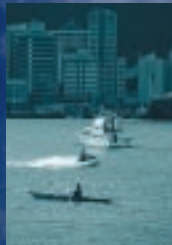


# Towards a Greater Wellington



investing in the future



*Wellington Regional Council ten year plan 2000 – 2010 : 2001 Update  
Incorporating the 2001 – 2002 Annual Plan*



## contents

Introduction from the Chairman	1
Relationship with Iwi	5
Key Issues	6
2001 Update of the Long Term Financial Strategy	9
Our Planning Processes	10
Other Documents Underlying this Plan	11
Your Regional Councillors	12
Rates and Levies	16
Council's Financial Overview	18
Environment Management	22
Regional Transport	32
Regional Water Supply	40
Land Management	50
Flood Protection	58
Parks and Forests	66
Regional Stadium	74
Investments	77
Investment in Democracy	82
<b>Policies and Financial Statements</b>	
Funding Policy	87
Rating Policy	91
Treasury Management Policy	93
Other Policies	95
Accounting Policies	96
Total Council Financial Statements	99
<b>Supplementary Information</b>	
Subsidiary Companies	104
Public Debt	107
Reserves	109
How to contact your Regional Councillors	110
Standing Committee Membership	111
Address Details	

## INTRODUCTION FROM THE CHAIRMAN

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

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

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

- A High Quality Environment
- A Prosperous and Viable Region
- Healthy People in a Safe Region
- A Strong and Inclusive Regional Community

In recent months we have been busy reviewing the extent to which we now need to fine tune our plans for the period 2001-2010 (the remaining nine years of our 10 year plan), with particular focus on 2001/02, the Council's next annual plan.

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



## INTRODUCTION FROM THE CHAIRMAN

### *Investment Programme*

You may recall that last year we decided that, after 10 years of modest rate increases (equating to a 10% reduction in rates in real terms over the last 10 years), it was time to invest further, particularly in our key Environmental, Transport and Flood Protection responsibility areas.

The result was an enhanced work programme, as outlined in *“Towards a Greater Wellington: Investing in the Future”*.

I am pleased to tell you that the initial results of this investment programme are very encouraging:

- We are now far more actively engaging the community in our environmental education initiatives which I’m sure will result in enhanced awareness of both the importance and the vulnerability of our environment. Our initiatives are targeting children, businesses and environmental care groups to try and get a range of people to become more environmentally responsible.
- We have, through our increased focus on protecting Key Native Ecosystems, started to make a greater difference in maintaining and enhancing some of the significant natural environments in the Region, including the impressive natural and heritage features in the extensive parks and forests managed directly by the Council.
- We have continued to make further improvements to the public transport services across the Region. Improvements to services and contributions to improved infrastructure (e.g. bus shelters/stations) have helped toward further increases in patronage. I am personally very proud of our public transport system. It is clearly the best in the country and we want to keep it that way. This plan includes further investment in the transport area with a view to keeping Wellington number one.

Having said that I have a cautionary note to add. The extent and timing of rail service enhancements will be very dependent upon a satisfactory outcome to the question of who will own and operate rail commuter services in the future, given Tranzrail’s decision to exit the business.

- The October 2000 floods again reminded us all (if any of us needed reminding) of the dangers posed by the rivers of the Region. Although we don’t like to see the rivers in flood, it was pleasing to see how well our ever improving flood protection systems withstood what nature threw at us last October. The Council’s planned capital investment programme in the flood protection area (at over \$2 million per annum of new works) should continue to enhance the flood protection system already in place.

Of course, such an investment programme has a price tag. You may recall that Regional rates were increased by 12.5% in 2000/01 and further increases were forecast in 2001/02 and beyond as follow:

2001/02	4.4%
2002/03	4.7%
2003/04	1.3%

Beyond 2003/04 Regional rates were projected to be relatively flat over the remaining six year period of the Long Term Financial Strategy.

I would be the first to state that I don’t like having to increase rates. However, on balance, the Council decided in June 2000, after input from the community, that more work was needed if we were going to achieve the outcomes we all strive for. I believe that this was the correct decision and in the long-term interests of the Region.

## INTRODUCTION FROM THE CHAIRMAN

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

The Council has been busy over recent months updating the remaining nine years of its Long Term Financial Strategy.

The results of that review have primarily been to add to the planned expenditure programme in the transport area as a result of the Government's recently announced changes to passenger transport funding (patronage funding scheme).

In November 2000 the Government announced new funding arrangements for public transport with strong financial incentives for regional councils to set up new services/transport projects (kick start funding). The Council has chosen to take advantage of the new scheme with a view to further increasing public transport patronage in the Region.

The overall Regional rate increase for 2001/02 is now **3.0%** compared with the **4.4%** signalled this time last year in the Council's Long Term Financial Strategy. This **3%** increase is as a result of additional expenditure in the transport area, partially offset by deferral of some other planned work (e.g. Waikanae electrification project), savings arising from changes to the funding of a new national strategy for Bovine Tb, increased projected returns from Council's investments and efficiency savings.

When account is taken of the increasing number of rate assessments, the average overall increase in Regional rates reduces from 3% to 1.1% (see Table 4 on page 17).

Water levies have again been reduced, this time by 2%. This follows reductions of 4% in each of the last two years. The 2% reduction is further evidence of efficiencies within the Council's bulk water activities and also reflects the Council's desire to spread such benefits in an intergenerationally fair manner. In the last 10 years bulk water levies have decreased by 11% in real terms.

Coupled with the significant reduction in Bovine Tb rates (64% reduction), the 3% increase in regional rates and 2% reduction in the bulk water levy together equate to an increase in overall community charges of less than 1% in 2001/02 – well below the rate of inflation.

This plan incorporates two key assumptions in relation to Regional Transport, namely: that patronage will grow by 2% in each of the next two years then remain constant; and that a suitable form of road pricing will be found and implemented by the 2005/06 financial year which will raise an additional \$6 million of revenue per year thereafter. If either of these assumptions prove to be incorrect the Council may need to revisit its expenditure priorities. This could result in material changes to the projects contained within this plan.

Further details of changes to Council's Long Term Financial Strategy (*Investing in the Future 2000-2010*), as well as the key assumptions, can be found throughout this document for each of the Council's significant activities.

### *Key issues facing this Council*

There are a number of key issues currently facing this Council on which we sought your views through the consultation phase of our proposed 2001/02 annual plan. These include:

- Council's potential acquisition of Tranz Metro (Wellington) in conjunction with a private sector partner who is a proven rail operator.
- The extent to which the Council should take advantage of additional kick start funding by bringing forward additional transport projects.
- The Council's joint consultation with the public in conjunction with the Wellington City Council and the Hutt City Council, on the transfer of Council's bulk water supply assets to a Water Trust to be controlled by the three Councils.

Our response to these issues is further explained on pages 6 to 8.

## INTRODUCTION FROM THE CHAIRMAN

### *General “State of the Council”*

In this, my last annual plan as Chairman I want to take the opportunity to share with you some brief personal reflections on the Wellington Regional Council.

I will leave in October 2001 (I am not standing for re-election) in the knowledge that the Council is in good shape. We have a clear vision of what we are trying to achieve for the regional community, our work programmes are making a difference, we have a generally excellent relationship between Councillors and Council officers, the quality of staff across the Council is consistently high and the Council's finances are well managed (a fact recognised by Standard & Poor's in their recent upgrade of Council's credit rating to AA; a rating enjoyed by only two other councils in New Zealand).

I have seen how other councils operate in this country, particularly when I was President of Local Government New Zealand, and I can assure you that you are well served by the dedicated Councillors and staff of the Wellington Regional Council. I am personally looking forward to handing over the reins in October to someone else in the full knowledge that the Council is well positioned to face the many challenges that will inevitably arise in future.

### *Thank you*

Thank you to all those people who made submissions on our proposed 2001/02 annual plan and Long Term Financial Strategy update. Your views have helped us to fine tune our current priorities and will also contribute significantly towards the development of our next Long Term Financial Strategy.

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

### *Further Information*

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

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

- Your local Regional Councillor(s) (refer page 110) or
- The Wellington Regional Council's offices in Wellington or Masterton (refer inside back cover).



STUART MACASKILL  
Chairman

## RELATIONSHIP WITH IWI

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

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

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

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

We continue to examine the nature of our relationship with tangata whenua as some iwi call for increased resourcing and representation, and we're committed to working together, acknowledging the diversity of our Region and its people, to achieve mutually beneficial outcomes.

## KEY ISSUES

During the 2001/02 annual plan process the Council sought your views on the following key issues:

### 1. Potential Acquisition with a Private Sector Partner, of Tranz Metro (Wellington)

The passenger rail service in the Region is a major asset contributing to the quality of the environment and the prosperity and viability of the Region.

Historically the Council has provided financial support to Tranz Rail via a rail service contract, in accordance with the Council's regional transport responsibilities. A quality rail service significantly reduces congestion contributing to the smooth and efficient running of the land transport system in the Wellington Region. It is the norm for rail and suburban bus services around the world to be subsidised.

Late last year Tranz Rail publicly stated that it intends to sell its Tranz Metro (Wellington) operation as the company no longer sees urban passenger rail as core business. A number of overseas rail operators have expressed interest in acquiring the Tranz Metro (Wellington) operation.

The Council has decided that it is too risky to sit back and wait for Tranz Rail to sell Tranz Metro (Wellington) to the highest bidder. This approach would mean the Council would have no say in who the future owner of Tranz Metro (Wellington) would be. It could also easily result in a premium being paid to Tranz Rail which in the long run would mean calls for increased public subsidy if we are to maintain our present standard of service.

Rather than being simply reactive, the Council has decided that it needs to take the initiative. A number of options have been considered by the Council but the Council's preferred option to gain control over passenger rail assets (in the absence of sufficient government regulation over rail) is the formation of a public/private partnership with a proven private sector rail operator, to take over ownership of Tranz Metro (Wellington). This public/private partnership would result in a blend of private sector rail expertise and capital with public sector capital and control over a key community asset.

The key advantages of this approach are:

- Shared risks between the public and private sectors
- Improved accountability for use of ratepayer funds (via a long term rail contract)
- Sufficient certainty to create a long term environment for infrastructure investment
- More public sector control over a key community asset

The Council taking a 50% ownership stake in Tranz Metro (Wellington) is likely to increase the level of Regional rates you pay. However, at this stage it is not possible to estimate the likely impact as Tranz Rail has not provided us with any financial information in respect of the Tranz Metro (Wellington) operation. The financial impact of the potential acquisition of Tranz Metro is therefore not incorporated into this Long Term Financial Strategy update.

A 50% ownership interest will mean the Council will receive 50% of all dividends paid by the passenger rail company, which will offset to some extent the increased rate requirement.

There is some way to go to secure a 50% ownership interest in the Region's rail system, not least of which is a law change to allow the Council to become involved. We will keep you informed of key decision points as the process unfolds. Rest assured once we have a firm proposal on the table we intend to fully consult the Regional community.



## KEY ISSUES

### 2. The extent to which the Council should take advantage of additional kick start funded transport projects

In November 2000 the Government announced its new patronage funding scheme. This scheme incorporated a number of component parts including the kick start funding scheme.

The kick start funding scheme is designed to encourage projects and services which will contribute to increased patronage of public passenger transport. The scheme provides additional financial support as follows:

2000/01 year	80% Govt funding
2001/02 year	60% Govt funding
2002/03 year	40% Govt funding

(after year three the total level of kick start funding is incorporated into baseline funding)

There is, therefore, a strong incentive to start new projects as early as possible in order to qualify for the higher level of Government support in year one, and certainly to have maximised the number of kick start projects before June 2003 (to establish a higher level of base funding out into the future).

Council agreed to incorporate several kick start funded projects into this Long Term Financial Strategy update and these will increase rates in the short term. However, the Council has imposed a limit on the short term rates increase and so a number of possible kick start projects have not been included in the 2001/02 Annual Plan. These are:

Hutt bus enhancements	\$200,000
Additional marketing	\$100,000
“How long till the next bus” information at key bus stops	\$600,000
Integrated ticketing (stage I)	\$100,000

Council also identified several projects for possible acceleration to next year's programme (in 2002/03). These include Integrated Ticketing Stage II, Porirua bus/rail interchange, bus enhancements for Waikanae and Wellington city, and bus priority improvements Newtown/Karori. However, after hearing what the public had to say, no additional kick start projects have been added into the 2001/02 programme.

## KEY ISSUES

### 3. Transfer of the WRC's bulk water assets into a stand alone Water Trust controlled by Wellington City Council, Hutt City Council and the Wellington Regional Council

A separate public consultation was carried out in relation to the proposal for the establishment of a joint Water Trust.

Last year the three councils (WCC, HCC and WRC) agreed to look at whether there was benefit in their respective water supply activities being integrated. In January 2001 a joint officers' working group reported back to the three councils with a proposal to establish a Water Trust and to transfer water, most waste water and stormwater operations and assets from the three councils into the Trust.

An independent consultant's report estimated annual savings of \$2.8 million (approx. 4 – 5% of the annual cost of services) and one off set up costs of \$3 million. It was expected that there should be positive net savings from the proposal after three years of operating a new Water Trust. The joint officers' report also detailed other benefits as a result of the integration proposal (e.g. improved customer service from integrating all water related activities into one entity).

One of the key issues identified by the Council and reinforced by the public was concern over governance of the Trust. This stemmed from the fact that the three councils would have retained their current legal obligations. Under the Trust model the WRC would therefore retain its responsibilities under the Wellington Regional Water Board Act to supply water to the four metropolitan cities, namely Wellington, Hutt, Upper Hutt and Porirua and yet would not control the Water Trust.

Other concerns with the Trust model were identified during the public consultation phase and the Council has therefore decided that the Water Trust, as proposed, should no longer be pursued. The Council has also decided that any further work on water integration should involve all five councils in the Wellington metropolitan area, including Porirua and Upper Hutt City Councils.

## 2001 UPDATE OF THE LONG TERM FINANCIAL STRATEGY

**In June 2000 the Council published its Long Term Financial Strategy 2000-2010. This 2001 edition is an update of the Council's Long Term Financial Strategy and is also Council's 2001/02 Annual Plan.**

Every three years the Council undertakes a detailed review of its priorities and policies. This was last done in 2000 and is next due to be completed in 2003. In the intervening years (including 2001) the Council updates, by exception, the work programmes outlined in the Long Term Financial Strategy. This approach is taken because of the long-term nature of much of Council's business.

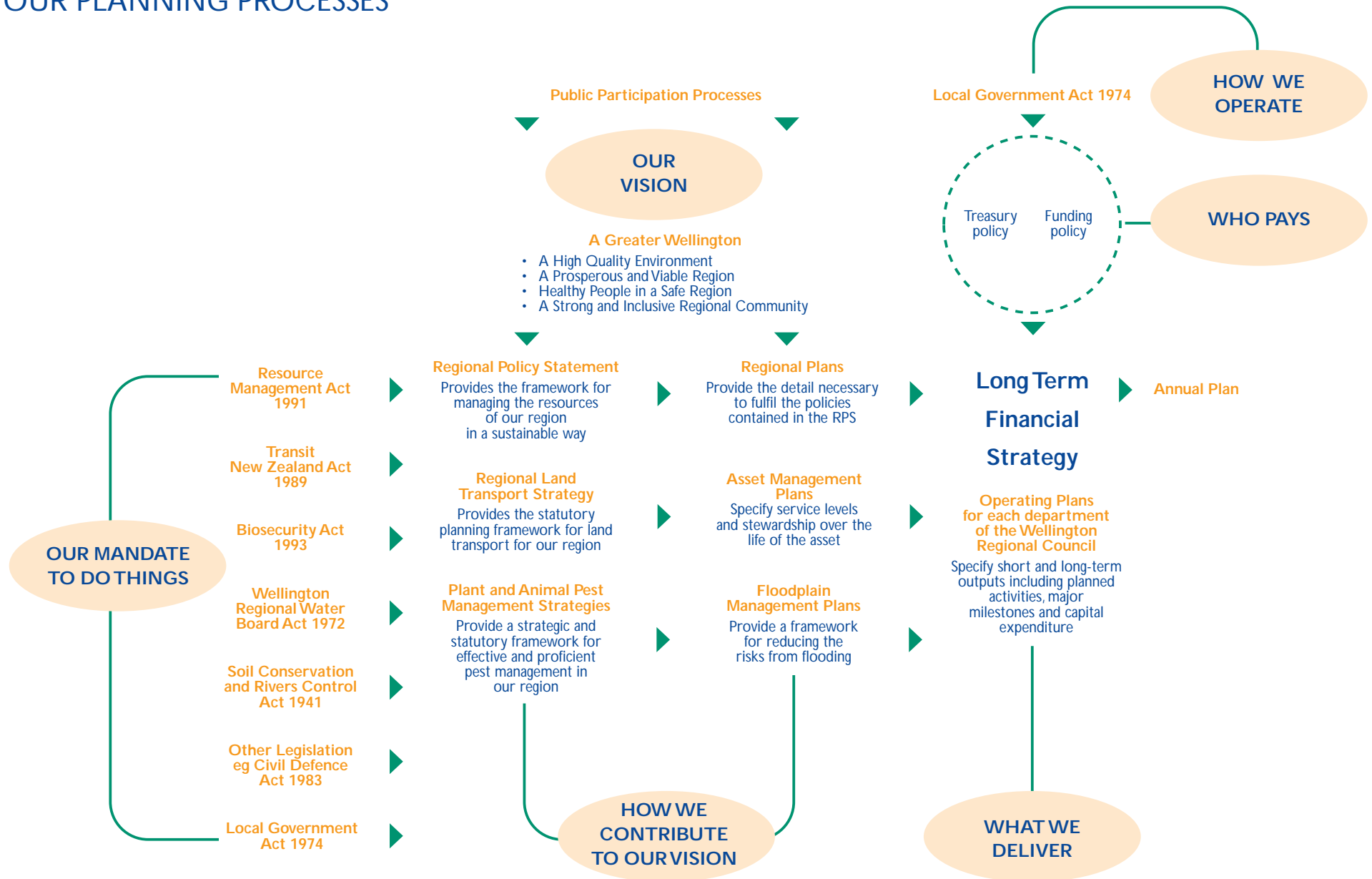
*Investing in the Future* is drawn from a series of policies and planning documents which the Council has prepared in conjunction with the community.

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

*This document outlines:*

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

# OUR PLANNING PROCESSES



## OTHER DOCUMENTS UNDERLYING THIS PLAN

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

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

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

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

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

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

## YOUR REGIONAL COUNCILLORS



**Stuart Macaskill**

### **Upper Hutt Constituency**

Stuart has been a Regional Councillor since 1980 and Chairperson of the Wellington Regional Council since 1986. He was elected to the Upper Hutt City Council in 1971 and was Deputy Mayor from 1974 until 1980. Stuart has served local government in the Wellington Region for 28 years. He has been very active in local government national organisations culminating in his election as President of the New Zealand Local Government Association (now known as Local Government New Zealand) for the term 1993 to 1996.

#### *Committee Membership:*

- Council Chairperson (ex-officio on all Council Committees)



**Margaret Shields**

### **Porirua Constituency**

Margaret was elected to the Council in 1995, and appointed as Council Deputy-Chairperson in 1998. Since 1998 Margaret has represented Regional Councils on Local Government New Zealand's National Council and was elected a vice president in 2000. She is a former Member of Parliament and Minister of the Crown. Margaret is interested in the sustainable development of transport and the development of the transport infrastructure of the Wellington Region. She is also active in community affairs at national and international levels.

#### *Committee Membership:*

- Council Deputy Chairperson (ex-officio on Landcare, Utility Services, Rural Services and Wairarapa Committees)
- Policy and Finance (Deputy Chair)
- Passenger Transport
- Environment



**Jim Allen**

### **Lower Hutt Constituency**

Elected to the Wellington Regional Council in 1998, Jim was previously a Hutt City Councillor. He has also served 18 years on the Energy Direct Board, 12 years on the Petone Borough Council, and six years as Chairman of the Petone Community Board. Jim has a special interest in water supply issues and is a supporter of public transport.

#### *Committee Membership:*

- Policy and Finance
- Passenger Transport
- Environment



**Margaret Bonner**

### **Wellington Constituency**

First elected to the Wellington Regional Council in 1995, Margaret came to the Council with 15 years experience as both a Wellington City Councillor and a Health Board member.

#### *Committee Membership:*

- Policy and Finance
- Passenger Transport
- Landcare

## YOUR REGIONAL COUNCILLORS



**Ian Buchanan**

### **Wairarapa Constituency**

Elected in 1992, Ian has served much of his time with the Council as Chairperson of the Environment Committee. He has also served as Chairperson of the Rural Services & Wairarapa Committee. Previously Ian was an elected member of the Wairarapa Catchment Board and an appointed

member of the Wellington Regional Council's Wairarapa Committee from 1989 to 1992.

#### *Committee Membership:*

- Policy and Finance
- Environment (Chair)
- Passenger Transport
- Rural Services and Wairarapa (Deputy Chair)



**Mike Gibson**

### **Wellington Constituency**

A Wellington Regional Councillor between 1983-89, Mike then stood again in 1998. He is a former Chief Accountant of Cable Price Downer, and of Wellington Newspapers Ltd, as well as a former Senior Investigating Accountant for the Department of Justice. Mike has been

Treasurer of the National Press Club since 1987 and is also currently Lay Observer for the Wellington District Law Society.

#### *Committee Membership:*

- Policy and Finance
- Passenger Transport
- Environment (Deputy Chair)



**Chris Laidlaw**

### **Wellington Constituency**

Chris was elected to the Wellington Regional Council in 1998. He is a former All Black, Ambassador, NZ Race Relations Conciliator, Member of Parliament, author, and Chief Executive of WWF (World Wide Fund for Nature NZ). He is now a writer and broadcaster.

#### *Committee Membership:*

- Policy and Finance
- Landcare (Deputy Chair)
- Utility Services



**Rick Long**

### **Wairarapa Constituency**

Rick was elected in 1998. He is a partner in a signwriting and graphic art company. Rick served a term on the Masterton District Council between 1995-98, and has been Chairman of the Masterton Licensing Trust for the past 23 years.

#### *Committee Membership:*

- Policy and Finance
- Landcare
- Rural Services and Wairarapa (Chair)

## YOUR REGIONAL COUNCILLORS



**Terry McDavitt**

### **Wellington Constituency**

Terry was elected to the WRC in 1989. He has also served on the Wellington City Council for nine years, and was Deputy Mayor 1987-89. Terry has particular interests in transport and resource management issues.

#### *Committee Membership:*

- Policy and Finance
- Passenger Transport (Chair)
- Environment



**Euan McQueen**

### **Wellington Constituency**

Appointed to the Council in 1993, Euan is Chairman of the Utility Services Committee. He has a special interest in the effectiveness of the Council's utility operations (water and forestry), and extensive experience in transport policy and environmental issues.

#### *Committee Membership:*

- Policy and Finance
- Passenger Transport
- Landcare
- Utility Services (Chair)
- Rural Services and Wairarapa



**Robert Shaw**

### **Porirua Constituency**

Robert has been a Regional Councillor since 1998. He was a Porirua City Councillor from 1992-1998. He is a member of the Porirua Licensing Trust and the Carter Observatory Board. Robert is a senior lecturer in business management at the Open Polytechnic of New Zealand. Robert is particularly interested in integrating the region's water supply, extending the regional park network and enhancing the marine environment.

#### *Committee Membership:*

- Policy and Finance
- Landcare
- Utility Services (Deputy Chair)



**Rosemarie Thomas**

### **Lower Hutt Constituency**

Rosemarie was elected to the Wellington Regional Council in 1998. She has a range of business experience. Rosemarie has a keen interest in Hutt Valley issues including the Hutt River, water supply, civil defence, and the harbour.

#### *Committee Membership:*

- Policy and Finance
- Landcare
- Utility Services



## YOUR REGIONAL COUNCILLORS



**Chris Turver**

### **Kapiti Constituency**

Chris was elected to the Wellington Regional Council in 1998. He had a background in journalism and broadcasting senior management, before managing corporate communications for Radio New Zealand and NZ Police.

More recently, Chris served as Chief Executive of the Royal New Zealand Coastguard Federation, and now has his own communications consultancy.

#### *Committee Membership:*

- Policy and Finance
- Environment
- Passenger Transport (Deputy Chair)
- Rural Services and Wairarapa



**Dick Werry**

### **Lower Hutt Constituency**

Elected to the Wellington Regional Council in 1995, Dick was previously a member of the Lower Hutt City Council in the 1970s. In addition to his Landcare role, his particular interests relating to the Regional Council are water supply issues.

#### *Committee Membership:*

- Policy and Finance
- Landcare (Chair)
- Utility Services

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

Table 1 shows that we are proposing a 3.0% increase in the Regional Rates in 2001/02. However the increase varies between the cities and districts of the Region. This is partly because of changes in capital values (equalised) as assessed by Quotable Value New Zealand (these changes are totally outside the Council's control) and partly due to the level and changes in the incidence of the General, Regional Transport, Rivers and Stadium Purposes rates (see Table 3). **Please note that on this page and page 17 only, all figures include GST and collection costs.**

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

	2000/01 Budget \$000's	2001/02 Plan \$000's	Change \$000's	Change %
Wellington City	29,268	30,259	991	3.39%
Lower Hutt City	10,264	10,504	240	2.34%
Upper Hutt City	3,100	3,052	-48	-1.55%
Porirua City	4,758	4,892	134	2.82%
Kapiti Coast District	4,090	4,384	294	7.19%
Masterton District	1,040	1,006	-34	-3.27%
Carterton District	426	426	0	0.00%
South Wairarapa District	654	703	49	7.49%
Tararua District	1	1	0	0.00%
<b>Regional Rates</b>	<b>53,601</b>	<b>55,227</b>	<b>1,626</b>	<b>3.03%</b>
Bovine Tb Rate	655	233	-422	-64.43%
Wairarapa Scheme Rates	1,135	1,233	98	8.63%
<b>Total WRC Rates</b>	<b>55,391</b>	<b>56,693</b>	<b>1,302</b>	<b>2.35%</b>

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

	2000/01 Budget \$000's	2001/02 Plan \$000's	Change \$000's	Change %
Wellington City Council	14,259	13,660	-599	-4.20%
The Hutt City Council	6,532	6,621	89	1.36%
Upper Hutt City Council	2,723	2,607	-116	-4.26%
Porirua City Council	2,632	2,735	103	3.91%
<b>Water Supply Levy</b>	<b>26,146</b>	<b>25,623</b>	<b>-523</b>	<b>-2.00%</b>

Table 2 shows that there is a 2% decrease in the overall water supply levy in 2001/02. However amounts charged to each of the four Cities varies as the levy is based on the actual consumption of water in the year to 31 March 2001.

Note 1: The budget for 2000/01 includes end of year adjustments for 1999/00. Therefore the changes are not a strict comparison between financial years.

**Table 3: Changes in Regional Rates due to Equalised Capital Value (ECV) Movements and Apportionment from 2000/01 to 2001/02 (GST inclusive)**

	ECV Movements		General Rate		River Rate		Regional Transport Rate		Stadium Purposes Rate		Total Regional Rates	
	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %	Change \$000's	Change %
Wellington City	-8	-0.03%	-408	-1.39%	-16	-0.05%	1,423	4.86%	0	0.00%	991	3.39%
Lower Hutt City	-118	-1.15%	-143	-1.40%	250	2.44%	251	2.45%	0	0.00%	240	2.34%
Upper Hutt City	-3	-0.10%	-48	-1.54%	-56	-1.81%	59	1.90%	0	0.00%	-48	-1.55%
Porirua City	0	0.00%	-56	-1.18%	3	-0.06%	187	3.93%	0	0.00%	134	2.82%
Kapiti Coast District	86	2.10%	-79	-1.93%	-46	-1.12%	333	8.14%	0	0.00%	294	7.19%
Masterton District	-22	-2.11%	-31	-2.98%	0	0.00%	19	1.83%	0	0.00%	-34	-3.27%
Carterton District	7	1.64%	-14	-3.28%	1	0.23%	6	1.41%	0	0.00%	0	0.00%
South Wairarapa District	58	8.87%	-22	-3.37%	0	0.00%	13	1.99%	0	0.00%	49	7.49%
Tararua District	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Regional Rates</b>	<b>0</b>	<b>0.00%</b>	<b>-801</b>	<b>-1.49%</b>	<b>136</b>	<b>0.25%</b>	<b>2,291</b>	<b>4.27%</b>	<b>0</b>	<b>0.00%</b>	<b>1,626</b>	<b>3.03%</b>

The numbers in Table 1 and Table 3 should be read in conjunction with the Rating Policy on pages 91 and 92.

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

Table 4: Average annual Regional Rates increase per assessment, from 2000/01 to 2001/02 (GST inclusive)

	Regional Rates		Assessments (1)				Average Rates Per Assessment			
	2000/01 Budget \$000's	2001/02 Plan \$000's	1999 No.	2000 No.	Increase No.	%	2000/01 \$	2001/02 \$	Increase \$	%
Wellington City	29,268	30,259	62,455	64,152	1,697	2.72%	468.63	471.68	3.05	0.65%
Lower Hutt City	10,264	10,504	37,931	38,082	151	0.40%	270.60	275.83	5.23	1.93%
Upper Hutt City	3,100	3,052	14,077	14,225	148	1.05%	220.22	214.55	-5.67	-2.57%
Porirua City	4,758	4,892	16,362	16,486	124	0.76%	290.80	296.74	5.94	2.04%
Kapiti Coast District	4,090	4,384	20,270	21,100	830	4.09%	201.78	207.77	5.99	2.97%
Masterton District	1,040	1,006	10,670	10,747	77	0.72%	97.47	93.61	-3.86	-3.96%
Carterton District	426	426	3,163	3,247	84	2.66%	134.68	131.20	-3.48	-2.58%
South Wairarapa District	654	703	4,969	5,089	120	2.41%	131.62	138.14	6.52	4.95%
Tararua District	1	1	10	10	0	0.00%	100.00	100.00	0.00	0.00%
<b>Regional Rates</b>	<b>53,601</b>	<b>55,227</b>	<b>169,907</b>	<b>173,138</b>	<b>3,231</b>	<b>1.90%</b>	<b>315.47</b>	<b>318.98</b>	<b>3.51</b>	<b>1.11%</b>

(1) Source: Quotable Value New Zealand, Wellington Regional Council Equalisation - As at 1 September 2000.

Table 5: Percentage changes by city or district, in the various separate rates which together make up Regional Rates from 2000/01 to 2001/02 (GST inclusive)

	General Rate			River Rate			Regional Transport Rate			Stadium Purposes Rate		
	2000/01 Budget \$000's	2001/02 Plan \$000's	Change %	2000/01 Budget \$000's	2001/02 Plan \$000's	Change %	2000/01 Budget \$000's	2001/02 Plan \$000's	Change %	2000/01 Budget \$000's	2001/02 Plan \$000's	Change %
Wellington City	11,382	10,966	-3.65%	274	258	-5.84%	15,824	17,247	8.99%	1,788	1,788	0.00%
Lower Hutt City	4,112	3,851	-6.35%	835	1,085	29.94%	4,729	4,980	5.31%	588	588	0.00%
Upper Hutt City	1,330	1,279	-3.83%	495	439	-11.31%	1,117	1,176	5.28%	158	158	0.00%
Porirua City	1,569	1,513	-3.57%	79	82	3.80%	2,894	3,081	6.46%	216	216	0.00%
Kapiti Coast District	2,111	2,118	0.33%	930	884	-4.95%	903	1,236	36.88%	146	146	0.00%
Masterton District	903	850	-5.87%	0	0	0.00%	77	96	24.68%	60	60	0.00%
Carterton District	360	353	-1.94%	10	11	10.00%	35	41	17.14%	21	21	0.00%
South Wairarapa District	574	610	6.27%	0	0	0.00%	47	60	27.66%	33	33	0.00%
Tararua District	1	1	0.00%	0	0	0.00%	0	0	0.00%	0	0	0.00%
<b>Regional Rates</b>	<b>22,342</b>	<b>21,541</b>	<b>-3.59%</b>	<b>2,623</b>	<b>2,759</b>	<b>5.18%</b>	<b>25,626</b>	<b>27,917</b>	<b>8.94%</b>	<b>3,010</b>	<b>3,010</b>	<b>0.00%</b>

The numbers in Table 4 and 5 should be read in conjunction with the Rating Policy on pages 91 and 92

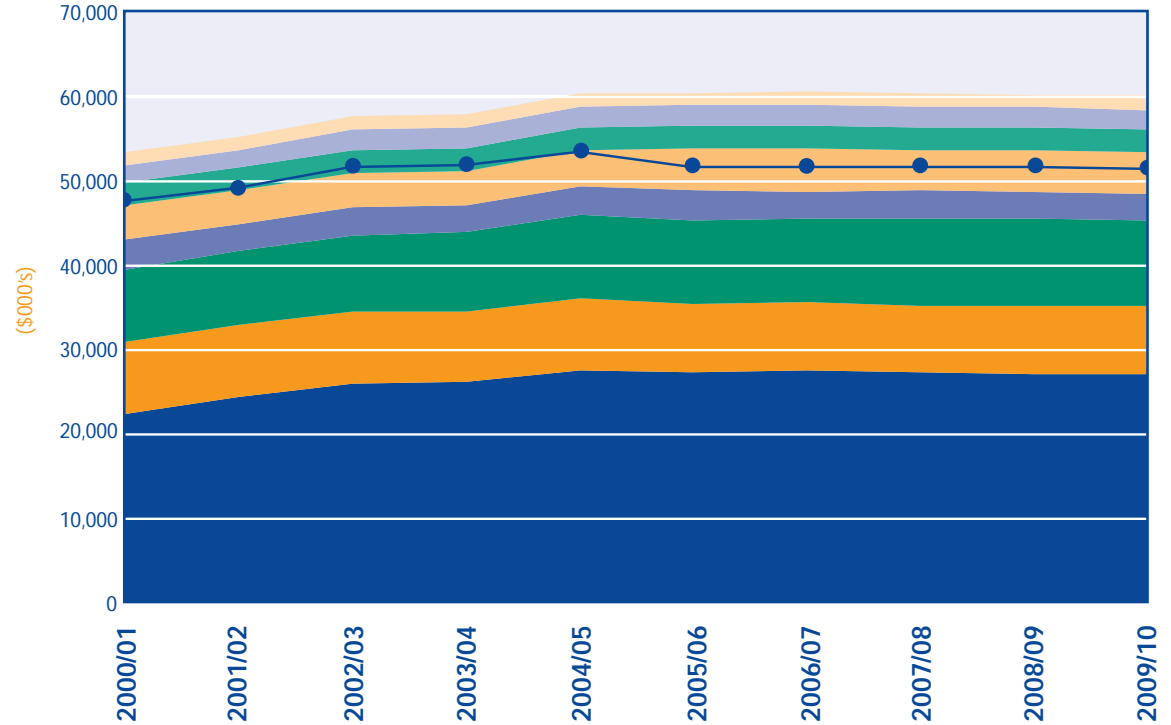
## COUNCIL'S FINANCIAL OVERVIEW: Regional Rates by Significant Activity

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

The key points to note are:

- Total Regional rates in 2001/02 increase by 3.0% from 2000/01 levels.
- The Council is projecting a further increase in Regional rates of approx. 5% in 2002/03. Thereafter rates are projected to be relatively flat over the long term.

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



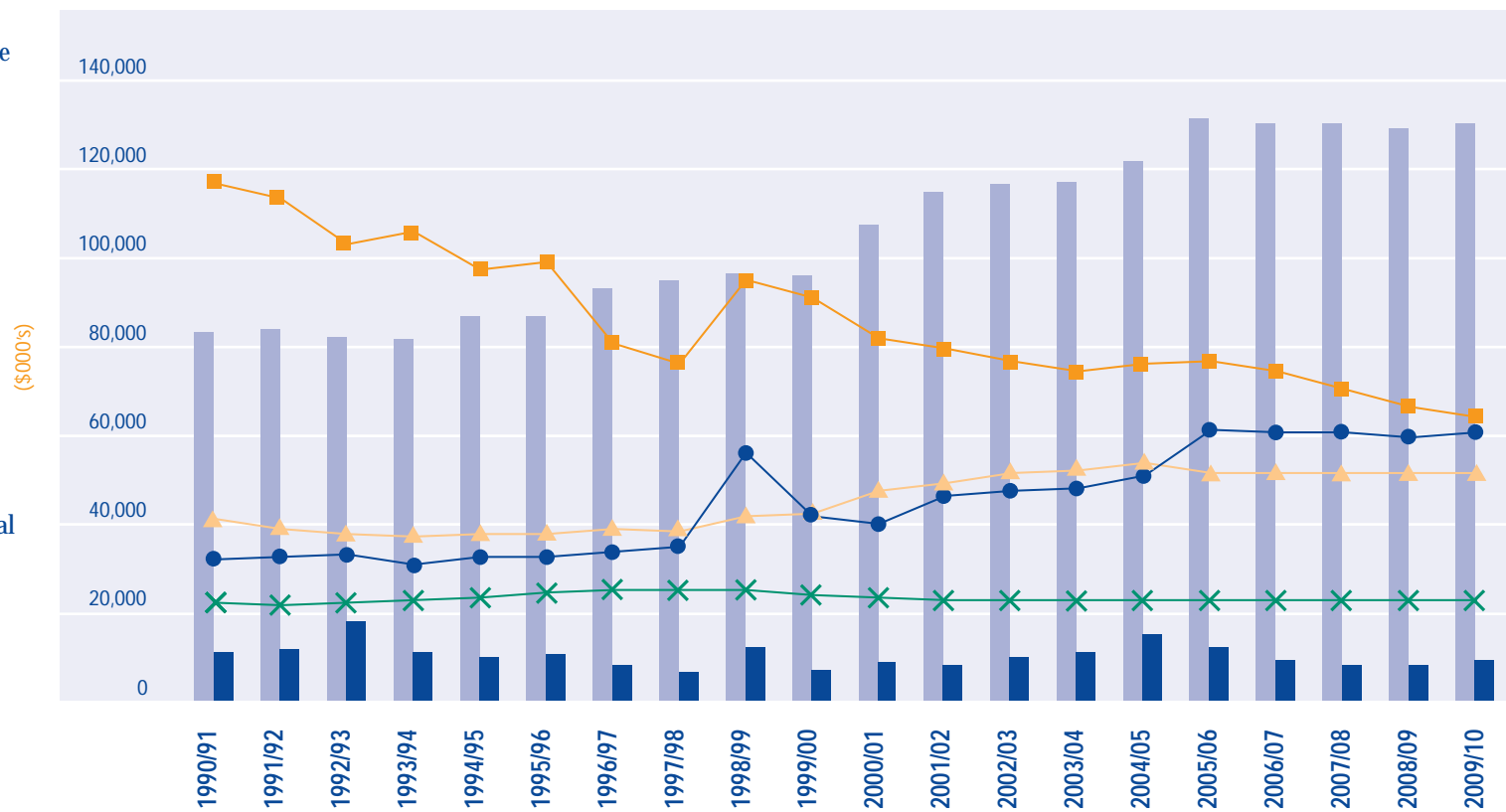
	BUDGET		PLAN		FORECAST					
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Regional Transport	22,300	24,300	25,700	26,100	27,300	27,100	27,300	27,100	26,900	26,900
Environment Management	8,400	8,400	8,600	8,300	8,700	8,200	8,100	8,000	8,200	8,000
Flood Protection	8,600	8,700	9,100	9,300	9,800	9,900	9,900	10,200	10,200	10,100
Land Management	3,500	3,200	3,200	3,200	3,300	3,400	3,200	3,300	3,200	3,300
Parks and Forests	4,000	4,000	4,200	4,100	4,300	5,000	5,100	4,900	4,900	4,800
Regional Stadium	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Investment in Democracy	2,200	2,200	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Investments	(5,600)	(5,800)	(5,800)	(5,800)	(6,600)	(8,500)	(8,700)	(8,600)	(8,500)	(8,600)
Other	1,500	1,400	1,500	1,600	1,600	1,500	1,600	1,600	1,500	1,700
<b>Total Regional Rates</b>	<b>47,600</b>	<b>49,100</b>	<b>51,600</b>	<b>51,900</b>	<b>53,500</b>	<b>51,700</b>	<b>51,600</b>	<b>51,600</b>	<b>51,500</b>	<b>51,300</b>

## COUNCIL'S FINANCIAL OVERVIEW: Total Council Information

This graph places the 2001/02 Annual Plan in the context of the preceding eleven years and nine year planning horizon.

The key points to note are:

- Operating expenditure increases from 2000/01 levels through to 2005/06 after which it is expected to remain relatively flat. Regional rates follow this trend with the exception that the increase in operating expenditure in 2005/06 is assumed to be funded from additional external revenue (road pricing).
- Net debt is projected to be progressively reduced over the nine year period.
- The increase in net debt in 1998/99 was primarily due to the Council's contribution of \$25 million to the Wellington Regional Stadium Trust.



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

- Operating Expenditure
- Capital Expenditure
- Net Debt
- Regional Rates
- Water Supply Levy
- Other Operating Revenue

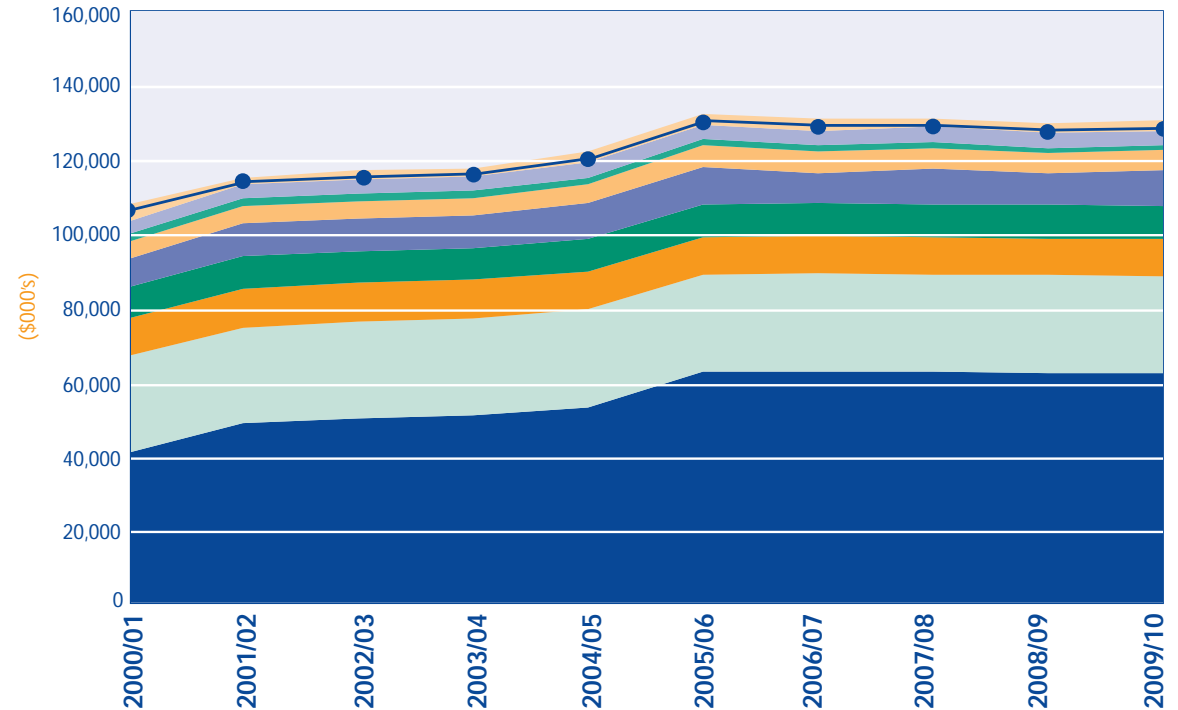
	ACTUAL									BUDGET PLAN			FORECAST							
Operating Expenditure	82,800	83,200	82,000	80,900	86,400	86,300	92,800	94,500	96,200	95,700	107,000	114,300	115,800	116,600	120,900	131,100	129,900	129,900	128,500	129,500
Capital Expenditure	10,600	11,300	18,000	10,800	9,600	10,200	7,900	6,400	11,800	6,600	8,600	8,100	9,800	10,800	15,000	12,000	9,400	8,000	8,000	9,200
Net Debt	116,300	113,000	103,000	105,800	97,200	98,700	80,600	75,900	95,100	90,600	81,700	79,400	76,400	74,100	75,800	76,400	74,200	70,300	66,500	63,800
Regional Rates	41,300	38,600	37,800	37,300	37,900	37,800	39,000	38,500	41,700	42,300	47,600	49,100	51,600	51,900	53,500	51,700	51,600	51,600	51,500	51,300
Water Supply Levy	22,200	22,000	22,500	23,000	23,700	24,400	25,200	25,200	25,200	24,200	23,200	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800	22,800
Other Operating Revenue	32,200	32,400	33,000	31,000	32,300	32,500	33,900	34,600	56,200	41,900	40,100	46,300	47,300	48,100	50,900	61,100	60,400	60,700	59,400	60,700

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

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

The key points to note are:

- The projected increases in total Council expenditure are largely driven by projected increases in Regional Transport expenditure.
- Total annual operating expenditure in 2001/02 increases by \$7.3 million from 2000/01 levels primarily as a result of increased expenditure in Regional Transport.
- Regional Transport operating expenditure is projected to increase by \$9.4 million in 2005/06 for major new public transport infrastructure.



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

	BUDGET		FORECAST							
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Regional Transport	40,800	48,800	50,400	51,200	53,400	62,800	63,000	62,800	62,600	62,500
Water Supply	26,400	26,200	26,300	26,400	26,400	26,600	26,700	26,600	26,600	26,500
Environment Management	10,100	10,600	10,500	10,400	10,400	10,200	10,300	10,100	10,100	10,000
Flood Protection	8,800	8,700	8,700	8,800	9,100	9,100	9,000	9,100	9,200	9,100
Land Management	7,700	9,100	8,700	8,700	9,600	10,100	8,200	9,700	8,400	9,600
Parks and Forests	4,600	4,700	4,800	4,800	5,100	5,700	5,800	5,700	5,700	5,700
Regional Stadium	2,100	2,000	2,000	1,900	1,800	1,800	1,700	1,500	1,400	1,300
Investment in Democracy	3,500	3,800	3,900	3,900	4,200	4,000	3,900	4,200	4,000	4,000
Investments	4,500	2,000	2,500	2,300	2,900	2,900	3,400	2,300	2,800	2,800
Other	(1,500)	(1,600)	(2,000)	(1,800)	(2,000)	(2,100)	(2,100)	(2,100)	(2,300)	(2,000)
<b>Total Operating Expenditure</b>	<b>107,000</b>	<b>114,300</b>	<b>115,800</b>	<b>116,600</b>	<b>120,900</b>	<b>131,100</b>	<b>129,900</b>	<b>129,900</b>	<b>128,500</b>	<b>129,500</b>



## ENVIRONMENT MANAGEMENT

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

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

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



## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Resources*

#### LONG TERM

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

It will achieve this through:

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

#### SHORT TERM by 30 June 2002

The implementation of the Regional Policy Statement and Regional Plans will have progressed to the satisfaction of the Council, within a budget of \$593,000.

All resource consents will be processed in accordance with the Consent Processing Procedures Manual and within statutory timeframes, within a budget of \$501,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$283,000.

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment or Rural Services and Wairarapa Committees, within a budget of \$156,000.

Unwanted agricultural chemicals throughout the Region will be collected and disposed of in an environmentally responsible manner, within a budget of \$228,000.

#### LONG TERM

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

#### SHORT TERM by 30 June 2002

At least five Community Environmental Care Groups will be maintained and two new Care Groups established and assisted in providing local environmental care, to the satisfaction of the Council, within a budget of \$174,000.

The *Take Action for Water* programme (an environmental education programme for schools) will be fully operational and used by school children from 28 February 2002, to the satisfaction of the Council, within a budget of \$116,000.

The *Take Charge* programme (an environmental education programme for business) will be applied to one business type or problem area to the satisfaction of the Council, within a budget of \$32,000.

## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Resources – continued*

#### LONG TERM

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

#### SHORT TERM by 30 June 2002

The environment will be monitored and the following annual reports will be completed to the satisfaction of the Council and within a budget of \$1,083,000.

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

Summary information on the state of the environment will be prepared to the satisfaction of the Council, within a budget of \$71,000.

#### LONG TERM

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

#### SHORT TERM by 30 June 2002

Iwi will be assisted to undertake projects according to the provisions of the relevant contract, within a budget of \$369,000.

Ara Tahi will meet six times, within a budget of \$37,000.

## ENVIRONMENT MANAGEMENT: Performance Indicators

### *Managing Emergencies*

#### LONG TERM

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

#### SHORT TERM by 30 June 2002

Assuming the Civil Defence Emergency Management Bill is enacted, the Council will contribute to the setting-up and running of a Civil Defence Emergency Management Group for the Wellington Region, within a budget of \$66,000.

A Logistics Plan focussing on supporting the Wellington Region in the areas of *search and rescue, treatment and movement of the injured and provision of water* will be completed in partnership with the Auckland Regional Council and territorial authorities within the Wellington Region, within a budget of \$38,000.

The Regional Emergency Operations Centres (Beehive, Incident Command Centre and mobile headquarters) will be maintained to the standard set in Council guidelines to the satisfaction of the Council, within a budget of \$30,000.

All flood alarms will be actioned in accordance with documented procedures, within a budget of \$81,000.

### *Managing Harbours*

#### LONG TERM

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

#### SHORT TERM by 30 June 2002

The Beacon Hill Harbour Communications Station will provide a 24 hour, 365 days service which is in accordance with Council agreed operating standards, within a budget of \$305,000.

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 \$21,000. A formal log will be kept and incidents followed up wherever possible.

Within a budget of \$69,000, safety in our harbours and coastal waters will be maintained by:

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

## ENVIRONMENT MANAGEMENT: Financial Summary

### FUNDING STATEMENT

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
General Rate	8,373	8,415	8,586
Other Rates	0	0	0
Government Subsidies	83	83	83
Other Revenue	1,815	1,913	1,873
<b>Operating Revenue</b>	<b>10,271</b>	<b>10,411</b>	<b>10,542</b>
Direct Operating Expenditure	9,877	10,301	10,189
Interest	5	4	2
Depreciation	256	317	313
<b>Operating Expenditure</b>	<b>10,138</b>	<b>10,622</b>	<b>10,504</b>
<b>Operating Surplus/(Deficit)</b>	<b>133</b>	<b>(211)</b>	<b>38</b>
<b>Less:</b>			
Capital Expenditure	418	345	296
Loan Funding	0	0	0
<b>Rates Funded Capital Expenditure</b>	<b>418</b>	<b>345</b>	<b>296</b>
Debt Provisioning	21	22	25
Working Capital Movements	0	0	0
Reserve Movements	(50)	(261)	30
Non Cash Items	(256)	(317)	(313)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

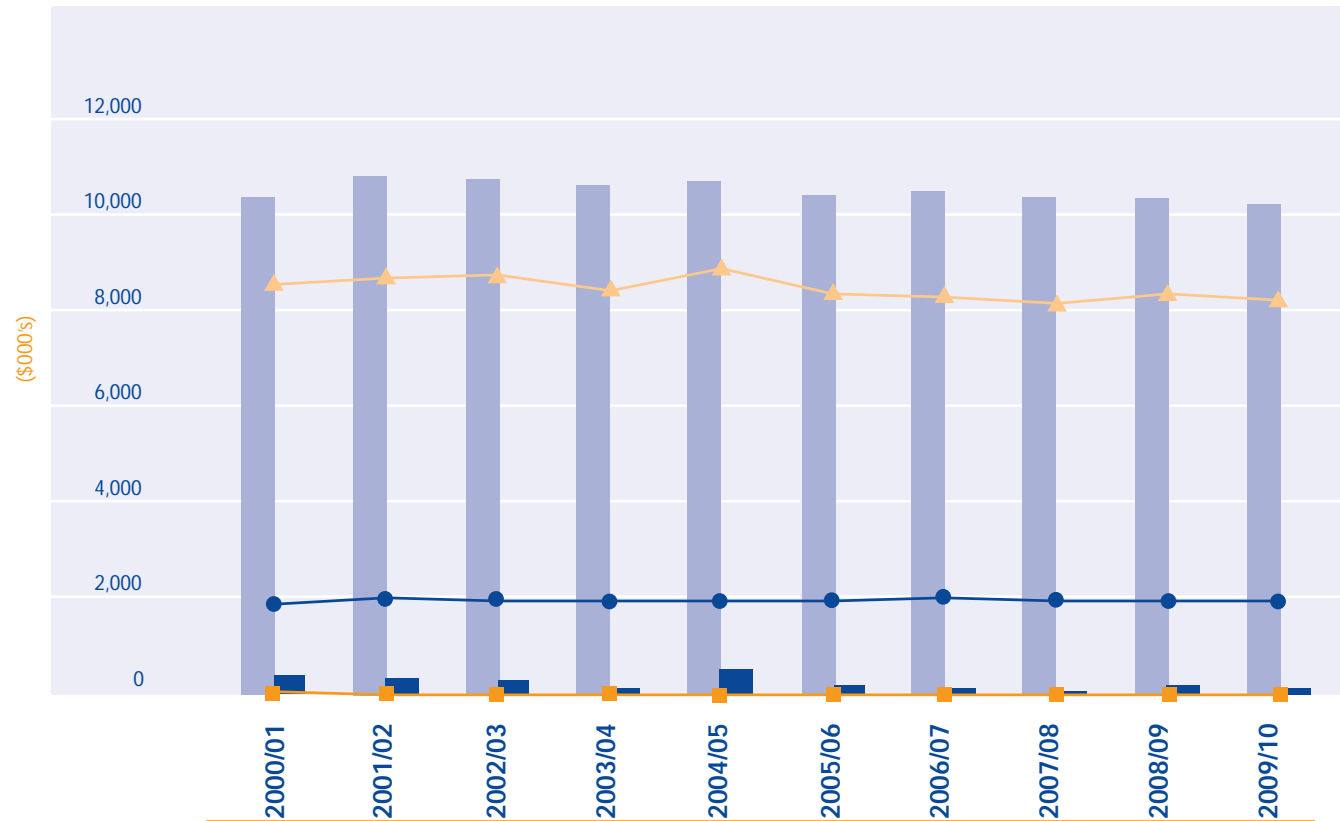
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Managing Resources	8,379	8,852	8,744
Managing Harbours	1,229	1,243	1,250
Managing Emergencies	530	527	510
<b>Total Operating Expenditure</b>	<b>10,138</b>	<b>10,622</b>	<b>10,504</b>
<b>CAPITAL EXPENDITURE</b>			
Land & Buildings	0	0	0
Plant & Equipment	249	118	211
Motor Vehicles	239	253	129
Asset Disposals	(70)	(26)	(44)
<b>Total Capital Expenditure</b>	<b>418</b>	<b>345</b>	<b>296</b>

## ENVIRONMENT MANAGEMENT: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- All key financial indicators are expected to remain relatively constant over the nine year period.
- Net debt is retired by 2002/03.



	BUDGET		PLAN		FORECAST					
Operating Expenditure	10,138	10,622	10,504	10,358	10,438	10,212	10,252	10,106	10,127	10,017
Capital Expenditure	418	345	296	126	548	202	123	67	222	105
Net Debt	47	25	0	0	0	0	0	0	0	0
Regional Rates	8,373	8,415	8,586	8,272	8,715	8,163	8,133	8,002	8,220	8,034
Other Operating Revenue	1,898	1,996	1,956	1,939	1,949	1,927	1,979	1,936	1,938	1,940

## ENVIRONMENT MANAGEMENT

### *Challenges*

#### **Involving the Community**

One of our biggest challenges is to develop and deliver our environmental education programmes in a fun, innovative and effective manner. Environmental education is a new priority for the Council and we are keen to involve the community (including schools and businesses) in improving the environmental quality of our Region. We want people to come to understand that environmental care is everyone's responsibility and everyone's future.

#### **Gaining Compliance**

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

#### **Making a Difference**

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

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

#### **Working with iwi**

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

## ENVIRONMENT MANAGEMENT

### *Assumptions*

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

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

## ENVIRONMENT MANAGEMENT

### Material Changes from *Investing in the Future* *2000-2010*

As Council has decided not to proceed with the guidelines for landscape management, the budget for implementing regional plans has been reduced accordingly.





## REGIONAL TRANSPORT

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

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

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

## REGIONAL TRANSPORT: Performance Indicators

### *Planning and Monitoring the Transport Network*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

Reports will be prepared for the Regional Land Transport Committee on progress with implementing the Regional Land Transport Strategy, within a budget of \$35,000. The reports will detail actual achievement against performance measures contained within the Strategy.

### *Building the Public Transport Infrastructure*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

All current public transport user facilities will be maintained in accordance with Council's guidelines to the satisfaction of the Manager, Transport Policy and within a budget of \$452,000.

## REGIONAL TRANSPORT: Performance Indicators

### *Funding Public Transport Services*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

The Council will achieve, through the tendering process approved by Transfund New Zealand, a total contract price for bus and rail services of no more than \$39,438,000 (including concessionary fare reimbursements and Ganz Mavag rail unit refurbishments).

The Total Mobility Scheme will be administered to the satisfaction of Transfund New Zealand within a budget of \$1,244,000.

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

#### LONG TERM

The Council will maintain the current sources of public information, such as timetables, bus stop displays, media advertising and telephone enquiries.

#### SHORT TERM By 30 June 2002

All timetable leaflets will be provided within a budget of \$315,000 to a quality standard acceptable to the service providers. Timetables will always be made available on the Council's website and will always be maintained in print except in emergency situations or when information has not been supplied by service providers.

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

## REGIONAL TRANSPORT: Financial Summary

### FUNDING STATEMENT

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Transport Rate	22,333	24,319	25,701
Other Rates	0	0	0
Government Subsidies	17,208	24,036	24,527
Other Revenue	181	145	147
<b>Operating Revenue</b>	<b>39,722</b>	<b>48,500</b>	<b>50,375</b>
Direct Operating Expenditure	39,984	48,046	49,691
Interest	405	384	361
Depreciation	375	340	339
<b>Operating Expenditure</b>	<b>40,764</b>	<b>48,770</b>	<b>50,391</b>
<b>Operating Surplus/(Deficit)</b>	<b>(1,042)</b>	<b>(270)</b>	<b>(16)</b>
<b>Less:</b>			
Capital Expenditure	25	25	13
Loan Funding	0	0	0
<b>Rates Funded Capital Expenditure</b>	<b>25</b>	<b>25</b>	<b>13</b>
Debt Provisioning	246	265	289
Working Capital Movements	0	0	0
Reserve Movements	(938)	(220)	21
Non Cash Items	(375)	(340)	(339)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

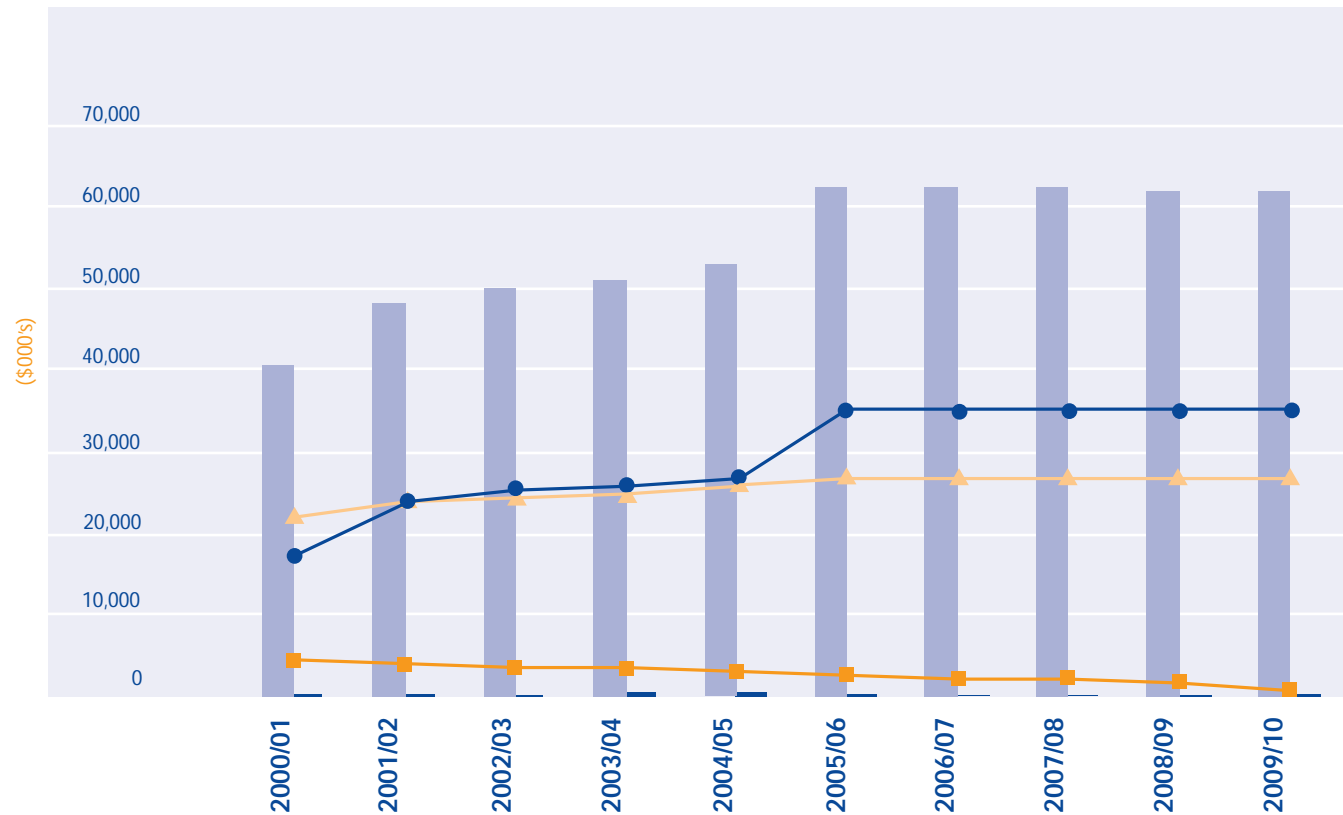
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Funding Public Transport Services	35,294	43,680	45,584
Planning & Monitoring the Transport Network	1,458	1,919	1,625
Building the Public Transport Infrastructure	4,012	3,171	3,182
<b>Total Operating Expenditure</b>	<b>40,764</b>	<b>48,770</b>	<b>50,391</b>
<b>CAPITAL EXPENDITURE</b>			
Land & Buildings	0	0	0
Plant & Equipment	15	0	0
Motor Vehicles	20	45	25
Asset Disposals	(10)	(20)	(12)
<b>Total Capital Expenditure</b>	<b>25</b>	<b>25</b>	<b>13</b>

## REGIONAL TRANSPORT: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- Both external revenue and expenditure increase significantly in 2001/02 as a result of the Council's participation in Transfund's patronage funding scheme (including kick start funding).
- A further planned increase in external revenue from 2005/06 (road pricing) to fund major expenditure on new public transport infrastructure.
- Net debt is progressively reduced over the nine year period.



	BUDGET		PLAN		FORECAST					
(\$000's)										
Operating Expenditure	40,764	48,770	50,391	51,229	53,354	62,822	62,988	62,754	62,571	62,493
Capital Expenditure	25	25	13	60	60	28	10	10	13	25
Net Debt	4,582	4,317	4,028	3,715	3,374	3,004	2,601	2,164	1,688	1,172
Regional Rates	22,333	24,319	25,701	26,127	27,316	27,072	27,258	27,054	26,922	26,905
Other Operating Revenue	17,389	24,181	24,674	25,145	26,099	35,816	35,818	35,820	35,823	35,826

## REGIONAL TRANSPORT

### *Challenges*

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

#### Patronage Funding

From 1 November 2000 Transfund New Zealand changed its funding procedures for passenger transport from subsidising the expenditure of the Council to providing funds based on patronage, output based funding. This new approach challenges the Council to grow patronage to receive greater funding to invest in more services.

#### Road Pricing

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

#### Improving Public Transport

The strategy promotes the further enhancement of the urban rail network, in particular the extension of the network to Waikanae. The Council is challenged to see these enhancements implemented as early as possible but without over burdening the ratepayer. Over time, the Council expects these improvements to increase public transport use and hence the viability of these services. The long term aim is to see public transport services operating without public funding support. However, the Council recognises that achieving further infrastructural improvements in the short to medium term will need public funding support.

This assistance may depend on the ability of the Council to own infrastructure on behalf of the community, something which is not possible under current legislation.

#### Containing Public Transport Costs

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

## REGIONAL TRANSPORT

### *Assumptions*

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

- The Council will foster the implementation of the public transport elements of the current Regional Land Transport Strategy.
- The funding provided by Transfund New Zealand will consist of four parts:
  - Baseline Funding – This will be equal to the funding received from Transfund New Zealand in the 2000/01 year. After 1 July 2003 the baseline will be increased to include the average monthly kick start funding payments made since 1 November 2000 and any patronage funding paid in that period.
  - Kick Start Funding – This will be 60% of new qualifying expenditure in 2001/02 and 40% in 2002/03.
  - Patronage Funding – Using the output from the Regional Transport Model for public transport patronage growth of 2% per annum, this will be \$1.8 million in 2001/02, \$2.6 million in 2002/03 and is assumed to remain at that level through to 2010.
  - Alternatives to Roading (ATR) Funding – All capital projects will receive at least 40% Transfund New Zealand funding.
- An acceptable form of road pricing will be found and implemented in the 2005/06 financial year and will raise around \$6 million a year which is the short-fall between what the Council believes is affordable from rates and the expenditure required. Currently such road pricing has no legal mandate and therefore the Council requires legislative change in order to be in a position to raise this revenue. If the new revenue source cannot be found Council will need to re-evaluate its future expenditure programme in the public transport area.
- The Council's current funding policies for public transport will continue.
- In order to progress public transport infrastructure works in the region (which the Council is not legally allowed to own) the Council funds, by way of a service payment budget, public infrastructure owned by other parties. For the purposes of this plan a 10% funding rate has been assumed on these projects over a period of up to ten years.
- Expected inflation on bus/rail contracts has been included for the 2001/02 year. However no provision for further inflation for the remaining eight years has been included in this plan.

If assumed patronage growth does not materialise the Council will need to re-evaluate its future expenditure programme in the public transport area.



## REGIONAL TRANSPORT

### Material Changes from *Investing in the Future 2000-2010*

Total transport expenditure for 2001/02 has risen from \$41.9 million to \$48.8 million, an increase of \$6.9 million. The main reasons for this are bus and rail contract increases, due to increased diesel fuel costs, and new projects promoted to take advantage of Transfund New Zealand's kick start funding.

Following significant price rises in diesel in 2000/01, a further \$3.6 million of expenditure has been budgeted to cover inflation provisions in bus and rail contracts.

The current government directed Transfund New Zealand to introduce a new funding scheme called Patronage Funding from 1 November 2000. This scheme links future funding support from Transfund to patronage growth. Regional Councils have been given an incentive to join the scheme prior to its mandatory start date of 1 July 2003. The incentive is a concept called Kick Start Funding. Transfund New Zealand will provide 80% of the cost of an approved new project, primarily designed to increase patronage, from 1 November 2000 to 30 June 2001, 60% for the 2001/02 year and 40% for the 2002/03 year.

The scheme requires auditable patronage data to be available for all bus and rail services in the Region. These funding changes have encouraged the Council to bring forward some projects, previously programmed to be funded in later years. This has meant that the budgeted expenditure for 2001/02 and the forecast expenditure for future years has been increased. The proposed increase in expenditure in 2001/02 is \$4.5 million but this has been partially offset by kick start funding of \$2.7 million. Significant components of the increase in expenditure are:

<b>Service</b>	<b>2001/02 Expenditure</b>
Newlands/Churton Park bus services	\$727,000
Kapiti Coast bus service	\$315,000
Wellington City bus service	\$1,000,000
Porirua to Hutt Valley bus service	\$120,000
Paekakariki bus service	\$7,000
Otaki bus service	\$65,000
Eastbourne peak bus service	\$70,000
Bus stop shelters	\$300,000
Bus stop information displays	\$48,000
Porirua via Johnsonville to the Hutt Valley bus service	\$275,000
Eastbourne weekend bus service	\$18,000
Porirua to Whitby bus service	\$390,000
Kapiti Coast and Hutt Valley rail service improvements	\$600,000
Wairarapa rail service	\$600,000

An additional \$0.3 million has also been allocated for commuter carpark improvements on the Paraparaumu and Hutt Valley rail lines.

Offsetting some of these changes has been the year's delay in implementing the Waikanae urban rail electrification project, previously scheduled for the 2001/02 year (impact on 2001/02 expenditure of \$1.2 million). This delay is the outcome of Tranz Rail Limited announcing its intentions to sell its Wellington Tranz Metro service. This means all capital projects involving rail services are on hold until the sale process is completed.

## REGIONAL WATER SUPPLY

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

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

## REGIONAL WATER SUPPLY: Performance Indicators

### *Quality*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied complies with the Ministry of Health's Drinking-Water Standards for New Zealand 2000.

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance Section of The Water Group, not less than five days out of every seven. Expenditure will not exceed the budget of \$436,000.

The Wainuiomata Water Treatment Plant will be regraded to an A or A1 grading.

### *Security of Supply*

#### LONG TERM

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

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

#### SHORT TERM By 30 June 2002

The security of supply to Pinehaven will be enhanced by the replacement of the asbestos main, to accepted engineering standards, within a budget of \$230,000.

The pipeline across the Hutt river at Silverstream is vulnerable to major floods and seismic events. Investigations into an alternative river crossing will be completed at a cost not exceeding \$30,000.

The security of the Johnsonville Pumping Station will be improved by replacing the electrical switchboard within a budget of \$160,000.

The OK pipeline from Randwick to Korokoro will be refurbished to accepted engineering standards, at a cost not exceeding \$1,250,000.

## REGIONAL WATER SUPPLY: Performance Indicators

### *Environmental Management*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

All appropriate resource consent conditions will be complied with within a monitoring budget of \$80,000.

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2000/01 will be prepared by 30 November 2001.

Water conservation will be promoted by way of an education campaign during the 2001/02 summer, at a cost not exceeding \$70,000.

Funding of \$180,000 will be provided towards leak detection activities within the customer authorities' retail networks. Customers to report on outcomes by 30 November 2002.

Selected reservoir high level probes will be replaced at a cost not exceeding \$30,000 in order to avoid reservoir overflows.

### *Customer Service*

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

Customers will be provided with a business report by 30 November 2001 which will include the following information:

- Financial results for the 2000/01 year.
- Operating costs that are benchmarked against Watercare Services Ltd. Structural anomalies will be removed as far as possible to allow relevant comparisons.
- Actual quality compared with targeted performance.
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair.
- A report on compliance with resource consent requirements.

## REGIONAL WATER SUPPLY: Financial Summary

### FUNDING STATEMENT

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
General Rate	0	0	0
Water Supply Levy	23,241	22,776	22,776
Government Subsidies	0	0	0
Other Revenue	4,904	4,949	4,974
<b>Operating Revenue</b>	<b>28,145</b>	<b>27,725</b>	<b>27,750</b>
Direct Operating Expenditure	15,833	15,951	16,124
Interest	5,328	4,897	4,790
Depreciation	5,233	5,340	5,377
<b>Operating Expenditure</b>	<b>26,394</b>	<b>26,188</b>	<b>26,291</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,751</b>	<b>1,537</b>	<b>1,459</b>
<b>Less:</b>			
Capital Expenditure & Investments	5,256	5,257	6,849
Loan Funding	(1,555)	(2,470)	(5,656)
<b>Levy Funded Capital Expenditure</b>	<b>3,701</b>	<b>2,787</b>	<b>1,193</b>
Debt Provisioning	4,760	4,547	5,573
Working Capital Movements	0	0	0
Reserve Movements	(1,477)	(457)	70
Non Cash Items	(5,233)	(5,340)	(5,377)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Collecting and Treating Water	19,004	18,855	18,930
Delivering Water	7,390	7,333	7,361
<b>Total Operating Expenditure</b>	<b>26,394</b>	<b>26,188</b>	<b>26,291</b>

### CAPITAL EXPENDITURE

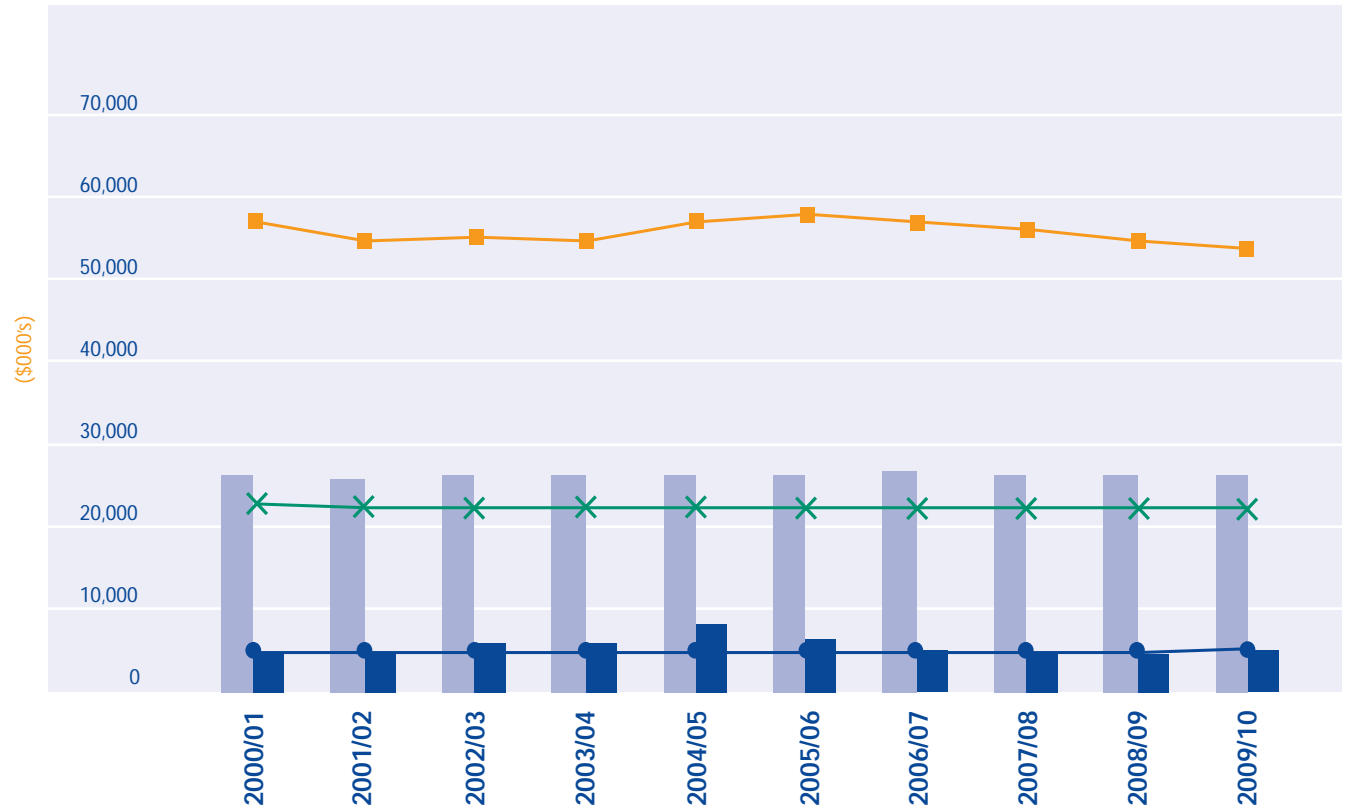
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Waterloo Water Treatment Plant System Control and Protection Projects	340	215	100
Te Marua Improvement Projects	830	810	850
Orongorongo & Wainui Improvement Projects	434	170	900
Reservoir & Pump Station Construction	413	255	516
Pipeline Projects	70	430	880
Other	1,760	1,530	1,710
<b>Major Project Expenditure</b>	<b>4,047</b>	<b>3,905</b>	<b>5,656</b>
Land & Buildings	0	0	0
Plant & Equipment	281	369	185
Motor Vehicles	336	364	364
Asset Disposals	(99)	(95)	(108)
<b>Total Capital Expenditure</b>	<b>4,565</b>	<b>4,543</b>	<b>6,097</b>
Investment Additions	691	714	752
<b>Total Capital Expenditure and Investments</b>	<b>5,256</b>	<b>5,257</b>	<b>6,849</b>

# REGIONAL WATER SUPPLY: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- The water supply levy has been reduced by a further 2% as a result of savings in debt servicing and operational costs.
- Net debt is projected to fall from \$57.4 million in 2000/01 to \$54.2 million in 2009/10.
- All other financial indicators are expected to remain relatively constant over the nine year period.



(\$000's)	BUDGET		FORECAST							
	PLAN									
Operating Expenditure	26,188	26,394	26,291	26,426	26,403	26,638	26,672	26,605	26,564	26,526
Capital Expenditure	4,543	4,565	6,097	5,845	8,278	6,525	4,896	4,790	4,801	5,021
Net Debt	55,334	57,413	55,419	55,327	57,585	58,282	57,433	56,401	55,339	54,204
Water Supply Levy	22,776	23,241	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776
Other Operating Revenue	4,949	4,904	4,974	5,020	5,068	5,117	5,170	5,233	5,302	5,367

## REGIONAL WATER SUPPLY

### *Challenges*

#### Water Integration

Independent studies have suggested that there may be significant benefits to be achieved from an integrated water delivery structure.

The Council believes that any integrated water entity should continue to be held in public ownership. A survey poll conducted by the Council in 1998 showed a strong preference for continued public ownership and operation of the water supply system.

A project team made up of officers from Hutt and Wellington City Councils, and the Regional Council has been investigating integrating the water, waste water and stormwater operations of the three Councils. The Regional Council decided on 14 June 2001 that the proposal to establish a Water Trust should no longer be pursued.

#### Quality and Operational Standards

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

#### Grading of Treatment Plants

The Regional Council's policy is to achieve an A or A1 grading for treatment plants, where practical to do so. Te Marua Water Treatment Plant is already graded A. The Wainuiomata Water Treatment Plant is expected to receive an A or A1 grading during the 2001/02 year. The Waterloo Water Treatment Plant is graded B and at present a higher grading is not possible without chlorination.

#### Debt Management

Significant modernisation of the facilities has taken place in the last 15 years and this has obviously not come without cost. The result in absolute terms is relatively high debt, expected to be \$57 million as at 30 June 2001. The net value of our water supply network was \$253 million as at 30 June 2000.

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

- **Intergenerational Equity**

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

- **Future Debt Requirements**

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

- **Funding Annual Capital Expenditure Requirements**

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

## REGIONAL WATER SUPPLY

### *Challenges – continued*

- **Interest Rate Risk**

Clearly, the higher the level of debt carried the higher exposure to interest cost increases, if interest rates rise. Other things being equal, if interest rates rise, then the higher the debt the larger the levy increase required to meet increased interest costs.

Alternatively, the debt repayment period could be extended and therefore not require a levy increase. Hence the higher the debt, the higher the interest rate risk in absolute terms.

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

- **Treasury Management Policy**

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

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

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

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

This translates that into a target debt level of \$50 million based on the current level of water levy. The current debt level is expected to be \$57 million at 30 June 2001, some \$7 million higher than the target.

Our projections show that the target debt level will not be reached until 2012/13.

### *Assumptions*

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

- **Changes in Population**

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

- **Consumption Forecasts**

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

- **Raw Water Availability**

Raw water availability is governed by resource consents and structure limitations to take the water from the aquifer and rivers.

It is expected that resource consents for river water will be renewed by about the start of the financial year.



## REGIONAL WATER SUPPLY

### *Assumptions – continued*

- **Risk of Shortfall**

With a high population growth scenario and a 90% confidence level, sufficient raw water is available from existing sources until the year 2020. This is based on a 2% risk of shortfall event. An “event” is defined as a year that contains at least one shortfall day.

- **Development of a New Water Source**

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

- **Operational Costs**

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

- **Capital Expenditure**

Expenditure for 2001/02 has been confirmed. Projects in subsequent years are subject to further detailed analysis. From 2006/07 onwards an amount is allowed for unspecified works in order to take the total expenditure to \$4.5 million per annum. This total is lower than depreciation and slightly lower than capital expenditure over the last four years. It reflects that many parts of the system are less than 25 years old and have relatively long lives.

- **Asset Valuation and Depreciation**

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

- **Interest Rate**

The interest rate on debt will be 8.50%.

- **Self Insurance Investment Fund**

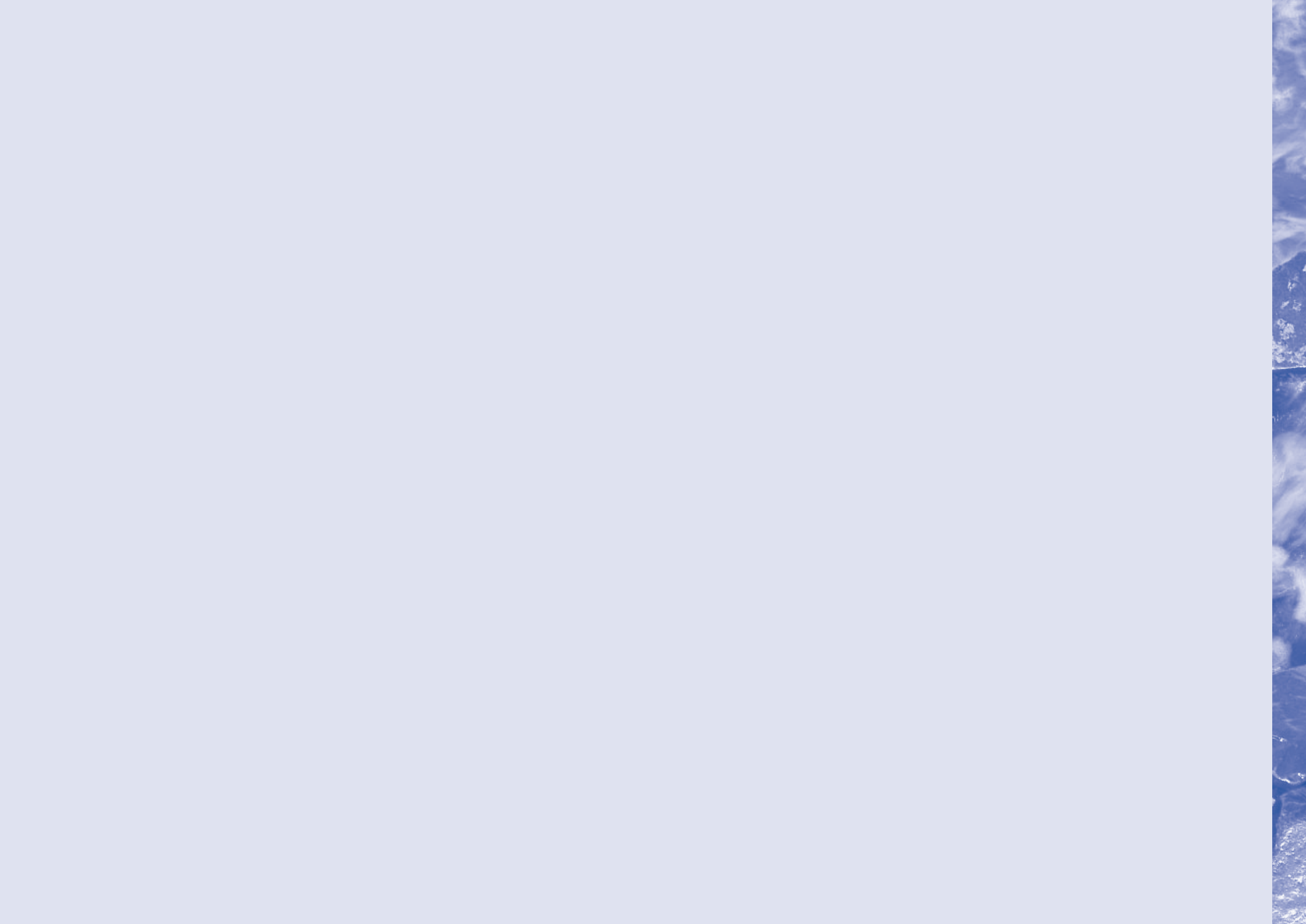
The Council will continue to build up its self insurance investment fund with no planned withdrawals over the nine year period.

## REGIONAL WATER SUPPLY

### Material Changes from *Investing in the Future* 2000-2010

The water supply levy has been reduced by a further 2% over 2000/01 levels. The reduction in the levy has deferred repayment of principal on water supply debt.

Last year it was indicated that the water turbidity standard, which is one of the measures of water quality, could change within 20 years. The Ministry of Health is now changing the standard in 2005. It is expected that any financial impact on The Water Group will be contained within existing budgets.



## LAND MANAGEMENT

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

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

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

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

## LAND MANAGEMENT: Performance Indicators

### *Promoting Sustainable Land Management*

#### LONG TERM

By 2010, the area of erosion prone hill country that has not been stabilised with soil conservation tree plantings will be reduced from the present 37,000 hectares to 31,500 hectares.

#### SHORT TERM By 30 June 2002

Approved soil conservation plan works will incorporate 350 hectares of pole planting (22,000 poles) 200 hectares of conservation woodlots and 8 kms of shelter-belts, to the Department's performance standards, within a budget of \$599,000.

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

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

Isolated works for District Councils and one-off programmes will be completed, to the Department's performance standards, within a budget of \$20,000.

### *Controlling Animal and Plant Pests*

#### LONG TERM

By July 2004, the Council will, in conjunction with AgriQuality NZ, reduce the percentage of infected Tb cattle and deer herds in the region to 1.4%, working under contract to the Animal Health Board as part of the National Bovine Tb Pest Management Strategy.

#### SHORT TERM By 30 June 2002

Bovine Tb vector control operations will be completed on 322,600 hectares to the satisfaction of the Council and the Animal Health Board, within a budget of \$4,721,000.

#### LONG TERM

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

#### SHORT TERM By 30 June 2002

The implementation of the first year of the new Regional Pest Management Strategy (plants and animals combined) will be completed in accordance with the approved operational plan to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,678,000.

## LAND MANAGEMENT: Financial Summary

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>FUNDING STATEMENT</b>			
General Rate	3,534	3,185	3,202
Other Rates	624	250	219
Government Subsidies	0	0	0
Other Revenue	3,398	5,567	5,240
<b>Operating Revenue</b>	<b>7,556</b>	<b>9,002</b>	<b>8,661</b>
Direct Operating Expenditure	7,550	8,976	8,562
Interest	0	0	0
Depreciation	140	84	90
<b>Operating Expenditure</b>	<b>7,690</b>	<b>9,060</b>	<b>8,652</b>
<b>Operating Surplus/(Deficit)</b>	<b>(134)</b>	<b>(58)</b>	<b>9</b>
<b>Less:</b>			
Capital Expenditure	91	118	107
Loan Funding	0	0	0
<b>Rates Funded Capital Expenditure</b>	<b>91</b>	<b>118</b>	<b>107</b>
Debt Provisioning	0	0	0
Working Capital Movements	0	0	0
Reserve Movements	(85)	(92)	(8)
Non Cash Items	(140)	(84)	(90)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

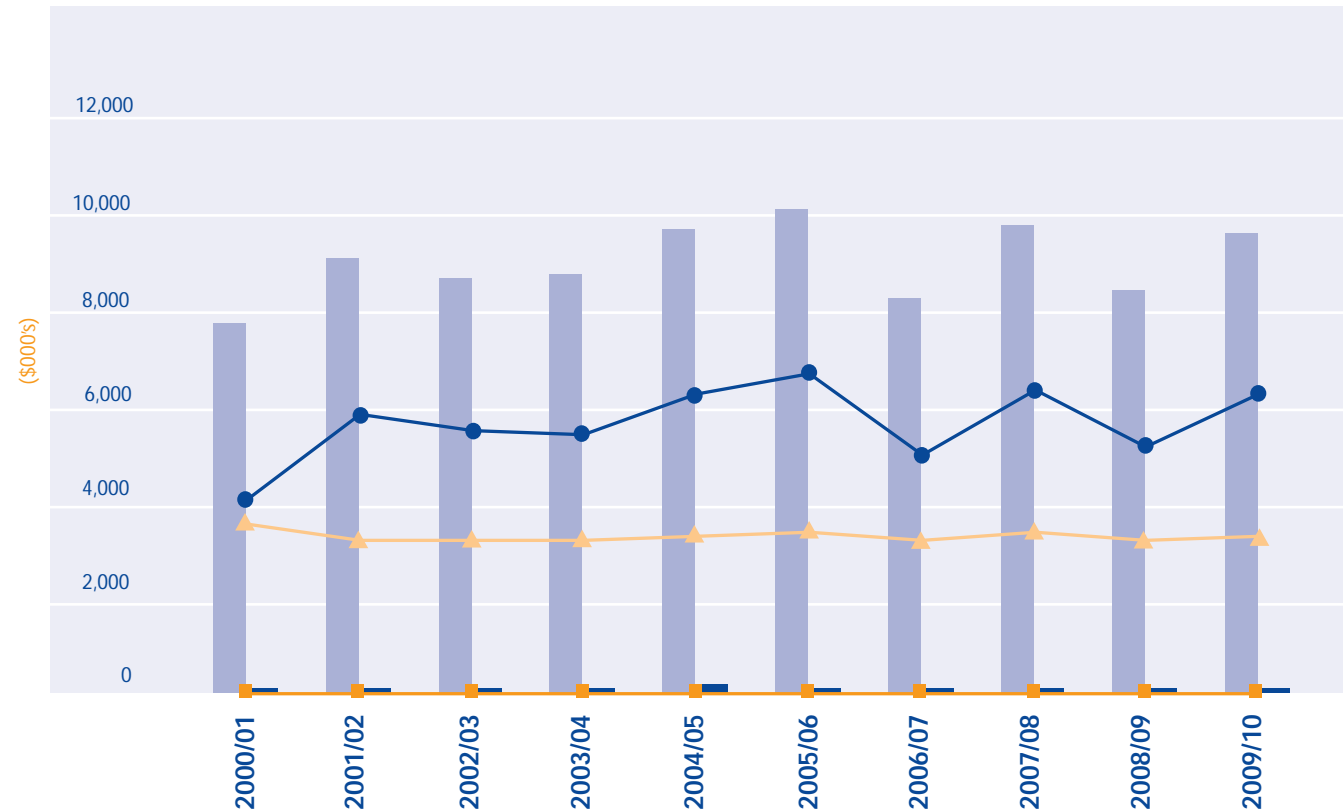
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>OPERATING EXPENDITURE</b>			
Promoting Sustainable Land Management	1,431	1,516	1,570
Controlling Animal and Plant Pests	6,259	7,544	7,082
<b>Total Operating Expenditure</b>	<b>7,690</b>	<b>9,060</b>	<b>8,652</b>
<b>CAPITAL EXPENDITURE</b>			
Land & Buildings	0	0	0
Plant & Equipment	11	0	0
Motor Vehicles	113	161	143
Asset Disposals	(33)	(43)	(36)
<b>Total Capital Expenditure</b>	<b>91</b>	<b>118</b>	<b>107</b>

## LAND MANAGEMENT: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- Fluctuations in operating revenue and operating expenditure are caused by variations in the Bovine Tb vector control programme. A reduction in the size of the programme is anticipated in years 2006/07 and 2008/09.
- Regional rate requirements reduce in 2001/02 and then remain relatively constant across the remaining eight year period.



	BUDGET		PLAN		FORECAST					
(\$000's)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Expenditure	7,690	9,060	8,652	8,696	9,601	10,059	8,196	9,741	8,373	9,582
Capital Expenditure	91	118	107	106	131	115	120	107	101	111
Net Debt	0	0	0	0	0	0	0	0	0	0
Regional Rates	3,534	3,185	3,202	3,232	3,312	3,386	3,217	3,344	3,230	3,333
Other Operating Revenue	4,022	5,817	5,459	5,447	6,269	6,650	4,966	6,379	5,114	6,248

## LAND MANAGEMENT

### *Challenges*

#### Maintaining Landholder Interest

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

#### Sustainability Plans

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

#### Biodiversity

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

#### Assessing our progress with pest management

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

#### Bovine Tuberculosis control work

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



## LAND MANAGEMENT

### *Assumptions*

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

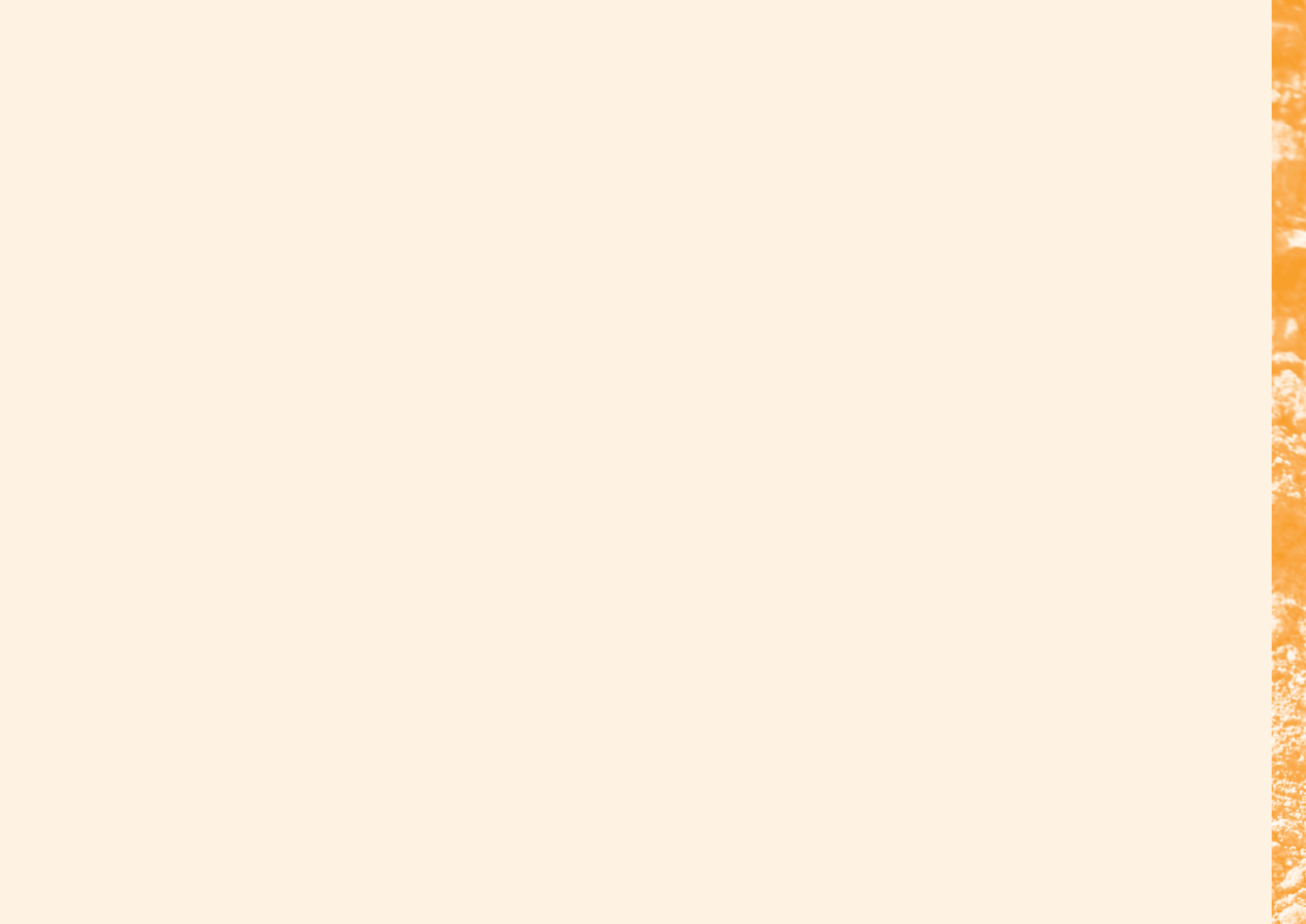
- The focus on Sustainability Plans will be maintained at existing levels.
- Quality plant materials will continue to be available.
- The economic situation (particularly rural) will not change significantly.
- The proposed new strategy for pest plants and animals will be supported by the public.
- There will be no significant changes to pest populations or species in the Region over the next nine years.
- The Proposed National Pest Management Strategy for Bovine Tb will be finally approved by the Minister of Agriculture without any significant changes in relation to planned Wellington Region vector operations and to proposed funding policies.

## LAND MANAGEMENT

### Material Changes from *Investing in the Future 2000-2010*

Bovine Tb vector control expenditure is scheduled to increase significantly in 2001/02 as an expansionary programme commences in the Wellington Region. A number of new operations are proposed.

These changes are subject to the Proposed National Pest Management Strategy for Bovine Tb being finally approved by the Minister of Agriculture without significant change.



## FLOOD PROTECTION

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

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

## FLOOD PROTECTION: Performance Indicators

### LONG TERM

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

### SHORT TERM By 30 June 2002

Publish the Hutt River Floodplain Management Plan by October 2001, to a standard accepted by the Landcare Committee, within a budget of \$115,000. The total expenditure for the completed phases 2, 3 and 4 and the publication costs will not exceed the total approved project budget of \$1,340,000.

Implement the Waiohine and Waipoua River scheme reviews and progress public consultation for the review of the Upper Ruamahanga River scheme, to the satisfaction of the Wairarapa and Rural Services Committee within a budget of \$343,000.

### LONG TERM

By 2040, the Council will implement the adopted floodplain management plans for the Hutt, Otaki and Waikanae Rivers (total approximate capital expenditure of \$92.75 million).

### SHORT TERM By 30 June 2002

Prepare the information base for developing Hutt River Floodplain Management Plan non-structural principles into full measures, within a budget of \$90,000 and to the satisfaction of the Landcare Committee. The development of measures will involve consideration by Upper Hutt City and Hutt City Councils of:

- Policy and provisions for District Plans.
- Enhanced Emergency Management programmes and procedures.

### SHORT TERM By 30 June 2002 *continued ...*

In conjunction with Tranz Rail, complete feasibility design and agree waterway criteria for replacement of the Ava Railway Bridge, within a budget of \$80,000.

For the Hutt River at Melling, complete detailed waterway investigations and agree waterway parameters with Hutt City Council, Transit NZ and Tranz Rail for a long-term strategy for the management of road traffic and rail crossings, to an agreed programme and within a budget of \$60,000.

In the Ava to Ewen reach of the Hutt River, apply for and obtain resource consents for the Strand Park Channel Realignment, the Alicetown Stopbank and the Strand Park Stopbank, within a budget of \$126,000. Complete detailed design of the channel realignment (including model study) and of any dependent stopbank works, and purchase the required sections of land to accommodate the works, within a total budget of \$407,000.

Raise sections of road at Otaihanga, Waikanae, in conjunction with Kapiti Coast District Council, to an agreed programme and accepted engineering standards, within a budget of \$140,000.

Complete realignment of the Porirua Stream at Findlay Street, including relocation of three Council owned properties, to accepted engineering standards, within a budget of \$334,000.

## FLOOD PROTECTION: Performance Indicators

### LONG TERM

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

### SHORT TERM By 30 June 2002

Maintenance operations that satisfy quality assurance policies and statutory requirements will be carried out in the Western part of the Region. The Hutt, Otaki, Waikanae and Wainuiomata Rivers and the Porirua Stream schemes annual maintenance will be completed in accordance with the adopted Western Rivers Asset Management Plan, all within a budget of \$1,889,000.

Maintenance operations will be completed for the Region's eight Wairarapa river schemes to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,153,000.

### LONG TERM

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

### SHORT TERM By 30 June 2002

On the north bank at the Otaki River mouth, consult on and design a "nature reserve" area, and in conjunction with Kapiti Coast District Council agree a management regime. Purchase strategic property at the river mouth. All work and land purchase within a total budget of \$45,000 and within an agreed programme.

## FLOOD PROTECTION: Financial Summary

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>FUNDING STATEMENT</b>			
General Rate	6,277	6,259	6,426
River Rates	2,286	2,403	2,624
Wairarapa Scheme Rates	818	897	902
Other Revenue	966	983	1,024
<b>Operating Revenue</b>	<b>10,347</b>	<b>10,542</b>	<b>10,976</b>
Direct Operating Expenditure	5,718	5,631	5,671
Interest	2,286	2,283	2,260
Depreciation	827	772	782
<b>Operating Expenditure</b>	<b>8,831</b>	<b>8,686</b>	<b>8,713</b>
<b>Operating Surplus/(Deficit)</b>	<b>1,516</b>	<b>1,856</b>	<b>2,263</b>
<b>Less:</b>			
Capital Expenditure & Investments	2,050	1,345	2,639
Loan Funding	(2,201)	(1,493)	(2,315)
<b>Rates Funded Capital Expenditure</b>	<b>(151)</b>	<b>(148)</b>	<b>324</b>
Debt Provisioning	2,123	2,293	2,044
Working Capital Movements	0	0	0
Reserve Movements	371	483	677
Non Cash Items	(827)	(772)	(782)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

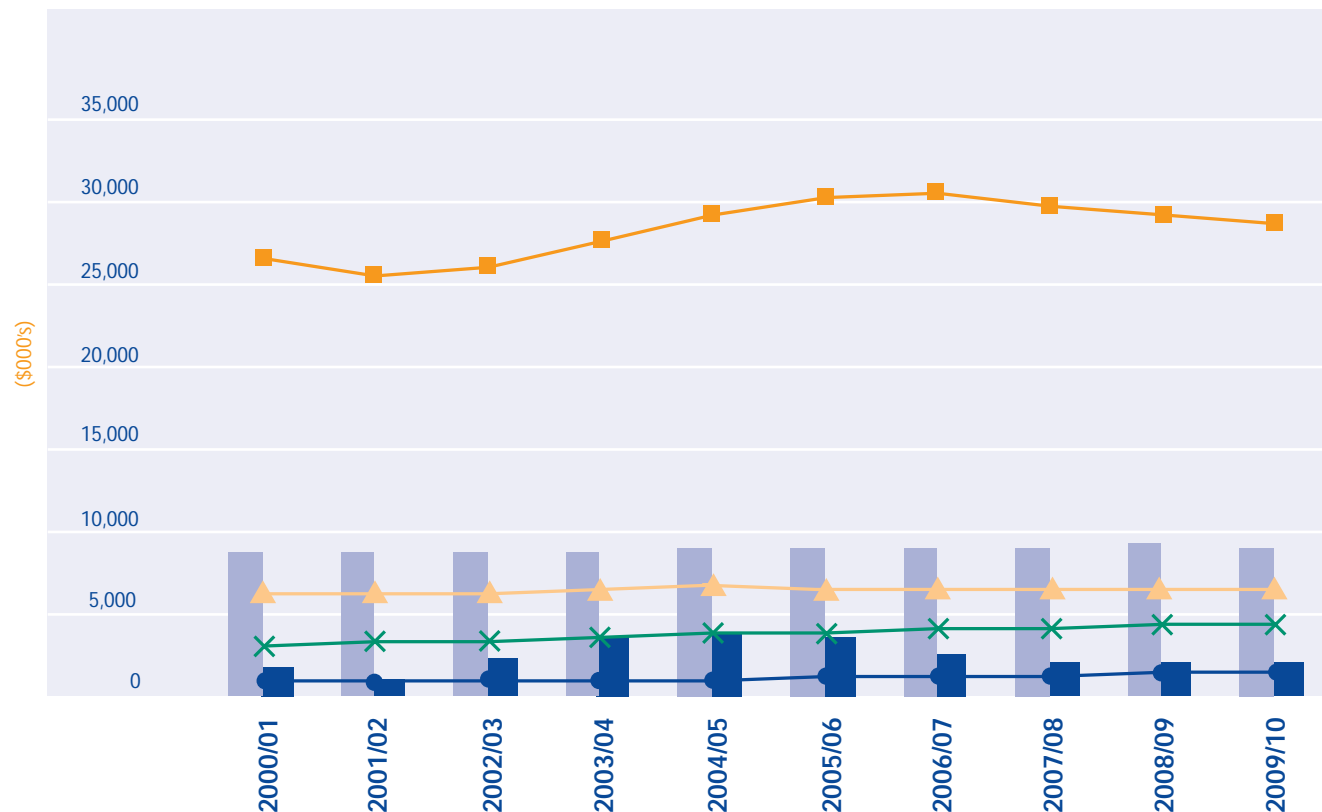
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>OPERATING EXPENDITURE</b>			
Planning for Flood Protection	801	1,691	1,669
Delivering Flood Protection	8,030	6,995	7,044
<b>Total Operating Expenditure</b>	<b>8,831</b>	<b>8,686</b>	<b>8,713</b>
<b>CAPITAL EXPENDITURE</b>			
Hutt Floodplain Management Plan	280	115	0
Hutt River Improvements	459	677	2,038
Waikanae River Improvements	130	140	184
Otaki River Improvements	200	15	29
Porirua Floodplain Management Plan	373	334	0
Other	116	20	65
<b>Major Project Expenditure</b>	<b>1,558</b>	<b>1,301</b>	<b>2,316</b>
Land & Buildings	644	192	0
Plant & Equipment	4	5	4
Motor Vehicles	113	116	122
Asset Disposals	(487)	(497)	(44)
<b>Total Capital Expenditure</b>	<b>1,832</b>	<b>1,117</b>	<b>2,398</b>
Investment Additions	218	228	241
<b>Total Capital Expenditure and Investments</b>	<b>2,050</b>	<b>1,345</b>	<b>2,639</b>

## FLOOD PROTECTION: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- Capital expenditure averages over \$2.5 million each year across the nine year period.
- Net debt peaks at \$30.6 million in 2006/07.
- Rates remain relatively constant over the nine year period.



	BUDGET		FORECAST									
	BUDGET	PLAN	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Operating Expenditure	8,831	8,686	8,713	8,770	9,078	9,080	9,035	9,145	9,208	9,092		
Capital Expenditure	1,832	1,117	2,398	3,821	4,055	3,762	2,631	2,227	2,241	2,171		
Net Debt	26,651	25,852	26,122	27,762	29,373	30,609	30,630	30,014	29,502	28,830		
General Rates	6,277	6,259	6,426	6,509	6,821	6,736	6,642	6,758	6,607	6,584		
River & Scheme Rates	3,104	3,300	3,526	3,708	3,881	4,069	4,151	4,311	4,437	4,467		
Other Operating Revenue	966	983	1,024	1,056	1,114	1,210	1,310	1,422	1,538	1,655		



# FLOOD PROTECTION

## *Challenges*

### Maintain Service Levels

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

### A New Era of Construction

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

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

### Other Considerations

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

### Rivers are Special Places

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

## FLOOD PROTECTION

### *Assumptions*

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

- There will not be any flood events over the next nine years that require repairs where costs exceed available Flood Contingency Funds and local area reserves;
- The Council's current flood protection funding policies will continue and new works will be funded at the ratio of 50/50 between the General rate and the local share (direct beneficiaries);
- Rating classification reviews will increase confidence in the Wairarapa river schemes resulting in additional funding from the local communities;
- Floodplain management provisions in draft and proposed regional and district plans are generally adopted;
- The Hutt River Floodplain Management Plan will be completed by June 2001, and published in October 2001. Appropriate "non-structural" measures will be an integral component of the plan's implementation;
- Financial provisions for managing and maintaining flood protection assets, will be reviewed following the triennial Asset Management Plan review;
- Transit New Zealand will contribute its share of the proposed increased maintenance budget for the Riverworks Agreement section of the Hutt River;
- A Hutt River Ranger will be employed from 2002/03 and beyond. This depends on the need being confirmed and approved through the Hutt River Environmental Strategy process;
- The interest rate on debt will be 8.50%;
- Long-term resource consents, for the Wairarapa river schemes, the Wainuiomata River, Waitohu Stream and other minor watercourses, will be obtained for river maintenance and operations;
- Current regimes and revenue for gravel extraction will continue.

## FLOOD PROTECTION

### Material Changes from *Investing in the Future 2000-2010*

\$50,000 for publication of the Hutt River Floodplain Management Plan has been deferred from 2000/01 to 2001/02;

Following the October 2000 flood events, the Council agreed to accelerate to 2000/01, \$410,000 of Otaki River bank edge protection works, previously spread through to 2003/04;

\$500,000 of Hutt River channel realignment work at Strand Park, Lower Hutt, has been reprogrammed to 2003/04 to enable a more effective construction programme;

\$38,000 for completing resource consent process and \$100,000 for reprogrammed physical model study, have been deferred from 2000/01 to 2001/02; for the Ava to Ewen, Hutt River improvements;

\$25,000 of Belmont bank edge protection works (Hutt River) was brought forward from 2003/04 to 2002/03 to allow property boundary and encroachment issues to be resolved prior to construction commencing in 2003/04;

Realignment of the Porirua Stream at Findlay Street has been deferred from 2000/01 to 2001/02.

External revenue has been increased by:

- Extra rental from the Shandon Golf Club, Lower Hutt, lease;
- The lease back to the previous owners, for the next two and a half years, of the Connolly Street property at Boulcott, Lower Hutt (this property has been purchased by Council).

Additional projects budgeted in this 2001 update are:

- Refurbishment of the Flood Protection Otaki Depot in 2001/02 (\$80,000);
- Provision for potential land purchase at “Mangahanene Island”, Otaki for river channel alignment at the river mouth.

## PARKS AND FORESTS

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

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

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

## PARKS AND FORESTS: Performance Indicators

### LONG TERM

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

### SHORT TERM By 30 June 2002

Environmental assets within the Regional Parks, Forests and Water Collection Areas will be monitored, protected and enhanced, within a budget of \$456,000 in accordance with: (1) the Regional Parks and Forests Asset Management Plan service levels; (2) the Regional Pest Management Strategy; (3) nationally recognised protocols for forest health monitoring. All to be reported to the Landcare Committee following the end of the financial year.

### LONG TERM

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

### SHORT TERM By 30 June 2002

Recreation and heritage assets and facilities, and settings in the Regional Parks, Forests and Water Collection Areas will be monitored, maintained, protected and enhanced to ensure public safety in accordance with the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$1,011,000. Public enjoyment of and satisfaction with the facilities and assets will be measured through the biennial visitor satisfaction survey. To be reported to the Landcare Committee following the end of the financial year.

The annual capital works programme will be undertaken on time, to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$456,000. Public satisfaction with the capital works assets will be measured through the biennial visitor satisfaction survey.

### LONG TERM

The Council will continue to provide a ranger service which enhances park users' experiences of the recreational, environmental and heritage values and educational opportunities in the Regional Parks, Forests and Water Collection Areas.

### SHORT TERM By 30 June 2002

Within a budget of \$628,000, ranger services will be provided that:

- facilitate Council approved public access to the Regional Parks, Forests and Water Collection Areas;
- educate and inform visitors and users;
- liaise with community and stakeholder groups;
- ensure compliance with Council policies.

Customer satisfaction with ranger services will be measured through biennial visitor satisfaction surveys and information received from the public.

A summary of key activities will be reported to the Landcare Committee following the end of the financial year.

## PARKS AND FORESTS: Performance Indicators

### LONGTERM

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

### SHORT TERM By 30 June 2002

Within a budget of \$314,000, parks planning will be undertaken, including:

- The annual policy and planning work programme, as agreed with the Divisional Manager, Landcare;  
The quality of this work will be measured through: (1) external peer review of selected policy work; (2) an evaluation of the effectiveness of internal and external consultation processes, when appropriate; (3) policy recommendations being accepted by the Council;
- An annual report will be submitted to the Divisional Manager, Utility Services on the forest health and pest control activities undertaken in the designated current and future Water Collection Areas;
- The Regional Parks and Forests management plans, Bylaws and other policies will be interpreted and demand-driven work actioned, as required.

### LONGTERM

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

### SHORT TERM By 30 June 2002

The annual environmental education and environmental enhancement initiatives as agreed with the Divisional Manager, Landcare, will be completed, within a budget of \$248,000, and reported to the Landcare Committee following the end of the financial year.

## PARKS AND FORESTS: Financial Summary

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>FUNDING STATEMENT</b>			
General Rate	3,992	4,008	4,150
Other Rate	0	0	0
Government Subsidies	0	0	0
Other Revenue	716	764	890
<b>Operating Revenue</b>	<b>4,708</b>	<b>4,772</b>	<b>5,040</b>
Direct Operating Expenditure	4,261	4,334	4,447
Interest	99	126	140
Depreciation	250	197	229
<b>Operating Expenditure</b>	<b>4,610</b>	<b>4,657</b>	<b>4,816</b>
<b>Operating Surplus/(Deficit)</b>	<b>98</b>	<b>115</b>	<b>224</b>
<b>Less:</b>			
Capital Expenditure	673	579	493
Loan Funding	(544)	(401)	(204)
<b>Rates Funded Capital Expenditure</b>	<b>129</b>	<b>178</b>	<b>289</b>
Debt Provisioning	166	145	103
Working Capital Movements	0	0	0
Reserve Movements	53	(11)	61
Non Cash Items	(250)	(197)	(229)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

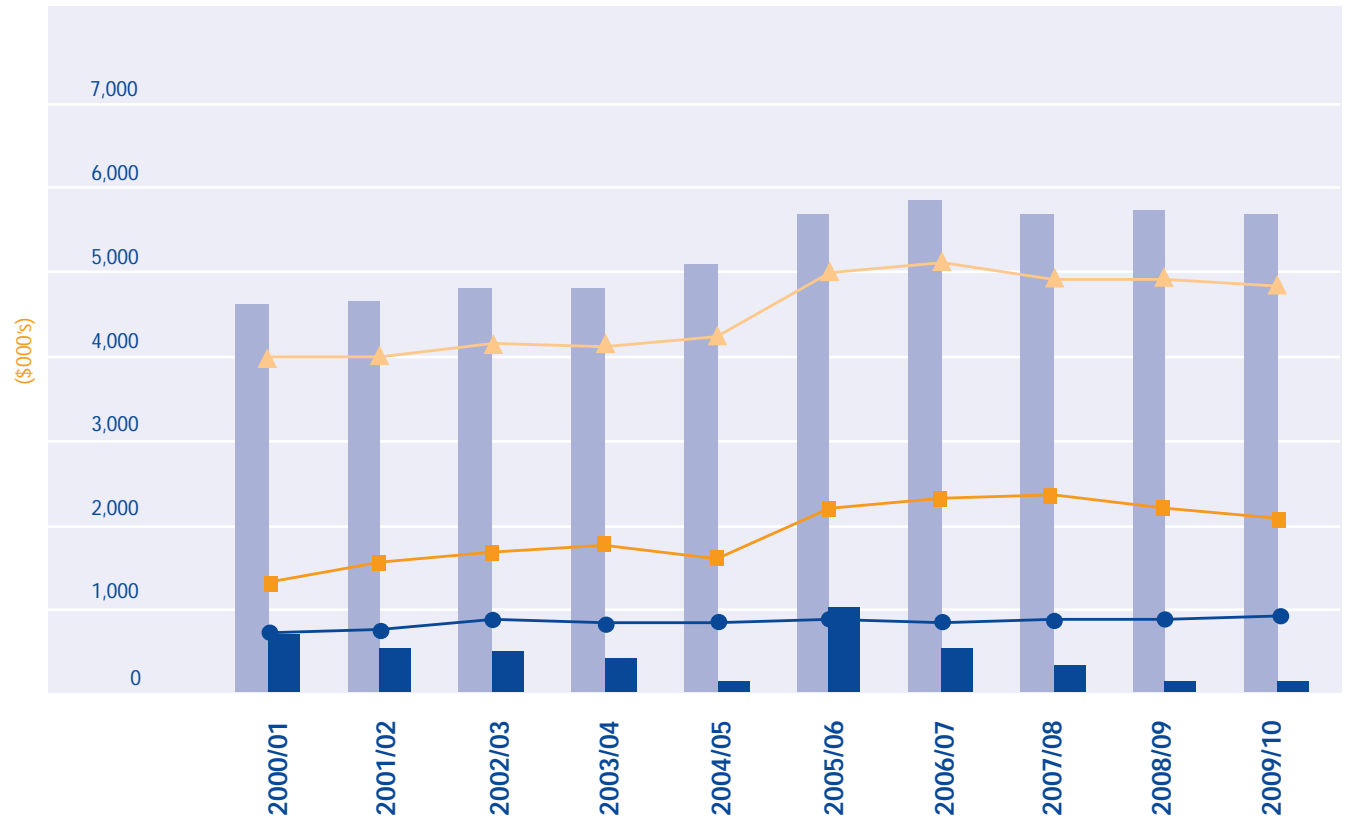
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>OPERATING EXPENDITURE</b>			
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	4,610	4,657	4,816
<b>Total Operating Expenditure</b>	<b>4,610</b>	<b>4,657</b>	<b>4,816</b>
<b>CAPITAL EXPENDITURE</b>			
Belmont Woolshed	0	55	0
Queen Elizabeth Park Enhancements	193	95	95
Tunnel Gully Toilets	0	40	0
Pakuratahi Bridge Replacements	191	171	69
Battle Hill Enhancements	60	15	0
Kaitoke Roding & Toilets	62	0	40
Akatarawa Bridge Replacements	39	0	0
East Harbour Bridge Replacement	0	80	0
<b>Major Project Expenditure</b>	<b>545</b>	<b>456</b>	<b>204</b>
Land & Buildings	0	0	18
Plant & Equipment	11	26	103
Motor Vehicles	150	138	244
Asset Disposals	(33)	(41)	(76)
<b>Total Capital Expenditure</b>	<b>673</b>	<b>579</b>	<b>493</b>

# PARKS AND FORESTS: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key point to note is:

- The significant increase in both capital and operating expenditure in 2005/06 is due to a planned increased involvement in Whitireia Park and Wairarapa Wetlands Park.



	BUDGET	PLAN	FORECAST							
Operating Expenditure	4,610	4,657	4,816	4,817	5,087	5,670	5,846	5,691	5,721	5,697
Capital Expenditure	673	579	493	416	112	1,004	508	336	128	118
Net Debt	1,312	1,567	1,668	1,744	1,616	2,215	2,339	2,348	2,218	2,077
Regional Rates	3,992	4,008	4,150	4,135	4,252	4,984	5,120	4,921	4,909	4,849
Other Operating Revenue	716	764	890	834	834	865	854	886	890	902



## PARKS AND FORESTS

### *Challenges*

#### Asset Management

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

Infrastructural assets in the Parks and Forests include:

- 145 bridges
- 115km of roads
- 152km of fences
- 72 buildings
- 152km of tracks
- plus signs, picnic tables, seats, plants, water and sewer pipes

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

#### Environmental Excellence

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

#### Community Involvement

Although popular, some Regional Parks and Forests are still only regularly visited by particular sectors of the regional community. The Council is implementing a marketing strategy to address this. The challenge is to increase park use while maintaining their intrinsic values.

The Council is in the process of increasing community and iwi involvement in, and commitment to, the parks and forests through environmental education programmes and projects involving volunteers, iwi and stakeholders groups. The challenges are maintaining volunteer input and stakeholder interest over time, and developing effective education programmes.

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

#### New Parks and Services

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

## PARKS AND FORESTS

### *Assumptions*

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

- The legislative framework governing the management of regional parks, reserves and forest lands will not alter significantly;
- Revenue will continue from existing leases and licences;
- The WRC will successfully negotiate with the Department of Conservation, the Whitireia Park Board and iwi, an acceptable management role at Whitireia Park;
- The WRC will successfully negotiate with the Department of Conservation and other agencies, an acceptable management role in the Wairarapa wetlands;
- Funding for catchment management from Utility Services will continue at least at current levels;
- No land purchases will be required.

## PARKS AND FORESTS

### Material Changes from *Investing in the Future 2000-2010*

Tunnel Gully Toilets – The project replacing the Tunnel Gully Recreation Area toilets has been brought forward from 2004/05 to 2001/02. The reason for this is that the existing toilets are not of a high enough standard to meet the needs of school groups using the area through the Council's Environmental Education programme and of other users.

Akatarawa Bridge Upgrades – \$40,000 was allocated in the 2000/01 year to upgrade the Akatarawa Forest Bridges along the Karapoti Road. Upper Hutt City Council has confirmed it wishes to retain ownership of the road. Therefore the project will not proceed.

## REGIONAL STADIUM

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

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

### Background

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

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

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

The Council decided that, in keeping with the spirit of the transparency and accountability principles contained within the Local Government Amendment (No 3) Act 1996, it would borrow the entire \$25 million which would then be on-lent to the Stadium Trust.

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

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

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

### Where to from here?

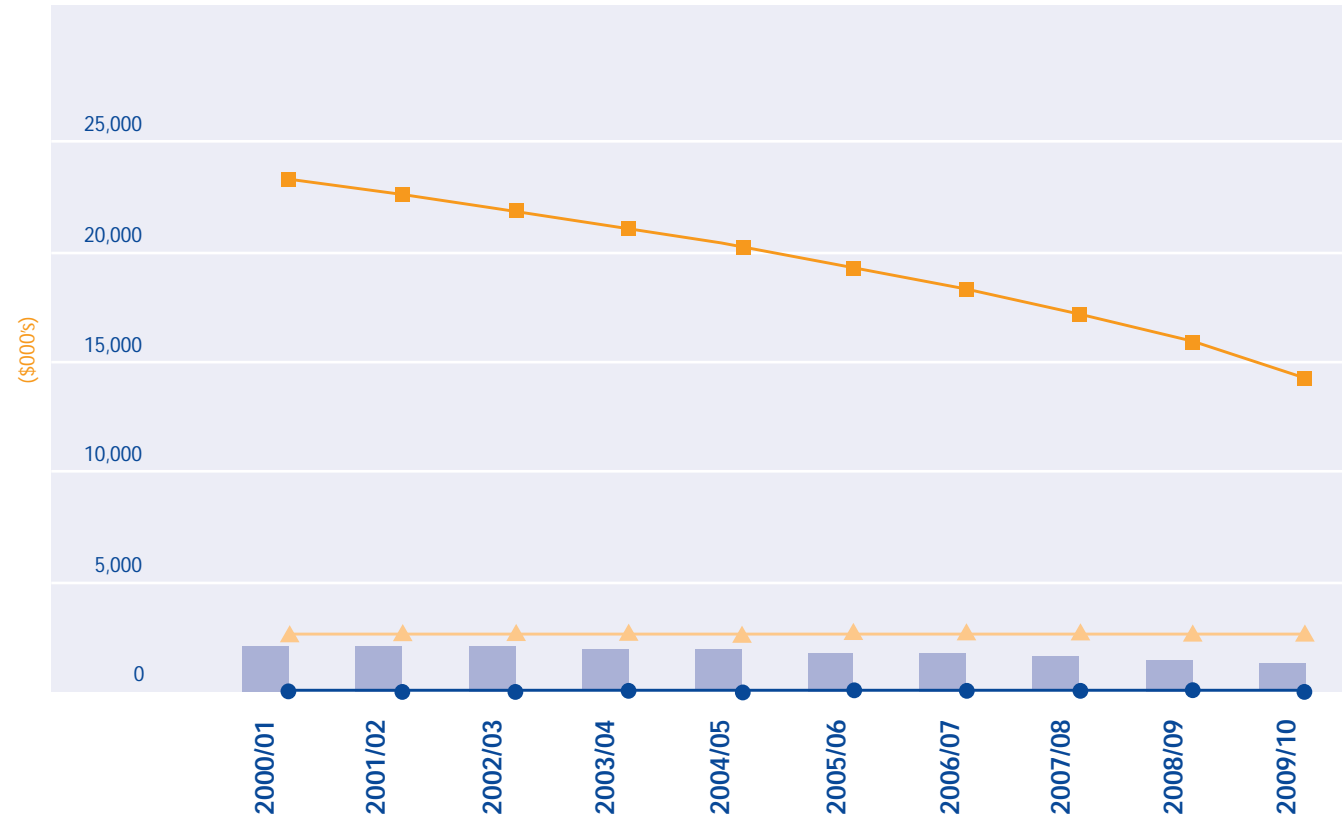
The Council will continue to exercise governance over the Stadium Trust in its capacity as joint settlor of the Trust to ensure as far as practicable that ratepayers' interests are protected.

## REGIONAL STADIUM: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

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



	BUDGET		PLAN		FORECAST					
Operating Expenditure	2,079	2,027	1,976	1,919	1,847	1,784	1,690	1,514	1,411	1,300
Capital Expenditure	0	0	0	0	0	0	0	0	0	0
Net Debt	23,378	22,729	22,029	21,272	20,444	19,552	18,566	17,404	16,140	14,764
Stadium Rate	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676	2,676
Other Operating Revenue	0	0	0	0	0	0	0	0	0	0

## REGIONAL STADIUM

### *Challenges*

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

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

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

### *Assumptions*

The following key assumptions have been made:

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

## INVESTMENTS

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

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

### CentrePort

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

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

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

### Forestry

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

## INVESTMENTS

The overall investment policy of the Council with regard to forestry is to maximise long term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forests within the Region are required to budget for an *internal dividend* irrespective of the operating result for the year. The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of internal dividend contribution to the rates line from forestry is currently \$225,000 per year, and will continue to be reviewed annually.

### Other Investments

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

The Council also holds some residual investment property primarily in Wellington City. This was transferred to the Council at no cost when the functions of the Wellington Harbour Board were assumed in 1989. Investment properties have been progressively disposed of in recent years and it is Council's intention to continue divesting all remaining interest in these assets.

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

### Business Units

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

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



## INVESTMENTS: Financial Summary

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>INCOME STATEMENT</b>			
Operating Revenue	11,306	8,641	9,490
Operating Expenditure	6,658	4,437	5,015
Earnings before Interest	4,648	4,204	4,475
Interest	(2,173)	(2,421)	(2,551)
<b>Operating Surplus/(Deficit)</b>	<b>6,821</b>	<b>6,625</b>	<b>7,026</b>
Contribution to Rates	5,584	5,782	5,756
<b>Earnings Retained</b>	<b>1,237</b>	<b>843</b>	<b>1,270</b>
<b>OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS</b>			
Bank Deposit	3,124	2,574	2,794
WRC Holdings Limited	(79)	628	381
Treasury Management	3,819	4,046	4,169
Plantation Forests	275	(546)	(281)
Reserve Forests	(505)	(226)	(212)
Administrative Properties	118	82	117
Investment Properties	0	0	0
Akura Conservation Centre	54	56	47
Wairarapa Workshop	15	11	11
<b>Total Operating Surplus</b>	<b>6,821</b>	<b>6,625</b>	<b>7,026</b>

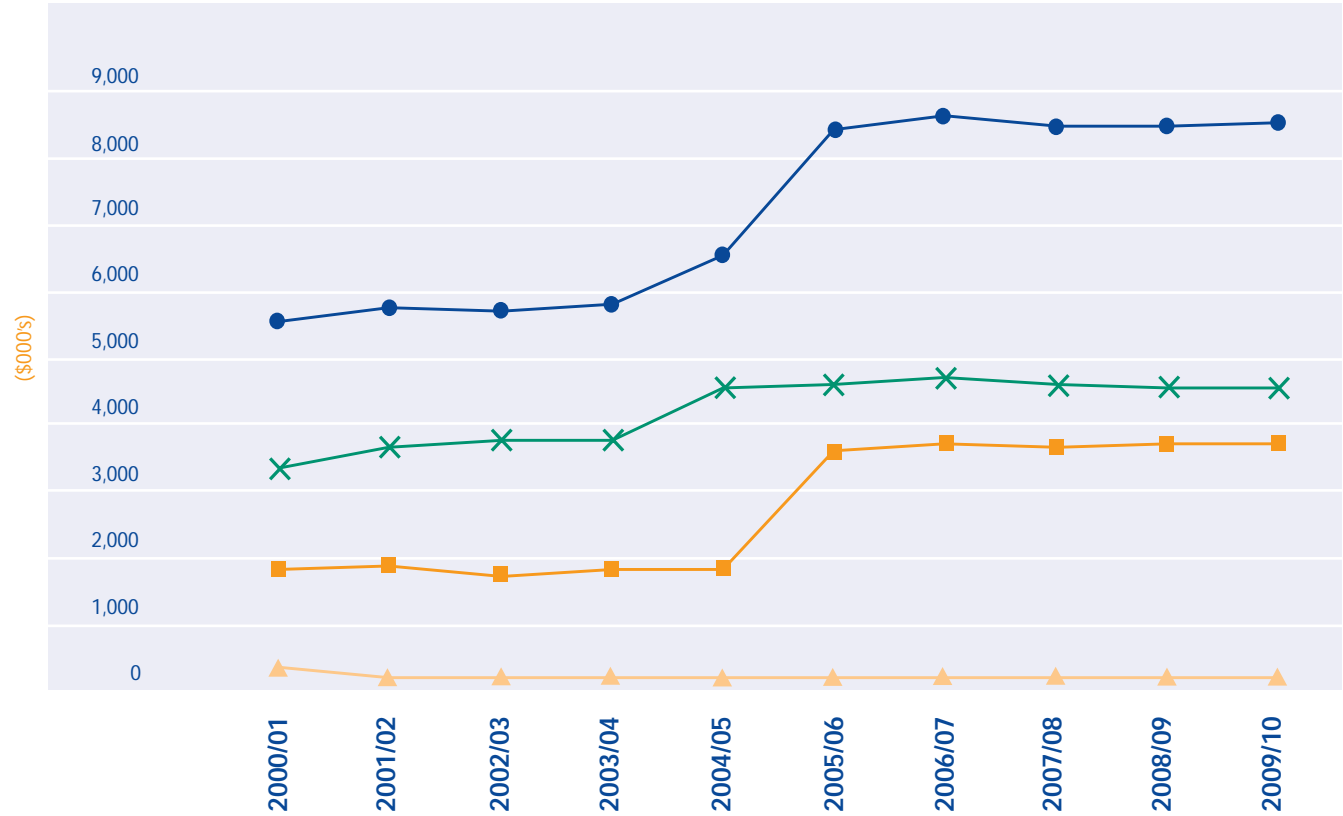
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>NET CONTRIBUTION TO RATES FROM INDIVIDUAL INVESTMENTS</b>			
Bank Deposit	3,124	2,574	2,794
WRC Holdings Limited	(1,286)	(682)	(1,041)
Treasury Management	3,198	3,531	3,612
Plantation Forests	300	150	150
Reserve Forests	75	75	75
Administrative Properties	123	84	116
Investment Properties	0	0	0
Akura Conservation Centre	35	35	35
Wairarapa Workshop	15	15	15
<b>Total Contribution to Rates</b>	<b>5,584</b>	<b>5,782</b>	<b>5,756</b>

# INVESTMENTS: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key points to note are:

- The graph shows the net income that the Council expects from its investments over the next nine years. Clearly, the income that flows from the Council's investment portfolio makes a considerable contribution to reducing regional rates. Without the contribution from investments, regional rates would need to increase by a further 12% in 2001/02.
- The steep rise in 2005/06 is a result of increased returns from WRC Holdings Ltd, as the last of the debt on the Regional Council Centre building is planned to be repaid.



(\$000's)	BUDGET		FORECAST							
	PLAN		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
● Net Contribution to Rates	5,584	5,782	5,756	5,848	6,595	8,489	8,683	8,550	8,545	8,560
■ Subsidiary Related Income	1,838	1,892	1,753	1,837	1,816	3,615	3,746	3,704	3,748	3,761
▲ Forestry Contribution	375	225	225	225	225	225	225	225	225	225
✕ Other Income	3,371	3,665	3,778	3,786	4,554	4,649	4,712	4,621	4,572	4,574

## INVESTMENTS

### *Challenges*

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

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

### *Assumptions*

The following key assumptions have been made:

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

## INVESTMENT IN DEMOCRACY

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

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

- Councillors' annual salaries, daily meeting allowances and travel expenses, as well as allowances and travel costs of other persons appointed to Council's Committees.
- Public notice of Council and Committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing Council and its Committees.
- Other public notices, dealing with special orders, WRC Rates, elections and the like.

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

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

## INVESTMENT IN DEMOCRACY: Performance Indicators

### LONG TERM

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

### SHORT TERM By 30 June 2002

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

That the numbers of votes cast for regional councillors in the 2001 local body elections do not vary materially from voting for territorial authorities in those elections.

### LONG TERM

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

### SHORT TERM By 30 June 2002

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

### LONG TERM

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

### SHORT TERM By 30 June 2002

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

## INVESTMENT IN DEMOCRACY: Financial Summary

### FUNDING STATEMENT

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
General Rate	2,191	2,209	2,395
Other Rates	0	0	0
Government Subsidies	0	0	0
Other Revenue	1,474	1,484	1,605
<b>Operating Revenue</b>	<b>3,665</b>	<b>3,693</b>	<b>4,000</b>
Direct Operating Expenditure	3,510	3,797	3,920
Interest	0	0	0
Depreciation	37	26	28
<b>Operating Expenditure</b>	<b>3,547</b>	<b>3,823</b>	<b>3,948</b>
<b>Operating Surplus/(Deficit)</b>	<b>118</b>	<b>(130)</b>	<b>52</b>
<b>Less:</b>			
Capital Expenditure	75	117	5
Loan Funding	0	0	0
<b>Rates Funded Capital Expenditure</b>	<b>75</b>	<b>117</b>	<b>5</b>
Debt Provisioning	0	0	0
Working Capital Movements	0	0	0
Reserve Movements	80	(221)	75
Non Cash Items	(37)	(26)	(28)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

### OPERATING EXPENDITURE

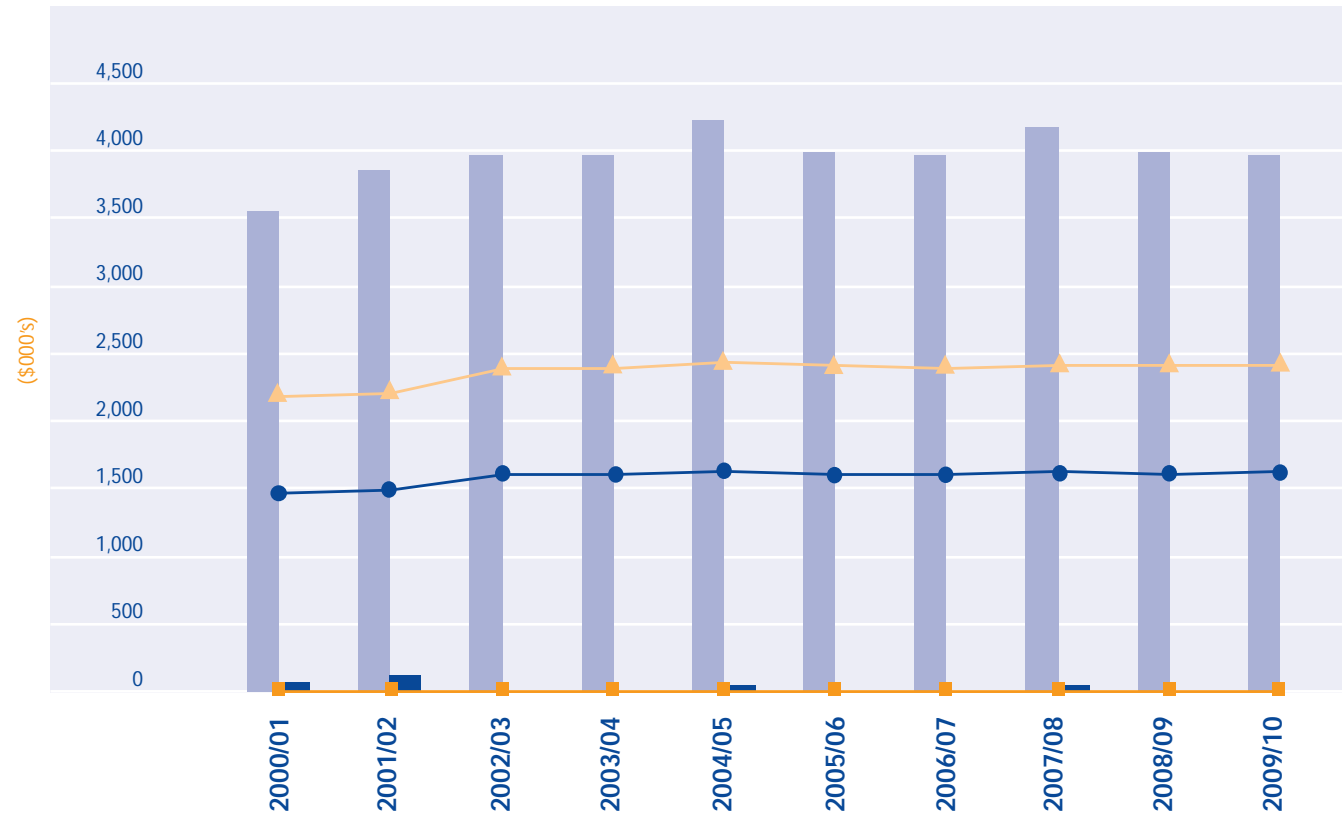
	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
Direct Members' Costs	1,193	1,173	1,175
Council Secretariat	516	538	538
Divisional Management Support	250	250	250
Strategic Communications	500	500	500
Regional Economic Development	50	50	400
Other Costs	1,038	1,092	1,085
Election Costs	0	220	0
<b>Total Operating Expenditure</b>	<b>3,547</b>	<b>3,823</b>	<b>3,948</b>
<b>CAPITAL EXPENDITURE</b>			
Land & Buildings	0	0	0
Plant & Equipment	75	92	5
Motor Vehicles	0	43	0
Asset Disposals	0	(18)	0
<b>Total Capital Expenditure</b>	<b>75</b>	<b>117</b>	<b>5</b>

## INVESTMENT IN DEMOCRACY: Nine Year Financial Forecast

This graph places the financial summary for the next two years in the context of the nine year planning horizon.

The key point to note is:

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



	BUDGET		PLAN		FORECAST					
Operating Expenditure	3,547	3,823	3,948	3,948	4,199	3,970	3,938	4,154	3,967	3,953
Capital Expenditure	75	117	5	5	52	5	5	52	5	5
Net Debt	0	0	0	0	0	0	0	0	0	0
Regional Rates	2,191	2,209	2,395	2,390	2,436	2,404	2,395	2,416	2,410	2,404
Other Operating Revenue	1,474	1,484	1,605	1,608	1,636	1,612	1,612	1,624	1,617	1,620

## INVESTMENT IN DEMOCRACY

### *Challenges*

#### Legislation

For some time this Council has been advocating appropriate changes to the statutory powers of regional councils particularly in the Local Government and Rating Powers Acts. It will continue to do so until there is clear evidence that appropriate legislative changes are in sight. Council acknowledges that considerable work has been completed towards this objective with reviews of Local Government and Rating Powers Acts.

### *Assumptions*

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

- The current approach to members' remuneration will be reviewed and there will be some increase in remuneration levels.
- The number of daily meeting allowances paid will be 1,300.
- The operating expenditure for 2002/03 and onwards, includes \$350,000 p.a. for economic development. At present the council is not legally permitted to make such an investment. It is therefore assumed that the law would be changed by 2002/03 or an investment will be made which is within current powers.



## FUNDING POLICY

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

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

In theory, the funding policy would have all public benefit components being funded by rates and all private benefit components funded by the beneficiaries. However, this is not always practical or possible. For example, it is simply not

feasible to impose and collect fees from regional park users. The Council's funding policy is based on fair and equitable funding solutions - and ones which can be implemented.

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

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

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

## FUNDING POLICY

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

## FUNDING POLICY

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

## FUNDING POLICY

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

## RATING POLICY

The Council's Funding Policy (pages 87-90) determines the basis of the Wellington Regional Council rates. The Council will set three rates – General, Transport and Stadium Purposes – for the whole Region. Other Regional Council rates only apply in parts of the Region.

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

### General Rate

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

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

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

### Works and Services (Transport) Rate

This funds the Council's net expenditure for the Region's public transport services, transport infrastructure and transport planning. This rate is made on a differential Capital Value Basis. To reflect Council's funding policy and take account of the introduction of Patronage Funding and the changes in the impacts within different parts of the region, minor changes to transport rate differentials have been decided upon. Full details of the new differentials were advertised in Special Order public notices.

### Works and Services (Rivers Management) Rates

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

### Works and Services (Stadium Purposes) Rate

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

## RATING POLICY

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

The Wellington Regional Council levies rates on specific properties within some thirty catchment, drainage and rural water supply schemes in the Wairarapa Constituency. Generally these rates are made on a differential, land area, basis. In 2001/02 changes to the differentials of two schemes have been made and two new schemes created – one (Greytown) is to be rated on a uniform capital value basis. Full details of the new differentials were advertised in separate Special Order public notices.

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

### Bovine Tb Vector Control Rate

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

### Rates Collection

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

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

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

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

In 2001/2002 there are changes to some Scheme Rate differentials.

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

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

Any queries about how your Regional Rates are spent should be directed to the Wellington Regional Council, *not* your local city or district council.

### Water Supply Levy

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

# TREASURY MANAGEMENT POLICY

## Introduction

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

## General Philosophy

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

The Council does not involve itself in speculative transactions.

## Borrowing

The Council is a net borrower of funds. It borrows in circumstances it considers appropriate pursuant to the Local Government Amendment (No. 3) Act 1996. The Council approves the borrowing programme annually through the approval of the Annual Plan.

The Council raises debt for the following primary purposes:

- To fund significant capital works programmes such as for its Regional Water Supply and Flood Protection activities. These key infrastructural assets are large, have long economic lives and provide long term benefits to the community. The use of debt is seen as an appropriate and efficient mechanism for promoting equity between current and future generations.

- For short-term cash management purposes. The Council manages its liquidity risk essentially through committed and uncommitted money market facilities.

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

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

## Investments

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

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

## TREASURY MANAGEMENT POLICY

### Use of Derivatives

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

### Treasury Management Group

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



## OTHER POLICIES

### Environmental Management Systems

Each division of the Council is developing an environmental management system as a way of ensuring that, as an organisation which has environmental responsibilities, we also lead by example.

The Council has adopted a Corporate Environmental Statement and Corporate Environmental Policies. The following areas of the Council will have Environmental Management Systems (EMS) in place by June 2002.

- Plantation and Forestry
- Flood Protection (Operations)
- Operations (Wairarapa)
- Resource Investigations
- Consent Management
- Harbours Management
- Emergency Management
- Corporate Policy
- Information Technology
- Regional Water Supply
- Laboratory
- Resource Policy
- Parks and Forestry
- Flood Protection (Strategy and Assets)
- Communications
- Employment Services
- Transport Planning and Policy
- Public Transport
- Customer Service
- Finance
- Biosecurity
- Planning and Resources (Wairarapa)

### EEO Programme and Policies

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

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

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

### Health and Safety Management System

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

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

### Significant Changes in Policies

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

# ACCOUNTING POLICIES

## 1. Reporting Entity

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

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

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

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

## 2. Measurement Base

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

## 3. Accounting Policies

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

### 3.1 Revenue Recognition

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

### 3.2 Investments

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

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

### 3.3 Fixed Assets and Depreciation

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

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

## ACCOUNTING POLICIES

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

Buildings	10–100 years
Pipelines/Reservoirs/Dams	50–100 years
Plant/Vehicles/Equipment	3–25 years
Floodplain Management Plans	15 years
Navigational aids	10 years
Waterloo Interchange	40 years
Te Marua Lakes	150 years

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

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

### 3.4 Investment Properties

Investment properties are revalued annually at net market value.

### 3.5 Inventories

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

### 3.6 Taxation

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

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

### 3.7 Accounts Receivable

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

### 3.8 Leases

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

### 3.9 Employee Entitlements

Provision is made at year end for the total staff entitlement to annual leave. Entitlements to retirement gratuities and long service leave are accrued at current rates of pay based upon the number of staff who are expected to complete the requisite years of service.

## ACCOUNTING POLICIES

### 3.10 Financial Instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors. All of these are recognised in the statement of financial position. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

### 3.11 Foreign Currency

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

### 3.12 Goods and Services Tax

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

### 3.13 Overhead Allocation and Internal Transactions

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

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

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

### 3.14 Rounding of Amounts

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

### 3.15 Comparatives

The comparatives, where appropriate, are for the budgeted twelve month period ending 30 June 2001.

### 3.16 Legislative Compliance

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

## 4. Changes in Accounting Policies

There have been no material changes in Accounting Policies since the Council presented its 2000/01 Annual Plan.

## TOTAL COUNCIL FINANCIAL STATEMENTS

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

### Significant Assumptions

In addition to the assumptions noted for each of the significant activities, this long-term financial strategy update assumes the following:

- all project costs stated within performance indicators exclude overhead costs;
  - the Council's contingency reserves will not be drawn upon within the nine year period;
  - the Council will continue to hold its investments (not necessarily the Council's intention);
  - no allowance has been made for any impact that the possible loss of the Wellington City Council network contract may have on the Council;
  - the necessary legislation will be passed to enable Council to carry out the activities currently considered to be ultra vires which have been incorporated into this plan.
- all financial projections are in 2001/02 dollars. No allowance has been made for inflation in either revenue (including rates) or in expenditure for the later years;
  - the Council's current funding policies will continue;
  - the Council will continue to perform its existing functions in accordance with current Council policies;
  - the weighted average cost of debt will be between 8.0% and 8.5% per annum;
  - the average return on liquid bank deposits will be 5.85% per annum for 2001/02 and then 6.35% for the remaining eight years;

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

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>OPERATING REVENUE</b>			
General Rates	20,353	19,693	20,600
Transport Rates	22,333	24,319	25,701
River Rates	2,286	2,403	2,624
Stadium Purposes Rate	2,676	2,676	2,676
<b>Total Regional Rates</b>	<b>47,648</b>	<b>49,091</b>	<b>51,601</b>
Water Supply Levy	23,241	22,776	22,776
Pest Management Rates	583	207	176
Wairarapa Scheme Rates	1,009	1,096	1,101
Income from Subsidiaries	503	1,107	747
Government Grants & Subsidies	17,291	24,119	24,611
Other Revenue	20,959	20,791	21,626
Sinking Fund Interest	621	517	560
Other Interest	3,383	2,866	3,138
<b>Total Operating Revenue</b>	<b>115,238</b>	<b>122,570</b>	<b>126,336</b>
Less: Internal Sales/Recoveries	4,265	4,420	4,624
<b>Total External Operating Revenue</b>	<b>110,973</b>	<b>118,150</b>	<b>121,712</b>

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's
<b>OPERATING EXPENDITURE</b>			
Environment Management	10,138	10,622	10,504
Regional Transport	40,764	48,770	50,391
Regional Water Supply	26,394	26,188	26,291
Land Management	7,690	9,060	8,652
Flood Protection	8,831	8,686	8,713
Parks & Forests	4,610	4,657	4,816
Investment in Democracy	3,547	3,823	3,948
Regional Stadium	2,079	2,027	1,976
Council Investments	4,485	2,016	2,464
Other	2,759	2,892	2,681
<b>Total Operating Expenditure</b>	<b>111,297</b>	<b>118,741</b>	<b>120,436</b>
Less: Internal Operating Expenditure	4,265	4,420	4,624
<b>Total External Operating Expenditure</b>	<b>107,032</b>	<b>114,321</b>	<b>115,812</b>
<b>Operating Surplus/(Deficit)</b>	<b>3,941</b>	<b>3,829</b>	<b>5,900</b>
<b>Less:</b>			
Rate Funded Capital Expenditure & Investments	1,476	2,342	1,209
Debt Provisioning	12,780	10,793	11,934
Working Capital Movement	0	0	0
Reserve Movements	(2,137)	(1,159)	989
Non Cash Items	(8,178)	(8,147)	(8,232)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>OPERATING REVENUE</b>										
Regional Rates	47,648	49,091	51,601	51,872	53,522	51,663	51,565	51,587	51,520	51,318
Other Rates	1,592	1,303	1,277	1,280	1,289	1,343	1,239	1,324	1,248	1,337
Water Supply Levy	23,241	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776	22,776
Grants and Subsidies	17,291	24,119	24,611	25,079	26,031	29,746	29,746	29,746	29,746	29,746
External Revenue	21,201	20,861	21,447	21,744	23,625	29,998	29,452	29,599	28,412	29,642
<b>Total External Operating Revenue</b>	<b>110,973</b>	<b>118,150</b>	<b>121,712</b>	<b>122,751</b>	<b>127,243</b>	<b>135,526</b>	<b>134,778</b>	<b>135,032</b>	<b>133,702</b>	<b>134,819</b>
<b>OPERATING EXPENDITURE</b>										
Direct Operating Expenditure	90,762	98,813	100,544	101,390	106,355	116,462	115,391	115,662	114,608	115,845
Interest	8,092	7,361	7,036	6,842	6,214	6,235	6,167	5,859	5,578	5,315
Depreciation	8,178	8,147	8,232	8,323	8,344	8,399	8,384	8,405	8,317	8,341
<b>Total External Operating Expenditure</b>	<b>107,032</b>	<b>114,321</b>	<b>115,812</b>	<b>116,555</b>	<b>120,913</b>	<b>131,096</b>	<b>129,942</b>	<b>129,926</b>	<b>128,503</b>	<b>129,501</b>
<b>Operating Surplus/(Deficit)</b>	<b>3,941</b>	<b>3,829</b>	<b>5,900</b>	<b>6,196</b>	<b>6,330</b>	<b>4,430</b>	<b>4,836</b>	<b>5,106</b>	<b>5,199</b>	<b>5,318</b>
<b>Less:</b>										
Capital Expenditure & Investments	10,175	9,693	11,123	12,159	16,367	13,486	10,982	9,641	9,661	10,983
Loan Funding	(8,699)	(7,351)	(9,914)	(11,036)	(14,852)	(12,606)	(10,239)	(9,417)	(10,140)	(11,698)
<b>Rate funded Capital Expenditure &amp; Investments</b>	<b>1,476</b>	<b>2,342</b>	<b>1,209</b>	<b>1,123</b>	<b>1,515</b>	<b>880</b>	<b>743</b>	<b>224</b>	<b>(479)</b>	<b>(715)</b>
Debt Provisioning	12,780	10,793	11,934	12,242	12,262	10,709	11,037	11,914	12,271	12,706
Working Capital Movements	0	0	0	0	0	0	0	0	0	0
Reserve Movements	(2,137)	(1,159)	989	1,154	897	1,240	1,440	1,373	1,724	1,668
Non Cash Items	(8,178)	(8,147)	(8,232)	(8,323)	(8,344)	(8,399)	(8,384)	(8,405)	(8,317)	(8,341)
<b>Net Funding Required</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>RATEPAYERS' FUNDS</b>										
Retained Earnings	185,420	190,408	195,319	200,361	205,794	208,984	212,380	216,114	219,589	223,239
Specific Reserves	6,106	4,947	5,936	7,090	7,987	9,227	10,667	12,040	13,764	15,432
Revaluation Reserves	228,639	228,639	228,639	228,639	228,639	228,639	228,639	228,639	228,639	228,639
<b>Total Ratepayers' Funds</b>	<b>420,165</b>	<b>423,994</b>	<b>429,894</b>	<b>436,090</b>	<b>442,420</b>	<b>446,850</b>	<b>451,686</b>	<b>456,793</b>	<b>461,992</b>	<b>467,310</b>
<b>ASSETS</b>										
Current Assets	14,901	14,901	14,901	14,901	14,901	14,901	14,901	14,901	14,901	14,901
Investments	95,006	96,580	97,866	99,246	100,652	102,095	103,656	105,310	106,994	108,768
Fixed Assets	411,722	411,694	413,298	415,754	422,371	426,015	427,051	426,635	426,295	427,163
<b>Total Assets</b>	<b>521,629</b>	<b>523,175</b>	<b>526,065</b>	<b>529,901</b>	<b>537,924</b>	<b>543,011</b>	<b>545,608</b>	<b>546,846</b>	<b>548,190</b>	<b>550,832</b>
<b>LIABILITIES</b>										
Current Liabilities	19,734	19,734	19,734	19,734	19,734	19,734	19,734	19,734	19,734	19,734
Net Public Debt	81,730	79,447	76,437	74,077	75,770	76,427	74,188	70,319	66,464	63,788
<b>Total Liabilities</b>	<b>101,464</b>	<b>99,181</b>	<b>96,171</b>	<b>93,811</b>	<b>95,504</b>	<b>96,161</b>	<b>93,922</b>	<b>90,053</b>	<b>86,198</b>	<b>83,522</b>
<b>Net Assets</b>	<b>420,165</b>	<b>423,994</b>	<b>429,894</b>	<b>436,090</b>	<b>442,420</b>	<b>446,850</b>	<b>451,686</b>	<b>456,793</b>	<b>461,992</b>	<b>467,310</b>

The 2000/01 "Budget" numbers represent an estimate of the Council's financial position at 30 June 2001.



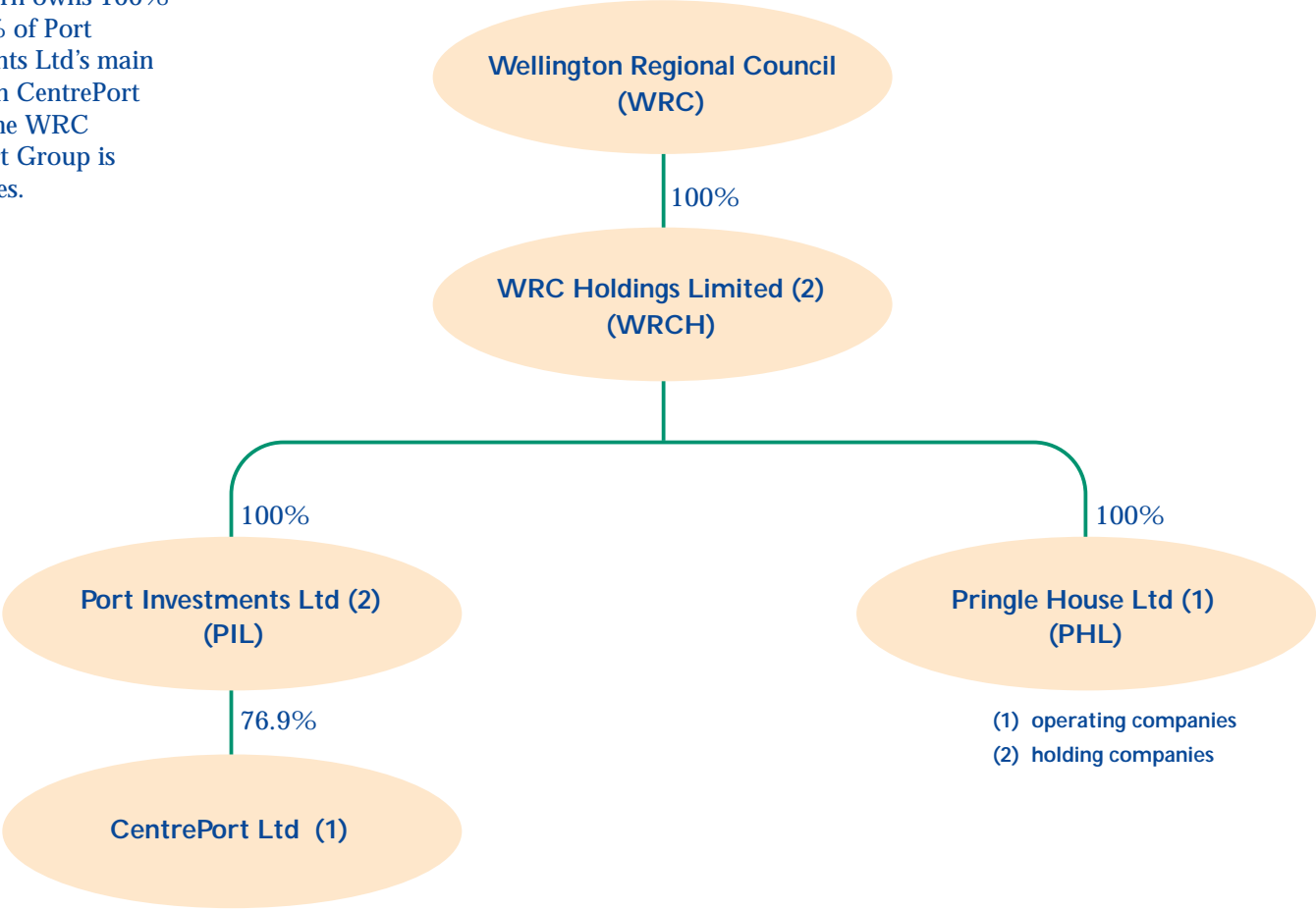
## WELLINGTON REGIONAL COUNCIL FINANCIAL STATEMENTS: Budgeted Cashflow Statement

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
Cash is provided from:										
Rates, Levies & Subsidies	89,772	97,289	100,265	101,007	103,618	105,528	105,326	105,433	105,290	105,177
Other	16,694	16,371	17,002	17,110	19,276	25,864	25,124	25,246	23,943	25,084
Dividends/Interest & Subsidiary Revenue	4,507	4,490	4,445	4,634	4,349	4,134	4,328	4,353	4,469	4,558
	110,973	118,150	121,712	122,751	127,243	135,526	134,778	135,032	133,702	134,819
Cash is disbursed to:										
Interest on Term Debt	6,015	6,942	6,590	6,367	5,761	5,837	5,835	5,583	5,334	5,105
Payment to Suppliers & Employees	90,762	98,813	100,544	101,390	106,355	116,462	115,391	115,662	114,608	115,845
	96,777	105,755	107,134	107,757	112,116	122,299	121,226	121,245	119,942	120,950
<b>Net Cash Flows from Operating Activities</b>	<b>14,196</b>	<b>12,395</b>	<b>14,578</b>	<b>14,994</b>	<b>15,127</b>	<b>13,227</b>	<b>13,552</b>	<b>13,787</b>	<b>13,760</b>	<b>13,869</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>										
Cash is provided from:										
Proceeds from Fixed Assets & Investments	821	798	388	307	429	309	332	364	446	307
Cash is applied to:										
Purchase of Fixed Assets	9,447	8,917	10,224	11,087	15,389	12,352	9,752	8,353	8,423	9,517
Investment Additions	1,549	1,574	1,287	1,379	1,407	1,443	1,562	1,652	1,684	1,773
	10,996	10,491	11,511	12,466	16,796	13,795	11,314	10,005	10,107	11,290
<b>Net Cash Flows from Investing Activities</b>	<b>(10,175)</b>	<b>(9,693)</b>	<b>(11,123)</b>	<b>(12,159)</b>	<b>(16,367)</b>	<b>(13,486)</b>	<b>(10,982)</b>	<b>(9,641)</b>	<b>(9,661)</b>	<b>(10,983)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
Cash is provided from:										
Proceeds from Term Debt	6,622	6,932	9,468	10,561	14,399	12,208	9,907	9,141	9,896	11,488
Cash is applied to:										
Debt Provisioning	10,643	9,634	12,923	13,396	13,159	11,949	12,477	13,287	13,995	14,374
<b>Net Cash Flows from Financing Activities</b>	<b>(4,021)</b>	<b>(2,702)</b>	<b>(3,455)</b>	<b>(2,835)</b>	<b>1,240</b>	<b>259</b>	<b>(2,570)</b>	<b>(4,146)</b>	<b>(4,099)</b>	<b>(2,886)</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# SUPPLEMENTARY INFORMATION: Subsidiary Companies

## Subsidiary Company Structure

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



## SUPPLEMENTARY INFORMATION: WRC Holdings Group

### Objectives of the Group

The primary objectives of the group are to:

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

### Shareholders

Wellington Regional Council: 100%

### Directors

Stuart Macaskill (Chairman)  
 Alison Lawson  
 Euan McQueen  
 Jim Rowe  
 Margaret Shields

### Performance Targets

	2000/01	2001/02	2002/03
Net Profit (before tax)	\$6.66m	\$7.16m	\$7.75m
Net Profit (after tax)	\$4.11m	\$4.31m	\$4.59m
Return on Total Assets <sup>(1)</sup>	12.2%	12.3%	11.8%
Return on Shareholders' Funds <sup>(2)</sup>	27.3%	22.7%	19.9%
Dividend Stream	\$0.26m	\$0.27m	\$0.27m

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

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

*Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2000/01 financial year as the SCI for the 2001/02 year is not yet finalised.*

## SUPPLEMENTARY INFORMATION: CentrePort Group

### Objectives of the Group

The primary objectives of the Group are to:

- Operate as an efficient commercial port to effectively service the ports customers;
- Operate as a successful and responsible business;
- Provide a commercial return to shareholders;
- Protect the investment of shareholders.

### Shareholders

Port Investments Ltd: 76.9%

Manawatu – Wanganui Regional Council: 23.1%

### Directors

Nigel Gould (Chairman)

Ken Harris (Managing Director)

Jim Jefferies

Malcolm Johnson

David Setter

Howard Stone

Michael Cashin

### Performance Targets

	2000/01	2001/02	2002/03
Net Profit (before tax)	\$9.95m	\$10.64m	\$11.45m
Net Profit (after tax)	\$6.66m	\$7.02m	\$7.55m
Return on Total Assets <sup>(1)</sup>	13.7%	14.1%	13.9%
Return on Shareholders' Funds <sup>(2)</sup>	11.6%	11.7%	12.0%
Dividend Stream	\$4.00m	\$4.21m	\$4.53m

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

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

*Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2000/01 financial year as the SCI for the 2001/02 year is not yet finalised.*

## SUPPLEMENTARY INFORMATION: Projected Net Public Debt

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
Forestry – Western Region	9,752	10,719	11,337	11,758	12,324	12,882	13,270	13,832	14,951	16,074
Forestry – Wairarapa	5,519	6,185	6,578	7,085	7,590	8,158	8,776	9,425	10,133	10,903
Flood Protection – Western Region	25,558	24,899	25,323	26,940	28,380	29,460	29,351	28,869	28,449	27,878
Flood Protection – Wairarapa	1,141	977	799	822	993	1,149	1,279	1,145	1,053	952
Transport	4,582	4,317	4,028	3,715	3,374	3,004	2,601	2,164	1,688	1,172
Parks & Forests	1,312	1,567	1,668	1,744	1,616	2,215	2,339	2,348	2,218	2,077
Corporate:										
– Regional Council Centre	6,156	4,821	3,369	1,792	77	40	0	0	0	0
– Other Buildings	935	908	878	846	812	774	733	689	640	588
– Information Systems	893	1,254	818	344	1,323	893	1,254	818	344	1,323
Treasury Internal Loans	(54,909)	(54,263)	(55,809)	(57,568)	(58,748)	(59,982)	(61,414)	(62,776)	(64,491)	(66,147)
Reserves	6,106	4,947	5,936	7,090	7,987	9,227	10,667	12,040	13,764	15,432
<b>Regional Responsibilities Net Debt</b>	<b>7,045</b>	<b>6,331</b>	<b>4,925</b>	<b>4,568</b>	<b>5,728</b>	<b>7,820</b>	<b>8,856</b>	<b>8,554</b>	<b>8,749</b>	<b>10,252</b>
Less Regional Responsibilities External Reserves	5,052	4,351	5,270	6,353	7,210	8,433	9,755	10,950	12,473	14,141
<b>Regional Responsibilities Net External Public Debt</b>	<b>1,993</b>	<b>1,980</b>	<b>(345)</b>	<b>(1,785)</b>	<b>(1,482)</b>	<b>(613)</b>	<b>(899)</b>	<b>(2,396)</b>	<b>(3,724)</b>	<b>(3,889)</b>
Regional Water Supply Net Debt	57,413	55,334	55,419	55,327	57,585	58,282	57,433	56,401	55,339	54,204
Less Regional Water Supply Reserves	1,054	596	666	737	777	794	912	1,090	1,291	1,291
<b>Water Supply Net External Public Debt</b>	<b>56,359</b>	<b>54,738</b>	<b>54,753</b>	<b>54,590</b>	<b>56,808</b>	<b>57,488</b>	<b>56,521</b>	<b>55,311</b>	<b>54,048</b>	<b>52,913</b>
Regional Stadium Debt	23,378	22,729	22,029	21,272	20,444	19,552	18,566	17,404	16,140	14,764
<b>TOTAL COUNCIL NET EXTERNAL PUBLIC DEBT</b>	<b>81,730</b>	<b>79,447</b>	<b>76,437</b>	<b>74,077</b>	<b>75,770</b>	<b>76,427</b>	<b>74,188</b>	<b>70,319</b>	<b>66,464</b>	<b>63,788</b>

## SUPPLEMENTARY INFORMATION: Historical Net Public Debt

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

## SUPPLEMENTARY INFORMATION: Reserves

	2000/01 Budget \$000's	2001/02 Plan \$000's	2002/03 Forecast \$000's	2003/04 Forecast \$000's	2004/05 Forecast \$000's	2005/06 Forecast \$000's	2006/07 Forecast \$000's	2007/08 Forecast \$000's	2008/09 Forecast \$000's	2009/10 Forecast \$000's
Opening Balance Specific Reserves	9,392	6,106	4,947	5,936	7,090	7,987	9,227	10,667	12,040	13,764
Budgeted Transfers from Reserves	(4,123)	(3,062)	(85)	(85)	(238)	(84)	(84)	(238)	(84)	(84)
Budgeted Transfer to Reserves	1,483	1,523	655	738	555	662	759	737	815	629
Unbudgeted Reserve Movements	(1,149)	0	0	0	0	0	0	0	0	0
Reserve Interest	503	380	419	501	580	662	765	874	993	1,123
<b>Closing Balance</b>	<b>6,106</b>	<b>4,947</b>	<b>5,936</b>	<b>7,090</b>	<b>7,987</b>	<b>9,227</b>	<b>10,667</b>	<b>12,040</b>	<b>13,764</b>	<b>15,432</b>
<b>Area of Benefit Reserves</b>										
Regional Park Land Purchase Reserve	710	767	829	895	967	1,044	1,127	1,218	1,315	1,420
River Rate Reserves	182	300	428	566	716	877	1,051	1,239	1,442	1,662
Wairarapa Scheme Reserves	1,142	1,501	1,879	2,377	2,836	3,396	4,002	4,656	5,362	6,147
Transport Reserve	250	270	291	315	340	367	396	428	462	499
Bovine Tuberculosis Rate Reserve	840	824	807	789	768	747	723	698	671	641
Regional Water Supply Reserve	1,050	561	606	655	707	764	825	891	962	1,039
Water Operations Network Reserve	4	35	60	82	70	30	87	199	329	252
Wairarapa Workshop Reserve	28	30	32	35	38	41	44	47	51	55
Akura Nursery Reserve	35	38	56	76	98	121	147	174	204	235
<b>Contingency Reserves</b>										
Rural Fire Contingency Reserve	50	50	50	50	50	50	50	50	50	50
Flood Contingency Reserve	(47)	157	378	616	873	1,151	1,451	1,775	2,125	2,503
Environment Legal Contingency Reserve	497	381	412	444	480	518	560	605	653	705
<b>Special Reserves</b>										
Election Reserve	177	33	108	190	44	121	204	60	138	224
<b>Expense Rebudgeting Reserves</b>										
Expenditure Carry Forwards	1,188	0	0	0	0	0	0	0	0	0
<b>Total Reserves</b>	<b>6,106</b>	<b>4,947</b>	<b>5,936</b>	<b>7,090</b>	<b>7,987</b>	<b>9,227</b>	<b>10,667</b>	<b>12,040</b>	<b>13,764</b>	<b>15,432</b>

## HOW TO CONTACT YOUR REGIONAL COUNCILLORS

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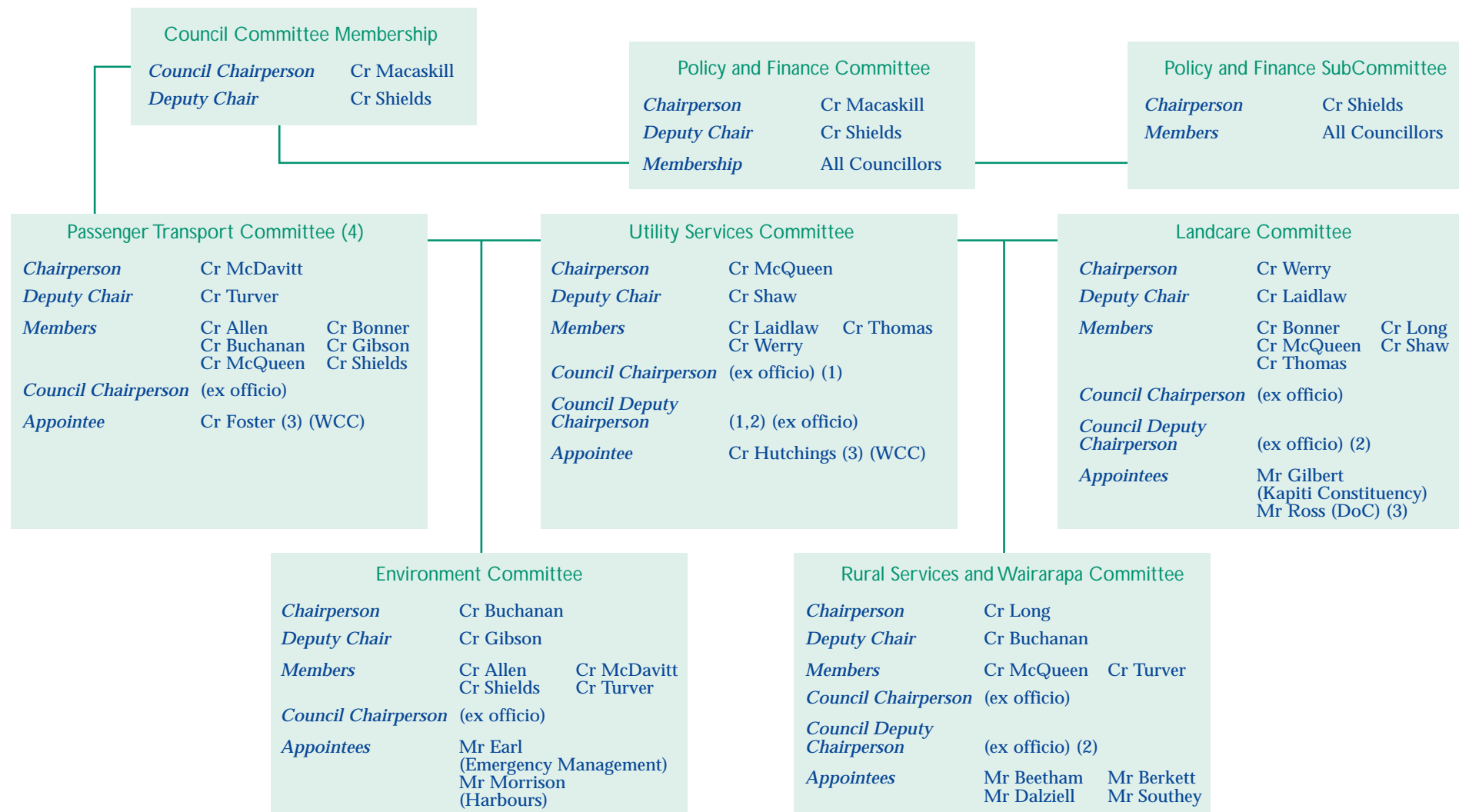
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# STANDING COMMITTEE MEMBERSHIP



- 1 The Council Chairperson and Council Deputy Chairperson are not members of the Utility Services Committee when considering Wellington Bulk Water Supply matters.
- 2 The Deputy Council Chairperson does not vote when the Council Chairperson is present.
- 3 Speaking but no voting rights.
- 4 The Regional Land Transport Committee is a separate committee comprising Regional Councillor members of the Passenger Transport Committee and appointees representing local authorities, Central Government agencies and users.



## ADDRESS DETAILS

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*caring about you  
& your environment*