



Annual Report Summary 2011/12

Summarising Greater Wellington's Annual Report 2011/12

Chair's report

The past year has been busy and challenging for Greater Wellington and the local government sector as a whole. These are interesting times with a Local Government Bill before the Select Committee and further legislative changes expected in the near future.



Earlier this year our Council and Porirua City Council jointly commissioned an independent review panel to investigate local government reform in the Wellington region. The Panel is looking at the functions and structure of local government in the region as well as some wider-scale issues, such as planning, infrastructure and regional leadership. In particular, we asked them to consider carefully how the region would be best structured to address the big issues, and at the same time strengthen local and neighbourhood decision-making on community issues. We are looking forward to their report at the end of October, prior to adopting a formal Council position on any change in the Wellington region.

Over the previous year we have been extra vigilant in our planning and budgeting to ensure we achieve the best value for money for ratepayers. Through the development of the Long-Term Plan 2012-22, Greater Wellington underwent a rigorous process to analyse how we could reduce costs while continuing to provide the core services and infrastructure that the community has said it wants. Over the coming year we will continue to look at our bottom lines and how we might be able to deliver the same levels of service at less cost.

In the year under review in this report we delivered a number of diverse programmes and projects, including progressing the Wairarapa Water Use Project, completing the upgrade and strengthening of the first of the two Te Marua water storage lakes, and commemorating the 70th anniversary of the US Marine occupation of Queen Elizabeth Park with the Kapiti Marines Trust. An important milestone was commencing Matangi train services on the Kapiti and Johnsonville lines.

In the resource management space we are continuing the development of a new Regional Plan, under the governance of Te Upoko Taiao – Natural Resource Management Committee. Along with this work we published *Air, Land and Water in the Wellington Region – State and Trends*. This is a comprehensive report on the state of the region's environment which indicates that, though some of our physical environment is doing well, there are a number of areas that are deteriorating. This data enables us to target our environmental programmes.

At Greater Wellington we work in partnership with the region's district and city councils on a range of issues. One of these was completing the Porirua Harbour and Catchment Strategy in collaboration with the Porirua City Council, Wellington City Council and Ngāti Toa Rangatira. This is a major catchment-based programme that will require close collaboration over many years to deliver. We also worked alongside the district and city councils to refresh the Wellington Regional Strategy (the region's economic development strategy) and establish the Wellington Region Emergency Management Office, which brought together the civil defence and emergency management resources of the region's nine councils into a single shared agency. As well as working with other councils, we also work alongside a range of volunteer groups and we are grateful for the enormous time and effort they contribute.

Much of our work is around regional infrastructure and planning – the big things that are important for whole communities. But we also have opportunities to make a difference in the lives of Wellingtonians on a smaller scale. One such initiative has been the Warm Wellington insulation scheme. Greater Wellington has been involved in this as part of the Government's Warm up New Zealand: Heat Smart programme since it began in 2009. At the end of the year under review our scheme of loans against rates had assisted the insulation of 3,505 homes in the Wellington region, contributing to the health and wellbeing of the occupants.

New Zealand's general economic situation looks as if it will still be testing in the coming year as our nation continues to be caught up in global trends. Within this context we will be endeavouring to deliver top-quality, appropriate and efficient services to our region and we look forward to working with our communities in a variety of ways.

Fran Wilde

2 Key achievements for 2011/12

Resource management



In 2012 we released *Air, Land and Water in the Wellington Region – State and Trends*, which is a comprehensive report into the state of the region's environment. Overall the findings show that our region's air is clean in most places, we've plenty of healthy soils, and most of our beaches and many of our rivers and streams are safe to swim in on most occasions. There are some localised pressures around water quality and quantity. The development of a new regional plan has also been continuing this year under the governance of Te Upoko Taiao – Natural Resource Management Committee. The past 12 months have seen an ongoing programme of community engagement around the plan, and the development of policy options around areas such as freshwater management, coastal biodiversity and land use. As part of our regulatory functions we issued 575 consents, of which 99.8% were processed within statutory timeframes. We also responded to more than 1,000 pollution incidents. The Wairarapa Water Use Project has further progressed this year, including refining the list of possible water storage sites.

Transport



The last year was an important one for transport in the region with the commencement of Matangi train services on the Kapiti and Johnsonville lines. At the end of June 2012, 36 Matangi trains were in passenger service. We funded 1.2 million bus, rail and ferry services, and more than 35 million passenger trips. We commenced the Wellington Public Transport Spine Study to investigate the feasibility of high-quality, high-frequency public transport through the Wellington central city from the railway station to the regional hospital. We also made significant progress on the Wellington City Bus Review, which attracted significant public interest. We prepared the Regional Land Transport Programme 2012-15, a review of the Western Corridor Plan and the upgrade of the suite of regional transport models. Real-time information for Hutt Valley bus services was rolled out, 15 new bus shelters were installed, and a number of stations and Park & Ride carparks were upgraded. We continued to fund the Total Mobility Scheme, which provides subsidised transport for people with disabilities, and we also promoted road safety and sustainable transport choices, including the Let's Carpool programme, which has expanded to become a national website and brand.

Water supply



For the 2011/12 year we supplied 50,722 million litres of water to the region, a reduction of 3.9% from last year and the lowest annual supply since 1974. The water we supply continues to be of the highest quality, with our treatment plants and distribution system having the highest-quality grading possible for their type. Our success over recent years in improving the effectiveness and efficiency of our water supply system, while reducing costs was recognised in being awarded "Special Recognition" at the IPANZ Gen-i Public Sector Excellence Awards in 2012. We have completed the upgrade and earthquake strengthening of the first of the Stuart Macaskill Lakes in Te Marua to ensure that stored water is retained after a major earthquake and to increase storage volume. Work on the second lake is due to start in November 2012, once the first lake has been refilled. Work on planning for the region's future water supply continues, with a decision on the next major source upgrade expected in late 2012.

Parks and forests



A highlight for the year was the collaboration with the Kapiti US Marines Trust to commemorate the 70th anniversary of the US Marines' occupation of Queen Elizabeth Park during World War II. The celebration included the unveiling of an upgraded US Marines memorial and a defined route for the new Yankee Trail from Paekakariki to Whareroa Road. Whitireia Park, of which we took over day-to-day operation in March 2011, is now well integrated into the parks network. Close relationships have been developed with Ngāti Toa Rangatira through the Whitireia Park Board. We have also established a Roopu Taiki (management group) with the Port Nicholson Block Settlement Trust to develop and carry out a management plan for the Parangarahu Lakes Area. The Baring Head/Orua-pouanui amendment to the Parks Network Plan was approved and provides direction for developing and protecting this part of East Harbour Regional Park.

Land management



We worked with the Animal Health Board and the Department of Conservation to provide intensive possum control across more than 80% of the region. We also worked with landowners to plant 516ha of erosion-prone land and bring 74% of the region's erosion-prone land under farm or sustainability plans. 2011/12 was the first full year of operation for our new Biodiversity department and a three-year operational plan has been developed to carry out the Greater Wellington Biodiversity Strategy. The Porirua Harbour Catchment Strategy and Action Plan was launched in collaboration with the Porirua City Council, Wellington City Council and Ngāti Toa Rangatira.

Safety and flood protection



The region's nine councils agreed to establish the shared Wellington Region Emergency Management Office (WREMO), bringing together the civil defence and emergency management resources of the region's nine councils into a single shared agency. Flood protection work continues, with good progress made over the past year with the completion of Tobins Stopbank on the Ruamahanga River a year ahead of schedule. The start date for the next phase of construction of the Boulcott-Hutt Stopbank work was also brought forward, which will allow the project to also be completed a year ahead of schedule. Over the year we had 450 requests from landowners for information about flood hazards to help them make decisions about what sort of development might be appropriate for their site.

Regional sustainable development



A commitment was made, along with the region's eight city and district councils, to continue the Wellington Regional Strategy (the regions' economic development strategy) and refresh the strategy to focus on six key areas. We also received the EECA Fujitsu General NZ Community Award 2012 for the Warm Greater Wellington insulation scheme that has helped insulate more than 3,500 homes in the region and is now being used as a model by five other regions around New Zealand.

Community



In March 2012 the Government announced its intention to make significant changes to the legislative framework (Local Government Act 2002) guiding how local government operates and manages its business. As a result of the Government's announcement, Greater Wellington and the Porirua City Council established the independent Wellington Local Government Review Panel to investigate local government arrangements in the Wellington region. The Panel will report its recommendations by the end of October 2012. We also undertook a required statutory review of the Council's representation arrangements for the 2013 elections. An initial proposal was released for consultation in June 2012.

Financial overview

For the year ending 30 June 2012

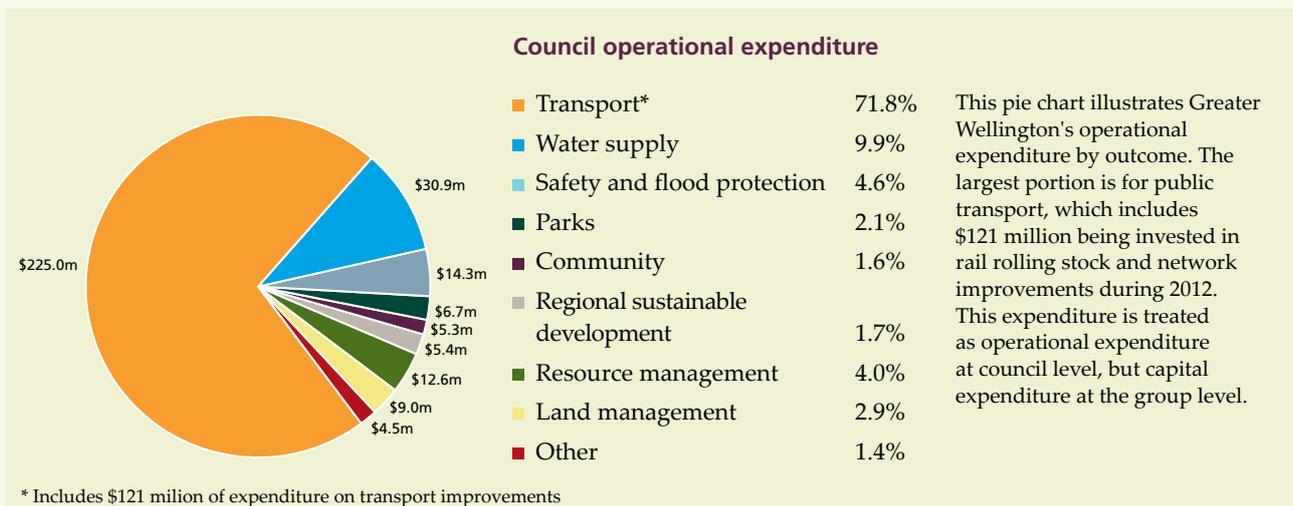
Greater Wellington's net operating surplus for the 2011/12 year before fair value gains and losses and transport improvements was \$5.887 million, compared with a budgeted deficit of \$3.512 million. Including the expenditure on transport improvements, fair value movements, tax and asset revaluations the net surplus was \$42.675 million, which is \$28.935 million ahead of budget.

Significant components of this variance are:

- Transport Grants and Subsidies revenue and Transport Improvement expenditure

Greater Wellington receives grant revenue to fund various transport projects. Revenue is only received when expenditure is incurred. Transport grants and subsidies were below budget due to:

- A reduction in grant revenue by \$2 million compared to budget caused by less expenditure on the purchase of Matangi trains of \$28.0 million. This was due to a revised payment schedule for the trains with the remaining Matangi's expected to be paid for by the end of 2012.
- A further reduction in grant revenue of \$4.2 million caused by lower project expenditure on the Ganz Mavag trains upgrade/replacement \$11.9 million, real time information and infrastructure upgrades of \$4.6 million.
- Finance costs were lower than budget due to reduced borrowing requirements as there was less capital expenditure.

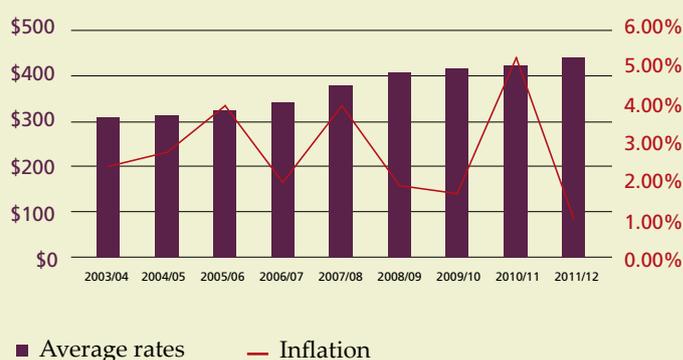


Summary statement of comprehensive income

For the year ending 30 June 2012

	Greater Wellington Group		Greater Wellington		2011 Actual \$000s
	2012 Actual \$000s	2011 Actual \$000s	2012 Actual \$000s	2012 Budget \$000s	
Operational revenue	247,482	228,889	191,768	187,113	173,796
Equity accounted investees	5,849	574	-	-	-
Finance costs	(16,463)	(10,359)	(7,233)	(8,533)	(5,424)
Operational expenditure	(234,707)	(185,946)	(178,648)	(182,092)	(165,290)
Operational surplus/(deficit) for the year	2,161	33,158	5,887	(3,512)	3,082
Fair value of Kiwirail Assets	-	83,417	-	-	-
Transport improvement grants and subsidies	113,497	116,365	113,497	120,767	116,365
Transport improvement expenditure	(6,993)	(95,064)	(121,566)	(130,570)	(110,028)
Net revenue/(expenditure) for transport improvements	106,504	21,301	(8,069)	(9,803)	6,337
Surplus/(deficit) for the year before tax and fair value gains/(losses)	108,665	137,876	(2,182)	(13,315)	9,419
Fair value gains/(losses)	(21,329)	(3,910)	(3,343)	743	3,784
Tax	(26,614)	(28,930)	-	-	-
Operating surplus/(deficit) after tax	60,722	105,036	(5,525)	(12,572)	13,203
Net profit from discontinued operations	364	1,075	-	-	-
Other comprehensive income					
Increases/(decreases) in revaluations	45,763	(1,529)	50,563	25,943	(6)
Fair value movement of stadium advance	(2,363)	342	(2,363)	369	342
Total comprehensive income for the year	104,486	104,924	42,675	13,740	13,539
Attributed to:					
Non-controlling interest	(1,374)	1,377	-	-	-
Equity holders of the parent	105,860	103,547	42,675	13,740	13,539
Total comprehensive income for the year	104,486	104,924	42,675	13,740	13,539

Average rates collected per property*



Over the past nine years, rates for all properties have increased by an average of 5.3% including inflation. Over this period inflation averaged 2.8% per annum.

This increase includes the change for Greater Wellington taking on rating for economic development for the region in 200 – the major investment in improving the rail network and the continuation of the flood protection programme.

*The average is for all property types, including residential, rural and commercial properties

Summary statement of financial position

As at 30 June 2012

	Greater Wellington Group		Greater Wellington		
	2012 Actual \$000	2011 Actual \$000s	2012 Actual \$000	2012 Budget \$000s	2011 Actual \$000s
Current assets	96,798	242,966	82,182	86,295	76,258
Non-current assets	1,403,177	1,158,969	833,028	806,453	758,345
Total assets	1,499,975	1,401,935	915,210	892,748	834,603
Current liabilities	84,162	260,040	71,287	62,725	114,803
Non-current liabilities	373,081	202,449	127,929	159,931	46,481
Total liabilities	457,243	462,489	199,216	222,656	161,284
Net assets	1,042,732	939,446	715,994	670,092	673,319
Equity attributed to:					
Equity holders of the parent	998,611	892,752	715,994	670,092	673,319
Non-controlling interests	44,121	46,694	-	-	-
Total equity	1,042,732	939,446	715,994	670,092	673,319

- **Cash and cash equivalents and other financial assets**

Cash and other financial deposits held at balance date is higher than budget by \$27.3 million due to the prefunding of capital expenditure that was then delayed.

- **Forestry investments**

Greater Wellington's forestry investments are valued each year. Higher market prices at year end resulted in an increase in the forestry valuation by \$6.1 million compared to the budget. The budget variance arises from the difference in valuation expectations at the time of the budget and year end.

- **Investment in subsidiaries**

Council share of the new rail rolling stock is funded by way of share capital in the Greater Wellington Rail Limited. The timing of the expenditure on the Matangi trains is different to budget noted above. This movement for the year is attributed solely to share capital called of \$9.3 million compared to a budget of \$35 million.

- **Property, plant and equipment – capital expenditure**

The net book value of property plant and equipment was \$6.1 million higher than budget mainly due to a higher revaluation of flood protection assets. This was offset by delays with the roll out of the real time information system reducing expenditure by \$1 million, project savings on the Stuart Macaskill Lakes upgrades \$1.9 million and the deferral of the land purchase for the third storage lake \$4 million.

- **Debt**

Debt has shifted to long-term from current in alignment with Council's treasury management policy. Overall term debt was lower than budget by \$59.1 million due to the lower level of capital expenditure compared to budget.



Fran Wilde
Chair

2 October 2012



David Benham
Chief Executive

2 October 2012



Bruce Simpson
Chief Financial Officer

2 October 2012

Summary statement of changes in equity

For the year ending 30 June 2012

	Greater Wellington Group		Greater Wellington		
	2012 Actual \$000	2011 Actual \$000s	2012 Actual \$000	2012 Budget \$000s	2011 Actual \$000s
Equity – opening balance as at 1 July	939,446	835,445	673,319	656,352	659,780
Total comprehensive income for the year	104,486	104,924	42,675	13,740	13,539
Dividend to non controlling interest	(1,200)	(923)	-	-	-
Total closing equity at 30 June	1,042,732	939,446	715,994	670,092	673,319
Equity attributed to:					
Equity holders of the parent	998,611	892,752	715,994	670,092	673,319
Non controlling interests	44,121	46,694	-	-	-
Total closing equity at 30 June	1,042,732	939,446	715,994	670,092	673,319

Summary statement of cashflows

For the year ending 30 June 2012

	Greater Wellington Group		Greater Wellington		
	2012 Actual \$000	2011 Actual \$000s	2012 Actual \$000	2012 Budget \$000s	2011 Actual \$000s
Cashflows from operating activities	29,023	39,616	15,034	(626)	37,349
Cashflows from investing activities	40,126	(40,283)	(23,935)	(73,042)	(41,326)
Cashflows from financing activities	(60,683)	4,075	18,023	75,123	6,537
Net increase/(decrease) in cash, cash equivalents	8,466	3,408	9,122	1,455	2,560
Opening cash equivalents	39,919	36,511	38,547	36,899	35,987
Closing cash equivalents	48,385	39,919	47,669	38,354	38,547

Events occurring after balance date

On 10 August 2012 the Regional Council Centre Building in Wellington was declared earthquake-prone in terms of the Building Act 2004 by the Wellington City Council. The Council is considering its options with regard to the building. There are no other subsequent events.

Independent Auditor's Report

To the readers of Wellington Regional Council and group's summary of the annual report
for the year ended 30 June 2012

We have audited the summary of the annual report (the summary) as set out on pages 2 to 7, which was derived from the audited statements in the annual report of the Wellington Regional Council (the Regional Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 2 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the Regional Council and group's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 2 October 2012 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the Regional Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

During the year we performed an audit of the Regional Council's 2012 – 2022 Long-Term Plan. Other than our capacity as the auditor, and the audit of the Long-Term Plan, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

Karen Young

Karen Young

Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand
2 October 2012

This is a summary of Greater Wellington's activities for the year 1 July 2011 to 30 June 2012. The information has been extracted from our Annual Report 2011/12, which was authorised for issue by the Chair, Chief Executive and Chief Financial Officer on 2 October 2012. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unmodified report. This summary has been examined by Audit NZ for consistency with the full annual report. These summary financial statements are presented in New Zealand dollars rounded to the nearest thousand.

Greater Wellington is a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice, and comply with New Zealand Equivalents to International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. The financial statements include a Statement of Compliance to this effect.

A summary report cannot be expected to provide as complete an understanding of Greater Wellington's activities as provided by the full annual report. For the full Annual Report 2011/12, please see www.gw.govt.nz or phone 0800 496 734.

For more information, please contact Greater Wellington:

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