching the 1 in 50 year drought standard adopted by Greater Wellington. It is expected this population will be reached within two to three years. Planning is already underway for system enhancements, costing up to \$6 million, to meet this need.

These enhancements are likely to provide for a population of up to 390,000. Beyond that a major new water source will be required, costing up to \$102 million. Several sources are being investigated and a preferred source will evolve over the next year. At current population growth rates, this major source will be needed by about 2013.

Alternatively, using water more wisely could potentially stall the major water source development, or at least defer it for many years. The water supply growth rate is about one percent per year, so a consumption reduction of about one percent a year is required. Greater Wellington is committed to working with our four city council customers to implement a Wellington Water Management Plan. This will consider all areas of water use. The key question is – should we put increased resources into water conservation measures, such as education or metering, to try and reduce consumption levels, or should we put our resources into finding a viable new water source?



Key issues – continued

Water metering of households is a vexed issue. Potentially, it could reduce consumption by about 15 percent. The four city councils would have to introduce metering through a collaborative approach. Introducing water meters could cost about \$50 million and result in operating costs of about \$15 a year for each household.

Reducing water consumption would have environmental benefits, such as leaving more water in the rivers and aquifers, as well as using less chemicals to treat the water and less power to pump it to end users. Furthermore there would be less waste water treated by the four city councils.

Meeting water quality standards

New drinking-water standards were introduced in January 2006. The standards will have a number of impacts on the water supply operation. Compliance monitoring within the wholesale water distribution network will change from sampling and testing for *E. coli* bacteria to continuous monitoring of chlorine, pH and turbidity. In effect, the standards accept that, if chlorine is present in sufficient quantities, pathogens will be inactivated.

This change will provide more rigorous quality control. Although we have the monitoring equipment in place, we will need more demanding calibration and maintenance regimes.

It is probable that new legislation, which makes compliance with these new standards mandatory, will occur in the three-year period covered by this Plan. The implications of this will be evaluated in future annual plans.

Achieving improved grading

Greater Wellington Water's policy is to achieve an A or A1 grading for treatment plants, where practical.

The Wainuiomata Water Treatment Plant has an "A1" Grading, awarded in May 2004, and assessed in terms of new grading rules published in 2003.

However, Te Marua, Waterloo and Gear Island Water Treatment Plants currently have a grading of "U" because the Ministry of Health has decreed that the previous gradings of "A", "B" and "B" respectively are no longer valid, and the Hutt Valley District Health Board has not yet graded these plants using the 2003 grading rules.

It is anticipated that the Te Marua Water Treatment Plant will receive an "A1" grading by mid 2006 and that Waterloo will have its B Grading reinstated by the end of 2006. (It cannot receive an A grade as the customer's preference is for the water to be unchlorinated).

Compliance information for Gear Island will be collected during 2006, and an application for it to be upgraded to "A1" will be lodged early in 2007. If this is achieved then all water supplied to Wellington city will be from A1 graded water treatment plants.

Managing debt

Significant modernisation of our water supply facilities has taken place in the last 20 years. Obviously this has been costly.

The result in absolute terms is relatively high debt – expected to be \$48.3 million as at 30 June 2007.

The next significant capital expenditure is not expected until about 2010. Our best estimates of costs are \$50 to \$102 million. The timing, however, will depend on what happens to the level of demand for water over the next few years.



Water supply

Key issues – continued

Water supply levy

The water supply levy paid by Greater Wellington's four city council customers has been held or reduced each year for the last ten years. Increasing costs, particularly for electricity and chemicals, mean that there is a proposed increase in the levy, starting in 2007/08. Further increases are proposed if construction starts on a major new water source in a few years time, (tentatively 2009/10).

The proposed increases are:

2007/08	6.2%
2008/09	6.0%
2009/10	7.8%
2010/11	7.6%
2011/12	7.4%
2012/13	7.2%
2013/14	1.9%
2014/15	1.6%
2015/16	1.6%

The levy for 2006/07 will be the same as for 2005/06.

Customer service

Greater Wellington Water is committed to delivering excellent value to our customers.

This value can be demonstrated in many ways including:

- Responding to queries, proposals, suggestions and recommendations in a prompt and open manner.
- Producing a detailed annual report for the business with benchmarking, where appropriate, against Auckland's Watercare Services.
- Involving customers in key business decisions.



Activity: Collect, treat and deliver water

Levels of service:

- 1** Collect water from the Hutt, Wainuiomata and Orongorongo catchments and the Waiwhetu aquifer for public drinking water supply
- 2** Manage catchments so that treatment plants receive good quality water
- 3** Treat water so that it meets the Ministry of Health's standards for drinking water
- 4** Deliver water to the cities of Lower Hutt, Upper Hutt, Porirua and Wellington

Greater Wellington collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington. Vegetation and pest management activities are undertaken within water supply catchments.

Long-term target by 30 June 2016

- 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.

Short-term by 30 June 2007

- Water will be supplied to the four cities within a total operating expenditure, excluding depreciation, of \$22,314,000. Specifically:
 - 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 relevant Drinking-Water Standards for New Zealand. 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 Greater Wellington Water, not less than five days out of every seven. Expenditure will not exceed the budget of \$716,000.
 - The gradings of the water treatment plants at 1 July 2006 will be maintained, except for the plants that will be graded during the year.
 - Vegetation management and pest control measures will be carried out in Greater Wellington Water's water supply catchments, in accordance with the Forestry Management Plan and within a budget of \$170,000, so that the treatment plants receive good quality water.
 - Customers will be provided with a business report by 30 November 2006, which will include the following information:
 - Financial results for the preceding financial year ended 30 June.
 - 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.
 - Status of ongoing service level agreements.



Water supply

Targets

Activity: Collect, treat and deliver water – *continued*

Short-term by 30 June 2008

- Water will be supplied to the four cities within a total operating expenditure, excluding depreciation, of \$22,283,000. Specifically:
 - 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 relevant Drinking-Water Standards for New Zealand. Water testing will be carried out by an International Accreditation New Zealand registered laboratory at sampling points defined by the Quality Assurance Section of Greater Wellington Water, not less than five days out of every seven. Expenditure will not exceed the budget of \$734,000.
 - The gradings of the water treatment plants at 1 July 2007 will be maintained, except for the plants that will be graded during the year.
 - Vegetation management and pest control measures will be carried out in Greater Wellington Water's water supply catchments, in accordance with our Forestry Management Plan and within a budget of \$314,000, so that the treatment plants receive good quality water.
 - Customers will be provided with a business report by 30 November 2007, which will include the following information:
 - Financial results for the preceding financial year ended 30 June
 - 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
 - Status of ongoing service level agreements.

Short-term by 30 June 2009

- Water will be supplied to the four cities within a total operating expenditure, excluding depreciation, of \$22,720,000. Specifically:
 - 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 relevant Drinking-Water Standards for New Zealand. Water testing will be carried out by an International Accreditation New Zealand registered laboratory at sampling points defined by the Quality Assurance Section of Greater Wellington Water, not less than five days out of every seven. Expenditure will not exceed the budget of \$752,000.
 - The gradings of the water treatment plants at 1 July 2008 will be maintained, except for the plants that will be graded during the year.
 - Vegetation management and pest control measures will be carried out in Greater Wellington Water's water supply catchments, in accordance with our Forestry Management Plan and within a budget of \$131,000, so that the treatment plants receive good quality water.
 - Customers will be provided with a business report by 30 November 2008, which will include the following information:
 - Financial results for the preceding financial year ended 30 June
 - 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
 - Status of ongoing service level agreements.



Activity: Plan to meet current and future demands for water

Levels of service:

- 1 Assess the demand for water – now and in the future – and plan how such demands will be met, including developing future sources**

Long-term target by 30 June 2016

- Water supply will be adequate to meet present and future demands in accordance with current supply policy (currently a 1 in 50 year drought standard).

Short-term by 30 June 2007

- A report will be prepared on options for a new significant water source within a budget of \$1,084,000.

Short-term by 30 June 2008

- System enhancements will start to enable supply to meet the requirements of a population of 390,000 (currently able to meet a population of 377,000).
- A report will be prepared for Council on the preferred new water source option.

Short-term by 30 June 2009

- System enhancements will continue to enable supply to meet the requirements of a population of 390,000 (currently able to meet a population of 377,000).

Levels of service:

- 2 Encourage people to use water wisely**

Long-term target by 30 June 2016

- Water consumption will be reduced by the amount agreed with our four city customers and specified in the Wellington Water Management Plan.

Short-term by 30 June 2007

- The Wellington Water Management Plan will be implemented in association with our four city council customers.
- A water conservation programme will be implemented within a budget of \$72,000.

Short-term by 30 June 2008

- A water conservation programme will be implemented within a budget of \$74,000.

Short-term by 30 June 2009

- A water conservation programme will be implemented within a budget of \$76,000.



Water supply Targets

Activity: Plan for emergencies

Levels of service:

- 1** Maintain our pipes and plants and build resilience in the system so that water can continue to be supplied after an emergency – or restored as quickly as possible

Long-term targets by 30 June 2016

- 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*.
- Plans will be in place to enable water to be supplied to the community following a major natural disaster.

Short-term by 30 June 2007

- The Stuart Macaskill Lake towers at Te Marua will be strengthened to meet the latest seismic design standards at a cost not exceeding \$100,000.
- At least one customer emergency connection will be installed at a cost not exceeding \$50,000.
- Investigations for an emergency pumping station at Whitehead Road, Wellington City, will be started, at a cost not exceeding \$20,000.

Short-term by 30 June 2008

- At least one customer emergency connection will be installed at a cost not exceeding \$52,000.
- Hazard protection work will be undertaken at a cost not exceeding \$207,000.

Short-term by 30 June 2009

- At least one customer emergency connection will be installed at a cost not exceeding \$54,000.
- Hazard protection work will be undertaken at a cost not exceeding \$213,000.

Water supply

Prospective funding impact statement



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT			
General rate	0	0	0
Targeted rate	0	0	0
Water supply levy	22,776	24,187	25,635
Government subsidies	0	0	0
Interest and dividends	722	706	797
Other operating revenue	666	695	703
Operating revenue	24,164	25,588	27,135
Direct operating expenditure	15,945	15,581	15,830
Finance costs	3,383	3,580	3,694
Depreciation	6,771	7,049	7,166
Operating expenditure	26,099	26,210	26,690
Operating surplus/(deficit)	(1,935)	(622)	445
Less:			
Capital expenditure	6,339	6,548	7,694
Proceeds from asset sales	(135)	(10)	(8)
Loan funding	(5,810)	(6,377)	(7,545)
Levy-funded capital expenditure	394	161	141
Debt repayment	2,970	4,810	5,923
Investment additions	1,472	1,456	1,547
Operational reserve movements	0	0	0
Working capital movements	0	0	0
Non-cash items	(6,771)	(7,049)	(7,166)
Net funding required	0	0	0

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
OPERATING REVENUE			
Collect, treat and deliver water	24,164	25,588	27,135
Total operating revenue	24,164	25,588	27,135
OPERATING EXPENDITURE			
Collect, treat and deliver water	26,099	26,210	26,690
Total operating expenditure	26,099	26,210	26,690
CAPITAL EXPENDITURE			
Water sources	1,080	3,088	4,022
Water treatment plants	1,890	1,258	817
Pipelines	1,400	72	499
Pump stations	310	278	0
Reservoirs	100	412	1,591
Monitoring and control	580	804	138
Seismic protection	200	206	212
Other	250	259	266
Capital project expenditure	5,810	6,377	7,545
Land and buildings	0	0	0
Plant and equipment	161	130	122
Vehicles	368	41	27
Total capital expenditure	6,339	6,548	7,694

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.



Water supply

Ten-year financial forecast

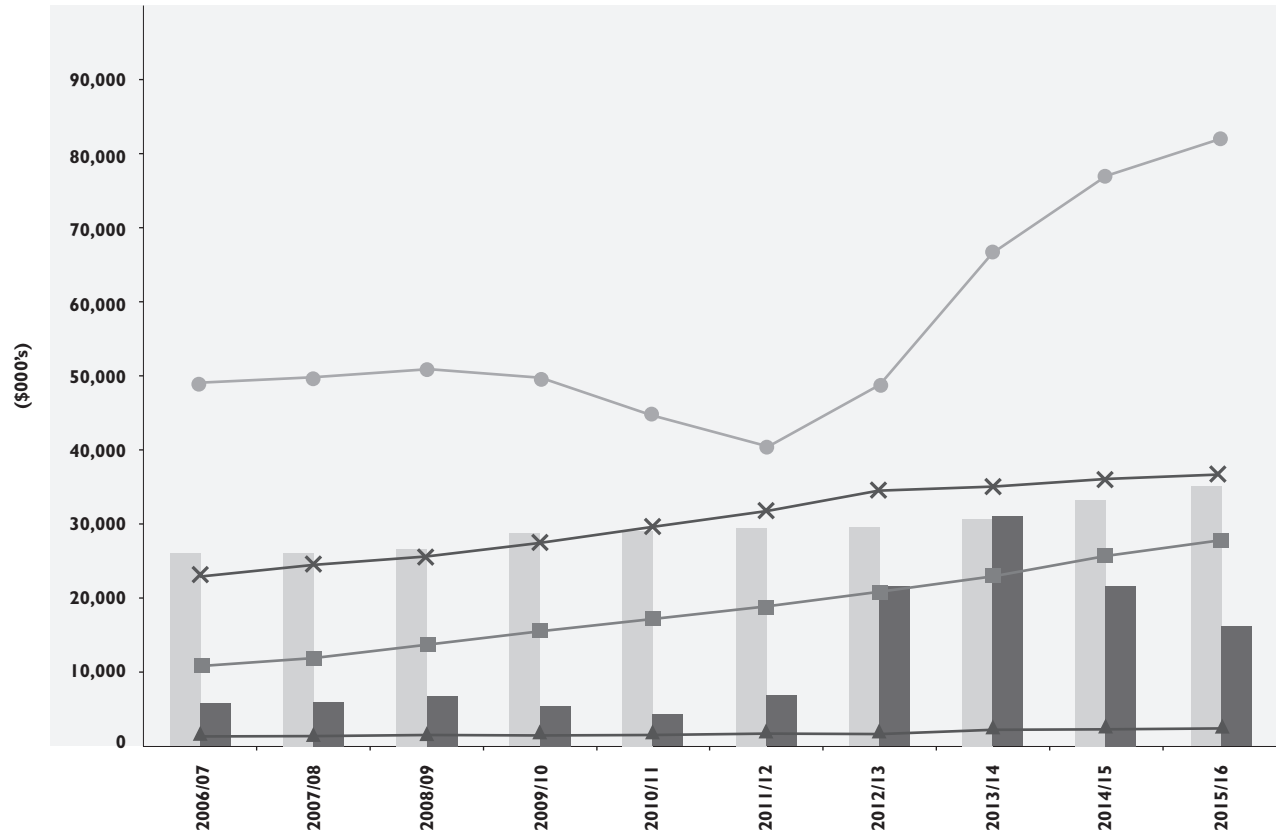
This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- The water supply levy is forecast to increase over the ten-year period due to higher costs and to fund the forecast new water supply development from 2012/13 onwards
- The requirement for a new water source in 2012/13 is based on current population growth assumptions and no change to the average water consumption per person
- As a result of the increasing capital expenditure, debt is forecast to peak at \$81.8 million in 2015/16
- The water supply self-insurance investment rises steadily over the ten-year period, with no planned drawdowns from the fund.

Please note that these figures exclude GST.

	(\$'000's)									
■ Operating expenditure	26,099	26,210	26,690	28,336	28,600	28,652	29,348	31,067	33,806	35,043
■ Capital expenditure	6,339	6,548	7,694	5,708	4,665	7,700	22,060	31,812	22,310	16,813
● Debt	48,350	49,916	51,538	49,500	44,474	40,268	48,645	67,373	77,237	81,842
✕ Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
▲ Other operating revenue	1,388	1,401	1,500	1,598	1,717	1,838	1,968	2,104	2,246	2,397
■ Self-insurance investment	10,914	12,369	13,916	15,559	17,305	19,160	21,131	23,225	25,450	27,814



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	26,099	26,210	26,690	28,336	28,600	28,652	29,348	31,067	33,806	35,043
Capital expenditure	6,339	6,548	7,694	5,708	4,665	7,700	22,060	31,812	22,310	16,813
Debt	48,350	49,916	51,538	49,500	44,474	40,268	48,645	67,373	77,237	81,842
Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
Other operating revenue	1,388	1,401	1,500	1,598	1,717	1,838	1,968	2,104	2,246	2,397
Self-insurance investment	10,914	12,369	13,916	15,559	17,305	19,160	21,131	23,225	25,450	27,814



Assumptions and planning considerations

In preparing this ten-year plan, the following assumptions have been made:

- **Changes in population**

Statistics New Zealand published new population projections in November 2005. If a high growth projection is assumed, the population of the four cities will reach 377,000 in about 2008, triggering the need for a new water source development. The population supplied as at June 2005 was 370,100.

- **Consumption forecasts**

Household use is predicted to fall slightly over the next 20 years in line with the trend to smaller households. Industrial use has been forecast to change along a slow recovery recession cycle.

- **Raw water availability**

Raw water availability is governed by resource consents and structure limitations to take the water from the aquifer and rivers. All resource consents for river water and the aquifer expire after 2030.

There may be some changes to water allocation when Greater Wellington's Regional Freshwater Plan is reviewed in 2010.

- **Risk of shortfall**

With a high population growth scenario and a 95 percent confidence level, sufficient raw water is available from existing sources until about 2008. This is based on a two percent risk of shortfall event. An "event" is defined as a year that contains at least one shortfall day. This is loosely referred to as a 1 in 50 year drought.

- **Water metering**

Rather than develop a new water source by 2012, universal metering could be introduced in conjunction with the four city councils. Experience elsewhere suggests a drop in consumption of 10 to 20 percent is the likely outcome. This issue will be considered in more detail in the Wellington Water Management Plan being developed with the city councils.

- **Operational costs**

Direct operating costs have been revised upwards by approximately \$0.6 million per annum across the planning period. Indirect expenditure has also been increased by an average of \$0.8 million per annum across the planning period. This is caused by both financing the increased capital works programme for new water source development and subsequently depreciating this larger asset base. Electricity and chemical costs have also increased. Operational expenditure will be adequate to ensure there is no deferred maintenance.

- **Capital expenditure**

Expenditure for 2006/07 is detailed elsewhere. Some of the projects in subsequent years are subject to further detailed analysis.

Averaged out over several years, capital expenditure is generally in line with depreciation, except for the development of major new water sources.



Water supply

Assumptions and planning considerations – *continued*

- **Asset valuation and depreciation**

Registered valuers revalued Greater Wellington Water's infrastructure fixed assets in June 2004. Depreciation values are arrived at by taking the current value of an asset and reducing its value on a straight line basis over the remaining life of the asset. In some circumstances technical obsolescence, rather than physical deterioration, may dictate the remaining asset life. Where this is the case, all components are assigned a life that does not exceed the obsolescence date. Depreciation for the new assets is calculated from the planned cost. For the unspecified works, an average life is assumed for depreciation purposes.

- **Interest rate**

The interest rate on debt will be 7.25 percent.

- **Self-insurance investment fund**

Greater Wellington Water will continue to build up its self-insurance investment fund with no planned withdrawals over the ten-year period. The amount set aside is \$750,000 per annum. We do not expect that the fund will cover the maximum risk exposure for the uninsured assets until after 2020. Any shortfall required before then would be loan funded.



Assets

The net book value of regional water supply infrastructure assets at 30 June 2005 was \$282 million. The majority of the value is in water supply infrastructure, including storage lakes, treatment plants, pipelines, reservoirs and pumping stations.

Together these assets form the wholesale water supply network for the Wellington metropolitan area. Greater Wellington Water maintains a comprehensive asset management plan for its wholesale water supply assets and this plan guides the maintenance, renewal and asset replacement programme which has been incorporated into this ten-year plan.

Water demand is closely monitored, in particular the annual change in demand between winter periods when there is minimal garden watering. This, and changes in population, are two key inputs for modelling the adequacy of the water treatment and water distribution assets. This information then feeds into the Asset Management Plan, which was reviewed in the 2003/04 financial year.

A few of the major assets are expected to reach their service capacity around 2013. Before then, there is a requirement for some asset enhancement. The capital works programme budget for the next ten-years allows for these costs.

The key service standards, such as compliance with the Drinking Water Standards and security of supply, have been outlined elsewhere in this Plan. Although new drinking water legislation is expected during the term of the Plan, its financial impact is not expected to be significant. This is because of the high quality standards already in place.

Provision has been made for some enhancements to the current system, at a cost of \$6 million, in the years 2006 to 2010 on the basis of a slight increase in annual demand growth. Investigations are ongoing into how much water is available for abstraction from the Hutt River at Te Marua or at the Kaitoke weir. It is expected that this development will allow for a population of up to 390,000 which will be reached in about 2012.

We have started investigating a source that could be developed for a population up to 450,000. A storage dam is a possibility and the capital works programme allows the median estimate of \$79 million for this. This process will be refined by the time the next Long-term Council Community Plan is issued.

There are a number of risks associated with development of a new water source. First, we have to obtain resource consents. Secondly, the costs of developing a site may be substantially greater than the preliminary estimates. Thirdly, unexpected issues may arise during investigations. To mitigate some of these risks, multiple sources are being investigated in parallel. All but one of the major sites are on Greater Wellington land already set aside for water supply purposes.

The capital works programme allows for \$79 million to develop a major new water source – this is the median cost option. Two other sites being investigated are estimated to cost \$50 million and \$102 million respectively.



Water supply

Assets – *continued*

An intermediate development that could supply a further 10,000 to 15,000 people at a cost of between \$16 – \$33 million is also being investigated but is not allowed for in the capital works programme at present. This is to tap into the Upper Hutt aquifer and build a treatment plant or pipe the water to the existing Te Marua Water Treatment Plant. It is assumed that one or more of these sources will be developed to ensure we maintain the two percent risk of a shortfall event in any one year.

It is expected that the cost of these assets will be debt funded. Debt repayments, depreciation and additional maintenance will be met through increases in the water levy.

Greater Wellington Water has a policy of not having any substantive deferred maintenance. Currently this is the case. The maintenance costs allowed for in the financial forecasts enable us to continue this policy.



Greater Wellington's diverse parks, forests and recreational areas provide a wide range of outdoor recreational opportunities. Our management of these areas contributes to four community outcomes: *Quality lifestyle, Sense of place, Healthy community and Healthy environment.*

To ensure that visitors enjoy good access and information, as well as a safe environment, Greater Wellington invests in facilities and services, such as park rangers and tracks.

We want to provide the highest quality environmental experience possible. Therefore, we carry out intensive plant and animal pest control programmes, along with a range of restoration activities. A high quality environment is also essential for our water supply catchment areas.

We aim to encourage community participation in our parks and forests, both to enhance the areas and promote community ownership.

Contribution to community outcomes

Quality lifestyle

Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park and East Harbour Regional Park.

Sense of place

Manage the Hutt River trail and recreation areas in the Akatarawa and Pakuratahi Forests and in the Hutt, Wainuiomata and Orongorongo catchments.

Healthy community

Prepare management plans to guide use and development.

Develop and maintain assets, for example, tracks, plantings, shelters and other facilities.

Provide a ranger service to help the public enjoy our parks, recreation areas and trails.

Run a summer programme of community events.

Involve local communities in the management of these areas.

Healthy environment



Key partnerships

City and districts councils

Community Groups

Department of Conservation

Iwi

Landcorp New Zealand

Private landowners

Key issues

New parks and services

Greater Wellington has five regional parks and has signalled in the past that we would like to expand the network to provide more areas for public recreation across the region. This Plan provides for a wetland regional park in the Wairarapa and for a regional park at Whitireia.

Adding these new parks to the network means additional costs for ranger services, infrastructure (such as signage and tracks), and general operating costs associated with managing land. Greater Wellington has already committed to the purchase of the Waitangirua block which will become part of Belmont Regional Park. This will increase the operating cost of that park. Consequently, Council is not planning to add any new services or significant infrastructure to our existing parks.

Greater Wellington may have the opportunity to manage Whareroa Farm on the Kapiti Coast. We are currently investigating the pros and cons of taking on this new piece of land.

Asset management

Although a Parks and Forests Asset Management Plan is been prepared, refinement and improvement of the Plan is ongoing. The Plan is an evolving document that will continually be updated.

A key issue for the next few years is making sure that we achieve the maintenance standards and service levels set out in the Plan within existing budgets.



Key issues – continued

Biodiversity on Greater Wellington land

There is increasing concern about the state of New Zealand native biodiversity. We manage a considerable amount of land which includes high-quality native ecosystems (e.g. bush and wetlands). Our focus is to halt the decline of biodiversity on our lands. To this end, we are carrying out extensive pest plant and animal controls. Our challenge is to monitor changes in forest health to determine the effectiveness of our activities in protecting and enhancing biodiversity.

Community involvement

Although popular, some regional parks and forests are still only regularly visited by particular sectors of the regional community. Our challenge is two fold:

- To increase visitor use of the parks and forest areas without compromising the environments or visitor satisfaction
- To improve the systems and mechanisms for monitoring public use and needs in the parks and forests.

A good understanding of the dynamics that revolve around our park and forest users is critical to the success of the parks.

Relationships with iwi

Tangata whenua have an ongoing relationship and interest in the land on which regional parks and forests are established, and seek to continue traditional practices for protecting natural and cultural heritage resources. In addition, there are a number of claims registered with the Waitangi Tribunal that cover the regional parks.

Three parks (Belmont Regional Park, Queen Elizabeth Park, East Harbour Regional Park) contain land that is owned by the Crown. At some point in the future, there is a chance that iwi will become either landowners within the parks and forest areas or our neighbours.

The challenge for both Greater Wellington and iwi is to ensure that we work together to determine arrangements that address our wider public interest responsibilities alongside those of tangata whenua.



Activity: Manage regional parks and recreation areas

Levels of service:

- 1** Manage Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park, and East Harbour Regional Park
- 2** Manage the Hutt River trail and recreation areas in the Akatarawa and Pakuratahi Forests and in the Hutt, Wainuiomata and Orongorongo catchments
- 3** Prepare management plans to guide use and development
- 4** Develop and maintain assets, e.g. tracks, plantings, shelters and other facilities

Long-term targets by 30 June 2016

- The regional parks and forest areas will attract 750,000 visitors per annum and the customer satisfaction level will exceed 80%. A balance will be achieved between visitor numbers and the carrying capacity of these recreation areas.
- There will be no loss of regionally significant landscapes, ecosystems and heritage features from park and forest areas.
- The assets in our parks and forest areas will be maintained and developed according to approved plans.

Short-term by 30 June 2007

- Environmental assets and settings within the regional parks and forests will be managed in accordance with the Parks and Forests Environmental Asset Management Plan service levels, within a budget of \$927,000. A report on compliance with the standards in the Environmental Asset Management Plan will be approved by Council.
- Recreation and heritage assets and facilities in the regional parks and forests will be managed in accordance with the Parks and Forests Infrastructural Asset Management Plan service levels and within a budget of \$1,381,000. A report on compliance with the Infrastructural Asset Management Plan service levels will be approved by Council.
- The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within the Parks and Forests Infrastructural Asset Management Plan service levels, within a budget of \$329,000. A progress report will be approved by Council.
- Greater Wellington will investigate the possibility of assisting renewable energy production (e.g. solar, wind, hydro) on its own lands within a budget of \$60,000.



Activity: Manage regional parks and recreation areas – *continued*

Short-term by 30 June 2008

- Environmental assets and settings within the regional parks and forests will be managed in accordance with the Parks and Forests Environmental Asset Management Plan service levels, within a budget of \$1,057,000. A report on compliance with the standards in the Environmental Asset Management Plan will be approved by Council.
- Recreation and heritage assets and facilities in the regional parks and forests will be managed in accordance with the Parks and Forests Infrastructural Asset Management Plan service levels, within a budget of \$1,418,000. A report on Compliance with the Infrastructural Asset Management Plan service levels will be approved by Council.
- The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within the Parks and Forests Asset Management Plan service levels, within a budget of \$76,000. A progress report will be approved by Council.
- Greater Wellington will investigate the possibility of assisting renewable energy production (e.g. solar, wind, hydro) on its own lands within a budget of \$62,000.

Short-term by 30 June 2009

- Environmental assets and settings within the regional parks and forests will be managed in accordance with the Parks and Forests Environmental Asset Management Plan service levels, within a budget of \$903,000. A report on compliance with the standards in the Environmental Asset Management Plan will be approved by Council.
- Recreation and heritage assets and facilities in the regional parks and forests will be managed in accordance with the Parks and Forests Infrastructural Asset Management Plan service levels, within a budget of \$1,393,000. A report on compliance with the Infrastructural Asset Management Plan service levels will be approved by Council.
- The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within the Parks and Forests Asset Management Plan service levels, within a budget of \$78,000. A progress report will be approved by Council.
- Greater Wellington will investigate the possibility of assisting renewable energy production (e.g. solar, wind, hydro) on its own lands within a budget of \$64,000.



Activity: Promote community use

Levels of service:

- 1** Provide a ranger service to help the public enjoy our parks, recreation areas and trails
- 2** Run a summer programme of community events
- 3** Involve local communities in the management of these areas

Long-term targets by 30 June 2016

- The regional parks and forest areas will attract 750,000 visitors per annum and the customer satisfaction level will exceed 80%. A balance will be achieved between visitor numbers and the carrying capacity of these recreation areas.

Short-term by 30 June 2007

- The marketing plan for the regional parks and forests will be implemented within a budget of \$175,000 and will include the planning, promotion and implementation of a regional outdoor programme. A progress report will be approved by Council.
- Ranger services will be provided that facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups and ensure compliance with Council policies, within a budget of \$917,000.
- The annual community enhancement projects will be completed within a budget of \$105,000. A progress report will be approved by Council.

Short-term by 30 June 2008

- The marketing plan for the regional parks and forests will be implemented within a budget of \$170,000 and will include the planning, promotion and implementation of a regional outdoor programme. A progress report will be approved by Council.
- Ranger services will be provided that facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups and ensure compliance with Council policies, within a budget of \$1,086,000.
- The annual community enhancement projects will be completed within a budget of \$103,000. A progress report will be approved by Council.

Short-term by 30 June 2009

- The marketing plan for the regional parks and forests will be implemented within a budget of \$186,000 and will include the planning, promotion and implementation of a regional outdoor programme. A progress report will be approved by Council.
- Ranger services will be provided that facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups and ensure compliance with Council policies, within a budget of \$1,091,000.
- The annual community enhancement projects will be completed within a budget of \$136,000. A progress report will be approved by Council.

Prospective funding impact statement

Parks



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's		2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT				OPERATING REVENUE			
General rate	5,517	6,109	6,026	Manage regional parks and recreation areas	5,089	5,707	5,373
Targeted rates	0	0	0	Promote community use	1,195	1,357	1,411
Government subsidies	0	0	0	Total operating revenue	6,284	7,064	6,784
Interest and dividends	0	0	0	OPERATING EXPENDITURE			
Other operating revenue	767	955	758	Manage regional parks and recreation areas	5,211	5,634	5,506
Operating revenue	6,284	7,064	6,784	Promote community use	1,195	1,357	1,411
Direct operating expenditure	5,664	6,274	6,191	Total operating expenditure	6,406	6,991	6,917
Finance costs	245	241	228	CAPITAL EXPENDITURE			
Depreciation	497	476	498	Whitireia Park enhancements	130	0	0
Operating expenditure	6,406	6,991	6,917	Queen Elizabeth Park enhancements	130	0	0
Operating surplus/(deficit)	(122)	73	(133)	Asset management plan upgrades	68	75	78
Less:				Capital project expenditure	328	75	78
Capital expenditure	477	452	272	Land and buildings	0	0	0
Proceeds from asset sales	(37)	(87)	(63)	Plant and equipment	44	39	18
Loan funding	(328)	(75)	(78)	Vehicles	105	338	176
Rates-funded capital expenditure	112	290	131	Total capital expenditure	477	452	272
Debt repayment	263	259	234				
Investment additions	0	0	0				
Operational reserve movements	0	0	0				
Working capital movements	0	0	0				
Non-cash items	(497)	(476)	(498)				
Net funding required	0	0	0				

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.



Parks

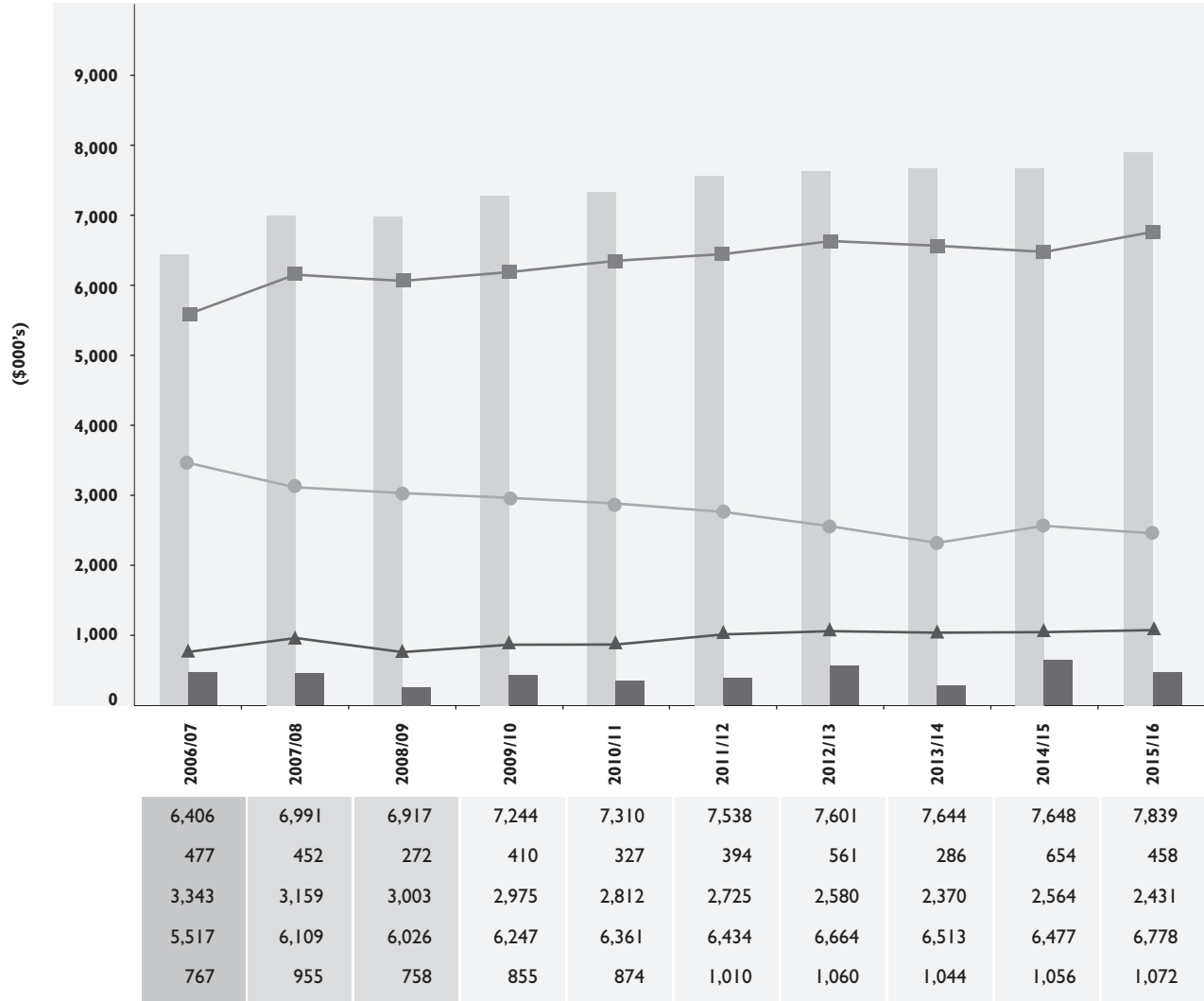
Ten-year financial forecast

This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- Increased expenditure is due to the cost of creating and running new parks at Whitireia, Wairarapa Wetlands and the extension to Belmont Regional Park
- Apart from the items noted above, it is assumed that there are no new additions or extensions to the regional park network.

Please note that these figures exclude GST.



- (\$000's)
- █ Operating expenditure
 - █ Capital expenditure
 - Debt
 - Regional rates
 - ▲ Other operating revenue



Assumptions and planning considerations

In preparing this ten-year plan for Parks, the following assumptions have been made:

- The legislative framework governing the management of regional parks, reserves and forest lands will not alter significantly.
- Waitangirua Farm purchase will be finalised in the 2005/06 financial year and land ownership within the parks and forest areas will remain unchanged from then.
- There is no investment currently planned in Whareroa Farm by this Council in the next 10 years.
- We will successfully negotiate with the Department of Conservation and other agencies, an acceptable management role in the Wairarapa Wetlands and Whitireia Park.
- Service levels within the Parks and Forests department will not change.
- Funding for catchment management from Greater Wellington Water will continue at least at current levels.
- We will retain the existing Wainuiomata/Orongorongo Catchment access policy.
- There will not be any serious damage to the forests from fires, insect attacks or fungal attacks.
- No new contaminated sites will be discovered and existing sites will not incur any additional remedial costs.
- To meet the obligations for its own land under the Regional Pest Management Strategy, we will retain the ability to use chemical control methods (e.g. 1080, herbicides, etc) to control pest plants and animals.
- The interest rate on debt will be 7.25% per annum.
- There will be no significant flood or storm damage in the parks and forests.
- No land purchases will be required.
- Treaty claims and settlement processes will not change the land ownership or administration of land within the parks and forests.
- Revenue will continue from existing leases and licences.

Assets

Greater Wellington manages five regional parks, two forest areas, and provides limited access to two water collection areas. The current valuation of infrastructural assets (excluding land values) is approximately \$20 million and includes:

- 244 vehicle and foot bridges
- 100 buildings
- 117 kilometres of roads
- 176 kilometres of tracks
- 126 kilometres of fences
- Plus signs, tables, seats, plants, water and sewer pipes etc.

Managing and maintaining these infrastructure assets are key responsibilities for Greater Wellington.

Asset management plans have been developed for the region's parks, forests and water collection areas to manage the infrastructural and environmental assets within the parks. We are also in the process of developing an Asset Management Plan for heritage assets. These plans (infrastructural, environmental and heritage) were, or are being, developed in accordance with the National Asset Management Steering Group manual, and meet the appropriate standards established by the Audit Office.

Work is currently underway to update these plans to incorporate improvements as to how we manage these assets, and to ensure our plans remain up to date and best practice for the field.

Levels of service

Service levels are set through legislation, nationally accepted standards and with consultation with the public through surveys and park and forest management plans. We are currently in the process of reviewing all the management plans for the parks and forest areas and are gathering public feedback on asset service levels.

The service levels that are currently in place are:

Infrastructure

To comply with building code, safety and nationally accepted standards and guidelines that are appropriate for these types of assets and the level of use. Apart from providing new parks, there is no indication from this council that the level of service in the current network will change.

Environmental

Greater Wellington is attempting to halt the decline in biodiversity on its land.

Heritage

To maintain historic and heritage assets in a way that complies with the Historic Places Trust requirements and in accordance with the wishes of iwi.



Assets – continued

Asset management principles

Key asset management principles include:

- Service levels are set through legislation, consultation with the local community and nationally accepted standards and guidelines.
- Assets are to be maintained to their existing service level in perpetuity until demand changes their service level.
- All assets are subject to a comprehensive annual maintenance, inspection and monitoring programme. An assessment of maintenance and monitoring costs is made every three years as part of preparing the LTCCP.
- Damages that cannot be repaired within the current financial year will be reflected by a write down on the asset register. Similarly once the repairs are completed the repaired assets will be added back in to the register.
- Parks assets will be maintained to meet the levels of service specified in asset management plans.

Capital upgrade programme

No upgrade work is currently programmed in the ten-year period.

Maintenance and monitoring programmes

Comprehensive maintenance and monitoring programmes are in place for all regional parks and forest areas.

Assets are subject to the effects of storm events and the general environmental wear and tear resulting from use.

Our asset monitoring and maintenance systems have been designed to ensure that the assets today will be in as good condition in 20 or 50 years time.





Greater Wellington's Safety and flood protection group of activities includes our flood protection, harbour management and civil defence emergency management operations. Safety and Flood Protection contributes to the following community outcomes: *Quality lifestyle and Essential services.*

Flood protection assists the regional community to protect itself from the consequences of flooding. Greater Wellington investigates flood hazards, prepares and implements floodplain management plans, maintains waterways and flood protection assets, and undertakes gravel extraction and flood warning.

Greater Wellington recognises that our rivers are special places. Consequently, an important part of our river management work is to provide attractive places for recreation and to take care of our river ecosystems.

We involve the community in all of our work - from planning through to the design and implementation of flood control works. This community involvement takes place through such avenues as the Wairarapa Scheme Advisory Committees and the Otaki and Waikanae Friends of the River groups.

Greater Wellington is part of the Wellington Region Civil Defence Emergency Management Group (CDEMG), a consortia of local authorities in the region. As such, we plan for emergency events and operate an emergency operations centre for the region. We work to help people understand and manage the risks that they face.

Another major function of Greater Wellington is the management of the region's harbours and coastal waters for navigation and safety purposes. We operate a communication's station in Wellington and provide and maintain navigation aids in our harbours.

Contribution to community outcomes

Quality lifestyle

- Plan to reduce the impacts of floods.
- Build and maintain agreed flood protection works, for example, stopbanks.
- Provide a consultancy service for land drainage schemes.

Prepared community

- Plan for emergency events.
- Tell people about the risks they face and how these can be managed.
- Operate the Wellington Civil Defence Emergency Management Group Emergency Operations Centre.
- Operate a flood warning system.

Healthy community

- Provide navigation aids in our harbours and a communications service for Wellington Harbour.
- Educate people about water safety and enforce maritime safety rules.

Healthy environment

- Enhance the environment along flood corridors.

Sense of place

- Clean up oil spills in our harbours and coastal waters.



Safety and flood protection

Key partnerships

Boaties and water recreation groups

CentrePort Ltd

City and district councils

Department of Conservation

Emergency services, e.g. New Zealand Police

Fish & Game NZ

Flood prone communities

Lifeline utilities

Maritime New Zealand

Ministry of Civil Defence and Emergency Management

Shipping companies and ferry operators

Wellington Volunteer Coastguard.

Key issues

Maintaining service levels

We need to maintain our existing flood protection structures and works to ensure they serve future generations as they have served us. Flood protection systems require regular monitoring and maintenance to ensure they are able to perform when a big flood comes along.

The challenge is to review and improve asset management continually, so that our schemes will perform to the standards agreed with the community through floodplain management plans and scheme reviews.

Managing high expectations

Communities require some certainty about what a flood scheme or floodplain management plan will provide, how they may be affected, and what costs they will be required to meet.

The completion of floodplain management plans for the three major rivers in the western part of the region has resulted in a demand for these plans to be implemented speedily. The current 40-year timeframe for implementing the Hutt, Otaki and Waikanae plans is seen by many as too slow. Greater Wellington's challenge is to balance the desire of communities to complete the works outlined in floodplain management plans with the ability of the beneficiaries and the regional community to pay for that work.

Similarly, the development of equitable rating classifications is necessary to maintain the confidence of the Wairarapa community in its river schemes. The Lower Wairarapa Valley Development Scheme is currently being reviewed and key issues will include staging, funding and affordability.



Key issues – continued

Keeping up flood hazard awareness

We need to keep residents, businesses and landowners aware of the flood hazard to which they are potentially exposed. Flood protection systems are not invulnerable, and unprotected areas will always remain. We will continue to work with city and district councils to assist in the development of appropriate provisions in District Plans and to provide general advice on flood hazards.

Public awareness of flood hazards was raised again during the flood events that hit the region during 2004 and 2005. However, such awareness is generally temporary. We need to maintain an appropriate level of community awareness by regular and effective communication.

Environmental enhancement and recreation opportunities

River management activities can have adverse impacts on the environment. Consequently, there is sometimes public pressure to restrict some of our flood control. As the recreational use of river corridors increases, so does a demand for higher levels of environmental enhancement and improved public access.

Greater Wellington has taken a proactive approach to its environmental responsibilities. We have prepared environmental strategies for the major rivers in the western part of the region. These are being gradually implemented as part of the capital works programmes. We have a code of practice for working in rivers and streams.

Raising awareness about the need to be prepared for major emergency events

Recent disaster events, both in New Zealand and overseas, have helped to raise the profile of emergency management. A *Prepared Community* is one of the community outcomes in this Plan. For this we need a robust planning framework and a community that is able to take responsibility for itself, at least in the short-term. Yet we find that civil defence emergency management all too often falls to the bottom of the list. Our challenge, through the Wellington Region Civil Defence Emergency Management Group is to raise awareness about hazards and to persuade individuals and organisations to have emergency plans in place, as well as emergency food and water supplies. In addition, civil defence emergency management organisations need to ensure that all key plans are kept up to date and are regularly tested through realistic exercises.

Implementing the port and harbour safety system

A port and harbour risk assessment was completed in 2005 and a port and harbour safety management system (implementation plan) will be completed in 2006. A number of improvements have already been identified as necessary, such as a significant upgrade of the Beacon Hill communications station. Decisions have yet to be made about the exact nature and extent of the improvements required, as well as the timing. Some budgetary allowance has been made for these works in this Plan, but further funds may be necessary.



Safety and flood protection

Targets

Activity: Flood protection

Levels of service:

- 1 Plan to reduce the impacts of floods
- 2 Operate a flood warning system
- 3 Build and maintain agreed flood protection works, for example, stopbanks
- 4 Enhance the environment along flood corridors
- 5 Provide a consultancy service for land drainage schemes

Long-term targets by 30 June 2016

- There will be no loss of life or significant damage as a result of a flood event. Significant damage is defined as:
 - Damage caused by water from flooding rivers or streams (not stormwater systems) entering at least five houses or commercial/industrial premises
 - Flooding that leads to damage to key infrastructure that causes significant disruption to a community for one week or more, or widespread flood damage of farmland that has a significant impact on the neighbouring community.

Short-term by 30 June 2007

- The Waiwhetu Stream flood plan investigation will be completed within a budget of \$161,000. A progress report will be approved by Council.
- The Waingawa River Scheme Review will be completed, along with other investigations, within a budget of \$346,000. A progress report will be approved by Council.
- The upgrade of the Alicetown stopbank, Hutt River, will be completed in accordance with accepted engineering standards within a budget of \$155,000.
- The Lower Wairarapa Valley Development Scheme stopbank improvements will be completed within a budget of \$585,000.
- Maintenance operations in the western part of the region will be completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,256,000. A progress report will be approved by Council.
- Maintenance operations for the ten Wairarapa river schemes will be completed to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,450,000.
- The construction of the Whirinaki Crescent stopbank, Hutt River, will be completed in accordance with accepted engineering standards within a project budget of \$748,500.



Activity: Flood protection – continued

Short-term by 30 June 2008

- River investigations in the Wairarapa will be completed within a budget of \$355,000. A progress report will be approved by Council.
- The Ava Railway Bridge improvements will be completed, including the stopbank upgrade, edge protection works, and the Council's contribution to the Opahu Stream pump station (to be constructed by Hutt City Council) in accordance with accepted engineering standards and within a project budget of \$5,852,400.
- The construction of the Chrystals Extended stopbank, Otaki River, will be completed in accordance with accepted engineering standards and within a project budget of \$1,478,000.
- The construction of the South Waitohu stopbank, Otaki, will be completed in accordance with accepted engineering standards and within a project budget of \$538,000.
- The Lower Wairarapa Valley Development Scheme stopbank improvements will be completed within a budget of \$951,000.
- Maintenance operations in the western part of the region will be completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,352,000. A progress report will be approved by Council.
- Maintenance operations for the ten Wairarapa river schemes will be completed to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,495,000.

Short-term by 30 June 2009

- In conjunction with Upper Hutt City Council, the Pinehaven Stream flood hazard assessment will be completed within a budget of \$85,000. A progress report will be approved by Council.
- River investigations in the Wairarapa will be completed to the satisfaction of the Rural Services and Wairarapa Committee within a budget of \$364,000. A progress report will be approved by Council.
- The Lower Wairarapa Valley Development Scheme stopbank improvements will be completed within a budget of \$1,007,000.
- Maintenance operations in the western part of the region will be completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,384,000. A progress report will be approved by Council.
- Maintenance operations for the ten Wairarapa river schemes will be completed to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,569,000.



Safety and flood protection

Targets

Activity: Emergency management

Levels of service:

- 1** Plan for emergency events
- 2** Tell people about the risks they face and how these can be managed
- 3** Operate the Wellington Civil Defence Emergency Management Group Emergency Operations Centre

Long-term target by 30 June 2016

- The Wellington Region Civil Defence Emergency Management (CDEM) Group's Plan is implemented to the satisfaction of the CDEM Group. As a result the community and emergency management agencies:
 - Will be aware of the risks they face
 - Will take action to manage the risks they face (80% of households in the Region will have emergency food and emergency water supplies (currently 65% and 69% respectively))
 - Will know their role and responsibilities
 - Will be able to respond to, and recover from, emergency events effectively.

Short-term by 30 June 2007

- 67% of households will have emergency food and 71% will have emergency water supplies, within a budget of \$48,000.
- A CDEM Group Recovery Plan will be completed to the satisfaction of the Civil Defence Emergency Management Group.
- A report on progress with the implementation of the Wellington Region CDEM Plan will be approved by the CDEM Group.

Short-term by 30 June 2008

- 69% of households will have emergency food and 73% will have emergency water supplies, within a budget of \$49,000.
- An audit of all emergency operation centres will be completed to the satisfaction of the Civil Defence Emergency Management Group.
- A report on progress with the implementation of the Wellington Region CDEM Plan will be approved by the CDEM Group.

Short-term by 30 June 2009

- 71% of households will have emergency food and 75% will have emergency water supplies, within a budget of \$51,000.
- A CDEM Resource Management Plan will be completed to the satisfaction of the Civil Defence Emergency Management Group.
- A report on progress with the implementation of the Wellington Region CDEM Plan will be approved by the CDEM Group.



Activity: Harbour management

Levels of service:

- 1** Provide navigation aids in our harbours and a communications service for Wellington Harbour
- 2** Educate people about water safety and enforce maritime safety rules
- 3** Clean up oil spills in our harbours and coastal waters

Long-term targets by 30 June 2016

- The Port and Harbour Management System will be achieved to the satisfaction of the Council.
- No significant accidents will occur in our harbours and coastal waters.
- Adverse effects from oil spills in harbour and coastal waters will be minimised.

Short-term by 30 June 2007

- Implementation of the Port and Harbour Safety Management System will be carried out within a budget of \$400,000.
- The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, which is in accordance with Council agreed operating standards, within a budget of \$326,000.
- 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 \$13,000. A formal log will be kept and incidents followed up whenever possible.

- Within a budget of \$102,000, safety in our harbours and coastal waters will be maintained by:
 - Administering the Wellington Regional Navigation and Safety Bylaws
 - Educating recreational boaters and harbour users about safety issues
 - Monitoring behaviour for safety purposes through our harbour ranger service
 - Investigating all reports of unsafe behaviour. A formal record will be kept.

Short-term by 30 June 2008

- The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, which is in accordance with Council agreed operating standards, within a budget of \$334,000.
- 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 \$14,000. A formal log will be kept and incidents followed up whenever possible.
- Within a budget of \$104,000, safety in our harbours and coastal waters will be maintained by:
 - Administering the Wellington Regional Navigation and Safety Bylaws
 - Educating recreational boaters and harbour users about safety issues
 - Monitoring behaviour for safety purposes through our harbour ranger service
 - Investigating all reports of unsafe behaviour. A formal record will be kept.



Safety and flood protection

Targets

Activity: Harbour management – *continued*

Short-term by 30 June 2009

- The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day service, which is in accordance with Council agreed operating standards, within a budget of \$342,000.
- 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 \$14,000. A formal log will be kept and incidents followed up whenever possible.
- Within a budget of \$107,000, safety in our harbours and coastal waters will be maintained by:
 - Administering the Wellington Regional Navigation and Safety Bylaws
 - Educating recreational boaters and harbour users about safety issues
 - Monitoring behaviour for safety purposes through our harbour ranger service
 - Investigating all reports of unsafe behaviour. A formal record will be kept.

Safety and flood protection

Prospective funding impact statement



	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT			
General rate	7,894	8,249	8,621
Targeted rates	4,490	4,814	4,990
Government subsidies	115	119	122
Interest and dividends	360	384	463
Other operating revenue	1,993	1,849	1,762
Operating revenue	14,852	15,415	15,958
Direct operating expenditure	8,814	9,194	9,504
Finance costs	2,143	2,356	2,537
Depreciation	966	1,194	1,154
Operating expenditure	11,923	12,744	13,195
Operating surplus/(deficit)	2,929	2,671	2,763
Less:			
Capital expenditure	5,934	4,973	5,105
Proceeds from asset sales	(77)	(56)	(66)
Loan funding	(5,285)	(4,599)	(4,873)
Rates-funded capital expenditure	572	318	166
Debt repayment	1,944	2,191	2,376
Investment additions	335	335	356
Operational reserve movements	1,044	1,021	1,019
Working capital movements	0	0	0
Non-cash items	(966)	(1,194)	(1,154)
Net funding required	0	0	0

OPERATING REVENUE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Flood protection	12,646	13,113	13,598
Emergency management	617	608	624
Harbour management	1,589	1,694	1,736
Total operating revenue	14,852	15,415	15,958

OPERATING EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Flood protection	9,676	10,353	10,741
Emergency management	627	659	671
Harbour management	1,620	1,732	1,783
Total operating expenditure	11,923	12,744	13,195

CAPITAL EXPENDITURE

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Harbours improvements	400	0	0
Hutt floodplain management plan	50	155	0
Hutt river improvements	2,864	2,556	3,124
Waikanae river improvements	230	124	127
Otaki river improvements	1,309	749	0
Wairarapa scheme improvements	585	951	1,007
Other flood protection	251	206	615
Capital project expenditure	5,689	4,741	4,873
Land and buildings	0	0	0
Plant and equipment	100	93	83
Vehicles	145	139	149
Total capital expenditure	5,934	4,973	5,105

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.



Safety and flood protection

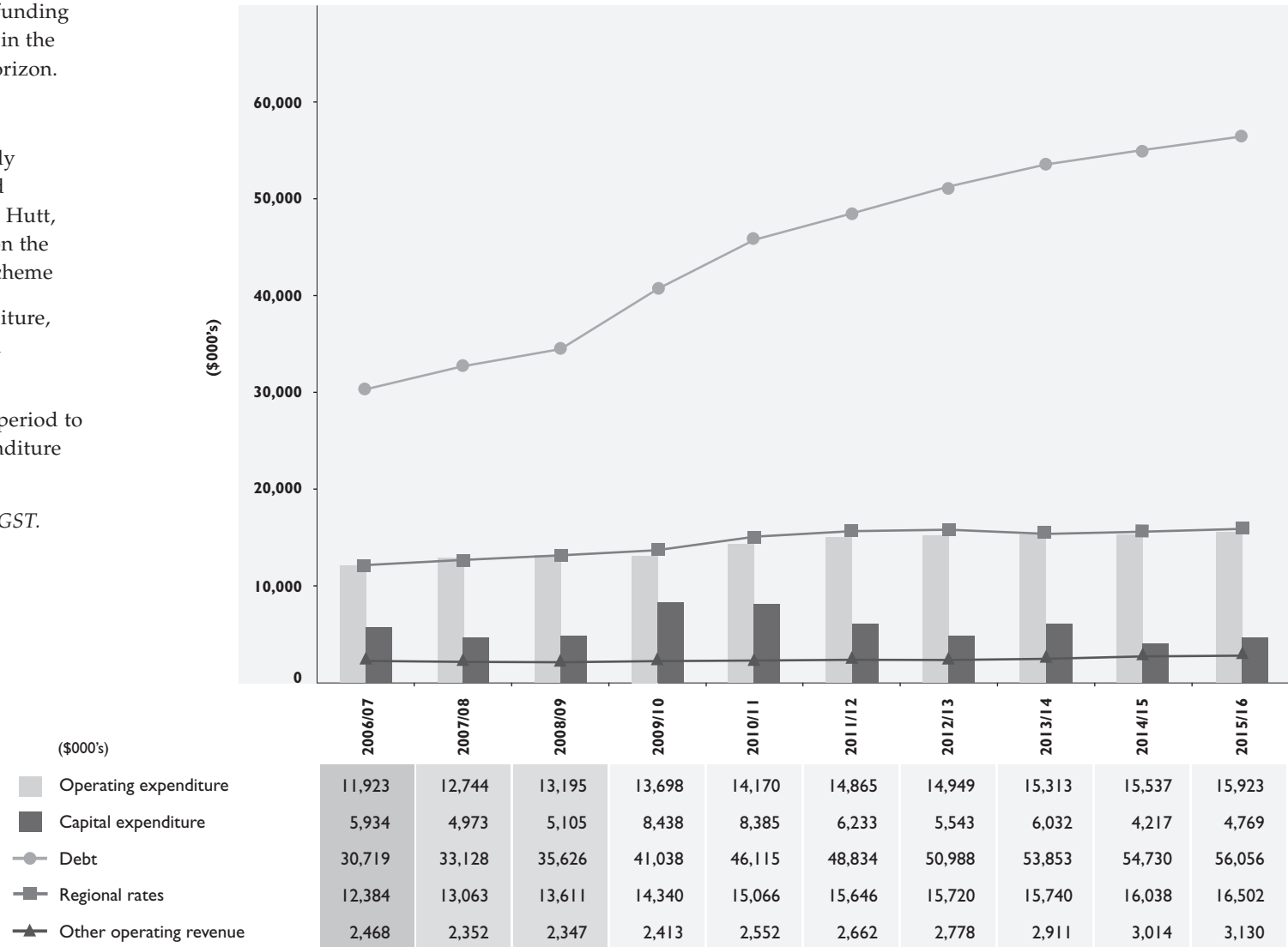
Ten-year financial forecast

This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- Capital expenditure remains fairly constant over the ten-year period reflecting continued work on the Hutt, Waikanae and Otaki rivers and on the Lower Wairarapa Valley River Scheme
- As a result of this capital expenditure, debt will peak at \$56.0 million in 2015/16
- Regional rates increase over the period to fund the increasing capital expenditure on flood protection.

Please note that these figures exclude GST.





Assumptions and planning considerations

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

- There will not be any flood events over the next 10 years that require repairs where costs exceed available Flood Contingency Funds and local reserves.
- The Council's current flood protection funding policies will continue.
- Rating classification reviews will increase confidence in the Wairarapa river schemes, resulting in additional funding from the local communities.
- Some adjustments to the flood protection capital expenditure programme will be required due to changes in priority, project timing and cost estimates (as they are refined through investigation, design and tender phases of each project).
- The interest rate on debt will be 7.25% per annum.
- Current regimes and revenue for gravel extraction will continue.
- Resource consents will be obtained, or renewed, for necessary activities including capital improvements, and operations and maintenance.
- The income stream from CentrePort Ltd for navigation aids will remain constant.
- The budgetary provision for the implementation of the Port and Harbour Safety System will be adequate. Further work is required before detailed budgetary requirements are available.
- The Council will continue to receive from central government the same level of funding as present for its emergency management functions.
- The Wellington Civil Defence Group Emergency Operations Centre will remain at Greater Wellington's main offices in Wellington.



Safety and flood protection

Assets

Flood protection assets

Greater Wellington has a large investment in flood protection infrastructural assets. The current valuation of these assets (excluding land) is approximately \$143 million. Managing and maintaining these flood protection infrastructure assets are key responsibilities for us.

Comprehensive asset management plans have been developed for the region's major rivers. These plans (one base principles plan, one information management plan, 10 specific scheme plans) were developed in accordance with the National Asset Management Steering Group manual, and meet the appropriate standards established by the Audit Office.

Work is currently underway to prepare the "second generation" of plans to incorporate improvements to how we manage these assets, and to ensure our plans remain up to date and best practice for the field.

Flood protection assets will be maintained to meet the levels of service specified in asset management plans.

Asset management principles

Key asset management principles include:

- Service levels are set through floodplain management plans and scheme reviews. This process involves close consultation with the affected community.
- The majority of flood protection assets are to be maintained in perpetuity, with less than 5% of the total asset value being depreciable assets. The non-depreciable assets include stopbanks, edge protection works (rock, willows) and floodways.
- All assets are subject to a comprehensive annual maintenance, inspection and monitoring programme. An assessment of maintenance and monitoring costs is made every three years as part of preparing the LTCCP.
- A comprehensive programme of capital works is underway to lift service levels where agreed with the community.
- Flood damages that cannot be repaired within the current financial year will be reflected by a write down on the asset register. Similarly once the repairs are completed, the repaired assets will be added back in to the register.
- Greater Wellington has decided to self insure for flood damages. The annual average flood damage has been assessed, and an annual contribution of that amount is set aside in reserve each year. A special funding reserve and lines of credit have been set aside for a major disaster.



Assets – continued

Levels of service

Service levels are set through scheme reviews and the development of floodplain management plans. The majority of flood schemes have had new floodplain management plans (FMPs), or scheme reviews prepared since 1990 (see table).

Hutt River FMP	FMP published 2001
Otaki River FMP	FMP published 1998
Waikanae River	FMP published 1997
Porirua Stream	scheme approved 1989, work completed 1995
Wainuiomata	Stage II upgrade approved 1988, work completed 1990
Upper Ruamahanga Scheme	scheme review completed 2002 (now 3 separately managed schemes)
Waipoua Scheme	scheme review completed 2001
Waingawa Scheme	scheme established in 1992. Scheme review planned for 2006/07
Waiohine Scheme	scheme review completed 2000
Lower Wairarapa Valley Development Scheme (LWVDS)	scheme review expected to be completed in 2006. Upgrade works expected to commence in 2006/07.



Safety and flood protection

Capital upgrade programmes

This 2006-2016 LTCCP provides for a total of \$50.3 million of capital upgrade works as follows:

Hutt River	\$29.4 million
Otaki and Waikanae Rivers	\$5.4 million
Waiohine Scheme	\$5.0 million
LWVDS	\$6.5 million
Minor western watercourses	\$4.0 million
Total	\$50.3 million

This is a very substantial investment in flood protection and will ensure the Greater Wellington community is well served into the future.

Maintenance and monitoring programmes

Comprehensive maintenance and monitoring programmes are in place for all flood protection schemes. This work is funded in accordance with Greater Wellington's revenue and financing policy.

All assets are maintained in a condition so that they will perform when the "big" flood arrives. Flood assets, unlike many local authority assets, are only required to work to design standard at infrequent intervals. For example, the 100-year flood only happens, on average, every 100 years. In the meantime flood assets are subject to the effects of smaller flood events, and general environmental wear and tear from secondary uses of our floodways, such as recreation and farming.

Our asset monitoring and maintenance systems have been designed to ensure that a stopbank today will be as good, if not in better, condition in 20 or 50 years time. Our capital improvement programmes mean that many of our assets will have capacity and security improvements completed over the next 20 or 30 years.

Emergency management assets

Emergency management assets comprise mainly of communications equipment and vehicles. All large new assets will be debt funded.

Harbour management assets

Harbour management assets comprise navigational aids, communications and traffic monitoring equipment, as well as vehicles. All except vehicles are loan funded.



Greater Wellington's land management group of activities includes our biosecurity and soil conservation operations. Land management contributes to the following community outcomes: *Healthy environment and Prosperous community*.

Through our biosecurity activity we manage the adverse effects of plants and animals so they do not cause significant harm to the region's ecosystems. Pest management programmes are carried out in a range of Key Native Ecosystems, as well as across the region's agricultural and bush lands.

The bovine tuberculosis (Tb) vector management programme (carried out under contract to the Animal Health Board) protects the viability of dairying and cattle and deer farming in the region. This programme also has substantial environmental benefits.

Our soil conservation activities promote the sustainable use of the region's land. They protect the region's soils from uses that result in erosion or degradation. Soil conservation measures retain the productivity of soils and also reduce the risk of flooding.

Greater Wellington's land management activities involve close working relationships with farmers especially, and many others in the region.

Contribution to community outcomes

Prosperous community

Develop pest management strategies.

Eradicate or reduce significant pests (for example, possums, manchurian wildrice moth plant and rooks).

Reduce numbers of wildlife that transmit Bovine Tuberculosis to farmed cattle and deer (under contract to the Animal Health Board).

Investigate and manage the use of land.

Assist farmers and the community to protect and enhance the land.

Provide advice on land management issues.

Healthy environment



Key partnerships

Animal Health Board

City and district councils

Crown research institutes

Federated Farmers

Non government organisations

Private landowners

Key issues

Maintaining landholder interest

Progress in soil conservation will always be dependent on the ability of the landholder beneficiary to pay, and on the effective promotion of the economic and environmental worth of good land management. Landholder confidence in Greater Wellington is always dependent on the development of positive and durable working relationships.

Greater engagement in sustainability plans

Sustainability plans are an important tool for helping landowners to manage land. We recognise, however, that we need to find a way of making these plans more appealing so that we can engage more landowners, particularly those with severely erosion prone properties.

Protecting erosion prone land

The flooding events of 2004 and 2005 confirmed the importance of protecting erosion prone land. Soil conservation works provide a considerable economic benefit for the region. Our valuable soil resources are not only conserved, but water quality is improved and the capacity of river channels is protected. It is important that Greater Wellington continues its investment into this area of work – and is supported by the community.



Key issues – continued

Biodiversity

Greater Wellington acknowledges the protection and enhancement of biodiversity as a core issue in its quest for a sustainable region. While most land management activities already recognise the importance of biodiversity, we need to ensure we apply an “ecosystems approach” to all our work and operate, as far as possible, within the constraints of natural systems.

Assessing our progress with pest management

Biosecurity (pest plants and animals) is one area of Greater Wellington’s activities where long-term options need to be carefully considered. The 2002 Regional Pest Management Strategy is now into its fourth year of implementation. This strategy has a 20-year term to reflect the long-term management approach that is required. The challenges will be to determine the community’s expectations for this work and to develop meaningful and measurable objectives that satisfy these expectations and our legislative requirements.

Concern with the use of chemicals e.g. 1080

The control of the vectors associated with the spread of bovine Tb is carried out with a range of methods and pesticides. The compound 1080, in particular, causes concern in some sectors of the community. Greater Wellington has participated in a number of studies and, in its opinion believes that the benefits from the use of the chemical outweigh the negative effects of some community dissatisfaction. Greater Wellington fully supports the reference of 1080 to the Environmental Risk Management Authority for a fresh look at the issue.

Catchment management approach

Greater Wellington recognises the value of taking a whole catchment management approach to land management. This means looking at all the environmental issues in a catchment in a strategic and integrated manner. A catchment management approach involves working with a range of organisations and individuals to develop common goals and agreed solutions.



Land Targets

Activity: Manage pest plants and animals

Levels of service:

- 1** Develop pest management strategies
- 2** Eradicate or reduce significant pests (e.g. possums, manchurian wildrice, moth plant, and rooks)

Long-term target by 30 June 2016

- Improve the health of the region's ecosystems and economy by implementing pest plant and animal management strategies. These will be carried out on 10 wetlands, 4 coastal escarpments, two dune ecosystems sites and 40 native forest areas.

Short-term by 30 June 2007

- Work programmes identified in the fifth year of the Regional Pest Management Strategy 2002-2022 will be implemented in accordance with the approved operational plan, within a budget of \$2,072,000. A progress report will be approved by Council.

Short-term by 30 June 2008

- Work programmes identified in the sixth year of the Regional Pest Management Strategy 2002-2022 will be implemented in accordance with the approved operational plan, within a budget of \$2,298,000. A progress report will be approved by Council.

Short-term by 30 June 2009

- Work programmes identified in the seventh year of the Regional Pest Management Strategy 2002-2022 will be implemented in accordance with the approved operational plan, within a budget of \$2,034,000. A progress report will be approved by Council.



Activity: Control Bovine Tuberculosis in wildlife

Levels of service:

- 1 Reduce numbers of wildlife that transmit Bovine Tuberculosis to farmed cattle and deer (under contract to the Animal Health Board)

Long-term target by 30 June 2016

- Our farming productivity and ecosystems will be enhanced by having 80% of the region under intensive possum control programmes, and by reducing the percentage of infected Tb cattle and deer herds to 0.2% (6 infected herds).

Short-term by 30 June 2007

- Bovine Tb vector control operations will be planned and implemented over 413,680 hectares in accordance with the Wellington Bovine Tb Strategic Plan, within a budget of \$5,518,000. Progress will be reported monthly to the Animal Health Board as well as in a year end report.

Short-term by 30 June 2008

- Bovine Tb vector control operations will be planned and implemented over 517,700 hectares in accordance with the Wellington Bovine Tb Strategic Plan within a budget of \$6,828,000. Progress will be reported monthly to the Animal Health Board as well as in a year end report.

Short-term by 30 June 2009

- Bovine Tb vector control operations will be planned and implemented over 535,200 hectares in accordance with the Wellington Bovine Tb Strategic Plan, within a budget of \$6,716,000. Progress will be reported monthly to the Animal Health Board as well as in a year end report.



Activity: Promote sustainable land management

Levels of service:

- 1 Investigate and monitor the use of land
- 2 Assist farmers and the community to protect and enhance the land
- 3 Provide advice on land management issues

Long-term target by 30 June 2016

- The promotion of sustainable land management activities will result in:
 - An additional 4,500 hectares of erosion prone land planted using sustainable management practices
 - Communities being protected from major damage or harm caused by flooding and erosion
 - Maintenance of the overall health of our soils
 - Maintenance of the water quality in our key rivers and streams.

Short-term by 30 June 2007

- Approved soil conservation programmes incorporating 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and four kilometres of shelterbelt will be completed to the Council's performance standards, within a budget of \$550,000. A progress report will be approved by Council.
- Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee to the Council's performance standards, within a budget of \$88,000. A progress report will be approved by Council.
- Stage 2 of the soil quality monitoring programme will be started. Established sites will be re-visited to establish whether there has been any change over time, within a budget of \$30,000. A progress report will be approved by Council.
- Five kilometres of riparian management, focusing on increased biodiversity along stream banks, will be implemented within a budget of \$190,000.



Activity: Promote sustainable land management – *continued*

Short-term by 30 June 2008

- Approved soil conservation programmes incorporating 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and four kilometres of shelterbelt will be completed to the Council's performance standards, within a budget of \$566,000. A progress report will be approved by Council.
- Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee to the Council's performance standards, within a budget of \$91,000. A progress report will be approved by Council.
- Stage 2 of the soil quality monitoring programme will continue. Established sites will be re-visited to establish whether there has been any change over time, within a budget of \$30,600. A progress report will be approved by Council.
- Five kilometres of riparian management, focusing on increased biodiversity along stream banks, will be implemented within a budget of \$195,000.

Short-term by 30 June 2009

- Approved soil conservation programmes incorporating 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and four kilometres of shelterbelt will be completed to the Council's performance standards, within a budget of \$582,000. A progress report will be approved by Council.
- Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee to the Council's performance standards, within a budget of \$93,000. A progress report will be approved by Council.
- Stage 2 of the soil quality monitoring programme will continue. Established sites will be re-visited to establish whether there has been any change over time, within a budget of \$31,200. A progress report will be approved by Council.
- Five kilometres of riparian management, focusing on increased biodiversity along stream banks, will be implemented within a budget of \$201,000.



Land

Prospective funding impact statement

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's		2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT				OPERATING REVENUE			
General rate	3,885	4,178	4,126	Promote sustainable land management	2,322	2,387	2,450
Targeted rates	191	192	300	Control bovine Tb wildlife vectors	5,612	6,924	6,893
Government subsidies	0	0	0	Manage pest plants and animals	3,508	3,891	3,474
Interest and dividends	45	28	20	Total operating revenue	11,442	13,202	12,817
Other operating revenue	7,321	8,804	8,371	OPERATING EXPENDITURE			
Operating revenue	11,442	13,202	12,817	Promote sustainable land management	2,305	2,371	2,432
Direct operating expenditure	11,528	13,262	12,846	Control bovine Tb wildlife vectors	5,800	7,127	6,998
Finance costs	0	0	0	Manage pest plants and animals	3,387	3,799	3,485
Depreciation	(36)	35	69	Total operating expenditure	11,492	13,297	12,915
Operating expenditure	11,492	13,297	12,915				
Operating surplus/(deficit)	(50)	(95)	(98)				
Less:							
Capital expenditure	108	158	73				
Proceeds from asset sales	(23)	(31)	(15)				
Loan funding	0	0	0				
Rates-funded capital expenditure	85	127	58				
Debt repayment	0	0	0				
Investment additions	0	0	0	CAPITAL EXPENDITURE			
Operational reserve movements	(171)	(187)	(87)	Land and buildings	0	0	0
Working capital movements	0	0	0	Plant and equipment	0	0	0
Non-cash items	36	(35)	(69)	Vehicles	108	158	73
Net funding required	0	0	0	Total capital expenditure	108	158	73

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.

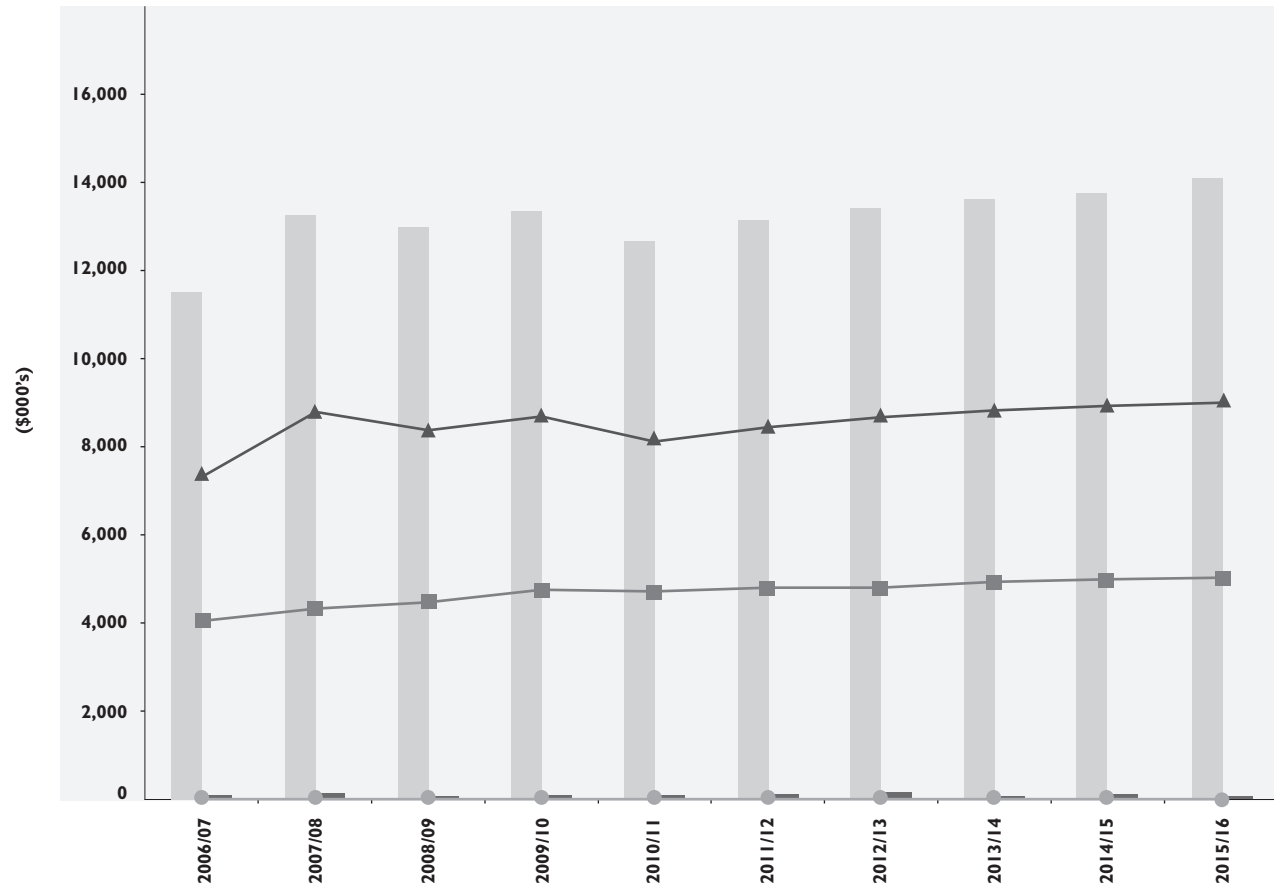


This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

The key point to note is:

- Most key financial indicators are expected to remain relatively constant over the ten-year period after allowing the effects of inflation.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	11,492	13,297	12,915	13,359	12,781	13,089	13,313	13,659	13,772	14,005
Capital expenditure	108	158	73	127	118	123	178	82	176	147
Debt	0	0	0	0	0	0	0	0	0	0
Regional rates	4,076	4,370	4,426	4,774	4,649	4,731	4,781	4,847	4,908	4,967
Other operating revenue	7,366	8,832	8,391	8,623	8,163	8,392	8,619	8,803	8,941	9,082



Land

Assumptions and planning considerations

In preparing this ten-year programme for land management, the following key assumptions have been made:

- The demand from landholders for sustainability plans will be maintained at existing levels.
- Quality plant materials will continue to be available. Irrigation at Akura nursery will increase pole production by 25% from 2007. No provision for this increase has been included in the annual works programme.
- The economic situation (particularly rural) will not change significantly.
- The Regional Pest Management Strategy for pest plants and animals will continue to be supported by the public.
- There will be no significant natural changes to pest populations or species in the region over the next ten-years.
- The National Pest Management Strategy for bovine Tb will continue to be supported by the Crown and industry stakeholders, permitting planned vector control operations in the Wellington region to proceed.
- All existing pesticides will continue to be approved for bovine Tb operations and other pest control work.

Assets

The activities within land management are not very asset intensive compared with some Greater Wellington activities. The assets employed within this group of activities include plantings, bed control structures, biosecurity equipment and vehicles.

All assets are subject to routine maintenance to ensure agreed service levels can be met. Asset replacement is typically funded from current revenue as the size of the assets does not warrant their being debt funded. Where work programmes involve additional asset capacity, such new assets have been incorporated into capital expenditure budgets.



The community group of activities includes our democratic processes, the involvement of Māori in our work, our contribution to the Wellington Regional Strategy and our contribution to the Westpac Stadium. This group of activities contributes the following main community outcomes: *Strong and tolerant community, Entrepreneurial and innovative region and Quality lifestyle.*

Running a democratic process involves providing effective representation on behalf of the Wellington regional community.

While councillors ultimately make decisions on strategy, policy and the allocation of resources, they do so with the benefit of the community views. There are many opportunities for community input to decision-making ranging from public participation at council meetings and the opportunity to make submissions on specific proposals, to community members being appointed to working parties, etc.

Greater Wellington involves Māori in our work by providing a collective forum – Ara Tahi – for discussion and debate, as well as providing other opportunities for individual iwi to be involved in our work. Full details are provided in the section of this Plan on Māori capacity.

Greater Wellington is a participant with the other local authorities in the region in the Wellington Regional Strategy Forum which, in consultation with a range of stakeholders and the public, is developing a growth framework for the region. The intention of the growth framework is to set a broad direction for sustainable economic growth. It is likely that we will also have a role in implementing the growth framework.

Greater Wellington’s primary role with the Westpac Stadium is as a joint funder of the project and, in conjunction with the Wellington City Council, it is a joint settler 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.

Contribution to community outcomes

Strong and tolerant community

Provide opportunities for the public to participate in decision-making, for example, in meetings or through planning and budgeting processes.

Run elections and pay Councillors.

Arrange and service Council meetings.

Work with iwi – collectively through Ara Tahi – and also individually.

Assist iwi to undertake special projects and to work with Greater Wellington.

Entrepreneurial and innovative region

Work with city and district councils to develop and implement a Wellington Regional Strategy.

Fund the publication of economic data for the region.

Quality lifestyle

Service a \$25 million loan to the Stadium Trust.



Community

Key partnerships

Chamber of Commerce

City and district councils

Community

Iwi

Local Government New Zealand

Positively Wellington Business

Stadium Trust

Key issues

Representation review

The Local Electoral Act 2001 requires Greater Wellington to undertake a representation review in 2006. It will be a challenge for Greater Wellington to meet the requirements of the Act for effective representation of communities of interest while also complying with the provisions for fair representation.

Iwi relationships

The Local Government Act 2002 requires Greater Wellington to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the Council. The challenge for Greater Wellington is to meet these requirements in a way that meets the needs of Greater Wellington, iwi and Māori.

Wellington Regional Strategy

The Wellington Regional Strategy is due to be completed in 2006. Greater Wellington is likely to have a role in implementing this Strategy. However, the exact nature of this role will not be clear until a detailed implementation plan is developed. Accordingly, a provision of \$100,000 is included in this plan without a specific output.

Westpac Stadium

While the Westpac Stadium has been successful beyond our expectations, there remains significant challenges for all parties involved over the next few years as the operations at the Stadium are further fine-tuned and as issues are progressively addressed.



Activity: Run a democratic process

Levels of service:

- 1** Provide opportunities for the public to participate in decision-making, for example, in meetings or through planning and budgeting processes
- 2** Run elections and pay Councillors
- 3** Arrange and service Council meetings

Long-term targets by 30 June 2016

- The community will be informed about, and given an opportunity to participate in, all Council's significant decision-making and issues which may have an impact on rates.
- All statutory requirements for meetings, including public notice and public availability of order papers, will be met.

Short-term by 30 June 2007

- All statutory decision-making processes will be completed in accordance with requirements.
- Community input will be sought prior to any significant decision on matters which may impact on rates.
- Public notice of meetings will be given in accordance with the Local Government Official Information and Meetings Act 1987.
- Order papers for meetings will be available for public inspection at least two working days before the meeting.

Short-term by 30 June 2008

- All statutory decision-making processes will be completed in accordance with requirements.
- Community input will be sought prior to any significant decision on matters which may impact on rates.
- Public notice of meetings will be given in accordance with the Local Government Official Information and Meetings Act 1987.
- Order papers for meetings will be available for public inspection at least two working days before the meeting.

Short-term by 30 June 2009

- All statutory decision-making processes will be completed in accordance with requirements.
- Community input will be sought prior to any significant decision on matters which may impact on rates.
- Public notice of meetings will be given in accordance with the Local Government Official Information and Meetings Act 1987.
- Order papers for meetings will be available for public inspection at least two working days before the meeting.



Community Targets

Activity: Involve Māori in our work

Levels of service:

- 1** Work with iwi, collectively – through Ara Tahi – and also individually
- 2** Assist iwi to undertake special projects and to work with the Council

Long-term target by 30 June 2016

- Greater Wellington and iwi of the region will continue to have a mutually beneficial relationship.

Short-term by 30 June 2007

- Ara Tahi will meet six times, within budget.
- Iwi will be assisted to undertake projects under relevant contracts and within budget.

Short-term by 30 June 2008

- Ara Tahi will meet six times, within budget.
- Iwi will be assisted to undertake projects under relevant contracts and within budget.

Short-term by 30 June 2009

- Ara Tahi will meet six times, within budget.
- Iwi will be assisted to undertake projects under relevant contracts and within budget.



Activity: Participate in the Wellington Regional Strategy Forum

Levels of service:

- 1** Work with city and district councils to develop and implement a Wellington Regional Strategy
- 2** Fund the publication of economic data for the region

Long-term target by 30 June 2016

- Greater Wellington will continue to develop and implement the Wellington Regional Strategy in partnership with territorial authorities in the region.

Short-term by 30 June 2007

- Greater Wellington will continue to provide staff resources for the Wellington Regional Strategy.
- Greater Wellington will facilitate iwi involvement in the Wellington Regional Strategy.

Short-term by 30 June 2008

- Greater Wellington will continue to provide staff resources for the Wellington Regional Strategy.
- Greater Wellington will facilitate iwi involvement in the Wellington Regional Strategy.

Short-term by 30 June 2009

- Greater Wellington will continue to provide staff resources for the Wellington Regional Strategy.
- Greater Wellington will facilitate iwi involvement in the Wellington Regional Strategy.



Community

Prospective funding impact statement

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
FUNDING STATEMENT			
General rate	2,636	2,706	2,804
Targeted rates	2,676	2,676	2,676
Government subsidies	0	0	0
Interest and dividends	11	7	4
Other operating revenue	2,482	2,575	2,702
Operating revenue	7,805	7,964	8,186
Direct operating expenditure	4,325	4,685	4,632
Finance costs	1,636	1,554	1,460
Depreciation	19	23	28
Operating expenditure	5,980	6,262	6,120
Operating surplus/(deficit)	1,825	1,702	2,066
Less:			
Capital expenditure	45	67	5
Proceeds from asset sales	0	(16)	0
Loan funding	0	0	0
Rates-funded capital expenditure	45	51	5
Debt repayment	986	1,068	1,162
Investment additions	0	0	0
Operational reserve movements	91	(173)	84
Working capital movements	0	0	0
Non-cash items (1)	703	756	815
Net funding required	0	0	0

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
OPERATING REVENUE			
Run a democratic process	3,899	3,988	4,136
Involve Maori in our work	407	417	427
Participate in the Wellington Regional Strategy forum	100	103	105
Contribution to the Regional Stadium	3,399	3,456	3,518
Total operating expenditure	7,805	7,964	8,186
OPERATING EXPENDITURE			
Run a democratic process	3,783	4,134	4,074
Involve Maori in our work	407	417	427
Participate in the Wellington Regional Strategy forum	100	103	105
Contribution to the Regional Stadium	1,690	1,608	1,514
Total operating expenditure	5,980	6,262	6,120
CAPITAL EXPENDITURE			
Land and buildings	0	0	0
Plant and equipment	45	18	5
Vehicles	0	49	0
Total capital expenditure	45	67	5

(1) Non-cash items include depreciation and a projected unrealised gain in the advance to the Wellington Regional Stadium Trust. The nominal amount of this advance is \$25 million and as repayment of the advance gets nearer, a higher projected value is recorded. The projected increase in value is recorded as an unrealised revaluation gain each year.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the Revenue and Financing Policy contained within the separate *Policies* document.

Community

Ten-year financial forecast

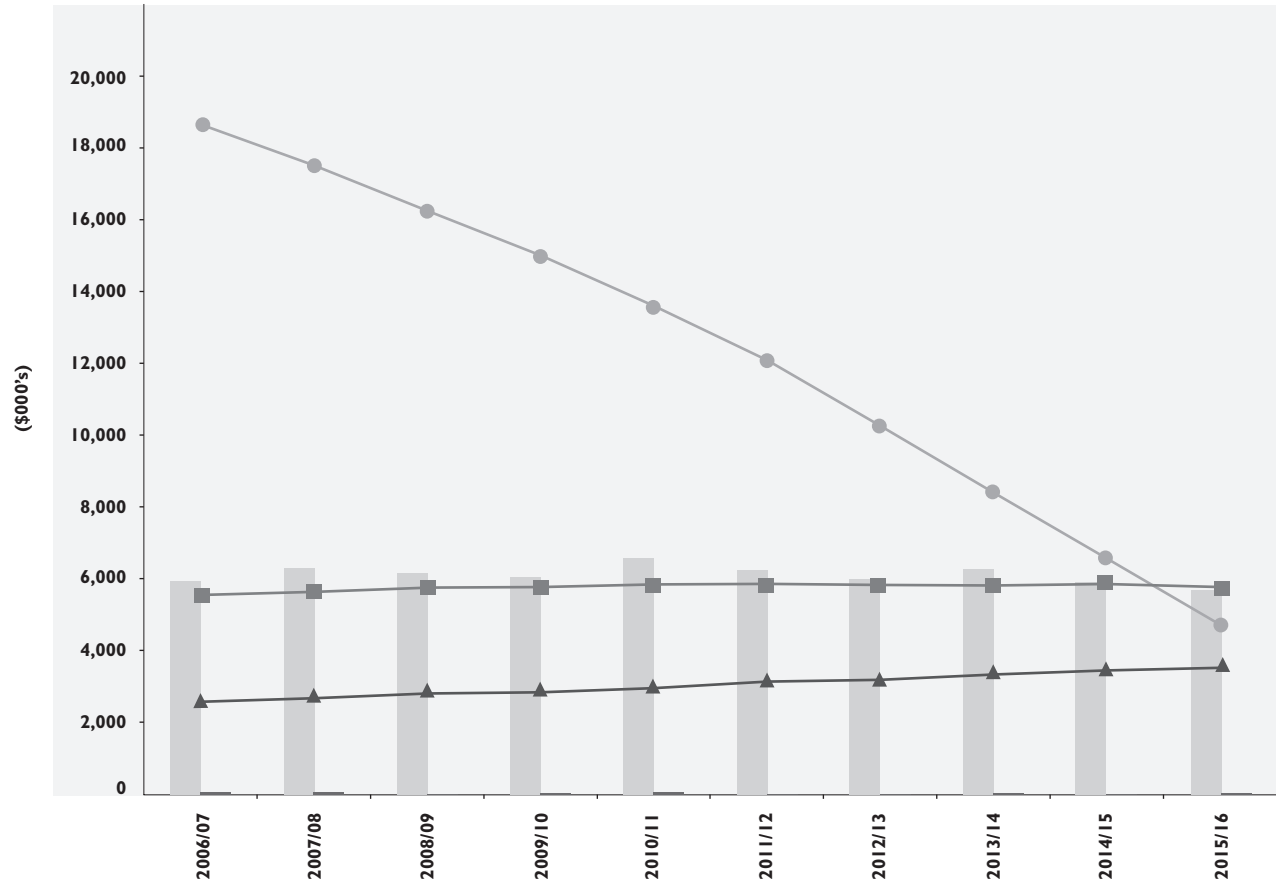


This graph places the prospective funding impact statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- There are rises in operating expenditure every three years due to election costs
- The fall in debt from \$18.5 million to \$4.7 million is due to the repayment of the monies borrowed to fund the Stadium advance. There is a targeted rate on this borrowing which is constant throughout the period.

Please note that these figures exclude GST.



(\$000's)	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Operating expenditure	5,980	6,262	6,120	6,045	6,403	6,153	5,990	6,244	5,973	5,746
Capital expenditure	45	67	5	16	117	6	6	63	6	6
Debt	18,566	17,498	16,336	15,072	13,696	12,205	10,573	8,800	6,870	4,771
Regional rates	5,312	5,382	5,480	5,500	5,688	5,712	5,703	5,851	5,906	5,881
Other operating revenue	2,493	2,582	2,706	2,787	2,951	3,052	3,130	3,241	3,396	3,485



Community

Assumptions and planning considerations

In preparing this plan for Community, the following assumptions have been made:

- The Council will continue to function in substantially the same way as present, with a Council of 13 members and the current committee structure and meeting cycle. No provision has been made for by-elections or for a demand to hold a poll on Māori constituencies.
- Provision for councillor remuneration is based on the pool for the 2005/06 year issued by the Remuneration Authority with an adjustment for inflation and a continuation of current allowances.
- Greater Wellington maintains a relationship with seven iwi authorities.
- The Stadium Trust will not make any repayments to Greater Wellington during the period covered by this Plan.
- The Stadium Trust will not be deemed to be a Council Controlled Trading Organisation in terms of the Local Government Act 2002.

Assets

The activities within Community are not very asset intensive compared with other Greater Wellington activities. The assets include audio visual equipment and vehicles.

Vehicles are maintained in accordance with Greater Wellington's vehicle policy. Asset replacement is funded from current revenue as the size of the assets does not warrant debt funding.



Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- Liquid financial deposits
- Greater Wellington's treasury management function
- Administrative properties (e.g. depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort)
- Rail rolling stock and related transport infrastructure (which are proposed to be purchased in the ten-year period).

Greater Wellington's philosophy in managing investments is to optimise returns in the long-term while balancing risk and return considerations. It 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, Greater Wellington 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 Greater Wellington 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 Greater Wellington's objective to optimise the overall return to ratepayers.

It is important to appreciate that Greater Wellington's investments contribute approximately 12% to the total level of regional rates. In other words, regional rates would need to be 12% higher were it not for the contribution from Greater Wellington's investments.



Investments

Liquid financial deposits

Greater Wellington holds \$44 million in liquid financial deposits as a result of selling its interest in CentrePort to one of its wholly owned subsidiaries, Port Investments Ltd.

Greater Wellington regularly reviews the rationale for holding these liquid financial deposits taking into account:

- General provisions of our treasury management policy including Greater Wellington's attitude to risk and creditworthy counterparties.
- Specific provisions of Greater Wellington'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 for Greater Wellington.

Treasury management function

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

As a result, Greater Wellington 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

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties. It is intended that the Masterton Office building be sold to Pringle House Ltd in the near future. Pringle House is a wholly owned Council Controlled Trading Organisation which owns the Regional Council Centre, at 142 Wakefield Street.



Forestry and business units

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

Greater Wellington 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 Greater Wellington 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 level of internal dividend contribution to the rate line from forestry is currently \$225,000 per year, and will continue to be reviewed annually.

Our other business units, Akura Conservation Centre and the Wairarapa Workshop, are also required to return to us an internal dividend in the same way as plantation forestry and reserve forests.

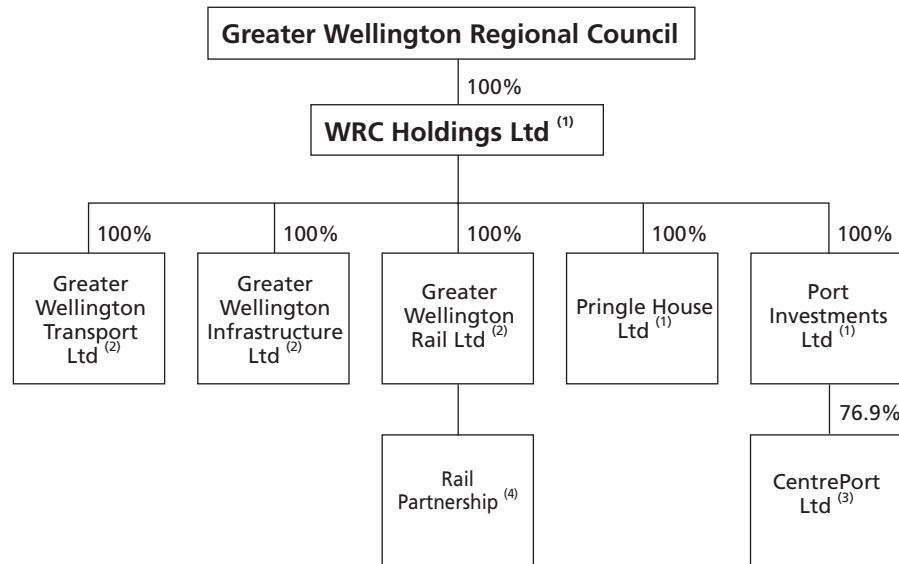
The internal dividend rate is based on the net assets employed by each of these businesses. The level of internal dividend will continue to be reviewed annually.



Investments

WRC Holdings Group

Greater Wellington has, or proposes to establish, the following equity investments in the WRC Holdings Group:



- (1) Council Controlled Trading Organisation in accordance with the Local Government Act 2002.
- (2) Council Controlled Trading Organisation in accordance with the Local Government Act 2002. These companies have not yet been incorporated and are subject to the consultative process as outlined in section 56 of the Local Government Act 2002.
- (3) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Government Act 2002.
- (4) Council Controlled Trading Organisation (CCTO) in accordance with the Local Government Act 2002. This CCTO has not yet been formed and is subject to the consultative process as outlined in section 56 of the Local Government Act 2002.

The CCTOs that we propose to form would own the new passenger transport infrastructure, subject to consultation as part of this Plan (see Transport – assets, p49).

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 Greater Wellington, 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 Greater Wellington's investment and commercial assets from its public good assets.

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

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



WRC Holdings – Statement of Intent

Objectives of the Group

The primary objectives of the Group shall be to:

- Operate as a successful, sustainable and responsible business.
- Own and operate the Greater Wellington’s headquarters at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre) on a cost-effective basis.
- Own Greater Wellington’s interest in CentrePort and to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders’ investment.
- Effectively manage any other investments held by the Group to maximise the commercial value to the shareholders and to protect the shareholders’ investment.
- Hold Greater Wellington’s future investments in passenger rail rolling stock and public transport infrastructure (*proposed new objective*).

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 and sustainable manner.
- Minimise the impact of any of the Group’s activities on the environment.
- Raise awareness of environmental issues within the Group.
- Encourage CentrePort and Pringle House to be more energy efficient and make greater use of renewable energy.

The social objectives of the Group shall be to:

- Be a leading organisation and a superior employer.
- To help sustain the economy of the region.
- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the regions in which the Group operates.



Investments

WRC Holdings Group

Performance targets

Financial	2006/07	2007/08
Net profit (before tax)	\$7.4 million	\$9.1 million
Net profit (after tax) ⁽¹⁾	\$4.8 million	\$6.0 million
Return on total assets ⁽²⁾	6.5%	7.0%
Return on shareholders' funds ⁽³⁾	4.4%	5.5%
Dividends ⁽⁴⁾	\$0.6 million	\$0.9 million

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

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

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

(4) Dividends (interim and final) paid or payable to the shareholder.

Environmental

- CentrePort to comply with AS/NZS 14000: Environmental Management Standards.
- CentrePort to promote the introduction into the district and regional coastal plans of the principals of NZ6809:1999 Acoustics – Port Noise Management and Land Use Planning.
- The group to comply with all conditions under resource consents and permits held, and full adherence to the requirements of environmental law generally.
- CentrePort to complete a noise management plan to support proposed changes to the noise provisions within the district and regional coastal plans.

Social

- CentrePort to maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and comply with the AS/NZS 4801: Occupational Health and Safety Management Systems.
- CentrePort to maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.
- CentrePort to undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety Code which promotes safety and excellence in marine operations.
- Undertake a level of sponsorship appropriate to CentrePort.
- Meet regularly with representative community groups of CentrePort.
- Hold more port tours for community groups.

General

The group will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas.

Note:

The performance targets are those provided by the directors in the Statement of Intent (SOI) for the 2005/06 financial year.

Directors

Anne Blackburn
Margaret Shields
Rick Long

Ian Buchanan (Chairman)
Peter Blades
Terry McDavitt



Statement of Corporate Intent

Objectives of the Company

The primary objectives of the Company shall be to:

- Operate as a successful and responsible business.
- Be customer focused and provide superior service.
- Undertake efficient commercial port and transport related operations to service the port's customers effectively.
- Be the industry leader in transport logistics solutions.

The financial objectives of the Company 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 Company shall be to:

- Operate in an environmentally responsible and sustainable manner
- Raise awareness of environmental issues within the Company.

The social objectives of the Company shall be to:

- Be a learning organisation and superior employer.
- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the regions in which the Company operates.

Performance targets

Financial	2006/07	2007/08
Net profit (before tax)	\$10.1 million	\$11.8 million
Net profit (after tax)	\$7.0 million	\$8.2 million
Return on total assets ⁽¹⁾	6.5%	7.0%
Return on shareholders' funds ⁽²⁾	4.6%	5.2%
Dividends	\$3.6 million	\$4.0 million
Dividend distribution ⁽³⁾	51.4%	48.8%

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

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

(3) Dividend as a percentage of net profit after tax.

The target for return on shareholders' funds is to be in the top four of comparable New Zealand ports.



Performance targets – *continued*

Environmental

- a) Comply with AS/NZS 14000: Environmental Management Standards.
- b) Promote the introduction into the district and regional coastal plans of the principals of NZ6809:1999 Acoustics – Port Noise Management and Land Use Planning.
- c) Complete a noise management plan to support proposed changes to the noise provisions within the district and regional coastal plans.
- d) Comply with all conditions under resource consents and permits held, and to fully adhere to the requirements of environmental law generally.

Social

- a) Maintain tertiary level of compliance with the ACC Workplace Safety Management Practices Programme and the AS/NZS 4801: Occupational Health and Safety Management Systems.
- b) Maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.
- c) Undertake risk assessments and implement any mitigating procedures relating to the Port and Harbour Safety Code which promotes safety and excellence in marine operations.
- d) Undertake an appropriate level of sponsorship.
- e) Meet regularly with representative community groups.
- f) Hold more port tours for community groups.

General

The company will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas in order to be able to maintain triple bottom line reporting in accordance with best practice.

When developing “property held for development” the Board is to adhere to the following principles:

- Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.
- Property developments must not compromise port operations.
- Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.

Note:

The performance targets are those provided by the directors of CentrePort in the Statement of Corporate Intent (SCI) for the 2005/06 financial year.

Shareholders of CentrePort

- Port Investments Ltd: 76.9%
- Horizons Regional Council: 23.1%

Directors

David Benham
 Malcolm Johnson
 Nigel Gould (Chairperson)
 Warren Larsen

Jim Jefferies
 Mark Peterson
 Richard Janes

Investments

Prospective income statement



INCOME STATEMENT

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Operating revenue	17,564	19,235	19,715
Operating expenditure	11,483	12,333	13,353
Earnings before interest	6,081	6,902	6,362
Finance costs	(2,413)	(2,672)	(2,651)
Operating surplus/(deficit)	8,494	9,574	9,013
Less:			
Contribution to general rates	7,556	8,073	8,013
Earnings retained	938	1,501	1,000
OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS			
Liquid financial deposits	3,410	2,926	2,926
WRC Holdings	706	1,362	1,405
Treasury management	3,611	4,073	4,110
Forestry	708	1,297	803
Business units and property	59	(84)	(231)
Operating surplus	8,494	9,574	9,013

NET CONTRIBUTION TO GENERAL RATES FROM INDIVIDUAL INVESTMENTS

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Liquid financial deposits	3,410	2,926	2,926
WRC Holdings	422	1,057	1,078
Treasury management	3,611	4,073	4,110
Forestry	225	225	225
Business units and property	(112)	(208)	(326)
Total contribution to general rates	7,556	8,073	8,013



Investments

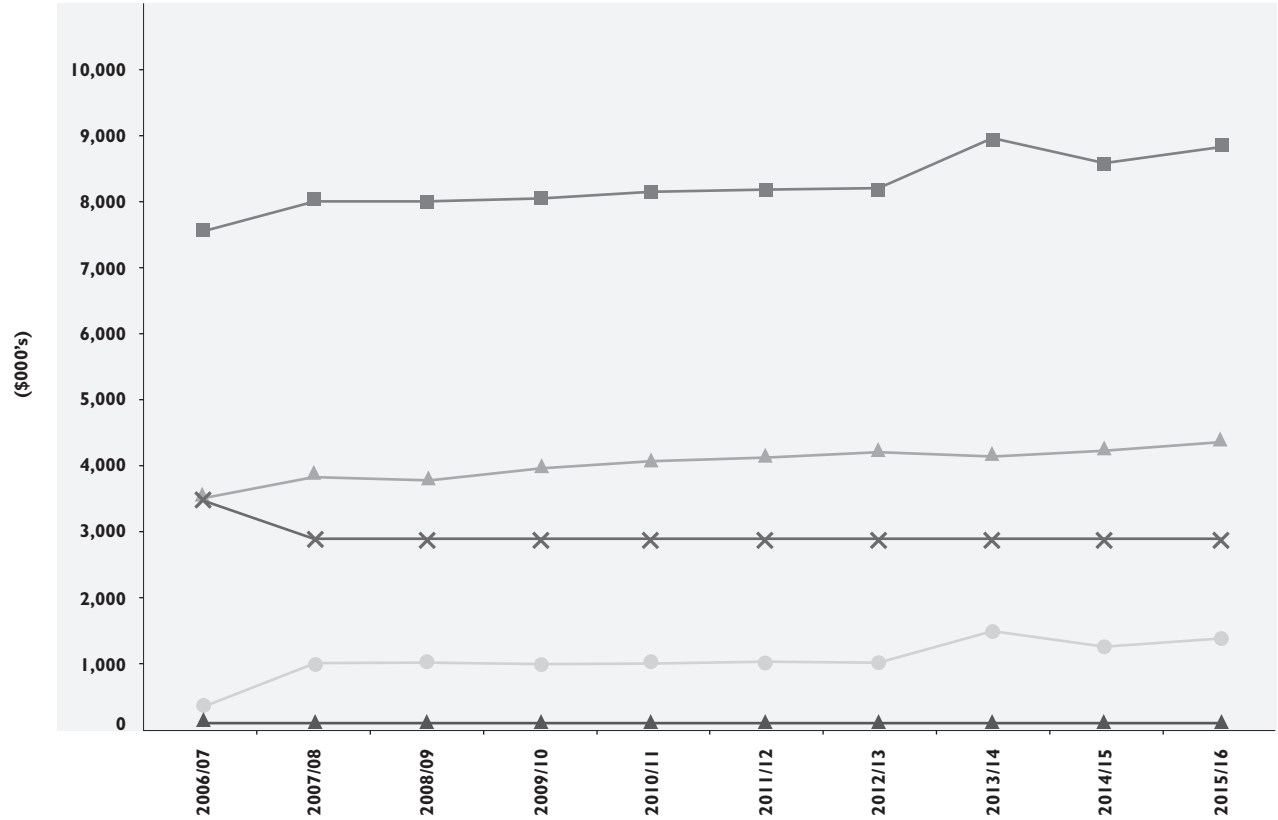
Ten-year financial forecast

This graph places the prospective income statement for the next year in the context of the ten-year planning horizon.

Key points to note are:

- There is a steady rise in the contribution from investments to general rates due to the increasing level of debt within the Council. There is a small interest rate margin charged on the debt borrowed by each Council activity
- Without the contribution from investments, regional rates would need to rise by a further 12% in 2006/07.

Please note that these figures exclude GST.



	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Overall contribution to general rates	7,556	8,073	8,013	8,149	8,310	8,357	8,377	8,910	8,654	8,904
Liquid financial deposit contribution	3,410	2,926	2,926	2,926	2,926	2,926	2,926	2,926	2,926	2,926
WRC Holdings contribution	422	1,057	1,078	1,049	1,050	1,093	1,075	1,538	1,318	1,419
Forestry contribution	225	225	225	225	225	225	225	225	225	225
Treasury, business units & property contribution	3,499	3,865	3,784	3,949	4,109	4,113	4,151	4,221	4,185	4,334



Assumptions

The following key assumptions relating to the Greater Wellington's investments have been made:

Greater Wellington will continue to hold its current investments throughout the ten-year period (This is not necessarily a reflection of the Council's long-term intentions. However, should the Council wish to dispose of any investments in the future it will follow the necessary processes laid down in the Local Government Act 2002).

The internal dividend projected from plantation and reserve forest investments and other business units will remain at current levels throughout the ten-year period.

Returns from the Council's Treasury Management activity are partly dependent on completion of planned capital work programmes by other areas of the Council and will vary if planned expenditure does not take place.

The 90 day bank bill rate will be between 6.0% and 7.4% over the ten-year period.



Prospective financial information

These prospective financial statements were authorised for issue by Greater Wellington Regional Council on 9 March 2006. Greater Wellington is responsible for these prospective financial statements, including the appropriateness of the assumptions and other disclosures.

Greater Wellington's planning processes are governed by the Local Government Act 2002. The Act requires the Council to prepare a ten-year Long-term Council Community Plan (LTCCP) every three years and an Annual Plan, which updates the LTCCP by exception, in the intervening years. This is Greater Wellington's proposed LTCCP for the period 2006-16 and is prepared in accordance with the Act. Caution should be exercised in using these financial statements for any other purpose.

Assumptions

The prospective financial information contained in this LTCCP / Annual Plan is based on assumptions that the Council reasonably expected to occur as at 9 March 2006. Actual results are likely to vary from the information presented and these variations may be material.

The following are the key assumptions used in preparing the LTCCP:

- Financial projections over the ten-year period have been adjusted to include estimated inflation. The indices below have been prepared by BERL, an economic forecasting agency. The inflation indices used are:

	Staff	Transport Contracts	Other
2007/08	2.5%	3.7%	3.1%
2008/09	2.4%	3.5%	2.9%
2009/10	2.2%	3.2%	2.7%
2010/11	2.0%	2.9%	2.5%
2011/12	1.8%	2.6%	2.3%
2012/13	1.7%	2.4%	2.1%
2013/14	1.5%	2.2%	1.9%
2014/15	1.3%	1.9%	1.6%
2015/16	1.3%	1.9%	1.6%

In respect of 2006/07 financial projections have been calculated in estimated 2006/07 dollars.

Revaluation of Water Supply and Flood Protection property, plant and equipment has been projected in accordance with their respective five yearly revaluation cycles. Revaluation of other property, plant and equipment has not been projected, as this would not have a material affect on the prospective financial information.

- The 90 day bank bill interest rate is assumed to be 7.4% in 2006/07 and 6.3% thereafter. An interest rate on internal debt of 7.25% has been applied across the ten years of the plan.
- The basis of funding provided by Land Transport New Zealand for public transport is assumed to be the following over the period:

Rail	60%
Bus and ferry	50%
Total mobility	60%

Prospective financial information



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- For those areas serviced by Greater Wellington Water Supply, the population growth rate for the period 2005 to 2026 is forecast at 10.2%.
- In respect of rail rolling stock purchased offshore, it is assumed that the New Zealand dollar will stay around current levels until contract signing during the 2006/07 year. The Crown, through Land Transport New Zealand, will fund approximately 80% of the total cost, with 20% funded by Greater Wellington
- The following projects in respect of the Western Corridor have been included in the LTCCP. It is assumed that these projects will be 100% funded by the Crown. There has been no allowance for any contribution from *Greater Wellington*. If the Crown does not contribute 100% and some funding is required from Greater Wellington, then it is questionable whether all of these projects will proceed in their current form due to Greater Wellington's lack of capacity to fund this additional expenditure.
 - Double tracking of the railway tracks between McKays Crossing and Raumati
 - Additional rail rolling stock
 - Porirua bus – rail interchange
 - Lindale bus – rail interchange
- Service levels provided will be maintained at current levels, except where stated.
- No major changes to the current legislative environment.
- No major flood events.
- Asset lives have been estimated in accordance with Greater Wellington's accounting policies.
- Passenger transport infrastructure investment and other capital expenditure are partly funded by debt. Debt repayments have been estimated in accordance with the Treasury Management Policy.

Risks to significant forecasting assumptions

The following table outlines risks to significant forecasting assumptions. If these assumptions prove to be incorrect, there could be a significant effect on the level of rates that Greater Wellington plans to collect from the community. In this situation, Greater Wellington will re-examine its work programmes and determine if it is appropriated to rate the community, or in fact change the scope of those programmes.

Risk to assumption	Risk level	Likely financial effect	Consequence / mitigation strategy
Inflation is lower or higher	medium	medium	Changes the level of rates and debt levels
Interest rates are higher or lower	medium	medium	Changes the level of rates and debt levels / offset by hedging strategies
Funding from Land Transport NZ is higher or lower	medium	high	Changes the level of rates and debt. Examine service levels and work programme and adjust if necessary
Exchange rate is higher or lower affecting the purchase price of passenger rail rolling stock	high	high	Change levels of rates and debt / hedging of known liabilities and seek more funding from the Crown
Western corridor projects are not 100% funded by the Crown	high	high	Re-examine extent of programme and determine whether any of the projects proceed
A natural disaster / flood event occurs which damages Greater Wellington's property, plant and equipment	medium	low – high	Call on insurance and self-insurance funds, adjust operating programmes and change the level of rates and debt if necessary



Prospective financial information

Balanced budget requirement

The Council has resolved under Section 100 (2) of the Local Government Act 2002 not to balance its operating budget in the last four years of this Plan. The reasons for this are:

- The deficit has arisen from mismatches in the accounting treatment of government grants received for the purchase of capital assets such as passenger rail rolling stock. The grants are accounted for as operating revenue, while the rail rolling stock is capitalised and accounted for as fixed assets which are then written off over their useful lives. Therefore, in the years the grants are received, Greater Wellington makes large surpluses as evidenced in the financial statements.
- The deficits are not cash deficits but are simply accounting deficits due to the timing issues noted above.
- Greater Wellington is of the opinion that it is not appropriate to rate the community for the depreciation on these assets as this would mean that current rate payers would have to pay more than their fair share for these assets. Rates will only fund the debt repayment on Greater Wellington's share of the capital expenditure. At the end of the design life of the transport infrastructure and passenger rail rolling stock, Greater Wellington will seek government funding to replace these assets if appropriate or necessary to do so.
- Greater Wellington is of the opinion that it is financially prudent not to balance the budget in respect of this issue and that service levels will not be decreased.

Significant negative effects

Greater Wellington has considered each of its activities in terms of the requirements of Schedule 10 of the Local Government Act 2002. There are no significant negative effects on the social, economic, environmental or cultural well-being of the local community resulting from any activity, except where stated.

Total council financial statements

Prospective income statement



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Operating revenue										
Environment	10,208	10,742	11,338	11,521	11,560	11,682	11,815	11,825	11,938	12,159
Transport	146,566	133,811	162,231	176,503	170,180	161,578	120,481	124,829	129,047	129,808
Water supply	24,164	25,588	27,135	29,242	31,468	33,795	36,228	37,015	37,716	38,434
Parks	6,284	7,064	6,784	7,102	7,235	7,444	7,724	7,557	7,533	7,850
Safety and flood protection	14,852	15,415	15,958	16,753	17,618	18,308	18,498	18,651	19,052	19,632
Land	11,442	13,202	12,817	13,397	12,812	13,123	13,400	13,650	13,849	14,049
Community	7,805	7,964	8,186	8,287	8,639	8,764	8,833	9,092	9,302	9,366
Investments	10,008	11,162	11,702	10,011	10,929	10,423	10,205	13,488	16,215	10,039
Other	2,145	2,308	2,411	2,486	2,560	2,635	2,706	2,610	2,677	2,742
Total operating revenue	233,474	227,256	258,562	275,302	273,001	267,752	229,890	238,717	247,329	244,079
Less: internal operating revenue	8,993	9,682	9,345	9,624	9,969	10,220	10,447	10,440	10,627	10,737
Total external operating revenue	224,481	217,574	249,217	265,678	263,032	257,532	219,443	228,277	236,702	233,342
Operating expenditure										
Environment	10,315	10,825	11,179	11,536	11,477	11,632	11,593	11,803	11,970	12,187
Transport	76,044	82,754	93,322	104,283	133,183	145,244	134,987	139,148	143,264	144,198
Water supply	26,099	26,210	26,690	28,336	28,600	28,652	29,348	31,067	33,806	35,043
Parks	6,406	6,991	6,917	7,244	7,310	7,538	7,601	7,644	7,648	7,839
Safety and flood protection	11,923	12,744	13,195	13,698	14,170	14,865	14,949	15,313	15,537	15,923
Land	11,492	13,297	12,915	13,359	12,781	13,089	13,313	13,659	13,772	14,005
Community	5,980	6,262	6,120	6,045	6,403	6,153	5,990	6,244	5,973	5,746
Investments	9,070	9,661	10,702	9,858	10,187	9,980	10,564	13,146	13,944	11,835
Other	1,851	1,987	2,326	2,554	2,667	2,887	2,722	2,708	2,745	2,808
Total operating expenditure	159,180	170,731	183,366	196,913	226,778	240,040	231,067	240,732	248,659	249,584
Less: internal operating expenditure	8,993	9,682	9,345	9,624	9,969	10,220	10,447	10,440	10,627	10,737
Total external operating expenditure	150,187	161,049	174,021	187,289	216,809	229,820	220,620	230,292	238,032	238,847
Operating surplus/(deficit)	74,294	56,525	75,196	78,389	46,223	27,712	(1,177)	(2,015)	(1,330)	(5,505)

A further breakdown of operating revenue and operating expenditure is contained in the Funding Impact Statement on page 132.

The large operating surpluses in 2006/07 to 2011/12 are due to government grants being accounted for as income. A significant portion of these grants is used to fund our capital purchase of passenger transport infrastructure. The new transport assets are then depreciated over their expected life, resulting in deficits in future years.



Total council financial statements

Prospective statement of changes in equity

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Opening ratepayers' funds	553,631	653,673	710,198	835,107	913,496	959,719	1,012,334	1,011,157	1,049,773	1,048,443
Operating surplus/deficit	74,294	56,525	75,196	78,389	46,223	27,712	(1,177)	(2,015)	(1,330)	(5,505)
Movements in revaluation reserves	25,748	0	49,713	0	0	24,903	0	40,631	0	0
Revenue and expense recognised in equity	100,042	56,525	124,909	78,389	46,223	52,615	(1,177)	38,616	(1,330)	(5,505)
Closing ratepayers' funds	653,673	710,198	835,107	913,496	959,719	1,012,334	1,011,157	1,049,773	1,048,443	1,042,938

Movements in revaluation reserves are the projected revaluation of Water Supply and Flood Protection property, plant and equipment. These have been projected in accordance with their respective five yearly revaluation cycles.

Total council financial statements

Prospective balance sheet



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
ASSETS										
Cash and cash equivalents	2,705	2,705	2,705	2,705	2,705	2,705	2,705	2,705	2,705	2,705
Investments (current)	56,981	58,772	60,675	62,697	64,845	67,127	69,553	72,129	74,867	77,776
Other current assets	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880	16,880
Current assets	76,566	78,357	80,260	82,282	84,430	86,712	89,138	91,714	94,452	97,361
Investments (non-current)	104,899	153,446	228,804	329,673	373,463	396,973	379,724	362,507	345,235	327,976
Forestry investments	19,389	21,611	23,265	24,512	26,226	27,630	28,683	29,461	31,113	31,061
Property, plant and equipment	557,959	566,702	621,937	631,023	636,963	665,102	683,064	751,885	767,061	775,897
Other non-current assets	0	0	0	0	0	0	0	0	0	0
Non-current assets	682,247	741,759	874,006	985,208	1,036,652	1,089,705	1,091,471	1,143,853	1,143,409	1,134,934
Total assets	758,813	820,116	954,266	1,067,490	1,121,082	1,176,417	1,180,609	1,235,567	1,237,861	1,232,295
RATEPAYERS' FUNDS										
Retained earnings	447,032	502,505	576,584	653,855	699,026	725,615	723,353	720,332	717,928	711,317
Reserves	206,641	207,693	258,523	259,641	260,693	286,719	287,804	329,441	330,515	331,621
Total ratepayers' funds	653,673	710,198	835,107	913,496	959,719	1,012,334	1,011,157	1,049,773	1,048,443	1,042,938
LIABILITIES										
Debt (current)	2,483	3,397	2,143	1,687	1,799	1,914	2,942	3,177	3,665	3,504
Other current liabilities	19,230	19,230	19,230	19,230	19,230	19,230	19,230	19,230	19,230	19,230
Current liabilities	21,713	22,627	21,373	20,917	21,029	21,144	22,172	22,407	22,895	22,734
Debt (non-current)	83,427	87,291	97,786	133,077	140,334	142,939	147,280	163,387	166,523	166,623
Non-current liabilities	83,427	87,291	97,786	133,077	140,334	142,939	147,280	163,387	166,523	166,623
Total liabilities	105,140	109,918	119,159	153,994	161,363	164,083	169,452	185,794	189,418	189,357
Total equity and liabilities	758,813	820,116	954,266	1,067,490	1,121,082	1,176,417	1,180,609	1,235,567	1,237,861	1,232,295



Total council financial statements

Prospective statement of cash flows

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash is provided from:										
Regional rates	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987
Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
Government subsidies	113,427	98,471	123,533	134,014	123,381	112,881	69,504	71,268	71,818	72,319
Interest and dividends	3,894	3,964	4,032	4,056	4,062	4,038	4,030	4,030	3,999	3,958
Fees, charges and other revenue	17,503	19,282	19,978	19,445	19,404	19,530	20,178	22,984	23,710	21,991
	219,220	211,330	243,177	260,253	256,718	251,195	213,439	220,779	226,975	227,292
Cash is disbursed to:										
Interest	5,231	5,537	6,130	7,648	9,095	9,450	9,743	10,559	11,332	11,506
Payment to suppliers and employees	132,174	139,526	147,181	151,095	172,073	176,399	162,124	167,960	171,705	173,305
	137,405	145,063	153,311	158,743	181,168	185,849	171,867	178,519	183,037	184,811
Net cash flows from operating activities	81,815	66,267	89,866	101,510	75,550	65,346	41,572	42,260	43,938	42,481
CASH FLOWS FROM INVESTING ACTIVITIES										
Cash is provided from:										
Tax refund	0	0	0	0	0	0	0	0	0	0
Sale of property, plant and equipment	368	309	362	408	446	442	460	319	491	427
Investment withdrawals	0	0	0	0	0	0	0	0	0	0
	368	309	362	408	446	442	460	319	491	427
Cash is applied to:										
Tax expense	0	0	0	0	0	0	0	0	0	0
Purchase of property, plant and equipment	20,497	19,952	17,734	23,475	20,766	18,718	33,499	44,790	33,817	28,474
Investment additions	81,137	51,148	81,525	113,066	62,373	49,549	13,676	13,954	14,125	14,336
	101,634	71,100	99,259	136,541	83,139	68,267	47,175	58,744	47,942	42,810
Net cash flows from investing activities	(101,266)	(70,791)	(98,897)	(136,133)	(82,693)	(67,825)	(46,715)	(58,425)	(47,451)	(42,383)



Total council financial statements

Prospective regional rates and capital expenditure

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
REGIONAL RATES										
Environment	8,907	9,385	9,943	10,090	10,095	10,185	10,287	10,271	10,359	10,555
Transport	32,274	34,456	37,769	41,517	45,785	47,640	49,879	52,432	56,073	56,303
Water supply	0	0	0	0	0	0	0	0	0	0
Parks	5,517	6,109	6,026	6,247	6,361	6,434	6,664	6,513	6,477	6,778
Safety and flood protection	12,384	13,063	13,611	14,340	15,066	15,646	15,720	15,740	16,038	16,502
Land	4,076	4,370	4,426	4,774	4,649	4,731	4,781	4,847	4,908	4,967
Community	5,312	5,382	5,480	5,500	5,688	5,712	5,703	5,851	5,906	5,881
Investments	(7,556)	(8,073)	(8,013)	(8,149)	(8,310)	(8,357)	(8,377)	(8,910)	(8,654)	(8,904)
Other	706	734	757	775	786	798	810	842	871	905
Total regional rates	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987
CAPITAL EXPENDITURE AND TRANSPORT INVESTMENT										
Environment	431	275	627	269	131	134	374	175	141	144
Transport	83,839	54,818	83,624	119,363	65,693	51,962	16,378	17,359	17,973	18,225
Water supply	6,339	6,548	7,694	5,708	4,665	7,700	22,060	31,812	22,310	16,813
Parks	477	452	272	410	327	394	561	286	654	458
Safety and flood protection	5,934	4,973	5,105	8,438	8,385	6,233	5,543	6,032	4,217	4,769
Land	108	158	73	127	118	123	178	82	176	147
Community	45	67	5	16	117	6	6	63	6	6
Investments	2,511	1,404	383	378	475	441	442	472	527	476
Other	1,000	1,455	526	882	2,279	324	683	1,513	988	822
Total capital expenditure	100,684	70,150	98,309	135,591	82,190	67,317	46,225	57,794	46,992	41,860

Total council financial statements

Prospective investments



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
EQUITY INVESTMENTS										
New Zealand Local Government Insurance Corporation Ltd shares	80	80	80	80	80	80	80	80	80	80
WRC Holdings Ltd shares	95,068	142,834	217,349	317,309	360,115	382,564	364,169	345,713	327,105	308,402
Total equity investments	95,148	142,914	217,429	317,389	360,195	382,644	364,249	345,793	327,185	308,482
OTHER INVESTMENTS										
Liquid financial deposits	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
Water Supply contingency investments	10,914	12,369	13,916	15,559	17,305	19,160	21,131	23,225	25,450	27,814
Major flood recovery fund	2,067	2,403	2,759	3,138	3,540	3,967	4,422	4,904	5,417	5,962
Stadium advance	9,751	10,532	11,375	12,284	13,268	14,329	15,475	16,714	18,050	19,494
Total other investments	66,732	69,304	72,050	74,981	78,113	81,456	85,028	88,843	92,917	97,270
DERIVATIVES										
Cash flow hedge	0	0	0	0	0	0	0	0	0	0
Fair value hedge	0	0	0	0	0	0	0	0	0	0
Total cash flow hedges	-	-	-	-	-	-	-	-	-	-
Total investments	161,880	212,218	289,479	392,370	438,308	464,100	449,277	434,636	420,102	405,752
Investments (current)	56,981	58,772	60,675	62,697	64,845	67,127	69,553	72,129	74,867	77,776
Investments (non-current)	104,899	153,446	228,804	329,673	373,463	396,973	379,724	362,507	345,235	327,976
Total investments	161,880	212,218	289,479	392,370	438,308	464,100	449,277	434,636	420,102	405,752



Total council financial statements

Prospective reserves

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Area of benefit reserves										
River rate reserves	702	949	1,158	1,380	1,614	1,862	2,124	2,402	2,695	3,006
Wairarapa scheme reserves	2,358	2,887	3,385	3,840	4,276	4,611	4,871	5,062	5,221	5,389
Transport reserves	2,355	2,492	2,636	2,789	2,951	3,122	3,303	3,495	3,698	3,912
Bovine tuberculosis rate reserve	462	259	155	164	173	183	194	205	217	230
Bioworks reserve	169	173	173	168	157	138	114	85	48	6
Akura nursery reserve	(7)	17	42	68	97	119	126	158	154	187
Contingency reserves										
Rural fire contingency reserve	51	51	51	52	52	53	53	53	54	54
Flood contingency reserve	969	1,231	1,559	1,907	2,275	2,664	3,076	3,512	3,972	4,460
Environment legal contingency reserve	310	328	347	368	389	412	435	461	487	516
Special reserves										
Election reserve	206	31	117	205	32	115	206	30	117	205
Corporate systems reserves	1,021	1,230	1,141	941	918	778	640	685	559	363
Expense rebudgeting reserves										
Expenditure carried forward	0	0	0	0	0	0	0	0	0	0
Total operational reserves	8,596	9,648	10,764	11,882	12,934	14,057	15,142	16,148	17,222	18,328
Revaluation of property, plant and equipment	198,045	198,045	247,759	247,759	247,759	272,662	272,662	313,293	313,293	313,293
Total revaluation reserves	198,045	198,045	247,759	247,759	247,759	272,662	272,662	313,293	313,293	313,293
Hedging reserves	0	0	0	0	0	0	0	0	0	0
Total hedging reserves	0	0	0	0	0	0	0	0	0	0
Fair-value reserves	0	0	0	0	0	0	0	0	0	0
Total fair-value reserves	0	0	0	0	0	0	0	0	0	0
Total reserves	206,641	207,693	258,523	259,641	260,693	286,719	287,804	329,441	330,515	331,621

Total council financial statements

Prospective debt



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	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Environment	296	386	568	533	367	243	152	97	67	34
Transport	17,633	18,012	25,201	58,221	65,883	72,592	69,293	65,884	62,220	58,161
Water supply	48,350	49,916	51,538	49,500	44,474	40,268	48,645	67,373	77,237	81,842
Parks	3,343	3,159	3,003	2,975	2,812	2,725	2,580	2,370	2,564	2,431
Flood protection	30,157	32,615	35,165	40,633	45,770	48,554	50,777	53,717	54,674	56,056
Harbour management	562	513	461	405	345	280	211	136	56	0
Stadium	18,566	17,498	16,336	15,072	13,696	12,205	10,573	8,800	6,870	4,771
WRCH Group	2,206	1,901	1,573	1,221	842	436	0	0	0	0
Forestry	24,688	25,994	27,256	28,968	30,694	32,410	34,599	35,419	35,189	37,314
Property	2,903	3,778	3,588	3,385	3,166	2,932	2,680	2,409	2,119	1,807
Corporate systems	1,175	1,938	1,378	1,107	2,391	1,638	1,227	1,880	1,787	1,412
Total activities debt	149,879	155,710	166,067	202,020	210,440	214,283	220,737	238,085	242,783	243,828
Treasury internal funding	63,969	65,022	66,138	67,256	68,307	69,430	70,515	71,521	72,595	73,701
Total external debt	85,910	90,688	99,929	134,764	142,133	144,853	150,222	166,564	170,188	170,127
External debt (current)	2,483	3,397	2,143	1,687	1,799	1,914	2,942	3,177	3,665	3,504
External debt (non-current)	83,427	87,291	97,786	133,077	140,334	142,939	147,280	163,387	166,523	166,623
Total external debt	85,910	90,688	99,929	134,764	142,133	144,853	150,222	166,564	170,188	170,127



Funding impact statement

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
OPERATING REVENUE										
General rates	21,989	23,288	24,264	25,273	25,784	26,348	26,548	25,908	26,472	26,918
Targeted rates	39,631	42,138	45,735	49,821	54,336	56,441	58,919	61,678	65,506	66,069
Regional rates	61,620	65,426	69,999	75,094	80,120	82,789	85,467	87,586	91,978	92,987
Water supply levy	22,776	24,187	25,635	27,644	29,751	31,957	34,260	34,911	35,470	36,037
Government subsidies	113,427	98,471	123,533	134,014	123,381	112,881	69,504	71,268	71,818	72,319
Interest and dividends	4,750	4,805	4,985	5,128	5,260	5,370	5,505	5,656	5,787	5,917
Unrealised revaluation gains	4,405	5,403	5,087	4,353	5,116	5,005	4,529	5,872	7,939	4,091
Other operating revenue	17,503	19,282	19,978	19,445	19,404	19,530	20,178	22,984	23,710	21,991
Total external operating revenue	224,481	217,574	249,217	265,678	263,032	257,532	219,443	228,277	236,702	233,342
OPERATING EXPENDITURE										
Personnel cost	28,585	29,481	30,188	30,852	31,469	32,036	32,580	33,069	33,499	33,935
Grants and subsidies	56,179	60,557	63,549	64,595	68,795	69,803	73,518	76,439	79,182	79,035
Finance costs	5,556	5,792	6,340	7,859	9,320	9,691	9,970	10,736	11,441	11,543
Investment impairment	497	2,431	6,060	12,157	18,617	26,150	31,121	31,459	31,784	32,089
Depreciation	9,765	10,900	11,850	13,981	14,379	15,041	15,075	16,281	18,152	19,211
Tax expense	0	0	0	0	0	0	0	0	0	0
Other operating expenses	49,605	51,888	56,034	57,845	74,229	77,099	58,356	62,308	63,974	63,034
Total external operating expenditure	150,187	161,049	174,021	187,289	216,809	229,820	220,620	230,292	238,032	238,847
Operating surplus/(deficit)	74,294	56,525	75,196	78,389	46,223	27,712	(1,177)	(2,015)	(1,330)	(5,505)
Less:										
Capital expenditure and transport investments	100,684	70,150	98,309	135,591	82,190	67,317	46,225	57,794	46,992	41,860
Proceeds from asset sales	(368)	(309)	(362)	(408)	(446)	(442)	(460)	(319)	(491)	(427)
Loan funding of capital expenditure	(24,054)	(11,713)	(17,398)	(44,065)	(17,710)	(14,150)	(15,933)	(27,514)	(16,297)	(10,698)
Rate, levy and subsidy-funded capital expenditure	76,262	58,128	80,549	91,118	64,034	52,725	29,832	29,961	30,204	30,735
Other loan funding	(3,903)	(4,896)	(3,796)	(3,986)	(4,239)	(4,416)	(5,917)	(4,813)	(4,371)	(6,597)
Debt repayment	6,736	10,779	10,838	12,098	13,527	14,723	15,395	14,978	15,972	16,250
Other investment movements	1,806	1,791	1,903	2,022	2,148	2,282	2,425	2,577	2,738	2,909
Operational reserve movements	1,444	1,052	1,116	1,118	1,052	1,123	1,085	1,006	1,074	1,106
Non-cash items	(8,051)	(10,329)	(15,414)	(23,981)	(30,299)	(38,725)	(43,997)	(45,724)	(46,947)	(49,908)
Net funding required	0	0	0	0	0	0	0	0	0	0

Non-cash items include depreciation, investment impairment, forestry cost of goods sold and unrealised revaluation gains.

Funding impact statement



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Funding mechanisms	Groups of activities funded	Valuation system	Matters for differentiation	Calculation factor	Year to be used
General rate					
General rate	All except water supply and transport	Capital value	Where the land is situated	Cents per dollar of rateable capital value	2006/07 to 2015/16
Uniform annual charge	Greater Wellington does not apply a uniform annual general charge.				

Targeted rates

Regional transport	Transport	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value	2006/07 to 2015/16
River management	Safety and Flood protection	Capital value/land value	Where the land is situated	Cents per dollar of rateable capital value / land value	2006/07 to 2015/16
Stadium purposes	Community	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value	2006/07 to 2015/16
Bovine Tb	Land	Land area	The area of land within each rating unit and provision of a service provided	Dollars per hectare	2006/07 to 2015/16
Wairarapa river management schemes	Safety and Flood protection	Land area	Where the land is situated (Set under S146 of the Local Government (Rating) Act 2002 using approved classification and differential registers)	Dollars per hectare of land in the area of benefit	2006/07 to 2015/16
Te Whiti stopbank	Flood protection	Land area	Where the land is situated and in some cases residential use	Dollars per hectare of land in the area of benefit and in some cases a fixed charge per separate use or inhabited part	2006/07 to 2015/16
Wairarapa catchment schemes	Land	Land area	Where the land is situated (Set under S146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and in some cases residential use	Dollars per hectare of land in the area of benefit and in some cases a fixed charge per separate use or inhabited part	2006/07 to 2015/16
Wairarapa drainage schemes	Safety and Flood protection	Land area	Where the land is situated (Set under S146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and in some cases residential use	Dollars per hectare of land in the area of benefit and in some cases a fixed charge per separate use or inhabited part	2006/07 to 2015/16

Differential on the general rate

Other than using an "estimate of projected valuation" under section 131 of the Local Government (Rating) Act 2002 to recognise that valuation dates across the region vary, Greater Wellington does not differentiate the general rate.



Funding impact statement

	Proposed rate 2006/07 cents per \$ of rateable capital value	Revenue sought 2006/07 \$		Proposed rate 2006/07 cents per \$ of rateable capital value	Revenue sought 2006/07 \$
General rate			Targeted rate: regional transport		
Wellington City	0.03406	12,044,505	Wellington City		
Lower Hutt City	0.03831	4,181,005	Downtown city centre business	0.23372	13,060,676
Upper Hutt City	0.03857	1,501,143	Urban	0.03256	9,581,706
Porirua City	0.03730	1,824,263	Rural	0.00943	32,253
Kapiti Coast District	0.03333	2,494,236	Lower Hutt City		
Masterton District	0.03333	1,275,817	Urban	0.05911	6,349,122
Carterton District	0.04226	497,807	Rural	0.01650	28,791
South Wairarapa District	0.04635	915,454	Upper Hutt City		
Tararua District	0.03029	2,740	Urban	0.05763	2,038,337
Total general rate		24,736,970	Rural	0.01615	57,338
			Porirua City		
			Urban	0.06969	3,143,863
			Rural	0.01923	73,080
			Kapiti Coast District		
			Urban	0.02218	1,393,198
			Rural	0.00693	83,336
			Masterton District		
			Urban	0.00904	148,016
			Rural	0.00314	68,845
			Carterton District		
			Urban	0.01588	48,806
			Rural	0.00500	43,500
			South Wairarapa District		
			Urban	0.01692	82,409
			Rural	0.00509	75,823
			Total regional transport rate		36,309,099

Funding impact statement



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	Proposed rate 2006/07 cents per \$ of rateable capital value	Revenue sought 2006/07 \$
Targeted rate: river management		
Wellington City	0.00041	143,654
Lower Hutt City	0.01395	1,522,685
Upper Hutt City	0.01446	562,628
Porirua City	0.00168	82,405
Kapiti Coast District	0.01778	1,330,470
Carterton District	0.00173	20,329
Total district-wide river management rate		3,662,171
Greytown Ward	0.05731	129,525
Total river management rates based upon capital value		3,791,696
	Proposed rate 2006/07 cents per \$ of rateable land value	Revenue sought 2006/07 \$
Greytown stopbank	0.02722	19,682
Donalds Creek stopbank	0.11885	30,410
Total river management rates based upon land value		50,092
Total river management rates		3,841,788
	Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Targeted rate: bovine Tb		
Land area > 10ha and defined operational area	0.33750	160,425
Total bovine Tb rate		160,425

Targeted rate: stadium purposes

	Proposed rate 2006/07 cents per \$ of rateable capital value	Revenue sought 2006/07 \$
Wellington City		
Business	0.00746	618,609
Residential	0.00434	1,160,757
Rural	0.00255	8,730
Lower Hutt City		
Business	0.00769	153,222
Residential	0.00489	427,457
Rural	0.00397	6,924
Upper Hutt City		
Business	0.00372	23,781
Residential	0.00440	128,538
Rural	0.00170	6,021
Porirua City		
Business	0.00551	37,327
Residential	0.00455	174,595
Rural	0.00111	4,214
Kapiti Coast District		
Urban	0.00211	132,753
Rural	0.00108	12,944
Masterton District		
Urban	0.00270	44,251
Rural	0.00073	15,954
Carterton District		
Urban	0.00382	11,740
Rural	0.00107	9,332
South Wairarapa District		
Urban	0.00445	21,674
Rural	0.00077	11,439
Total stadium purposes rate		3,010,262



Funding impact statement

		Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$			Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Targeted rate: river management schemes							
Waingawa	A	124.41280	4,151	Waiohine – rural	A	66.50810	7,470
	B	80.86830	10,334		B	55.42340	21,034
	C	62.20640	7,496		C	44.33870	56,638
	D	55.98580	113		D	33.25400	12,068
	E	49.76510	8,309		E	22.16940	18,016
	F	43.54450	1,170		S	1,108.46800	14,299
	G	18.66190	874				129,525
	H	12.44130	1,976				
		34,423					
Lower Wairarapa Valley (reclassification in progress)	A	106.97570	213,057	Mangatarere	A	48.23830	1,035
	B	59.90640	115,837		B	46.14100	9,672
	C	21.39510	64,894		C	39.10000	614
	D	17.11610	113,415		D	34.60570	2,486
	E	12.83710	76,514		G	0.14980	56
	F	4.27900	80,532				13,863
U1	0.42790	6					
		664,255					
Upper Ruamahanga	A	118.43740	10,890	Upper Mangatarere	A	9.55960	665
	B	98.69780	653		B	7.17800	125
	C	78.95830	9,813		C	4.79530	229
	D	59.21870	1,043				1,019
	E	39.47910	11,756				
	F	19.73960	789				
	S	1,112.13670	1,668				
			36,612				
Middle Ruamahanga	A	101.83070	4,553	Waipoua	A	95.02910	8,398
	B	84.85890	4,641		B	76.02330	22,715
	C	67.88710	347		C	57.01750	1,269
	D	50.91530	6,229		D	38.01170	11,166
	E	33.94360	1,600		SA	3,211.98450	321
	F	16.97180	5,018		SC	1,919.58840	192
	S	1,026.94320	1,746				44,061
			24,134				
Lower Ruamahanga	A	53.36710	6,825	Kopuaranga (reclassification in progress)	A	0.00000	
	B	45.74320	2,502		B	20% of A	
	C	38.11930	8,338		C	50% of B	
	D	30.49550	10,103		SA	2,250.00000	
	E	22.87160	7,515		SB	1,125.00000	
	F	15.24770	18,719				45,000
	SA	1,338.16340	3,345				
	SB	669.08180	1,071				
		58,418					
				Lower Whangaeahu	A	65.88610	2,232
					B	52.70880	3,406
					C	39.53160	2,123
					D	26.35450	1,930
					E	13.17720	2,302
					S	329.43050	440
							12,433
				Total river management scheme rates		1,063,743	

Funding impact statement



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		Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Targeted rate: catchment schemes			
Awhea-Opouawe (reclassification in progress)	A	1.27790	2,844
	B	0.95840	1,875
	C	0.63890	1,143
	D	0.51110	350
	E	0.31950	10,131
	F	0.12780	429
	SA	1125.00000	731
	SB	562.50000	118
		17,621	
Whareama	A	4.08930	2,659
	B	1.57280	1,139
	C	0.27520	12,043
	D	0.23590	5
	E	0.19660	3
	F	0.15730	440
		16,289	
Homewood	A	1.31980	3,120
	B	1.25690	559
	C	1.09980	3,671
	D	0.15710	272
		7,622	
Mataikona-Whakataki (reclassification in progress)	A	0.14900	606
	B	0.08710	677
	C	0.06160	709
	S	225.00000	2,745
		4,737	
Maungaraki	A	1.61960	4,575
	B	0.80980	2,019
	C	0.45350	281
		6,875	
Upper Kaiwhata	A	4.61550	193
	B	2.01930	159
	C	0.28850	264
	D	0.17310	308
	E	0.11540	216
	F	0.05770	26
		1,166	
Lower Kaiwhata	A	7.74160	509
	B	3.38690	157
	C	0.48380	553
	D	0.29030	763
	E	0.19350	7
	F	0.09680	26
		2,015	
Total catchment management scheme rates			56,325

Targeted rate: pump drainage schemes

		Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Papatahi	A	20.45050	7,200
Te Hopai	A	23.77470	29,250
Moonmoot pump	A	33.18530	7,695
Onoke pump	A	48.44350	33,087
Pouawha pump	A	33.09520	29,753
Total pump drainage scheme rates			106,985

Targeted rate: gravity drainage schemes

		Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Okawa	A	0.00000	0
Taumata	A	6.79620	1,965
East Pukio	A	0.00000	0
Longbush	A	8.38940	1,830
	B	4.19470	542
Otahoua	A	0.00000	0
Te Whiti	A	0.00000	0
Ahikouka	A	29.10730	3,266
Battersea	A	19.71070	3,310
	B	16.31960	3,028
	C	12.71660	3,963
	D	7.63000	1,173
	E	6.57020	1,339
	F	6.35830	477
Manaia	A	0.00000	0
Whakawiriwiri	A	0.00000	0
Total gravity drainage scheme rates			20,893

Targeted rate: Te Whiti stopbank

		Proposed rate 2006/07 \$ per hectare	Revenue sought 2006/07 \$
Te Whiti	A	84.77330	2,315
	B	70.64450	12,881
	C	56.51560	1,914
	SA	706.44450	141
	SB	847.73340	424
Total Te Whiti stopbank rates			17,675

Please note that on pages 134 to 137, all figures are shown inclusive of GST.



Funding impact statement

Differential rating categories

Each rating unit is allocated to a differential rating category (based upon location and/or land use) for the purpose of calculating the general rate or any specific targeted rate based upon capital or land value.

As Greater Wellington Regional Council rates are invoiced and collected by each of the territorial authorities in the Wellington region, Greater Wellington is limited to using rating categories based on those used by each of the territorial authorities.

Set out below are the definitions used by the Greater Wellington to allocate rating units into rating categories. For more information on the specific territorial authority categories please refer to their planning documents or websites.

1) Rates based on capital or land value

Location	Use	Description
Wellington City	Wellington City Downtown City Centre Business	All rating units not classified as Base within the Central Area Boundary, currently shown on Map 32 of the District Plan of Wellington City, as may be amended from time to time by Wellington City
	Wellington City Business	All rating units not classified as Base in the rating information database for Wellington City outside the Downtown City Centre.
	Wellington City Residential	All rating units classified as Base (excluding Rural and Farm) in the rating information database for Wellington City.
	Wellington City Urban	All Wellington City Business and Wellington City Residential rating units.
	Wellington City Rural	All rating units sub classified as Rural or Farm within the Base category in the rating information database for Wellington City.
Hutt City	Hutt City Business	All rating units not classified as Residential, Rural or Community Facilities in the rating information database for Hutt City.
	Hutt City Residential	All rating units classified as Residential or Community Facilities in the rating information database for Hutt City.
	Hutt Urban	All Hutt City Business and Hutt City Residential rating units.
	Hutt City Rural	All rating units classified as Rural in the rating information database for Hutt City.

Funding impact statement

Differential rating categories



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Location	Use	Description
Porirua City	Porirua City Business	All rating units classified as Business in the rating information database for Porirua City.
	Porirua City Residential	All rating units classified as Residential in the rating information database for Porirua City.
	Porirua City Urban	All Porirua City Residential and Porirua City Business rating units.
	Porirua City Rural	All rating units classified as Rural in the rating information database for Porirua City.
Upper Hutt City	Upper Hutt City Business	All rating units classified as Business or Utilities in the rating information database for Upper Hutt City.
	Upper Hutt City Residential	All rating units not classified as Rural, Business or Utilities in the rating information database for Upper Hutt City.
	Upper Hutt City Urban	All Upper Hutt City Business and Upper Hutt City Residential rating units.
	Upper Hutt City Rural	All rating units classified as Rural in the rating information database for Upper Hutt City.
Kapiti Coast District	Kapiti Coast District Urban	All rating units not classified in the Rural rating areas for Kapiti Coast District.
	Kapiti Coast District Rural	All rating units classified in the Rural rating areas of the Kapiti Coast District.
Masterton District	Masterton District Urban	All rating units not classified as Rural in the rating information database for Masterton District.
	Masterton District Rural	All rating units classified as Rural in the rating information database for Masterton District.



Funding impact statement

Differential rating categories

Location	Use	Description
Carterton District	Carterton District Urban	All rating units not classified as Rural in the rating information database for Carterton District.
	Carterton District Rural	All rating units classified as Rural in the rating information database for Carterton District.
South Wairarapa District	South Wairarapa District Urban	All rating units not classified as Rural in the rating information database for South Wairarapa District.
	South Wairarapa District Rural	All rating units classified as Rural in the rating information database for South Wairarapa District.
Greytown Ward		All rating units classified in the rating area of the Greytown Ward in the rating information database for South Wairarapa District.
Greytown Urban		All rating units classified in the urban area of Greytown in the rating information database for South Wairarapa District. (Prefaced No.s 18400 and 18420)
Featherston Urban		All rating units classified in the urban area of Featherston in the rating information database for South Wairarapa District. (Prefaced No.s 18440 and 18450)
Tararua District		All rating units classified as being within the boundaries of the Wellington region.

2) Rates based on land area

Some rating units (either in whole or part) are allocated to additional differential rating categories (based upon the area of land within each rating unit and the provision of a service provided or location) for the purpose of calculating the Bovine Tb and Wairarapa Schemes targeted rate based upon land area. Some schemes have an additional fixed charge per separate use or inhabited part.

Rating units subject to these rates are shown within an approved classification register for each scheme. For more information on the whether your rating unit is allocated to one or more of these categories please contact the Masterton office of the Greater Wellington Regional Council.

Summary of significant accounting policies



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Reporting entity

The prospective financial statements presented are those of the parent entity, Wellington Regional Council (Greater Wellington).

Greater Wellington's subsidiary companies, WRC Holdings Limited (100% owned), Pringle House Limited (100% owned), Port Investments Limited (100% owned) and CentrePort Limited (76.9% owned), are included under the investment section of this document. Performance targets are included for the WRC Holdings Group and CentrePort.

Consolidated group prospective financial statements are not presented because Greater Wellington believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Long-term Council Community Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Greater Wellington requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent that Greater Wellington obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice. The statements comply with FRS 42 Prospective Financial Information, NZ equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

These financial statements are the first financial statements to be prepared in accordance with NZ IFRS. The resulting changes arising from the transition to NZ IFRS have been adjusted directly to ratepayer's equity.

Impact of applying NZ IFRS

As a result of adopting NZ IFRS there have been changes to Greater Wellington's accounting policies. Changes that have had a significant effect on the prospective financial information are:

- Forestry assets have been re-classified from financial investment to forestry investment. They are now recorded at fair value in accordance with NZ IAS 41, as set out in accounting policy (f). Previously they were held at cost. This change in policy has resulted in a write-up of the opening book value of forestry investments by \$1.4 million.
- Equity investments are recognised and measured in accordance with IAS 39, as set out in accounting policy (h). They are now held at cost and tested for impairment annually. Previously they were held at the lower of cost and net asset backing. This change in policy has not changed the opening book value of equity investments.
- Other investments are accounted for at amortised cost using the effective interest rate method in accordance with IAS 39. Previously they were shown at the lower of cost or net realisable value (where there was a market). This change in policy has resulted in a write-down in the opening book value of the advance to Wellington Regional Stadium Trust by \$16 million. There has been no change in value to other items in this category.
- Derivative financial instruments are now recognised at fair value in accordance with IAS 39, as set out in accounting policy (i). This change in policy has not changed the opening book value of derivatives as their value has been estimated at zero.
- Property, plant and equipment is now accounted for in accordance with IAS 16, as set out in accounting policy (b). As permitted by IFRS 1, Greater Wellington has deemed that for some classes of assets, their previous revalued amount is their cost at the date of that revaluation. The effect of this policy change is a reduction in the opening value of the asset revaluation reserve of \$138 million.



Summary of significant accounting policies

Basis of preparation

The prospective financial statements have been prepared on an historical cost basis except for forestry investments, derivative financial instruments, available for sale financial assets and certain infrastructural assets that have been measured at fair value.

The prospective financial statements are presented in NZ dollars, rounded to the nearest thousand.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Accounting policies

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

(a) Revenue recognition

Rates and levies are recognised as income in the year the rates assessments are issued. Government subsidies (including grants for capital projects) 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.

(b) Property, plant and equipment

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

- Operational land and buildings

- Operational fixtures and fittings
- Operational plant and equipment
- Operational motor vehicles
- Operational computer equipment
- Flood protection infrastructural assets
- Transport facilities infrastructural assets
- Navigational aids infrastructural assets
- Parks infrastructural assets
- Capital work in progress
- Water supply infrastructural assets
- Water supply administrative buildings
- Water supply minor equipment
- Water supply motor vehicles
- Water supply capital work in progress

Flood protection, parks and water supply infrastructural assets are revalued or reviewed by independent qualified valuers at least every five years.

The results of any revaluation of a class of property, plant and equipment 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 taken to the income statement as an expense.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 July 2005, have been included at deemed cost, being the revalued amount at the date of the revaluation. Subsequent purchases of fixed assets are recorded at cost.

Summary of significant accounting policies



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(c) Impairment

All assets are reviewed annually for internal and external factors which may indicate that the service potential of that asset may be impaired. Impairment losses are recognised in the income statement unless they reverse a prior revaluation.

(d) Depreciation

Depreciation is provided on a straight line basis on all tangible property, plant and equipment other than land and capital works in progress, at rates which will write off assets, less their estimated residual value, over their remaining useful lives. The useful lives of major classes of assets have been estimated as follows:

- Buildings 10-100 years
- Water pipelines/reservoirs/dams 50-150 years
- Plant/vehicles/equipment 3-25 years
- Floodplain management plans 15 years
- Parks infrastructure 25-100 years
- Navigational aids 5-50 years
- Passenger transport infrastructure 3-40 years

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

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

(e) Intangible assets

Software and floodplain management plans are carried at cost less any accumulated amortisation and any accumulated impairment losses. These are amortised over the useful life of the asset. The useful lives have been estimated as follows:

- Software 5-10 years
- Floodplain management plans 15 years

(f) Forestry investment

Plantation forests are stated at fair value less point-of-sale costs and are independently revalued to estimate of market valuation based on the net present value of future cash flows. The net gain or loss arising from changes in forest crop valuation is included in the income statement.

All revenues from forest harvesting are recognised in the income statement when realised.

Related costs are expensed as incurred.

(g) Inventories

The cost of inventory held for maintenance and construction purposes is calculated using the weighted average cost method.

All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.



Summary of significant accounting policies

(h) Financial investments

Greater Wellington classifies its financial investments in the following categories:

- Equity investments
- Other investments
- Derivatives (see accounting policy (i))

Equity investments are initially measured at fair value plus transaction costs and subsequently carried at fair value (unless it is an equity instrument in a subsidiary which must be held at cost). Changes in fair value are recognised directly in equity until the asset is derecognised, then cumulative gains or losses are taken to the income statement, the exception being interest calculated using the effective interest method which is recognised directly in the income statement.

Equity investments in a subsidiary are held at cost less any impairment loss. An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Recoverable amount is the greater of their net selling price and value in use. Impairment losses are recognised in the income statement.

Other investments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue. Subsequent measurement is at amortised cost using the effective interest method. Gains or losses are taken to the income statement.

(i) Derivative financial instruments

Greater Wellington uses derivative financial instruments to hedge its exposure to interest rate risks on financial investments and debt.

Greater Wellington designates certain derivatives as either fair value hedges or cash flow hedges (see below). Derivatives are initially recorded on balance sheet at fair value and the accounting treatment for any subsequent changes in fair value depends on the designation of the hedged item. Any changes in fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

(1) Fair value hedges

Fair value hedges are hedges of the fair value of recognised assets and liabilities or a firm commitment. Changes in the fair value of fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability.

(2) Cash flow hedges

Cash flow hedges are hedges of highly probable forecast transactions. The effective portion of the changes in fair value of cash flow hedges is recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

(j) Debt

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Summary of significant accounting policies



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(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax liability is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(l) Foreign currency

In the event Greater Wellington does have any material foreign currency risk it will be managed by forward exchange contracts to hedge the currency risk.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance date are translated to NZ dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the income statement.

(m) Goods and services tax (GST)

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

(n) Overhead allocation and internal transactions

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

Operating revenue and operating expenditure for each of the groups of activities is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the total council financial statements.

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. water supply and transport.

(o) Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments held as part of day to day cash management.

Operating activities include cash received from all income sources 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.

Report to the readers of Greater Wellington Regional Council's Long-term Council Community Plan Statement of Proposal for public consultation for the ten years commencing 1 July 2006

The Auditor-General is the auditor of Greater Wellington Regional Council (the Regional Council). The Auditor-General has appointed me, Rudie Tomlinson, using the staff and resources of Audit New Zealand, to report on the Statement of Proposal for adoption of a Long Term Council Community Plan (LTCCP), on his behalf.

The purpose of an LTCCP, as set out in section 93(6) of the Local Government Act 2002 (the Act), is to:

- describe the activities of the local authority;
- describe the community outcomes of the local authority's district or region;
- provide integrated decision making and co-ordination of the resources of the local authority;
- provide a long term focus for the decisions and activities of the local authority;
- provide a basis for accountability of the local authority to the community; and
- provide an opportunity for participation by the public in decision making processes on activities to be undertaken by the local authority.

Opinion

Overall Opinion

In our opinion the Statement of Proposal for adoption of the LTCCP of the Regional Council incorporating the volumes "A Sustainable Region - Detailed Information" and "A Sustainable Region - Policies Document" dated 9 March 2006 provides a reasonable basis for long term integrated decision-making by the Regional Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the Regional Council.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal for adoption of an LTCCP.

In forming our overall opinion, we considered our opinion on specific matters required by the Act, which is set out below.

Opinion on Specific Matters Required by the Act

The Auditor-General is required by section 84(4) of the Act to report on:

- the extent to which the Statement of Proposal complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- the extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

In terms of our obligation to report on the matters outlined in section 84(4) of the Act, in our opinion:

- the Regional Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment;
- the underlying information used to prepare the Statement of Proposal provides a reasonable basis for the preparation of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the Regional Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information is presented in accordance with generally accepted accounting practice in New Zealand;

- the extent to which the forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 9 March 2006 and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Regional Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000 (revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the Statement of Proposal for adoption of the LTCCP does not contain material misstatements, and provides a reasonable basis for long term integrated decision-making by the public and the Regional Council about the activities of the Regional Council, and for subsequent accountability to the community about the activities of the Regional Council.

Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTCCP, determining

compliance with the requirements of the Act, and evaluating the overall adequacy of the presentation of information.

We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Council and the Auditor

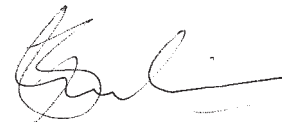
The Regional Council is responsible for preparing a LTCCP under the Act, by applying the Regional Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Regional Council's responsibilities arise from Section 93 of the Act.

We are responsible for expressing an independent opinion on the Statement of Proposal for adoption of the LTCCP and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

Independence

When reporting on the Statement of Proposal for adoption of the LTCCP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than this report and in conducting the annual audit, we have no relationship with or interests in the Regional Council.



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



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Greater Wellington promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, cultural and social needs of the community.



greater WELLINGTON
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