If calling please ask for: Democratic Services

9 March 2018

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington on:

Wednesday, 14 March 2018 at 9.30am

Membership

Cr Laidlaw (Chair)

Cr Blakeley
Cr Donaldson
Cr Kedgley
Cr Lamason
Cr Ogden
Cr Staples
Cr Brash
Cr Gaylor
Cr Laban
Cr McKinnon
Cr Ponter
Cr Swain

Recommendations in reports are not to be construed as Council policy until adopted by Council

Wellington Regional Council

Order Paper for the meeting of the Wellington Regional Council to be held on Wednesday, 14 March 2018 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 9.30am.

Public Business

Strategy/Policy/Major Issues

Corporate

Public Excluded Business

Restricted Public Excluded Business

Please note that these minutes remain unconfirmed until the meeting of the Council on 14 March 2018

Report 17.514
13/12/2017
File: CCAB-8-1427

Public minutes of the Council meeting held on Wednesday, 13 December 2017 in the Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington at 10.05am

Present

Councillors Laidlaw (Chair), Blakeley, Donaldson, Kedgley, Lamason, McKinnon, Ogden, Staples, and Swain.

Public Business

1 **Apologies**

Moved *(Cr Lamason/ Cr Blakeley)*

That the Council accepts the apologies for absence from Councillors Brash, Gaylor, Laban and Ponter.

The motion was **CARRIED**.

2 **Declarations of conflict of interest**

There were no declarations of conflict of interest.

3 **Public participation**

Rob Stone, Corina Jordan, and Liz McGruddy, Wairarapa Catchment Communities Group, gave a presentation to the Council on the Enabling Catchment Communities Programme.

4 **Confirmation of the Public minutes of 31 October 2017**

Moved *(Cr Donaldson/ Cr Blakeley)*

That the Council confirms the Public minutes of 31 October 2017 - Report 17.443.

The motion was **CARRIED.**

Strategy/Policy/Major Issues

5 **Review of delegations framework**

Margaret Meek, Senior Democratic Services Advisor, and Kathryn McLean, Senior Associate, Simpson Grierson, spoke to the report.

Report 17.408 File: CCAB-8-1270

Moved *(Cr Donaldson/ Cr Lamason)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Adopts the principles, terms and conditions of delegations as set out in Attachment 1 to this report, with the addition of the following principle: "In considering the making of a delegation, the delegator should consider the political context of matters relevant to the exercise of the delegation".*
4. *Retains the sole right to exercise all those powers, duties and responsibilities as set out in Attachment 2 to this report.*
5. *Notes that those powers, duties and responsibilities, which the Council has previously delegated to its committees and subcommittees by way of adopted terms of reference or otherwise remain valid.*
6. *Revokes the delegations from Council to the Chief Executive made on 27August 2014, with effect on 13 December 2017.*
7. *Delegates to the Chief Executive those powers, duties and responsibilities as set out in Attachment 3 and Attachment 4 to this report, subject to the principles and terms and conditions set out in Attachment 1, with immediate effect.*
8. *Notes that the Chief Executive has the ability to sub-delegate those powers duties and responsibilities as set out in Attachment 3 and Attachment 4 to this report.*
9. *Delegates powers, duties and responsibilities in the Local Government (Rating) Act 2002 to specified officers as set out in Attachment 5 to this report, subject to the terms and conditions set out in Attachment 1, with effect on 14 December 2017.*

10. *Delegates powers, duties and responsibilities in the Resource Management Act 1991 to specified officers as set out in Attachment 6 to this report, subject to the terms and conditions set out in Attachment 1 with effect on 14 December 2017.*

11. *Notes that the revocations and delegations made by the Council do not in any way affect existing authorisations, appointments, or warrants.*

The motion was **CARRIED**.

Noted: Councillors acknowledged and thanked officers for the extensive work involved in the review of the delegations framework.

6 **Wellington Harbour and Hutt Valley Whaitua Committee establishment and terms of reference**

Alastair Smaill, Project Manager, Whaitua, spoke to the report.

Report 17.472 File: CCAB-8-1394

Moved *(Cr Lamason/ Cr Swain)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*
3. *Approves the establishment of the Wellington Harbour and Hutt Valley Whaitua Committee.*
4. *Approves the continuation of the current RMA Schedule 1 planning process.*
5. *Approves the terms of reference for the Wellington Harbour and Hutt Valley Whaitua Committee as set out in Attachment 2.*
6. *Approves the process for identifying suitable candidates for the Wellington Harbour and Hutt Valley Whaitua Committee as set out in section 6.5.*

The motion was **CARRIED**.

Governance

7 **Appointment to Wellington Regional Strategy Committee**

Report 17.498 File: CCAB-8-1410

Moved *(Cr Lamason/ Cr Staples)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*

3. *Appoints Deputy Mayor Jill Day of Wellington City Council as a member of the Wellington Regional Strategy Committee.*

The motion was **CARRIED**.

The Chair accorded precedence to agenda item 14 *Exclusion of the public*.

8 **Exclusion of the public**

Report 17.510 File: CCAB-8-1422

Moved *(Cr Laidlaw/ Cr Donaldson)*

That the Council:

1. *Excludes the public from the following part of the proceedings of this meeting, namely:*

   a. *Confirmation of the Public Excluded minutes of 31 October 2017*
   b. *Kahungunu ki Wairarapa iwi treaty settlement redress final decisions*
   c. *Disposal of Property – Belmont Regional Park*
   d. *Appointment to the Wellington Regional Stadium Trust*
   e. *WREDA Board appointments*
   f. *Request for a remission of rates*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
a. Confirmation of the Public Excluded minutes of 31 October 2017	*The information in these Minutes relates to a proposed offer to acquire property interests. The Minutes refer to the terms of the proposed acquisition offer which is still subject to negotiation and acceptance. Having this part of the meeting open to the public would disadvantage GWRC if further negotiations were to take place as it would reveal GWRC's negotiation strategy. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e to carry out negotiations without prejudice).*

	would override this prejudice. *The Minutes also refer to the proposed election of LGFA Directors. Release of this information would prejudice the proposed Directors' privacy by disclosing the fact that they are being considered, and have expressed interest in, becoming Directors of the LGFA. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individuals concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e to protect the privacy of natural persons).*
b. Kahungunu ki Wairarapa iwi treaty settlement redress final decisions	*The information contained in this report relates to negotiations on redress proposals from the Office of Treaty Settlements (OTS) in relation to Kahungunu ki Wairarapa. Having this part of the meeting open to the public would disadvantage the Council if further negotiations were to take place as it would reveal the Council's stance. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e to carry out negotiations without prejudice).*
c. Disposal of Property - Belmont Regional Park	*The information contained in this report relates to the proposed sale of property owned by GWRC. The report outlines terms of the proposed disposal and includes details of the anticipated disposal values of the surplus land. Having this part of the meeting open to the public would disadvantage GWRC if the property is placed on the open market for sale via a contestable sale process as it would reveal GWRC's price expectations. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e to carry out negotiations without prejudice).*

	that would override this prejudice.	
d. Appointment to the Wellington Regional Stadium Trust	*The information contained in this report relates to the proposed appointment of a Trustee to the Wellington Regional Stadium Trust. Release of this information would prejudice the proposed appointee's privacy by disclosing the fact that they are being considered, and have expressed interest in becoming a trustee of the Trust. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e to protect the privacy of natural persons).*
e. WREDA Board appointments	*The information contained in this report relates to the proposed reappointment and appointment of new directors to WREDA. Release of this information would prejudice the proposed appointee's privacy by disclosing the fact that they are being considered as a Director of WREDA. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e to protect the privacy of natural persons).*
f. Request for remission of rates	*The information contained in this report relates to an application for a rates remission. Release of this information would prejudice the applicant's privacy by disclosing the fact that they are requesting a rates remission for their property. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e to protect the privacy of natural persons).*

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant *part of the proceedings of the meeting in public are as specified above.*

The motion was **CARRIED**.

Noted: Councillors Kedgley requested that her vote against the motion be recorded.

The public part of the meeting adjourned at 10.55am, and reconvened at 12.03pm following the consideration of Public Excluded business.

Corporate

9 **Summary report for the first quarter 2017/18**

Greg Campbell, Chief Executive, spoke to the report..

Report 17.457 File: CCAB-8-1349

Moved *(Cr McKinnon/ Cr Donaldson)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

10 **Health and safety update**

Lucy Matheson, General Manager, People and Customer, spoke to the report.

Report 17.476 File: CCAB-8-1416

Moved *(Cr Swain/ Cr Blakeley)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

11 **Shareholder resolutions in lieu of Annual General Meeting - WRC Holdings Limited**

Report 17.447 File: CCAB-8-1345

Moved *(Cr Swain/ Cr Lamason)*

That the Council:

1. *Receives the report.*

2. *Notes the content.*

3. *As sole shareholder of WRC Holdings Limited agrees that the Company not be required to hold an Annual General Meeting.*

4. *As sole shareholder of WRC Holdings Limited, resolves the written resolutions contained within Attachment 1.*

5. *Authorises the Council Chairperson to sign the resolutions of the sole shareholder (Attachment 1).*

The motion was **CARRIED**.

12 **Shareholder resolutions in lieu of Annual General Meeting - Wellington Regional Economic Development Agency Limited**

Report 17.502 File: CCAB-8-1411

Moved *(Cr Laidlaw/ Cr Donaldson)*

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

3. *As a 20% shareholder of WREDA Limited:*

   a. *Agrees that the Company not be required to hold an Annual General Meeting;*

   b. *Resolves the written resolutions contained within Attachment 2 to receive the directors report and the audited financial statements, and to agree the auditor's fees and expenses.*

4. *Authorises the Chief Executive to sign the shareholder resolutions on behalf of this Council.*

The motion was **CARRIED**.

Committees/Meetings

13 **Report on the Regional Transport Committee meeting of 21 November 2017**

Report 17.484 File: CCAB-8-1397

Moved *(Cr Donaldson/ Cr Laidlaw)*

That the Council:

1. *Receives the report.*

2. *Notes the content of the report.*

The motion was **CARRIED**.

14 **Report on the Wellington Regional Strategy Committee meeting of 21 November 2017**

Report 17.488 File: CCAB-8-1398

Moved *(Cr Blakeley/ Cr Donaldson)*

That the Council:

1. *Receives the report.*
2. *Notes the content of the report.*

The motion was **CARRIED**.

The motion was **CARRIED**.

The public part of the meeting closed at 1:01pm.

Cr C Laidlaw
(Chair)

Date:

Report	**2018.71**
Date	07 March 2018
File	CCAB-8-1467
Committee	**Council**
Author	**Paul Kos, Manager Public Transport Planning**

2018 Annual Fare Review

1. Purpose

To report on compliance with farebox policy and to report back on the appropriateness of the LTP budget provision ($5.5m) proposed to accommodate fare initiatives as part of the 2017 *Better Metlink Fares* Review.

2. Background

The Regional Public Transport Plan (PT Plan) requires that fares set by the Council be reviewed annually. Fare reviews consider compliance with farebox policy and review of public transport fare levels.

The context for undertaking this fare review differs from previous reviews due to:

- The review of fare levels being incorporated into the 2017 *Better Metlink Fares* Review.

  A review of fares levels was required late last year to provide certainty and ensure a fare increase could be implemented in mid-July 2018, along with the fare initiatives. As part of the fares package, a general 3% fare increase was endorsed by Council in October 2017[1]. For budget purposes, the Council at that time also requested a check against budget figures at draft LTP stage once costs for public transport were better known - this is reported below.

- The review taking place in a time of significant change and transition for public transport. Changes include new bus PTOM contracts, new fleet, new ticketing arrangements, and major network changes to the Wellington City bus network.

[1] The general 3% fare increase may result in some fares (for example cash fares for zones 1 and 2) being adjusted by more or less than 3%.

Under PTOM bus contracts, responsibility for fare revenue moves from bus operators to GWRC, which changes the makeup of our baseline budgets for public transport. The way we report on fare box recovery (under the PT Plan) and user charges (under the LTP) requires a re-think as a result of these changes.

3. Comment

3.1 Regional Public Transport Plan 2014

The general policy approach for reviewing fares is set out in Policy 3.d of the Regional Public Transport Plan (PT Plan), which requires Council to:

> *Review fare levels annually to achieve farebox recovery targets with a preference for small, regular adjustments rather than large, infrequent ones:*
>
> - *Forecast and review fares and operating costs annually through the Long Term Plan/Annual Plan process to determine the extent of any fare adjustments*
> - *Implement an annual fare adjustment on 1 November.*

Detailed guidance on the farebox recovery is provided in the farebox recovery policy in Appendix 5 of the PT Plan. Developed in accordance with the NZ Transport Agency's National Farebox Recovery Policy, the PT Plan farebox recovery policy sets the farebox recovery targets and provides detail on how to measure performance against the targets.

In summary, performance is measured by comparing total fare revenue to total direct operating costs. Under the NZ Transport Agency formula, total costs include only operating payments. Capital costs, such as those associated with real-time and passenger information, are not included in the calculations.

The farebox recovery targets set out in the PT Plan are:

- 55-60% for the public transport network as a whole
- 55-60% for buses and rail
- 80-90% for ferries.

The PT Plan signals an expectation that farebox recovery targets would decrease to 50% over the longer term as the fare structure is reviewed and major projects, such as Integrated Fares Ticketing, come on-line.

It is important to note that due to the changing regional context (in particular the move to PTOM) and changing national context (upcoming Government Policy Statement changes), the current formula for NZTA farebox recovery is becoming less relevant for budget purposes. Farebox recovery policy and targets will be reviewed as part of the PT Plan review proposed to begin in the 2018/19 financial year.

3.2 Public transport costs and LTP budget assumptions

Most public transport services (bus, rail, and ferry) in this region are provided under contract to this Council.

The gross operating cost of providing these services for the 2018/19 financial year is expected to be $233m[2]. Passenger fares fund about 40% of these costs, with the remainder shared between the NZ Transport Agency and regional ratepayers.

The review of fare levels also needs to consider LTP budget assumptions and Council's Revenue and Finance Policy. This year, being a LTP review year in which a new Revenue and Finance Policy is being proposed, makes this more complex as both the existing and proposed LTPs need to be considered:

- The existing LTP is used for looking back - compliance of actual user contribution for 2016/17 (see table 1 below).
- The proposed LTP is used for looking forward – projected user contribution for 2018/19 (see table 2 below).

To this effect, the Council's supporting information to the consultation document for the LTP 2018-28 includes the following revised budget assumptions for public transport:

Fare revenue

- *A 3% fare increase is proposed for 2018/19. For each subsequent year fare revenue will increase with inflation.*

Bus and rail contract costs

- *Bus and rail contracts are indexed annually and will increase at the same rate as inflation.*

User contributions policy

- *GWRC aims to collect 35-50% of its total revenue for public transport from user charges. The balance is funded from national contributions and rates.*

The LTP user contribution calculation has been adjusted this year to include all PT activity costs. In the past, it only included operational costs and interest. It now incorporates these costs plus overheads, system and customer service delivery related costs.

[2] Operating costs include all costs related to operating public transport, including service contract payments, debt servicing costs, infrastructure maintenance costs, system wide costs (such as the Metlink information systems and real-time) and administration costs, but exclude capital costs (such as rail maintenance and up-grades, park-and-ride costs, bus shelters etc),

These assumptions (along with other assumptions for public transport) are considered each year as part of the process to consider whether increases are required to offset the costs of providing services.

3.3 Compliance with farebox recovery targets

The farebox policy compliance review measures actual performance against the farebox recovery targets for the previous year. This is a requirement of the NZ Transport Agency. The then forecasted amounts are also provided for comparison.

The outcome of the review for 2016/17 is set out in Table 1. This shows that overall farebox recovery under the PT Plan and the LTP user charges approach were both within target for 2016/17.

Table 1 Farebox recovery and user contributions for 2016/17

Indicator	Target	Forecast 2016/17	Actual 2016/17
A. Long-Term Plan – User Contribution (existing)[3]			
User contribution	45-50%	47.5%	48.4%
B. Regional Public Transport Plan – Farebox Recovery Policy			
Overall farebox recovery	55-60%	57.2%	57.3%
Farebox recovery by mode			
Rail	55-60%	55.7%	56.4%
Bus	55-60%	57.3%	56.6%
Ferry	80-90%	82.6%	82.9%

3.4 Better Metlink Fares

On 31 October 2017, Council approved Variation 3 to the PT Plan and agreed the *Better Metlink Fares* package. Combined the variation and fares package comprise the following aspects:

- A new concessions policy and a new policy to encourage off-peak travel, greater use of public transport and greater use of electronic ticketing.
- A new fare schedule incorporating a general 3% fare increase and setting out the standard Metlink Fares to come into effect in July 2018.
- A series of fare initiatives, including: free bus transfers; a 25% off-peak discount; a 25% tertiary discount; a 50% discount for eligible

[3] The current LTP user contribution approach includes operator payments plus debt servicing costs associated with capital expenditure.

people with disabilities and free travel for carers; a standard 50% discount for school children; a standard 25% premium for all cash fares; free bus connections to trains when using a rail monthly pass; a change to the Porirua zone boundary; changes to ferry fares; a new Metlink Explorer day pass; and retention of the Wellington and Eastbourne 30-day bus passes.

The cost of the package (loss of fare revenue) is estimated to be approximately $7.5m per annum, with the 3% fare increase off-setting this amount by just over $2m per annum. Based on known existing budget costs at that time and using the NZTA formula, farebox recovery was projected at that time to be 54.2% for 2018/19 and 2019/20 years, which is just below the target level in the PT Plan.

Taking account of the outcomes of the *Better Metlink Fares* Review, the Council endorsed the following recommendations:

> *7. Recommends to the Council that it includes a budget provision of $5.5m for the fares package in the Long Term Plan, noting that this amount includes a subsidy component from the NZ Transport Agency and that the package includes a 3% fare increase to come into effect with the new bus network in mid-2018.*
>
> *8. Notes that the final budget will be confirmed through the Long Term Plan process and will take account of farebox recovery, operational costs, and the rate share of public transport funding. If a different budget provision is required, fares could be adjusted accordingly*

3.5 Budget provision re-check

This section responds to Council's recommendation to determine if a different budget provision for fare revenue is required, and as a result, whether fares need to be further adjusted.

Table 2 below provides an assessment of the fares package (with the general 3% fare increase) using latest operating costs for the year 2018/19. The figures report against the new user contribution target set out in the draft 2018/28 Long Term Plan and the farebox recovery targets set out in the PT Plan.

Table 2 Farebox revenue with 3% increase for 2018/19

Indicator	Target	Projected 2018/19
A. draft Long-Term Plan – User Contribution (revised)[4]		
User contribution	35-50%	40.4%

[4] The proposed revised approach to user contributions includes operational costs with debt servicing costs associated with capital expenditure (as per past approach) plus overheads, system and customer service delivery related costs.

B. Regional Public Transport Plan – Farebox Recovery Policy		
Overall farebox recovery	55-60%	55.1%
Farebox recovery by mode Rail Bus Ferry	 55-60% 55-60% 80-90%	 49.9% 59.6% 81.5%

The table shows that with latest costs applied to the NZTA formula[5], overall farebox recovery changes slightly from the October 2017 estimate (54.2%) to 55.1%, which is just within the PT Plan target range of 55-60%.

By mode, the figures show quite a divergence from the 2016/17 actual figures – with rail well below past actuals and bus above past actuals. This can be explained by:

- the move to gross-based contracts for bus (no net contracts)
- the changes to commercial services (some commercial services will be contracted and some will be exempt)
- significant increase in forecast rail expenditure, including: network track access charges, passenger service fee, network renewals
- savings from new bus contracts.

The projected LTP user contribution figure (40.4%) is significantly less than previous projections under the old formula. However, to be more useful for budgeting purposes, this has been adjusted this year to include all PT activity costs. In the past, it only included operational costs and interest. It now incorporates these costs plus overheads, system and customer service delivery related costs.

Taking account of the new information on costs for public transport and changing context for public transport, it is not considered necessary or appropriate to change the budget provision for fare revenue in the draft Long Term Plan, or make a further adjustment to fares.

Notwithstanding this, the new fare initiatives represent the most significant change since 2006. While detailed modelling helps to understand likely impacts on patronage and revenue, only time will tell the real impact of the changes. Fortunately with PTOM bus and the extension of Snapper, GWRC will have access to better and more timely data on fares. This will enable more agile responses to be considered, as currently is the case in Auckland.

[5] Note this does not include the farebox revenue from exempt services (i.e. commercial services that are not contracted)

3.6 Consultation with transport operators

Transport operators have been fully engaged throughout the *Better Metlink Fares* review. All are aware and supportive of the fares package (including the 3% fare increase).

Under PTOM contracts, fare revenue comes directly to Greater Wellington Regional Council, so the implications for PTOM operators are less direct than was previously the case.

East by West Ferry (currently a non-PTOM contract) has indicated support for the fares package. Officers are working with the ferry operator to bring in the fares changes for ferry operations in mid-July (the same time as bus and rail).

4. Communication

Communication on the 3% fare increase is occurring as part of the current warm-up communications campaign for the public transport transformation programme.

Further and more detailed communications on the fares changes (including the 3% fare increase) will occur closer to the time of implementation in mid-July 2018.

A wider communication and engagement process on budget components will be carried out via consultation on the draft Long Term Plan 2018/28.

5. Consideration of Climate Change

The matters requiring decision in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Fare initiatives are designed to increase public transport patronage which can contribute to an overall reduction in gross regional greenhouse gas emissions by reducing the number of trips made in private vehicles.

5.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers recommend that climate change impacts have no direct relevance to the matters addressed by this paper.

6. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Act. Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires GWRC to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

A wider communication and engagement process on budget components will be carried out via consultation on the draft Long Term Plan 2018/28.

7. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report*
3. ***Notes** that the supporting information to the consultation document for the Long Term Plan 2018-28 includes a 3% fare increase for 2018/19 to offset the shortfall in fare revenue as a result of the new fares package agreed by Council on 31 October 2017.*
4. ***Notes** that the supporting information to the consultation document for the Long Term Plan 2018-28 includes a revised approach to user contributions, reflecting the need to more accurately represent the complete operating costs of public transport.*
5. ***Notes** that the current PT Plan fare box recovery policy and targets require review and that this will occur as next review of the PT Plan, proposed to begin in the 2018/19 financial year.*
6. ***Agrees** that the current budget provision of $5.5m for the fares package in the draft 2018/28 Long Term Plan remains appropriate.*

7. ***Notes** that taking account of the new information on costs and changing context for public transport, it is not considered necessary to change the budget provision for fare revenue in the draft Long Term Plan.*

8. ***Notes** that fare levels will continue to be reviewed annually, with adjustments proposed as necessary via the Annual Plan/LTP process.*

Report prepared by:	Report approved by:	Report approved by:
Paul Kos Manager, Public Transport Planning	**Wayne Hastie** General Manager, Public Transport	**Dave Humm** General Manager, Corporate Services/Chief Financial Officer

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.78**
Date	06 March 2018
File	CCAB-8-1464
Committee	**Council**
Author	**Mike Timmer, Treasurer**

Amendment of the Treasury Risk Management Policy

1. Purpose

To approve proposed ammendments to the Treasury Risk Management Policy (the Policy).

To seek Council approval to extinguish the requirement of limiting commercial paper issuance to $90 million.

2. Consideration by Committee

The matters contained in this report were considered by the Finance, Risk and Assurance Committee (Committee) at its meeting on 6 March 2018 in Report 18.56. The recommendations contained in this report reflect those resolutions made by the Committee.

3. Background – Policy update

The Policy is reviewed every three years as provided for in section 10 of the Policy, this coincides with the Long Term Planning process.

The Policy had an interim amendment in May 2016 due to changes in our business (predominately due to increased debt). The changes made at the time were:

a) An increase the fixed debt interest rate risk management policy parameters from year 11 to year 15

b) A change in the methodology on how the counter party credit risk threshold is calculated and updated counter party credit risk limits.

c) Adjustment to the funding maturity bands.

The Policy contains the Council’s Liability Management and Investment Policies. These policies form part of the funding and financial policies that the

Council is required to adopt in accordance with section 102 of the Local Government Act 2002.

The Council is not required to consult prior to adopting or amending its Liability Management or Investment Policies.

Currently, the Policy is included in the Council's Long-Term Plan supporting documents for ease of reference.

3.1 Treasury policy update

Together with our treasury advisor, PricewaterhouseCoopers (PwC), we propose a number of alterations to the Policy which reflect changes in the market place and bring the policy up to what could be considered best practice for a local government treasury.

4. Summary of substantive proposed changes to Policy

- A section on statutory objectives has now been included – refers to relevant legislation and provides essential treasury related sections.

- The definition of Liquidity has been further expanded to outline those investments which constitute "Liquid Investments."

- Investment in Fossil fuels – notes Council's policy not to invest directly in fossil fuel and to investigate non direct investment with a view to preventing these investments where practical.

- The interest rate risk control limits have been extended to a 16-year horizon to reflect the ability to borrow on a fixed rate basis through the Local Government Funding Agency (LGFA). This reflect the recent issuance by the LGFA of a long term April 2033 bond.

- The maximum term of interest rate derivatives allowable without Council approval has been increased to 16-years with further interest rate fixing beyond 16-years allowable if it is by way of fixed rate borrowing through the LGFA

- A 90-day policy breach exemption in respect to interest rate risk control limits and the funding maturity risk control limits has been introduced to reflect timing differences causing temporary non-compliance with limits.

- Investments definitions have been updated to exclude structured and subordinated debt instruments on the basis they are generally illiquid i.e. can be difficult to dispose of in times of crisis.

- Include the LGFA's requirement of no more than the greater of 33% of Council's debt or $100m will mature within a 12 month period.

- Pre-funding activity is allowable up to 18-months ahead of the maturity of the existing funding. Reflecting what we do presently i.e. up to 12 months but increases the time-frame to provide additional flexibility.

- The process of setting an appropriate FX budget rate has been updated for further clarity.

- Accounting treatment of financial instruments has been updated to reflect NZ IPSAS methodology in a general sense.

5. Council $90 million commercial paper limit

When Council first began issuing commercial paper (CP) to fund itself back in 2007, a limit of $90 million was set.

The Treasury Policy at the time was significantly different than it is today. We have been mindful of the limit and our advisers PwC confirm it is **not** usual to have a limit on CP issuance or programme size limited by the Treasury Policy or Council. This is because the key risk revolves around the funding risk control limits contained in section 6.2 of the Policy, i.e. its limits our ability to have too much debt (including CP) maturing in the 1-3 year time frame.

The risk lies in having too many debt maturities at any point in time. CP is simply a short term mechanism to raise funds alongside other forms of debt be it LGFA bonds, LFGA floating rate notes or bank loans.

With our debt levels rising, a greater level of flexibility to issue more commercial paper is required, maintaining existing portfolio percentages.

We are presently working through the best options to raise short term debt and in line with this will likely bring to Council in the near future a request for an increase in banking lines which support commercial paper issuance.

Increased banking lines will also assist with maintaining compliance with our liquidity ratio which is one of the four covenants we are monitored on by the LGFA.

We therefore request that this limit be removed and our CP programme be made an unlimited programme.

6. Communication

The Treasury Risk Management Policy maybe included with the Long Term Planning documents; however, Council is not required to consult on it.

7. Consideration of Climate Change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council’s interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

8.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

9. Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

10. Recommendations

That the Council:

1. ***Receives** the report.*

2. ***Notes** the content of the report.*

3. ***Approves*** *no formal limit being placed on commercial paper issuance.*

4. ***Notes*** *that the Treasury Risk Management Policy funding risk control limit is the appropriate mechanism to limit commercial paper issuance.*

5. ***Approves*** *the proposed changes to the Treasury Risk Management Policy as set out in sections 3 and 4 of this report, and as contained in the draft Policy as set out in attachment 1 to this report.*

6. ***Adopts*** *the Treasury Risk Management Policy incorporating marked up changes as set out in attachment 1 to this report.*

Report prepared by:

Mike Timmer
Treasurer

Report approved by:

Dave Humm
General Manager, Corporate Services / Chief Financial Officer

Attachment 1: Amended Treasury Risk Management Policy (marked up)

TREASURY RISK MANAGEMENT POLICY, INCLUDING LIABILITY MANAGEMENT AND INVESTMENTS POLICIES

Table of Contents

1. Introduction

The purpose of the Treasury Risk Management Policy is to outline the approved policies and procedures in respect of all treasury activity to be undertaken by the Wellington Regional Council (the Council). The formalisation of such policies and procedures will enable treasury risks within the Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this policy will be modified to ensure that treasury risks within the Council continue to be well managed. In addition, regular reviews will be conducted to test the existing policy against the following criteria:

- Industry "best practices" for a council the size and type of the Wellington Regional Council.
- The Council's risk-bearing ability and tolerance levels.
- Effectiveness and efficiency of the Treasury Risk Management Policy and treasury management function in recognising, measuring, controlling, managing and reporting on the Council's financial exposures.
- Robustness of the policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- The extent to which the policy assists the Council in achieving strategic objectives relating to ratepayers.

The policy will be distributed to all personnel involved in any aspect of the Council's financial management. In this respect, all staff should be completely familiar with their responsibilities under this policy at all times.

~~A twelve month phase in period to debt and interest rate control limits is permitted upon ratification of this policy.~~

2. Scope and objectives

2.1 Scope

This document identifies the policy and procedures of the Council in respect of treasury management activities.

The policy has not been prepared to cover other aspects of the Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of the Council cover these matters. Planning tools and mechanisms are also outside of the scope of this policy.

2.2 Principles

- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- All projected borrowings will be approved by the Council as part its Annual Plan.

- All legal documentation in respect to borrowing and financial instruments will be approved by the Council's solicitors.
- The Council will not enter into any borrowings denominated in a foreign currency.
- The Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those which the Council would achieve without pledging rates revenue.
- A resolution of the Council will not be required for hire purchase, credit or deferred purchase of goods if:
  - the period of indebtedness is less than 91 days (including rollovers); or
  - the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

2.3 Objectives

~~The objective of this Treasury Risk Management Policy is to control and manage costs and investment returns that can influence operational budgets and public equity and set debt levels. Specific objectives are as follows:~~ **Statutory objectives**

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All external borrowing, investments and incidental financial arrangements (eg use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy. GWRC is governed by the following relevant legislation:

- Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part ll Investments.
- All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long Term Planning (LTP) process, or resolution of Council before the borrowing is effected.
- All legal documentation in respect to external borrowing and financial instruments will be approved by Council's solicitors prior to the transaction being executed.
- Council will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
- The period of indebtedness is less than 91 days (including rollovers); or
- The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.

General objectives

The objective of this Treasury Risk Management Policy is to control and manage costs and investment returns that can influence operational budgets and public equity and set debt levels. Specific objectives are as follows:

- Minimise the Council's costs and risks in the management of its borrowings and maximise its return on investments.
- Minimise the Council's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council-approved Treasury Risk Management Policy so as to protect the Council's financial assets and costs.
- Arrange and structure appropriate funding for the Council at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of the Council's lending/security arrangements.
- Comply with financial ratios and limits stated within this policy.
- Maintain a long-term Standard & Poor's credit rating at AA- or better.
- Monitor the Council's return on investments in CCTOs, property and other shareholdings.
- Ensure management, relevant staff and, where appropriate, the Council are kept abreast of latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain liquidity levels and manage cash flows within the Council to meet known and reasonable unforeseen funding requirements.
- Minimise counterparty credit risk.
- Adhere to all statutory requirements of a financial nature.
- Provide adequate internal controls to protect the Council's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, LGFA, credit rating agencies, investors and investment counterparties. ~~and investors in the Council's debt securities.~~
- Manage foreign exchange risk associated with capital expenditure and goods and services on imported items as outlined in section 6.54 of this policy.
- Keep Council abreast of macro-economic trends.

2.4 Policy exclusion

This policy covers WRC Holdings and its subsidiaries, but excludes CentrePort Ltd.

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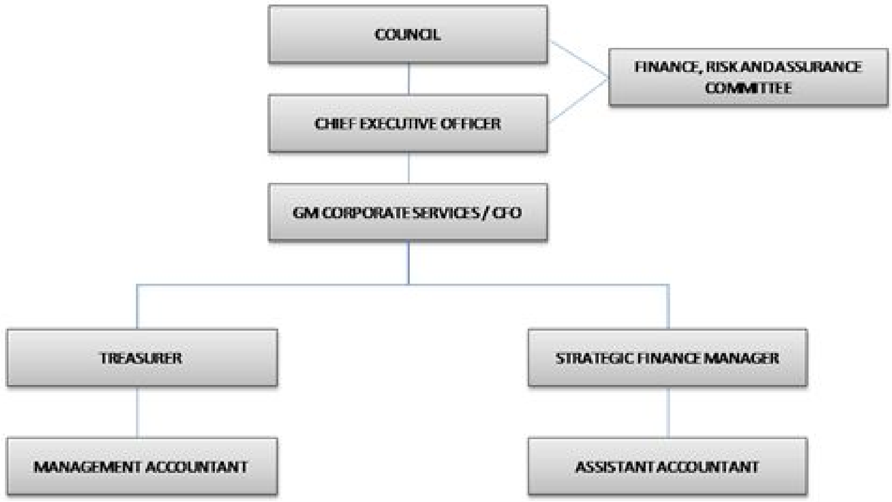
3. Management responsibilities

3.1 Overview of management structure

All of the Council's treasury management activities are undertaken by the Treasury Management Department. The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in sections 3.2 – 3.8 of this policy:



3.2 Council

The Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect the Council decides the level and nature of risks that are acceptable.

The Council is responsible for approving this Treasury Risk Management Policy and any changes required from time to time. While the policy can be reviewed and changes recommended by other persons, the authority to make or change policy cannot be delegated.

In this respect, the Council has responsibility for:

- Approving the long-term financial position of the Council through the 10-year Long-Term Plan (LTP) and the Annual Plan.
- Approving new debt/funding via resolution of the Annual Plan.
- Approving the Treasury Risk Management Policy, incorporating the following delegated authorities:
  - borrowing, investing and dealing limits and the respective authority levels delegated to the Chief Executive Officer (CEO), GM Corporate Services/CFO (CFO) and other managers
  - counterparties and credit limits

  - risk management methodologies and benchmarks
  - guidelines for the use of financial instruments.
- Approving budgets and high level performance reporting.
- Delegating authority to the CEO and other officers.
- Reviewing and approving the Treasury Risk Management Policy every three years.

The Council will also ensure that:

- It receives appropriate information from management on risk exposure and financial instrument usage in a form that is understood.
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved immediately.
- Approval will be gained by the CFO for any transactions falling outside policy guidelines.

3.3 Finance, Risk and Assurance Committee

Finance, Risk and Assurance has the following responsibilities:

- Recommending the Treasury Risk Management Policy (or changes to existing policy) to the Council.
- Receiving recommendations from the CEO and CFO and making submissions to the Council on all treasury matters requiring Council approval.
- Recommending performance measurement criteria for all treasury activity.
- Monitoring six-monthly performance against benchmarks.

Finance, Risk and Assurance will:

- Oversee the implementation of the Council's treasury management strategies and monitor and review the effective management of the treasury function.
- Ensure that the information presented to the Council is timely, accurate and identifies the relevant issues and is represented in a clear and succinct report.
- Discuss treasury matters on a six monthly basis (and informally as required).

3.4 Chief Executive Officer (CEO)

While the Council has final responsibility for the policy governing the management of the Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the CEO. The Council formally delegates to the CEO the following responsibilities:

- Ensuring the Council's policies comply with existing and new legislation.
- Approving the register of cheque and electronic banking signatories.
- Approving new counterparties and counterparty limits as defined within section 6.3 of this policy and recommended by the CFO.
- Approving the opening and closing of bank accounts.

3.5 GM Corporate Services/CFO (CFO)

The CEO formally delegates the following responsibilities to the CFO:

- Management responsibility for borrowing and investment activities.
- Recommending policy changes to Finance, Risk and Assurance for evaluation.
- Ongoing risk assessment of borrowing and investment activity, including procedures and controls.
- Approving new borrowing undertaken in line with Council resolution and approved borrowing strategy.
- Approving re-financing of existing debt.
- Approving treasury transactions in accordance with policy parameters outside of the Treasurer's delegated authority.
- Authorising the use of approved financial market risk management instruments within discretionary authority.
- Recommending authorised signatories and delegated authorities in respect of all treasury dealing and banking activities.
- Recommending changes to credit counterparties to the CEO.
- Proposing new funding requirements falling outside the Annual Plan and Long-Term Plan (LTP) to Finance, Risk and Assurance for consideration and submission to the Council.
- Reviewing and making recommendations on all aspects of the Treasury Risk Management Policy to Finance, Risk and Assurance, including dealing limits, approved instruments, counterparties, working capital policies and general guidelines for the use of financial instruments.
- Conducting a triennial review of the Treasury Risk Management Policy, treasury procedures and all dealing and counterparty limits.
- Receiving advice of breaches of Treasury Risk Management Policy and significant treasury events from the Strategic Finance Manager.
- Managing the long-term financial position of the Council in accordance with the Council's requirements.
- Ensuring that all borrowing and financing covenants to lenders are adhered to.
- Ensuring management procedures and policies are implemented in accordance with this Treasury Risk Management Policy.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs and maximising investment returns year-to-year.
- Managing the organisations exposure and statutory requirements in relation to the holding, acquiring or disposing of Carbon Credits.

- To sign Debenture Stock and Security Stock certificates in relation to the Council's Debenture Trust Deed, in compliance with sections 112 and 118 of the Local Government Act 2002.

3.6 Treasurer

The Treasurer runs the day-to-day activities of the Council's Treasury Management Department. The CFO formally delegates the following responsibilities to the Treasurer who in turn may delegate these to the Treasury Management Accountant:

- Overseeing and managing relationships with financial institutions including the Local Government Funding Agency (LGFA).
- Approving treasury transactions in accordance with policy parameters within delegated authority.
- Negotiating borrowing facilities.
- Authorising interest rate hedge transactions (swaps, forward rate agreements (FRAs) and options) with bank counterparties to change the fixed : floating mix to re-profile the Council's interest rate risk on either debt or investments.
- Making decisions and authorisations to raise and lower fixed rate (interest rate market price re-set greater than 12 months) percentage of net debt or investment position within interest rate policy risk control limits.
- Designing, analysing, evaluating, testing and implementing risk management strategies to position the Council's net interest rate risk profile to be protected against adverse market movements within the approved policy limits.
- Monitoring credit ratings of approved counterparties.
- Co-ordinating annual reviews with Standard & Poor's credit rating agency.
- Investigating financing alternatives to minimise borrowing costs, margins and interest rates, making recommendations to Finance, Risk and Assurance as appropriate.
- Negotiating bank funding facilities and managing bank and other financial institution relationships.
- Executing treasury transactions in accordance with set limits.
- Entering in to FX transactions to cover foreign currency liabilities.
- Entering into FX hedging transactions in accordance with the section in this policy on Foreign Exchange risk.
- Monitoring treasury exposure on a regular basis, including current and forecast cash position, investment portfolio, interest rate exposures and borrowings.
- Providing written evidence of executed deals on an agreed form immediately to the Strategic Finance Manager.
- Co-ordinating the compilation of cash flow forecasts and cash management.
- Managing the operation of all bank accounts including arranging group offsets, automatic sweeps and other account features.

- Handling all administrative aspects of bank counterparty agreements and documentation such as loan agreements and International Swap Dealer's Association (ISDA) swap documents.
- Preparing treasury reports.
- Monitoring all treasury exposures daily.
- Forecasting future cash requirements.
- Providing regular short-term and long-term cash flow and debt projections to the CFO.
- Completing deal tickets for treasury transactions.
- Updating treasury system/spreadsheets for all new, re-negotiated and maturing transactions.
- Updating credit standing of approved counterparty credit list on a quarterly basis.

3.7 Strategic Finance Manager, (SFM)

The CFO formally delegates the following responsibilities to the SFM, who in turn may delegate these to the Assistant Accountant:

- Checking all treasury deal confirmations against deal documentation and reporting any irregularities immediately to the CFO.
- Reconciling monthly summaries of outstanding financial contracts from banking counterparties to internal records.
- Reviewing and approving borrowing and investment system/spreadsheet reconciliations to the general ledger.
- Accounting for all treasury transactions in accordance with legislation and generally accepted accounting principles and the Council's accounting policy.
- Checking compliance against limits and preparing reports on an exceptions basis.
- Approving all amendments to the Council's records arising from checks to counterparty confirmations.
- Creating batches for borrowing and investment settlements and arranging for approval by authorised signatories.
- Delivering weekly reports to the CFO covering cash/liquidity, investment profile, funding profile and interest rate risk position.

3.8 Delegation of authority and authority limits

Treasury transactions entered into by the Council without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Insufficient authority for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays). Therefore, the following procedures will apply:

- All delegated authorities and signatories will be reviewed at least every six months to ensure that they are still appropriate and current.

- A comprehensive letter will be sent to all bank counterparties, at least every year, detailing all relevant current delegated authorities of the Council and contracted personnel empowered to bind the Council.
- Whenever a person with delegated authority on any account or facility leaves the Council, all relevant banks and other counterparties will be advised in writing on the same day to ensure that no unauthorised instructions are to be accepted from such persons.

The Council has the following responsibilities, either directly, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing policy	The Council	Unlimited
Borrowing new debt	The Council CEO (delegated by Council) CFO (delegated by Council)	Unlimited (subject to legislative and other regulatory limitations) Subject to Council Resolution and policy
Signing Stock/Debenture Issuance Certificate – As per the Debenture Trust Deed	CEO~~FO (delegated by the CEO)~~	As per the Annual Council Plan to meet lenders requirements
Acquiring and disposing of investments other than financial investments	The Council	Unlimited
Approving charging assets as security over borrowing	The Council	Subject to terms of the Debenture Trust Deed
Overall day-to-day risk management	CEO (delegated by Council) CFO (delegated by Council)	Subject to policy
Re-financing existing debt	CEO (delegated by Council) CFO (delegated by Council)	Subject to policy
Approving transactions outside policy	The Council	Unlimited
Acquiring and disposing of Carbon credits	CFO (delegated by Council)	$5m any one transaction
Adjusting net debt or net investment interest rate risk profile	Treasurer	Per risk control limits
Managing investments and funding maturities in accordance with Council approved facilities	Treasurer	Per risk control limits
Setting maximum daily transaction amount (borrowing, investing, foreign exchange, interest rate risk management and cash management) excluding roll-overs on debt facilities	The Council CEO (delegated by Council) CFO (delegated by Council) Treasurer (delegated by Council)	Unlimited $75 million $50 million $30 million
Authorising lists of signatories	CEO	Unlimited

Opening/closing bank accounts	CEO/CFO	Unlimited
Reviewing the Treasury Management Policy every 3 years	Finance, Risk and Assurance	N/A
Ensuring compliance with Policy	CFO	N/A
Signing of LGFA new Debt confirmations	Treasurer /CFO	N/A
Signing of derivative confirmations	Treasurer & CFO	N/A

4. Liability Management Policy

The Council's liabilities comprise borrowings and various other liabilities. The Council's Liability Management Policy focuses on borrowings as this is the most significant component and exposes the Council to the most significant risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and determining future borrowing requirements.

The Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong credit rating, and manage its relationships with its investors and financial institutions.

4.1 New Zealand Local Government Funding Agency (LGFA)

Despite anything earlier in this Policy, the Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

(a) contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;

(b) provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;

(c) commit to contributing additional equity (or subordinated debt) to the LGFA if required;

(d) subscribe for shares and uncalled capital in the LGFA; and

(e) secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

4.2 Debt ratios and limits

Debt will be managed within limits in the following table, that are consistent with those used by the LGFA.

Ratio	
Net interest / Total revenue	<20%
Net debt /Total Revenue	<250%
Net interest / Annual rates and levies (debt secured under debenture)	<30%
Liquidity (external debt + committed loan facilities + liquid investments to total external debt)	>110%

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.

Revenue excludes non-government capital contributions (e.g. developer contributions and vested assets)

Net debt is defined as total external debt less ~~unencumbered~~ liquid financial deposits/investments.

Liquid investments are financial~~unencumbered~~ assets defined as being:

- Overnight bank cash deposits
- Wholesale/retail bank term deposits no greater than 30 days
- Bank issued RCD's less than 181 days
- Allowable fixed income bonds as per approved investment instruments ~~-~~(applying 85~~0~~% of face value)
-
- Wholesale/ retail bank term deposits linked to pre funding of maturing term debt exposures
- For internal covenant purposes Disaster recovery/Contingency funds shall not be used as liquid investments in the Liquidy calculation as they are not intended to be used for every day liquidity purposes.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Financial covenants are measured on Council only not consolidated group. Should the LGFA change its methodology then that calculation shall prevail.

Disaster recovery requirements will be met through the liquidity ratio and contingency reserves.

4.3 Security and charges

The Council borrows funds and grants security to its lenders via a Debenture Trust Deed (DTD). The DTD gives the lenders a charge or security over the Council's rates and rates revenue. A DTD was entered into during 2011 as part of the Council's initiative and requirements to borrow funds from the LGFA.

A Trustee has been appointed to act as Trustee under the DTD for the benefit of the lenders, or stock holders.

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From time to time, with prior Council approval, security may be offered by providing a security interest in one or more of the Council's assets other than its rates and rates revenue. Security interest in physical assets will only be granted when:

- there is a direct relationship between a debt and the purchase or construction of the secured assets which it funds (e.g. through a finance lease, or some form of project finance)
- the Council considers a security interest or security in the physical assets to be appropriate

In addition, the Council may grant security interests in physical assets where those security interests are leases or retention of the arrangements which arise under the terms of any lease or sale and purchase agreement.

4.4 Borrowing mechanisms

The Council will borrow through a variety of market mechanisms including but not limited to:

- commercial paper (CP)
- fixed rate bonds and floating rate notes (FRNs)
- direct bank borrowing or loans with private placement investors
- short and long-term capital markets directly
- internal reserve and special funds.

In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the CFO will take into account the following:

- Available terms from banks, capital markets and loan stock issuance
- The Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
- Prevailing interest rates and margins relative to term for debt issuance, capital markets and bank borrowing
- The market's outlook on future credit margin and interest rate movements
- The Council's outlook on future credit margin and interest rate movements
- Legal documentation and financial covenants, together with credit rating considerations
- Whether retail or wholesale debt issue.

5. Investment Policy and limits

5.1 General policy

The Council is currently a net borrower of funds and will generally apply surplus funds to debt repayment and, wherever possible, internally borrow from reserve funds to meet future capital expenditure. The Council may invest liquid funds externally for the following reasons:

- Strategic purposes consistent with the Council's LTP

- Holding short term liquid investments for general working capital requirements or any other cash management objective
- Holding investments that are necessary to carry out the Council operations consistent with annual plans
- Holding investments for self-insured infrastructural assets and contingency reserves.

The Council recognises that, as a responsible public authority, any investments that it holds should be low risk. It also recognises that lower risk generally means lower returns.

In its financial investment activity, the Council's primary objective when investing is the protection of its investment. Accordingly, only credit-worthy counterparties are acceptable.

5.2 Investment mix

The Council maintains investments in the following assets from time to time:

- Equity investments, including CCOs/CCTOs and other shareholdings
- Property investments incorporating land, buildings
- Financial investments incorporating longer term and liquidity investments.

5.2.1 Equity Investments

The Council's current equity investments are held in WRC Holdings Limited (100%):

WRC Holdings Limited owns the following companies:

- Port Investments Ltd (100%), which owns 76.9% of CentrePort Ltd (CentrePort)
- Pringle House Ltd (100%), Greater Wellington Rail Ltd

The above companies are CCOs or CCTOs.

5.2.2 Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs)

The Council is responsible for the appointment of the board of directors for the Council's CCOs and CCTOs. Any asset additions or disposals of note are approved by directors, unless they are significant, as defined by the companies' constitutions, at which point shareholder approval is required.

The objectives of the Council's CCOs and CCTOs are to:

- Separate the Council's investments and commercial assets from its public good assets.
- Impose a commercial discipline
- Appropriate separation of management and governance.

The Council manages risk associated with CCOs and CCTOs by:

- Appointing suitably qualified external directors
- Receiving regular reports from directors
- Using external advisors when required
- Providing input into the statements of corporate intent and constitutions of the CCOs and CCTOs.

5.2.3 New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Policy, the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

1. (a) obtain a return on the investment; and

   (b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

5.2.4 Other Investments

The Council's other investments are:

- CentrePort
- Forestry investments
- Stadium advance
- Liquid financial investments.
- Contingency funds

CentrePort

The Council, through Port Investments Ltd (PIL), owns 76.9% of CentrePort. CentrePort operates under the Port Companies Act 1988. It is not a CCTO under the Local Government Act 2002.

PIL, along with the other shareholder in CentrePort, is responsible for appointing the Board of Directors who, in turn, are responsible for the operation of the company. Any major transactions, as defined in the company's constitution or the Companies Act 1993, require the approval of the shareholders. PIL, as a shareholder, has input into CentrePort's statement of corporate intent and constitution and receives regular reports and briefings.

The Council manages risk associated with CentrePort by:

- Appointing suitably qualified external directors
- Appointing of the Council's CFO as reporting officer for the Council in respect of CentrePort
- The Council receiving formal briefings and reports twice a year
- The CFO receiving quarterly briefings and monthly reports
- Providing input into CentrePort's Statement of Corporate Intent.

Forestry investments

The Council has investments in forestry which are managed on a commercial basis, but also minimise soil erosion and water sedimentation (for land which is held for water catchment purposes). The Council has sold its cutting rights to its forestry investments for a period of up to 60 years.

Stadium advance

The Council has lent $25 million to the Wellington Regional Stadium Trust. The advance is interest free with limited rights of recourse. The Council will continue to hold the advance until repayment. It receives regular reports from the Stadium Trust on the Trust's performance. The Council and Wellington City Council, as the settlors of the Trust, appoint the trustees to the Stadium Trust.

Liquid financial investments

The Council's primary objective when investing is the protection of its investment capital and the maximisation of its returns. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties and investment restrictions are covered in section 6.3 of this policy. Credit ratings are monitored on a regular basis by the Treasurer.

For the foreseeable future, the Council will be in a net borrowing position and liquid investment funds will be prudently invested as follows:

- Any liquid investments will be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments will be credited to general funds.
- Internal borrowing will be used wherever possible to avoid external borrowing.

The Council may invest in acceptable liquid debt instruments and make interest rate duration positions using investor swaps. This will further meet the Council's objectives of investing in high credit quality and highly liquid assets, yet allow for optimal interest rate decisions.

The Council's external investment interest rate profile will be managed within the parameters outlined in section 6.0 of this policy.

Contingency Funds

The Council currently has monies set aside in liquid funds that may be used when an event occurs such that the funds are required by the business.

From time to time the Council may set aside funds for such contingency purposes, which will be held in a readily available form.

5.2.5 Special Funds and Reserve Funds

Liquid assets will not be required to be held against special funds and reserve funds. Instead the Council will internally utilise or borrow these funds where ever possible.

Interest accrued from these funds will be credited to the particular fund.

5.3 Investments in fossil fuels

The Council has a policy to divest from any direct investment in fossil fuel extraction industries and investigate existing non direct investment with a view to preventing future investment where practical.

6. Risk recognition/identification management

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risk of the Council, will be as detailed below and will apply to both the Liability Management Policy and Investment Policy.

6.1 Interest rate risk

6.1.1 Risk Recognition

Interest rate risk is the risk that investment returns or funding costs will be materially different from those in annual plans and the LTP.

The primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of investment returns or funding costs. This will be achieved through the active management of underlying interest rate exposures.

6.1.2 Approved Financial Instruments

Dealing in interest rate products will be limited to financial instruments approved by the Council. Approved interest rate instruments are:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Uncommitted money market facilities Wholesale Bond and Floating Rate Note (FRN) issues Commercial paper (CP) New Zealand Dollar (NZD) denominated local or offshore private placements Retail bond and FRN issues
Investments	Short-term bank deposits Bank bills Bank registered certificates of deposit ~~Treasury bills~~ Local authority stock or State-owned Enterprise (SOE) bonds and FRNs

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	Corporate/bank senior bonds Floating Rate Notes Promissory notes/Commercial paper Redeemable Preference Shares (RPS) LGFA borrower notes
Interest rate risk management	Forward rate agreements (FRAs) on: - Bank bills ~~- Government bonds~~ Interest rate swaps including: - Forward start swaps - Amortising swaps (whereby notional principal amount reduces) - Swap extensions and shortenings Interest rate options on: - Bank bills (purchased caps and one-for-one collars) ~~- Government bonds~~ - Interest rate swaptions (purchased and one-for-one collars only)
Foreign exchange risk management	- Foreign currency deposits - Purchased currency options - Collars (one-for-one) - Forward foreign exchange contracts

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments will be restricted by specified counterparty credit limits.

6.1.3 Interest Rate Risk Control Limit

Interest rate exposure

Exposure to interest rate risk is managed and mitigated through the controls below where:

"Debt" is all external debt ((existing and forecast) including WRC Holdings Limited) at the given debt ending period net of any liquid financial assets and investments and excluding Centreport Limited debt.

"Fixed Rate Debt" is all debt or swaps repricing beyond one year that is fixed rate plus all floating rate debt swapped to a fixed rate maturing beyond one year. Any debt or swap maturing within one year is defined as floating.

"Floating Rate Debt" is defined as an interest rate re-pricing within 12 months. This includes FRN's with a maturity date beyond one year that are not swapped to fixed rate. Floating Rate debt may be spread over any maturity out to 12 months.

Fixed rate debt must be within the following repricing bands:

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)					
Debt Period Ending	**Debt Amount**	**Minimum Fixed**	**Maximum Fixed**	**Actual Fixed**	**Compliant (Y/N)**
Current		50%	95%		
Year 1		45%	95%		
Year 2		40%	90%		
Year 3		35%	85%		
Year 4		30%	80%		
Year 5		25%	75%		
Year 6		15%	70%		
Year 7		0~~5~~%	65%		
Year 8		0%	60%		
Year 9		0%	55%		
Year 10		0%	50%		
Year 11		0%	50%		
Year 12		0%	50%		
Year 13		0%	50%		
Year 14		0%	50%		
Year 15		0%	50%		
Year 16*		0%	50%		

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A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.

*Council management has delegated authority to tactically position the interest rate risk portfolio within approved ranges out to a maximum period of 16~~5~~ years, based on anticipated future interest rate movements. The exception to this will be if ~~Council rasies~~ LGFA introduce funding terms exceeding 16 years; in this event, management can position the interest rate portfolio to maturities that match LGFA funding terms~~as fixed rate and this maturity is beyond 165 years~~.

- ~~Forward Rate Agreement, (FRAs) outstanding at any one time must not exceed 75% of the total floating rate debt. FRAs may be closed out before their maturity date by entering an equal and opposite FRA to the same maturity date or, alternatively, by purchasing an option on an FRA for the equal and opposite amount to the same date.~~
- interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- purchased borrower swaptions must mature within 36 months.

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- interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- The forward start period on swap/collar strategies is to be no more than 24 months, unless the forward starting swap/collar starts on the expiry date of an existing fixed interest rate instrument (i.e. either derivative or fixed rate borrowings) and has a notional amount which is no more than that of the existing fixed interest rate instrument.

Risk management

Instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council.

Current approved interest rate instruments are as follows:

Category	Instrument
Cash management and borrowing	• bank overdraft • committed cash advance and bank accepted bill facilities (short term and long term loan facilities) • uncommitted money market facilities • wholesale bond and Floating Rate Note (FRN) • commercial paper (CP) • New Zealand dollar denominated private placements • retail bond and FRN • Bank term deposits linked to pre funding maturing debt.
Interest rate risk management	• forward rate agreements (FRAs) on: - bank bills ~~- government bonds~~ • interest rate swaps including: - forward start swaps - amortising swaps (whereby notional principal amount reduces) - swap extensions and shortenings • interest rate options on: - bank bills (purchased caps and one-for-one collars) ~~- government bonds~~ - interest rate swaptions (purchased and one-for-one collars only)

Any other financial instrument must be specifically approved by the Council on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer
- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

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6.1.4 Liquid Financial Investment Portfolio

The following interest rate re-pricing percentages are calculated on the projected 12-month rolling Financial Investment Portfolio total. This allows for pre-hedging in advance of projected physical receipt of new funds. When cash flow projections are changed, the interest rate re-pricing risk profile may be adjusted to comply with the policy limits.

Interest Rate Re-Pricing Period	Minimum Limit	Maximum Limit
0 to 1 year	40%	100%
1 to 3 years	0%	60%
3 to 5 years	0%	40%
5 to 10 years	0%	20%

To ensure maximum liquidity, any interest rate position beyond five years will be made with acceptable financial instruments such as investor swaps.

The re-pricing risk mix may be changed, within the above limits through selling/purchasing fixed income investments and/or using approved financial instruments, such as swaps.

6.1.5 Special Funds/Reserve Funds

Where such funds are deemed necessary they will be used for internal borrowing purposes. This will negate counterparty credit risk and any interest rate gap risk that occurs when the Council borrows at a higher rate compared to the investment rate achieved by special/reserve funds.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are required to be held within a trust. For non-trust funds, the Council will manage these funds using internal borrowing facilities.

6.2 Liquidity risk/funding risk

6.2.1 Risk Recognition

Cash flow deficits in various future periods based on long-term financial forecasts are reliant on the maturity structure of loans and facilities. Liquidity risk management focuses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time, in order to achieve pricing (fees and borrowing margins) and maturity terms that are the same or better than existing facilities.

Managing the Council's funding risks is important as changing circumstances can cause an adverse movement in borrowing margins, term availability and general flexibility such as:

- Local Government risk is priced to a higher fee and margin level.
- The Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to the Council experiences its own financial/exposure difficulties resulting in the Council not being able to manage its debt portfolio as optimally as desired.
- New Zealand's investment community experiences a substantial 'over supply' of the Council's investment assets.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time. Then, if any of the above circumstances occur, the overall borrowing cost is not unnecessarily increased and the desired maturity profile is not compromised.

6.2.2 Liquidity/Funding Risk Control Limits

These control limits will be determined by the following:

- Alternative funding mechanisms, such as leasing, will be evaluated. The evaluation will take into consideration, ownership, redemption value and effective cost of funds.
- Term debt and committed debt facilities together with liquid investments, will be maintained at an amount that is greater than or equal to 110% of existing external debt.
- The maturity profile of total external debt less liquid financial investments in respect to all loans, bonds and committed facilities, will be controlled by the following:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 6 years	15%	60%
6 years plus	0%*	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council.
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a Council's borrowings from the LGFA will mature in any 12-month period .

- ~~Additionally, a maximum of 33% of total committed loans/bonds/FRN's and debt facilities is permitted to mature within an immediate 12 month period.~~

*When total external debt exceeds $400 million this minimum will increase to 10%.

~~A maturity schedule outside these limits will require specific Council approval.~~

The CFO will have the discretionary authority to re-finance existing debt.

The Council may prefund its forecasted debt requirements up to 1~~2~~8 months in advance ~~(and in some cases up to 18 months)~~ including the re-financing of existing debt maturities. Debt refinancings that have been prefunded, will remain included within the funding maturity profile until their maturity date.

6.2.3 Commercial Paper

Commercial Paper[1] (CP) should not be issued to fund core term debt requirements unless there are bank standby, committed bank or committed undrawn lending facilities that are available to cover any outstanding CP. As a result any undrawn credit lines to cover maturing CP do not count as excess liquidity.

Nevertheless the coverage of CP by back–up facilities is a Credit Rating Agency requirement, and the Council will adhere to the requirements of the rating agencies in the first instance.

The exception to the above is where CP is used for working capital or bridging financing purposes and where certain, know or contracted cashflows are used to repay the CP on maturity.

6.3 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument.

Credit risk will be regularly reviewed by the Council. Treasury related transactions will only be entered into with organisations specifically approved by the Council.

Counterparties and limits may only be approved on the basis of long-term credit ratings (Standard & Poor's or Moody's) being A- and above or short-term rating of A2 or above, with the exception of New Zealand Local Authorities.

Limits will be spread amongst a number of counterparties to avoid concentrations of credit exposure.

To avoid undue concentration of exposures, financial instruments will be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities will also be well spread. The approval process to allow the use of individual financial instruments will take into account the liquidity of the market in which the instrument is traded and repriced.

The following matrix guide will determine limits.

[1] Commercial Paper is a promissory note, akin to a post-dated cheque. It is colloquially known as one name paper issued by a non-bank borrower, as distinct from bank paper, or a bankers acceptance which has two or more names (parties) who are liable to honour the debt on maturity if the acceptor (banks) fails to.

Issuer / counterparty	Instruments	Minimum credit rating (short-term / long-term)	Maximum exposure per counterparty(NZD) % of rates revenue	Maximum exposure per counterparty grouping as a % of rates revenue
New Zealand Government	Treasury bills, NZ government bonds, debt issued by entities explicitly guaranteed by the NZ Government	n/a	unlimited	100%
RBNZ registered banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1+ / AA-	60%	100%
		A1+ / A+	40%	
		A1 / A	25%	
		A1 / A-	15%	
Offshore banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1 / A	15%	75%
Local Government Funding Agency	Borrower notes	n/a	60%	60%
Local authorities – rated	Local authority bonds, CP	A1+ / AA-	20%	20%
Local authorities - non rated	Local authority bonds, CP	n/a	10%	10%
Other issuers including state owned enterprises, listed and unlisted companies	Commercial paper, corporate bonds	A1+ / AA-	5%	10%
		A1 / A-	5%	5%

- Current counterparty credit ratings will be reviewed and monitored monthly.

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- The definition of rates revenue includes water levy.

In determining the usage of the above gross limits, the following product weightings will be used:

- Financial investments (e.g. deposits, bonds) -100% of the principal value.
- Interest Rate Risk Management* (e.g. swaps, FRAs) –Any positive month-end mark to market value (as provided by the treasury management system) plus: 3% of the notional principal for all interest rate hedging instruments.
- Foreign Exchange instruments* (e.g. Forward Exchange Contracts) –Any positive month-end mark to market value (as provided by the treasury management system) plus 30% of the notional value of the instrument.

**GWRC will not net off marked to market values against counterparties. Only positive marked to market values (from GWRC's perspective) will contribute to the counterparty calculation. Negative marked to market values will always have a value of zero for counterparty calculation purposes.*

Each transaction will be entered into a reporting spreadsheet and a monthly report will be prepared to show assessed counterparty actual exposure versus limits.

The above limits may be amended by Council, especially in the case where the NZ Government credit rating is changed.

Individual counterparty limits will be kept on a register by management and updated on a day-to-day basis. Specific approvals will be made by the CFO. Credit ratings will be reviewed by the Treasurer on an ongoing basis and in the event of material credit downgrades, this will be immediately reported to the CFO and the Council and assessed against exposure limits. Counterparties exceeding limits will be reported to the Council.

6.4 CentrePort Debt and Guaranteeing Debt

The Council, through its wholly owned CCO WRC Holdings Limited, is a 76.9~~7~~% owner of the Port Company C~~C~~entrePort Limited. The Council has guaranteed the debt obligations of CentrePort as it is a strategic regional asset of the ratepayers.

The Council, by providing a guarantee, formally recognises this relationship and as a result means CentrePort can borrow funds at a similar cost to the Council. This is cheaper than borrowing on its own, ultimately resulting in a financial benefit to the rate payers.

From time to time the Council will guarantee these obligations, given that the level of CentrePort's debt varies over time and the lenders to CentrePort may also change.

The Council may lend funds directly to CentrePort when it believes that there is further benefit to be given to the ratepayer.

6.5 Foreign exchange risk

6.5.1 Foreign Exchange Risk Recognition

The Council's policy is to identify and record these risks by their respective types and then to manage each risk under predetermined and separately defined policies and risk control limits.

It is prudent practice to pre-hedge potential adverse foreign exchange rate movements on capital imports from the time the capital expenditure budget is approved by Council. There is a risk that the net NZ dollar cost could increase substantially between the time the expenditure is approved by Council and the actual placement of the purchase order. It is expected that the payment currency and payments schedule are known at the time the purchase order is issued and the contract is signed with the supplier.

The Council has foreign exchange risks on imported items or services (capital and operating expenditure). There is a contingent risk when there is a time lapse between expenditure approval and placement of orders or finalisation of contracts and a further risk when the contract is signed or order is placed.

Full risk: is at the time the expenditure is approved and legal commitments are made.

6.5.2 Foreign Exchange Risk Control Limits

All individual items/services greater than NZ$100,000 must be hedged at all times in accordance with the following risk control limits:

Time – point	Exposure hedged by forward exchange contracts or options	Exposure hedged by purchased foreign exchange options
1. Budget approved by Council – (Medium Probability)		Maximum 50%
2. Specific item approved – (High probability)		Maximum 100%
3. Contract/ order confirmed – (Undoubted Risk)	Minimum 100%	

6.5.3 Use of Foreign Exchange Instruments and Forecasting

Financial instruments, other than those stipulated in section 6.1.2, will require Council approval. Foreign exchange options will not be sold outright. The purchase price paid for an option (premium) will be amortised (spread) over the period of cover and added to the actual average exchange rate achieved.

All significant tenders will allow bidders the opportunity to select desired currencies and where possible, allow for suppliers to transparently link price escalations to clear financial market references.

Project managers will update any assumptions prior to budgets being finalised and, where necessary, discuss with the Treasurer or CFO. The following approach will be used when calculating foreign exchange rates for budgeting purposes:

- In ~~order to~~ determining~~e~~ a suitable foreign exchange ~~spot~~ rate to use ~~for~~ in the calculation of ~~outright forward cover~~ budgets ~~levels~~for procurement purposes, a purchased NZD Put option at the market forward rate to the middle of the budgeted financial year is used. The all-up premium cost in dollar terms of the option expressed in foreign exchange points is subtracted from the market forward rate to provide the appropriate budget rate to be used.
- ~~the two-year daily average rate or spot rate, whichever is the lower rate, will be used. This will allow for some degree of movement in the NZD cross during the budget evaluation process, prior to Council approval. This will take into consideration the annual volatility of the NZD, especially with the~~

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~~USD where the average annual movement over the past 10 years has been NZD 9.7 cents. Forward points, reflecting the market rates at the time, will then be added / subtracted to the budget spot rate to establish an effective budget rate.~~

- ~~Consideration will be given to using options within the hedging strategy, and consequently, option premiums will be built into any scenario testing and breakeven analysis.~~

6.6 Managing operational risk

Operational risk is the risk of loss as a result of human errors including fraud, system failures, or inadequate procedures and controls. Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood
- Too much reliance is often placed on the specialised skills of one or two people
- Most treasury instruments are executed over the phone

Operational risk is minimised by this policy.

6.6.1 Dealing Authorities and Limits

Transactions will only be executed by those persons and within limits approved by the Council.

6.6.2 Segregation of Duties

There will be adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, settling and accounting/reporting. However, there are a small number of people involved in borrowing and investment activity. Accordingly, strict segregation of duties will not always be achievable.

The risk will be minimised by the following:

- The SFM will report directly to the CFO to control the transactional activities of the Treasurer
- There will be a documented approval process for borrowing and investment activity.

6.6.3 Procedures and controls

- The CFO will have responsibility for establishing appropriate structures, procedures and controls to support borrowing and investment activity.
- All borrowing, investment, cash management and risk management activity will be undertaken in accordance with approved delegations authorised by the Council.
- All treasury products will be recorded and diarised within a treasury system, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting will be done immediately following execution and confirmation. Details of procedures, including templates of deal tickets, will be included in a treasury procedures manual separate to this policy. The Council will capture the percentage of deals transacted with banks to determine competitiveness and reconcile the summary.

Procedures and controls will include:

- Regular management reporting
- Regular risk assessment, including review of procedures and controls
- Organisational systems, procedural and reconciliation controls to ensure:
  - All borrowing and investment activity is bona fide and properly authorised
  - Checks are in place to ensure the Council's accounts and records are updated promptly, accurately and completely
  - All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity
  - Cheque/Electronic Banking Signatories will be approved by the CEO. Dual signatures will be required for all cheques and electronic transfers.
- All counterparties will be provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.
- All deals will be recorded on properly formatted deal tickets by the Treasurer and approved, where required, by the CFO. Market quotes for deals (other than cash management transactions) will be perused by the Treasurer before the transaction is executed. Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) will be maintained and updated promptly following completion of transaction.
- All inward letter confirmations, including registry confirmations, will be received and checked by the SFM against completed deal tickets and summary spreadsheets records to ensure accuracy.
- Deals, once confirmed, will be filed (deal ticket and attached confirmation) in deal date/number order.
- Any discrepancies arising during deal confirmation checks which require amendment to the Council records will be signed off by the CFO.
- The majority of borrowing and investment payments will be settled by direct debit authority.
- For electronic payments, batches will be set up electronically. These batches will be checked by the SFM to ensure settlement details are correct. Payment details will be authorised by two approved signatories as per Council registers.
- Bank reconciliations will be performed monthly by the SFM. Any unresolved unreconciled items arising during bank statement reconciliation which require amendment to the Council's's records will be signed off by the CFO.
- A monthly reconciliation of the Debt Management system and borrowing and investment spreadsheets to the general ledger will be carried out by the Treasurer and reviewed by the SFM.

6.7 Managing legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, the Council may be exposed to such risks.

In the event that the Council is unable to enforce its rights due to deficient or inaccurate documentation, the Council will seek to minimise this risk by:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice for any non-standardised transactions.

6.7.1 Agreements

Financial instruments will only be entered into with banks that have in place an executed International Swap Dealer's Association (ISDA) Master Agreement with the Council. All ISDA Master Agreements for financial instruments will be signed under seal by the Council.

The Council's internal/appointed legal counsel will sign off on all documentation for new loan borrowings, re-financings and investment structures.

Currently, the Council has ISDA agreements with the following banks:

- Bank of New Zealand
- ANZ Banking Group (New Zealand) Ltd
- ~~National Bank of New Zealand Ltd~~
- ASB/CBA Bank
- Westpac
- Kiwibank

6.7.2 Financial Covenants and Other Obligations

The Council will not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

The Council will comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

6.8 Diesel hedging

Other risks, such as commodity price risk associated with diesel, will be considered for risk management by the Council. Management is aware of the indirect risk to diesel procurement that is embedded in existing transport contracts. To this end the Council has delegated to the CFO the power to enter into any price hedges or options with the following conditions:

- The CFO will report any hedges to the Council on a quarterly basis
- Maximum term of a hedge or option contact once it becomes operational is one year
- Contracts shall only be with a counterparty with a S&P rating of at least A.

6.9 Electricity hedging

Wholesale electricity spot market price risk will be considered for risk management by the Council. Management is aware of the inherent price volatility of the electricity spot market. To this end, the Council has delegated to the CEO the power to enter into price hedges with the following conditions:

- An electricity hedge contract will be in place for the duration of any spot market physical supply agreement.
- The price exposure can be hedged via an over the counter electricity swaps contract, a contract for difference or a futures contract.
- The notional value of the hedge contract will be in New Zealand dollars.
- The hedge contract will be for a maximum duration of no more than three years, and will be signed no earlier than 12 months prior to contract commencement.
- The expiry of any hedge contract will be no more than four years.
- For any given reporting year, the hedge volume will be between 85 percent and 115 percent of the expected actual consumption. The hedge ratio will be monitored and reported annually.
- The credit rating of the hedge counter-party will be at least investment grade from Standard and Poor's at the time of entering into the contract (i.e., a long-term rating of not less than BBB-). In the event of the rating falling below this, the Council would be advised and a recommendation on how to deal with existing hedges and any new hedges contemplated would be made to the Council. If the preferred hedge counter-party does not have an external credit rating with Standard & Poor's the GM Corporate Services/CFO may review the financial position of the proposed counter-party and provide a recommendation for approval by the Chief Executive.

7. Measuring Treasury performance

In order to determine the success of the Council's treasury management function, benchmarks and performance measures have been prescribed. Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) will be reported to Finance, Risk and Assurance on a quarterly basis.

7.1 Operational performance

All treasury limits will be complied with, including, but not limited to, counterparty credit limits, dealing limits and exposure limits. All treasury deadlines will be met, including reporting deadlines.

7.2 Management of debt, investments and interest rate risk

The actual funding cost for the Council (taking into consideration costs of entering into interest rate risk management transactions) will be below the budgeted interest cost and investment returns will be above the budgeted interest rate income.

8. Cash management

The Treasurer has the responsibility to carry out the day-to-day cash and short-term debt management activities. The Treasurer will:

- Calculate and maintain comprehensive cash flow projections on a daily (two weeks forward), weekly (four weeks forward), monthly (12 months forward) and annual (five years) basis
- Electronically download all the Council bank account information daily
- Co-ordinate the Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters
- Undertake short-term borrowing functions as required, minimising overdraft costs
- Ensure efficient cash management, through improvement to accurate forecasting using spreadsheet modelling
- Minimise fees and bank/Government charges by optimising bank account/facility structures
- Monitor the Council's usage of cash advance facilities
- Match future cashflows to smooth over time
- Provide reports to CFO detailing actual cash flows during the month compared with those budgeted
- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.

9. Reporting – performance measurement

When budgeting forecast interest costs/returns, the actual physical position of existing loans, investments and ~~swaps/swaptions/FRAs~~interest rate instruments must be incorporated.

9.1 Treasury reporting

The following reports will be produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position	Daily	Treasurer	CFO
Treasury Exceptions Report	Daily	Treasurer	CFO
Risk Exposure position	Monthly	Treasurer	CFO
Risk Management performance	Monthly	Treasurer	CFO
Policy Compliance	Monthly	SFM	CFO
Borrowing limits	Monthly	Treasurer	CFO
Interest rate exposure report	Monthly	Treasurer	CFO
Cost of funds report	Monthly	Treasurer	CFO
Funding facility report	Monthly	Treasurer	CFO
Funding risk report	Monthly	Treasurer	CFO
Cash flow forecast report	Monthly	Treasurer	CFO
Treasury investments	Monthly	Treasurer	CFO
Summary Treasury Report	Monthly Quarterly	Treasurer	CFO Finance, Risk and Assurance / Council
~~Quarterly~~ Bi Annual Treasury Strategy Paper	~~Quarterly~~Bi-annually	Treasurer	CFO CEO / Finance, Risk and Assurance
Limits Report	Daily on exceptions Quarterly	SFM	Treasurer Finance, Risk and Assurance
Debt Maturity Profile	Quarterly	Treasurer	Finance, Risk and Assurance / Council
Statement of Public Debt	Quarterly	Treasurer	Finance, Risk and Assurance / Council
Revaluation of financial instruments	Quarterly	Treasurer	CFO

9.2 Accounting treatment of financial instruments

The Council uses financial ~~market instruments~~ arrangements (“derivatives”) for the primary purpose of reducing its ~~exposure~~ financial risk to fluctuations in interest rates. The purpose of this section is to articulate Council’s accounting treatment of derivatives in a broad sense.

Under NZ IPSAS changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Council’s principal objective is to actively manage the Council’s interest rate risks within approved limits and chooses not to hedge account. Council accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council’s annual accounts.

32

The Treasurer is responsible for advising the CFO of any changes to relevant NZ IPSAS which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.~~The accounting treatment for such financial instruments will follow IFRS accounting standards.~~

~~9.3 Valuation of treasury instruments~~

~~All treasury financial instruments will be revalued at least quarterly for risk management purposes. This includes those instruments that are used only for hedging purposes. Underlying rates to be used to value treasury instruments are as follows:~~

~~Official daily settlement prices for established markets.~~

~~Official daily market rates for short term treasury instruments (e.g., FRA settlement rates calculated by Reuters from price-maker quotations as displayed on the BKBM page).~~

~~Relevant market mid-rates provided by the company's bankers at the end of the business day (5.00pm) for other over-the counter treasury instruments.~~

~~For markets that are illiquid, or where market prices are not readily available, rates are calculated in accordance with procedures approved by the CFO.~~

10. Policy review

This Treasury Risk Management Policy will be formally reviewed every three years. The CFO has the responsibility to prepare a review report (following the preparation of annual financial statements) that is presented to Finance, Risk and Assurance. The report will include:

- Recommendations on changes, deletions and additions to the policy.
- Overview of the treasury management function in achieving the stated treasury objectives, including performance trends in actual interest cost against budget (multi-year comparisons).
- Summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension.
- Analysis of bank and lender service provision, share of financial instrument transactions, etc.
- Comments and recommendations from the Council's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting.
- Total net debt servicing costs.

The policy review will be completed and presented to Finance, Risk and Assurance within five months of the financial year-end. Finance, Risk and Assurance will approve any resulting policy changes.

Report	**18.77**
Date	6 March 2018
File	CCAB-8-149
Committee	**Council**
Author	**Francis Ryan, Manager, Democratic Services**

Review of Council's rates remission and postponement policies

1. Purpose

To report on the review of the Council's rates remission and postponement policies and to recommend that Council approves updated rates remission and postponement policies for public consultation.

2. Consideration by Committee

The Finance, Risk and Assurance Committee (Committee) at its meeting on 6 March 2018 considered Report 18.62, which set out proposed changes to the current rates remission and postponement policies. The Committee endorsed the proposed changes for consideration by Council.

In addition, as part of its consideration of Report 18.62, the Committee requested that officers prepare a report to a future Committee meeting on the feasibility of a rates postponement policy for ratepayers aged 65 and over.

3. Background

The Local Government Act 2002 (the Act) requires every local authority to adopt a policy on the remission and postponement of rates on Māori freehold land. In addition, a local authority may adopt a rates remission policy and/or a rates postponement policy.

Such policies adopted by a local authority must be reviewed at least once every six years using a consultation process that gives effect to the requirements of section 82 of the Act.

4. Comment

The Council has previously adopted a suite of policies that provide for:

- remission and postponement of rates on Māori freehold land

- rates postponement
- remission and postponement of rates' penalties
- remission of rates in special circumstances.

While these policies require review at least once every six years it is GWRC's practice for officers to review the policies every three years for alignment with legislation and evolving best practice. Any proposed changes to the policies agreed by Council are then consulted on concurrently with the public consultation on the Long Term Plan consultation document.

5. Proposed changes to the policies

The proposed changes to the policies as an outcome of the current review are of a minor nature:

- The wording of the policies has been clarified to align with the provisions of the Local Government (Rating) Act 2002 that require a local authority to postpone rates when prescribed conditions and criteria are met, while providing for the exercise of discretion with regard to the granting of remissions when conditions and criteria are met.
- Policy wording has been simplified, with duplicate provisions removed.

With regard to the policy on the remission of rates in special circumstances it is proposed that the threshold above which a remission application must be referred to Council for decision is increased from $250 to $500. This would be the first increase to the threshold since this policy was first developed in the early 2000s and is considered to provide a reasonable balance between the operational efficiency of the policy and appropriate governance oversight and decision-making.

The proposed changes to the current policies are set out in **Attachment 1**, with changes shown using tracked changes.

6. Communication

If adopted, the statement of proposal will be consulted on in accordance with the special consultative procedure.

7. Consideration of climate change

The matter requiring decision in this report has been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate. Officers recommend that the matter will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI) Adaptation assessment.

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matter. Officers recommend that climate change has no bearing on the matter.

8. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Act. Part 6 sets out the obligations of local authorities in relation to the making of decisions.

8.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

9. Engagement

The proposed rates remission and postponement policies will proceed to public consultation concurrently with the Long Term Plan consultation document, subject to Council approving the proposed changes to the current policies.

10. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Endorses** the proposed changes to the Council's rates remission and postponement policies as set out in section 5 of this report.*

4. ***Approves*** *the draft rates remission and postponement policies, as set out in Attachment 1, for public consultation.*

5. ***Adopts*** *the statement of proposal, as set out in Attachment 2, for public consultation.*

6. ***Authorises*** *the Council Chair to make editorial changes to the draft rates remission and postponement policies and the statement of proposal prior to publication to correct errors and improve public understanding.*

Report prepared by:	Report approved by:	Report approved by:
Francis Ryan Manager, Democratic Services	**Luke Troy** General Manager, Strategy	**Dave Humm** General Manager, Corporate Services/CFO

Attachment 1: Draft Council's rates remission and postponement policies
Attachment 2: Draft statement of proposal

Rates Remission and Postponement policies

Remission and postponement of penalties

Objective

To enable Greater Wellington Regional Council to act fairly and reasonably when rates have not been received by the penalty date.

Criteria and conditions

Greater Wellington Regional Council will consider each application on its merit. ~~and~~ R~~r~~emission of penalties may be granted or postponement of penalties ~~may~~ will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Upon receipt of an application from the ratepayer, or if identified by Greater Wellington Regional Council, Greater Wellington Regional Council may remit or will postpone all or part of a penalty where it considers that it is fair and equitable to do so. The following m~~M~~atters ~~that~~ will be taken into consideration by Greater Wellington Regional Council ~~include the following~~:
    a) The ratepayer's payment history
    b) The impact on the ratepayer of extraordinary events
    c) The payment of the full amount of rates due.
    ~~d) The ratepayer entering into an agreement with Greater Wellington Regional Council for the payment of rates~~

Conditions

1) The ratepayer must enter into an agreement with Greater Wellington Regional Council for the payment of postponed penalties.
~~1) Greater Wellington Regional Council reserves the right to impose conditions on the remission or postponement of penalties~~

Decisions

Decisions on the remission or postponement of penalties ~~may be~~are delegated to Greater Wellington Regional Council officers. All delegations ~~will be~~are recorded in the delegations ~~register~~manual.

Attachment 1 to Report 18.77

Rates postponement

Objective

To enable Greater Wellington Regional Council to ~~retain its discretion to~~ postpone the payment of rates.

Criteria and conditions

Greater Wellington Regional Council will consider each application on its merit and postponement ~~may~~ will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

Greater Wellington Regional Council will postpone rates when the following circumstances are met:

a) A territorial authority in the Wellington region has postponed some or all of the territorial authority rates for the rating unit in the current rating year AND/OR
b) The ratepayer is experiencing extreme financial hardship.

Conditions

1) Applications for postponements must be made to Greater Wellington Regional Council in writing and contain supporting information demonstrating compliance with criteria.
2) Approval of rates postponements is for one year only. Applicants must reapply annually for a postponement.
3) The postponement of rates is a last resort and will be considered only after all other avenues to meet rates commitments have been exhausted.
4) Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Greater Wellington Regional Council will have the first call on the proceeds of any revenue from the sale or lease of the rating unit in accordance with section 90 of the Local Government (Rating) Act 2002.
5) A fee may be charged in arrears on rates postponed, in accordance with section 88 of the Local Government (Rating) Act 2002.
6) The applicant may choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.

Decisions

Decisions on the postponement of rates ~~may be~~are delegated to Greater Wellington Regional Council officers. All delegations ~~will be~~ are recorded in the delegations ~~register~~manual.

Attachment 1 to Report 18.77

Remission and postponement of rates on Māori freehold land

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is subject to such an order may qualify for remission or postponement under this policy.

Objectives

1) To recognise that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates.
2) To recognise that Greater Wellington Regional Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable.
3) To meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.

Considerations

In setting a policy on the remission and postponement of rates on Māori freehold land Greater Wellington Regional Council has considered the matters identified in schedule 11 of the Local Government Act 2002.

Criteria and conditions

Greater Wellington Regional Council will consider each application on its merit. ~~and remission~~Remission of rates may be granted or postponement of rates ~~may~~ will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Greater Wellington Regional Council will give a remission or postponement of up to 100% of all rates for the year for which it is applied for based on the extent to which the remission or postponement of rates will:
    a. Support the use of the land by owners for traditional purposes
    b. Support the relationship of Māori and their culture and traditions with their ancestral lands
    c. Avoid further alienation of Māori freehold land
    d. Facilitate any wish of the owners to develop the land for economic use
    e. Recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes
    f. Recognise and take account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)
    g. Recognise and take account of the importance of the land for community goals relating to:
        - The preservation of the natural character of the coastal environment

- The protection of outstanding natural features
- The protection of significant indigenous vegetation and significant habitats of indigenous fauna

h. Recognise the level of community services provided to the land and its occupiers
i. Recognise matters related to the physical accessibility of the land
j. Provide for an efficient collection of rates and the removal of rating debt.

Conditions

1) Application for a remission or postponement under this policy must be made in writing and should be made prior to the commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Greater Wellington Regional Council. A separate application must be made for each rating year.
2) Owners or trustees making applications should include the following information in their applications:
   a. Details of the rating unit or units involved
   b. Documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court
   c. Supporting information to demonstrate that the remission or postponement will help achieve the criteria set out in the above section.
3) Greater Wellington Regional Council may of its own volition investigate and grant remission or postponement of all or part of the rates (including penalties for unpaid rates) on any Māori freehold land in the region.
4) Relief, and the extent thereof, is at the sole discretion of Greater Wellington Regional Council and may be cancelled and reduced at any time.
5) The applicant may choose to remit or postpone the payment of a lesser amount of rates than the full amount owing.

Decisions

Decisions on the remission and postponement of rates (including penalties for unpaid rates) on Māori freehold land ~~may be~~are delegated to Greater Wellington Regional Council officers. All delegations ~~will be~~are recorded in the delegations ~~register~~manual.

Attachment 1 to Report 18.77

Remission of rates in special circumstances

Objective

To enable Greater Wellington Regional Council to act fairly and reasonably to remit regional rates in special circumstances.

Criteria and conditions

Greater Wellington Regional Council will consider each application on its merit and remission may be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Greater Wellington Regional Council may remit all or part of the rates assessed in relation to a particular rating unit in special or unforeseen circumstances where it considers it just and equitable to do so.

Conditions

1) Each request for a remission of rates in special circumstances shall be considered on its merits and any decision on such a request shall be deemed to not set a precedent for any future decision under this policy.
2) A remission under this policy will last for one rating year only. Applicants must reapply annually for a remission.
3) No application under this policy will be backdated beyond the current rating year. ~~An application for remission under this policy must be made within the rating/financial year for which remission is sought~~
4) An application for remission under this policy:
    a. Must be made within the rating year for which remission is sought, and
    b. Made in writing to Greater Wellington Regional Council, and
    c. Contain supporting information.
5) The Council may of its own volition investigate and grant remission of rates that satisfy the requirements of any direction it receives from the Government or other agency to remit rates. In such circumstances rates will generally be remitted to the extent Greater Wellington Regional Council receives payment from the Government or other agency.
6) Under this policy "special circumstances" excludes remissions sought for rating units with conservation and/or heritage values, including land subject to a QEII covenant.
7) ~~The applicant may choose to remit the payment of a lesser amount of rates than the full amount that they would be entitled to remit under this policy~~

Decisions

Decisions on remission of rates in special circumstances will be made by Council where the amount requested is over $~~250~~500.

Decisions on the remission of rates in special circumstances where the amount requested is $~~250~~ 500 or less ~~may be~~are delegated to Greater Wellington Regional Council officers. All delegations ~~will be~~are recorded in the delegations ~~register~~manual.

Statement of proposal: Proposed rates remission and postponement policies

1. Purpose

The purpose of this document is to inform the public about, and seek comments on, Greater Wellington Regional Council's proposed rates remission and postponement policies.

2. Background

Section 102 of the Local Government Act 2002 (the Act) requires every local authority to adopt a policy on the remission and postponement of rates on Māori freehold land. In addition, a local authority may adopt a rates remission policy and/or a rates postponement policy.

Such policies adopted by a local authority must be reviewed at least once every six years using a consultation process that gives effect to the requirements of section 82 of the Act.

GWRC adopted its current rates remission and postponement policies in 2015 as part of the Long-Term Plan 2015-2025. These policies enable GWRC to fulfil the following objectives:

Policy	Objective
Remission and postponement of penalties	To enable GWRC to act fairly and reasonably when rates have not been received by the penalty date.
Rates postponement	To enable GWRC to postpone the payment of rates.
Remission and postponement of rates on Māori freehold land.	1. To recognise that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates 2. To recognise that GWRC and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable. 3. To meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.
Remission of rates in special circumstances	To enable GWRC to act fairly and reasonably to remit regional rates in special circumstances.

3. Proposal

The current rates remission and postponement policies have been reviewed and some minor amendments are proposed.

4. Proposed changes to the policies

The proposed changes to the policies are of a minor nature:

- The wording of the policies has been clarified to align with the provisions of the Local Government (Rating) Act 2002 that provides that the Council must postpone penalties when the conditions and criteria of the policy have been met, while providing for the exercise of discretion with regard to the granting of remissions when specific conditions and criteria are met.

- Policy wording has been simplified, with duplicate provisions removed, to improve the overall, transparency, consistency and clarity of the policies.

With regard to the policy on the remission of rates in special circumstances it is proposed that the threshold above which a remission application must be referred to Council for decision is increased from $250 to $500. This would be the first increase to the threshold since this policy was first developed in the early 2000s and is considered to provide a reasonable balance between the operational efficiency of the policy and appropriate governance oversight and decision-making.

5. Details of the proposed changes

Remission and postponement of penalties

- Wording changed to align with the Local Government (Rating) Act 2002, which provides that the Council must postpone penalties and may remit penalties when the conditions and criteria of the policy have been met.

- Duplicate provisions regarding the ratepayer entering into a contract with GWRC under conditions imposed by GWRC have been deleted.

- The delegation provision is clarified to align with existing delegations to Council officers.

Rates postponement

- Wording changed to align with the Local Government (Rating) Act 2002, which provides that the Council must postpone penalties when the conditions and criteria of the policy have been met.

- The delegation provision is clarified to align with existing delegations to Council officers.

Remission and postponement of rates on Māori freehold land

- Wording changed to align with the Local Government (Rating) Act 2002, which provides that the Council must postpone rates and may remit rates when the conditions and criteria of the policy have been met.

- The delegation provision is clarified to align with existing delegations to Council officers.

Remission of rates in special circumstances

- A duplicate provision regarding the period to which an application applies has been deleted.

- A provision providing for an applicant to seek a remission of an amount less that the full amount of rates due has been removed as it is unnecessary.

- The threshold above which a remission application must be referred to Council for decision is increased from $250 to $500, to provide a reasonable balance between the operational efficiency of the policy and appropriate governance oversight and decision-making.

6. Assessment of options

Officers have assessed the significance of these changes taking into account GWRC's Significance and Engagement Policy. The proposed changes to the policies are considered to have low significance.

No other reasonably practicable options were considered in any depth due to the low level of significance of the proposed changes, in accordance with GWRC's discretion under section 79 of the Local Government Act 2002.

7. Submission process

Full copies of the draft rates remission and postponement policies and how to make a submission are available from the GWRC website at http://www.whatmatters.govt.nz .

The proposed rates remission and postponement policies form part of the supporting information to the GWRC consultation on the 10 Year Plan 2018-2028. Information on the 10 Year Plan 2018-2028 consultation and submission process can also be found on the GWRC website.

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**2018.24**
Date	7 March 2018
File	LGAP-7-771
Committee	**Council**
Author	**Mark Ford – Manager, Finance**

Approval of the proposed revenue and financing policy and adoption of accompanying statement of proposal for consultation purposes

1. Purpose

To seek approval of the proposed revenue and financing policy and adoption of the accompanying statement of proposal for consultation purposes.

2. Background

A full review of the current Revenue and Financing Policy (R&FP) has been an objective of GWRC for some time. In the 2015 Long-Term Plan, GWRC said it would review the policy at some stage in the next three years, to reflect concerns expressed by members of the community over the equity of the allocation model and upcoming changes to the operating model for public transport. GWRC has now undertaken a review of the funding for all activities.

A working group of Councillors, supported by officers, began the policy review last year and discussed and refined the principles and a number of models in a series of workshops. Detailed modelling and impact assessment was conducted and peer reviewed.

Under the Local Government Act 2002 (LGA), a local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a R&FP.

Section 103 of the Act sets out the required content of the policy. The policy must state policies in relation to the funding of operating expenses and capital expenditure from a number of possible funding sources, including: general rates; targeted rates; fees and charges; grants and subsidies.

The R&FP must be adopted prior to the adoption of a long term plan. Any changes to the proposed R&FP, as a result of consultation, must be considered, agreed and adopted before the long term plan.

3. Comment

Revenue and Financing Policy

The proposed R&FP has been revised to make it easier to navigate and understand. In addition, two significant policy changes are proposed. In considering how to fund flood protection and public transport, GWRC considered the factors in section 101(3)(a) and has chosen to advance proposals that particularly give weight to achieving funding decisions that are equitable across the region and reflect where the benefits fall.

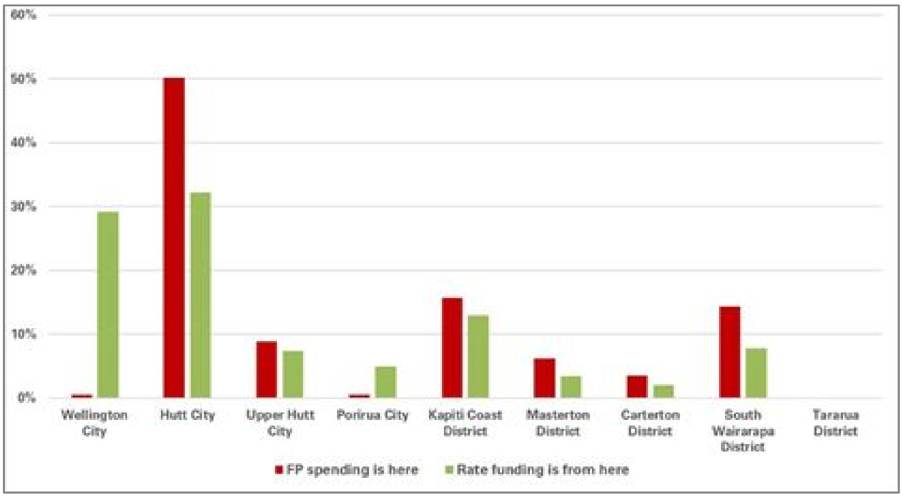
Flood Protection

GWRC invests a large amount in flood protection throughout the region. Our programme includes stop-banks on our main rivers, and barrage gates at Lake Wairarapa. It is estimated that flood protection work will cost over $200 million over the next ten years. Some areas of our region require more significant flood protection work than others. The vast majority of our flood protection work takes place in three areas – the Hutt Valley, Wairarapa and Kāpiti.

The current funding policy for flood protection uses a mix of user charges, general and targeted rates. The current policy means ratepayers outside of the major flood catchments contribute a large portion of the funding for flood protection.

This graph shows the share of GWRC expenditure for flood protection in each district, compared to the share of funding each district provides. Figure 1 uses 2018/19 figures, excluding GST.

Figure 1 GWRC flood protection – total expenditure compared to funding, by district



For the purpose of public consultation, a preferred option has been identified to change the funding policy. Retaining the status quo is also an option. Both options are being presented to the public for feedback.

The preferred option for consultation proposes moving to a model where 70% of the cost of the work will be funded by a targeted rate in each of six catchments:

Wellington	Porirua	Kāpiti Coast
Lower Hutt	Upper Hutt	Wairarapa

Catchments are based on the boundaries of the city or district. In the Wairarapa, the Masterton, Carterton and South Wairarapa districts are combined for the purpose of this rate.

The remaining 30% of the funding requirement will be funded through a targeted rate, applying to across the region.

GWRC would continue the rate funding for river management and drainage schemes, so that there will be two flood protection rates for most properties, and three rates for those in approved schemes in the Wairarapa.

This package of targeted rates reflects the different levels of benefit applying to communities from flood protection work.

Public transport
Historically, Public Transport was funded from fare revenue (approximately 45 to 50%) and a subsidy from NZTA (approximately around 25%), with the remaining costs (approximately 25%) funded through rates.

Report 18.71 (considered separately) proposes amendments to make it consistent with the new Public Transport operating model, when all fare revenue will come direct to GWRC and to reflect the introduction of a package of student and off-peak discounts.

In line with a stronger understanding of the benefits of public transport, GWRC has developed a new rating approach. The proposal is to:

- Allocate rates for public transport as one network.
- Apply a weighting, called a rating differential, to recognise the different levels of benefit that different categories of ratepayers get from the network.

As a result, most residential ratepayers will pay the same rate for public transport on an equalised capital value basis. Residential ratepayers in the Wairarapa will pay half the rate paid by ratepayers in other areas of the region. Wellington CBD businesses have the highest rating differential, and rural properties have the lowest, taking account of the levels of benefit that different rating groups receive from public transport.

Transition policy

GWRC proposes transitioning changes to the new rates allocations in the R&F over three years, so the policy is completely implemented from 1 July 2021.

4. Consultation process

The changes in the proposed R&FP relate to the funding of two of GWRC largest areas of work, and they are considered significant due to the level of public interest we expect.

Changes to the R&FP will be consulted on concurrently with the Consultation Document (CD): 'Investing in Our Extraordinary Region' (see Report 18.23). The consultation document includes a summary of the proposed changes to the policy and a reference to the consultation process.

The allocation of rates within the region is significant and impacts some of the key aspects of the consultation document and financial strategy including affordability and fairness. It should be noted that the information on the allocation of rates in the CD has been prepared on the basis of the proposed changes to the policy. The inclusion of R& FP changes in the CD is consistent with requirements of section 93C(2)(d) of the LGA.

Section 83A of the LGA allows for combined or concurrent consultation where a local authority is required to use or adopt the special consultative procedure (SCP). We are required to use the SCP to consult on the CD.

It is recommended that the SCP and the process outlined in section 83 also be used for the RF&P. This requires the preparation of a Statement of Proposal (SOP). This approach is appropriate given the significance of the proposed changes, the potential impacts on parts of the community and the level of public interest. This is consistent with our Significance and Engagement Policy. Use of SCP will also ensure compliance with sections 82 & 82A of the Act.

The proposed R&FP is attached in **Attachment 1** and the Statement of Proposal is attached in **Attachment 2**.

Submissions responding to the statement of proposal on the proposed R&FP will be considered at the hearings being held for the 10 Year Plan and has been incorporated into the Hearing Committee's terms of reference (Report 18.23**)**.

5. Engagement

The proposed changes to the R&FP are significant and likely to be of considerable interest to the community. As such a comprehensive engagement approach will be utilised in conjunction with the engagement on the 10 Year Plan.

A number of key messages have been developed and will be used throughout the engagement process.

A Summary of Information (**Attachment 3**) has been prepared as the basis for public consultation, in accordance with sections 83 and 83AA of the Act. A set of Q & As to support public consultation are being prepared and will be made available on the GWRC website.

Consultation and engagement will follow the approach for the 10 Year Plan outlined in Report 18.23.

6. Consideration of climate change

The matter requiring decision in this report has been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide. There are not direct climate changes impacts of the proposed policies as they relate to funding mechanisms, rather than activities themselves.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of high significance within the meaning of the Local Government Act 2002, being the adoption of the R&FP. The immediate decision required by this report has a low to medium level of significance.

8. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Agrees** that the special consultative procedure be used to consult on the proposed changes to the Revenue and Financing Policy, and that this approach meets the requirements of sections 78, 82 and 82A of the Local Government Act 2002.*
4. ***Agrees** that the consultations on the 10 Year Plan and the proposed Revenue and Financing Policy shall be concurrent.*
5. ***Approves** the proposed Revenue and Financing Policy, as set out in Attachment 1, for the purposes of consultation.*
6. ***Adopts** the statement of proposal and summary of information for the proposed Revenue and Financing Policy, as set out in Attachments 2 and 3.*

7. ***Endorses** the engagement approach outlined in section 5 of this report.*
8. ***Authorises** the Council Chair to make editorial changes to the proposed Revenue and Financing policy and accompanying documents to correct errors and improve public understanding.*

Mark Ford	Luke Troy	Dave Humm
Manager, Strategic Finance	General Manager, Strategy	General Manager, Corporate Services/Chief Financial Officer

Attachment 1: Proposed revenue and financing policy
Attachment 2: Statement of proposal - proposed revenue and financing policy
Attachment 3: Summary of information – proposed revenue and financing policy

Revenue and financing policy 2018

Greater Wellington Regional Council

Contents

Core provisions

1. Introduction

The Revenue and Financing policy describes how Greater Wellington Regional Council (Council) intends to fund its expenditure. It outlines-

- the sources of funding that Council intends to use, and
- the relative level of funding from each source, for each activity.

2. Considerations for this policy

In developing the policy, Council has considered the specific matters required by section 101 (3)(a) of the Local Government Act 2002 (LGA). Council then considered the overall impact of any allocation of liability for revenue needs on the community. The funding indications in the **Funding for Activities** section of this policy are the end result of this process.

3. Valuation system

Council has chosen to use capital value as its valuation system for general rates.

Council has chosen to use capital value as the valuation system for the following targeted rates-

- Flood protection – region
- Flood protection – catchment
- Public transport
- Wellington Regional Strategy
- Some drainage schemes
- Land management rates

Council has chosen to continue to use land value as the valuation system for some flood protection and drainage schemes.

Equalised capital value

Within the region, different territorial authorities undertake general revaluations at different times. To equalise the values, each year Council gets Quotable Value or another registered valuer to estimate the projected valuations of all the rateable land in the districts within the region. This estimation is enabled under s131 of the Local Government Rating Act.

This means that rates are assessed on a consistent valuation basis, regardless of the timing of individual territorial authority revaluations.

4. Operational considerations

Council contracts the territorial authorities within the region to collect regional rates on our behalf. This has several benefits-

- Residents and ratepayers only have to fund one rates collection service, for rates from both the territorial authority and the regional council.
- Information about each property is only captured in one Rating Information Database, so that Councils within the region do not have data coordination and synchronisation issues.
- Ratepayers only have to pay one bill, which may be paid in instalments.

5. Funding for operating expenditure

As a general rule, Council will fund its operating expenditure, including interest on debt, and principal repayments, from-

- rates
- water levies
- grants and subsidies
- fees and charges
- interest and dividends from investments
- and any other source, which may include reserves from time to time.

Council may decide to use debt funding for operating expenditure in the following situations-

- Where the cost or additional cost is expected to be one-off in nature. For example, a spike in insurance premiums.

  - Where a loss of revenue is expected to be one-off or relatively short-term in nature. For example, loss of revenue as a consequence of the Kaikoura earthquake in November 2016.
- Where the expenditure will provide a future benefit. For example-
  - Council may fund rail track renewals where a third party owns the tracks, to provide a better public transport service.
  - Council may use debt to fund its contributions to the Wellington transport planning project "Let's Get Welly Moving".

6. Funding for capital expenditure

Council has large infrastructural assets with long economic lives that yield long-term benefits (particularly water supply assets, flood protection assets and rail rolling stock). Debt is an efficient and appropriate mechanism for achieving inter-generational equity, so that current and future ratepayers are liable for funding the value of the assets they use.

Council primarily funds capital expenditure using-

- Borrowings (debt)
- Proceeds from asset sales
- Reserve funds.

On a case by case basis, Council may decide to fund some capital expenditure from operating revenue.

7. Funding sources

Council may use any of these funding sources for its expenditure-

- General rates
- Targeted rates
- Grants and subsidies
- Fees and charges
- Interest and dividends from investments
- Lump sum contributions
- Borrowings
- Proceeds from asset sales
- Any other source (including reserves).

General rate

The general rate is a charge on the community as a whole, to fund Council activities. It is not a charge for the use of a service.

The general rate is mainly used to fund public good activities that benefit the region as a whole. The funding requirement for the general rate is apportioned across the whole region on an equalised capital value basis and then set according to the current rateable capital value of each city or district.

The general rate is used to fund more than 80% of each of the following activities-

- Regional leadership
  - Mana whenua engagement
  - Emergency management
  - Democratic services
  - Wairarapa water use project
- Environment
  - Resource management - Policy and planning
  - Environmental science - State of Environment monitoring
  - Land management advice
  - Biodiversity management
- Parks

The general also rate funds a portion of these Environment activities-

  - Resource management – Compliance and enforcement
  - Land management - Farm plans and advice

  - Land management - catchment schemes
  - Pest management
  - Harbour management

Uniform Annual General Charge (UAGC)

Council does not use a Uniform Annual General Charge.

Targeted rates

Council may use targeted rates for any of the following reasons-

- to fund rates on properties that receive a particular and direct benefit from an activity.
- to be transparent about the rate funding requirements for some specific groups of activities.

Council uses targeted rates to fund all or some of the following activities-

- Regional Leadership - Wellington Regional Strategy
- Regional Leadership - Warm Greater Wellington
- Regional Leadership – Water Wairarapa
- Public Transport
- Environment - Land management - Catchment schemes
- Environment - Land management – Drainage schemes
- Environment - Pest management - Regional predator control programme
- Flood Protection - Understanding flood risk
- Flood Protection - Maintaining flood protection and control works
- Flood Protection - Improving flood security

Water levies

Council provides bulk water to four city councils (Wellington, Hutt, Upper Hutt, and Porirua) and it levies them for the wholesale supply, based on the volume of water that is supplied to each city.

Grants and subsidies

Various central government agencies provide subsidies for a range of the work that Council does. Council's main source of government subsidies is the New Zealand Transport Agency (NZTA), for regional public transport. NZTA provides subsidies for Council's transport planning and programmes, and for public transport services.

Council receives a government subsidy in recognition of the national benefit provided to civil defence by our emergency management activity.

The Crown contributes to some activities and programmes including some erosion control programmes, and pest management services.

Fees and charges

Fees and charges are preferred as a funding mechanism when a private benefit can be identified, and it is efficient to collect the revenue.

Council may receive fee and charges revenue from-

- Service charges to-
  - public transport users (as fares)
  - commercial harbour users, for navigation and communication services
  - resource consent applicants, for processing and monitoring resource consents
  - landowners, for land management activities on their land
  - territorial authorities and utilities, for water supply services
  - territorial authorities, for pest management activities on their land
  - other recipients of Council services
- Rents, lease revenue and fees, for the use of Council assets, including properties owned by Council and leased to third parties
- Sales revenue from-

  - the Akura Conservation Centre
  - gravel extraction for flood protection activities
  - sundry other sales
- Management and other fees, for administrative support to council-controlled organisations
- Any other charges that Council may set from time to time.

Interest and dividends from investments

Council uses dividends from its equity investments to reduce general rates.

Council uses interest earned on other financial deposits to reduce general rates.

Any interest or other revenue that Council earns on its special funds is added to each fund, because these funds have been set up primarily for self-insurance purposes.

Borrowing

Council raises external debt primarily to-

- Fund Council's capital expenditure programme
- Manage timing differences between cash inflows and outflows and to maintain appropriate liquidity
- Fund other investment activity, usually when the benefit is for more than one year.

Council approves the overall borrowing programme during the annual planning process.

Proceeds from asset sales

Council generally uses proceeds from the sale of assets and investments to repay debt. Where Council intends to replace an asset, then the proceeds from the sale are used to help fund the replacement asset.

Reserve funds

From time to time Council uses surplus funds from previous years (in the form of reserves) to fund expenditure. There is a formal process for establishing and using these specific reserves which is undertaken as part of the annual reporting and planning process. Council does not hold reserves in the form of cash assets.

Reserves are used to reduce external borrowing, therefore reducing interest expense. When reserves are required to be used, new debt is raised to fund expenditure.

8. Differential rates

Council does not use rating differentials for general rates.

Council uses differential rates for-targeted rates for-

- Public Transport
- Flood Protection – Property rates, which apply to specific properties within river management, drainage, and catchment schemes within the Wairarapa. Generally, these rates are made on a differential land area basis. They are apportioned to reflect the benefit to each separately rateable property in the part of the district benefiting from the scheme, on the basis of the area and the classification of the property as it appears in the approved classification register.

9. Transition provisions

Council proposes to introduce a new approach to rate funding for Public Transport and Flood Protection. Because these changes will have variable impacts on different categories of ratepayers, and would potentially cause large one-off increases, Council will transition to the new rates over three years.

Over the next three years, there will be changes in the relative values of properties depending partly on their location (within each territorial authority) and their land use (residential, business, rural, Wellington CBD). Council cannot predict these changes, but they will affect the funding that is required from each location, or from each rating category.

Each year, Council will progressively apply the new policy over the old, so that at the end of three years the new policy has been fully implemented.

Public Transport

Council will use differentials to transition the Public Transport rate to the new funding policy, using the funding requirements from 2017/18 as the baseline.

Flood Protection

Council will immediately use targeted rates for all Flood Protection funding, in line with the new policy. Using 2017/18 as the baseline, Council will use a three-year transition to progressively apply the new catchment and regional rates.

10. Discounts

Council does not apply discounts to any rates.

11. Separately used part

Council policy is to rate the “separately used or inhabited part” of a rating unit for the following rates-

- Wellington regional Strategy
- **Flood protection – property** rates which apply to specific properties within river management schemes within the Wairarapa.
- **Land management scheme** rates which apply to specific properties within river management schemes within the Wairarapa.

Funding for Activities

12. Funding policy indications

Council's policy on the funding from each main source is shown in this section, at the bottom of the table for each activity. The funding percentages given in each table are an indication of Council's policy preference, but Council expects that there will be some variation in the revenue actually received for each activity in any one year. Council notes that it cannot always control the amount of funding it receives from any source.

13. Two stage approach

In developing this policy. Council used a two-stage approach.

1. For each activity, Council considered the s101(3)(a) matters in the Local Government Act 2002. These are summarised as-

   Primary community outcomes

Each group of activities contributes primarily to achieving one of these community outcomes-

- Strong economy
- Connected community
- Resilient community
- Healthy environment
- Engaged community

Distribution of benefits

The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals

Timeframe of benefits

Most activities provide ongoing benefits. Where an activity provides benefits that will last for future generations we have noted this too.

Contributors to need for activity

These contributors are any individuals or groups who, through their action, or inaction, contribute to the need to undertake the activity. For example, polluters create a need for Council to clean up the mess or make rules about how it is to be reduced or cleaned up.

Costs and benefits of funding activity distinctly

There are costs and benefits, including consequences for transparency and accountability, of funding an activity separately, whether by user charges or targeted rates or a combination of these.

Council then considered the overall impact of any allocation of liability for revenue needs on the community. That process led Council to decide on the funding policy indications shown for each activity.

14. Regional leadership

Relationships with mana whenua

Council builds and maintain constructive partnership relationships with iwi and Māori of the region to support Maori participation in decision making to deliver Council's outcomes.

Community outcome	Engaged community
Purpose / rationale for activity	This activity enables Council to build and maintain constructive partnership relationships with iwi and Māori of the region.
Who benefits? How are the benefits distributed?	Mana whenua benefit from a partnership approach to managing the natural environment ensures that iwi fulfil their obligations as natural managers of the world, through their kaitiaki roles and responsible. Regional communities benefit from the quality of decision making that is enabled when mana whenua participate in decisions that affect them.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No.
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in its annual report.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Relationships with mana whenua				100%

Regional transport planning and programmes

Council plans for the long-term development of the region's land transport network.

Community outcome	Connected community
Purpose / rationale for activity	A plan for development of the region's land transport network is essential for integration with territorial authority plans, and to enable the efficient transport of people and goods.
Who benefits? How are the benefits distributed?	The community as a whole benefits from transport infrastructure planning services.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No.
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in annual report.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Regional transport planning and programmes		About 52% from NZTA		Balance of the funding.

Wellington Regional Strategy

Council supports growth and economic development in the region.

Community outcome	Strong economy
Purpose / rationale for activity	Council promotes economic growth, and hosts this activity on behalf of the region.
Who benefits? How are the benefits distributed?	Business communities are the primary beneficiaries of economic growth and increased wealth within the region. The community as a whole benefits to a lesser extent.
Timeframe of benefits	Ongoing.
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Separate funding enables Council to apply revenue requirements that are consistent with the levels of benefit that different ratepayer categories receive. Separate funding also supports accountability and transparency to the ratepayers who fund the activity

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Wellington Regional Strategy			100%, charged on differential basis by land use, being- • a uniform charge on residential and rural ratepayers • a capital value basis for businesses.	

Emergency management

Council contributes to emergency preparedness and management services within the region.

Community outcome	Resilient community
Purpose / rationale for activity	Wellington region has a wide range of natural hazards (earthquake, flooding, landslide, tsunami, storm) and hazard risks (biological, chemical, terrorism, other), and the region wants to be prepared to provide emergency services
Who benefits? How are the benefits distributed?	The community as a whole benefits from these services
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the service performance for this activity in the annual report.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Emergency management				100%

Democratic services

Council conducts democratic elections that are free from interference. Council supports elected members to engage with their communities and to make informed decisions.

Community outcome	Engaged community
Purpose / rationale for activity	Democracy services enable citizens and communities to engage with decision makers for the benefit of the region. These services also support Councillors in the performance of their roles
Who benefits? How are the benefits distributed?	The community as a whole benefits from these services.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its annual report

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Democratic services				100%

Regional initiative - Warm Greater Wellington

Council provides funding for home insulation. The communities in Wainuiomata and Masterton are also offered funding for clean heating because the airsheds in those areas have breached the national standards for air quality.

Community outcome	Resilient community
Purpose / rationale for activity	Good quality insulation helps keep the heat in during winter and out during summer. This makes houses easier and cheaper to heat properly, and more comfortable and healthy to live in.
Who benefits? How are the benefits distributed?	The major beneficiaries are those ratepayers who take up the funding. Wainuiomata and Masterton will also benefit when their airsheds no longer breach quality standards, because Council will then be able to approve consents for industrial discharges to air.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Separate funding enables Council to target those who benefit from the activity.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Regional initiative - Warm Greater Wellington			100%	

Regional initiative - Water Wairarapa

Council is exploring water storage options for agriculture, horticulture, and municipal uses in the Wairarapa.

Community outcome	Strong economy
Purpose / rationale for activity	Water storage options may increase the productive efficiency of agriculture and horticulture in the Wairarapa. It may also provide additional water for municipal and other community uses in the area.
Who benefits? How are the benefits distributed?	The primary beneficiaries are Wairarapa organisations and households that will use the water, or who can rely on the water as an alternative water source during an emergency. People in the Wairarapa may also benefit from increased resilience of source water for the drinking water supplies.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No.
Rationale for separate funding	Separate funding would enhance transparency and accountability for this activity.

Funding policy indication

Funding requirement	***User charges***	***Subsidies***	***Targeted rates***	***General rate***
Regional initiative - Water Wairarapa				100%

The funding source for any expenditure beyond 2018/19 will be reviewed by Council if the project proceeds beyond that date.

15. Public transport

Community outcome	Connected community
Purpose / rationale for activity	Public transport makes a significant contribution to the region's economic prosperity in a way that is environmentally and socially sustainable.
Who benefits? How are the benefits distributed?	Private benefits Public transport benefits the people who use it directly, enabling them to get to work, school, retail, and social activities. Public benefits • More efficient land use and compact urban environments support the regional economy. The concentration and efficiency of economic activity, especially in the regional CBD and other commercial centres is increased by public transport. • Employers in the regional business hub (Wellington CBD) and the other regional business centres can attract staff from throughout the region. • Freight can travel more cheaply on less congested roads. • Any industry or activity that relies on people coming together from different parts of the region, including retail, hospitality, and education industries. • Efficient movement of private vehicles benefits everyone who drives on congested roads that are served by public transport, and it reduces the cost of goods and services to the whole region. Environmental benefits The region as a whole benefits from reduced emissions because of shorter private journey times, and because there are fewer vehicles on the road when people use public transport. Health and safety benefits • The whole region benefits from fewer vehicles on roads, and safer driving. • More liveable environments. • The whole region benefits from fewer vehicles on roads, and safer driving. Urban / rural benefits Urban communities are significant beneficiaries of public transport, but rural communities do not benefit to the same extent.
Timeframe of benefits	Ongoing.
Does anyone cause Council to provide this service?	No.
Rationale for separate funding	Public transport is the single largest activity that Council funds. A mixture of user charges (fares) and targeted rates provide transparency to service users, residents, ratepayers, and funders about the costs and relative shares paid by different groups.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Public transport	35-50% from fares and other user charges	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35% from NZTA although this may be significantly higher for some specific programmes and investments.	25-35% calcuated on ECV, with differentials based on land use and by location.	

Council applies user charges (fares) for the private benefits gained by people who use public transport.

Council has concluded that the following differentials take account of the specific public and private benefits of public transport, while also taking account of the overall impacts of Council's funding requirements.

Residential (excluding Wairarapa) 1
Residential (Wairarapa)................................ 0.5
Rural 0.25
Business (excluding Wairarapa)..............1.5
Business (Wairarapa) 1
Wellington CBD 8

Council will apply the new differentials as a targeted rate, based on ECV. All properties within each differential category will pay the same rates per $100,000 of ECV.

Council may review these differentials at any time, and particularly if there are major changes in future funding requirements.

This is a considerable change from the previous policy which allocated costs based on a complex set of inputs.

Council will take three years to transition the rates onto the new policy. Until the transition is complete, Council will calculate an annual transition differential so that rates progressively shift to their new levels for each category of land use, and for each location.

16. Water supply

Council provides bulk water to four participating territorial authorities (the cities of Wellington, Hutt, Upper Hutt, and Porirua).

Community outcome	Strong economy, healthy environment, resilient community
Purpose / rationale for activity	Clean, safe drinking water is essential for life. It is also used for- • residential purposes (gardens, swimming pools) • community purposes (parks, swimming pools, schools, hospitals, turf, and other recreation services). • industrial purposes (hygiene, other uses).
Who benefits? How are the benefits distributed?	The participating territorial authorities benefit from- • being able to provide potable water for their residents • the efficiency of a coordinated water collection, treatment, and distribution system.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	No
Rationale for separate funding	Funding water supply services distinctly from other services has benefits for transparency and accountability. Because water is supplied in bulk to territorial authorities, a volumetric levy is a fairer and more efficient funding tool.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Water supply	95%-100% volumetric levy on the participating territorial authorities. User charges may also be applied to other bulk water users.			

17. Environment

Resource management - Policy and planning
Environmental science - State of Environment monitoring

Community outcome	Healthy environment, engaged community.
Purpose / rationale for activity	Council regulates the use and development of the environment via the Regional Plan and other planning documents, to ensure that natural and physical resources are managed sustainably.
Who benefits? How are the benefits distributed?	The community as a whole benefits from the policy, planning and monitoring services. Territorial authorities and individuals, benefit from Council's State of the Environment monitoring information.
Does anyone contribute to Council's need to provide this activity?	Everyone uses the region's natural resources to some extent.
Rationale for separate funding	Because the community as a whole is the main beneficiary, there is no particular benefit from distinct funding.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Resource management - Policy and planning				100%
Environmental science - State of Environment monitoring	10-20%			80-90%

Resource management – Consents
Resource management – Compliance and enforcement
Pollution prevention and control

Community outcome	Healthy environment
Purpose / rationale for activity	Council implements the Regional Plan, with consent, compliance, and pollution services.
Who benefits? How are the benefits distributed?	Consent applicants benefit from information services. Consent holders benefit from the right to use regional resources, and from monitoring services, because consents may be granted with greater confidence / certainty about the potential impacts.
Does anyone contribute to Council's need to provide this activity?	Polluters, create the need for pollution controls People who want to use the region's resources create the need for an allocation system.
Rationale for separate funding	These services are best funded jointly with other Resource management activities.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Resource management – Consents	100%, consent applicants			
Resource management – Compliance and enforcement	100% consent holders			Up to 100% for investigations where a liable party cannot be identified.
Resource management – Pollution prevention and control	100% identified polluters			

Land management

- Farm plans, and Farm environment plans, to reduce erosion in the eastern Wairarapa hills, and to support intensively farmed (dairy) areas in Wairarapa and Otaki.
- Wellington Regional Erosion Control Initiative
- Land management advisory services, mainly in the Wairarapa
- Erosion scheme services and coordination services to rural properties in the Wairarapa.

Community outcome	Healthy environment
Purpose / rationale for activity	Council seeks to mitigate the environmental impacts of farming, because land management practices can affect soil erosion, soil health water quality, and the health of streams, rivers, and the coast.
Who benefits? How are the benefits distributed?	Farmers benefit from- • stabilised soils and reduced erosion. • water and drainage schemes that enable greater productive use of the land. • reputation benefits from clean operations. Rural communities benefit from local catchment schemes that protect local infrastructure (roads, utilities). The community as a whole benefits when farmers reduce their nutrient and sediment discharges.
Does anyone cause Council to provide this service?	Farmers who allow stock to graze in or adjacent to waterways. Farmers who allow nutrients to leach into waterways.
Rationale for separate funding	Because the activity is predominantly focused on services to rural businesses, there are transparency benefits from separate funding.

Funding policy indication

Activities and programmes	*User charges*	*Subsidies*	*Targeted rate*	*General rate*
Farm plans	70%			30%
Farm environment plans	50%			50%
Wellington Regional Erosion Control Initiative	40%	30% Crown		30%
Land management advice				100%
Land management erosion schemes	50%-100% to be met from targeted or scheme rates or a direct contribution from both the direct beneficiaries, and the beneficiaries in the economic catchment area.			Up to 50%

Council sets rates on specific properties within erosion schemes in the Wairarapa. Generally, these rates are apportioned to reflect the benefit to each separately rateable property in the part of the district benefiting from the scheme, on the basis of the area and the classification of the property as it appears in the approved classification register.

Soil and plant conservation

Community outcome	Healthy environment
Purpose / rationale for activity	Council seeks to mitigate the environmental impacts of farming, because land management practices create erosion, and affect the health and quality of streams, rivers, and the coast.
Who benefits?	The community as a whole benefits from stabilised soils in its reserves. The benefits from the Akura Conservation Centre are mostly the private landowners who plant poplars and willows for erosion and flood control.
Timeframe of benefits	Ongoing
How are the benefits distributed?	90% private landowners 10% community as a whole.
Does anyone cause Council to provide this service?	Farmers who do not plant tree cover on erosion prone soils.
Rationale for separate funding	Because the activity is predominantly focused on services to rural businesses, there are transparency benefits from separate funding.

Funding policy indication

Activities	***User charges***	***Subsidies***	***Targeted rates***	***General rate***
Soil conservation reserves	100%			
Akura conservation centre	100%			

Biodiversity management

Community outcome	Healthy environment
Purpose / rationale for activity	Biodiversity contributes to the region's natural character and supports the healthy functioning of ecosystems which in turn provide essential, life supporting services, including purifying air and water.
Who benefits? How are the benefits distributed?	The community as a whole share the benefits of a healthy environment.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	Farmers who have not yet fenced waterways so that stock can get into them contribute to the need for this activity.
Rationale for separate funding	This activity is one relatively small, part of the larger Group of Activities and separate funding would not be cost effective.

Funding policy indication

Activities and programmes	***User charges***	***Subsidies***	***Targeted rates***	***General rate***
Biodiversity management – Key Native Ecosystems programme				100%
Biosecurity services for territorial authorities	100%			
Biodiversity management – other activities				100%

Pest management

Community outcome	Healthy environment
Purpose / rationale for activity	Pest management supports economic activity and improves environmental outcomes.
Who benefits? How are the benefits distributed?	Primary producers benefit from • reduced loss of pasture • reduced loss of crops • reduced damage to trees and shrubs • sustained and increased primary production. Cattle and deer farmers in operational areas benefit from reduced risk of disease to farmed animals. The regional community benefits from reduced spread of unwanted pest damage to high value ecosystems, and reduced pest impact on safety, amenity, and social values.
Timeframe of benefits	Ongoing
Does anyone cause Council to provide this service?	Pest management, including possum control activities are undertaken in line with Biosecurity Act 1993, and the National Policy Direction for Pest Management.
Rationale for separate funding	Because Council provides two pest management programmes, with different funding policies, separate funding is useful to demonstrate the benefits of each activity.

Funding policy indication

Programmes	***User charges***	***Subsidies***	***Targeted rates***	***General rate***
Regional pest management plan	Up to 10%	Up to 10%		80-100%
Regional predator control programme			40% on all rural properties that are 4ha or more, assessed on a land area basis.	60%

Harbour management

Community outcome	Strong economy
Purpose / rationale for activity	Council provides this service to support safe commercial shipping and recreational activities in the regional harbours.
Who benefits?	Maritime traffic in the harbours benefit from Beacon Hill Communications station, navigational aids, and the enforcement of maritime safety regulations. Recreational boat users benefit from navigational aids, education programmes, and the enforcement of maritime safety regulations. Other harbour users receive a small benefit from the enforcement of maritime safety regulations.
Timeframe of benefits	Ongoing.
How are the benefits distributed?	Commercial shipping is the major economic beneficiary of this service. People using recreational boats and yachts also benefit substantially. The rest of the region gets some residual benefit.
Does anyone cause Council to provide this service?	Maritime traffic (commercial and recreational) is the major activity that creates the need for Council to provide navigational aids and safety services. Polluters create the need for monitoring, regulations and clean up services.
Rationale for separate funding	Separate funding via targeted rates is not sensible for this activity, because Council cannot identify and targeted land owners who would be the major beneficiaries of services for activities on and about water.

Funding policy indication

Activities and programmes	***User charges***	***Subsidies***	***Targeted rates***	***General rate***
Navigational aids and communications service	60% commercial shipping, (collected by CentrePort)			40%
Education; Enforce maritime safety regulations				100%
Pollution clean-up –- oil		95% Maritime NZ		5%
Pollution clean-up – other	100% charge to polluters, where they can be identified and charged.			Up to 100%

18. Flood protection

Understanding flood risk
Maintaining flood protection and control works
Improving flood security

Community outcome	Resilient community
Purpose / rationale for activity	Council provides flood protection services to protect the lives and property of people within the region.
Who benefits?	Property owners (private, Crown, territorial authorities, others) and residents in flood hazard zones are the major beneficiaries of these activities. They benefit from- • information about flood hazards • flood warnings • flood protection structures that directly protect lives and property, and downstream areas. Local communities and catchments benefit from- • Information about flood hazards to support land use planning • having their local infrastructure protected (schools, hospitals, roads and emergency lifelines, parks, and reserves). Utilities benefit from- • information about flood hazards • flood warnings • flood protection structures that directly protects their infrastructure (electricity transmission, telecoms, etc). The region as a whole benefits from- • advice about flood emergencies • any environmental protection that flood protection provides • protected arterial transport routes.
How are the benefits distributed?	Property owners (including utility companies), and residents and flood hazard zones are the major beneficiaries of all these activities. Local communities, (including property owners in flood hazard zones) are also substantial beneficiaries of flood protection and control works in their communities. The community as a whole receives a relatively small share of the benefits.
Timeframe of benefits	Ongoing.
Does anyone cause Council to provide this service?	No.
Rationale for separate funding	Because of the substantial private benefits from these activities, and Council's considerable commitment to this group of activities, separate funding provides transparency and accountability benefits.

Council has considered the matters above, including the benefits of flood protection to identifiable groups within the region, and has concluded that three levels of targeted rate enable it to-

- take account of the specific public and private benefits of flood protection, and
- provide a greater measure of transparency and accountability to ratepayers, particularly those in major catchments, and
- take account of the overall impacts of Council's funding requirements.

Council will apply the new analysis of the distribution of benefits to three targeted rates. The consequence will be that properties within each flood protection catchment will fund 70% of the flood protection activity in that catchment, and the region as a whole will provide 30% of the total funding.

Funding policy indication

Activities	User charges	Subsidies	Targeted rates	General rate
Understanding flood risk	Apply charges to territorial authorities and other beneficiaries wherever practicable.		Balance, up to 100% in targeted rates as described below.	
Maintaining flood protection and control works				
Improving flood security				

Flood protection - property

These are targeted rates on specific properties within river management and drainage schemes within the Wairarapa on an approved classification register. They are generally set on a differential land area basis, and apportioned to reflect the benefit to each separately rateable property in the part of the district that benefits from the scheme.

Flood Protection – property rates are intended to provide-

- 100% of the funding for drainage schemes, and
- 50% of the funding for each river management scheme.

Flood protection - catchment

A targeted rate based on ECV to all properties within each of the following catchments-

- Wellington city
- Porirua city
- Kāpiti Coast district
- Upper Hutt city
- Hutt city
- Wairarapa, (being the combined Masterton, Carterton and South Wairarapa districts).

This rate funds the public good components of protected catchments, so that community services and lifelines are protected.

Flood protection – catchment rates are intended to provide-

- 70% of overall funding for Flood Protection.

For clarity, Council will count the funding from the *Flood Protection – property* rates towards the 70% funding target.

Flood protection - region

A targeted rate based on ECV on all properties within the region. This rate funds the pubic good components of a protected region, so that major arterial routes, hospitals, and emergency lifelines are protected.

Flood protection – region rates may provide up to 30% of the funding for each activity.

Transition

This is a considerable change from the previous policy which funded some activities up to 100% on general rates, in 2017/18, the Flood protection was funded 59% from general rates, and 41% from the catchment and other sources.

Council will take three years to transition the rates onto the new policy. Until the transition is complete, Council will calculate an annual funding requirement for each catchment, and for the regional flood protection, so that rates progressively shift to their new levels for each catchment, and for the region as a whole.

19. Parks

Council manages a network of regional parks and forests for the community's use and enjoyment. Council works with mana whenua and community groups to protect the environment within regional parks

Community outcome	Engaged community
Purpose / rationale for activity	Council provide parks for community recreation and enjoyment, and to protect regionally significant landscapes, bush, and heritage features.
Who benefits? How are the benefits distributed?	Individuals and groups who use the camping facilities within regional parks. Organisations that use parks for commercial purposes. This includes, for example- • stock grazing • film making • outdoor activities • education activities. The region and the whole country benefit from being able to enjoy regionally significant landscapes, bush, and heritage features. The whole country benefits from the preservation of nationally significant landscapes, forests, and heritage features.
Timeframe of benefits	Ongoing.
Does anyone cause Council to provide this service?	No
Rationale for separate funding	There is no particular need to fund this activity separately. Council reports on the financial and service performance for this activity in its annual report.

Funding policy indication

Activity	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Parks	10% for organised events, farming and other leases, license fees, other added value services.			90%

20. Summary table

Group of Activities	*Activity*	*User charges*	*Subsidies*	*Targeted rate*	*General rate*
Regional Leadership	Relationships with mana whenua				100%
	Regional transport planning and programmes		About 52% from NZTA		Balance of the funding
	Wellington Regional Strategy			100%, charged on differential basis by land use, being- • a uniform charge on residential and rural ratepayers • a capital value basis for businesses.	
	Emergency management				100%
	Democratic services				100%
	Regional initiative - Warm Greater Wellington			100%	
	Regional initiative - Water Wairarapa				100%
Public transport	Public transport	35-50% from fares and other user charges	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35% from NZTA although this may be significantly higher for some specific programmes and investments.	25-35% calcuated on ECV, with differentials based on land use and by location.	
Water supply	Water supply	95%-100% volumetric levy on the participating territorial authorities.User charges may be applied to other bulk water users.			

Group of Activities	***Activity***	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Environment	Environmental science - State of Environment monitoring	10-20%			80-90%
	Resource management - Policy and planning				100%
	Resource management – Consents	100%, consent applicants			
	Resource management – Compliance and enforcement	100% consent holders			Up to 100% for investigations where a liable party cannot be identified.
	Resource management – Pollution prevention and control	100% identified polluters			
	Land management - Farm plans	70%			30%
	Land management - Farm environment plans	50%			50%
	Land management - Wellington Regional Erosion Control Initiative	40%	30% Crown		30%
	Land management advice				100%
	Land management, erosion, and drainage schemes			100% to be met from targeted or scheme rates or a direct contribution from both the direct beneficiaries, and the beneficiaries in the economic catchment area.	
	Soil conservation reserves	100%			
	Akura conservation centre	100%			
	Biodiversity management – Key Native Ecosystems programme				100%
	Biosecurity services for territorial authorities	100%			
	Biodiversity management – other activities				100%
	Regional pest management plan	Up to 10%	Up to 10%		80-100%
	Regional predator control programme			40% on all rural properties that are 4ha or more, assessed on a land area basis.	60%

Group of Activities	***Activity***	***User charges***	***Subsidies***	***Targeted rate***	***General rate***
Environment, continued	Harbour management - Navigational aids and communications service	60% commercial shipping, (collected by CentrePort)			40%
	Harbour management – Education, and enforce maritime safety regulations				100%
	Harbour management - Pollution clean-up –- oil		95% Maritime NZ		5%
	Harbour management - Pollution clean-up – other	100% charge to polluters, where they can be identified and charged.			Up to 100%
Flood Protection	Flood Protection - Understanding flood risk	Apply charges to territorial authorities and other beneficiaries wherever practicable		Balance, up to 100% in targeted rates	
	Flood Protection - Maintaining flood protection and control works	Apply charges to territorial authorities and other beneficiaries wherever practicable		Balance, up to 100% in targeted rates	
	Flood Protection - Improving flood security	Apply charges to territorial authorities and other beneficiaries wherever practicable		Balance, up to 100% in targeted rates	
Parks	Parks	10% for organised events, farming and other leases, license fees, other added value services.			90%

Have your say on the Revenue and Financing Policy

- New rates for Public Transport and Flood Protection

Greater Wellington Regional Council (Greater Wellington) proposes to change our Revenue and Financing Policy. The purpose of the changes is to make the funding policies more transparent, and align the funding of activities more closely with the levels of benefit they provide to our communities.

A full copy of the proposed Revenue and Financing Policy can be found in Appendix 1.

Have your say

The proposed Revenue and Financing Policy has been revised to make it easier to navigate and easier to understand. While we are focusing our consultation on two main areas where we propose significant changes, we are consulting on the whole policy and you are welcome to comment on any other aspect of the policy. Information about how you can have your say, including a submission form, can be found in Section Four.

Section One: Essential information

What is the Revenue and Financing Policy?

The policy describes how we fund all our activities, and the sources of funding that Greater Wellington will use, including subsidies, loans, reserves, rates, and user charges.

How much Greater Wellington plans to spend on any group of activities is included in the Long Term Plan. The Revenue and Financing Policy is about where the funding (money) will come from, and how Greater Wellington will share the costs of services across the region, and among different groups of ratepayers.

The policy is reviewed every three years, generally at the same time as the Long Term Plan.

Why the proposed changes?

With the introduction of a new Public Transport operating model, Greater Wellington needed to review how we fund the rates share of public transport costs. We wanted a funding system for public transport that was more transparent, and that related the levels of benefit more closely with the funding.

We used this opportunity to review how we fund all of Greater Wellington's activities. This is the most comprehensive review of our funding policies in the last 20 years.

What is changing?

We propose to change the rates allocations for **public transport** and **flood protection**, which are the two biggest areas of work for Greater Wellington.

In reviewing show we fund flood protection and public transport, we considered the factors in section 101(3)(a) of the Local Government Act 2002 and have chosen to advance proposals that particularly give weight to achieving funding policies that are transparent and fair across the whole region.

Sidebar – Rates calculated on equalised capital value (ECV)

Rates are calculated based on property values. Greater Wellington uses something called Equalised Capital Value as the measure of property value. Within the region, different territorial authorities undertake general revaluations at different times. To equalise the values, Greater Wellington gets Quotable Value to estimate the projected valuations of all the rateable land in the districts within the region, each year. This estimation is enabled under s131 of the Local Government Rating Act. It means that rates are assessed on a consistent valuation basis, regardless of the timing of individual territorial authority revaluations.

Greater Wellington uses rates per $100,000 ECV as a measure of fairness when comparing rates in districts that get similar levels of benefit from an activity or service.

[See the Valuation system section, at page 2 of the proposed Revenue and Financing Policy].

3-year transition

Taking account of the overall impact of the proposed changes, Greater Wellington proposes to adjust the allocation of rates over the first three years, as a transition mechanism. This adjustment will operate from 1 July 2018, with the new system fully implemented from 1 July 2021.

[See the Transition provisions section, at page 5 of the proposed Revenue and Financing Policy].

Section Two: Packages of options for public consultation

While we must make changes to how we fund public transport, we have the option to continue to fund flood protection as we currently do.

In order to consider the overall impacts of the policy changes, Greater Wellington has developed three packages of options for public consultation.

	Flood protection	*Public transport*

<table>
<tr>
<td>Option 1 Preferred</td>
<td>New targeted rates
70% rate funding from catchment based on calculated on ECV and location. Funding indication includes Flood protection – property rates where applicable
30% rate funding from region</td>
<td>Change the overarching funding policy to
35-50% user charges
maximum subsidies we can achieve, expecting 25- 35% average
Balance from targeted rate, expecting 25-35% average
Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV
1 Residential, excluding Wairarapa
0.5 Wairarapa residential
8 Wellington CBD businesses
1.5 Business, excluding Wairarapa
1 Wairarapa businesses
0.25 Rural</td>
</tr>
<tr>
<td>Option 2</td>
<td>Status quo rate funding for flood protection
100% general rate for this activity: Understanding Flood Risk
50% general rate and 50% targeted rates for these activities: Maintaining flood protection and control works; and Improving flood security.</td>
<td>Change the overarching funding policy to
35-50% user charges
maximum subsidies we can achieve, expecting 25- 35% average
Balance from targeted rate, expecting 25-35% average
Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV
1 Residential, excluding Wairarapa
0.5 Wairarapa residential
8 Wellington CBD businesses
1.5 Business, excluding Wairarapa
1 Wairarapa businesses
0.25 Rural</td>
</tr>
<tr>
<td>Option 3</td>
<td colspan="2">Implement the proposed policy, with changes that retain the overall intent of the policy, but with adaptions in light of submissions. The changes that Council might make will depend on the submissions they receive, and the overall impact of any rates allocation on the community. As an indication, these changes might be along the lines of:
+/- 20% for Flood protection funding for any targeted rate
+/- 20% of the value of one or more differentials
Increase or decrease the transition period
or some combination of changes to funding for both public transport and flood protection.</td>
</tr>
</table>

Greater Wellington has developed its proposed changes ***as a package***, that take account of the overall impacts of the proposals for flood protection and public transport. For example,

- the differentials for Public Transport take account of the impacts of the proposed Flood Protection changes; and
- Greater Wellington has taken account of the overall impacts of the allocation of our funding requirements for all activities.

Greater Wellington prefers Option 1. The greater use of targeted rates for flood protection and the differentials for public transport make the link between the levels of benefit that different groups of ratepayers receive, and the share of the funding they must contribute.

For more than three quarters of the region's ratepayers, the changes in one rate are off-set to some extent by the changes in the other, the overall impact of Option 1 is relatively neutral. This provides a level of mitigation against affordability concerns, including any that may arise from changing the funding mechanism for large capital projects that are already underway, such as RiverLink.

Those ratepayers who would face higher rate increases from the changes to both the flood protection and public transport policies are mostly in districts that, until now, have had relatively lower rates.

An analysis of the individual policy options of flood protection and public transport is contained in Section Three.

Section Three: Analysis of individual policy options

Flood protection

Current funding policy – the Status quo

Greater Wellington's current funding policy for flood protection uses a mix of user charges, general and targeted rates. Table 1 below shows the current funding policy with the total amount funded from each source in 2017/18 shown on the bottom row.

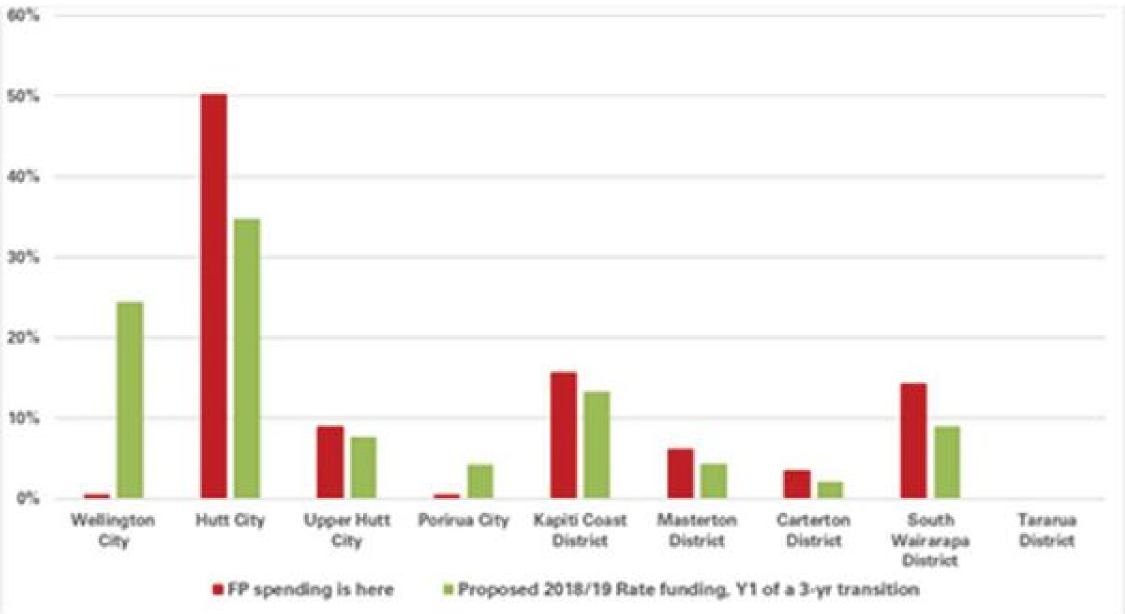
Table 1. Current Flood Protection funding policy

Activity	*User charges*	*Targeted rates*	*General rate*
Understanding flood risk			100%
Maintaining flood protection and control works	Charges to territorial authorities and other beneficiaries wherever practicable	Balance (up to 50%) targeted by scheme. Some on land value and some on capital value	Up to 50%
Improving flood security			
Flood warning service			100%
Funding 2017/18	**$2,610,933**	**8,699,790**	**$10,679,230**

The current policy means ratepayers outside of the major flood catchments contribute a large portion of the funding for flood protection.

This graph shows the share of Greater Wellington's expenditure for flood protection that in each district, compared to the share of funding that it provides. This uses 2018/19 figures, excluding GST, to show what share of funding each district will provide if Greater Wellington retains the status quo.

Figure 1 Proposed 2018/19 Rate funding, Y1 of a 3-yr transition



Advantages and disadvantages

The advantages of the status quo are that:

- Ratepayers contribute the share of funding that they are accustomed to
- It provides additional affordability for flood protection work in areas of low population, by spreading most of the costs across the region
- It is consistent with expectations set with partners in existing flood protection projects, such as RiverLink.

The disadvantages of the status quo are that:

- The share of the funding contributed by ratepayers across the region does not align well with the levels of benefit that different groups of ratepayers receive
- Because the proportion of general rate funding that is used for flood protection, is not readily obvious to the community, there may be a risk of investing in flood protection work beyond the community's willingness to pay.
- Where there are incentives to develop in flood prone areas, the funding approach does not assist with disincentivising that practice. At the moment, communities,
- are not as easily encouraged and enabled to take ownership of preventing developments in flood-prone areas, e.g., adjacent to the Waiwhetu stream.

New funding approach for Flood Protection

Greater Wellington's objectives in developing the new policy are to increase transparency and achieve better alignment between the levels of public benefit that ratepayers get from this activity, and the share of the funding they contribute.

We have identified the distribution of benefits in three levels, in the policy (see page 37 of the proposed Revenue and Financing Policy).

Greater Wellington proposes the following-

1. Retain and make no change to the current drainage scheme rates, which are funded 100% by a targeted rate on properties that are in each scheme.
2. Retain and rename the various river scheme rates *Flood Protection – property*. These are the targeted rates for river management that are already in operation in the Wairarapa, on an approved classification register. They are generally set on a differential land area basis, and apportioned to reflect the benefit to each separately rateable property in the part of the district that benefits from the scheme. These rates are intended to provide-
   - 50% of the funding for each river management scheme.
3. Create six catchments for a new targeted rate, based on ECV. This new rate aligns funding more closely with the levels of benefit, and would apply to all properties within each of these catchments:

Wellington	Porirua	Kāpiti Coast
Hutt City	Upper Hutt	Wairarapa

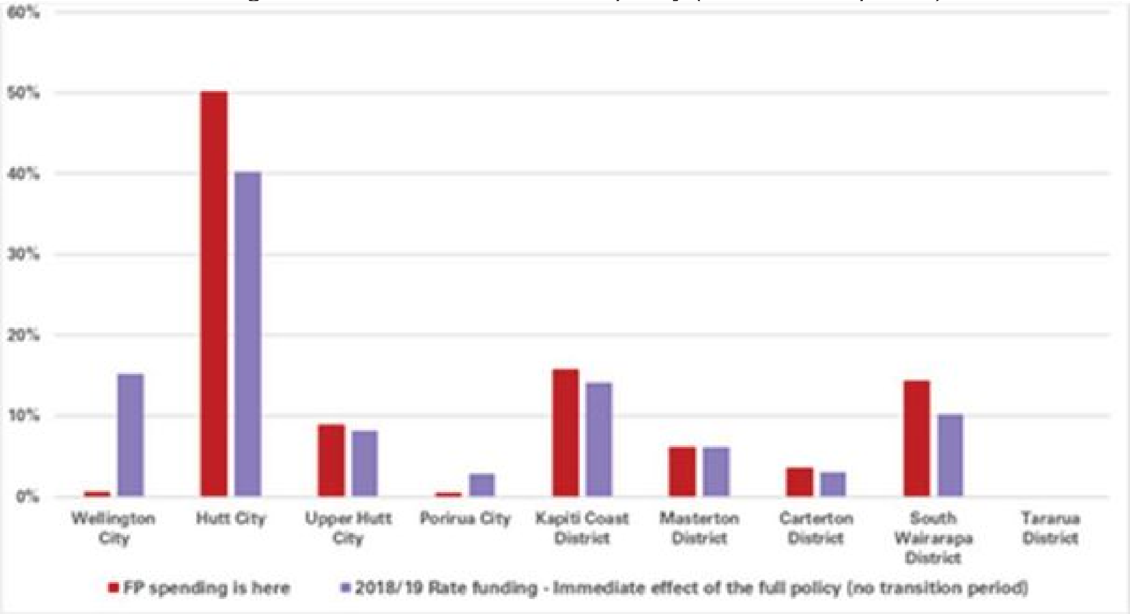
   Catchments are based on the boundaries of the city or district. In the Wairarapa, the Masterton, Carterton and South Wairarapa districts are combined for the purpose of this rate.

   This rate would be called *Flood protection – catchment.* It would provide 70% of the funding for flood protection work. For clarity, Council will count the funding from the *Flood Protection – property* rates towards the 70% funding target.

4. Create a new targeted rate based on ECV for the regional benefit that the community as a whole receives. All ratepayers would contribute to this rate, providing 30% of the funding for flood protection. This rate will be called *Flood protection – region*.
5. Stop using general rate funding for Flood Protection.

We will also rename the current catchment scheme rates as *Land Management* rates to avoid confusion with the new catchment basis for flood protection rates.

2018/19 Rate funding - Immediate effect of the full policy (no transition period)



Advantages and disadvantages of the proposed changes

The advantages of this option are that it:

- recognises that the benefits of flood protection are greatest in the catchments where the flood protection works take place.
- recognises the regional benefits of flood protection, such as protection of regional infrastructure, arterial transport routes and other lifelines.
- provides a more transparent approach to funding Flood protection.
- supports ratepayers in each catchment to make more informed decisions about the levels of flood protection that they want for their communities.
- encourages and enables local communities to take ownership of preventing developments in flood-prone areas, e.g., adjacent to the Waiwhetu stream.
- ratepayers in Wellington and Porirua cities will pay less for flood protection.

The disadvantages of this option are that:

- it is inconsistent with expectations set with partners in existing flood protection projection, such as RiverLink
- flood protection may be more expensive in areas of low population
- local communities may not want to fund the level of flood protection that they may eventually need

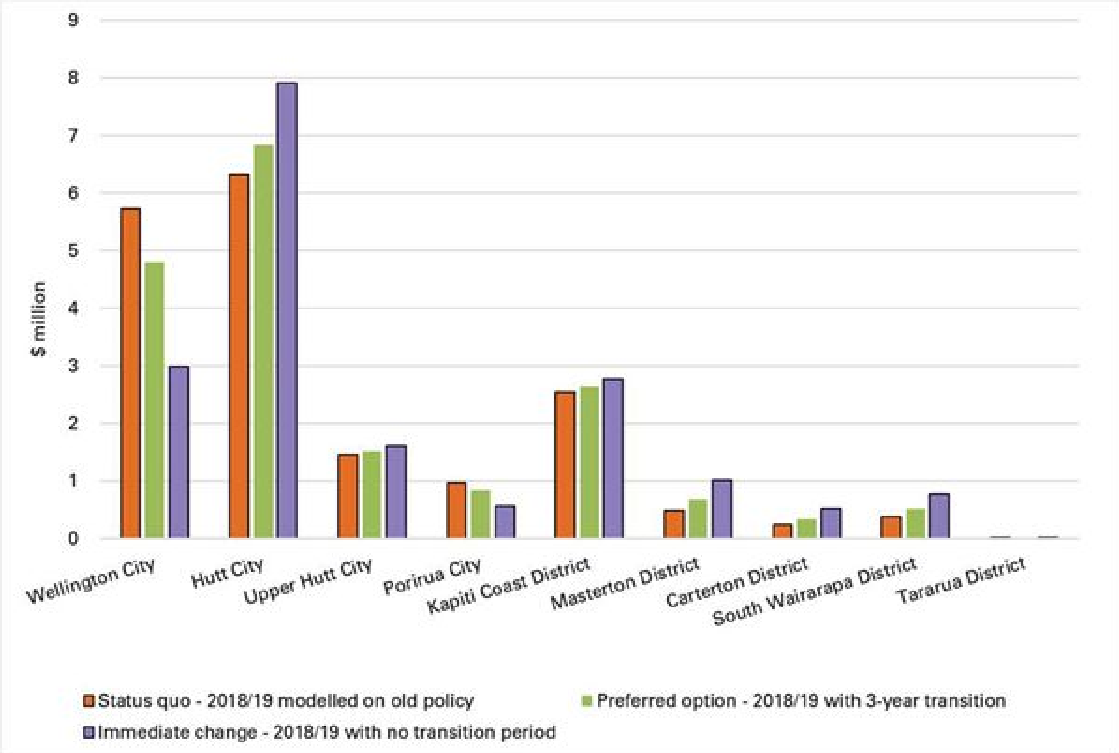
- ratepayers in Lower Hutt, Upper Hutt, Wairarapa and Kāpiti will pay more for flood protection.

Comparative impacts of status quo and proposed funding policies

The following graph compares the rating impact of the current and proposed funding policies for flood protection. This graph shows three sets of impacts:

- Status quo - the orange columns show what the rates would be in 2018/19, if the status quo continues.
- Preferred – The green columns show what the rates would be in the first year of a 3-year transition to the proposed policy.
- Immediate change– the purple columns show what the rates would be if Council adopted the proposed policy without a transition period.

Figure 1 Proposed Flood Protection policy impacts



The proposed funding policy for flood protection is included in Greater Wellington's preferred option for public consultation (Option 1, refer to page 4).

Public transport

Greater Wellington funds its public transport activities through a mix of user charges, government subsidies and rates. Fares continue to be the largest source of funding for Greater Wellington's public transport group of activities.

After fares, about half of the balance is funded by subsidies from the New Zealand Transport Agency (NZTA), and the remaining costs (around 30%) are funded from a targeted rate.

[See the Public Transport section in the policy]

Greater Wellington proposes to change-

1 the overarching funding policy for Public Transport, and

2 the rate funding basis.

This will change the shares of user charges and fares across the region, and among different groups of ratepayers and service users. A summary of the current funding policy is given in this table.

Figure 2 Public Transport funding policy 2015 LTP

Activity	User charges	Subsidies	Targeted rate	General rate
All public transport activities except Total Mobility	45-50%	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), reflecting the benefits to road users and social services (this contribution ranges from 50%-100%, depending on the type of service)	The balance of the community contribution is from a GWRC contribution funded via a targeted rate.	
Total Mobility[1]	Up to 50% user charges	60% from NZTA	Any remaining balance	

Greater Wellington proposes to amend the overarching policy to make it consistent with the new Public Transport operating model, when all fare revenue will come direct to Greater Wellington. Greater Wellington has also introduced a package of student and off-peak discounts, which means that a relatively higher level of rate funding will be required.

The proposed new policy is shown below.

Figure 3 Proposed Public Transport funding policy

Activity	User charges	Subsidies	Targeted rates	General rate
Public Transport	35-50%	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35% from NZTA although this may be significantly higher for some specific programmes and investments.	The balance of the funding is via a targeted rate, calculated on ECV, with differentials based on land use and by location. Overall, intend to collect 25-35% of revenue.	

[1] In the Long Term Plan 2018-2028, Greater Wellington is merging the Total Mobility with all other Public Transport activities.

Goals for a new rate funding policy

Greater Wellington's objectives in developing the new rate funding policy for public transport are to

- increase the transparency of the rating mechanism, and
- develop a new rate funding mechanism that is consistent with PTOM
- increase the alignment between the levels of public benefit that ratepayers get from this activity, and the share of the funding they contribute.

Proposed new rate policy for public transport

Greater Wellington is proposing to move to a rates allocation model that is based on the levels of benefit that different ratepayer groups receive from the network as a whole. The proposal is to:

- Allocate rates for public transport as one network.
- Apply a weighting, called a rating differential, to recognise the different levels of benefit that different categories of ratepayers get from the network.

The proposed differentials are:

8	Wellington CBD (the Wellington city Downtown area)
1.5	Business, excluding Wairarapa
1	Wairarapa businesses
1	Residential, excluding Wairarapa
0.5	Wairarapa residential
0.25	Rural

Business ratepayers have higher differentials (and especially the Wellington CBD), in recognition of the greater share of benefits that they receive from the public transport network. For the business sector, public transport supports the transport of staff, customers and goods. Rural ratepayers have much lower differentials to recognise the lower levels of benefit that they receive from the network.

Advantages and disadvantages

Specific advantages of this approach to rating are-

- The allocation of rates in this model is more broadly consistent with the public benefits the public transport network provides
- This approach is more transparent.
- It recognises the region as one main geographic entity served by a single network of public transport services (the Metlink network)
- It recognises that different rating categories (business, residential, rural) get different levels of benefit from the public transport network
- It recognises the benefit the public transport network provides to the Wellington CBD, and the business community.
- It treats residential ratepayers across the region more equitably. By allocating costs across the whole network, rather than allocating rail and bus costs on the basis of

specific journeys, the model significantly reduces the wide variations in the rates paid by residents (e.g. Porirua and Wellington).

- Some categories of ratepayer will be required to provide decreased share of funding
- Ratepayers in some parts of the district will be required to provide a decreased share of funding.

Compared to the status quo, the main disadvantages of this option are-

- There may be some community uncertainty about the difference between the levels of benefit provided by an activity and the levels of service that Greater Wellington provides.
- Some categories of ratepayer will be required to provide an increased share of funding
- Ratepayers in some parts of the district will be required to provide an increased share of funding

The impact of the proposed public transport policy on residential ratepayers during the first year of the transition is illustrated in **Error! Reference source not found.** below.

*Figure 4 Public transport **residential rates, per $100,000 equalised capital value** (ECV), in first year*

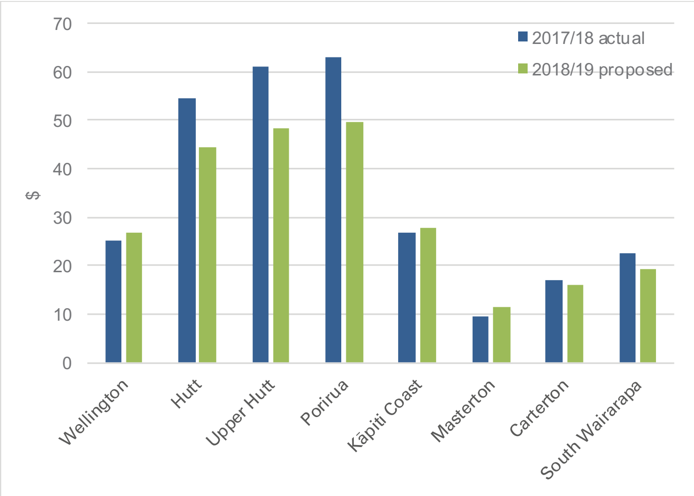
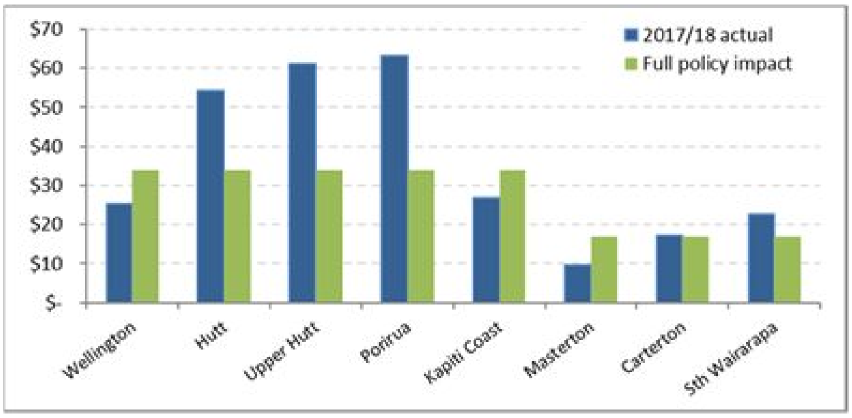


*Figure 5 Public transport **residential rates, per $100,000 equalised capital value** (ECV)*



This new funding policy for public transport is included in Greater Wellington's preferred option for public consultation (Option 1, refer to page 4).

Under Option 1, the overall rates impact of changes to the relative shares of rates funding for public transport is moderated by the proposed changes to flood protection.

Section Four: HOW TO HAVE YOUR SAY

We would like to hear your feedback on the proposed Revenue and Financing Policy.

You can provide your feedback through any of the ways outlined below.

To ensure your voice is counted we need have your feedback returned no later than **Sunday 29 April 2018.**

HAVE YOUR SAY ONLINE
Visit www.WhatMatters.co.nz to send an online submission

HAVE YOUR SAY IN WRITING
Use the submission form including on the final page of this document, or write us a letter and send it to:

Revenue and Financing Policy Submission
Freepost 3156
Greater Wellington Regional Council
PO Box 11646
Manners Street
Wellington 6142

SPEAK TO SOMEBODY ABOUT OUR PLANS
During the consultation period of 26 March to 29 April Greater Wellington will be holding public meetings and we'll be available to talk at various events across the region.

For a full list of these events please visit our website www.WhatMatters.co.nz.

SPEAKING AT A HEARING

If you make a submission about the issues this document, or another issue, you have the option to speak at a Council hearing. Please let us know in your submission if you would like to attend a hearing and speak to your submission, and which issue/s you would like to speak to. If you indicate in your submission that you wish to attend a hearing we will contact you with details and dates for the hearings process.

OUR OFFICES

Wellington	**Wellington**
Shed 39 2 Fryatt Quay, Harbour Quays Wellington	Level Two 15 Walter Street Te Aro Wellington
04-384-5708	04-384-5708

Masterton

34 Chapel Street Masterton

06-378-2484

Submission form

Consultation Dates: Monday 26 March 2018 – Sunday 29 April 2018

NAME/ORGANSIATION

STREET NUMBER STREET NAME

SUBURB/TOWN POSTCODE

PHONE

EMAIL ADDRESS

Submissions may be made publicly available under the Local Government Official Information and Meetings Act 1987. If you are making this submission as an individual and do not want your contact details publicly available please let us know in your submission. We will then consider removing your contact details.

Section 1 – General Profile Questions

To help us understand more about you, can you please complete the following questions.

Please indicate how often you have participated in a Greater Wellington consultation process? (please tick)

This is my first time ◯ 1-5 ◯ 5+ ◯

Please indicate your age? (please tick)

Under 18 ◯ 18-24 ◯ 25-34 ◯ 35-44 ◯ 45-54 ◯ 55-65 ◯
65+ ◯

What city or district council (area) do you live in? (please tick)

Wellington ◯
Lower Hutt ◯
Upper Hutt ◯
Southern Wairarapa ◯
Carterton ◯
Masterton ◯
Porirua ◯
Kāpiti Coast ◯

Section 2 – Your feedback on our proposed Revenue and Financing Policy

Do you want to speak to your submission at a council hearing? (please tick)

Yes ○ No ○

Which is your preferred package of options for the funding of flood protection and public transport?		Option 1 ○ Option 2 ○ Option 3 ○
Flood protection	What option do you prefer for the funding of flood protection work? Option 1 - The proposed option of a change to 70% catchment funding and 30% regional funding **OR** Option 2 - No change from the current policy	○ ○
	Additional comments:	
Public transport	Do you support the proposal to rate for public transport as one network across the region?	Yes ○ No ○
	Do you support the proposed differentials for public transport rates?	Yes ○ No ○
	Additional comments:	
Transition period	Do you support the proposed three-year transition period?	Yes ○ No ○

Are there any other comments you wish to make about our proposed Revenue and Financing Policy?

Appendix 1 Proposed Revenue and Financing policy

Have your say on Greater Wellington Regional Council's Revenue and Financing Policy

Have your say on Greater Wellington Regional Council's Revenue and Financing Policy

Greater Wellington Regional Council (Greater Wellington) propose changing the way the way we use rates to fund public transport and flood protection.

What is the Revenue and Financing Policy?

The policy sets out how we fund all our activities, including the different methods of funding we'll use, such as general rates, targeted rates, and fees and charges.

The policy isn't about how much we intend to spend, but how we intend to spread the costs of services across the region and among different groups of ratepayers. The policy is reviewed every three years, generally at the same time as the 10 Year Plan.

Why the proposed change?

With changes to public transport across the region, and Greater Wellington introducing a new Public Transport Operating Model, Greater Wellington needs to change how we fund public transport.

We've used this opportunity to analyse how we fund all of Greater Wellington's activities – the most comprehensive review we've undertaken on this policy in 20 years.

How we use rates to fund two of the largest areas of work for Greater Wellington (public transport and flood protection) could be more equitable across the region.

Whilst how we fund public transport must change, we're proposing a similar approach to how we fund flood protection work.

What's proposed for public transport?

Greater Wellington operate the Metlink network (buses, ferries and trains) and are making wide-spread improvements to the region's public transport system.

We're proposing to spread public transport rates more evenly across the region. Everyone will pay the same basic public transport rate, then a weighting – called a rating differential – will be used to reflect the benefits each group of ratepayers gets from the public transport network.

The differentials:

1	Residential, excluding Wairarapa
0.5	Wairarapa residential
8	Wellington CBD businesses
1.5	Business, excluding Wairarapa
1.0	Wairarapa businesses
0.25	Rural

Under the proposed policy most residential ratepayers would pay the same rate for public transport. So an owners of a residential property in Wellington City would contribute the same amount toward public transport that owners of a residential property of the same value in Upper Hutt or Porirua would. As the public transport network is less comprehensive in the Wairarapa, residential ratepayers in this area will pay a lower rate.

The proposed changes to public transport will mean residents in the Hutt Valley, South Wairarapa and Porirua pay a bit less toward public transport than they do now, whilst residents in Wellington city, Kāpiti and Masterton pay a bit more toward public transport, there is very little change for residents of Carterton.

What's proposed for flood protection?

Greater Wellington invests a large amount in flood protection throughout the region. Our programme includes stop-banks on our main rivers, and barrage gates at Lake Wairarapa. We estimate flood protection work will cost over $200 million in the next ten years. Approximately 90 per cent of our flood protection work takes place in three areas – the Hutt Valley, Wairarapa and Kāpiti.

Flood protection spending compared to flood protection funding 2018/19

	Spending		Funding		
	2018/19 Flood protection expenditure, estimated		2018/19 Status quo policy Share of rate funding from this area	2018/19 Share of rate funding from this area - Proposed policy, but NO transition	2018/19 Share of rate funding from this area – Proposed policy, Year 1 of 3-year transition
	$	%	%	%	%
Wellington	109,667	1%	32%	15%	24%
Hutt	9,856,749	50%	35%	40%	35%
Upper Hutt	1,750,843	9%	8%	8%	8%
Porirua	97,409	0%	5%	3%	4%
Kāpiti Coast	3,087,548	16%	14%	14%	13%
Masterton	1,216,067	6%	3%	6%	4%
Carterton	696,429	4%	1%	3%	2%
South Wairarapa	2,819,254	14%	2%	10%	9%
Tararua	0	0%	0%	0%	0%

Greater Wellington propose to change the way we fund flood protection through rates to reflect the benefits each group of ratepayers get from this work. Our preferred option is that 70% of the costs of flood protection work is funded by a targeted rate on properties in the area where work is taking place. The remaining 30% will be funded by a targeted rate on all properties in the region. We all benefit from flood protection work, but the properties in the areas affected benefit the most.

Current drainage schemes in some areas will remain unchanged, but river and catchment scheme rates in some parts of Wairarapa will be renamed to avoid confusion.

This proposed approach is more in line with the way other regional councils in New Zealand fund flood protection work. This approach would see residents in Kāpiti, Wairarapa and the Hutt Valley pay more for flood protection, whilst residents of Wellington city and Porirua would pay less.

The other option is that Greater Wellington continue to fund flood protection as it has until now – with around 50-60% of the funding from general rates, and around 40-50% from a targeted rate on properties in the area where the work takes place.

What is the impact on my area of both these changes?

Our proposed approach to both flood protection and public transport would mean rates reduce in some areas and increase in others. To find out more about the rates changes proposed in your area, see page 18 of *Investing in our extraordinary region: Consultation document for the Greater Wellington Regional Council Long Term Plan 2018-2028.*

When is this change proposed to take place?

The impact of the proposed changes varies according to area, so the policy recommends phasing changes in over three years from 1 July 2018. The new rating system would be fully implemented from 1 July 2021.

Options for feedback

We've put the options into packages for you to give us feedback on.

Option 1 Preferred	*New targeted rates* • 70% rate funding from catchment based on calculated on ECV and location. Funding indication includes Flood protection – property rates where applicable • 30% rate funding from region	*Change the overarching funding policy to* • 35-50% user charges • maximum subsidies we can achieve, expecting 25- 35% average • Balance from targeted rate, expecting 25-35% average *Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV* 1 Residential, excluding Wairarapa 0.5 Wairarapa residential 8 Wellington CBD businesses 1.5 Business, excluding Wairarapa 1 Wairarapa businesses 0.25 Rural
Option 2	Status quo rate funding for flood protection • 100% general rate for this activity: *Understanding Flood Risk* • 50% general rate and 50% targeted rates for these activities*: Maintaining flood protection and control works;* and *Improving flood security.*	*Change the overarching funding policy to* • 35-50% user charges • maximum subsidies we can achieve, expecting 25- 35% average • Balance from targeted rate, expecting 25-35% average *Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV* 1 Residential, excluding Wairarapa 0.5 Wairarapa residential 8 Wellington CBD businesses 1.5 Business, excluding Wairarapa 1 Wairarapa businesses 0.25 Rural
Option 3	Implement the proposed policy, with changes that retain the overall intent of the policy, but with adaptions in light of submissions. The changes that Council might make will depend on the submissions they receive, and the overall impact of any rates allocation on the community. As an indication, these changes might be along the lines of: +/- 20% for Flood protection funding for any targeted rate +/- 20% of the value of one or more differentials Increase or decrease the transition period or some combination of changes to funding for both public transport and flood protection.	

Need more information?

For more information on this policy and the impacts, please review the Statement of Proposal for the Revenue and Financing Policy. This can be found at www.whatmatters.co.nz.

HOW TO HAVE YOUR SAY

We would like to hear your feedback on the proposed Revenue and Financing Policy. You can provide your feedback through any of the ways outlined below.

To ensure your voice is counted we need have your feedback returned no later than **Sunday 29 April 2018.**

HAVE YOUR SAY ONLINE

Visit www.WhatMatters.co.nz to send an online submission

HAVE YOUR SAY IN WRITING

Use the submission form including on the final page of this document, or write us a letter and send it to:

Revenue and Financing Policy Submission
Freepost 3156
Greater Wellington Regional Council
PO Box 11646
Manners Street
Wellington 6142

SPEAK TO SOMEBODY ABOUT OUR PLANS

During the consultation period of 26 March to 29 April Greater Wellington will be holding public meetings and we'll be available to talk at various events across the region.

For a full list of these events please visit our website www.WhatMatters.co.nz.

SPEAKING AT A HEARING

If you make a submission about the issues this document, or another issue, you have the option to speak at a Council hearing. Please let us know in your submission if you would like to attend a hearing and speak to your submission, and which issue/s you would like to speak to. If you indicate in your submission that you wish to attend a hearing we will contact you with details and dates for the hearings process.

WANT MORE INFORMATION

If you would like more detail, including the full Statement of Proposal and draft policy visit www.WhatMatters.co.nz

OUR OFFICES

Wellington

Shed 39
2 Fryatt Quay,
Harbour Quays
Wellington

04-384-5708

Wellington

Level Two
15 Walter Street
Te Aro
Wellington

04-384-5708

Masterton

34 Chapel Street Masterton

06-378-2484

SUBMISSION FORM

Consultation Dates: Monday 26 March 2018 – Sunday 29 April 2018

NAME/ORGANSIATION

STREET NUMBER STREET NAME

SUBURB/TOWN
POSTCODE

PHONE

EMAIL ADDRESS

Submissions may be made publicly available under the Local Government Official Information and Meetings Act 1987. If you are making this submission as an individual and do not want your contact details publicly available please let us know in your submission. We will then consider removing your contact details.

Section 1 – General Profile Questions

To help us understand more about you, can you please complete the following questions.

Please indicate how often you have participated in a Greater Wellington consultation process? (please tick)

This is my first time ○ 1-5 ○ 5+ ○

Please indicate your age? (please tick)

Under 18 ○ 18-24 ○ 25-34 ○ 35-44 ○ 45-54 ○ 55-65 ○
65+ ○

What city or district council (area) do you live in? (please tick)

Wellington ○
Lower Hutt ○
Upper Hutt ○
Southern Wairarapa ○
Carterton ○
Masterton ○
Porirua ○
Kapiti Coast ○

Section 2 – Your feedback on our proposed Revenue and Financing Policy

Do you want to speak to your submission at a council hearing? (please tick)

Yes ◯ No ◯

Which is your preferred package of options for the funding of flood protection and public transport?		Option 1 ◯ Option 2 ◯ Option 3 ◯
Flood protection	What option do you prefer for the funding of flood protection work? The proposed option of a change to 70% catchment funding and 30% regional funding OR No change from the current policy	◯ ◯
	Additional comments:	
Public transport	Do you support the proposal to rate for public transport as one network across the region?	Yes ◯ No ◯
	Do you support the proposed differentials for public transport rates?	Yes ◯ No ◯
	Additional comments:	
Transition period	Do you support the proposed three-year transition period?	Yes ◯ No ◯

Are there any other comments you wish to make about our proposed Revenue and Financing Policy?

Report	**18.23**
Date	6 March 2018
File	LGAP-7-569
Committee	**Council**
Author	**Nicola Shorten – Manager, Strategic & Corporate Planning**

Adoption of the consultation document and supporting information for the Long-Term Plan 2018-28 for consultation purposes

1. Purpose

For Council to adopt the consultation document and supporting information for Greater Wellington Regional Council's Long-Term Plan 2018-28 (10 Year Plan), to be released for consultation purposes, and to establish a hearing committee to consider submissions.

2. Background

The Local Government Act 2002 (the Act) requires the Council to develop a 10 year plan every three years. This incorporates the annual plan for the first year.

The purpose of a 10 year plan, as defined by section 93(6) of the Act is to:

a) *describe the activities of the local authority; and*

b) *describe the community outcomes of the local authority's district or region; and*

c) *provide integrated decision-making and co-ordination of the resources of the local authority; and*

d) *provide a long-term focus for the decisions and activities of the local authority; and*

e) *provide a basis for accountability of the local authority to the community.*

The Consultation Document (CD) is the main platform for communication and consultation with the community. Section 93B of the Act provides that the purpose of the CD is to provide an effective basis for public participation by:

- providing a fair representation of the matters that are proposed for inclusion in the 10 Year Plan, and presenting these in a way that can be readily understood and explains the overall objectives of the proposals, and how rates, debt, and levels of service might be affected;

- identifying and explaining significant and other important issues and choice facing the Council, and the consequences of those choices; and

- informing discussions between the Council and its communities about these matters.

Section 93G of the Act requires the Council, before adopting the CD, to prepare and adopt supporting information that is relied on by the content of the CD, is necessary to enable the Auditor-General to review the CD, and provides the basis for the preparation of the long-term plan. There are a range of documents, including the Financial Strategy and Infrastructure Strategy, that collectively are known as the Supporting Information (SI).

The 10 Year Plan has been in development over the last 15 months and Councillors have been through an extensive process which has reviewed: community outcomes; the vision; priorities; assumptions; groups of activities; activities; emerging issues and budget options; the infrastructure strategy; financial strategy; and communication and engagement planning.

A review of the previous 10 Year Plan (from 2015) outlined four broad opportunities for future focus. They are:

- greater articulation of GWRC strategic direction

- increased stakeholder engagement

- better online consultation tools

- review of the revenue and financing policy.

These areas have been addressed as far as possible, alongside other improvements including:

- inclusion of all GWRC asset groups into the Infrastructure Strategy

- improved cross-organisational working

- greater focus on outcomes rather than functional activities

- improved project management reporting

- consideration of the impact of wider worldwide trends including technology

- comprehensive review of all existing and proposed activities.

3. Other policies

There are a number of related and inter-dependant policies that relate to the long-term plan that need to be considered and adopted. These policies include:

- The significance and engagement policy. An amended significance and engagement policy was adopted by Council on 31 October 2017 (Report 17.419).
- Revenue and Financing Policy (Report 18.24)
- Rates remission and postponement policies (Report 18.77)
- Treasury Risk Management Policy, including liability management and investment policies (Report 18.78).

The Council is obliged to consult on its proposed changes to the Revenue and Financing Policy, and the rates remission and postponement policies. No consultation is required when amending the Treasury Risk Management Policy.

These policies will typically form part of the SI. Some of them will also go on to form part of the final 10 Year Plan.[1]

4. Supporting Information

The SI (**Attachment 1**) comprises a number of documents, most of which eventually go on to form the final 10 Year Plan. The SI provides the building blocks and base information underlying the CD narrative, and is audited alongside the CD. It provides more detailed reference information for the community. SI chapters are based on Schedule 10 requirements in the LGA. The supporting information must be adopted in advance of adopting the CD.

Financial Strategy

The purpose of the Financial Strategy is to facilitate prudent financial management by providing a guide to consider proposals for funding and expenditure against, and to provide a context for consultation on proposals for funding and expenditure by making transparent the overall effects on services, rates, debt, and investments.

The limit proposed on rates increases is the change in total rates revenue from one year to the next. Council's planned limit on rate increases is 8% for years 2018-2023 and then 5% for the later years.

Infrastructure Strategy

The infrastructure strategy outlines the strategic approach to managing GWRC assets over a 30 year time period. This includes all six asset activity groups

[1] The Revenue and Financing Policy must be included in the long-term plan in its entirety, and a summary of the Significance and Engagement Policy must also be included (see clauses 10 and 11, Schedule 10, of the Act).

into the infrastructure strategy[2] - water supply; parks; public transport; harbours; flood protection and environmental science.

5. Consultation Document: "Investing in our extraordinary region"

The consultation document for the GWRC 10 Year Plan 2018-28 is attached as **Attachment 2**. The intent is that the CD be an accessible and easy to read document that focuses on the key choices to be considered by the community. As such it does not outline all the work proposed by GWRC over the next 10 years – further detailed information on proposed activities and projects is contained in the SI.

The CD outlines four priorities over the next 10 years for the region:

- Freshwater quality and biodiversity
- Water supply
- Regional resilience
- Public transport.

The CD outlines how GWRC proposes to address each of these priorities. It outlines our key programmes and where changes are proposed. It identifies the specific choices that we want to seek feedback on, including the implications on levels of service of options and the costs to the community. This is a statutory requirement. It also identifies future decisions that we will come back to the community on at a later date.

A feedback form provides for the community to provide their views on the key choices outlined in the CD.

6. Revenue and Financing Policy

Changes are also proposed to the Revenue and Financing Policy (Report 18.24). These will be the subject of concurrent consultation with the CD. The changes are clearly referenced in the CD along with details of the consultation process. These consultation processes are related as the allocation of rates within the region clearly has an impact on fairness and affordability. It should be noted that the information on the allocation of rates in the CD has been prepared on the basis of the proposed changes to the Revenue and Financing Policy.

[2] GWRC is only legally required to include flood protection and water supply asset activity groups in the infrastructure strategy. We have included all our assets for consistency and good management.

7. Engagement

Early engagement

During development of the long-term plan a number of engagement discussions were had with key stakeholders, iwi and the community, including:

- GWRC initiating discussions between the GWRC Chair and Deputy Chair with Wellington Region territorial authority representatives. Based on emerging priorities and key issues in the region.
- Development of the 'What Matters' website with video footage based on GWRC priorities to initiate early discussion on the long-term plan with the wider community. Including social media campaign.
- Workshops with Young Enterprise students from Aotea College, Wellington College and Wellington East Girls' College. Based on emerging priorities and key issues in the region.
- Meetings with Ara Tahi and iwi representatives.
- Citizens panel survey on priorities.

Proposed engagement process

An extensive consultation and engagement programme is proposed. The specific engagement opportunities are outlined in the table below:

Element	**What's proposed**	**Date**
Advertising: Print Outdoor Radio Owned channels	Advertising up weighted for first two weeks of consultation, and a burst in the final week to remind community of deadline. **Radio** – interviews to air (60 second slots) in first fortnight. Primarily on stations that skew to an older demographic which may have a lower uptake on social media. **Outdoor** – Using AdShel network (bus stops and high pedestrian areas), primarily in Wellington, Hutt and Porirua, where possible in close proximity to transport hubs and high pedestrian traffic areas. **Print** – primarily through suburban newspapers in Hutt, Wairarapa, Porirua and Kapiti, two half-page adverts (one in first week and one in final week), print advertising to also allude to meetings and events. Approximately eight publications to target	Primarily Monday 26 March – April 8 and April 23 – April 29

	Owned channels – approximately 250 posters on Metlink train network, including bespoke advertising for the Wairarapa line in lieu of consultation questions that pertain to this service.	
Social media: Facebook (primary channel), Neighbourly (secondary channel)	Regular weekly postings about LTP consultation, informing community of key issues and how they can have their say. Messages targeted by area, especially through neighbourly.co.nz. We will upweight advertising through social media in the Wairarapa. Video content to be used through social media	Weekly, from one week prior to consultation opening
Website	Primary call to action will be whatmatters.co.nz / haveyoursay.gw.govt.nz. GWRC's consultation website. The main GWRC website gw.govt.nz will feature predominant links to this site throughout the consultation period. Social media and video content will also direct people to the whatmatters website	Ongoing
Events	GWRC proposes attending a range of community events throughout the region. Events have been scheduled, and we are currently working with territorial authorities to work in with their planned engagement, to ensure messages provided to the community are aligned. GWRC also has a series of summer events that may be able to be used for pre-consultation the week prior to consultation opening.	Throughout the consultation period
Meetings and drop-in sessions	A range of meetings and drop-in sessions in accessible locations throughout the region; these will be promoted through print advertising, our websites and through social media. Opportunities will be taken to align with territorial authority meetings where possible	First 4 weeks of the consultation period

Submissions and Hearings		Hearing schedule for 22 to 24 May.

The Council is obliged to use the special consultative procedure under section 83 of the LGA when consulting on the 10 Year Plan.

Note that section 83(1)(d) of the LGA allows people to be able to present their submission to the Council verbally (or through sign language). To enable this to occur it is recommended that specified officers be delegated the authority to hear and transcribe these verbal submissions if requested.

8. Establishment of a hearing committee

It is proposed to establish a hearing committee to consider submissions and public feedback on the CD and to recommend any changes to Council. We propose that this same committee also hear submissions on the proposed revenue and financing policy changes and any submissions on the rates remission and postponement policy changes.

The proposed dates for the hearings are 22 to 24 May. It is proposed that the Council's Deputy Chair, Cr Barbara Donaldson, be appointed chair of the hearing committee and that all councillors be appointed members.

It is consistent with best practice that members hearing submissions should be present for the duration of the hearing and consideration of the submissions. The only constraint, therefore, is the availability to sit through the anticipated three days of hearings and be available for deliberations.

The recommended Terms of Reference for the 10 Year Plan 2018-2028 Hearing Committee is attached as **Attachment 3**.

9. Proposed rates and water levy increases for 2018/19

Rates income for 2018/19 is proposed to increase by 6.7%. This equates to an overall average increase in residential rates across our region in the 2018/19 year of $31.43, or $2.62 per month.

It is proposed to increase the water levy by 7.1% in 2018/19. This water levy is charged to the four cities of Wellington, Lower Hutt, Upper Hutt and Porirua.

10. Audit opinion

Audit NZ has audited the CD: "Investing in our extraordinary region" and supporting information for the 10 Year Plan 2018-2028. Their opinion will be tabled at the meeting.

11. Consideration of climate change

The matters requiring decision in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide. Climate change and the implications of climate change have been a major consideration in the assumptions and development of the 10

Year Plan. It is expected that individual activities proposed and funded in the Plan will have an impact on climate change – this will be outlined in future decisions at an activity level.

12. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions. The consultation process is explicitly prescribed for by section 93A of the Local Government Act 2002, which requires the use of the special consultative procedure.

12.1 Significance of the decision

The subject matter of this report is part of a decision-making process that will lead to the Council making a decision of high significance within the meaning of the Local Government Act 2002, being the adoption of the 10 Year Plan.

13. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Agrees** that the matters in the report will lead to the Council making a decision with a high degree of significance.*
4. ***Approves** the proposed rates and levies for the 2018/19 year and for the subsequent years through to 2027/28, as set out in section 9 of this report, for the purpose of including this information in the Consultation Document and Supporting Information for the 10 Year Plan 2018-2028.*
5. ***Approves** the Financial Strategy and Infrastructure Strategy, as set out in section 4 of this report, for the purpose of including this information in the Consultation Document and Supporting Information for the 10 Year Plan 2018-2028.*
6. ***Adopts** the Supporting Information for the 10 Year Plan 2018-2028 contained in Attachment 1 for the purposes of consultation in accordance with section 93G of the Local Government Act 2002.*
7. ***Adopts** the Consultation Document: Investing in Our Extraordinary Region, as contained in Attachment 2, for the purposes of consultation in accordance with sections 83(1)(a)(i) and 93A of the Local Government Act 2002.*

8. ***Endorses*** *a submission period from 26 March to 29 April 2018 and the proposed public engagement activities for the Consultation Document: "Investing In Our Extraordinary Region".*

9. ***Authorises*** *the Council Chair to make editorial changes to the Consultation Document: "Investing In Our Extraordinary Region" and accompanying documents prior to publication to correct errors and improve public understanding.*

10. ***Delegates*** *to the following officers the authority to hear and transcribe verbal submissions on the 10 Year Plan 2018-28 and the proposed Revenue and Financing Policy and proposed rates remission and postponement policies: Nicola Shorten, Manager Strategic and Corporate Planning; Helen Guissane, Corporate Planner.*

11. ***Establishes*** *the 10 Year Plan 2018-2028 Hearing Committee to consider submissions and other feedback on the 10 Year Plan 2018-2028, including matters in the Consultation Document and the Supporting Information, and on the proposed Revenue and Financing Policy and the proposed rates remission and postponement policies and to recommend any amendments to the Council.*

12. ***Appoints*** *all Councillors as members of the 10 Year Plan 2018-2028 Hearing Committee, and* ***appoints*** *Cr Donaldson as Chair.*

13. ***Adopts*** *the terms of reference for the 10 Year Plan 2018-2028 Hearing Committee as set out in Attachment 3 of this report.*

Report prepared by:	Report approved by:	Report approved by
Nicola Shorten Manager – Strategy and Corporate Planning	**Luke Troy** Group Manager – Strategy	**Dave Humm** Chief Financial Officer

Attachment 1 – Supporting information
Attachment 2 – Consultation Document: Investing in our extraordinary region
Attachment 3 – Terms of reference for the 10 Year Plan 2018/28 Hearing Committee

Greater Wellington Regional Council
Te Pane Matua Taiao

Supporting information to

INVESTING IN OUR EXTRAORDINARY REGION

Greater Wellington's consultation document for the 10 Year Plan 2018-2028

SECTION 1 - Overview

He Whakarāpopototanga

Why does this document matter?

This document contains the supporting information to Investing in Our Extraordinary Region – a consultation document for the Greater Wellington Regional Council 10 Year Plan 2018-28.

The purpose of the 10 Year Plan is to describe the proposed activities of the Greater Wellington, provide a long term direction for decisions and set out our priorities, programmes and projects for the region over a 10 year period. 10 Year Plans are reviewed every three years.

This document contains important information including:

- Key issues for the region
- Proposed activities
- Funding
- Council Controlled Organisations

It also contains the 10 Year Financial Strategy and the 30 year Infrastructure Strategy, and the following policies of Greater Wellington:

- Significance and Engagement Policy
- Treasury Risk Management Policy
- Rates Remission and Postponement Policy
- Policy on Development Contributions or Financial Contributions.

How to provide feedback

The consultation document, *Investing in our Extraordinary Region*, is available in council offices, libraries and information centres across the Wellington region. This document outlines the important issues facing the Wellington region and Greater Wellington's proposals to address them. A hardcopy submission form is included in the consultation document. Alternatively an online submission form and details of consultation events are available on our website http://www.whatmatters.govt.nz. The consultation period is 26 March to 29 April.

What happens next?

You now have the opportunity to provide feedback on the options for our 10 year work programme that are set out in our Consultation Document. Hearings will be held from 22 to 24 May should you wish to present your submission in person to Greater Wellington. Greater Wellington will then consider your feedback, and prepare a final long term plan. This will be adopted by Greater Wellington before July 2018.

Our region

Our region covers 8,111km^2 of the lower North Island – the northern boundary goes from north of Ōtaki on the west coast across to north of Castlepoint on the east coast. We have a coastal marine area of 7,867km^2 with almost 500km of coastline.

And around 500,000 of us call our extraordinary region home.

We are an ethnically diverse region with a rich culture. Throughout our region we have many diverse communities. There are six iwi are mana whenua in our region and are kaitiaki over the land, waterways, animals and birds in their respective rohe. We are all connected and we live, work and play in a variety of places within our region.

- The farms of Southern Wairarapa
- The market gardens of the Kāpiti Coast
- The vineyards of Martinborough and Gladstone
- Coastal communities such as Raumati Beach and Riversdale
- The lifestyle properties in our rural areas
- Suburban homes
- Small businesses
- Small villages and thriving towns, and
- Our busy, compact, capital city

Our role in the greater Wellington region

Greater Wellington is responsible for a wide range of activities that contribute to the overall wellbeing of the Wellington region.

We operate in the following key areas:

- Provision and management of regional infrastructure and services - flood protection assets that protect urban populations and productive rural land; a secure supply of safe, high-quality water; managing regional parks; managing harbour navigation and safety; managing and delivering Metlink public transport services to the regional population; as well as owning the train fleet and maintaining public transport assets including railway stations, bus and ferry shelters, signs, and Park n Ride facilities.
- Sustainable management of natural resources (land, air, biodiversity and water) and control of pests to protect the resources on which our primary sector, export economy and quality of life are based
- Strategic planning for the region – delivered through statutory instruments, such as the Regional Policy Statement, the Regional Land Transport Plan and the Regional Pest Management Strategy and also non-statutory instruments such as the Wellington Regional Strategy – the region's economic growth strategy

Greater Wellington is guided by legislation, including the Local Government Act 2002 (LGA) which directs local authorities to meet the current and future needs of communities for good-quality infrastructure, services and performance of regulatory functions, in a way that is most cost-effective for households and businesses. The LGA also requires local authorities to be accountable and to ensure that their decision-making processes are open to the influence and scrutiny of their communities.

For more detail on Greater Wellington's activities, see Section 2 of this document.

Partnering with mana whenua

There are six iwi who are mana whenua in our region and who are kaitiaki over the land, waterways, animals and birds in their respective rohe. Greater Wellington has established and maintains relationships with the six mana whenua whenua who are:

- Ngāti Kahungunu ki Wairarapa (represented by Ngāti Kahungunu ki Wairarapa Charitable Trust)
- Taranaki Whānui ki te Upoko o te Ika a Maui (represented by the Port Nicholson Settlement Block Trust)
- Ngāti Toa Rangatira (represented by Te Rūnanga a Toa Rangātira Inc)
- Te Ati Awa ki Whakarongotai (represented by Te Ātiawa ki Whakarongotai Charitable Trust)
- Ngāti Raukawa ki te Tonga (represented by Ngā Hapū ō Ōtaki)
- Rangitāne o Wairarapa (represented by Rangitāne o Wairarapa Inc)

Greater Wellington's relationship with mana whenua is guided by the Local Government Act 2002 and the Resource Management Act 1991. These Acts require Greater Wellington to recognise and provide for the relationship of Māori and their culture and traditions with their ancestral lands, water, sites, waahi tapu and other taonga and provide opportunities and resources that enable Māori to participate in decision making. The Resource Legislation Amendment Act 2017 provide for Te Mana Whakahono-a-Rohe (Iwi participation arrangements).

The relationships between mana whenua and Greater Wellington provide a way for us to engage directly on the issues that matter. Two key documents set out how we work together - a Memorandum of Partnership, signed in 2013, established a structural and operational relationship between Greater Wellington and mana whenua, and the Māori Partnership framework sets out how we will work together to achieve mutually beneficial outcomes.

We have a number of ways that we work with mana whenua community: Ara Tahi and Te Upoko Taiao - Natural Resources Plan Committee and we have direct relationships with each iwi.

Ara Tahi is a leadership forum of the six mana whenua partners and Greater Wellington. Ara Tahi was established as a collective mana whenua forum in 1993 initially as a Māori advisory group and more recently to focus on strategic matters of mutual concern.

Te Upoko Taiao - Natural Resources Plan Committee oversees Greater Wellington's regulatory responsibilities in relation to resource management, including the review and development of regional plans. It comprises six elected Greater Wellington Regional Councillors and six appointed members from the region's mana whenua.

Direct relationships with mana whenua – on individual issues or programmes of work specific to an iwi, we will work direct with them.

Opportunities and challenges ahead

Planning for the next 10 years requires us to look at the opportunities and challenges that the region will face and how any changes might affect the services we deliver and the ways we deliver them. We have reviewed our previous assumptions and considered the wide ranging impacts across all of our services.

Our assumptions, both non-financial and financial, are covered in detail in Section 5. The implications of these assumptions on our work are discussed within the context of our work programme within each Group of Activities and the Infrastructure Strategy.

We are planning for …		*How might this change the way we will do things?*
Changes in our population	The region's population is projected to increase from around 504,000 in 2017 to 538,000 by 2027 and 596,000 by 2047. This represents a compounded population growth of 0.06 percent The ageing of the baby boom generation and increased life expectancies means those aged 65+ will make up a larger proportion of the region's population	We may need to change the amount, type and location of services we deliver to respond to population growth across the region and in specific parts of the region. We need to think about when and how we deliver services to suit our changing population
Increased adverse events and impacts from climate change	The region will continue to be at risk from adverse events, including earth quakes. Events that are driven primarily by climatic factors such as floods, erosion, slips, pest incursions etc will increase. This will impact on the region's infrastructure, vulnerable communities (particularly those near the coast or on flood plains) and our ability to access services New Zealand will remain a signatory to international agreements designed to reduce emissions. Policy changes designed to achieve this end will affect the economy in the region	We will need more resilient assets that can withstand more adverse weather events. Adverse events may impact on the lifespan of our assets so we would need to plan for earlier renewal or replacement The location of fixed assets will need to be carefully considered. We may need to remove assets from some areas
The fast-pace of changes in technology	Technological innovation will increasingly impact the Wellington region as a whole both at an individual and organisational level. How we manage our services, infrastructure and communications with the community needs to keep up with technological changes and the way people use technology in their daily lives. There are projected changes to modes of transport, the ways in which we work and how we send and obtain information. All of these are unknown and mean that we need to plan to adapt to include new technology in our ways of working	Technological changes are likely to affect the way we deliver services. We will need to consider possible technology changes in order to future proof our services and assets. Rapid changes may mean that our existing technology becomes obsolete, reducing the life of our assets

We are planning for …		*How might this change the way we will do things?*
Economic growth	Economic projections suggest the Wellington region will maintain its importance for the national economy. The region's economy is expected to remain focussed on service provision, primarily from the Wellington Central Business District, with primary and manufacturing production representing less than 10% of the region's production. As a consequence employment numbers are expected to increase by 3-4,000 per year (1.2 percent). Tourism will also be a source of economic growth The combined impact of tourism and employment growth will increase demand in the region for transport services, use of parks and recreational activities, and for water management services. The Māori economy will play an increasing role in our region as the Treaty settlement process is completed	The combined impact of tourism and employment growth will increase regional demand for services provided by Greater Wellington including public transport, parks and recreational activities, and water supply
Pressures on land use and the environment	Increases in urban growth and intensification could lead to increased pressure on transport, water supply, Three Waters capacity building, biodiversity, regional infrastructure and freshwater. There will be pressure to ensure that biodiversity values are maintained, air and soil quality improves, rivers are swimmable and our water supply continues to comply with drinking water standards. Increases in urban growth and intensification could lead to increased pressure on transport, water supply, Three Waters capacity building, biodiversity, regional infrastructure and freshwater. There will be pressure to ensure that mana whenua values, and approaches to land use and management, influence the challenges presented by a communities desire for growth and intensification	Greater Wellington, along with other statutory bodies, will be responsible for managing the balance between development and environmental sustainability. There will be increasing pressure on, and scrutiny of our process and decisions
Governance	Any changes to key legislation will affect how and what we do. For the region, any law changes could affect the ways we utilise land, allocate water, manage key infrastructure. It could also affect the cost of providing services and the ways we engage with mana whenua	We need to be adaptable and able to respond to any changes in legislation that govern what we do or impact how we do it
Partnering	Maintaining and fostering key relationships to deliver collaborative solutions both in the region and nationally. We will continue to work with our mana whenua through Memoranda of Partnership or other mechanisms. As a regional council we will strengthen our relationships with district and city councils across the region and work collaboratively with them and central government. Volunteers who chose to give their time and skills will continue to play an important part in what we do.	We will need to focus on: • Early engagement • Meaningful consultation, • Working with communities on solutions
Social change	Our society is becoming more culturally and ethnically diverse. The ways that we work, play and travel are	We will need to tailor our engagement to communities

	changing. The way people want to interact with us and one another is likely to change, particularly with changes in technology and social media	more closely. We need to be in touch with trends in the use of social media

Our strategic direction

Our strategic direction is the approach we are taking to achieving our vision: *An extraordinary region- thriving, connected and resilient.*

Our work programme within each of the groups of activities has been aligned to our strategic direction and enables us to focus on the things that matter and place our resources where they will have the greatest impact.

Our Vision is ...

An extraordinary region – thriving, connected and resilient

Community Outcomes

Greater Wellington's community outcomes are the outcomes that we aim to achieve in meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Community outcomes reflect the ambitions of the people who choose to live in our region. We developed with you the following community outcomes for previous 10 Year Plans. We believe they are still as relevant now as they were then as important outcomes for our region.

Strong Economy – A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.

Connected Community – People are able to move around the region efficiently and communication networks are effective and accessible.

Resilient Community – A regional community that plans for the future, adapts to climate change, and is prepared for emergencies.

Healthy Environment – An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.

Engaged Community – People participate in shaping the region's future, take pride in the region, value the region's urban and rural landscapes, and enjoy the region's amenities.

Greater Wellington aims to improve the quality of life of residents through our groups of activities by contributing to the achievement of the following outcomes:

	Strong economy	**Connected community**	**Resilient community**	**Healthy environment**	**Engaged community**
	A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment	People are able to move around the region efficiently and communications networks are effective and accessible.	A regional community that plans for the future, adapts to climate change and is prepared for emergencies.	An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.	People participate in shaping the region's future, take pride in the region, value the region's urban and rural landscapes, and enjoy the region's amenities.
Greater Wellington Activity Groups					
Environment	●		●	●	●
Parks and Forests	●			●	●
Water Supply	●		●	●	
Flood protection	●		●	●	
Metlink Public Transport	●	●		●	
Regional Leadership	●	●	●	●	●

The ways that our activities contribute to each of the outcomes is detailed further in the activity group sections.

Measuring progress towards the Community Outcomes

Community outcome indicators provide a long-term picture of whether we are generally progressing in the right direction towards these outcomes.

The Wellington Region Genuine Progress Index (GPI) provides a useful way to measure the region's well-being, by counting beneficial activities as positive, harmful activities as negative, and provides a systematic way to integrate economic issues with environmental, social and cultural concerns. We have identified a number of individual indicators from the GPI as well as several combined indices that are closely aligned with Greater Wellington's community outcomes, and intend to use these where possible to show long-term progress in the right direction towards these outcomes.

Our key issues and priorities

Greater Wellington has identified four key priorities for the Wellington region over the next 10 years. Making a difference in these areas is a high priority for us as well as addressing any issues that might be preventing us from achieving our goals in these areas. The priorities and related issues are set out below.

Our priorities focus our activities on the things that matter and clearly align and contribute to the community outcomes

Freshwater quality and biodiversity

The quality of the freshwater in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant, bird and wildlife habitats.

The quality of our waterways has an impact on our health and wellbeing, but it's also fundamental for our tourism industry and our region's economic prosperity. It's no secret that the rivers, lakes and streams in our region are hugely important to the entire community - we recognise Te Mana o te Wai (the integrated and holistic well-being of a freshwater body) in the management of fresh water.

There is growing demand for water from our urban/suburban populations and farming sector. Population growth is also likely to increase the pressure on our region's indigenous biodiversity. Urban expansion, increased sedimentation and contamination of waterways as a result of the earthworks associated with new developments and ageing storm and wastewater infrastructure and the intensive management of rural land can impact on the health of aquatic ecosystems as well as increase the fragmentation of remaining habitats, reducing their viability and ability to support indigenous biodiversity. Better understanding these potential impacts and efficiently managing water use to more sustainable levels are key concerns for Greater Wellington.

We work closely with the Ministry for the Environment who set a framework for freshwater management through the National Policy Statement for Freshwater Management. We also work closely with mana whenua iwi and our communities through whaitua committees (catchment based collaborative committees) to establish limits for water management. We are better able to protect our natural resources through partnerships and collaborative management - developing new ways of working in our shared backyard.

We recognise the importance of our special areas - our forests, lakes, coastal areas, wetlands and harbours - and ensure we have policies to manage any threats to their ecological health. Our aim is to eradicate pests in our region so our native plants, animals and fish can thrive. In order for us to ensure the habitats for our native and introduced species are sustainable we are adapting our approach to the services we deliver and how we work with the community. Everyone in the community has their own part to play in protecting our extraordinary natural assets and we will be placing more focus on education and community involvement as we look to the future.

Water Supply

The bulk water supply infrastructure consistently delivers high-quality drinking water to the four city councils (Porirua, Hutt City, Upper Hutt and Wellington).

Greater Wellington owns the bulk water infrastructure for the metropolitan parts of the region. Wellington Water manages the infrastructure and bulk drinking water supply activity for Greater Wellington.

We know that having safe drinking water is a critical factor both in our day to day lives but also in times of emergency. Across our region, we have relied on infrastructure that has been serving us for many years.

The key issues for our water supply over the next ten years are:

- **Ageing infrastructure:** The eleven aquifer wells at Waterloo and Gear Island are reaching the end of their economic lives. Investigations are in progress to ensure replacement occurs at the right time to maximise the economic life while maintaining the risk of failure within acceptable levels.
- **Resilience:** Building resilience into our water supply assets is vital as water supply is an essential service. We are working with other councils, Wellington Water and the community, to ensure that in the event of a major event people will have access to clean, drinkable water as quickly as possible.
- **Safety:** Following the Havelock North incident, routine monitoring detected E. coli and high levels of total coliforms in the untreated water extracted from the Waiwhetu aquifer. Treatment methods such as chlorination and UV light (for the treatment of protozoa) are now required to ensure customer safety going forward. Investment will be required over the next few years to complete UV disinfection to ensure coverage of all ground water supply.
- **Demand:** establishing an alternative water source to meet growing demand in our region.

Alongside the storage and delivery of the bulk water supply we also promote water conservation and sustainability. Future investments will focus on water safety, bulk water performance, regional resilience, and network performance and providing for growth and demand.

Regional Resilience

Our infrastructure is resilient to adverse events and supports our region's economic and social development.

Being prepared for the future is a theme running throughout everything we do at Greater Wellington. When we talk about a resilient region we mean building communities that are robust and equipped to withstand adverse events, including significant financial shocks, the effects of climate change, flooding, fires and the ongoing threat of earthquakes.

We are working with utility companies and the region's district and city councils to better understand the key linkages between our regional services, and support our communities to react and recover as quickly as possible from future events.

Floods are one of Wellington's most significant natural hazards and have the potential to cause both economic and social hardship - we have witnessed many recent examples of this. As global weather patterns change and become more unpredictable, we anticipate that flood events will increase in frequency and scale. We are working to ensure that our infrastructure is fit for purpose so that it will be effective in a significant flood event and to ensure that our communities are prepared. Historically we have taken a strong engineering focus in our flood protection work but we are shifting the way we work. Further details of this can be found under our Flood Protection activity group on page 68.

Public Transport

The Wellington region has a world-class integrated public transport network.

Public transport is a key issue for the region as we face ageing infrastructure, increased patronage on the network and changes in travel behaviour including access to different travel options.

Our Metlink public transport network connects our entire region - by providing public transport options with our train, bus and ferry services, we are able to connect our communities and offer a sustainable future for our residents and visitors.

Per capita we have the highest numbers of public transport users in the country. And as our population ages and more commuters choose sustainable transport options we anticipate the use of public transport will increase in the future.

The tracks, stations, bus stops, timetables, routes and customer information need to be able to meet the needs of our customers for today and tomorrow. We have a vision of moving to a smarter, cleaner region by encouraging more people to travel by bus, train and ferry services, especially during peak periods and work. The impact our network has on the environment is also a key consideration for us.

SECTION 2 - Activities of the Greater Wellington Regional Council

Ngā Mahi a Te Pane Matua Taiao

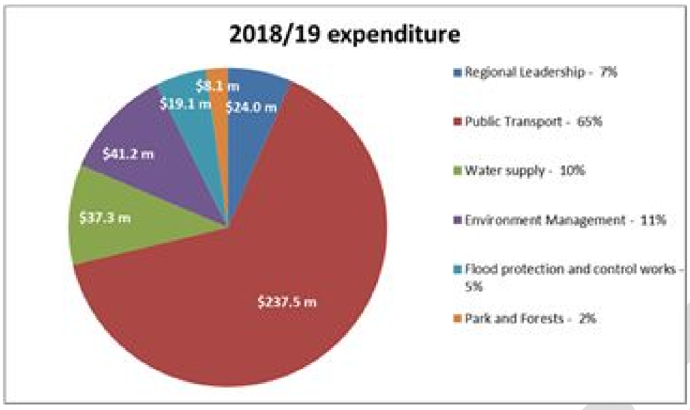
Groups of activities of Greater Wellington

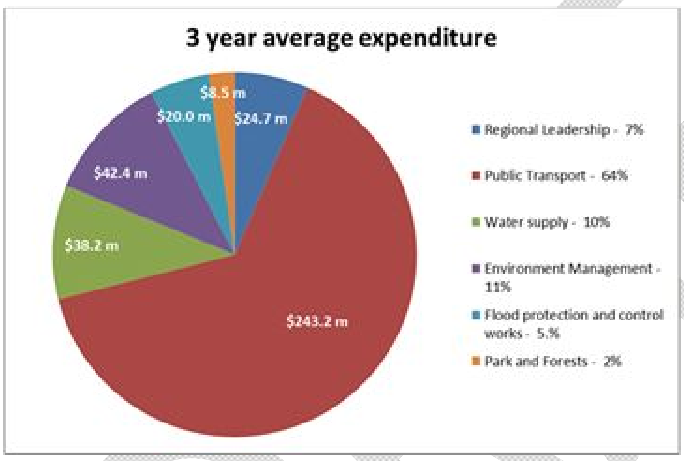
Environment - Te Taiao
Regional Parks and Forests - Nga Papa Whenua
Water supply - Ngā Puna Wai
Flood protection and control works - Te Tiaki me te Arahi Waipuke
Metlink Public transport - Ngā Waka Tūmatanui
Regional leadership - Ngā Kaihautū o te Rohe

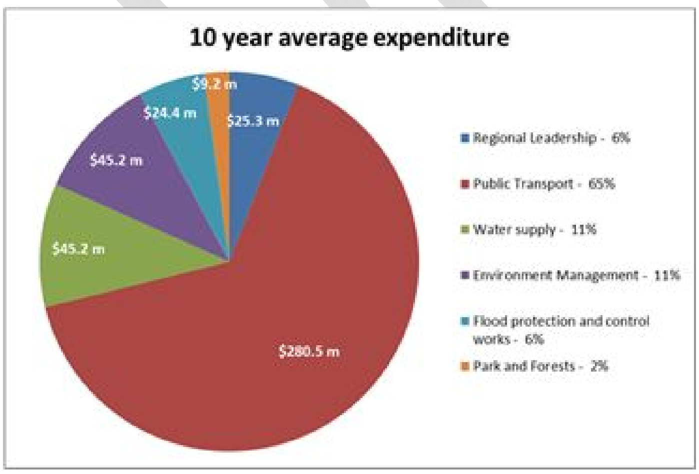
For each Group of Activities we outline:

- What we do, why (including our contributions to the community outcomes) and what we are planning for in the future
- Strategies and plans that guide our work
- Descriptions of our activities, any changes to what we will deliver, our key programmes and projects
- How we measure success
- How the activity is funded.

Percentage spend of activity groups







Environment – Te Taiao

This activity group contributes to:	
Community Outcomes	Healthy environment Resilient Community Strong economy Engaged community
Priority areas/issues	Freshwater quality and biodiversity

The Environment Group includes five activities:

- Resource management
- Land management
- Biodiversity management
- Pest management
- Harbour management

Environment total of Greater Wellington expenditure 11 percent

What we do

Greater Wellington is responsible for regulating the use of the region's natural resources. We do this through regional policies, plans and resource consents. We help the community to manage and restore ecosystems and manage land sustainably. We monitor and report on the state of the environment, manage environmental threats like pest plants and animals, and provide a 24-hour pollution response service. We also look after the region's harbours.

Greater Wellington is one of many entities who have a role in looking after our environment. We are a regulator and also a provider of services. We invest in environmental assets and services because they matter not only for the communities in our region but for all New Zealanders.

Our environment is important to us all. It is our home, our playground, the air we breathe, the water we drink. We all have a duty of care: to protect our waterways, soil, air, flora and fauna and to ensure that our children and grandchildren will be able to enjoy our environment in the same way that we do.

The work programme that is within our Environment activity group supports our priority area of f***reshwater quality and biodiversity***.

Contribution to Community outcomes

Our environment activities primarily contribute towards achieving the following Community Outcomes.

They contribute to a **healthy environment** by:

- Regulating and monitoring the use and development of the environment to ensure that our natural and physical resources are managed sustainably
- Working with the community on initiatives to protect and restore the environment such as pest management and ecological restoration
- Advising landowners and businesses on practices that reduce the environmental impact of their activities and improve the quality of water in our waterways

Our environment activities also contribute towards achieving a **resilient community** by:

- Adding to our understanding of the impacts of climate change
- Regulating and monitoring the use and development of the environment taking account of the impacts of climate change

Our environment activities also contribute towards achieving a **strong economy** by:

- Working with landowners to enhance the prosperity and security of the farming sector by developing plans to prevent soil erosion and managing pests that threaten farm productivity
- Supporting commercial shipping by monitoring commercial ships arriving and departing from Wellington and providing navigational aids in our harbours

Our environment activities also contribute towards achieving an **engaged community** by:

- Working with the community on initiatives to protect and restore the environment
- Supporting the recreational use of our region's waters by providing navigational aids and water safety education
- Initiating the Whaitua committee programmes – committees made up of local community members, iwi representatives, local council representatives and regional council representatives who have been tasked with recommending ways to maintain and improve the quality of our fresh water

Challenges we face

As outlined in Section 1, Greater Wellington has identified a number of assumptions that are likely to impact the region and how we plan our work. Outlined below is how those assumptions may impact this activity group.

Impact of population growth

Our population is projected to increase, and it will be characterised by an increase in people aged over 65 and a corresponding increase in life expectancy. This is likely to result in greater pressure on the ways we use our land, pressure for further development, loss of ecosystems and habitats, contamination of waterways and waterbodies and loss of biodiversity.

Adverse events/ Climate change

The impacts of climate change on indigenous biodiversity are largely unknown but it has a potential to change current pest composition of the region. The arrival of new pests to the region would require additional investment or re-prioritisation of existing biodiversity management funding.

Increasing temperatures may also affect the viability of native species. Sea level rise will also impact on a number of our region’s important coastal ecosystems as well as low lying estuaries and wetlands. It will put pressure on farm economic performance which could affect investment levels in the land management programmes.

Planning for the future

Our long-term approach is to use a combination of regulatory and non-regulatory mechanisms. Our rules will be based on best practice science, and we aim to be leaders in New Zealand in this field. We will also work with landowners, other key stakeholders and the wider community to improve outcomes. We recognise the need to manage catchments as a whole and that land use throughout a catchment affects the water quality within it.

A key opportunity for us is finding ways to work better with all of our communities. Greater Wellington, along with other local authorities across the country, has been moving to a more collaborative way of working with communities. This means moving away from a heavily compliance based approach to one that encourages and supports people and communities to make better environmental choices in partnership with us. We are working both with our mana whenua iwi and our communities, and have received good feedback about this approach.

Greater Wellington will continue to transform what we do and how we do it so that we can support our communities to make the changes that will benefit our natural environment:

- We will concentrate on supporting our communities as we all look after our environment. While we will continue to have a regulatory compliance and enforcement role, we believe that we can achieve the best environmental outcomes long term by working with people so that we understand their concerns and they understand what Greater Wellington is required to do.

- We will continue to look for opportunities to partner with other agencies that have resources and expertise so that we can collectively develop initiatives that will lead to positive environmental outcomes
- We need to consider how we can simplify our resource management planning processes so that they are easy for the community to engage with
- We will focus on making our science and monitoring more useful for communities, and involving communities, so that they can use the information gathered to create environmental change.
- We will continue to support the whaitua committee programmes – committees made up of local community members, mana whenua partner representatives, local council representatives and regional council representatives who have been tasked with recommending ways to maintain and improve the quality of our fresh water
- We have started to, and will continue to work alongside landowners so they will be ready to comply with new rules proposed under our proposed Natural Resources Plan when it comes into effect, for example riparian and wetland programmes
- We will recognise and provide for the role of mana whenua across our broad range of activities.

Strategies and plans that guide our work

Our work in the environment group of activities occurs within a national framework. National Policy Statements are set by central government, and our regional plans and policies must give effect to them. District Plans are intended to align with our Regional Policy Statement. We work to ensure that strategies and polices align nationally, regionally and locally so that what we are doing on the ground will achieve positive environmental outcomes. We will continue to have a role in advocating to central government on environmental issues from a regional perspective and ensure that we have robust and stable policy frameworks that are making a real difference to what is happening in our environment.

Our policies and plans that relate to this group of activities are:

- Wellington Regional Policy Statement – identifies regionally significant issues around the management of the region’s natural and physical resources. It sets out what needs to be achieved (objectives) and the way in which the objectives will be achieved (policies and methods)
- Regional Plans (Regional Coastal Plan, Regional Freshwater Plan, Regional Soil Plan, Regional Air Quality Management Plan, Regional Plan for Discharges to Land) – these plans identify issues, objectives, policies and methods (including rules) to promote sustainable management of the regions natural resources. They will be replaced by the Proposed Natural Resources Plan when it becomes operative
- Resource Management Charging Policy 2015- describes the charges that are payable to Greater Wellington for a range of resource consent services, including processing and monitoring resource consent applications
- Regional Pest Management Strategy 2002-22: developed under the Biosecurity Act 1993 and includes management programmes for pest plants and animals which have the potential to

impact on the region's economy, environment, human health, recreation or Māori culture and traditions

- Greater Wellington Biodiversity Strategy – provides guidance for policy and decision making, resource allocation and on the ground projects relating to biodiversity management in the region
- Wellington Region Navigation and Safety Bylaws 2009 – promotes the safe usage of the harbours and waters of the region.

Resource Management

Policy framework

Under the Resource Management Act 1991 (RMA), we must prepare a Regional Policy Statement (RPS) and a Regional Coastal Plan and may prepare other regional plans. The purpose of the RPS is to provide an overview of the resource management issues of the region and policies and methods to achieve integrated management of the natural and physical resources of the region. Regional plans help us carry out our functions to achieve the purpose of the RMA – to promote the sustainable management of natural and physical resources. They contain rules that permit and control resource use through the resource consent process. Greater Wellington's current RPS was made operative in 2013. Greater Wellington also has five regional plans – coastal, air quality management, discharges to land, soil and freshwater. A review of the regional plans has resulted in the proposed Natural Resources plan being developed. Hearings for this plan are currently underway and we expect the plan to become fully operative in the next three years. The plan is our key initiative for addressing our freshwater quality objectives.

In 2011 Central Government introduced the National Policy Statement for Freshwater Management. This requires regional councils to establish both quantity and quality limits for freshwater and to include these limits in regional plans. To achieve this Greater Wellington established the whaitua process, which directly involves mana whenua and local communities in the development of quantity and quality limits for freshwater resources within each of the five regional catchment areas, known as whaitua. This process started in 2014 and will be complete by 2025.

Resource consenting service

The RMA requires Greater Wellington to process all applications to use natural resources, e.g. abstracting water, discharging into water, discharging into air and certain types of land and coastal use. Consents must be obtained for resource use unless an activity is "permitted" by a regional plan or directly by the RMA. The RMA provides detailed procedures to be followed in processing resource consents. In recent years, Greater Wellington has typically processed 500-700 consent applications per year, and mana whenua are consulted on a significant number of these. Of these applications about 3% are processed as notified consents, where affected parties may make a submission and the decision goes through a formal hearing process.

Compliance and enforcement

Greater Wellington carries out compliance monitoring as an essential part of its consenting responsibilities. This varies according to the nature of the consented activity and ranges from a detailed compliance monitoring schedule to the consent holder undertaking self-monitoring and preparing a report for audit by the Council. Compliance reports provide consent holders feedback on their performance and give the community confidence that the consent holder's environmental performance is being monitored and recorded. Greater Wellington has carried out an average of 1,400 compliance inspections per year over the past eight years.

Pollution prevention and control

Greater Wellington operates a 24-hour pollution response service for both environmental and public health purposes. This includes investigation of all reported environmental pollution incidents and cleaning up whenever possible. Pollution incidents include contaminated waterways, dust, sediment and, most commonly, odour. We are also taking a more proactive approach to pollution prevention through the Take Charge programme (a pollution-prevention programme for businesses), industry engagement and education campaigns.

State of the environment monitoring

The RMA requires Greater Wellington to gather information necessary to carry out its regulatory functions, to monitor the state of the environment and measure the effectiveness of policy statements and plans and to make the information available to the public. We monitor rainfall, river flows, groundwater levels and quality, freshwater coastal water quality, air quality and soil quality. Our climate, flood and drought monitoring network provides critical information to help Greater Wellington develop better approaches to resource and emergency management in partnership with our stakeholders. Results of monitoring are published in technical reports, and annual data reports summarising state of the environment and when appropriate, trends. We also produce non-technical summaries of our data for the public and display real-time data on our website. The monitoring information ensures a sound understanding of the state of the environment and contributes to robust and defensible resource management planning. We also conduct targeted studies to investigate significant resource issues identified through our general monitoring programmes.

Changes to what we will deliver

We are proposing some minor changes to how we work with the community to achieve better outcomes. We will also be increasing the level of science monitoring and are planning to invest in additional equipment as outlined in our Infrastructure Strategy.

We are proposing to extend soil mapping in the remainder of the Ruamāhanga whaitua to support the implement of the proposed Natural Resources Plan. Soil Mapping is a key instrument in helping sediment management, nutrient management and riparian management.

We have established a citizen science programme to enable communities to participate in monitoring and implementation programmes with Greater Wellington to improve water quality.

We are implementing a Matauranga Māori / Kaitiaki monitoring framework. This will support the implementation of the National Policy Statement on Freshwater and Te Mana o Te Wai and the delivery of the Proposed Natural Resources Plan methods around cultural monitoring. We have been trialling a new Kaitiaki monitoring framework with one of our mana whenua partners and plan to expand this programme over the next 10 years.

Land Management

The land management activity seeks to manage the environmental impacts of the farming sector while ensuring the sector remains prosperous and secure. Inappropriate land management practices can directly affect soil erosion and soil health, water quality and the health of streams, rivers and the coast. Around one fifth of the land in the region is erosion-prone – meaning that the land is likely to erode more quickly unless good land management practices are used. Climate change predictions suggest rainstorms may become more frequent and intense, causing greater damage to erosion-prone land in the future. Loss of land through erosion not only threatens the long-term prosperity and security of the farming sector, but can also exacerbate flooding and reduce water quality and the health of streams and rivers.

Greater Wellington delivers a range of programmes to encourage good land management practices. Our approach places a strong emphasis on voluntary services, supported by financial incentives (such as contributing to the cost of planting) to further encourage behavioural change. We actively work on initiatives that will deliver land management outcomes at the catchment level. Our activities include:

- Farm Management Plans – implementation of long-term plans for farms with identified problems of soil erosion, including tree planting and other improvements
- Farm Environment Plans – preparation of plans for intensive farming operations within priority catchments throughout the region, identifying options to mitigate nutrient and sediment discharges from properties in accordance with an overall catchment plan
- Catchment Management Schemes – operation of six Catchment Management Schemes in liaison with their local Scheme Advisory Committees. These schemes protect local infrastructure from erosion and flooding problems affecting identified rural communities
- Soil Conservation Reserves – rehabilitation of severely eroded land and control of pest animals within Greater Wellington's four Soil Conservation Reserves
- Akura Conservation Centre – the supply of project materials, primarily poplars and willows and eco-sourced native plants, for Greater Wellington's land management programmes
- Riparian planting- providing assistance with riparian planting, nutrient and erosion and sediment control for 50 percent of properties in the Mangatarere River and Taratahi/Parkvale stream catchments by 2025 and Lake Wairarapa and Whareama River estuary catchments by 2023
- Providing assistance with erosion and sediment control for 50 percent of farms in the Taueru River, Kopuaranga River and Huangarua River catchments by 2025
- Advisory services – providing advice on land management to landowners and the community

These programmes and services support the achievement of several objectives of the Regional Policy Statement - soil erosion, natural hazards, water quality and healthy functioning ecosystems in rivers, lakes and wetlands. These programmes and services also fulfil our responsibility under the Soil Conservation and Rivers Control Act 1941 to promote soil conservation and prevent and mitigate soil erosion.

Under the projected climate change scenarios the region can expect more frequent and more intense rainfall events. Our land management activities are an important tool for reducing the impacts of climate change, particularly in reducing soil erosion.

Changes to what we will deliver

We have allowed for additional investment in the Riparian Programme in response to the proposed Natural Resources Plan implementation. In particular, assisting landowners with river and stream management for Category 1 and Category 2 sites listed in the proposed Natural Resources Plan, effective nutrient runoff management, and stock exclusion (all for the purpose of water quality maintenance and enhancement).

Pest Management

Our pest management activity aims to mitigate the impacts of pest animals and plants on the environment, economy, Māori and our communities, and make sure we are managing pests in the most effective way through a regionally coordinated response. Adverse impacts of pest plants and animals include: loss of native plants and animals, reduced productivity for farming and horticulture and public nuisance.

Greater Wellington takes a leadership role in this area. We are the regional pest management agency and prepare and implement the Regional Pest Management Strategy 2002-22 (RPMS) under the Biosecurity Act 1993.

Our pest management activity includes:

- **Regulation** – setting rules in the RPMS that help pest management action and prevent the propagation, sale and spread of pest species
- **Inspection and monitoring** – undertaking inspections to ensure rules are adhered to and monitoring the effect of our pest management programmes
- **Direct control** – undertaking pest control in special circumstances where there is direct regional benefit, such as pest organisms of limited distribution, of significance for human health or occurring at sites of high value
- **Advice and education** – raising public awareness of the negative effects of pest species, the benefits of pests management programmes and providing advice to the public on the most effective and sustainable pest control options
- **Providing support for community initiatives** – supporting public initiatives by providing information, control advice, staff time and some materials to undertake pest control
- **Biological control** – contributing to the National Biocontrol Collective research programmes and releasing and spreading biological control agents around the region. Biological control is most effective and often the only way to control widely spread pest plant species.

Under the RPMS we implement the Regional Possum and Predator Control Programme. This programme controls possums in the areas where the bovine tuberculosis was eradicated from the wild vectors (mostly possums) after a long sustained period of vector control under the National Pest Management Strategy for bovine tuberculosis (TB) by TBfree NZ.

Changes to what we will deliver

In 2016 Greater Wellington signed up to a partnership with Wellington City Council and the NEXT Foundation to progress the objective of making Wellington the first 'predator free (capital) city in the world'. As part of this initiative Greater Wellington is supporting a collaborative programme called Predator Free Wellington. This is a long term (10+ years) investment. A trial is underway to make the Miramar Peninsula predator free that will provide critical data to determine future costs and completion timeframes.

Harbour Management

Greater Wellington is responsible under the Maritime Transport Act 1984 for managing the region's harbours and coastal waters for navigation and safety purposes. We operate a 24/7 communication station at Beacon Hill in Wellington and provide and maintain navigational aids in our harbours. We also promote the safe use of harbours and coastal waters by educating recreational users and operating a harbour ranger service.

We undertake oil spill planning, training and response in conjunction with Maritime New Zealand, and planning and preparation both within Greater Wellington and by industry to prevent marine spill incidents. We also prepare and train to minimise environmental impacts when responding to incidents.

Changes to what we will deliver

There are no significant changes to current levels of service.

Biodiversity Management

The biodiversity management activity aims to maintain and, where possible, restore biodiversity. Biodiversity loss in the region, as in the rest of New Zealand, has been dramatic. Less than three percent of the region's original wetlands remain and more than 120 different types of plants and animals are threatened with extinction. Biodiversity supports the healthy functioning of ecosystems which in turn provide essential, life supporting services such as purifying air and water.

Our biodiversity management activity is guided by our Biodiversity Strategy 2016, which is directed by the priorities of the New Zealand Biodiversity Strategy and the policy direction of the Regional Policy Statement (RPS). Our programmes are focussed on advocating for good biodiversity management, managing 54 sites totalling 48,139 hectares with the highest biodiversity values outside the Crown estate and supporting landowners to protect wetlands and other sites of significance.

Our biodiversity management activity includes protecting the highest value biodiversity areas in the region by managing a range of threats to their ecological health. These areas can be on Greater Wellington, territorial authority or private land. We actively manage sites and we also work with others by promoting the importance of managing our indigenous sites and providing ecological advice and support. We also support the Enviroschools Foundation to deliver environmental sustainability education programmes to schools across the region.

Our key programmes include:

- The **Key Native Ecosystem (KNE) programme**. This programme aims to provide ongoing protection to maintain or restore the native plants and animals, as well as the ecological function by managing threats, like pest plants and animals. Programme activities can include improving fish passage, excluding grazing stock, ensuring legal protection, undertaking revegetation and controlling pest animals and environmental weeds. Sites with the highest biodiversity values have been selected for management and we now have 58 KNE sites in the programme.
- Through our **Collaborative Restoration** Programme we support multi-agency efforts to restore the biodiversity values of defined areas of the Wellington region. The overall objective of this is to restore important ecosystems by coordinating large restoration projects that involve multiple landowners, agencies, iwi and other significant stakeholders. We will work with Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa for the Wairarapa Moana and Te Rūnanga O Toa Rangatira Inc for Porirua Harbour. Financial support is also provided to smaller projects such as Pukaha/Mount Bruce.
- We provide advice and prepare **Wetland Management Plans** setting out actions over three to five years to protect and enhance our remaining wetlands. We know these are important areas for our biodiversity and want to work with landowners so that we may better protect these special areas. This may include providing support for rural landowners for fencing and planting.

Changes to what we will deliver

Biodiversity is a priority area for Greater Wellington and while no significant changes to levels of service are proposed the work programme in this activity area remains a key focus for us.

What we will deliver – Environment key projects and programmes

	Year 1	Year 2	Year 3	Year 4-10
Resource management				
Whaitua Committee programme	●	●	●	●
Proposed Natural Resources Plan- finalisation and implementation	●	●	●	●
Soil Mapping	●	●	●	●
Enabling catchment communities	●	●	●	●
Citizen science	●	●	●	●
Cultural monitoring framework	●	●	●	●
Provide funding and support for erosion prone land, focusing on Ruamāhunga Whaitua catchment	●	●	●	
Land management				
Expand our Farm Environment Plans in priority catchments	●	●	●	●
Farm Management Plans	●	●	●	●
Riparian programme	●	●	●	●
Catchment management schemes	●	●	●	●
Pest management				
Predator Free Wellington	●	●	●	●
Biodiversity management				
Key Native Ecosystem Programme	●	●	●	●
Wetland Management Plans	●	●	●	●
Collaborative restoration project (Wairarapa Moana and Te Awarua-o-Porirua Harbour)	●	●	●	●

Key assets

Our assets enable us to deliver our activities. The assets in this area are environmental monitoring and harbours management equipment. The Infrastructure Strategy contains more details on the assets relevant to this activity group.

[12]*How will we fund this activity?*

Resource Management

The full detail for funding this activity is outlined on page 18 of the proposed Revenue and Financing Policy 2018.

Resource management – policy and planning	*100 % general rate*
Environmental science – state of Environment monitoring	*100 percent general rate*
Resource Management – consents	*100 % consent applicants*
Resource management – compliance and enforcement	*100 % consent holders **
Resource management – pollution prevention and control	*100 % identified polluters **

* Up to *100 %* general rate funded for investigations where a liable party cannot be identified.

Land Management

The full detail for funding this activity is outlined on page 19 of the proposed Revenue and Financing Policy 2018.

Farm plans	*70% user charges, 30% percent general rate*
Farm environment plans	*50% user charges, 50% percent general rate*
Wellington Regional Erosion Control Initiative	*30% user charges, 50% Crown funded, 30% general rate*
Land management advice	*100 % general rate*
Land management, erosion and drainage schemes	*100 % to be met from targeted or scheme rates or a direct contribution from both the direct beneficiaries, and the beneficiaries in the economic catchment area*
Soil conservation reserves	*100 % user charges (cutting rights)*
Akura conservation centre	*100 % user charges*

Biodiversity Management

The full detail for funding this activity is outlined on page 20 of the proposed Revenue and Financing Policy 2018.

Key Native Ecosystems programme	*100 % general rate*
Biosecurity services for territorial authorities	*100 % user charges*

[1] Refer plans: http://www.gw.govt.nz/KNE/
[2] Refer operational plan: http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf

Biodiversity management – other activities	*100 % general rate*

Pest Management

The full detail for funding this activity is outlined on page 21 of the proposed Revenue and Financing Policy 2018.

Regional pest management plan	*100 % general rate*
Regional predator control programme	*40% targeted rate, 60% general rate*

Harbour Management.

The full detail for funding this activity is outlined on page 22 of the proposed Revenue and Financing Policy 2018.

Navigational aids and communications service	*60% user charges (commercial shipping) and 40% general rate*
Enforce maritime safety regulations	*100 % general rate*
Pollution clean-up – oil	*95% funded by Maritime NZ, 5% general rate*
Pollution clean-up – other	*100 % user charges – charge to polluters; 100% generate rate if polluters cannot be identified and charged*

For further information see our Revenue and Financing Policy 2018.

Measuring Performance

Resource management						
Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Customer satisfaction	Level of overall satisfaction with consent processing services[3]	>4 when measured on a scale of 1 to 5	>4	>4	>4	>4
Process resource consents in a timely manner	Percentage of non-notified resourced consents processed within statutory timeframes	*100%*	*100%*	*100%*	*100%*	*100%*
Monitor compliance with resource consents	Rates of compliance for high risk activities[4] where historical compliance rates are below 80%	High risk activities <80% • Water takes • Earthworks • Municipal wastewater, water supply, and water races	>80%	>80%	>80%	>80%
Effective response to environmental incidents	Rate of detection[5] and associated action taken on non-complying incidents[6]	Establish baseline (%)	Maintain or increase against previous year	Maintain or increase against previous year	Maintain or increase against previous year	Maintain or increase against previous year

[3] On a scale of 1 (very dissatisfied) to 5 (very satisfied)
[4] The activities defined as high risk are potentially subject to change if risk profile changes
[5] 'Detection' - a discharge or activity is attributed to a specific source (i.e. non-compliance by a specific person(s) is confirmed)
[6] This is only measured against those incidents in which environmental effects are rated minor or higher

Land management

Levels of Service	Performance Measures	Performance Targets				
		Baseline (2017)	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021-28
Implement farm plans to reduce nutrient and sediment discharges from erosion-prone land	Erosion-prone hill-country covered by an active farm plan	79%	80%	81%	82%	83%
Deliver planting programme on identified erosion-prone land	Erosion-prone hill country planted	446.1 hectares	500 hectares	550 hectares	550 hectares	550 hectares
Deliver farm environment plans to reduce nutrient and sediment loss	Contestable funding allocated to priority catchments	New measure	Achieved	Achieved	Achieved	Achieved
Provide high quality goods and services to landowners from the Akura nursery	Survival of poles planted under the Wellington Regional Erosion Control initiative (WRECI)	New measure	85%	85%	85%	85%

78910	Biodiversity management					
Levels of Service	Performance Measures	Performance Targets				
		Baseline (2017)	Year 2018/19	Year 2019/21	Year 2021/22	Year 2022-28
Plan and deliver a programme to maintain or improve the ecological condition of identified high biodiversity value sites[11]	Percentage of management actions[12] achieved to improve the habitat for native plants and animals	97.5%%	95%	95%	95%	95%

[7] Refer plans: http://www.gw.govt.nz/KNE/
[8] Refer operational plan: http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf
[9] Refer plans: http://www.gw.govt.nz/KNE/
[10] Refer operational plan: http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf
[11] High biodiversity value sites are those managed under the Key Native Ecosystem programme and within collaborative biodiversity projects carried out within Porirua Harbour and Wairarapa Moana catchments.
[12] Management actions can include improving legal protection, fencing and undertaking the control of pest plants and animals.

Pest management

Levels of Service	Performance Measures	Performance Targets				
		Baseline (2017)	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021-28
Provide possum control services in bovine TB free areas	Number of possums in the Regional Possum Predator Control Programme area	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)	Low (<5% Residual Trap Catch)
Provide pest species control services in selected areas of high natural value (KNE sites, TLA Reserves)	Deliver in accordance with KNE plans[13]	New measure	Achieved	Achieved	Achieved	Achieved
Provide pest species control services across the region	Deliver in accordance with the Regional Pest Management Plan[14]	New measure	Achieved	Achieved	Achieved	Achieved

[13] Refer plans: http://www.gw.govt.nz/KNE/
[14] Refer operational plan: http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf

Harbour management

Levels of Service	Performance Measures	Performance Targets				
		Baseline(2017)	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021-28
Manage the safety of marine activities in the region's waters	Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week	100%	100%	100%	100%	100%
	All navigation aids are working 24 hours a day, seven days a week	99.9%	100%	100%	100%	100%
	Operate in accordance with the current Port and Harbour Marine Safety Code	Compliant with standard	Compliant with standard	Compliant with standard	Compliant with standard	Compliant with standard
	Warnings and infringements issued	New measure	Increase	Decrease	Decrease	Decrease
	Meet obligations to Maritime NZ for oil spill response equipment maintenance and exercises	New measure	4 equipment checks 2 exercises	4 equipment checks 2 exercises	4 equipment checks 2 exercises	4 equipment checks 2 exercises

Potential negative effects of the activity

Potential negative effects of the activity	How we will address negative effects
Our environment activities require a balancing of cultural, economic and environmental wellbeing. The control of animal pests uses a range of methods and pesticides. The compound 1080, in particular, is of significant concern to some sectors of the community.	We follow best practice guidelines set out by the Environmental Protection Agency and Worksafe in all our pest control work. Relevant staff are licenced for the use of Vertebrate Toxic Agents (VTA).When herbicides are used, our staff are Growsafe qualified, or, RCA (registered chemical applicant) qualified, both of which are recognised national standards. We follow the NZS8409: 2004 Management of Agrichemicals, which is an approved code of practice. We use the least toxic chemical that will be effective in any given situation. If there are cost effective methods that do not involve herbicides, we use those where applicable.

*Financial **information***

ENVIRONMENT
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	29,539	30,752	32,065	33,232	33,969	34,432	35,194	35,950	36,644	37,162
Targeted rate	595	656	731	732	733	734	736	737	738	748
Subsidies and grants for operating purposes	340	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	6,368	6,634	6,770	6,941	5,861	5,966	6,071	6,186	6,301	6,427
Fines, infringement fees, and other receipts [1]	3,866	4,020	3,854	4,160	4,205	4,411	4,412	4,474	4,560	4,660
Total operating funding	**40,708**	**42,062**	**43,420**	**45,065**	**44,768**	**45,543**	**46,413**	**47,347**	**48,243**	**48,997**
Applications of operating funding										
Payments to staff and suppliers	32,747	33,371	33,953	34,984	34,272	34,989	35,494	36,152	36,891	37,669
Finance costs	282	366	436	485	495	501	497	481	459	453
Internal charges and overheads applied	7,198	7,485	7,882	8,179	8,451	8,450	8,630	8,835	8,981	9,118
Total applications of operating funding	**40,227**	**41,222**	**42,271**	**43,648**	**43,218**	**43,940**	**44,621**	**45,468**	**46,331**	**47,240**
Surplus/(deficit) of operating funding	**481**	**840**	**1,149**	**1,417**	**1,550**	**1,603**	**1,792**	**1,879**	**1,912**	**1,757**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	1,932	2,047	1,096	432	(45)	(180)	(14)	(283)	(445)	144
Gross proceeds from asset sales	125	117	67	131	133	103	116	130	121	141
Total sources of capital funding	**2,057**	**2,164**	**1,163**	**563**	**88**	**(77)**	**102**	**(153)**	**(324)**	**285**
Applications of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	75	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	2,791	2,922	2,168	1,829	1,485	1,363	1,726	1,548	1,334	1,881
Increase / (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in reserves	(253)	82	143	151	154	163	168	176	179	160
Total applications of capital funding	2,538	3,004	2,311	1,980	1,639	1,526	1,894	1,724	1,588	2,041
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-
Depreciation on Environment assets	947	1,165	1,292	1,399	1,358	1,415	1,539	1,599	1,636	1,701

[1] This includes revenue from the TB Free New Zealand, sales of trees and rental income
This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.
All figures on this page exclude GST

ENVIRONMENT
PROSPECTIVE FUNDING INFORMATION
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Resource management	21,839	22,310	23,226	24,271	23,638	23,928	24,524	24,985	25,472	25,805
Land management	5,370	5,927	6,040	6,057	6,112	6,250	6,368	6,495	6,620	6,769
Biodiversity management	4,786	4,872	4,886	5,137	5,201	5,338	5,396	5,520	5,598	5,711
Pest management	6,316	6,640	6,911	7,181	7,318	7,484	7,583	7,722	7,871	8,027
Harbour management	2,397	2,313	2,357	2,419	2,499	2,543	2,542	2,625	2,682	2,685
Total operating funding	**40,708**	**42,062**	**43,420**	**45,065**	**44,768**	**45,543**	**46,413**	**47,347**	**48,243**	**48,997**
Applications of operating funding										
Resource management	21,499	21,863	22,472	23,268	22,519	22,770	23,190	23,613	24,024	24,487
Land management	5,425	5,747	5,904	5,914	5,985	6,121	6,189	6,302	6,483	6,617
Biodiversity management	4,734	4,819	4,832	5,081	5,144	5,279	5,335	5,458	5,534	5,645
Pest management	6,374	6,552	6,758	7,024	7,158	7,319	7,415	7,552	7,697	7,850
Harbour management	2,195	2,241	2,305	2,361	2,412	2,451	2,492	2,543	2,593	2,641
Total applications of operating funding	**40,227**	**41,222**	**42,271**	**43,648**	**43,218**	**43,940**	**44,621**	**45,468**	**46,331**	**47,240**
Capital expenditure										
Environment projects	2,290	2,457	1,920	1,391	1,003	959	1,221	1,070	984	1,434
Capital project expenditure	**2,290**	**2,457**	**1,920**	**1,391**	**1,003**	**959**	**1,221**	**1,070**	**984**	**1,434**
Land and buildings	-	-	-	-	-	-	-	-	-	-
Plant and equipment	5	46	6	5	5	6	51	64	6	43
Vehicles	496	419	242	433	477	398	454	414	419	404
Total capital expenditure	**2,791**	**2,922**	**2,168**	**1,829**	**1,485**	**1,363**	**1,726**	**1,548**	**1,409**	**1,881**

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

Regional Parks and Forests - Te Taiao

This activity group contributes to:	
Community Outcomes	Engaged community Healthy environment Strong economy
Priority areas/issues	Water quality and biodiversity

Regional Parks and Forests total of Greater Wellington expenditure 2 percent

What we do

Greater Wellington manages a network of regional parks and forests for the community's use and enjoyment: five regional parks (Queen Elizabeth Park, Battle Hill Farm Forest Park, Belmont Regional Park, Kaitoke Regional Park and East Harbour Regional Park), and Whitireia Park (under the direction of the Whitireia Park Board) in accordance with the provisions of the Reserves Act 1977.

In addition, we manage the Wainuiomata Recreation Area, the Akatarawa and Pakuratahi forests and the Hutt, Orongorongo and Wainuiomata water collection areas under the provisions of the Local Government Act 2002, Wellington Regional Water Board Act 1972, and Wellington City and Suburban Water Supply Act 1972.

The network includes a range of unique natural areas for recreation and conservation and one of our roles is to provide visitor services to these areas, including the provision of a park ranger service to manage the day-to-day operation of each park. Park rangers help ensure security, provide public information, and educate visitors about the natural and cultural features of the parks.

We plan for the future of the network, and provide services and facilities for visitors (such as park rangers, tracks and buildings). We work with mana whenua to support their expression of kaitiakitanga and to tell their history of our parks and forests. We also work with community groups to protect the environment and enhance the recreational opportunities of regional parks.

The work programme that is within this activity group supports our priority area of ***freshwater quality and biodiversity***.

Contribution to Community outcomes

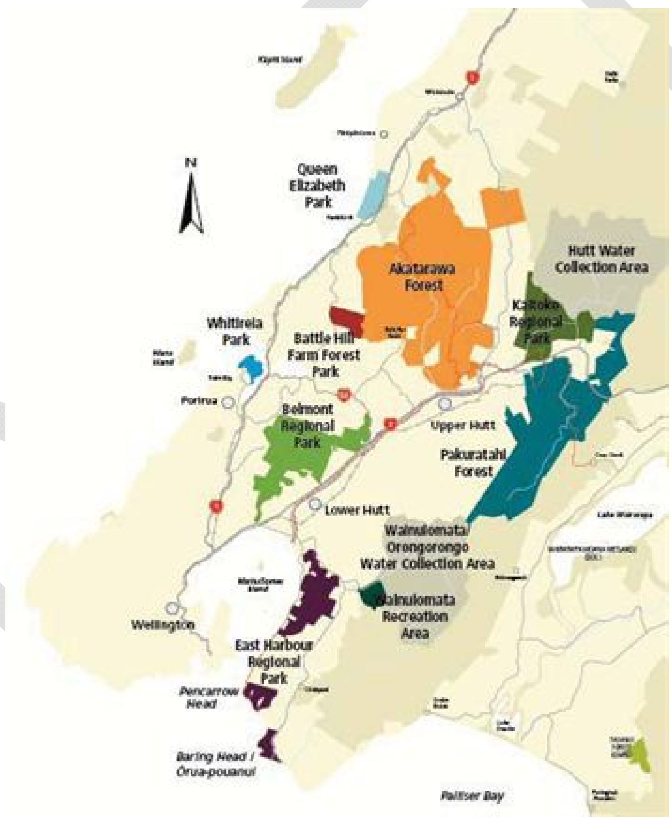
Our parks and forests activities contribute towards achieving an **engaged community** by:

- Providing a range of outdoor recreational opportunities and amenities for the community to enjoy
- Protecting part of the region's unique natural and cultural heritage
- Providing ways for our communities to engage with our parks, rivers and coastal heritage

Our parks and forests activities also contribute towards achieving a **healthy environment** by protecting and restoring the habitat of native plants and animals.

Our parks and forests activities contribute towards achieving a **strong economy** by:

- Providing a range of outdoor recreational opportunities and amenities that contributes to quality of life of the region that attracts businesses and residents



Challenges we face

As outlined in Section 1, Greater Wellington has identified a number of assumptions that are likely to impact the region and how we plan our work. Outlined below is how those assumptions may impact this activity group.

Climate change/adverse weather events

Climate change is likely to lead to rising sea levels and more extreme weather events. These will impact on park structures, facilities, vegetation and waterways and lead to increased maintenance work and costs.

In the short term, we are strengthening our facilities to cope with more frequent and extreme weather events. With rising sea levels and the likely coastal erosion, we will need to remove or relocate structures from the coastline.

We may need to do more preventative work to keep areas in good condition. There may also be more reactive work to clean up damage from more adverse weather events. Building structures to withstand more adverse events may increase capital costs; but this initial investment should reduce repair costs in the longer term.

In the longer term (10+ years) we will need to consider moving more essential services and structures inland or away from rivers and streams. We will also need to plan for low lying coastal heritage-sites that are likely to be significantly affected by sea level rise.

Increase in population

The projected increase in population could result in higher demand for our parks and forests. There is likely to be an Increased and sustained demand for higher standard and accessible facilities in parks to cater for growth in the 65+ age bracket. The ways we use our recreational spaces could change to reflect the increased cultural diversity of our population with an increase in the numbers of large groups using picnic sites, organised events and potentially less resistance to commercial services being provided within parks. As our urban areas increase, we may see a greater reliance on open space areas as havens for recreation as housing development intensify.

Advances in technology

The use of new electronic devices and recreational equipment is already apparent and is likely to increase. The ways that people communicate will change - park users are likely to expect a greater range of information from updates on freshwater quality for swimming, timely and accurate flood warnings, and easy smart booking and permits.

Economic growth

One of the key areas of growth for our region is predicted to be tourism. An increased tourist market could affect local demands for services and could affect participation rates (i.e., usage of protected natural areas increases with socio-economic standards). This could increase costs but may also open up opportunities for partnership.

Planning for the future

In 2018 we will be reviewing our Parks Network Plan which provides the overall vision, strategy and objectives for the majority of our parks. This is a major piece of work which involves working with the community and other stakeholders to set out the management framework for the future of our parks.

An important focus over the next ten years will be our contribution to the development of a network of world class recreational trails in the Wellington region. We want to create a trail network that will contribute to the lifestyle of those of us who live here and regional economic growth through tourism. We are working with the Department of Conservation, the eight councils of our region, our mana whenua iwi and other stakeholders to create a single, connected, network of trails for the benefit of residents and visitors. In the longer term (10+ years) we will adapt the trail network as our population and tourism changes.

Strategies and plans that guide our work

The important policies and plans that relate to this activity are:

- Regional Policy Statement 2013 – identifies the regionally significant issues for the management of the region's natural and physical resources. It includes objectives relating to landscape, indigenous ecosystems and historic heritage
- Regional Plans (Regional Coastal Plan, Regional Freshwater Plan, Regional Soil Plan, Regional Air Quality Management Plan, Regional Plan for Discharges to Land) – these plans identify issues, objectives, policies and methods (including rules) to promote sustainable management of the regions natural resources. They will be replaced by the Proposed Natural Resources Plan when it becomes operative
- Regional Parks Network Plan (currently under review) – provides policies and rules for the management of regional parks. These are supported by the Parks, Forests and Reserves Bylaws 2016 which control activities in parks to minimise negative impacts

Our parks activity

We provide a range of services and facilities to park users and we will work to maintain, and where necessary, enhance these. We are planning for more people doing more activities in parks. We want to ensure that, while parks become more popular, visitors still have an enjoyable time and the environment is protected. The review of our parks network plan will help us achieve this.

In the next five years, we have allocated funding to cater to growth in demand and address gaps in the levels of service that we provide. Initiatives aimed at addressing growth in demand and for a more in-depth visitor experience include further interpretation of heritage features at the Remutaka Rail Trail[15], extending the track network at the Wainuiomata historic Lower Dam that will include the development of a loop track and bridges from the dam to pa harakeke and sledge track.

At Queen Elizabeth Park, we are planning a retreat of road, track and other visitor facilities from the Park shoreline between Raumati South and Paekākāriki. We will also revegetate a 25 hectare section of Queen Elisabeth Park with the support of grant money.

We are also planning to develop additional facilities to support growth in camping demand at Kaitoke Regional Park. We will build a new facility building at the Top Terrace, BBQs, bench/sinks and picnic tables. We will also upgrade the swing bridge to provide for two way pedestrian access, buggies and wheelchairs.

Environmental, landscape and heritage management

Our parks contain many important natural and cultural heritage values. In the next three years we will prioritise the management of historic features that are critical for access or are affected by water – such as bridges, dams, culverts, bunkers and road or railway formations in the following areas: Battle Hill, Belmont, Queen Elizabeth Park, Western Depot, Pakuratahi, Akatarawa, Wainuiomata, Kaitoke, Eastern Harbour and Plantation Forest.

As mentioned in our Environment Activity Group, Greater Wellington runs a Key Native Ecosystem (**KNE**) programme. All our parks and forests have at least one KNE site. These sites are subject to ongoing monitoring and pest control, in order to preserve their significant ecosystem values. This work will continue over the next ten years.

We will continue to work with our community to revegetate or otherwise restore degraded environments to enhance habitat for native plants and animals and strengthen a sense of stewardship of our parks. Our Environmental Enhancement program will continue to provide funding to support community groups do planting and restoration work across our parks and forests.

Community engagement

[15] We note that the change of Rimutaka to Remutaka occurred as part of a Treaty of Waitangi Settlement process

We are fortunate to have a lot of great community involvement in our parks. We want to maintain and strengthen this through community and volunteer relationships.

We work with many skilled volunteers who contribute their time to improve our parks and forests. In the short term we will focus on building the capacity of our staff to support volunteer groups and building the capacity of the groups themselves to organise and manage their own activities.

We will continue to provide events to encourage visitors to our parks, and ranger services to support people's understanding of the parks, their values, and how they can be protected.

We will prioritise clear communications with the community. We have limited resources and need to prioritise what we do. We must be clear about what we are doing and why, and most importantly, we must communicate this to the public.

Changes to what we will deliver

In the next five years, we are proposing to develop additional park facilities across the network to cater for the predicted growth and changes in demand.

What we will deliver – Key projects and programmes

	Year 1	Year 2	Year 3	Year 4-10
Development of new facility building on Kaitoke Regional Park Top Terrace (toilets, BBQs, bench/sinks, picnic tables)	●			
Upgrade swing bridge at Kaitoke Regional Park to provide for two-way pedestrian access, buggies and wheelchairs		●		
A planned retreat of road, track and other visitor facilities from the Queen Elizabeth Park shoreline between Raumati South and Paekākāriki.			●	
Revegetate 25ha section of Queen Elizabeth Park with the support of grant money	●	●	●	●
Develop loop track and bridges from Wainuiomata historic Lower Dam to pa harakeke and sledge track				●
Conservation work on the Truss Bridge and Ladle Bend Bridge in Pakuratahi Forest	●	●		●
Management Plan for the conservation of Belmont munitions bunkers		●	●	●
Implement heritage framework (including interpretation) throughout Queen Elizabeth Park			●	●
Parks Network Plan Review	●			

Key assets

We hold a range of assets in this area including park furniture, information displays, utilities such as bridges and bollards, machinery and barriers. You can find more detail about these assets in our Infrastructure Strategy. In general, the Park assets that we own are in a good state.

How will we fund this activity?

The full detail for funding this activity is outlined in the proposed Revenue and Financing Policy 2018.

Parks	*10% user charges for organised events, farming and other leases, license fees, other added value services* *90% general rate*

Measuring Performance

Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Provide facilities and services that support the community enjoying, valuing and participating in regional parks	Percentage of the regional population that has visited a regional park in the last 12 months	68%	≥65%	≥65%	≥65%	≥65%
	Number of visits to a regional park in the last 12 months	Baseline available in Q1 2017/18	Increase on baseline	Increase on baseline	Increase on baseline	Increase on baseline
	Percentage of regional park visitors that are satisfied with their experience	95%	90%	90%	90%	90%
	On-park volunteer hours	15,503 hours pa	15,000	15,000	15,000	15,000
	Average asset condition (1=excellent; 5 = very poor)	2.33 (structures) 2.25 (tracks)	≤3	≤3	≤3	≤3
Protect and care for the environment, landscape and heritage	Restore significant degraded environments	22,000 native trees planted pa	25,000	27,000.	29,000	30,000

Potential negative effects

Potential negative effects of the activity	How we will address negative effects
Park development and land management activities, such as construction of assets, farming and pest control could have a negative effect on environmental wellbeing.	All activities will comply with and demonstrate accepted industry best practice and requirements of the proposed Natural Resources Plan and other relevant rules and legislation.
The control of pest animals and plant in parks and forests uses a range of methods and pesticides. Some people object to any form of pest animal control especially game animals. Also some object to use of any chemicals to control pest plants and animals. The 1080, in particular, is of significant concern to some sectors of the community while others expressed their unease with the use of glyphosate or brodifacoum among the others.	When herbicides are used, our staff are Growsafe qualified, or, RCA (registered chemical applicant) qualified, both of which are recognised national standards. We follow the NZS8409: 2004 Management of Agrichemicals, which is an approved code of practice. We use the least toxic chemical that will be effective in any given situation. If there are cost effective methods that do not involve herbicides, we use those where applicable.

Financial information

PARKS

PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	6,205	6,502	6,524	6,738	7,059	7,605	7,435	7,844	8,188	8,652
Targeted rates	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	238	254	272	293	315	321	326	333	339	346
Fines, infringement fees, and other receipts [1]	704	709	718	730	743	757	772	807	823	838
Total operating funding	**7,147**	**7,465**	**7,514**	**7,761**	**8,117**	**8,683**	**8,533**	**8,984**	**9,350**	**9,836**
Applications of operating funding										
Payments to staff and suppliers	3,703	3,794	3,807	3,753	3,965	4,115	4,010	4,091	4,173	4,625
Finance costs	534	578	631	722	812	900	957	987	1,018	1,065
Internal charges and overheads applied	1,957	2,035	2,143	2,224	2,298	2,297	2,346	2,402	2,442	2,479
Total applications of operating funding	**6,194**	**6,407**	**6,581**	**6,699**	**7,075**	**7,312**	**7,313**	**7,480**	**7,633**	**8,169**
Surplus/(deficit) of operating funding	**953**	**1,058**	**933**	**1,062**	**1,042**	**1,371**	**1,220**	**1,504**	**1,717**	**1,667**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	1,518	1,400	1,330	1,766	1,841	943	1,275	650	948	933
Gross proceeds from asset sales	832	92	74	104	42	146	41	95	136	77
Total sources of capital funding	**2,350**	**1,492**	**1,404**	**1,870**	**1,883**	**1,089**	**1,316**	**745**	**1,084**	**1,010**
Applications of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	2,552	2,538	2,325	2,919	2,912	2,446	2,522	2,213	2,764	2,639
Increase / (decrease) in investments	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in reserves	751	12	12	13	13	14	14	36	37	38
Total applications of capital funding	3,303	2,550	2,337	2,932	2,925	2,460	2,536	2,249	2,801	2,677
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on Parks assets	2,391	2,303	2,310	2,295	2,312	2,018	2,104	2,050	2,096	2,031

[1] This includes rental income and park activity fees

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

PARKS
PROSPECTIVE FUNDING INFORMATION FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Regional Parks	7,148	7,465	7,514	7,761	8,117	8,683	8,533	8,984	9,350	9,836
Total operating funding	**7,147**	**7,465**	**7,514**	**7,761**	**8,117**	**8,683**	**8,533**	**8,984**	**9,350**	**9,836**
Applications of operating funding										
Regional Parks	6,194	6,407	6,581	6,699	7,075	7,312	7,313	7,480	7,633	8,169
Total Applications of Operating Funding	**6,194**	**6,407**	**6,581**	**6,699**	**7,075**	**7,312**	**7,313**	**7,480**	**7,633**	**8,169**
Capital expenditure										
Battle Hill Farm Forest Park	140	110	22	224	651	-	51	86	812	50
Belmont Regional Park	933	1,023	1,277	539	865	1,618	625	423	-	1,013
Queen Elizabeth Park	362	346	402	633	237	49	371	134	-	29
Whitireia Park	-	-	-	36	84	97	84	-	-	-
Pakuratahi Forest	72	164	-	477	176	-	66	220	1,379	336
Akatarawa Forest	140	284	-	4	89	13	239	283	-	16
Wainuiomata Recreation Area	4	33	-	-	173	92	79	50	-	9
Kaitoke Regional Park	391	205	85	596	3	34	279	-	47	380
East Harbour Regional Park	127	13	215	10	438	-	525	644	-	467
Parks Other	70	54	76	56	56	56	65	58	73	81
Capital project expenditure	**2,239**	**2,232**	**2,077**	**2,575**	**2,772**	**1,959**	**2,384**	**1,898**	**2,311**	**2,381**
Land and buildings	-	-	-	-	-	-	-	-	-	-
Plant and equipment	-	-	-	-	-	-	-	-	-	-
Vehicles	313	306	248	344	140	487	138	315	453	258
Total capital expenditure	**2,552**	**2,538**	**2,325**	**2,919**	**2,912**	**2,446**	**2,522**	**2,213**	**2,764**	**2,639**

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.
All figures on this page exclude GST

Water supply - Ngā Puna Wai

This activity group contributes to:	
Community Outcomes	Strong economy Resilient community Healthy environment
Key priorities/issues	Water supply Regional Resilience

Water Supply total of Greater Wellington expenditure 10 percent

What we do

Greater Wellington is responsible for collecting, treating and distributing safe and healthy drinking water to Wellington, Hutt, Upper Hutt and Porirua city councils. This work is carried out for Greater Wellington by Wellington Water, a joint council-owned water management company. City and district councils are responsible for the distribution of water to households and businesses through their own networks.

The water supply to the four cities in the Wellington regional metropolitan area comes from three sources:

- The headwaters of the Hutt River (abstracted from an intake at Kaitoke weir, treated at Te Marua Water Treatment Plant and stored in the Mackaskill Lakes)
- The Wainuiomata and Orongorongo catchments (abstracted from river intakes and treated at the Wainuiomata Water Treatment Plant)
- The Hutt Valley artesian system (primarily extracted and treated at the Waterloo Water Treatment Plant at the Waterloo Water Treatment Plant – there is a standby treatment plant at Gear Island, Petone)

Providing the bulk water supply to the city councils involves managing an extensive network of infrastructure: large diameter pipelines, pumping stations, reservoirs, treatment plants and other assets. It involves ensuring that we have safe and high quality freshwater, secure and reliable water sources and that our freshwater is sustainable- that we are planning for future demand while meeting our environmental and health and safety standards.

The public water supply protects the community from water borne illnesses, provides fire-fighting capability, and supports industrial and residential development and the local economy. Having a secure water supply is also a basic requirement for a town or city.

The water supply group of activities contributes to the **water supply** and **regional resilience** priority areas.

Contribution to our Community Outcomes

Water supply activities contribute towards a **resilient community** by preparing the system to cope with emergencies such as earthquakes and the long-term impacts of climate change

They contribute towards achieving a **strong economy** by providing high-quality bulk water infrastructure that ensures there is sufficient drinking-water available to sustain and grow our population and support our economy.

They contribute towards achieving a **healthy environment** by protecting our communities against water borne diseases, by encouraging people to use water wisely to reduce the environmental impacts of water supply and protecting current and future water catchments.

The Water Supply group of activities contributes to the Regional Resilience priority area. We manage the bulk water supply to the four city areas (Lower Hutt City, Porirua City, Upper Hutt City and Wellington City) of the Wellington Region. An important part of our work is promoting water conservation and sustainability. We're also working with local councils and communities to help make sure people have access to emergency water in the event of a major earthquake.

Challenges we face

As outlined in Section 1, Greater Wellington has identified a number of assumptions that are likely to impact the region and how we plan our work. Outlined below is how those assumptions may impact this activity group.

Climate Change

Climate change and sea level rise are expected to have long term adverse effects on the water supply network. Mitigation of the long term effects of climate change will be provided by reviewing the science information as it becomes available and bringing forwards the timing of future source upgrades as required.

Population growth

The projected population increases for our region will also put demand on our water network. Capital works are not the only way of managing the demand for waters. Non asset solutions (such as water metering) may provide more practical and cost effective ways of addressing these needs. Wellington Water considers both on the same basis of cost and effectiveness over time when making investment decisions.

Technology

New technologies and use of digital information will influence the way councils, businesses and individuals operate in the future, and have implications for assets and services. There is a clear shift in water supply industry to alternative, new and more efficient technologies and system components like sensor technology, automation and control devices, and data analytics software.

Planning for the future

Future proofing the region's water supply for the immediate term and for future generations is one of our key challenges and priorities. A resilient water supply system must be robust and ensure sufficient, safe drinking-water is available to meet current and future demand, and increasing drought and rainfall patterns.

Some of our infrastructure networks are old and less able to withstand shocks. The bulk water network has a lack of redundancy built into it and as a result a major break in one part of the network is likely to affect other parts of the network. Also, the network crosses numerous seismic fault lines from catchments to tap and should a significant event occur, it could take many days or weeks to repair. We have limited local water storage to provide access to drinking water in the immediate aftermath of a major event. Fixing these issues is expensive and will take many years without significant additional funding sources.

Our long-term goal is to provide 80 percent of our customers, within 30 days of a reasonable seismic event, at least 80 percent of their water needs.

Wellington Water is working on a five council approach to water supply resilience across the western part of the Wellington region. This approach aims to provide a limited water supply to customers close to their homes immediately after a major earthquake through the development of strategic stores.

To help us reach our long term goals, the priorities for water management include:

- Water supply resilience – agreeing levels of service for water supply following a major natural event and developing investment plans for councils for their 2018 Long Term Plans. This includes locating an alternative water source
- Developing a regional asset management plan for water infrastructure
- A coordinated and consistent approach to community education programmes about the three waters across the western part of the region.

Strategies and plans that guide our work

The important policies and plans that relate to this group of activities are:

- Regional Freshwater Plan 1999- identifies issues, objectives, policies and methods for the sustainable management of freshwater resources in the region including rivers, lakes, streams, ponds, aquifers and artificial water courses (until the Proposed Natural Resources Plan is adopted)
- Proposed Natural Resources plan- is a combined regional air, land, water and coastal plan. It is the primary document through which Greater Wellington will meet its obligations under the Resource Management Act (1991)
- Proposed Regional Policy Statement 2012- identifies regionally significant issues around the management of the region's natural and physical resources, including freshwater
- Asset Management Plan (Water Supply) 2014- ensures that the necessary water supply assets are in place and maintained to provide stated levels of service at a reasonable cost, and in a sustainable and environmentally responsible way
- National Policy Statement on Freshwater
- Drinking Water standards
- Infrastructure Strategy

Our water supply

Water Safety

Our key activities for the next 10 years are maintaining/renewing water source equipment/pump at our Waterloo, Te Marua, Gear Island Kaitoke and Pinehaven plants.

We aim to complete our Water safety plan in 2018/18 and this may indicate the need for further improvements in our infrastructure.

We have been proactive in identifying potential water quality issues with our treatment plants and have invested in new treatment solutions in our Waterloo plant following the Kaikōura earthquake – which highlighted some risks to water quality. In the aftermath of the inquiry in Havelock North, we have reviewed our treatment processes and enhancements to rectify any issues have been identified.

Since the Kaikōura earthquake in 2016, new information has become available that has challenged our previous assumptions about the security of the artesian aquifer. New thinking will be needed to ensure an appropriate regulatory framework is in place to protect the resource into the future. This is discussed further under the Regional Leadership Activity Group.

Network Performance

We aim to maintain current levels of service by continuing our maintenance and renewal programme. However, the ageing of our infrastructure is a significant issue. Eleven aquifer wells at Waterloo and Gear Island are reaching the end of their economic lives. Investigations are in progress to ensure replacement occurs at the right time to maximise the economic life while maintaining the risk of failure within acceptable levels- see the Infrastructure Strategy for more details.

We are also experiencing a capacity limitation at the Te Marua Water Treatment Plant (WTP). A preliminary assessment has indicated that WTP availability at its maximum design capacity may be less than previously thought. An investigation has been initiated which will help determine if this can be resolved operationally, or if capital improvements will need to be considered in future years.

Regional Resilience

An alternative water source for Wellington City is a key part of our resilience strategy. In the previous 10 Year Plan 2015-2025, we anticipated commencing construction of the cross harbour pipeline in 2027/28 as an option for providing a more secure water source for Wellington City. Since then we decided to review our approach based on advice that harbour bores may offer an alternative solution.

The exploratory harbour bores in Wellington Harbour are helping us understand the geology of the Waiwhetu Aquifer. This information will determine whether it is viable to extract water to supply Wellington city with an alternative water supply for daily water needs as well as post major shocks to the network. A decision is expected in 2018/19 on whether the best option is to build a cross harbour pipeline or to build harbour bores.

Our budget currently provides for the cross harbour pipeline at an estimated cost of $116 million rather than the harbour bores (cost estimate of $60- $70 million).

We plan to increase our water storage capacity through new and upgraded reservoirs and make sure the community has access to water following an event. The seismic strengthening of the Ngauranga and Wainuiomata water reservoirs will be undertaken over the next two years to ensure on-going resilience. This is a critical piece of work which will make the reservoirs more resilient in the event of further major earthquakes.

These upgrades will be complemented by a joint central/local government initiative which aims to have 22 alternative emergency water source locations across the region. This will be completed by the end of 2018.

Improving resilience by providing capacity to cope with future population growth and business growth is the aim of the Prince of Wales/Omaroro Reservoir project. The project aims to provide potable water to approximately 70,000 residents, commercial businesses, and the Wellington Regional Hospital This project is primarily funded by Wellington City Council but Greater Wellington will also make a contribution of $5.6 million to the work starting in the 2021/22 year. Further information can be found in our Infrastructure Strategy.

Changes to what we will deliver

It is apparent that we can no longer rely only on the natural filtering processes of the Waiwhetu aquifer to provide a safe supply of drinking water. Following the detection of *E.coli* in the ground water, treatment methods such as chlorination and UV light (for the treatment of protozoa) are now required to ensure we can safely drink our water going forward.

We are planning a major renewal over the next one to three years for the Kaitoke main at Silverstream Bridge. The purpose of this is to provide for a strengthened main from Te Marua that will reduce the number of days Porirua could be out of water after an earthquake.

What we will deliver – Key projects and programmes

	Year 1	Year 2	Year 3	Year 4-10
Securing Wellington's water source – cross harbour pipeline or harbour bores	●	●	●	●
Maintenance/renewal of water source equipment/pump (Waterloo, Te Marua, Gear Island, Wainuiomata, Kaitoke, PInehaven)	●	●	●	●
Replace Kaitoke main on Silverstream bridge	●	●	●	
Porirua Branch extend to Conclusion Street	●	●		
Identifying an alternative water source option into Wellington City	●	●	●	●
Strategic stores – provide alternative locations for key equipment that can help restore water service after a seismic event	●	●		
Ngauranga, Omororo and Wainuiomata reservoir seismic strengthening	●	●		

Key assets

We hold a range of assets in the Water Supply activity area that enable us to deliver our priority outcomes and our projects. Most of our assets in this area are water pipes, water pipes, tunnels and pumping stations. You can find more detail about these assets in our Infrastructure Strategy.

How will we fund this activity?

The costs of operating the water supply network are apportioned to the cities served through a water levy, based on the individual cities portion of the total water delivered (as set out in the Wellington Regional Water Board Act 1972). The water levy is on-charged through local council rates to ratepayers in each of the four cities.

Measuring Performance

Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Provide water that is safe and pleasant to drink	Number of waterborne disease outbreaks[16]	0	0	0	0	0
	Customer satisfaction: • Number of taste complaints related to bulk water supply	5	<5	<5	<5	<5
	• Number of complaints from TAs on drinking water clarity	0	<5	<5	<5	<5
	• Number of complaints from TAs on drinking water odour	0	<5	<5	<5	<5
	• Number of complaints from TAs on drinking water pressure or flow	1	<5	<5	<5	<5
	• Number of complaints per 1000 connections (end consumers) to the bulk water supply system[17] [18]	0.04	<0.2	<0.2	<0.2	<0.2
	Safety of drinking water:[19] • Compliance with part 4 of the drinking-water standards (bacteria compliance criteria)	Yes	Yes	Yes	Yes	Yes

[16]The outcome of the Havelock North Inquiry into water supply and safety is likely to result in changes to reporting requirements
[17] Non-Financial Performance Measures Rules 2013, Water supply measure [4(a-e)]
[18] Using the Water NZ survey data for the number of end consumers provided with drinking water (145,224).
[19] Non-financial Performance Measures Rules 2013, Water supply measure [1(a)-(b)]

	• Compliance with part 5 of the drinking-water standards (protozoal compliance criteria)	Yes	Yes	Yes	Yes	Yes
Provide a continuous and secure bulk water supply	Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers	0	0	0	0	0
	Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years[20][21]	0.4%	<2%	<2%	<2%	<2%
	Attendance for urgent call-outs:[22] • Time from local authority receiving notification to service personnel reaching site	No events occurred	<60 minutes	<60 minutes	<60 minutes	<60 minutes
	• Time from local authority receiving notification to service personnel confirming resolution	No events occurred	<4 hours	<4 hours	<4 hours	<4 hours
	Attendance for non-urgent call-outs:[23] • Time from local authority receiving notification to service personnel reaching site	35 minutes	<36 hours	<36 hours	<36 hours	<36 hours
	• Time from local authority receiving notification to service personnel confirming resolution	30 minutes	<15days	<15days	<15days	<15days

[20] Normal demand includes routine hosing restrictions
[21] Assessed using a probability model of annual water supply shortfall
[22] Non-Financial Performance Measures Rules 2013, Water supply measure [3(a)-(b)]
[23] Non-Financial Performance Measures Rules 2013, Water supply measure [3(c)-(d)]

	Average drinking water consumption per resident per day within the TA districts supplied by the bulk water system[24]	351 L/p/d	<374 L/p/d	<374 L/p/d	<374 L/p/d	<374 L/p/d
	Maintenance of the reticulation network • Percentage of real water loss from the networked reticulation system[25 26]	0.7%	+/- 2%	+/- 2%	+/- 2%	+/- 2%
Provide bulk water in compliance with all resource consents and environmental regulations	• Full compliance with resource consents[27]	New measure	Yes	Yes	Yes	Yes
	• Annual review of relevant environmental legislation	New measure	Yes	Yes	Yes	Yes
	• HSNO location and stationary container test certificates are current	New measure	Yes	Yes	Yes	Yes

[24] Non-Financial Performance Measures Rules 2013, [5] GWRC cannot technically report due to the wording of the measure, but will report the average of all residents' consumption for the territorial authorities it supplies with bulk water.
[25] Non-Financial Performance Measures Rules 2013, Water supply measure [2]
[26] All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use
[27] Full compliance means no notices/convictions (abatement notices, infringement notices, enforcement orders, or convictions).

Potential negative effects

Potential negative effects of the activity	How we will address negative effects
Water supply infrastructure for the collection, storage, treatment and distribution of water can have a negative effect on environmental wellbeing through water abstraction and the use of electricity for treating and pumping water. A new supply could also result in an increase in these effects.	The environmental impacts of existing water supply activities are identified and very closely monitored through resource consents and an ISO 14001 accredited environmental management system. We are reducing our impacts by continuing to use electricity and chemicals more efficiently and by encouraging people to use water wisely.

Financial information

WATER SUPPLY
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	-	-	-	-	-	-	-	-	-	-
Targeted rate	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-
Fines, infringement fees, and other receipts [1]	34,308	35,572	37,451	40,223	43,447	46,642	50,020	50,907	51,567	52,092
Total operating funding	**34,308**	**35,572**	**37,451**	**40,223**	**43,447**	**46,642**	**50,020**	**50,907**	**51,567**	**52,092**
Applications of operating funding	29%									
Payments to staff and suppliers	19,966	20,293	20,466	20,822	21,348	21,578	23,146	23,767	24,137	23,968
Finance costs	4,964	5,193	5,782	7,423	9,372	11,374	12,256	11,903	11,648	11,608
Internal charges and overheads applied	2,008	2,088	2,198	2,281	2,357	2,357	2,407	2,464	2,505	2,543
Total applications of operating funding	**26,938**	**27,574**	**28,446**	**30,526**	**33,077**	**35,309**	**37,809**	**38,134**	**38,290**	**38,119**
Surplus/(deficit) of operating funding	**7,370**	**7,998**	**9,005**	**9,697**	**10,370**	**11,333**	**12,211**	**12,773**	**13,277**	**13,973**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	10,262	10,293	17,993	43,243	35,381	36,080	(1,287)	(3,272)	(2,355)	641
Gross proceeds from asset sales	-	-	0	0	0	0	0	0	0	0
Total sources of capital funding	**10,262**	**10,293**	**17,993**	**43,243**	**35,381**	**36,080**	**(1,287)**	**(3,272)**	**(2,355)**	**641**
Applications of capital funding										
Capital expenditure										
- to meet additional demand	150	1,533	-	-	-	-	-	-	1	1
- to improve the level of service	11,793	8,115	3,666	44,054	36,441	37,335	744	1,141	2,310	2,891
- to replace existing assets	2,432	5,084	19,349	4,489	4,548	4,965	4,739	2,630	2,577	5,186
Increase / (decrease) in investments	3,257	3,559	3,983	4,397	4,762	5,113	5,441	5,730	6,034	6,536
Increase / (decrease) in reserves	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	**17,632**	18,291	26,998	52,940	45,751	47,413	10,924	9,501	10,922	14,614
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-

[1]This includes the Water supply levy charged to Wellington, Upper Hutt, Hutt and Porirua city councils

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Water supply levy	33,069	34,230	35,892	38,305	41,214	44,126	47,240	47,906	48,336	48,427
Depreciation on Water Supply assets	10,338	10,511	10,674	11,012	11,860	12,564	13,298	13,292	13,233	13,216

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.
All figures on this page exclude GST

WATER SUPPLY
PROSPECTIVE FUNDING INFORMATION
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Water Supply	34,308	35,572	37,451	40,223	43,447	46,642	50,020	50,907	51,567	52,092
Total operating funding	**34,308**	**35,572**	**37,451**	**40,223**	**43,447**	**46,642**	**50,020**	**50,907**	**51,567**	**52,092**
Applications of operating funding										
Water Supply	26,938	27,574	28,446	30,527	33,077	35,309	37,810	38,134	38,290	38,119
Total applications of operating funding	**26,938**	**27,574**	**28,446**	**30,527**	**33,077**	**35,309**	**37,810**	**38,134**	**38,290**	**38,119**
Capital expenditure										
Water sources	130	20	21	5,935	-	335	-	-	-	-
Water treatment plants	1,745	1,278	1,650	1,035	1,059	1,084	1,384	1,375	1,167	1,198
Pipelines	965	4,865	17,088	502	317	357	355	434	265	358
Pump stations	40	245	251	2,178	2,228	2,279	2,334	399	1,973	2,459
Reservoirs	-	-	-	-	-	-	-	-	-	-
Monitoring and control	137	184	188	192	197	201	206	211	217	222
Seismic protection	-	-	-	-	-	-	-	-	-	-
Other	11,303	8,084	3,760	38,642	37,128	37,982	1,144	1,290	1,203	3,775
Capital project expenditure	**14,320**	**14,676**	**22,958**	**48,484**	**40,929**	**42,238**	**5,423**	**3,709**	**4,825**	**8,012**
Land and buildings	-	-	-	-	-	-	-	-	-	-
Plant and equipment	55	56	57	59	60	62	60	62	63	66
Vehicles	-	-	-	-	-	-	-	-	-	-
Total capital expenditure	**14,375**	**14,732**	**23,015**	**48,543**	**40,989**	**42,300**	**5,483**	**3,771**	**4,888**	**8,078**

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

Flood Protection and Control Works - Te Tiaki me te Arahi Waipuke

This activity group contributes to:	
Community Outcomes	Resilient community Strong economy Healthy environment Engaged Community
Key priorities/issues	Regional resilience Freshwater quality and biodiversity

The flood protection and control work activity includes three activities:

- Understanding flood risk
- Maintaining flood protection and control works
- Improving flood security

Flood Protection and Control Works total of Greater Wellington expenditure 5 percent

What we do

Greater Wellington is responsible for managing flood risk from the region's rivers and streams. We identify the likelihood of a river flooding our houses, businesses and farms, develop floodplain management plans, provide a free advice and consultation service, maintain and build flood protection infrastructure, work with the community to improve the environment and recreational opportunities and provide flood warnings. We do this by talking with communities about how best to reduce the risk from flood and erosion while ensuring that the health and wellbeing of our rivers is maintained.

We build, manage and maintain flood protection assets along 800km of rivers across the region.

Managing flood risks to communities across the region is a key element in being a resilient region. Making sure our communities, visitors and families are safe when flooding occurs is a key concern for us all.

Our region has a large number of rivers and streams. They are places of cultural importance to mana whenua and are the places where we swim, walk, fish and play. Our waterways are a key part of the natural environment and add to our sense of wellbeing. In times of flood, however, our rivers can be hazardous for the communities who live beside or near them.

Floods are one of Wellington's most significant hazards and have the potential to cause both economic and social hardship. There have been many recent examples of flooding affecting our communities – they can have a significant impact on our communities and our families and impact on the local, regional and national economy. As global weather patterns change and become more unpredictable, it is likely that flood events will increase in frequency and scale.

The flood protection and control work group of activities contributes to the **regional resilience** priority area.

Contribution to our Community Outcomes

Greater Wellington is responsible for ensuring that our infrastructure will be resilient in a significant flood event and our communities are prepared.

Flood protection and control works activities primarily contribute towards achieving **a resilient community** by:

- Reducing the risk of flooding in the region now and in the future by promoting the avoidance of inappropriate development in our most flood prone areas
- Informing communities about the risk and consequences of flood events in their area
- Maintaining existing flood protection works and building planned flood protection works

Our flood protection and control works also contribute towards achieving:

- A **strong economy** by minimising the impact of flooding on activities that contribute to the regional economy
- A **healthy environment** by enhancing the environment along river corridors
- An **engaged community** by enabling people to enjoy recreational use of river corridors and to participate in community activities

Challenges we face

As outlined in Section 1, Greater Wellington has identified a number of assumptions that are likely to impact the region and how we plan our work. Outlined below is how those assumptions may impact this activity group.

Population growth/changes in land use

Population growth and our region's changing demographic profile will have significant implications for how we manage flood events in our region. Increases in urban growth and Intensification could lead to increased demands for infill and brownfield development resulting in increased pressure for flood protection in flood prone areas. Urban growth could be matched by rural decline. Alternatively, more people could seek a more rural lifestyle which could increase pressure on our flood management systems.

Dealing with adverse events and climate change

Our region is predicted to experience more frequent and intense rainfall events and higher river flows as a result of climate change. Major flooding events have the potential to cause millions of dollars damage to rural and urban communities.

We will plan for climate change by both:

- Assessing the degree of flood hazard risk; and
- Determining the appropriate responses

We will identify and consider the potential for climate change in the determination of all new flood protection services as part of our Floodplain Management Plans.

Whenever we review a Floodplain Management Plan we will identify any changes in knowledge of climate change effects and re-assess the capacity of services to meet defined service levels. We will work with local authorities on planning controls (e.g. setbacks, minimum floor levels etc.) and target investments to risk. In some circumstances managed retreat or other planned non-structural measures may be the most appropriate response.

Strengthening partnerships with Iwi and hapū

Greater Wellington recognises mana whenua are kaitiaki of the waterways in their rohe. We will continue to work with Iwi and hapū through our flood protection programmes including**:**

- Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa - in the Ruamahanga catchment
- Ngā Hapū o Ōtaki - implementing the Integrated Catchment Management Plan for the Ōtaki river
- Te Atiawa ki Whakarongotai - a Cultural Health Monitoring Framework pilot and with the monitoring work associated with Jim Cook Park Stopbank construction
- Te Rūnanga o Toa Rangatira Inc and the Port Nicholson Block Settlement Trust - the RiverLink project (Te Awa Kairangi/Hutt River)

We are also developing relationship arrangements with Ngāti Kahungunu ki Wairarapa Tāmaki Nui-ā-Rua and, Rangitāne o Wairarapa Tāmaki Nui-ā-Rua.

Planning for the future

Historically we have taken a strong engineering focus to flood management- diverting rivers, and draining and building on floodplains. Over recent decades our thinking has shifted and we now take a wider view to assessing and responding to flood risks: natural solutions are considered, affected communities are closely involved and we think more about the environmental effects of flood protection works as well as protecting our communities.

Looking forward, we want to take this approach even further by working with iwi, communities and other councils to achieve greater social, economic and environmental outcomes from flood protection work. We will continue to look for innovative approaches to flood hazard management. As noted above, in addition to the more standard flood protection methods, such as building levies and pumping flood water out, we are developing more sustainable flood protection methods that retain water in the landscape.

Greater Wellington uses four core principles when considering floodplain management planning for the future:

- **We avoid building in areas at high risk of flood hazard:** We accept that many of our communities are built on flood plains for historical reasons. Now we better understand river mechanics, it is better to build new communities in low hazard areas only. In some circumstances managed retreat or other planned non-structural measures may be the most appropriate response

- **Only considering new flood protection infrastructure where existing development is at risk:** This connects with our first principle. We will focus on protecting our existing communities and will develop new flood protection infrastructure when required, as we are required to do by statute. However, we consider that new developments should be built in low hazard areas, so that we do not have to commit future generations to maintaining expensive infrastructure

- **Establishing standards of flood protection relative to the degree of risk:** We need to ensure that the level of flood protection we provide is commensurate with the degree of risk. RiverLink, for example, meets this criterion because of the scale of the flood risk in the Hutt Valley, the potential level of damage that could be caused and the implications this would have for the region. Building stop banks for a smaller, localised stream would not be commensurate to the level of risk

- **Plan for climate change in assessing the degree of flood hazard risk and in determining an appropriate response:** We plan for climate change in all our flood protection planning so that landowners can have certainty as to potential implication of climate change on their property

Strategies and plans that guide our work

The important policies and plans that relate to the flood protection group of activities are:

- Floodplain Management Plans (FMPs) – these set out how we will manage flood risk on individual rivers and floodplains. Greater Wellington currently has five Flood Management Plans (these include the Te Awa Kairangi/Hutt, Ōtaki and Waikanae River FMPs, the Porirua Stream Management Plan completed in the mid 1990's and the Waitohu Stream Study completed in 2006) and two are in development.
- Regional Policy Statement 2013 – includes objectives and policies relating to flood hazards
- Council policies and principles including appropriate allowances for climate change, guidelines on the preparation of FMP's, avoiding development in areas at high risk of flooding and standards for flood protection.

Understanding flood risk

It is important that our communities understand the risk and consequences of flood events in their area. This helps inform debate about what the best ways to manage flood risk are and the appropriate level of protection from flooding and erosion hazards and how we can maintain the health and integrity of the Region's rivers. In the first stage of this process, we identify the likelihood of a river flooding our houses, businesses and farms, and we provide this information to communities. We prepare flood hazard assessments and flood hazard maps. We consult with, and provide ongoing advice, to affected communities.

We also work with territorial authorities to promote the avoidance of development in our most flood-prone areas.

Changes to what we will deliver

There are no significant changes to levels of service being proposed.

Maintaining flood protection

We build, manage and maintain flood protection assets along 800km of rivers across the region. Our communities rely on the flood infrastructure on their waterways, whether they are stop banks or barrage gates. We have planned to continue to maintain our infrastructure, make repairs and minor upgrades when required, repair flood damage, safeguard our systems, ensure we comply with our legal requirements, and manage the effects of our flood protection infrastructure on our environment. Specific projects within the 10 years of this Plan include:

- Pinehaven and Porirua Stream enhancements
- Trentham to Whakaitiki improvements
- Improvements/monitoring of 51 River Management Schemes across the region

In the next three years we will be applying for resource consents to undertake routine maintenance activities in the region. As part of this we will be implementing our Code of Practice to improve sustainable river management. The Code will guide all river management activities undertaken by Greater Wellington for the purposes of flood and erosion protection across the Wellington Region, irrespective of funding, location or whether an activity requires resource consent. This means it applies to permitted activities as well as those activities for which resource consent is required by the relevant regional plan or plans.

The Code aims to achieve:

- Greater awareness of the effect of river management decisions and activities on a river's natural character and other significant river values, at both broad (whole of river) scale and detailed (reach or specific site) scale
- Greater consistency of river management practice across the rivers that Greater Wellington administers and manages.

Partnering with our communities

We work with our communities to enhance the recreational and amenity use of our rivers as part of flood protection design so that our flood protection infrastructure enhances or enjoyment of our river systems. We work with local community groups to assist with planting river berms with native trees, commit up to 5 percent of our capital expenditure to environmental enhancement projects and are funding science monitoring and improved knowledge through the current applications we have lodged for resource consents for our routine river works activities. Tracks and trails associated with flood protection systems are maintained or improved for recreational activities. Projects we will be delivering in the next three years include:

- Hutt Environmental Strategy Implementation
- Ōtaki Environmental Strategy Implementation
- Barrage Gates Fish movement survey
- Waiwhetu Environmental Enhancement
- Wairarapa Environmental Enhancement

RiverLink

The Hutt River is one of the region's key river systems. It flows through extensively built up areas of our region and is also one of the region's high priority flood risk areas. RiverLink is a collaborative project – we are working in partnership with Hutt City Council and the New Zealand Transport Agency (NZTA) to design and provide better flood protection, transport and lifestyle options. By partnering with Hutt City Council and the NZTA the project is able to improve not only better protection from floods, but will also mean substantial upgrades to the Lower Hutt CBD providing new and exciting opportunities for social and economic development through the co-investment by the other agencies.

The flood protection component of the RiverLink project will involve moving stop banks and giving the river more room to accommodate high rainfall. This will allow for a more natural flow when flooding occurs, support river ecology and reducing the risk to properties and people. Upgrading the stop banks will not only provide a much higher level of protection to those living in and travelling through the Hutt Valley, it will also extend the range of recreational spaces available for community use.

There are no significant changes proposed to this programme, however the overall costs have changed. This reflects the need to purchase additional property to achieve the designed river widening scheme and the increased cost of property reflecting the buoyant property market. The total cost of RiverLink to Greater Wellington is now $125 million (up from $94 million), which will be funded through a loan and repaid through rates and collected rental revenue from property acquired for the project up until the point that they are removed to enable construction. Surplus land will be sold at the conclusion of the construction.

The timing and overall affordability of this project will be further considered through the Hutt Valley Flood Management Subcommittee and any changes would be the subject of further consultation.

Changes to what we will deliver

The RiverLink project provides a significant shift in levels of service however it is a project we have consulted with you on previously. There are no significant changes proposed to levels of service in this plan for maintain flood protection as our programme of work reflects our ongoing commitments.

Improving flood security

We work with communities to develop floodplain management plans that set out how the community will manage flood risk on individual rivers and flood plains. The Floodplain Management Plan process involves:

- Preparing flood hazard assessments
- Consulting with the affected communities on ways to manage risk
- Agreeing appropriate levels of flood protection from avoidance to mitigation of the hazards.

Changes to what we will deliver

There are no significant changes to levels of service being proposed.

What we will deliver – key projects and programmes

	Year 1	Year 2	Year 3	Year 4-10
Riverlink – Te Awa Kairangi/Hutt River flood protection	●	●	●	●
Hazard investigations and development of Floodplain Management Plans for Waiohine and Te Kāuru	●	●	●	
Hazard investigations and develop Floodplain Management Plans for Waiwhetu Stream and the Lower Wairarapa Valley				●
Implementing the outcomes of the Flood Management Plans currently being developed for Te Kāuru (the Upper Wairarapa Valley) and the Waiohine River(Greytown area)		●	●	●
Implementing the outcomes of the Flood Management Plans for the Ōtaki, Waikanae, Hutt Rivers, the Pinehaven Stream and the Lower Wairarapa Development Scheme Improvements	●	●	●	●
Implement outcomes of the Hutt, Waikanae, Ōtaki and Pinehaven Environmental Strategies and supporting community groups to enhance the river environments	●	●	●	●

Key assets

We hold a range of assets in the Flood Protection and Control group that enable us to deliver our priority outcomes and our projects. Most of our assets in this area are stopbanks and other flood protection structures. You can find more detail about these assets in our Infrastructure Strategy.

We hold the assets worth **$340 million**.

How will we fund this activity?

How flood protection and control works activities are funded is proposing to change. The proposed Revenue and Financing Policy outlines the proposed change to a catchment based approach. The proposed new policy is to be put in place over a transition period of three years. A summary of the changes is provided below – see the proposed Revenue and Financing Policy for further details.

Rating Element	**Current**	**Proposed**
Area of application	Region District/City	Region Catchment/property
Activity: Understanding flood risk	100% general rates	70% targeted rates – catchment and property 30%targeted rates – region
Activity: Maintaining flood protection and control works and Improving flood security	Up to 50% general rates Up to 50% targeted rates based on the local authority area where the works take place	70% targeted rates – catchment and property 30% targeted rates – region
Activity: Flood warning	100% general rates	100%general rates

Upgrading infrastructure may require the purchase of property ahead of the start of physical works. Where this occurs the value is maximised where possible via rental income until such time as the property is required. For RiverLink this reduces the rating impact of the property purchase until approximately 2027.

Measuring Performance

Flood protection and control works						
Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Provide the standard of flood protection agreed with communities	Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents[28] [29]	Yes	Yes	Yes	Yes	Yes
	Percentage of Floodplain Management Plans (FMP) recommended structural improvements implemented	Te Awa Kairangi/Hutt 33 percent * Ōtaki 47 percent Waikanae 45 percent Pinehaven 0 percent	Te Awa Kairangi/Hutt 33 percent Ōtaki 47 percent Waikanae 56 percent Pinehaven 0 percent	Te Awa Kairangi/Hutt 33 percent Ōtaki 47 percent Waikanae 56 percent Pinehaven 33 percent	Te Awa Kairangi/Hutt 33 percent Ōtaki 50 percent Waikanae 56 percent Pinehaven 66 percent	Te Awa Kairangi/Hutt 61 percent Ōtaki 70 percent Waikanae 56 percent Pinehaven 100 percent
	Percentage completion of Lower Wairarapa Valley Development Scheme work programme (2007/2021)**	88%	94%	99%	100%	New work programme development
Provide information and understanding of	Percentage of identified vulnerable floodplains with a FMP in place	24%	29%	35%	41%	47%

[28] Non-Financial Performance Measures Rules 2013, Flood protection and control works measure [1]
[29] Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to GWRC Environment Committee

flood risk in the community[30]	Percentage of identified vulnerable floodplains with flood hazard mapping available via online portal	72%	78%	83%	83%	83%

*Measure for Te Awa Kairangi/Hutt has been revised following 2016/17 Audit due to future inaccuracies that would develop using previous methodology. Measures for Ōtaki and Waikanae will be updated and revised in 2021-28 LTP to address similar issue, this is to allow completion of Ōtaki FMP Review.

**LWVDS reporting is unaffected by this issue. Pinehaven is a new measure and therefore uses improved measure reporting method.

** LWVDS – Lower Wairarapa Valley Development Scheme delivers against a work programme agreed with the Lower Wairarapa Valley Development Scheme Committee. The current work programme has been extended to 2021. An updated and extended work programme will be developed in 2021, the work programme is developed based on recommendations of the Lower Wairarapa Valley Development Scheme Review 2008.

[30] These measures are based on a list of vulnerable floodplains, and targets for FMPs/mapping, contained in the file note FLDPRO-9-143

Potential negative effects

Potential negative effects of the activity	How we will address negative effects
There is the potential for flood protection projects and ongoing operations and maintenance activities to have a negative effect on the river ecology and natural character of the river and therefore our natural environment.	Greater Wellington seeks to minimise the impact of flood protection projects, maintenance and operations on the environment by using a range of methods such as undertaking riparian planting and integrated land use and water management planning, and working within our Code of Practice.

Financial information

FLOOD PROTECTION AND CONTROL WORKS
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	-	-	-	-	-	-	-	-	-	-
Targeted rate	19,634	20,532	21,857	23,396	25,120	26,988	28,765	30,253	32,734	34,232
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-
Fines, infringement fees, and other receipts [1]	3,401	3,740	4,138	4,545	5,100	5,249	5,393	5,247	4,462	3,951
Total operating funding	**23,035**	**24,272**	**25,995**	**27,941**	**30,220**	**32,237**	**34,158**	**35,500**	**37,196**	**38,183**
Applications of operating funding										
Payments to staff and suppliers	9,583	9,752	9,938	10,365	10,551	10,719	11,152	11,211	11,110	11,052
Finance costs	4,881	5,297	5,928	6,737	7,435	8,340	9,082	9,599	10,143	10,645
Internal charges and overheads applied	3,301	3,432	3,615	3,751	3,875	3,875	3,957	4,051	4,118	4,181
Total applications of operating funding	**17,765**	**18,481**	**19,481**	**20,853**	**21,861**	**22,934**	**24,191**	**24,861**	**25,371**	**25,878**
Surplus/(deficit) of operating funding	**5,270**	**5,791**	**6,514**	**7,088**	**8,359**	**9,303**	**9,967**	**10,639**	**11,825**	**12,305**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	12,215	15,546	14,548	12,932	14,893	14,650	14,382	13,412	12,254	7,980
Gross proceeds from asset sales	117	76	105	68	25	142	83	68	138	88
Total sources of capital funding	**12,332**	**15,622**	**14,653**	**13,000**	**14,918**	**14,792**	**14,465**	**13,480**	**12,392**	**8,068**
Applications of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	16,416	20,331	19,989	19,084	21,654	22,053	22,497	22,232	22,071	18,347
- to replace existing assets	393	266	308	82	130	468	297	219	428	266
Increase / (decrease) in investments	359	386	423	479	521	560	593	620	647	698
Increase / (decrease) in reserves	434	430	447	443	972	1,014	1,045	1,048	1,071	1,062
Total applications of capital funding	17,602	21,413	21,167	20,088	23,277	24,095	24,432	24,119	24,217	20,373
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on assets	1,233	1,415	1,678	1,904	2,127	2,316	2,474	2,721	2,961	3,131

[1] This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.
For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.
All figures on this page exclude GST

FLOOD PROTECTION AND CONTROL WORKS
PROSPECTIVE FUNDING INFORMATION
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Understanding flood risk	2,879	2,747	2,863	3,291	3,339	3,256	3,475	3,406	3,667	3,598
Maintaining flood protection and control works	9,270	9,401	9,620	9,940	10,018	10,326	10,752	10,749	11,011	11,252
Improving flood security	10,886	12,125	13,513	14,710	16,863	18,655	19,931	21,345	22,518	23,333
Total operating funding	**23,035**	**24,272**	**25,995**	**27,941**	**30,220**	**32,237**	**34,158**	**35,500**	**37,196**	**38,183**
Applications of operating funding										
Understanding flood risk	2,446	2,226	2,263	2,637	2,604	2,465	2,629	2,530	2,738	2,657
Maintaining flood protection and control works	7,683	7,846	8,027	8,323	8,323	8,324	8,794	8,825	8,896	9,204
Improving flood security	7,637	8,410	9,192	9,893	10,933	12,146	12,767	13,506	13,737	14,017
Total applications of operating funding	**17,765**	**18,481**	**19,481**	**20,853**	**21,861**	**22,934**	**24,191**	**24,861**	**25,371**	**25,878**
Capital expenditure										
Hutt river improvements	12,212	15,684	14,978	14,227	10,284	10,853	12,666	12,870	12,954	13,992
Otaki and Waikanae river improvements	1,687	2,195	1,931	1,537	1,767	1,537	2,370	1,769	2,004	2,128
Wairarapa rivers improvements	1,003	1,076	1,682	1,633	8,282	8,531	6,317	6,475	6,203	840
Other flood protection	1,514	1,376	1,398	1,578	1,321	1,132	1,144	1,118	910	1,387
Capital project expenditure	**16,416**	**20,331**	**19,989**	**18,975**	**21,654**	**22,053**	**22,497**	**22,232**	**22,071**	**18,347**
Land and buildings	-	-	-	-	-	-	-	-	-	-
Plant and equipment	133	12	19	13	96	142	21	21	14	15
Vehicles	260	254	289	178	34	326	276	198	414	251
Total capital expenditure	**16,809**	**20,597**	**20,297**	**19,166**	**21,784**	**22,521**	**22,794**	**22,451**	**22,499**	**18,613**

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

Metlink Public Transport - Ngā Waka Tūmatanui

This activity group contributes to:	
Community Outcomes	Connected community Strong economy Healthy environment
Key priorities/issues	Metlink Public Transport

The Metlink public transport group includes three activities:

- Metlink network planning and operations - an integrated and accessible network
- Rail operations and asset management - a high capacity rail system
- Bus and ferry operations and asset management - frequent, reliable bus and ferry services

Metlink Public Transport total of Greater Wellington expenditure 65 percent

What we do

Greater Wellington manages the Metlink public transport network and delivers public transport services to the regional population. Passengers, ratepayers and road users all help fund it via fares, rates and a subsidy from the NZ Transport Agency.

We deliver services across an integrated network of bus routes, five passenger rail lines and the harbour ferry service. We are also responsible for developing and maintaining public transport infrastructure including railway stations, train maintenance depot, bus and ferry shelters, signs, and Park n Ride facilities.

Our Metlink public transport network is fundamental to keeping people and goods moving in our region.

Our Metlink Public Transport group of activities contributes to the **Public Transport** priority area.

Contribution to our Community Outcomes

Our Metlink Public Transport group of activities contributes towards the following Community Outcomes:

- A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option
- A **strong economy** by enhancing the efficient movement of people within the region
- A **healthy environment** by supporting the reduction of vehicle emissions from private vehicles

Challenges we face

There are both opportunities and challenges for the Metlink Public Transport Group over the next 10 years.

Greater focus on the customer experience in all aspects of public transport

To maintain and improve already high-levels of customer satisfaction means continual improvement of services, based on the dynamic needs of communities and our customers. Digital technology is increasing expectations of customer service in terms of responsiveness and ease. A specific focus on customer experience is now required to anticipate these needs and maintain high-levels of service that ensure accessibility for all members of the community and encourage adoption of public transport.

Attracting more people on to public transport, particularly along key transport corridors

Everyone benefits from good public transport, including car drivers and businesses. Within the life of this plan we will see some major roading projects coming on-line providing improved options for car-based travel into the regional CBD. Increasing congestion will be an ongoing risk to the region if too many people choose to travel by car. Our challenge is to ensure the quality, capacity, reliability and frequency of public transport is such that it becomes the preferred choice for commuters, particularly along our key transport corridors.

Providing accessible and affordable public transport for future populations

Not everyone who uses public transport has a choice. Within our region there are many people who cannot drive or do not own a car, or find it difficult to pay for travel due to life factors and affordability issues such as costs of living. For wider social and economic benefits to be realised, public transport needs to work for all aspects of society, including young, elderly, students, people with disabilities and those with low incomes. It also needs to take account of the changing travel patterns – for example we are now seeing more students commuting into Wellington city rather than living near the university as accommodation becomes less affordable. Understanding the changing needs of customers is of critical importance for the region into the future.

Emerging technologies and future mobility

The uptake of new technologies and smarter information and electronic payment platforms provides both challenges and opportunities for public transport. The extension of Snapper to all buses in July this year marks a significant improvement for customers, however there is still much to do to achieve integrated ticketing across the whole Metlink network. The emergence of new, lower cost travel modes and availability through digital 'mobility as a service' apps, will mean public transport will be required to participate in this transit market place to retain and grow patronage. The emergence of connected and autonomous vehicles and car sharing schemes could result in significant changes to the role of public transport and demand for car parking spaces in cities and urban areas.

Improving resilience and responding to climate change

The region's geography and susceptibility to the effects of climate change provides some unique challenges for the Metlink public transport network. Many of our core public transport routes are in areas of seismic risk and with climate change we expect to see more frequent and severe weather events affecting coastal and low lying rail and road links. Our asset plan for rail has a huge focus on improving resilience in response to this issue. For bus, our move to a new contracting environment paves the way for a modern low emission fleet, including with new electric buses to significantly reduce greenhouse gas emissions and air pollution.

Resilience and performance of rail services is also affected in some parts of our network by the age and condition of the underlying rail network. This is a particular issue for the Wairarapa line, which affects the punctuality and reliability of services. We are working with our partners (KiwiRail, Transdev and the Government) to develop a business case to upgrade the ageing rail network infrastructure on the Wairarapa line.

Making it affordable

An ongoing challenge in managing our public transport network is balancing the demands for increased levels of service with affordability for users and ratepayers. We do this by constantly monitoring the cost of our operations and programme of improvements with patronage and fare revenue.

Planning for the future

We want to become a smarter, cleaner region by encouraging more people to travel by bus, train and ferry, especially at peak times. So we're making extensive improvements to the Metlink public transport network to deliver faster, affordable, more frequent and reliable services. It's all about providing a better public transport experience to make greater Wellington even greater.

The Wellington region has a strong culture of public transport use. Nearly 38 million passenger trips were taken on the Metlink public transport network during 2016/17 – the highest per capita public transport use in the country.

Our high use of public transport hasn't happened by chance – but has been a result of planning and investment over a long period. For the last decade our focus for investment has been on rail, which required huge catch-up investment in rolling stock and infrastructure. Our current programme is focused on consolidation of rail services, transformation of bus services (including a new network for Wellington city, a modern sustainable bus fleet and new double decker electric buses) and improving the information and services available for customers.

Our plan for the future is to continue to invest in, and transform, all aspects of the Metlink public transport network. We want to make Metlink even better so it remains the preferred choice of travel for people, particularly in peak travel times where the benefits to the wider network and economy are more pronounced.

We want to do this by:

- Growing public transport patronage by continually improving the Metlink public transport network so that public transport services:
  - Go where people want to go, at the times they want to travel
  - Provide competitive journey times
  - Provide value for money
  - Are easy to understand and use
  - Are safe, comfortable, and reliable
  - Provide flexibility, allowing people to change their plans
- Maintaining a public transport network that includes core, local, and targeted services
- Increasing the accessibility of public transport by providing information, facilities, and services that are increasing available to all members of the public.

Strategies and plans that guide our work

The important policies and plans that relate to this group of activities are:

- Regional Land Transport Plan – the strategic document that guide the development of the region's transport system, including public transport
- Regional Public Transport Plan – sets the direction for public transport in the region, including funding and delivery

Metlink network planning and operations - an integrated and accessible network

The Metlink public transport network in the Wellington region is a network of bus, train and harbour ferry services. The network is organised around a layered hierarchy of services – core routes, local routes and targeted services. Core routes form the network's backbone, linking high demand with high capacity, direct services. Local routes include all-day medium to low frequency services connecting centres within suburban areas – they complement the core network by collecting and distributing passengers from and to it. Targeted services provide services to areas where there is not enough demand to justify core or local routes, or where normal services cannot meet peak demand.

To ensure that the network operates efficiently and effectively it must be planned in an integrated way. Services also need to be reviewed from time to time to ensure they continue to meet the needs of the community and provide value for money for users, ratepayers and taxpayers.

The Regional Public Transport Plan (Public Transport Plan) is our key planning document – it describes the network and sets out policies and actions to ensure Wellington's public transport network remains the best in New Zealand. The current Public Transport Plan was adopted in 2014 and has been varied three times to ensure it remains relevant. New thinking is emerging in some areas (e.g. Mass Transit as part of Let's Get Wellington Moving) which may require more fundamental changes. A comprehensive review is planned in the first year of the Supporting Information document (2018-2028), following the endorsement of the new Regional Land Transport Plan 2018 and roll-out of the new bus operating environment.

The primary touch-point for most customers on the Metlink public transport network is via fares and ticketing. The extension of Snapper in July 2018 across the entire bus fleet will mark a significant improvement for ticketing on bus services. To prepare the way, a new Metlink fare schedule will come into effect in July 2018, following a major review over the last year. The new fares have been simplified (we have several hundred fare products at present) and applied consistently across the network. This includes cheaper travel for school children, a new 25 percent off-peak discount for all adults, and a new concessions policy providing cheaper fares for full-time students, and people with disabilities who use a Total Mobility card.

The extension of Snapper is an interim solution and is a prelude to another significant change in the next few years – a single ticketing system for travel on all public transport in the region, whether by bus, train or ferry. Greater Wellington is working closely with the NZ Transport Agency and other regions as part of a national approach to integrated ticketing. Full implementation into the Metlink public transport network is expected within the life of this Supporting Information document.

Greater Wellington operates a Total Mobility scheme to assist eligible people with a permanent disability or impairment to access appropriate transport to enhance their community participation. This assistance is provided in the form of subsidised door to door transport services wherever scheme transport providers operate. There are 9,917 registered users in the Wellington region and 282,083 trips were made using the scheme in 2016/17.

Keeping the customer connected

The provision of information about public transport services forms an important part of our work. We provide information through a variety of channels, including printed timetables, bus stop signage, real time information boards, maps, guides, leaflets and social media. We also provide a Metlink service centre, as well as a comprehensive Metlink website and App with timetable and fare information and a journey planner.

Creating connected and consistent customer experience across modes, and building a direct relationship with customers, is a key focus area for the life of this plan. With new technologies driving change, customers are becoming increasingly interested in making informed choices about the best way to travel, delivered through digital platforms combining travel choice and payment. Being an active participant in this area will help to ensure the relevance of public transport is maintained and enhanced into the future.

Consolidating and growing the Metlink brand is a key focus over the next few years. The move to the new public transport operating model opens up significant new opportunities to use the Metlink brand to improve customer experience and build a direct relationship with customers. Our aim is for Metlink to become a recognised and supported brand based on quality of service to the customer.

Changes to what we deliver

There are no significant changes to current levels of service previously proposed and consulted on. We anticipate that the Let's Get Wellington Moving programme, jointly run with Wellington City Council and the NZ Transport Agency looking at the longer-term future transport needs of Wellington City, will propose some significant changes. These changes will be addressed when known and we will consult at that time. In this plan we have made allowance for some funding to provide the parts for which Greater Wellington has responsibility (responsibility for local roads sits with Wellington City Council and state highways sits with the NZ Transport Agency) – depending on the final preferred option this may need to change.

Rail operations and asset management - a high capacity rail system

Rail services provide core routes forming much of the network's backbone. They link areas of high demand with high capacity and offer direct services with extensive operating hours.

Metlink's role in the provision of rail services can be divided into two parts – operations and assets. We determine the timetable and procure and fund a rail operator (Transdev Wellington Ltd) to provide services. We own the fleet of electric Matangi trains that service the metropolitan area and also the carriages that service Wairarapa. We also own all railway stations (except Wellington Railway Station), the train maintenance depot and all over bridges and underpasses. In addition, we manage all of the Park & Ride carparks. Metlink manages these assets in accordance with its Asset Management Plan, to ensure that they are maintained, upgraded and replaced in a timely manner that ensures that the agreed level of service can be maintained.

Our focus for rail over the life of this plan is threefold: firstly, to continually improve levels of service for customers; secondly, to unlock capacity to cater for ongoing and expected high levels of growth; and thirdly, to improve resilience of the underlying network.

We will do this by building on existing investment and consolidating the state of assets which we have control of. This includes an on-going programme of improvements to stations and platforms to improve levels of service for customers and to improve resilience of our network. Combined with a new integrated ticketing system, we anticipate these changes will help to ensure Metlink's metro rail services offer a reliable, customer friendly and safe service for years to come.

Unlocking capacity and improving resilience is also about capitalising on the success of previous above rail investments and upgrading the network to provide sufficient capacity to manage existing and future growth. A big focus over the early period of this plan is to work with KiwiRail and the Crown to secure much needed funding on the underlying track asset so we have a fit for purpose rail network. We are also looking to secure funding to improve peak service frequency and capacity, cater for forecasted peak passenger demand through to 2030, and ensure an ongoing balanced mode share between road and rail during peak periods.

Changes to what we deliver

We are proposing a change in the level of service being provided to the Wairarapa and Capital Connection rolling stock.

Initial funding has been included for new long distance rolling stock to replace Greater Wellington's aging Wairarapa fleet and KiwiRail's Capital Connection fleets with modern Electro/Diesel Multiple units, similar to Auckland and Wellington Electric Multiple Unit trains. These units will have the ability to run on electricity in the metro area and switch to diesel propulsion outside of the electrified network.

A new fleet of modern, lower emission, dual powered (electro-diesel) trains (15 4-car units) that can serve both lines will mean increased flexibility and capacity across the network and allow for extra train services from both Masterton and Palmerston North. This new fleet would enable 4 morning and 4 afternoon services between Masterton and Wellington and 2 morning and 2 afternoon services on the Capital Connection line.

We are progressing with a firm business case to evaluate this option and other potential options and as part of this process will need to confirm the level and timing of government funding available.

For now, we have made an indicative allocation of funds starting in 2022/23 that provides for implementation of the new trains for the Wairarapa line. This indicative allocation is based on the assumption that central Government will fund 90 percent of the new trains. This is the same proportion as the funding that was allocated for the first fleet of Matangi train units introduced in 2011 but is different to the funding provided for the subsequent purchase of additional Matangi train units, which was closer to 50 percent. In the interim we have plans for ongoing maintenance and refurbishment of the current carriages to ensure they can continue to provide for the needs of our customers.

Bus and ferry operations and asset management activity - frequent, reliable bus and ferry services

Bus and ferry services are key elements of the Metlink public transport system – covering core routes, local routes and targeted services to areas or link destinations where there is low demand.

Metlink's role in the provision of bus and ferry services can be divided into two parts – operations and assets. We own and/or fund bus infrastructure such as bus stop signs, bus shelters and the Lambton Bus Interchange. We also procure and fund bus and ferry operations in accordance with the timetable and service levels set out in the Public Transport Plan.

The Public Transport Plan set the context for a major programme of transformation to the way we operate and manage the bus network – with some big changes coming into effect during the life of this Plan. Our focus for the next few years will be on bedding in the new bus operating model and improving levels of service. From mid July 2018, we will have a new operating model in place with a new fleet of modern and environmentally sustainable buses operating across the Metlink network, including a suite of fully electric double decker buses – all in Metlink colours and all with Snapper ticketing on board.

Mid July 2018 is also when the new Wellington City network comes into effect, providing significantly improved service levels to customers. The new network means that more people will live closer to high frequency routes, providing more regular options to travel more places by bus, including more buses at peak times and more regular off-peak services. The end result will be an all-day network that is more frequent, more punctual and more reliable.

Changes to what we deliver

Our long term projects present a transformation of all aspects of the network.

What we will deliver – key projects and programmes

	Year 1	Year 2	Year 3	Year 4-10
An integrated and accessible network				
Put in place and bed in the new network for Wellington city bus	●	●	●	
Consolidate the growing Metlink brand	●	●	●	●
Improve customer information and touch-points	●	●	●	●
A single national integrated fares and ticketing system – agree, develop and implement with other stakeholders	●	●	●	●
Let's Get Wellington Moving -				
- Prepare and develop approach to recommendations	●	●	●	
- Implement results of agreed recommendations				●
A high capacity rail system				
Continue to improve levels of service	●	●	●	●
Provide capacity to meet ongoing growth	●	●	●	●
Improve the resilience of the underlying network	●	●	●	●
Secure appropriate levels of funding required for the network and improved capacity at peak times	●	●	●	●
New rolling stock to service the Wairarapa Line and Capital connection				
- Develop and agree approach including funding	●	●		
- Undertake procurement process		●	●	●
- Roll-out of new stock				●
Frequent, reliable bus and ferry services				
Bed in the new bus operating model and improving new levels of service	●	●	●	●
Install new, maintain and upgrade assets to meet service demands	●	●	●	●

Key assets

Metlink Public Transport assets make up a good proportion of our assets with a replacement value of $636.9 million. You can find more detail about these assets in our Infrastructure Strategy.

How will we fund this activity?

The full detail for funding this activity is outlined in the proposed Revenue and Financing Policy 2018. We are proposing changes to our Revenue and Financing Policy to move to a fairer and more transparent rating system that is consistent with the new Public Transport operating Model. We're proposing to allocate rates for public transport as one network (rather than allocating bus and train costs on the basis of specific journeys). A weighting, called a rating differential, will be applied to recognise the different levels of benefit that different categories of ratepayers get from the network.

The proposed differentials are:

8	Wellington CBD (the Wellington city Downtown area)
1.5	Business, excluding Wairarapa
1	Wairarapa businesses
1	Residential, excluding Wairarapa
0.5	Wairarapa residential
0.25	Rural

Activity	*User charges*	*Subsidies*	*Targeted rates*	*General rate*
Public Transport	35-50%	The maximum contribution from Crown agencies, primarily New Zealand Transport Agency (NZTA), Overall, intend to collect 25-35 percent from NZTA although this may be significantly higher for some specific programmes and investments.	The balance of the funding is via a targeted rate, calculated on ECV, with differentials based on land use and by location. Overall, intend to collect 25-35 percent of revenue.	

Transition policy

The impact of the proposed changes to the rating system varies according to where you live. To smooth the impact, changes will be staged across a three-year transition period. The policy will be fully implemented from 1 July 2021.

Measuring Success

Metlink public transport							
Level of Service	Performance Measures	Performance Targets					
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Transform and elevate customer experience and use of Metlink passenger services	Overall satisfaction with trip	92.0%	92.0%	93.0%	94.0%	95.0%
	Percentage of rail users who are satisfied with their trip overall[31]	93.0%	>92.0%	>92.0%	>92.0%	>92.0%
	Percentage of bus users who are satisfied with their trip overall[32]	92.0%	>92.0%	>92.0%	>92.0%	>92.0%
	Annual public transport boardings per capita	74.5	75.6	75.7	76.9	80.5
Deliver services in accordance with the published timetable	Percentage of scheduled services delivered (reliability)	Bus 99.1%	99.5%	99.5%	99.5%	99.5%
		Rail 97.2 %	99.5%	99.5%	99.5%	99.5%
	Percentage of scheduled services on-time (punctuality - to 5 minutes)	Bus N/A[33]	90%	95%	95%	95%
		Rail 88%	90%	91%	92%	95%
Provide accessible and accurate information on Metlink services to	Percentage of users who are satisfied with the provision of Metlink information	67%	≥70%	≥71%	≥72%	≥75%

[31] Satisfied = score of 6-10 on a scale of 0-10

[32] Satisfied = score of 6-10 on a scale of 0-10

[33] The punctuality measure has changed from the previous LTP, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

the public						
Maintain and improve the performance and condition of Metlink assets	Percentage of passengers who are satisfied with overall station/stop/wharf	91%	≥91%	≥92%	≥92%	≥94%
	Average condition rating of all bus shelters maintained by Metlink (1 = very good and 5 = very poor)	1.8	Improvement on previous year	Improvement on previous year	Improvement on previous year	Improvement on previous year
Provide a subsidised taxi service to customers with a permanent disability	Percentage of users who are satisfied with the overall service of the Total Mobility Scheme	99%	≥99%	≥99%	≥99%	≥99%

Financial information

PUBLIC TRANSPORT
PROSPECTIVE FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	-	-	-	-	-	-	-	-	-	-
Targeted rate	67,273	72,101	78,920	86,293	91,628	95,724	99,604	101,489	106,646	106,817
Subsidies and grants for operating purposes	75,419	75,022	77,044	86,363	87,244	90,034	93,425	95,696	93,992	105,081
Fees, charges, and targeted rates for water supply [1]	94,120	97,447	99,738	100,050	103,029	106,200	109,470	112,951	124,391	120,368
Fines, infringement fees, and other receipts [2]	2,731	2,744	2,728	2,781	2,869	2,923	2,984	3,028	3,082	3,167
Total operating funding	**239,543**	**247,314**	**258,430**	**275,487**	**284,770**	**294,881**	**305,483**	**313,164**	**328,111**	**335,433**
Applications of operating funding										
Payments to staff and suppliers	208,804	211,068	216,277	232,831	235,875	242,834	250,731	256,647	270,182	277,990
Finance costs	14,541	14,312	14,626	15,405	16,055	17,206	17,505	17,049	16,530	15,874
Internal charges and overheads applied	9,567	9,949	10,477	10,871	11,233	11,231	11,470	11,743	11,937	12,119
Total applications of operating funding	**232,912**	**235,329**	**241,380**	**259,107**	**263,163**	**271,271**	**279,706**	**285,439**	**298,649**	**305,983**
Net surplus/(deficit) of operating funding	**6,631**	**11,985**	**17,050**	**16,380**	**21,607**	**23,610**	**25,777**	**27,725**	**29,462**	**29,450**
Sources of capital funding										
Subsidies and grants for capital expenditure	22,690	26,069	30,947	15,065	12,186	10,130	10,507	13,849	19,445	18,258
Increase / (decrease) in debt 3	40,206	10,276	11,935	7,132	17,889	14,433	(3,951)	(2,470)	(13,076)	(14,425)
Gross proceeds from asset sales	10	-	-	10	11	-	-	11	11	-
Total sources of capital funding	**62,906**	**36,345**	**42,882**	**22,207**	**30,086**	**24,563**	**6,556**	**11,390**	**6,380**	**3,833**
Applications of Capital Funding										
Capital expenditure										
- to meet additional demand	4,600	-	-	12,810	13,104	13,629	13,956	14,305	241	247
- to improve the level of service	10,357	27,935	28,708	3,832	2,151	2,312	3,249	2,310	1,287	2,026
- to replace existing assets [4]	33,980	3,099	3,648	4,890	2,710	2,291	2,059	8,018	11,233	12,726
Increase / (decrease) in investments [3]	24,664	18,376	26,651	19,068	33,541	29,742	12,864	14,277	22,874	18,071
Increase / (decrease) in reserves	(4,064)	(1,080)	925	(2,013)	187	199	205	205	207	213
Total applications of capital funding	69,537	48,330	59,932	38,587	51,693	48,173	32,333	39,115	35,842	33,283
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on Public Transport assets	4,678	6,283	9,113	12,296	13,744	14,282	15,144	16,224	17,935	19,154

1 Variance mainly due to LTP assumption of gross bus contracts starting 2017 which will now start in 2018

2 This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets

3 GWRC fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the NZ Transport Agency.
Where this expenditure is for rail rolling stock and infrastructure that will be owned by the 100% council subsidiary Greater Wellington Rail Limited it is treated as an investment in this subsidiary.

4 GWRC (as grantor) has entered into an arrangement with Tranzit, NZ Bus, and Mana to provide bus service with double decker buses. This has forms a service concession arrangement under PBE IPSAS 32.

In 2018/19, the service concession asset-double decker buses are initially recognised at fair value of $31 million and subsequently measured in accordance with PBE IPSAS 32. They are depreciated on a straight-line basis over an useful life of 20 years. $31 million of financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

PUBLIC TRANSPORT
PROSPECTIVE FUNDING INFORMATION
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Metlink network planning and operations	20,264	21,746	23,750	28,703	30,523	32,261	34,930	36,714	38,624	40,569
Rail operations and asset management	128,009	128,974	132,504	141,206	142,711	146,133	149,947	150,520	153,781	159,570
Bus and ferry operations and asset management	91,270	96,594	102,176	105,578	111,536	116,487	120,606	125,930	135,706	135,294
Total operating funding	**239,543**	**247,314**	**258,430**	**275,487**	**284,770**	**294,881**	**305,483**	**313,164**	**328,111**	**335,433**
Applications of operating funding										
Metlink network planning and operations	19,574	20,437	21,612	25,583	26,702	27,800	29,729	30,521	31,480	32,698
Rail operations and asset management	120,755	119,844	121,358	128,747	128,147	130,382	132,987	132,865	135,562	140,902
Bus and ferry operations and asset management	92,583	95,048	98,410	104,777	108,314	113,089	116,990	122,053	131,607	132,383
Total applications of operating funding (excluding improvements)	**232,912**	**235,329**	**241,380**	**259,107**	**263,163**	**271,271**	**279,706**	**285,439**	**298,649**	**305,983**
Net surplus/(deficit) of operating funding	**6,631**	**11,985**	**17,050**	**16,380**	**21,607**	**23,610**	**25,777**	**27,725**	**29,462**	**29,450**
Investments in Greater Wellington Rail Limited [1]										
Rail operations and asset management	24,664	**18,376**	**26,651**	**19,068**	**33,541**	**29,742**	**12,864**	**14,277**	**22,874**	**18,071**
Total investment expenditure	**24,664**	**18,376**	**26,651**	**19,068**	**33,541**	**29,742**	**12,864**	**14,277**	**22,874**	**18,071**
Capital expenditure										
New public transport shelters, signage, pedestrian facilities, land and systems	48,937	31,034	32,356	21,491	17,923	18,232	19,264	24,588	12,716	14,999
Total capital project expenditure	**48,937**	**31,034**	**32,356**	**21,491**	**17,923**	**18,232**	**19,264**	**24,588**	**12,716**	**14,999**
Vehicles	40	-	-	41	42	-	-	45	45	-
Total capital expenditure	**48,977**	**31,034**	**32,356**	**21,532**	**17,965**	**18,232**	**19,264**	**24,633**	**12,761**	**14,999**
Total Investment in Public Transport Infrastructure	**73,641**	**49,410**	**59,007**	**40,600**	**51,506**	**47,974**	**32,128**	**38,910**	**35,635**	**33,070**

[1] GWRC fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the NZ Transport Agency.
Where this expenditure is for rail rolling stock and infrastructure that will be owned by the 100% council subsidiary Greater Wellington Rail Limited it is treated as an investment in this subsidiary.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.
All figures on this page exclude GST

Potential negative effects

Potential negative effects of the activity	How we will address negative effects
There is the potential for public transport projects and ongoing operations to have negative effects on environmental wellbeing, although public transport has an overall positive effect on CO2 emissions in the region.	We will seek to minimise the impact of public transport projects and operations, for example, by requiring bus services to be provided by modern fuel-efficient vehicles, and appropriately managing the storm water run-off from sealed car-parks.

Regional leadership: Ngā Kaihautū o te Rohe

This activity group contributes to:	
Community Outcomes	Strong economy Resilient community Connected community Healthy environment Engaged community
Key priorities/issues	Freshwater supply Public transport Resilient region Freshwater quality and biodiversity

The Regional Leadership Group includes the following activities:

- Wellington Regional Strategy
- Emergency Management
- Democratic Services
- Partnering with Māori
- Regional Transport planning and programmes
- Regional initiatives

Regional Leadership total of Greater Wellington expenditure 7 percent

What we do

Greater Wellington coordinates regional leadership activities in partnership with other local authorities on a range of issues and priorities across the region. Our long term approach is to develop and maintain strong relationships and collaborative programmes at a regional level to assist with achieving integrated decision making across the region. We involve mana whenua, our key stakeholders, central government and the community in these processes and in our decision making. We also lead or are involved in a number of regional initiatives that provide significant benefits to the regional community in a number of areas including economic development, emergency management, regional resilience, transport planning and healthy homes.

Many of the issues facing our communities are complex and require regional whole of system approaches if we are to find meaningful solutions. Leadership is essential for our region if we are to build on our existing strengths and develop new initiatives that will enable us to continue to deliver on our key outcomes. Connectedness is also key – building partnerships and relationships with a wide array of organisations to ensure that a regional perspective is considered alongside local and nationwide considerations.
The Regional Leadership group of activities contributes to the freshwater supply, public transport, resilient region and freshwater quality and biodiversity priority areas.

Contribution to our Community Outcomes

Our regional leadership activities contribute towards achieving:

- **A strong economy** by developing region-wide strategies and funding programmes to help the region realise its economic potential
- **A resilient community** by enabling the region to be ready to respond to and recover from major emergency events, such as earthquakes or flood events
- **A connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available, and supporting the availability of ultra-fast broadband
- **A healthy environment** by taking a leadership role in other regionally significant issues such as the climate change strategy and reducing carbon emissions.
- **An engaged community** by providing opportunities for mana whenua and residents to engage in our activities and participate in decision making.

Challenges we face

There are a number of opportunities and challenges in the Regional Leadership group of activities.

Many of the issues and opportunities have a regional context and require a coordinated approach across the region, building partnerships with a wide range of organisations.

Demographic change

Our population is expected to increase, and will be characterised by an increase in people aged over 65 as well as a corresponding increase in life expectancy. This is likely to result in greater pressure on our transport planning, on the uptake of active transport and the associated infrastructure such as cycle lanes and the movement of people around the region.

Adverse events/climate change

We have experienced some shocks in the last few years (e.g. earthquakes and flooding within our region) which have highlighted the need to address the robustness of our infrastructure and its ability to recover quickly from emergency situations. We are meeting these challenges by working with the city and district councils as well as utility companies in our region to better understand the interdependencies of our key networks and identify the key regional priorities for investment.

Economic growth

The combined impact of tourism and employment growth in our regional economy is likely to put increased pressure on our infrastructure, regional transport and planning services as well as emergency management services. Building world class infrastructure, including improving our connections within the region, to the rest of the country and internationally, are a vital component of improving our competitiveness. Planning and delivering the region's major transport projects requires a coordinated and integrated approach across a number of different organisations as well as navigation of complex consenting processes. We also need to diversify our economy to ensure it is more resilient, including growing businesses in emerging new sectors. Maintaining and improving our quality of life is also an important component of attracting businesses and talented people to our region.

Governance/Partnering

Partnerships with mana whenua will be increasingly significant for Greater Wellington as Te Tiriti o Waitangi/Treaty of Waitangi settlements are finalised in the region. New statutory requirements may also raise issues that need to be considered such as Te Mana Whakahono - a- rohe (Resource Legislative Amendment Act 2016). The Ara Tahi/Council relationship will continue to develop during this 10 year period so that mana whenua have the opportunity to be involved in the policy and operational areas of concern to them.

Greater Wellington seeks to build its own capability and capacity to work more effectively with Māori through a staff and elected member training programme, Te Ara Matua.

Planning for the future

Our objective is to develop and maintain strong relationships and collaborative programmes at both a local, regional and national level. Greater Wellington is well placed to do this because:

- We have a broad mandate to respond to community needs and consider social, economic, cultural and environmental wellbeing across the region.
- We connect the national to the local: we connect the central government picture with community concerns.
- We coordinate with others in the region to reduce duplication and improve results for our communities.
- We partner with the six iwi groups across the region.
- Incorporate the views of mātāwaka (Māori from tribes outside of the Wellington region).
- We co-operate with other local authorities on a range of issues, including economic development, transport, and civil defence and emergency management.
- We connect with business and community groups across the region.
- We lead regional initiatives that provide significant benefits to the regional community.
- We take leadership on significant issues such as climate change.

Strategies and plans that guide our work

The important policies and plans that relate to this group of activities are:

- The Wellington Regional Strategy - a sustainable economic growth strategy which contains a range of initiatives to realise our economic potential.
- Wellington Region Civil Defence Emergency Management Group Plan 2013-2018 (CDEM Group Plan) - provides the strategic direction for civil defence and emergency management in the Wellington region.
- Regional Land Transport Plan - the strategic document that guide the development of the region's transport system, including public transport.

- Wellington Region Triennial Agreement 2016-2019 - sets out the commitment by Greater Wellington and the region's territorial authorities to good governance by acting cooperatively and collaboratively.

Wellington Regional Strategy

The Wellington Regional Strategy (WRS) was developed by the region's nine local authorities, in conjunction with central government and the region's business, education, research and voluntary sector interests and adopted in 2007 (reviewed in 2012). The WRS reflects a commitment by all the councils to support, promote and facilitate sustainable economic growth for the region and is focused on regional interventions or actions that can realistically make a difference.

In 2014, the region's councils agreed to combine the tourism, venues and major events functions of Wellington City Council and the economic development functions of Greater Wellington together, in a single Council Controlled organisation, the Wellington Regional Economic Development Agency (WREDA). Greater Wellington has a 20 percent shareholding in WREDA with the other 80 percent being held by Wellington City Council.

Greater Wellington's WRS Committee oversees decision making and governance of the WRS. The Committee membership includes one regional councillor, four members nominated by Wellington City Council, one member nominated by each of Kāpiti Coast District Council, Hutt City Council, Porirua City Council and Upper Hutt City Council, and one member nominated by the three Wairarapa district councils.

The WRS has the following focus areas:

1. Commercialisation of innovation: With a focus on science and technology-driven innovation, this focus area involves supporting existing successful businesses and exploiting the region's attractiveness as a vibrant and supportive environment for entrepreneurs to set up firms, access capital and to innovate
2. Investment mechanisms for sustainable growth: This is about attracting international investment, making more of existing investment networks (such as angel investment networks) and ensuring these are connected internationally and through local business opportunities
3. Building world class economic infrastructure: Regional economic prosperity is heavily dependent on the region's level of connectedness at local, national and international levels. This is, in turn, dependent on the quality of our foundation infrastructure and transport systems
4. Attracting business, investment and talent to the region: This is about having a targeted approach to attracting businesses, potential investors and skilled migrants to the region
5. Education and workforce development to service economic needs: This focus area is about building on existing connections and initiatives to grow the region's skills and education base and ensure the region's specific skills needs are met
6. Open for business: Being open for business is about councils delivering business services with a "can do" attitude and facilitating a business environment where smart, innovative firms can flourish.

Changes to what we deliver

We will develop a Regional Investment Plan with the region's territorial authorities and input from WREDA and central government agencies. This will outline the region's top priorities for investment over the short, medium and long term. We are also working with mana whenua in the region and investigating the development of a Māori economic development strategy.

Emergency Management

WREMO co-ordinates Civil Defence and Emergency Management services (**CDEM**) on behalf of the nine councils across the Wellington region. It is responsible for providing a holistic, coordinated and integrated CDEM service with an emphasis on developing resilient communities and providing the systems, people and resources necessary to provide an effective response during an emergency.

WREMO is responsible for the following functions:

- *Resilience Building* - Enhancing community resilience through increased capacity, connectedness and cooperation.
- *Operational Excellence* - Building operational capability and capacity to provide a timely and appropriate response during an emergency.
- *Organisational Excellence* - Developing the systems, policies and procedures to provide the organisational foundation for WREMO.

The three key programmes for WREMO are:

- **Community Preparedness** - Working in partnership with community-based organisations and the community to build resilience by promoting a sense of shared ownership. Examples of initiatives in this space include creating and promoting the Earthquake Preparedness Guide, the development of Community Response Plans and building capacity in the Wellington region through the volunteer programme.
- **Emergency Response Model** – Working with council staff and stakeholders to improve our collective ability to respond effectively to emergency events.
- **Lifelines Coordination** – Working with Lifeline utility companies in a coordinated manner to promote the establishment of resilient utility networks, thereby facilitating their rapid restoration after an emergency.

Changes to what we deliver

As a result of the Kaikōura earthquake in late 2016, WREMO undertook a regional review and outlined improvements in capability that could be made, particularly in the recovery and resilience areas. Additional funding will enable WREMO to build their capability to coordinate efforts to improve resilience across the region and to better plan for recovery following a major event.

In February 2018 the chief executives' of the nine councils around the region met to discuss the findings of the review and the preferred way forward. The following role for WREMO was agreed upon:

- lead and coordinate the effective delivery of CDEM actions across the 4R's (reduction, readiness, response & recovery) for the Wellington Region
- integrate national and local CDEM planning and activity through the alignment of local planning with the national strategy and national plan; and
- coordinate planning, programmes and activities related to CDEM across the 4R's and encouraging cooperation and joint action.

All councils provide funding to WREMO. We currently provide 28 percent of the total funding. We have allowed for an increase of $297, 000 starting in the 2018/19 year. This would bring our share of the total funding up to almost 33 percent.

Democratic services

Our Council consists of 13 Councillors who represent six constituencies. The Council enables democratic local decision-making and action on behalf of regional communities. Our democratic services activity involves Council and committee meetings held on a regular (approximately six-weekly) basis. These meetings provide opportunities for the public to provide input to the Council's decision-making through public participation or through making submissions or providing feedback on specific proposals. We also review of the Council's representation arrangements, three yearly Council elections and any other elections and polls required to be conducted. The Council has also established advisory groups to provide it with advice on a wide range of matters.

Changes to what we deliver

There are no changes to our levels of service.

Partnering with Māori

Since 1993, Greater Wellington and mana whenua have built upon a strong enduring partnership. As an approach, mana whenua and Greater Wellington's partnership is quite unique for a regional council and is an exemplar for councils around the country to learn from. Building platforms to enhance this partnership and the manner in which mana whenua influence outcomes across council will be the focus for this Long Term Plan. In addition to this, councils is obligated to ensuring the Māori of the region have an opportunity to inform many of our programmes. Council will be developing a programme of work that enables mātāwaka the opportunity to inform programmes of work relevant to where they reside in the region.

Our focus will be on:

Best Practice

Deliver best practice outcomes of Council and our mana whenua partners whilst also recognising and providing for councils statutory obligations to Maori[1] articulated in the Local Government Act and Resource Management Act.

Council/Mana whenua relationship

The 2013 Memorandum of Partnership between mana whenua and Greater Wellington has moved the relationship toward an increasingly strategic relationship driven by mutually beneficial outcomes, Treaty settlements and the aspiration for a collaborative approach to protecting our environment and regional development. As part of our learning, we are reviewing key functions of the partnership to ensure that it remains relevant in an ever changing environment.

Greater Wellington supports our mana whenua partners in their journey as they achieve their Treaty of Waitangi aspirations through their settlement legislation and in the pre- and post-settlement negotiation environment.

Ara Tahi

Our collective partnership forum, Ara Tahi is leading a review of the forum to reposition its resources and enable members to identify new, strengthened ways of working separately with each other and collectively with Council. The mutual benefits of the new arrangements include improving the responsiveness and agility of both parties to engage and respond effectively on high level strategic issues. Key pieces of work that Ara Tahi will lead on behalf of mana whenua are:

- Ara Tahi Strategic Plan
- Maori Economic Development with WRS
- Review of the Stocktake of Statutory Obligations to Māori
- Review of the Memorandum of Partnership
- Working with cross council initiatives including the Wellington Regional Climate Change Working Group, Wellington Regional Emergency Management Office

[1] "Stocktake to Statutory Obligations to Maori" 2015

Decision making

Greater Wellington recognises the value of mana whenua involvement in its decision making and supports this through the following:

- Council committees (Environment Committee; Finance, Risk and Assurance Committee; Sustainable Transport Committee; Te Upoko Taiao - Natural Resources Plan Committee; Wairarapa Committee; Hutt Valley Flood Management Subcommittee, Te Kāuru Upper Ruamāhanga River Floodplain Management Subcommittee)
- Council advisory groups (Ara Tahi; Lower Ruamahanga Valley Flood Management Advisory Committee; Ruamāhanga Whaitua Committee; Te Awarua-o-Porirua Whaitua Committee; Waiohine Flood Management Plan Steering Group; Waipoua Masterton Urban Area Project Group; Water Wairarapa Governance Group; Wairarapa Moana Wetlands Project Governance Group; Wairarapa Moana Wetlands Project Management Group)
- Māori Resource Management Act hearing commissioners.

Changes to what we deliver

Ara Tahi - Implementation of strategic activity

This review and establishment of a strategy under the partnership will enable council to better plan for and resource existing programmes whilst building strong business cases for new activity.

Post settlement environment

We will continue to work within Greater Wellington, with other councils and central government agencies to help prepare and position any structures and new systems needed for consideration as settlement redress by our mana whenua partners and in advancing their aspirations in the post settlement environment.

Greater Wellington contributes to the new Wairarapa Moana Statutory Board which will be established through the Ngāti Kahungunu ki Wairarapa settlement legislation. This Board is shared redress for Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa. Greater Wellington shares the agency responsibilities for this Board with the Department of Conservation and the Wairarapa Territorial Authorities. The Board will play a significant role in achieving improved environmental outcomes for the Wairarapa.

New legislation

We are well positioned and value the opportunity to respond with focused agility in dealing with new emergent legislative and policy requirements. We will work with new mana whenua applicant groupings under the Marine and Coastal Area Act **(MACA)** and engage with the new Te Mana Whakahono a Rohe (Iwi partnership arrangements) under the new Resource Legislation Amendment Act 2017 as required. Iwi authorities have the ability to invite Greater Wellington to form a **Mana Whakahono a Rohe or** Iwi Participation Arrangement. Working out what this means for our mana whenua partners and Greater Wellington will be one of the key features of this Long Term Plan period.

Mātāwaka

We are reorienting how we work with Māori to enable us to deliver excellent services that are informed by mana whenua and mātāwaka of the region. Our work with mana whenua has been described above and will continue to be a major focus for Greater Wellington. However, our work with mātāwaka must become part of council's programmes of work. This shift acknowledges the vital contribution of mātāwaka and their current and future contributions to the building the region.

Regional transport planning and programmes activity

Greater Wellington plans for the development of the region's land transport network. We do this through the development of a Regional Land Transport Plan (RLTP), which also outlines the projects that the region supports for central government co- funding through the National Transport Fund. We also encourage the use of public transport through targeted promotions and behaviour change initiatives, and promote active transport: walking, cycling and scootering.

Greater Wellington is also responsible for monitoring the implementation of the RLTP and prepares a full monitoring report every three years and a summary monitoring report on an annual basis. We maintain, update and administer regional transport models which are used by a number of agencies to plan for transport improvements. We support Greater Wellington's Regional Transport Committee, made up of all the region's mayors, the Chair of Greater Wellington and NZTA.

We are a partner in key regional transport programmes and projects, including Let's Get Wellington Moving.

Our cycle safety programme includes cycle skills training, induction training for new bus drivers on safely sharing the road with cyclists, a visibility at night campaign for pedestrians and cyclists and design competitions. We want more people to feel safe using active transport modes so that congestion is reduced around schools and on the transport network.

With declining numbers of children being active on the way to school, provision of cycle skills training will provide parents with the confidence that their children know how to ride safely on the road. We need to be ahead of these changes particularly in regards to encouraging use of active modes, and promotions about how to improve cyclists' visibility.

Changes to what we deliver

We plan to run a series of promotions, focussed at workplaces and businesses, to increase public transport patronage. We will also encourage people to integrate sustainable modes with Public Transport, for example, bike racks on buses, bike share scheme, carpooling to Park and Rides, bike storage at stations.

Regional Initiatives Activity

Greater Wellington leads and partners with others on a number of key initiatives aimed at promoting significant economic, social and environmental benefits to the regional community.

Greater Wellington also works on other strategic projects that are required in response to regionally significant issues, usually in collaboration with other agencies and organisations- the Ministry of the Environment, the Department of Conservation NIWA, the Institute of Geological and Nuclear Sciences, tertiary institutions and volunteer organisations.

Lifelines Resilience Project

Greater Wellington coordinates the Lifelines Resilience project - an initiative of the Wellington Lifelines Group. This is a collaborative project that includes Greater Wellington, representatives from Wellington City Council, Porirua City Council, Hutt City Council, Upper Hutt District Council and Kāpiti Coast District Council and the utility companies. By working together this ensures any investment is focussed on best results for the region to build resilience, not just for each individual utility.

The project is designed to identify where our regional infrastructure is vulnerable in the event of a 7.5 magnitude earthquake, what the interdependencies are between the different lifeline services and what steps we could take to enable our region to recover from such an event. While the project is primarily concerned with seismic disruption, it has a wider application, for example, during other events such as a flood or fire.

Water Wairarapa

Greater Wellington and our partners are exploring ways of ensuring greater certainty of water supply for Wairarapa. Greater Wellington currently leads and funds this initiative. The project commenced in 2010.

The completed scheme would comprise multiple water storage locations and a distribution network via rivers and piping. It would service each of the towns' future drinking water needs, provide irrigation support to around 30,000 hectares of productive agricultural land and be used to bolster minimum flows, thus protecting water quality where it is most threatened. Discussions with local iwi, businesses and other interested groups have been undertaken. Upon completion of the viability study, a commercial entity would be formed to raise the capital to develop and construct the scheme.

Earlier this year Greater Wellington commissioned a detailed report from NIWA that predicts increasingly severe water shortages in the Wairarapa due to future climate change effects. This will impact water quality and availability in the area.

We've provided for additional funding of $200,000 for one year (2018/19) to continue management of the programme and complete investigations. Our ongoing funding is contingent on substantive funding from our partners – the local Wairarapa councils and the Crown. This investment will enable us to continue working with our partners to establish a future management structure for the implementation stages and to complete investigations and feasibility for water storage options.

Warm Greater Wellington

Greater Wellington provides financial assistance to purchase insulation that is paid back through homeowners' property rates. The scheme began in April 2010 and thousands of houses have been insulated under this scheme. This will continue to be provided.

Port Planning

Greater Wellington is working with CentrePort and other partners on future plans and opportunities for port land. This includes investigating options for a new integrated ferry terminal and long-term plans for the future of the port land, including any opportunities to re-use non-operational land for other purposes.

Changes to what we deliver

It is anticipated that the Lifelines Resilience Project will require on-going support which will provide for an increased level of resilience in the region.

Greater Wellington will be considering extension of the clean heating programme to other areas of the region as part of Warmer Wellington. Currently only Wainuiomata and Masterton properties are eligible for the clean heat component of the scheme.

What we will deliver – Regional leadership work programme

	Year 1	Year 2	Year 3	Year 4-10
Wellington Regional Strategy				
Wellington Regional Economic Development Agency (WREDA)	●	●	●	●
WRS Office projects and programmes	●	●	●	●
Maori Economic Development strategy	●	●	●	●
Emergency Management				
A more comprehensive and integrated approach to CDEM	●	●	●	●
A stronger emphasis on reduction and recovery	●	●	●	●
Improved capability to manage large scale events	●	●	●	●
Improved resilience outcomes	●	●	●	●
Democratic Services				
Partnerships with Māori				
Council /Mana whenua relationships- Ara Tahi systems are strengthened and improved to achieve improved outcomes. Te Upoko functions are reviewed	●	●	●	●
Māori Partnerships- funds management	●	●	●	●
Resource consent and other work with iwi partners and staff to enable effective engagement	●	●	●	●
Regional Transport Planning and programmes				
Transport modelling, data collection and analysis for regional planning	●	●	●	●
Regional Land Transport Plan- development, review, variations, monitoring, implementation, advocacy and advice	●	●	●	●
Behaviour change programmes to facilitate use of public transport, walking and cycling and reduce vehicle use	●	●	●	●
Improving road safety- cycle skills training, induction training for bus drivers, visibility at night campaign	●	●	●	●
Regional Initiatives				
Water Wairarapa	●			
Port – future planning	●	●		
Warm Greater Wellington	●	●	●	●
Lifelines Resilience project	●	●		

How will we fund this activity?

The full detail for funding this activity is outlined on pages 11 to 14 of the proposed Revenue and Financing Policy 2018.

Relationships with mana whenua	*100% general rate*
Regional transport planning and programmes	*51% funding from NZTA* *49% general rate*
Wellington regional strategy	*100% targeted rate charged on differential by land use, being:* • *A uniform charge on residential and rural ratepayers* • *A capital value basis for businesses*
Emergency management	*100% general rate*
Democratic services	*100% general rate*
Warm Greater Wellington	*100% targeted rate*
Water Wairarapa	*100% general rate*

For further information see our Revenue and Financing Policy 2018.

Measuring Success

Regional transport planning and programmes						
Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Mode shift in school travel[34]	New measure	Increase	Increase	Increase	Increase
	Number of adults participating in Sustainable Transport initiatives and promotions[35]	New measure	Increase	Increase	Increase	Increase

[34] Measured through Track Our Travel website
[35] Aotearoa Bike Challenge - Wellington, national cycle skills training courses, Smart Travel Challenge, Smart Travel registrations, and bus/bike workshops

Wellington Regional Strategy

Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Promote economic growth in the region through the WRS Office, the WRS Committee and WREDA	The number of collaborative economic research and monitoring projects completed in accordance with the WRS Office annual business plan	5	*100*% projects completed per WRS Office annual business plan	*100*% projects completed per WRS Office annual business plan	*100*% projects completed per WRS Office annual business plan	*100*% projects completed per WRS Office annual business plan
Support sector events	No. of events supported in key sectors	New measure	4	5	6	6-9
Support business growth (Creative HQ)	No of acceleration programmes (Lightning Lab and Venture Up)	New measure	2	3	3	3
	No. of "Start-up Garage" Events	New measure	5	5	5	5
	No. of companies becoming investable	New measure	5	5	5	5
Support screen industry (Screen Wellington)	Conversion rate of logged enquiries to confirmed production or business	New measure	25%	25%	25%	25%
	Value of facilitated screen production	New measure	$100 million	$100 million	$110 million	$120-150 million
Connect businesses with talented students and graduates (Student employment pathways)	Interns placed in priority sectors	New measure	200	225	250	$280-500 million
Partner / Stakeholder Engagement	Partner/Stakeholder satisfaction score with engagement	New measure	80%	85%	90%	90%

Emergency management

Level of Service	Performance Measures	Performance Targets				
		Baseline (2017)	2018/19	2019/20	2020/21	2021-28
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with sufficient emergency food and water to last at least seven days	69%	tbc	tbc	tbc	tbc
	Annual activation test for each EOC`	100%	100%	100%	100%	100%
	Number of published Community Response Plans	67%	20%	30%	40%	100%

WREMO will provide us with new measures and targets that incorporate the results of the WREMO review following the adoption of the new WREMO Group Plan

Financial information

REGIONAL LEADERSHIP
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Sources of operating funding										
General rate	9,362	10,281	10,049	10,601	10,588	10,299	10,405	10,620	10,758	10,831
Targeted rate	8,145	8,577	9,034	9,122	9,227	9,578	9,999	10,285	10,643	10,923
Subsidies and grants for operating purposes	1,359	1,369	1,402	1,441	1,485	1,510	1,547	1,587	1,624	1,665
Fees, charges, and targeted rates for water supply	18	18	19	19	19	20	20	20	21	21
Fines, infringement fees, and other receipts [1]	3,205	3,237	3,292	3,268	3,323	3,375	3,450	3,541	3,611	3,680
Total operating funding	**22,089**	**23,482**	**23,796**	**24,451**	**24,642**	**24,782**	**25,421**	**26,053**	**26,657**	**27,120**
Applications of operating funding										
Payments to staff and suppliers	21,915	23,012	21,857	21,734	22,429	22,476	23,141	24,232	24,299	24,926
Finance costs	1,054	1,045	1,032	1,036	1,025	1,054	1,073	1,081	1,109	1,140
Internal charges and overheads applied	574	655	649	625	641	633	641	649	653	655
Total applications of operating funding	**23,543**	**24,712**	**23,538**	**23,395**	**24,095**	**24,163**	**24,855**	**25,962**	**26,061**	**26,721**
Surplus/(deficit) of operating funding	**(1,454)**	**(1,230)**	**258**	**1,056**	**547**	**619**	**566**	**91**	**596**	**399**
Sources of capital funding										
Subsidies and grants for capital expenditure	459	266	-	-	61	142	-	36	61	-
Increase / (decrease) in debt	1,234	679	(230)	(336)	(96)	351	448	659	938	251
Gross proceeds from asset sales	-	77	31	31	33	-	50	18	69	35
Total sources of capital funding	**1,693**	**1,022**	**(199)**	**(305)**	**(2)**	**493**	**498**	**713**	**1,068**	**286**
Applications of capital funding										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	995	787	108	153	243	296	172	141	404	135
Increase / (decrease) in investments	(609)	(553)	(2)	504	533	706	779	848	1,126	412
Increase / (decrease) in reserves	(145)	(442)	(49)	93	(229)	110	113	(185)	134	138
Total applications of capital funding	**241**	(208)	57	750	547	1,112	1,064	804	1,664	685
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on Regional Leadership assets	254	480	574	490	507	406	297	186	259	229

[1] This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

REGIONAL LEADERSHIP
PROSPECTIVE FUNDING INFORMATION
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating funding										
Wellington Regional Strategy	4,905	5,013	5,219	5,426	5,537	5,644	5,759	5,900	6,019	6,139
Emergency Management	4,396	4,548	4,568	4,656	4,707	4,747	4,950	4,924	5,174	5,186
Democratic Services	2,247	2,484	2,387	2,487	2,698	2,559	2,602	2,883	2,752	2,772
Relationships with Maori	1,330	1,469	1,312	1,572	1,489	1,516	1,545	1,577	1,610	1,642
Regional transport planning and programmes	4,179	4,617	4,950	5,003	4,905	4,743	4,654	4,624	4,723	4,809
Regional initiatives [1]	5,032	5,352	5,360	5,307	5,306	5,574	5,912	6,145	6,380	6,570
Total operating funding	**22,089**	**23,482**	**23,796**	**24,451**	**24,642**	**24,782**	**25,421**	**26,053**	**26,657**	**27,120**
Applications of operating funding										
Wellington Regional Strategy	5,108	5,222	5,332	5,442	5,555	5,661	5,775	5,893	6,011	6,133
Emergency Management	4,351	4,406	4,496	4,582	4,669	4,747	4,834	4,924	5,013	5,104
Democratic Services	2,171	2,697	2,306	2,360	2,889	2,448	2,502	3,058	2,605	2,659
Relationships with Maori	1,322	1,462	1,305	1,565	1,481	1,507	1,537	1,568	1,601	1,633
Regional transport planning and programmes	5,359	5,582	4,715	4,161	4,222	4,258	4,331	4,412	4,491	4,574
Regional initiatives [1]	5,232	5,343	5,384	5,285	5,279	5,542	5,876	6,107	6,340	6,618
Climate change planning and activities	421	437	449	461	473	482	493	506	518	532
Total applications of operating funding	**23,543**	**24,712**	**23,538**	**23,395**	**24,095**	**24,163**	**24,855**	**25,962**	**26,061**	**26,721**
Capital expenditure										
Capital project expenditure	900	521	-	-	120	279	-	70	120	-
Land and buildings	-	-	-	-	-	-	-	-	-	-
Plant and equipment	15	14	5	48	18	16	6	16	54	18
Vehicles	80	252	103	105	105	1	166	55	230	117
Total capital expenditure	**995**	**787**	**108**	**153**	**243**	**296**	**172**	**141**	**404**	**135**

[1] Regional iniatives includes the rates and expenditure associated with the Warm Greater Wellington Program. Only ratepayers participating in the scheme are charge a rate to recover the costs of the scheme.

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to GWRC's Revenue and Financing Policy.

All figures on this page exclude GST

Potential negative effects

There are no significant negative effects from regional leadership activities.

SECTION 3 - Council Controlled Organisations and Investments

Tā te Kaunihera Rōpū me ngā Mahi Haumi

Greater Wellington has a significant portfolio of investments, comprising:

- Liquid financial deposits
- Contingency investments for Flood Protection and Water Supply
- Material Damage and Business Interruption Fund
- Administrative properties (e.g. depots)
- Forestry and business units
- Equity investments in the WRC Holdings Group (including CentrePort Ltd and Greater Wellington Rail)
- Local Government Funding Agency
- Wellington Water and the Wellington Regional Economic Development Agency (WREDA)

Overview

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Ltd) and our liquid financial deposits.

Investments offset the need for rates revenue. Regional rates would need to be 8% higher without the revenue from Greater Wellington's investments.

Treasury management

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

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

Liquid financial deposits

Greater Wellington holds $33 million in liquid financial deposits as a result of selling our interest in CentrePort Ltd to one of our wholly-owned subsidiaries, Port Investments. We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk and creditworthy counterparties.

Contingency Investments for Flood Protection and Water

Greater Wellington Regional Council holds a number of short term contingency investments. They have been established with the purpose of having funds available to pay for the uninsured part of the damage to water and flood protection assets in case a disaster (earthquake, major floods etc.) strikes.

Administrative properties

Our interests in the Upper Hutt and Mabey Road depots and the Masterton office building are grouped to form an investment category, Administrative Properties.

Forestry and business units

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

We currently hold 6,000 hectares of forested land of which around 4,000 hectares is in the western or metropolitan part of the region, with the remaining 2,000 hectares in Wairarapa.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

Our overall investment policy with regard to forestry is to maximise long term returns while meeting soil conservation, water quality and recreational needs.

Civic Financial Services Limited and Airtel Ltd

Greater Wellington has minor equity interests in Civic Financial Services Limited and Airtel Ltd. These investments are owned directly by Greater Wellington rather than via the WRC Holdings Group.

Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to $1.866 million shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available to us directly in the market place. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with the other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from all council's borrowers.

Wellington Regional Economic Development Agency (WREDA)

WREDA is the region's economic development agency, which was established to implement the Wellington Regional Strategy. Greater Wellington has a 20 percent shareholding in this Agency with the other 80 percent being held by Wellington City Council. Grow Wellington and Creative HQ which were 100 percent owned by Greater Wellington have been absorbed into WREDA.

Westpac Stadium

The Westpac Stadium is a regional facility, which provides a high-quality, multi-purpose venue for sporting and cultural events.

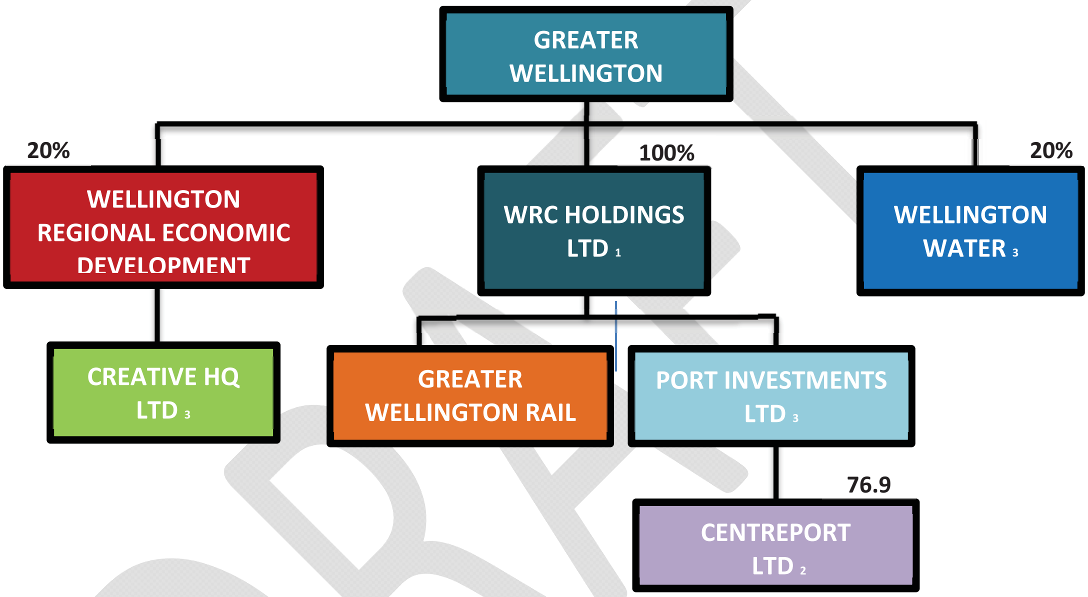
Greater Wellington provided a $25 million loan to the Wellington Regional Stadium Trust to plan and build the stadium. It is the Trust's principal funder. Greater Wellington has serviced and repaid this loan through a targeted stadium rate, which expires in June 2018.

Greater Wellington appoints one of its Councillors to the Wellington Regional Stadium Trust and jointly with the Wellington City Council appoints other trustees. Greater Wellington also monitors the Trust's performance against its statement of intent.

What is a Council Controlled Organisation?

A Council Controlled Organisation is any organisation (trading or not) where one or more local authorities own or control 50 percent or more of the voting rights or appoint 50 percent or more of the directors. Greater Wellington has established the following Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs) which assist in promoting our objectives for the region.

Council Controlled Organisations & Investments



1 Council-Controlled Trading Organisation in accordance with the Local Government Act 2002
2 Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council-Controlled Organisation in accordance with the Local governance Act 2002
3 Council-Controlled Organisation in accordance with the Local Government Act 2002

The tables on the following pages explain what these organisations do, how their performance is measured and Greater Wellington's objectives for them with regards ownership and control.

Wellington Regional Economic Development Agency (WREDA)

WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. WREDA was established in late 2014 and is owned jointly by Wellington City Council (80 percent shareholding) and Greater Wellington (20 percent shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent Board of Directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington with membership from the councils in the region. WREDA implements the Wellington Regional Strategy and supports other plans which are currently being developed.

Performance targets

WREDA's Statement of Intent articulates their performance objectives. These performance measures are reported annually to Greater Wellington via the Wellington Regional Strategy Committee. http://wellington.govt.nz/~/media/your-council/wreda/wreda-soi.pdf

Wellington Water

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local supply, storm-water and waste-water service delivery in the four cities of the Wellington Region. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council and Porirua City Council, who each have a 20 percent shareholding. It is run by an independent Board of Directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

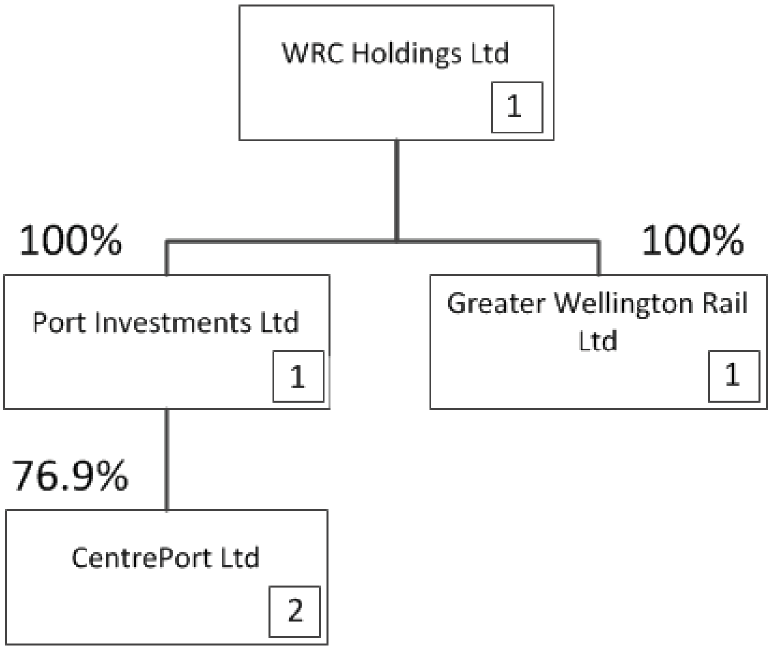
Performance targets

Wellington Water's performance targets, and performance for the 2017/2018 year, are set out in the Water Supply section above.[36]

[36] Pages 58-61 of this document sets out the performance report against the 10 Year Plan 2015-25 measures, as included in the Wellington Water Annual Report.

WRC Holdings Group

Greater Wellington has established the following equity investments in the WRC Holdings Group:



1 Council-Controlled Trading Organisation in accordance with the Local Government Act 2002

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

WRC Holdings Ltd and Port Investments Ltd are, in essence investment holding companies. The main operating companies in the Group are CentrePort Ltd and Greater Wellington Rail Limited. Each year WRC Holdings Ltd provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was set up for the following reasons that are still applicable:

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

- Minimise the risk of owning commercial assets such as rail rolling stock

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

Organisation	**WRC Holdings Ltd**
Ownership	100 percent
Directors	• Samantha Sharif (Chair) • Prue Lamason (Deputy Chair) • Roger Blakeley • Barbara Donaldson • Nick Leggett • Ian McKinnon
Nature and scope of activities	WRC Holdings Ltd is the holding company for Port Investments Ltd, Greater Wellington Rail Ltd and indirectly CentrePort Ltd. WRC Holdings Ltd effectively manages any other investments held by the Group in order to maximise the commercial value to the shareholders and to protect the shareholders' investment.
Significant policies and objectives on ownership and control	The primary objectives of WRC Holdings Ltd are to support Greater Wellington Regional Council's strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and, where appropriate, provide a commercial return. WRC Holdings Ltd has adopted policies that prudently manage risks and protect the investment.
Key annual objectives and performance targets	Objectives of the Group The core role of the Board of WRC Holdings Limited is to determine the Group's strategy and monitor the Group's investment in Rail infrastructure and CentrePort, both of which service the region's infrastructure needs and to ensure they deliver on the Group's objectives as follows: a) Support the Regional Council's strategic vision; operate successful, sustainable and responsible businesses. b) Manage its assets prudently. c) Where appropriate, provide a commercial return to Shareholders except in the case of GWRL which will provide agreed outcomes to the Regional Council. d) For GWRL, prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets) through a management service agreement entered into with the Regional Council, providing for asset management, accounting, advisory, secretarial and general administration services and in particular: • Ensure the Regional Council as its appointed agent carries out all services and activities, in relation to the GWRL's Rail Assets, that are reasonably necessary to enable the Regional Council to provide quality rail services to the public in accordance with the contractual obligations entered into with the current rail operator of the rail services and maintenance provider of GWRL's Rail Assets; • Ensure GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, current health and safety legislation and any other legislation affecting GWRL's Rail Assets and operations; • Ensure Greater Wellington Regional Council develops and maintains a systematic approach for the long-term management of GWRL's public transport rail assets in a manner consistent with industry best

practice.

e) For CentrePort via Port Investments Limited to ensure Centreport:

- maximises the commercial value of CentrePort to the Shareholder and protect the Shareholder's investment while maintaining the strategic value to the economy of the region
- delivers competitive financial returns compared to industry benchmarks (port and comparable sectors)
- adopts policies that prudently manage risk and protect the investment of stakeholders
- ensures that a recovery plan from the recent earthquakes is developed in consultation with stakeholders taking into account the strategic needs of the stakeholders and the region
- ensures resilience plans are featured in the recovery plan and the CentrePort's planning process takes a longer term view of opportunities for redevelopment of the port and for this work to be undertaken in collaboration with the regional council, local councils and other key stakeholders, and in consultation with the public
- adopt policies that prudently manage risks and protect the investment of its shareholders
- exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when possible
- conduct its affairs in accordance with sound business practice
- achieve the objectives and performance targets of the Shareholder.

Operational performance target WRC Holdings:

WRC Holdings Ltd to act as a responsible and inquiring shareholder
WRC Holdings Board to meet at least six times a year to review the operational and financial position of the company
WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council
WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.
Statement of Intent and Annual Accounts are in compliance with statutory requirements.

WRC Holdings financial performance targets:

Financial performance targets

		WRC Holdings Limited		
		2018/19	2019/20	2020/21
Dividend distribution $ 000s		1,448	2,008	2,602
Dividend distribution %		100%	100%	100%

Return on equity[37]	0.6%	0.8%	0.9%
Return on assets[38]	1.0%	1.1%	1.3%
Shareholder's funds to total assets	84.8%	85.5%	86.4%

Financial Performance targets – WRC Holdings Group format

	2018/19	2019/20	2020/21
Surplus/(Deficit) before tax ($000s)	82,374	70,404	(7,351)
Surplus after tax	83,195	72,098	(5,119)
Earnings before interest , tax and depreciation	111,089	103,570	29,087
Return on total assets	11.6%	8.9%	-0.5%
Return on shareholders' equity	16.3%	12.3%	-0.8%
Shareholders' equity to total assets	70.7%	72.1%	70.3%
Dividends	1,448	2,008	2,602

Comment

The financial performance and ratios of return on total assets and return on shareholder's equity are being distorted (higher returns) by the insurance proceeds from the 14 November Kaikōura earthquake. In the 2020/21 year when insurance proceeds cease, the deficits are due to GWRL depreciation which is not funded, exceeds the profits from CentrePort.

[37] Based on net surplus before tax and divided by average equity, but excluding revaluation gains and losses

[38] Based on earnings before interest and tax and divided by average assets

Organisation	**Greater Wellington Rail Ltd (GWRL)**
Ownership	100 percent
Directors	• Samantha Sharif (Chair) • Prue Lamason (Deputy Chair) • Roger Blakeley • Barbara Donaldson • Nick Leggett • Ian McKinnon
Nature and scope of activities	Greater Wellington Rail Ltd owns Greater Wellington Regional Council's investments in metro rail assets, which include: • 24 Wairarapa carriages • 1 luggage van • 2 remote controlled electric shunt crabs • 83 Matangi two car units • Thorndon electrical multiple unit depot and train wash, metro wheel lathe and building • 48 - rail stations (excluding Wellington Central Station) • 14 - pedestrian over-brides • 11 - pedestrian underpasses • Various carparks, other station improvements and ancillary rail related assets. Greater Wellington Rail Ltd is responsible for all aspects of asset management and stewardship, implemented through a management contract with Greater Wellington Regional Council. Operational delivery of the services is through separate maintenance and operating contracts with a Rail service provider. An asset management plan is in place that articulates a structured programme to minimise the life cycle costs of asset ownership while maintaining the desired levels of service and sustaining the assets.
Significant policies and objectives on ownership and control	GWRL is owned by WRC Holdings Ltd. All capital purchases are funded via Issuance of shares from WRC Holdings. The Board of GWRL has external directorships providing advice and expertise, common with WRC Holdings Ltd. GWRL is as asset holding (rolling stock and rail infrastructure) and contracts out the maintenance of these assets. GWRL is wholly owned by WRC Holdings Ltd who in turn is wholly owned by Wellington Regional Council.

Key annual objectives and performance targets				
	CUSTOMER SATISFACTION WITH RAIL ASSETS			
	Percentage of passengers who are satisfied with their current trip	91.4%	≥92%	≥92%
	Percentage of customers who are satisfied with the cleanliness of the trains	94%	≥93%	≥93%
	Percentage of passengers who are satisfied with overall station	93%	≥91%	≥92%
	Percentage of passengers who are satisfied with the cleanliness of the station	86%	≥80%	≥80%
	Percentage of customers feel safe while using the station facility	89%	≥89%	≥%
	Percentage of passengers who are satisfied with the information at the station	89%	≥89%	≥90%
	ROLLING STOCK - ASSET MANAGEMENT			
	Matangi - Mean distance between failure	44,000km	≥40,000km	≥40,000km
	Carriage - Mean distance between failure	97,000km	≥80,000km	≥80,000km
	RAIL FIXED ASSET - ASSET MANAGEMENT			
	Percentage of pedestrian bridges and subways which meet at least 67 percent of NBS earthquake rating	27%	36%	45%
	Percentage of stations with CCTV coverage	79%	81%	85%
	Average condition grade of:			
	Station buildings and shelters:	2.4	≤2.5	≤2.5
	Structures (pedestrian subways & bridges):	2.5	≤2.5	≤2.5
	Park & Ride:	2.4	≤2.5	≤2.5
	Percentage of assets in condition grade 4 (Poor) or worse			
	Station buildings and shelters:	10%	8%	6%

Structures (pedestrian subways & bridges):	12%	10%	8%
Park & Ride:	29%	25%	20%

Financial performance targets

Operating costs, and capital expenditure are maintained overall within budget

	2018/19 Target	2019/20 Target	2020/21 Target
Operating expenditure	**$38.1million**	**$40.0 million**	**$40.8 million**
Capital Expenditure	**$24.7 million**	**$18.4 million**	**$26.6 million**
Shareholder's funds to total assets	**83%**	**85%**	**86%**

Organisation	**Port Investments Ltd (PIL)**
Ownership	100 percent
Directors	• Samantha Sharif (Chair) • Prue Lamason (Deputy Chair) • Roger Blakeley • Barbara Donaldson • Nick Leggett • Ian McKinnon
Nature and scope of activities	Port Investments Ltd is an investment vehicle that owns 76.9% of CentrePort Ltd. The Board of Port Investments Ltd monitors performance of CentrePort.
Significant policies and objectives on ownership and control	PIL is owned by WRC Holdings Ltd. Its sole asset is a majority shareholding in CentrePort limited. PIL manages the Councils commercial investment. The Board of PIL has external directorships providing advice and expertise, common with WRC Holdings. The purpose of having the company is to separate the commercial assets from the public good assets of Council. PIL monitors CentrePort via its annual Statement of Corporate Intent. PIL is wholly owned by WRC Holdings who in turn is wholly owned by Wellington Regional Council.
Key annual objectives and performance targets	Port Investments to act as a responsible and inquiring Shareholder of CentrePort. CentrePort to report at least four times a year to Port Investments Limited and for the Board to approve significant transactions of CentrePort as determined by the constitution. Performance indicators for CentrePort as noted below. Production of Annual Accounts is in compliance with statutory requirements.

	2018/19	**2019/20**	**2020/21**
Dividend distribution $ 000s	1,637	2,207	2,807
Dividend distribution %	100%	100%	100%
Return on equity[39]	74.3%	100.2%	127.4%
Return on assets[40]	6.3%	7.8%	9.3%
Shareholders funds to total assets	4.6%	4.5%	4.5%

[39] Based on net surplus before tax and divided by average equity, but excluding revaluation gains and losses
[40] Based on earnings before interest and tax and divided by average assets

Organisation

CentrePort Ltd

Ownership

76.9 percent by Greater Wellington Regional Council

23.1 percent by MWRC Holdings Ltd (owned by Horizons Regional Council)

Directors

- Lachie Johnstone (Chair)
- David Benham
- Richard Janes
- John Monaghan
- Mark Petersen
- Sophie Haslem

Nature and scope of activities

The major activities of CentrePort are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
- Shipping and logistical services (pilotage, towage, berthage)
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services)
- Integrated logistics solutions (networks, communications, partnerships)
- Property services (development, leasing management)
- Joint ventures (coldstore, container repair, cleaning, packing, unpacking and storage).

Significant policies and objectives on ownership and control

CentrePort is Port Company under the Port Companies Act 1988. PIL holds the shares of CentrePort Limited. PIL is a wholly owned subsidiary of WRC Holdings. CentrePort is a commercial organisation and is run by an independent board of directors, unrelated to the Council. The Port provides a commercial return to PIL by way of dividends.

Key annual objectives and performance targets

Safety and Security performance targets:

Objective	Performance measure	Performance target		
		2018/19	**2019/20**	**2020/21**
Year on year improvement towards zero harm	Implementation of five year action plan	Year one action items completed	Year two action items completed	Year three action items completed
	Lost Time Injury Frequency (per 200,000 hours worked)	≤ 3.5	≤ 3.5	≤ 3.2
	Lost Time Injury Severity (per 200,000 hours worked)	≤ 10	≤ 10	≤ 8
	bSafe Reports (incident and near miss reports)	> 900	> 900	> 1,000
Comply with the AS/NZS 4801: Occupational	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801

Health and Safety Management Systems				
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	Compliance with Policy	Compliance with Policy
Maintain and promote excellence in Marine Operations consistent with the Port and Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommend-ations implemented	Compliance Maintained	Compliance Maintained	Compliance Maintained

Environmental performance targets:

Objective	Performance measure	Performance target		
		2018/19	**2019/20**	**2020/21**
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification complete	Audit and second stage certification complete	Audit and third stage certification complete (full ISO 14001 compliance)
	Incidents: number of registered environmental incidents. Full year 2015 year base line 32	Minimum 15% decrease from base line	Minimum 20% decrease from base line	Minimum 25% decrease from base line
	Complaints: number of complaints from external	Zero	Zero	Zero

	stakeholders about environmental performance			
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO_2equivalent)- emissions measured in accordance with ISO 14064-1:2006 and greenhouse gas protocol.	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan
	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture	100% recapture
	Solid waste to landfill (quantity)	Waste minimization integrated into EQ recovery projects.	Waste minimization integrated into EQ recovery projects.	Waste minimization integrated into EQ recovery projects
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum
	Iwi engagement	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications
	Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least 4 per annum	At least 4 per annum	At least 4 per annum
	Internal 'sustainability subcommittee' meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum

	Social performance targets: a. Contribute to the desired outcome of the Wellington Regional Strategy through: I. The provision of workplace opportunities and skills enhancements of our employees. II. Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade. III. Collaborating with key partners of CentrePort's business to improve service outcomes. b. Supporting the regional community by investing in community sponsorship and engaging community activities. c. To meet regularly with representative community groups **General performance targets** a. The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas. b. CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate. c. CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy. d. When developing 'property held for development' the Board is to adhere to the following principles: I. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently. II. Property developments must not compromise port operations. III. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders. IV. Development construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis. Definition of terms regarding property: "Management of tenancy risk" means that each single property investment has committed rental income (via development and executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development AND the vacant net lettable area of the proposed development is no greater than 25%.
Key annual objectives and performance targets	Financial performance targets: **2018/19** ($000) **2019/20** ($000) **2020/21** ($000) Underlying net profit before tax 21.9 18.2 16.9

	Underlying net profit after tax	17.1	13.8	12.9
	Return on total assets	8.8%	5.6%	4.3%
	Return on port assets	9.6%	6.5%	4.8%
	Return on property assets	6.1%	1.9%	1.9%
	Return on equity	6.4%	3.9%	3.2%
	Dividend distribution	4.0	5.0	6.0
	Dividend distribution (%)	23.4%	36.1%	46.5%
	Declining returns reflect increasing equity and asset base as a result of aged assets being replaced by new assets from insurance proceeds.			
Definition of Terms	• **Return on assets** for each business segment are defined as: *Port:* Earnings before interest and tax (EBIT) plus share of associates earnings divided by the average of total fixed assets and investments in associates. *Property:* EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates. This calculation is performed separately on the value of developed investment properties and the total portfolio. • **Return on equity** is defined as the underlying net profit after tax divided by average equity. • **Equity** is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the parent company, CentrePort Limited and its subsidiaries, ("the Group"). • **Total assets** are defined as all the recorded tangible and intangible assets of the Group at their current value as determined by the Group's accounting policies.			

Organisation	**Wellington Regional Economic Development Agency (WREDA)**
Ownership	20 percent Greater Wellington Regional Council 80 percent Wellington City Council
Directors	Peter Biggs (Chair) Matt Clark Tracey Bridges Thomas Pippos Dave Gibson Grant Gilford Kylie Archer Wayne Mulligan
Nature and scope of activities	WREDA is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. It encompasses the functions, and funding, of the following previous organisations and programmes: • Grow Wellington (and its subsidiary Creative HQ) • Positively Wellington Tourism • Positively Wellington Venues • Wellington City Council's major events team.
Significant policies and objectives on ownership and control	WREDA was established in late 2014. It is owned jointly by Wellington City Council (80% shareholding) and Greater Wellington Regional Council (20% shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent Board of Directors and is accountable to the Wellington Regional Strategy Committee – a standing committee of Greater Wellington Regional Council with membership representing the councils in the region. WREDA implements the Wellington Regional Strategy and will support other plans which are currently being developed.
Key annual performance targets	For the funding that Greater Wellington contributes to WREDA, the key performance targets are: • Grow business and innovation across the Wellington region through supporting business development, innovation development and facilitating projects across key sectors for the region • This includes the funding of WREDA's subsidiary Creative HQ who deliver support for the start-up community, enterprise innovation development for commercial clients as well as youth and Māori entrepreneur programmes A list of the specific targets for WREDA can be found in the WREDA Statement of Intent at: http://wellington.govt.nz/~/media/your-council/wreda/wreda-soi.pdf

Organisation	**Wellington Water**
Ownership	20 percent Greater Wellington Regional Council 80 percent Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council (20% each)
Directors	David Wright (Chair) David Benham Nicki Crauford Geoff Dangerfield Cynthia Brophy
Nature and scope of activities	Wellington Water manages the water treatment and supply, storm-water and waste-water service delivery in the Wellington region.
Significant policies and objectives on ownership and control	Wellington Water was established in September 2014. It is run by an independent Board of Directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils. Wellington Water manages the councils' water supply activities, delivers capital works programmes and provides councils with asset management and planning advice.
Key performance targets	A full list of the specific targets for Wellington Water can be found at: https:// .co.nz/publication-library/statutory-reports/

Organisation	**New Zealand Local Government Funding Agency Limited (LGFA)**
Ownership	8.3 percent
Representation (total members)	30 local authorities are shareholders of the LGFA with shareholding ranging from 8.3% to 0.4% of total share capital. The New Zealand government owns 11.1 percent of the total $45 million of share capital.
Nature and scope of activities	• LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provides debt funding to New Zealand Local Authorities, and may undertake any other activities considered by the Board to be reasonably related or incidental to, or in connection with, that business. • The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (participating local authorities) and comply with the LGFA's lending policies.
Significant policies and objectives	• Providing savings in annual interest costs for all Participating Local Authorities, • Making longer-term borrowings available to Participating Local Authorities, • Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and • Offering more flexible lending terms to Participating Local Authorities. • LGFA will monitor the quality of the asset book so that it remains of high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector.
Key annual performance targets	A full list of the specific targets for the LGFA can be found in their SOI at: http://www.lgfa.co.nz/for-investors/annual-reports-and-statement-of-intent

Financial Information

INVESTMENTS
PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE

	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan	2025/26 Plan	2026/27 Plan	2027/28 Plan
	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s	Plan $000s
	5	6	7	8	9	10	11	12	13	14
Sources of operating funding										
General rate[1]	(8,665)	(7,767)	(10,286)	(9,798)	(9,717)	(10,137)	(10,157)	(9,546)	(9,488)	(8,470)
Targeted rate	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-
Interest and dividends[2]	27,259	30,753	30,849	31,699	31,885	32,677	32,654	31,850	31,472	30,840
Internal charges recovered[3]	-	-	-	-	-	-	-	-	-	-
Other operating revenue	452	457	466	462	469	156	159	162	164	168
Fines, infringement fees, and other receipts [2,3]	27,711	31,210	31,315	32,161	32,354	32,833	32,813	32,012	31,636	31,008
Total operating funding	**19,046**	**23,443**	**21,029**	**22,363**	**22,637**	**22,696**	**22,656**	**22,466**	**22,148**	**22,538**
Applications of operating funding										
Payments to staff and suppliers	640	671	678	718	743	786	805	868	926	884
Finance costs	22,128	21,615	19,450	20,240	20,356	20,643	20,529	20,220	19,857	20,236
Internal charges and overheads applied	(223)	363	447	494	565	538	550	565	515	516
Total applications of operating funding	**22,545**	**22,649**	**20,575**	**21,452**	**21,664**	**21,967**	**21,884**	**21,653**	**21,298**	**21,636**
Surplus/(deficit) of operating funding	**(3,499)**	**794**	**454**	**911**	**973**	**729**	**772**	**813**	**850**	**902**
Sources of capital funding										
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in debt	6,224	885	(1,279)	607	(1,833)	(1,476)	(2,015)	(1,772)	(1,650)	(2,120)
Gross proceeds from asset sales	-	0	0	0	0	0	0	0	0	0
Total sources of capital funding	**6,224**	**885**	**(1,279)**	**607**	**(1,833)**	**(1,476)**	**(2,015)**	**(1,772)**	**(1,650)**	**(2,120)**
Applications of capital funding										
Capital expenditure										
- to meet additional demand	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-
Increase / (decrease) in investments	(1,640)	290	341	371	408	442	470	493	517	560
Increase / (decrease) in reserves	4,365	1,389	(1,166)	1,147	(1,268)	(1,189)	(1,713)	(1,452)	(1,317)	(1,778)
Total applications of capital funding	2,725	1,679	(825)	1,518	(860)	(747)	(1,243)	(959)	(800)	(1,218)
Surplus/(deficit) of funding	-	-	-	-	-	-	-	-	-	-
Depreciation on Investment assets	204	204	220	220	98	98	98	98	98	98

[1] Net Investment surpluses are used to reduce the general rate. It is applied to general rate as all ratepayers benefit the same proportionally from a reduction in the general rates.
[2] Other receipts include revenue from pest control.
[3] Greater Wellington manages community outcome debt via an internal debt function. Other receipts includes internal interest income which is the total interest charged to the operational activities. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy.

Internal interest revenue	26,403	25,697	25,606	26,229	26,276	27,017	26,975	26,224	25,851	25,158

4 The calculation of the derivative costs in the LTP used a market based valuation approach rather than the budgeted differential between the forecasted floating rate and the known

Investment in Greater Wellington Rail Ltd	24,664	18,409	26,651	19,068	33,541	29,742	12,864	14,277	22,874	18,071

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.
For more information on the revenue and financing mechanisms applicable to investments, please refer to the "Revenue and Financing Policy" in the 10-Year Plan 2018-28
All figures on this page exclude GST

SECTION 4 - Financial Information

He Pūrongo Pūtea

Statement of significant accounting policies

1. REPORTING ENTITY

Greater Wellington is a regional local authority governed by the Local Government Act 2002. It has not presented group prospective financial statements because it believes that the parent prospective financial statements are more relevant to users.

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

For the purposes of financial reporting, the Greater Wellington group is designated as public benefit entities. Accordingly Greater Wellington has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Stantards).

The subsidiary companies comprise WRC Holdings, Port Investments Ltd, which owns 76.9% of CentrePort Ltd, Greater Wellington Rail Ltd, Greater Wellington Transport Ltd, Greater Wellington Infrastructure Ltd.

GWRC also owns 20 percent of WREDA and Wellington Water Limited

2. STATEMENT OF COMPLIANCE

The prospective financial statements of Greater Wellington have been prepared in accordance with the Local Government Act2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The statements are prepared in accordance with Tier 1 PBE accounting standards, and comply with PBE Standards. These prospective financial statements use forecast opening balances from the year ended 30 June 2019.

The preparation of financial statements in conformity with PBE Accounting Standards with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and projected amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of judgements on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. ACCOUNTING POLICIES

Basis of preparation

The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand, and have been prepared on an historical cost basis, except for investment properties, derivative financial instruments and certain infrastructural assets, which have been measured at fair value.

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

Revenue recognition

Revenue is recognised when billed or earned on an accrual basis.

Rates and levies

Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

Government grants and subsidies

Greater Wellington receives government grants from NZ Transport Agency, which subsidises part of Greater Wellington's costs in the provision of public transport subsidies to external transport operators and for capital purchases of rail rolling stock, rail stations and associated rail infrastructure within Greater Wellington's subsidiary Greater Wellington Rail Ltd and transport network upgrades owned by the central government owned KiwiRail.

Grants and subsidies for operational activities are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial local authorities are recognised in the Statement of revenue and expenses when eligibility has been established by the grantor.

Grants and subsidies for finance costs and debt repayments for capital purchases are recognised as revenue in the year they are received.

Note: Revenue and expenditure associated with these capital purchases for other government entities are treated as operational revenue and expenditure in Greater Wellington's accounts. To aid clarity these items are separately detailed in these financial statements as transport improvement revenue and transport improvement expenditure.

Sale of goods

Revenue on the sale of goods is recognised when all risks are transferred to the buyer and there is no longer control or managerial involvement with the goods.

Rendering of services

Revenue from services rendered is recognised by reference to stage of completion of the service.

Dividends

Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the shareholders' right to receive payment is established.

Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other revenue

Other income is also recognised on an accrual basis. Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in GWRC are recognised as revenue when control over the asset is obtained.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred on an accrual basis.

Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed. The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

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

- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Water supply infrastructural assets
- Capital work in progress

All property, plant and equipment are initially recorded at cost.

Valuations

Valuations for water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers at regular intervals. Any increase in the value of a class of assets on revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, if it offsets a previous decrease in value for the same asset recognised in the Statement of revenue and expenses, then it is recognised in the Statement of revenue and expenses. A decrease in the value of a class of assets on revaluation is recognised in the Statement of revenue and expenses where it exceeds the increase of that class of asset previously recognised in equity under the heading of revaluation surplus.

The remaining property, plant and equipment are recorded at cost, less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All property plant and equipment, except land, are depreciated.

Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than land and capital works in progress, at rates which will write off assets, less their estimated residual value over their remaining useful life.

The useful life of major classes of assets has been estimated as follows:

- Operational land and buildings - 10 years to indefinite
- Operational plant and equipment - 2 to 20 years
- Operational vehicles - 3 to 10 years
- Flood protection infrastructural assets - 15 years to indefinite
- Transport infrastructural assets - 5 to 50 years
- Navigational aids infrastructural assets - 5 to 50 years
- Parks and forests infrastructural assets - 10 to 80 years
- Water supply infrastructural assets - 3 to 150 years

Capital work in progress is not depreciated.

Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

Rail rolling stock and stations are owned by Greater Wellington Rail Ltd.

Intangible assets

Software is carried at cost, less any accumulated amortisation and impairment losses. It is amortised over the useful life of the asset (2-10 years).

New Zealand Emission Trading Scheme

New Zealand Units (NZUs) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the balance sheet and income in the statement or revenue and expenses. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

NZU’s in respect of post 1989 forest is recognised at fair value on the date received. As trees are harvested or carbon stocks decrease a liability and expense will be recognised for the NZUs to be surrendered to Government.

Impairment

All assets are reviewed annually to determine if there is any indication of impairment. An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the Statement of revenue and expenses, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

Value in use

Value in use for Greater Wellington assets is calculated as being the depreciated replacement cost of the asset.

Financial instruments

Greater Wellington classifies its financial assets and liabilities according to the purpose for which they were acquired. Financial assets and liabilities are only offset when there is a legally enforceable right to offset them and there is an intention to settle on a net basis.

Financial assets

Greater Wellington's financial assets are categorised as follows:

- Financial assets at fair value accounted through the Statement of revenue and expenses. Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in the Statement of revenue and expenses.

- Financial assets at fair value accounted through other comprehensive revenue and expenses. Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition these assets are measured at their fair value. Any gains and losses are recognised directly in equity, except for impairment losses which are recognised in the Statement of other comprehensive income.

- Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when that can be reliably estimated. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost.

Fair value is equal to Greater Wellington's share of the net assets of the entity. Upon sale, the cumulative fair value gain or loss previously recognised directly in equity, is recognised in the Statement of revenue and expenses.

- Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method.

Gains and losses when the asset is impaired or sold are accounted for in the Statement of revenue and expenses.

- Held to maturity investments

These are assets with fixed or determinable payments with fixed maturities that Greater Wellington has the intention and ability to hold to maturity. After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the Statement of revenue and expenses.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value, less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the Statement of revenue and expenses, as is any gain or loss when the liability is settled.

Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Derivative financial instruments

Greater Wellington uses derivative financial instruments to manage exposure to interest rate and foreign exchange risks arising from our operational, financing and investment activities.

In accordance with its treasury policies, Greater Wellington does not hold or issue derivative financial instruments for trading purposes. Derivatives are accounted for as trading instruments. Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. For those instruments that do not qualify for hedge accounting, the gain or loss on remeasurement to fair value is recognised immediately in the Statement of revenue and expenses.

The fair value of an interest rate swap is the estimated amount that Greater Wellington would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at the balance date.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Greater Wellington to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet a payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract is issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability that Greater Wellington will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if Greater Wellington assesses that it is probable that expenditure will be required to settle a guarantee, then a provision for the guarantee is measured at the present value of the future expenditure.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of carrying amount and fair value, less costs to sell.

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. The sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis. The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the Statement of revenue and expenses.

Income tax

Income tax in the Statement of revenue and expenses for the year comprises current and deferred tax. Income tax is usually recognised in the Statement of revenue and expenses, except to the extent that it relates to items recognised directly in equity. In this case, that amount is recognised in equity.

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

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

Foreign currency

In the event that Greater Wellington has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk. Transactions in foreign currencies are translated at the foreign exchange rate at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into New Zealand dollars at the foreign exchange rate ruling at that date. Foreign exchange gains and losses arising on their translation are recognised in the Statement of revenue and expenses.

Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date.

Employee benefits include salaries, annual leave and long-service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Council.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of revenue and expenses as incurred. Greater Wellington belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

A provision is recognised in the balance sheet when Greater Wellington has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

Goods and services tax (GST)

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

Leases

Greater Wellington leases office space, office equipment, vehicles, land and buildings. 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 period in which they are incurred.

Service concession asset and liability

Greater Wellington (as grantor) has entered into a service concession arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32. They are depreciated over a useful life of 20 years on a straight-line basis.

An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

Overhead allocation and internal transactions

Greater Wellington allocates overhead from support service functions on a variety of different bases that are largely determined by usage. The treasury operation of Greater Wellington is treated as an internal banking activity. Any surplus generated is credited directly to the Statement of revenue and expenses. Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in Greater Wellington's prospective financial statements.

Democratic services costs have not been allocated to significant activities, except where there is a major, separate community of benefit other than the whole region, ie, water supply and transport.

Equity

Equity is the community's interest in Greater Wellington and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within Greater Wellington.

The components of equity are accumulated funds and retained earnings, revaluation reserves and restricted funds.

Statement of cash flows

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

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

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

Financing activities comprise change in equity and debt capital structure.

Changes in accounting policies

There have been no changes from the accounting policies adopted in the last audited financial statements.

Standards, amendments and interpretations that are not yet effective and have not been adopted early No standards issued are considered to have a material future impact on Greater Wellington.

Local Government Funding Authority

The Council along with other shareholders guarantees the obligations of the NZLGFA. The guarantee will be initially recognised as a financial liability at fair value in the Statement of Financial Position and expense in the Statement of revenue and expenses. The guarantee will be revalued using the expected default loss method.

Greater Wellington also has unpaid subscribed capital which can only be called if there is an imminent risk of default by the NZLGFA. A contingent liability is disclosed in the notes to the financial statement per NZ IAS 37.

Borrower Notes

When Greater Wellington borrows funds from the NZLGFA it is required to invest a small percentage back as borrower notes. Borrower notes are repaid when debts to the NZLGFA are due to be repaid. The borrower notes also have a conversion feature that NZLGFA can trigger if it remains at imminent risk of default after it has called all of its unpaid capital and has exercised its options for commitment shares. Borrower notes without the conversion feature are classified as loans and receivables as the notes will have fixed and determinable payments and will be quoted on an active market. The borrower notes will be initially recognised at fair value. Subsequent to initial recognition borrower notes will be measured with a fixed interest rate.

Borrower notes with the equity conversion option will be recognised at fair value as a derivative under NZIAS 39, with changes in fair value recognised in profit or loss.

Total Council Financial Statements

PROSPECTIVE STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDING 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Operating Revenue											
General rates	42,479	36,441	39,768	38,352	40,773	41,899	42,199	42,877	44,868	46,102	48,174
Targeted rates	81,482	95,647	101,866	110,542	119,544	126,708	133,024	139,103	142,764	150,761	152,720
Regional rates	**123,961**	**132,088**	**141,634**	**148,894**	**160,317**	**168,607**	**175,223**	**181,980**	**187,632**	**196,863**	**200,894**
Water supply levy	30,863	33,069	34,230	35,892	38,305	41,214	44,126	47,240	47,906	48,336	48,427
Government subsidies	79,764	77,118	76,391	78,447	87,803	88,729	91,544	94,972	97,283	95,616	106,746
Transport improvement grants	16,789	23,149	26,335	30,947	15,065	12,247	10,272	10,507	13,885	19,506	18,258
Interest and dividends	3,043	2,821	6,984	7,393	8,052	8,536	8,969	9,322	9,582	9,852	10,424
Other operating revenue	63,899	112,754	116,961	119,861	120,784	123,440	126,976	130,626	134,224	145,146	140,913
Total operating revenue and gains	**318,319**	**380,999**	**402,535**	**421,434**	**430,326**	**442,773**	**457,110**	**474,647**	**490,512**	**515,319**	**525,662**
OPERATING EXPENDITURE											
Employee benefits	46,244	49,623	49,697	50,782	51,892	52,930	53,989	55,070	56,173	57,297	58,444
Grants and subsidies	156,669	188,821	192,717	199,120	219,684	222,887	229,802	236,908	243,188	250,991	263,198
Finance expenses	19,921	22,516	23,354	22,898	26,442	29,872	33,552	35,451	35,580	35,334	36,265
Depreciation and amortisation	17,930	21,434	25,015	28,128	32,771	35,529	36,887	38,523	39,902	41,860	43,161
Other operating expenses	70,673	80,560	80,861	79,634	76,063	76,292	77,421	80,458	82,076	88,934	85,053
Total operating expenditure	**311,437**	**362,954**	**371,644**	**380,562**	**406,852**	**417,510**	**431,651**	**446,410**	**456,919**	**474,416**	**486,121**
Operating surplus/(deficit) before other items and tax	**6,882**	**18,045**	**30,891**	**40,872**	**23,474**	**25,263**	**25,459**	**28,237**	**33,593**	**40,903**	**39,541**
Other fair value changes	9,250	8,907	7,439	4,068	2,859	1,933	1,565	1,197	1,043	771	516
Operating surplus / (deficit) after tax	**16,132**	**26,952**	38,330	44,940	26,333	27,196	27,024	29,434	34,636	41,674	40,057
Other comprehensive revenue and expenses											
Increases / (decreases) in revaluations [2]	54,655	1,140	0	0	0	40,941	160,450	2,184	0	0	46,007
Total comprehensive income	**70,787**	**28,092**	**38,330**	**44,940**	**26,333**	**68,137**	**187,474**	**31,618**	**34,636**	**41,674**	**86,064**

[1] GWRC now fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the NZ Transport Agency.
Where this expenditure is for rail rolling stock and infrastructure that will be owned by the 100% council subsidiary Greater Wellington Rail Limited it is treated as an investment in this subsidiary.
Where this expenditure is for assets owned by other entities, this expenditure is treated as operational expenditure.

[2] The revaluations are primarily for property plant and equipment.
All figures on this page exclude GST

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Total opening ratepayers' funds	880,067	992,128	1,020,220	1,058,569	1,103,509	1,129,842	1,197,979	1,385,453	1,417,071	1,451,707	1,493,381
Total comprehensive income / (deficit) for year	70,787	28,092	38,330	44,940	26,333	68,137	187,474	31,618	34,636	41,674	86,064
Movement in ratepayers funds for year	70,787	28,092	38,330	44,940	26,333	68,137	187,474	31,618	34,636	41,674	86,064
Closing ratepayers' funds	950,854	1,020,220	1,058,550	1,103,509	1,129,842	1,197,979	1,385,453	1,417,071	1,451,707	1,493,381	1,579,445
Components of ratepayers funds											
Opening accumulated funds	349,253	362,260	393,575	433,293	477,066	504,544	530,470	556,303	584,023	617,205	657,560
Total comprehensive income / (deficit) for year	70,787	28,092	38,330	44,940	26,333	68,137	187,474	31,618	34,636	41,674	86,064
Movements in other reserves	(47,098)	3,223	1,388	(1,167)	1,145	(42,211)	(161,641)	(3,898)	(1,454)	(1,319)	(47,787)
Movement in accumulated funds for year	23,689	31,315	39,718	43,773	27,478	25,926	25,833	27,720	33,182	40,355	38,277
Closing accumulated funds	372,942	393,575	433,293	477,066	504,544	530,470	556,303	584,023	617,205	657,560	695,837
Opening other reserves	32,116	30,614	26,270	24,882	26,049	24,904	26,174	27,365	29,079	30,533	31,852
Movements in other reserves	(7,557)	(4,363)	(1,388)	1,167	(1,145)	1,270	1,191	1,714	1,454	1,319	1,780
Movement in other reserves for year	(7,557)	(4,363)	(1,388)	1,167	(1,145)	1,270	1,191	1,714	1,454	1,319	1,780
Closing other reserves	24,559	26,251	24,882	26,049	24,904	26,174	27,365	29,079	30,533	31,852	33,632
Opening asset revaluation reserves	498,698	599,254	600,394	600,394	600,394	600,394	641,335	801,785	803,969	803,969	803,969
Movements in revaluation reserve [1]	54,655	1,140	-	-	-	40,941	160,450	2,184	-	-	46,007
Movement in asset revaluation reserve for year	54,655	1,140	-	-	-	40,941	160,450	2,184	-	-	46,007
Closing asset revaluation reserve	553,353	600,394	600,394	600,394	600,394	641,335	801,785	803,969	803,969	803,969	849,976
Closing ratepayers' funds	950,854	1,020,220	1,058,569	1,103,509	1,129,842	1,197,979	1,385,453	1,417,071	1,451,707	1,493,381	1,579,445

[1] Movements in revaluation reserves are the projected revaluation of property, plant and equipment over the life of the plan

All figures on this page exclude GST

TOTAL COUNCIL FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
ASSETS											
Cash and other equivalents	21,318	18,915	19,301	19,724	20,202	20,723	21,283	21,877	22,496	23,144	23,841
Investments (current)	30,466	30,946	31,260	31,597	31,966	32,362	32,787	33,239	33,716	34,218	34,759
Other current assets	21,849	31,375	37,952	41,686	44,690	46,767	48,619	50,143	51,544	52,953	53,394
Current assets	73,633	81,236	88,513	93,007	96,858	99,852	102,689	105,259	107,756	110,315	111,994
Investments (non-current)	39,162	41,260	45,090	49,409	54,169	59,330	64,880	70,792	77,028	83,565	90,608
Investment in subsidiary	271,527	290,784	309,159	335,811	354,879	388,420	418,163	431,026	445,303	468,177	486,248
Property, plant and equipment	989,389	1,117,050	1,166,845	1,221,183	1,285,556	1,378,806	1,592,025	1,610,929	1,628,246	1,633,506	1,686,169
Non-current assets	1,300,078	1,449,094	1,521,094	1,606,403	1,694,604	1,826,556	2,075,068	2,112,747	2,150,577	2,185,248	2,263,025
Total assets	**1,373,711**	**1,530,330**	**1,609,607**	**1,699,410**	**1,791,462**	**1,926,408**	**2,177,757**	**2,218,006**	**2,258,333**	**2,295,563**	**2,375,019**
RATEPAYERS' FUNDS											
Retained earnings	372,942	393,575	433,293	477,066	504,544	530,470	556,303	584,023	617,205	657,560	695,837
Reserves	577,912	626,645	625,276	626,443	625,298	667,509	829,150	833,048	834,502	835,821	883,608
Total ratepayers' funds	**950,854**	**1,020,220**	**1,058,569**	**1,103,509**	**1,129,842**	**1,197,979**	**1,385,453**	**1,417,071**	**1,451,707**	**1,493,381**	**1,579,445**
LIABILITIES											
Debt (current)	166,168	126,800	126,800	126,800	126,800	151,800	146,800	146,800	146,800	146,800	146,800
Other current liabilities	26,689	42,756	42,743	42,742	42,741	42,739	42,743	42,745	42,743	42,745	42,642
Current liabilities	192,857	169,556	169,543	169,542	169,541	194,539	189,543	189,545	189,543	189,545	189,442
Debt (non-current)	230,000	340,554	381,495	426,359	492,079	533,890	602,761	611,390	617,083	612,637	606,132
Non-current liabilities	230,000	340,554	381,495	426,359	492,079	533,890	602,761	611,390	617,083	612,637	606,132
Total liabilities	**422,857**	**510,110**	**551,038**	**595,901**	**661,620**	**728,429**	**792,304**	**800,935**	**806,626**	**802,182**	**795,574**
Total equity and liabilities	**1,373,711**	**1,530,330**	**1,609,607**	**1,699,410**	**1,791,462**	**1,926,408**	**2,177,757**	**2,218,006**	**2,258,333**	**2,295,563**	**2,375,019**

All figures on this page exclude GST

No adjustment has been made in the draft annual plan for impairment to the Council's investment in CentrePort following the 14 November earthquake. An estimate will be made in the final annual plan.

PROSPECTIVE STATEMENT OF CASHFLOWS
FOR THE YEAR ENDING 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash is provided from:											
Regional rates	123,961	132,088	141,634	148,894	160,317	168,607	175,223	181,980	187,632	196,863	200,894
Water supply levy	30,863	33,069	34,230	35,892	38,305	41,214	44,126	47,240	47,906	48,336	48,427
Government subsidies	79,764	100,267	102,726	109,394	102,868	100,976	101,816	105,479	111,168	115,122	125,004
Interest and dividends	3,043	2,821	6,984	7,393	8,052	8,536	8,969	9,322	9,582	9,852	10,424
Fees, charges and other revenue	63,899	112,754	116,961	119,861	120,784	123,440	126,976	130,626	134,224	145,146	140,913
	301,530	380,999	402,535	421,434	430,326	442,773	457,110	474,647	490,512	515,319	525,662
Cash is disbursed to:											
Interest	19,686	22,483	23,354	22,898	26,442	29,872	33,552	35,451	35,580	35,334	36,265
Payment to suppliers and employees	273,587	319,003	326,537	334,262	352,914	357,813	367,469	379,121	388,508	404,898	414,203
	293,273	341,486	349,891	357,160	379,356	387,685	401,021	414,572	424,088	440,232	450,468
Net cash flows from operating activities	**8,257**	**39,513**	**52,644**	**64,274**	**50,970**	**55,088**	**56,089**	**60,075**	**66,424**	**75,087**	**75,194**
CASHFLOWS FROM INVESTING ACTIVITIES											
Cash is provided from:											
Sale of property, plant and equipment	1,216	3,517	426	699	377	308	517	340	367	518	427
Cash is applied to:											
Purchase of property, plant and equipment	64,542	95,202	75,215	82,763	97,522	88,145	90,175	55,584	57,588	47,637	50,348
Investment additions	17,990	24,664	18,409	26,651	19,068	33,541	29,742	12,864	14,277	22,874	18,071
	82,532	119,866	93,624	109,414	116,590	121,686	119,917	68,448	71,865	70,511	68,419
Net cashflows from investing activities	**(81,316)**	**(116,349)**	**(93,198)**	**(108,715)**	**(116,213)**	**(121,378)**	**(119,400)**	**(68,108)**	**(71,498)**	**(69,993)**	**(67,992)**
CASHFLOWS FROM FINANCING ACTIVITIES											
Cash is provided from:											
Loan funding[1]	77,183	73,937	72,416	82,922	105,151	112,253	112,334	61,462	61,830	54,668	53,915
Cash is applied to:											
Debt repayment	16,895	(6,651)	31,476	38,058	39,430	45,442	48,463	52,835	56,137	59,114	60,420
Net cashflows from financing activities	**60,288**	**80,588**	**40,940**	**44,864**	**65,721**	**66,811**	**63,871**	**8,627**	**5,693**	**(4,446)**	**(6,505)**
Net increase/(decrease) in cash and cash equivalents	**(12,771)**	**3,752**	**386**	**423**	**478**	**521**	**560**	**594**	**619**	**648**	**697**
Opening cash and cash equivalents	17,300	15,163	18,915	19,301	19,724	20,202	20,723	21,283	21,877	22,496	23,144
Closing cash and cash equivalents	**4,529**	**18,915**	**19,301**	**19,724**	**20,202**	**20,723**	**21,283**	**21,877**	**22,496**	**23,144**	**23,841**

1 GWRC now fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the NZ Transport Agency.

All figures on this page exclude GST

TOTAL COUNCIL FINANCIAL STATEMENTS
PROSPECTIVE DEBT
AS AT 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
Environment	4,453	6,179	8,228	9,324	9,755	9,710	9,529	9,516	9,230	8,786	8,933
Public transport	275,010	281,669	291,944	303,878	311,010	328,900	343,334	339,383	336,910	323,834	309,408
Water supply	82,697	98,632	108,924	126,917	170,161	205,541	241,622	240,336	237,062	234,706	235,347
Parks	8,889	10,948	12,349	13,678	15,443	17,283	18,226	19,500	20,150	21,098	22,032
Flood Protection and Control Works	85,415	97,961	113,508	128,059	140,991	155,882	170,533	184,914	198,326	210,580	218,560
Forestry											
Regional leadership	19,324	19,792	20,472	20,241	19,904	19,810	20,161	20,608	21,266	22,191	22,416
Property and investments	6,186	34,587	34,085	33,974	33,436	32,871	32,585	32,287	31,970	31,638	31,297
Corporate systems	5,433	11,737	11,690	11,395	11,387	10,200	9,299	9,123	7,930	6,908	7,034
Total activities debt	**487,407**	**561,505**	**601,200**	**647,466**	**712,087**	**780,197**	**845,289**	**855,667**	**862,844**	**859,741**	**855,027**
Treasury internal funding [1]	(91,239)	(94,151)	(92,905)	(94,307)	(93,208)	(94,507)	(95,728)	(97,477)	(98,961)	(100,304)	(102,095)
Total external debt	**396,168**	**467,354**	**508,295**	**553,159**	**618,879**	**685,690**	**749,561**	**758,190**	**763,883**	**759,437**	**752,932**
External debt (current)	166,168	126,800	126,800	126,800	126,800	151,800	146,800	146,800	146,800	146,800	146,800
External debt (non-current)	230,000	340,554	381,495	426,359	492,079	533,890	602,761	611,390	617,083	612,637	606,132
Total external debt [2]	**396,168**	**467,354**	**508,295**	**553,159**	**618,879**	**685,690**	**749,561**	**758,190**	**763,883**	**759,437**	**752,932**

[1] GWRC manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Managagment Policy

[2]. Includes Finance Lease Liability from service concession arrangments

All figures on this page exclude GST

PROSPECTIVE FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
Greater Wellington operations	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s	$000s
Sources of operating funding											
General rates	42,479	36,441	39,768	38,352	40,773	41,899	42,199	42,877	44,868	46,102	48,174
Targeted rates	81,482	95,647	101,866	110,542	119,544	126,708	133,024	139,103	142,764	150,761	152,720
Subsidies and grants for operating purposes	89,351	77,118	76,391	78,447	87,803	88,729	91,544	94,972	97,283	95,616	106,746
Interest and dividends from investments	3,043	2,821	6,984	7,393	8,052	8,536	8,969	9,322	9,582	9,852	10,424
Fees, charges, and targeted rates for water supply	53,783	100,931	104,544	106,992	107,499	109,423	112,709	116,094	119,700	131,266	127,381
Fines, infringement fees, and other receipts [1]	40,979	44,892	46,647	48,761	51,590	55,231	58,393	61,772	62,430	62,216	61,959
Total operating funding	**311,117**	**357,850**	**376,200**	**390,487**	**415,261**	**430,526**	**446,838**	**464,140**	**476,627**	**495,813**	**507,404**
Applications of operating funding											
Payments to staff and suppliers	273,587	319,004	323,275	329,536	347,641	352,109	361,215	372,435	381,438	397,217	406,693
Finance costs	19,686	22,483	23,354	22,898	26,442	29,872	33,552	35,451	35,580	35,334	36,265
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding [2]	**293,273**	**341,487**	**346,629**	**352,434**	**374,083**	**381,981**	**394,767**	**407,886**	**417,018**	**432,551**	**442,958**
Operating surplus/(deficit)	**17,844**	**16,363**	**29,571**	**38,053**	**41,178**	**48,545**	**52,071**	**56,254**	**59,609**	**63,262**	**64,446**
Sources of Capital Funding											
Subsidies and grants for capital expenditure	7,202	23,149	26,335	30,947	15,065	12,247	10,272	10,507	13,885	19,506	18,258
Increase / (decrease) in debt	52,731	76,224	39,552	46,031	64,575	68,081	65,062	10,343	7,146	(3,128)	(4,725)
Gross proceeds from asset sales	416	1,134	426	299	377	308	517	340	367	518	427
Total Sources of Capital Funding	60,349	100,507	66,313	77,277	80,017	80,636	75,851	21,190	21,398	16,896	13,960
Applications of Capital Funding											
Capital expenditure											
- to meet additional demand	5,976	4,750	1,533	-	12,810	13,104	13,629	13,956	14,305	316	247
- to improve the level of service	41,635	38,566	56,380	52,363	66,861	60,246	61,700	26,489	25,683	25,668	23,264
- to replace existing assets	16,931	51,887	17,303	30,402	17,851	14,794	14,844	15,138	17,599	21,654	26,837
Increase / (decrease) in investments	21,208	26,031	22,058	31,395	24,819	39,765	36,563	20,146	21,968	31,198	26,277
Increase / (decrease) in reserves	(7,557)	(4,364)	(1,388)	1,167	(1,145)	1,270	1,191	1,715	1,454	1,319	1,780
Total Applications of Capital Funding	**78,193**	**116,870**	**95,886**	**115,327**	**121,196**	**129,179**	**127,927**	**77,444**	**81,009**	**80,155**	**78,405**
Surplus/(Deficit) of Capital Funding	**(17,844)**	**(16,363)**	**(29,573)**	**(38,050)**	**(41,179)**	**(48,543)**	**(52,076)**	**(56,254)**	**(59,611)**	**(63,259)**	**(64,445)**
Funding Balance	-	-	-	-	-	-	-	-	-	-	-
Depreciation on council assets	17,930	21,434	25,015	28,128	32,771	35,529	36,887	38,523	39,902	41,860	43,161
Water Supply Levy [1]	30,863	33,069	34,230	35,892	38,305	41,214	44,126	47,240	47,906	48,336	48,427

[1] This includes the Water supply levy charged to Wellington, Hutt, Upper Hutt and Porirua city councils

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations.

All figures on this page exclude GST

PROSPECTIVE REGIONAL RATES AND CAPITAL EXPENDITURE FOR THE YEAR ENDING 30 JUNE

	2017/18 Budget $000s	2018/19 Plan $000s	2019/20 Plan $000s	2020/21 Plan $000s	2021/22 Plan $000s	2022/23 Plan $000s	2023/24 Plan $000s	2024/25 Plan $000s	2025/26 Plan $000s	2026/27 Plan $000s	2027/28 Plan $000s
REGIONAL RATES											
Regional Leadership - excluding Warm Greater Wellington targeted rate	12,093	14,269	15,305	15,282	16,045	16,143	15,958	16,179	16,515	16,771	16,964
Public transport	64,656	67,273	72,101	78,920	86,293	91,628	95,724	99,604	101,489	106,646	106,817
Environment	28,378	30,134	31,408	32,796	33,964	34,702	35,166	35,930	36,687	37,382	37,910
Flood Protection and Control Works	17,989	19,634	20,532	21,857	23,396	25,120	26,988	28,765	30,253	32,734	34,232
Parks	6,582	6,205	6,502	6,524	6,738	7,059	7,605	7,435	7,844	8,188	8,652
Investments [1]	(8,920)	(8,665)	(7,764)	(10,286)	(9,799)	(9,716)	(10,136)	(10,158)	(9,547)	(9,489)	(8,471)
Total Rates excluding Warm Greater Wellington targeted rate	120,778	128,850	138,084	145,093	156,637	164,936	171,305	177,755	183,241	192,232	196,104
Regional Leadership - Warm Greater Wellington targeted rate	3,183	3,238	3,556	3,802	3,680	3,673	3,917	4,223	4,392	4,632	4,790
Total regional rates	**123,961**	**132,088**	**141,640**	**148,895**	**160,317**	**168,609**	**175,222**	**181,978**	**187,633**	**196,864**	**200,894**
CAPITAL EXPENDITURE											
Environment	1,721	2,791	2,922	2,168	1,829	1,485	1,363	1,726	1,548	1,409	1,881
Public transport [2]	19,360	48,937	21,532	32,356	21,532	17,965	18,232	19,264	24,633	12,761	14,999
Water supply	12,918	14,375	48,543	23,015	48,543	40,989	42,300	5,483	3,771	4,888	8,078
Parks	3,609	2,552	2,919	2,325	2,919	2,912	2,446	2,522	2,213	2,764	2,639
Flood Protection and Control Works	21,381	16,809	19,166	20,297	19,166	21,784	22,521	22,794	22,451	22,499	18,613
Regional Leadership	745	995	153	108	153	243	296	172	141	404	135
Investments	719	0	0	0	0	0	0	0	0	0	0
Other	4,089	8,743	2,606	2,494	3,380	2,767	3,017	3,623	2,831	2,912	4,003
Total capital expenditure	**64,542**	**95,202**	**97,841**	**82,763**	**97,522**	**88,145**	**90,175**	**55,584**	**57,588**	**47,637**	**50,348**
Public Transport Improvements	0	0	0	0	0	0	0	0	0	0	0
Public Transport Investment in Rail	17,990	24,664	19,068	26,651	19,068	33,541	29,742	12,864	14,277	22,874	18,071
Total Capex and improvements	82,532	119,866	116,909	109,414	116,590	121,686	119,917	68,448	71,865	70,511	68,419

[1] Investment returns reduce the requirement for rates

[2] Transport capital expenditure excludes investment in Greater Wellington Rail Limited for the purchase of rail rolling stock and infrastructure. This is disclosed separately as Public Transport Investment in Rail.

All figures on this page exclude GST

Council Created Reserves	Purpose of the Fund	Opening Balance Jul-18 $000s	Deposits	Expenditure	Closing Balance Jun-28
Area of benefit reserves					
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	12,579	2,926	(7,939)	7,566
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure	797	953	(1,260)	491
WREMO reserve	Contributions by other Local Authorities to run the WREMO	86	0	(35)	51
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure	826	74	0	900
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment	5,046	5,400	(1,098)	9,348
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforecement	113	10	0	124
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	5,543	5,955	0	11,498
Rural fire reserve	To help manage the costs of rural fire equipment.	74	25	0	99
Special Reserves					
Election reserve	To manage the variation in costs associated with the election cycle	348	818	(960)	206
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	1,825	1,618	(3,324)	118
Other reserve balances	Rebudgets and other funds	3,397	2,207	(2,372)	3,232
Total Reserves		30,633	19,986	(16,987)	33,632

Summary of Rates and Levies

This table shows the rates and levies for GWRC in 2018/19, together with the changes from 2017/18. Rates comprise the general rate and various targeted rates. GWRC also charges a water supply levy directly to the four city councils in the region. The city councils then rate accordingly for this levy.

The total rate increase in regional rates for 2018/19 is 6.7%. The water supply levy, which is charged to the four metropolitan city councils is proposed to increase by 7.1% over 2018/19. When the water supply levy is included, Greater Wellington Regional Council's overall increase is 6.8%.

By rate and levy type:	2017/18 Budget $000s	2018/19 Plan $000s	Change $000s	Change %
General rate	42,482	36,442	(6,040)	
Targeted rates:				
Region wide targeted rates:				
Flood protection – regional rate	-	9,735	9,735	
Flood protection – catchment rate	-	8,386	8,386	
River management rate	5,827		(5,827)	
Public transport rate	64,656	67,273	2,617	
Stadium purposes rate	978	-	(978)	
Wellington Regional Strategy rate	4,822	4,908	86	
Specific area targeted rates:				
Pest management rate	472	532	60	
Flood protection – property	-	1,229	1,229	
Drainage scheme rate	-	284	284	
Land management - scheme rate	-	63	63	
Wairarapa scheme and stop bank rate	1,452		(1,452)	
South Wairarapa dictrict river rate	93		(93)	
Total targeted rates [1]	78,300	92,410	14,109	
Total regional rates	**120,782**	**128,852**	**8,070**	**6.7%**
Water supply levy	**30,863**	**33,069**	**2,206**	**7.1%**
Total regional rates and levies [1]	**151,645**	**161,921**	**10,276**	**6.8%**
Warm Wellington rates [2]	3,182	3,237		
Total rates and levies	**154,826**	**165,158**		

All figures on this page exclude GST

Figures labelled "2017/18 Budget" are sourced from GWRC's 2017/18 Annual plan.

1 This total excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

2 Warm Greater Wellington is the scheme to assist regional ratepayers install insulation in their home. Only ratepayers participating in the scheme are charged this rate.

WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Rates increases vary between city and district councils because of differing capital values. Further, some of GWRC's work programmes impact differently across the region, especially flood protection and public transport. See the next page for a break down by city and rate type

By area:	2017/18 Budget $000s	2018/19 Plan $000s	Change $000s	Change %
Wellington city	62,571	66,685	4,114	
Hutt city	23,454	24,747	1,293	
Upper Hutt city	8,387	8,402	15	
Porirua city	9,887	9,624	(263)	
Kapiti Coast district	9,327	10,644	1,317	
Masterton district	2,243	2,948	705	
Carterton district	1,094	1,377	283	
South Wairarapa district	1,799	2,313	515	
Tararua district[1]	3	3	(0)	
Region-wide rates[2]	**118,765**	**126,744**	**7,979**	
Pest management rate	472	532	60	
Flood protection – property	0	1,229	1,229	
Drainage scheme rate	0	284	284	
Land management - scheme rate	0	63	63	
Wairarapa scheme and stop bank rate	1,452	0	(1,452)	
South Wairarapa dictrict river rate	93	0	(93)	
Total regional rates	**120,782**	**128,852**	**8,070**	6.7%
Water supply levy				
Wellington City Council	16,515	17,697	1,182	
Hutt City Council	7,660	8,206	546	
Upper Hutt City Council	3,096	3,318	222	
Porirua City Council	3,592	3,848	256	
Water supply levy	**30,863**	**33,069**	**2,206**	**7.1%**
Total regional rates and levies[3]	**151,645**	**161,921**	**10,276**	**6.8%**
Warm Wellington rate[4]	3,182	3,237		
Total rates and levies	**154,826**	**165,158**		

All figures on this page exclude GST

Notes:

Figures labelled “2017/18 Budget” are sourced from GWRC's 2017/18 Annual plan.

[1] 10 rural properties in the Tararua District are within the boundaries of the Greater Wellington region.

[2] Region-wide rates are rates that are charged to all ratepayers in the region. It excludes Pest management rate, Flood protection – property rate, Drainage scheme rate, Land management - scheme rate and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes.

[3] This total excludes any "Warm Greater Wellington" targeted rates as they impact only those ratepayers that participate in the scheme.

[4] Warm Wellington is the scheme to assist regional ratepayers install insulation or clean heating appliances in their home. Only ratepayers participating in the scheme are charged this rate.

All figures on this page exclude GST.

RATES AND LEVIES - RESIDENTIAL REGION-WIDE RATES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

2018/19 Residential Region wide rates by rate type and for an average valued residential property

	General rate per average valued residential property		Flood protection - Regional rate per average valued residential property		Flood protection - Catchment rate per average valued residential property		River management rate per average valued residential property		Transport rate per average valued residential property		Stadium-purposes rate per average valued residential property		Region-wide residential[1] per average valued residential property excluding WRS rate	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Wellington City	$227.54	$190.53	$0.00	$50.90	$0.00	$0.58	$0.46	$0.00	$172.09	$198.38	$5.32	$0.00	$405.42	$440.39
Hutt City	$159.77	$138.30	$0.00	$36.95	$0.00	$115.06	$82.02	$0.00	$259.63	$238.17	$3.84	$0.00	$505.25	$528.48
Upper Hutt City	$140.35	$120.15	$0.00	$32.10	$0.00	$44.83	$35.01	$0.00	$256.41	$225.91	$2.86	$0.00	$434.63	$422.98
Porirua City	$163.64	$142.22	$0.00	$37.99	$0.00	$2.18	$1.38	$0.00	$308.51	$273.94	$3.32	$0.00	$476.84	$456.33
Kapiti Coast District	$153.77	$138.40	$0.00	$36.97	$0.00	$59.30	$48.60	$0.00	$123.85	$149.42	$1.81	$0.00	$328.02	$384.09
Masterton District	$89.31	$88.19	$0.00	$23.56	$0.00	$15.79	$0.00	$0.00	$25.44	$39.46	$1.54	$0.00	$116.29	$166.99
Carterton District	$93.53	$90.75	$0.00	$24.24	$0.00	$18.77	$2.81	$0.00	$47.80	$56.70	$1.44	$0.00	$145.57	$190.46
South Wairarapa District	$97.26	$105.61	$0.00	$28.21	$0.00	$18.34	$0.00	$0.00	$65.68	$79.58	$1.84	$0.00	$164.78	$231.74

	Average value of residential property in each city or district		Total Region-wide[1] per average valued residential property excluding WRS rate		WRS rate[2] per residential property		Total Region-wide[1] rates per average residential property including WRS rate	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Wellington City	$551,092	$553,202	$405.42	$440.39	$14.00	$14.00	$419.42	$454.39
Hutt City	$471,132	$474,462	$505.25	$528.48	$14.00	$14.00	$519.25	$542.48
Upper Hutt City	$413,719	$413,369	$434.63	$422.98	$14.00	$14.00	$448.63	$436.98
Porirua City	$488,077	$492,556	$476.84	$456.33	$14.00	$14.00	$490.84	$470.33
Kapiti Coast District	$389,784	$534,845	$328.02	$384.09	$14.00	$14.00	$342.02	$398.09
Masterton District	$251,836	$343,459	$116.29	$166.99	$14.00	$14.00	$130.29	$180.99
Carterton District	$264,355	$351,266	$145.57	$190.46	$14.00	$14.00	$159.57	$204.46
South Wairarapa District	$282,113	$405,194	$164.78	$231.74	$14.00	$14.00	$178.78	$245.74

All figures on this page exclude GST

Notes:

Figures labelled "2017/18 Budget" are sourced from GWRC's 2017/18 Annual plan.

1 Region-wide rates are rates that are charged to all ratepayers in the region. It excludes Pest management rate, Flood protection – property rate, Drainage scheme rate, Land management - scheme rate and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes.

2 The WRS rate is a targeted rate allocated on a fixed amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties the fixed amount is $14.00 + GST and rural properties $28.00 + GST. This rate is used to fund Wellington Regional Strategy activities including WREDA, the region's economic development agency.

Rates for Greater Wellington region are mostly allocated to ratepayers on the basis of their capital values. The territorial authorities undertake valuations in different years. To ensure properties are valued on the same basis in each territorial area, GWRC undertakes an equalised capital value (ECV) calculation to ensure fair distribution of rates based on capital values.

All figures on this page exclude GST.

RATES AND LEVIES - REGION-WIDE RATES
WHAT IS THE IMPACT ON YOUR CITY OR DISTRICT?

Residential Property - including GST	Average Capital Value	Average Increase per year	Average Increase per week	Average Rates per year	Average rates per week
Wellington city	$553,000	$40	$0.77	$523	$10.06
Lower Hutt city	$474,000	$27	$0.52	$624	$12.00
Upper Hutt city	$413,000	($13)	($0.25)	$503	$9.67
Porirua city	$493,000	($24)	($0.46)	$541	$10.40
Kapiti Coast district	$535,000	$64	$1.23	$458	$8.81
Masterton district	$343,000	$58	$1.12	$208	$4.00
Carterton district	$351,000	$52	$1.00	$235	$4.52
South Wairarapa district	$405,000	$77	$1.48	$283	$5.44

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

Rural Property - excluding GST	Average Capital Value	Average Increase per year	Average Increase per week	Average Rates per year	Average rates per week
Wellington city	$760,000	$28	$0.54	$429	$8.25
Lower Hutt city	$645,000	$48	$0.92	$505	$9.71
Upper Hutt city	$676,000	$40	$0.77	$444	$8.54
Porirua city	$1,006,000	$22	$0.42	$542	$10.42
Kapiti Coast district	$735,000	$11	$0.21	$403	$7.75
Masterton district	$718,000	$65	$1.25	$327	$6.29
Carterton district	$867,000	$76	$1.46	$407	$7.83
South Wairarapa district	$953,000	$91	$1.75	$448	$8.62
Tararua	$1,076,000	$34	$0.65	$258	$4.96

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

Business Property - excluding GST	Average Capital Value	Average Increase per year	Average Increase per week	Average Rates per year	Average rates per week
Wellington city	$2,033,000	$298	$5.73	$2,007	$38.60
Wellington city - CBD	$2,312,000	$340	$6.54	$8,946	$172.04
Lower Hutt city	$1,600,000	$159	$3.06	$2,040	$39.23
Upper Hutt city	$1,652,000	$107	$2.06	$1,957	$37.63
Porirua city	$1,380,000	$27	$0.52	$1,500	$28.85
Kapiti Coast district	$1,085,000	$70	$1.35	$935	$17.98
Masterton district	$793,000	$110	$2.12	$498	$9.58
Carterton district	$412,000	$16	$0.31	$282	$5.42
South Wairarapa district	$669,000	$66	$1.27	$479	$9.21

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

Notes:

Rates for Greater Wellington are mostly allocated to ratepayers on the basis of their capital values. The territorial authorities undertake valuations in different years. To ensure properties are valued on the same basis in each territorial area, Greater Wellington undertakes an equalised capital value (ECV) calculation to ensure fair distribution of rates based on capital values.

RATES AND LEVIES - RESIDENTIAL REGION-WIDE RATES CALCULATOR
WHAT IS THE IMPACT ON YOUR PROPERTY?

The table below shows how you can calculate your own residential proposed region-wide rates for 2018/19. For example, if you live in Hutt city and have a residential property with a capital value of $350,000 your indicative annual regional rates are $$403.85 plus GST @ 15% = $$464.43

Please note: The above calculation does not include rates set by your local city or district council and any district or property specific targeted rate

	2018/19 Region-wide1 rates per $100,000 of capital value, excluding the WRS rate		Enter the capital value of your property			WRS rate[2] residential property		Indicative rates on your property for 2018/19 1
Wellington City	$79.61	x		÷ 100,000	+	$14.00	=	
Hutt City	$111.38	x		÷ 100,000	+	$14.00	=	
Upper Hutt City	$102.33	x		÷ 100,000	+	$14.00	=	
Porirua City	$92.65	x		÷ 100,000	+	$14.00	=	
Kapiti Coast District	$71.81	x		÷ 100,000	+	$14.00	=	
Masterton District	$48.62	x		÷ 100,000	+	$14.00	=	
Carterton District	$54.22	x		÷ 100,000	+	$14.00	=	
South Wairarapa District	$57.19	x		÷ 100,000	+	$14.00	=	
Hutt City example	$111.38	x	$350,000	÷ 100,000	+	$14.00	=	$403.85
						Including GST @ 15%		$464.43

A calulator to assist you check your region-wide rates for all property types is available on our website www.gw.govt.nz

[1] Region-wide rates are rates that are charged to all ratepayers in the region. It excludes South Wairarapa Region river rates, Wairarapa river and drainage scheme rates and any "Warm Greater Wellington" targeted rates as they impact only certain ratepayers that are covered by these programmes

2 The WRS rate is a targeted rate allocated on a fixed amount basis for residential and rural ratepayers. It is allocated on capital value for businesses. For residential properties the fixed amount is $14.00 + GST and rural properties $28.00 + GST. This rate is used to fund Wellington Regional Strategy activities including WREDA, the region's economic development agency.

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

Funding Impact Statement

Rating Mechanism

This section sets out how the council will set its rates for 2015/2016. It explains the basis on which each ratepayerï¿½s rating liability will be assessed

Funding mechanism	Groups of activities funded	Valuation system	Matters for differentiation/categories of land	Calculation factor
General rate	Regional Leadership Environment Parks	Capital value	Where the land is situated	Cents per dollar of rateable capital value
Targeted rates				
Wellington Regional Strategy	Regional leadership	Capital value for business	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value.
		n/a for residential	Where the land is situated and the use to which the land is put	Fixed dollar amount per rating unit
		n/a for rural	Where the land is situated and the use to which the land is put	Fixed dollar amount per rating unit
Warm Greater Wellington	Regional leadership	Extent of service provided	Provision of service to the land	Extent of service provided calculated as a percentage of the service
Public transport	Public transport	Capital value	Where the land is situated and the use to which the land is put	Cents per dollar of rateable capital value
Pest management	Environment	Land area	Where the land is situated and the area of land within each rating unit	Dollars per hectare
Land management (Wairarapa)	Environment	Land area/ land value/ inhabited part(s)	Where the land is situated (in some cases set under s146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and in some cases use and land value	Dollars per hectare or cents per metre of river frontage in the area protected and in some cases a fixed charge per separately used or inhabited part (dwelling) and cents per dollar of rateable land value[1]
Flood Protection – property	Flood Protection	Land area/ inhabited parts/services provided	Where the land is situated (in some cases set under s146 of the Local Government (Rating) Act 2002 using approved classification and differential registers) and/or the benefits accruing through the provision of services and in some cases use	Dollars per hectare in the area protected or dollars per point attributed to each rating unit and in some cases a fixed charge per separately used or inhabited part (dwelling)[41]

41 "Separately used or inhabited part (dwelling)" includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the

Flood Protection – catchment	Flood Protection	Capital value	Where the land is situated	Cents per dollar of rateable capital value
Flood Protection – region	Flood Protection	Capital value	Where the land is situated	Cents per dollar of rateable capital value

Differential on the general rate

There are no differentials on Greater Wellington's general rate.

Estimate of projected valuation

Greater Wellington uses an estimate of projected valuation under section 131 of the Local Government (Rating) Act 2002 to recognise that valuation dates vary across the region.

Uniform annual general charge

Greater Wellington Regional does not set a Uniform Annual General Charge.

separately used or inhabited part of the rating unit must be capable of actual habitation or actual separate use. To avoid doubt, a rating unit that has only one use (i.e., it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part (dwelling)

Rates categories

Each rating unit is allocated to a differential rating category based upon location and/or land use for the purpose of calculating general rates or targeted rates based upon capital or land value. As Greater Wellington rates are invoiced and collected by each of the territorial authorities in the Wellington region, Greater Wellington is limited to using rating categories based on those used by each of the territorial authorities. Set out below are the definitions used to allocate rating units into rating categories.

Category 1 – Rates based on capital or land value

Location	Use	Description
Wellington city	Wellington city Downtown city centre business	All rating units classified as commercial, industrial and business properties within the downtown area boundary, currently shown on the Downtown Levy Area map of Wellington city, as may be amended from time to time by Wellington city See map on page 186 for Wellington city downtown city centre business area.
	Wellington city business	All rating units classified as commercial, industrial and business properties in the rating information database for Wellington city outside the Downtown Levy Area map boundary
	Wellington city residential	All rating units classified as base (excluding rural and farm) in the rating information database for Wellington city
	Wellington city urban	All rating units classified as commercial, industrial and business properties in the rating information database for Wellington city outside the Downtown Levy Area map boundary and all Wellington city residential rating units
	Wellington city rural	All rating units sub-classified as rural or farm within the base category in the rating information database for Wellington city
Hutt city	Lower Hutt city business	All rating units not classified as residential, rural or community facilities in the rating information database for Lower Hutt city
	Lower Hutt city residential	All rating units classified as residential or community facilities in the rating information database for Lower Hutt city
	Lower Hutt city urban	All Lower Hutt city business and Lower Hutt city residential rating units
	Lower Hutt city rural	All rating units classified as rural in the rating information database for Lower Hutt city
Porirua city	Porirua city business	All rating units classified as business in the rating information database for Porirua city
	Porirua city residential	All rating units classified as residential in the rating information database for Porirua city
	Porirua city urban	All Porirua city residential and Porirua city business rating units
	Porirua city rural	All rating units classified as rural in the rating information database for Porirua city
Upper Hutt city	Upper Hutt city business	All rating units classified as business or utilities in the rating information database for Upper Hutt city
	Upper Hutt city residential	All rating units not classified as rural, business or utilities in the rating information database for Upper Hutt city
	Upper Hutt city urban	All Upper Hutt city business and Upper Hutt city residential rating units
	Upper Hutt city rural	All rating units classified as rural in the rating information database for Upper Hutt city

Location	Use	Description
Kapiti Coast district	Kapiti Coast district urban	All rating units not classified in the rural rating areas for the Kapiti Coast district
	Kapiti Coast district rural	All rating units classified in the rural rating areas for the Kapiti Coast district
Masterton district	Masterton district urban	All rating units not classified as rural in the rating information database for the Masterton district
	Masterton district rural	All rating units classified as rural in the rating information database for the Masterton district
Carterton district	Carterton district urban	All rating units not classified as rural in the rating information database for the Carterton district
	Carterton district rural	All rating units classified as rural in the rating information database for the Carterton district
South Wairarapa district	South Wairarapa district urban	All rating units not classified as rural in the rating information database for the South Wairarapa district
	South Wairarapa district rural	All rating units classified as rural in the rating information database for the South Wairarapa district
	Greytown ward	All rating units classified in the rating area of the Greytown ward in the rating information database for the South Wairarapa district
	Greytown urban	All rating units classified in the urban area of Greytown in the rating information database for the South Wairarapa district. (Prefaced Nos 18400 and 18420)
	Featherston urban	All rating units classified in the urban area of Featherston in the rating information database for the South Wairarapa district. (Prefaced Nos 18440 and 18450)
Tararua district		All rating units within the Tararua district area are classified as being within the boundaries of the Wellington region

Category 2 – Public Transport rate

Public transport is funded from a targeted rate, based on property value, with differentials based on where the land is situated and the use to whch the land is put. The table below shows the rates differentials to be applied in 2018/19 under the first year of the transition provisions in the Revenue and Financing policy.

Location	Use	Description	Differential on the value for 2018/19
Wellington city	Wellington city downtown city centre business	As in Category 1 above	7.16
	Wellington city business	As in Category 1 above	0.94
	Wellington city residential	As in Category 1 above	0.77
	Wellington city rural	As in Category 1 above	0.20
Lower Hutt city	Lower Hutt city business	As in Category 1 above	1.45
	Lower Hutt city residential	As in Category 1 above	1.28
	Lower Hutt city rural	As in Category 1 above	0.32

Location	Use	Description	Differential on the value for 2018/19
Porirua city	Porirua city business	As in Category 1 above	1.56
	Porirua city residential	As in Category 1 above	1.40
	Porirua city rural	As in Category 1 above	0.35
Upper Hutt city	Upper Hutt city business	As in Category 1 above	1.60
	Upper Hutt city residential	As in Category 1 above	1.43
	Upper Hutt city rural	As in Category 1 above	0.36
Kapiti Coast district	Kapiti Coast district business	All rating units used for a commercial, business, industrial purpose or utility network activity in the Kapiti Coast district rating information database	0.97
	Kapiti Coast district residential	All rating units located in the urban rating areas except those properties which meet the classification of rural, commercial, business, industrial purpose or utility network activity and all community activities in the Kapiti Coast district rating information database	0.80
	Kapiti Coast district rural	All rating units located in rural rating areas except those properties that meet the classification of commercial, business, industrial purpose, utility network or community activity in the Kapiti Coast district rating information database	0.20
Masterton district	Masterton district business	All rating units classified as non-residential urban in the Masterton district rating information database	0.50
	Masterton district residential	All rating units classified as urban residential in the Masterton district rating information database	0.33
	Masterton district rural	As in Category 1 above	0.13
Carterton district	Carterton district business	All rating units classified as urban commercial, urban industrial or urban smallholding – greater than one hectare in the Carterton district rating information database	0.63
	Carterton district residential	All rating units classified as urban residential in the Carterton district rating information database	0.46
	Carterton district rural	As in Category 1 above	0.16
South Wairarapa district	South Wairarapa district business	All rating units classified as commercial in the South	0.73

Location	Use	Description	Differential on the value for 2018/19
		Wairarapa district rating information database	
	South Wairarapa district residential	All rating units classified as urban in the South Wairarapa district rating information database	0.56
	South Wairarapa district rural	As in Category 1 above	0.19

Category 3 – Rates based on land area

Some rates (either in whole or part) are allocated to additional differential rating categories (based on the area of land, provision of service or location) for the purpose of calculating rates for Pest management, Land management and Flood Protection – property.

Some schemes have an additional fixed charge per separate use or inhabited part.

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

All rural rating units of four or more hectares are subject to the Pest management rate.

Category 4 – Flood Protection – property rate for the Lower Wairarapa Valley Development Scheme

The Flood Protection – property rate for the Lower Wairarapa Valley Development Scheme is a targeted rate allocated according to extent of services received (as measured in a points system) and in some cases an additional fixed charge per separately used or inhabited part.

Rating units subject to this rate are shown within an approved classification register for each scheme. For more information on whether your rating unit is located in this area and for the points allocated to your property, please contact Greater Wellington's Masterton office.

Category 5 – Warm Greater Wellington rate

The Warm Greater Wellington rate is a targeted rate set on properties that have benefited from the installation of insulation provided by Greater Wellington in respect of the property. The rate is calculated as a percentage of the service amount until the service amount and the costs of servicing the service amount are recovered.

Category 6 –Wellington Regional Strategy rate

The Wellington Regional Strategy rate is a targeted rate allocated on a fixed-amount basis for residential and rural ratepayers, and capital value for businesses. For residential properties the fixed amount is $14 plus GST and rural properties $28 plus GST. This rate funds the Wellington Regional Strategy activities including funding for WREDA, the region's economic development agency.

Location	Use	Description
Wellington city	Wellington city downtown city centre business	As per differential category 1
	Wellington city business	As per differential category 1
	Wellington city residential	As per differential category 1
	Wellington city rural	As per differential category 1
Lower Hutt city	Lower Hutt city business	As per differential category 1
	Lower Hutt city residential	As per differential category 1
	Lower Hutt city rural	As per differential category 1
Porirua city	Porirua city business	As per differential category 1
	Porirua city residential	As per differential category 1
	Porirua city rural	As per differential category 1
Upper Hutt city	Upper Hutt city business	As per differential category 1
	Upper Hutt city residential	As per differential category 1
	Upper Hutt city rural	As per differential category 1
Kapiti Coast district	Kapiti Coast district business	All rating units used for a commercial, business, industrial purpose or utility network activity in the Kapiti Coast district rating information database
	Kapiti Coast district residential	All rating units located in the urban rating areas except those properties which meet the classification of rural, commercial, business, industrial purpose or utility network activity and all community activities in the Kapiti Coast district rating information database
	Kapiti Coast district rural	All rating units located in rural rating areas except those properties that meet the classification of commercial, business, industrial purpose, utility network or community activity in the Kapiti Coast district rating information database
Masterton district	Masterton district business	All rating units classified as non-residential urban in the Masterton district rating information database
	Masterton district residential	All rating units classified as urban residential in the Masterton district rating information database
	Masterton district rural	As per differential category 1
Carterton district	Carterton district business	All rating units classified as urban commercial, urban industrial or urban smallholding – greater than one hectare in the Carterton district rating information database
	Carterton district residential	All rating units classified as urban residential in the Carterton district rating information database
	Carterton district rural	As per differential category 1

Location	Use	Description
South Wairarapa district	South Wairarapa district business	All rating units classified as commercial in the South Wairarapa district rating information database
	South Wairarapa district residential	All rating units classified as urban in the South Wairarapa district rating information database
	South Wairarapa district rural	As per differential category 1
Tararua district		As per differential category 1

General rate	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city	0.03444	17,763,604
Hutt city	0.02915	6,211,297
Upper Hutt city	0.02907	2,362,249
Porirua city	0.02887	2,943,594
Kapiti Coast district	0.02588	3,780,325
Masterton district	0.02568	1,517,336
Carterton district	0.02583	699,379
South Wairarapa district	0.02606	1,162,553
Tararua district	0.01685	1,814
Total general rate		**36,442,151**

Targeted rate: Flood protection - regional rates based on capital value	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city	0.00920	4,745,293
Hutt city	0.00779	1,659,259
Upper Hutt city	0.00776	631,041
Porirua city	0.00771	786,339
Kapiti Coast district	0.00691	1,009,860
Masterton district	0.00686	405,335
Carterton district	0.00690	186,829
South Wairarapa district	0.00696	310,559
Tararua district	0.00450	484
Total flood protection - regional rate		**9,735,000**

Targeted rate: Flood protection - catchment rates based on capital value	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city	0.00010	54,042
Hutt city	0.02425	5,167,492
Upper Hutt city	0.01084	881,402
Porirua city	0.00044	45,121
Kapiti Coast district	0.01109	1,619,846
Masterton District	0.00460	271,627
Carterton district	0.00534	144,634
South Wairarapa District	0.00453	201,926
Total Flood protection - catchment rates		**8,386,090**

Note:

[1] 10 Rural properties in the Tararua District are within the boundaries of the Wellington region.

Note that all figures on this page exclude GST.

Targeted rate: Public transport	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city		
Regional CBD	0.33182	25,944,905
Business	0.04358	1,683,482
Residential	0.03586	14,093,633
Rural	0.00910	53,873
Hutt city		
Business	0.05673	2,139,767
Residential	0.05020	8,645,557
Rural	0.01273	39,964
Upper Hutt city		
Business	0.06117	719,510
Residential	0.05465	3,338,561
Rural	0.01387	116,802
Porirua city		
Business	0.06209	681,260
Residential	0.05561	4,718,258
Rural	0.01411	86,537
Kapiti Coast district		
Business	0.03374	510,745
Residential	0.02794	3,088,889
Rural	0.00713	145,341
Masterton district		
Business	0.01725	75,174
Residential	0.01149	310,881
Rural	0.00453	125,249
Carterton district		
Business	0.02193	20,333
Residential	0.01614	133,580
Rural	0.00567	101,306
South Wairarapa district		
Business	0.02548	52,469
Residential	0.01964	254,325
Rural	0.00651	192,609
Total public transport rate		**67,273,010**

Targeted rate: Warm Greater Wellington Based on extent of service	2018/19 Percentage of service provided	2018/19 Revenue sought $
For any ratepayer that utilises the service	15.000%	3,237,058

Rates funding impact statement

Targeted rate: Wellington Regional Strategy	` $ per rating unit	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city			
Regional CBD		0.01139	890,280
Business		0.01139	439,828
Residential – per rating unit	$14.00		994,630
Rural – per rating unit	$28.00		21,812
Hutt city			
Business		0.00964	363,453
Residential – per rating unit	$14.00		506,450
Rural – per rating unit	$28.00		13,636
Upper Hutt city			
Business		0.00961	113,024
Residential – per rating unit	$14.00		206,374
Rural – per rating unit	$28.00		32,816
Porirua city			
Business		0.00955	104,739
Residential – per rating unit	$14.00		241,136
Rural – per rating unit	$28.00		17,080
Kapiti Coast district			
Business		0.00855	129,496
Residential – per rating unit	$14.00		286,622
Rural – per rating unit	$28.00		73,304
Masterton district			
Business		0.00849	37,000
Residential – per rating unit	$14.00		110,096
Rural – per rating unit	$28.00		95,564
Carterton district			
Business		0.00854	7,918
Residential – per rating unit	$14.00		31,836
Rural – per rating unit	$28.00		51,576
South Wairarapa district			
Business		0.00862	17,741
Residential – per rating unit	$14.00		43,722
Rural – per rating unit	$28.00		77,476
Tararua district – per rating unit	$28.00		252
Total Wellington regional strategy rate			**4,907,861**

Note:

[1] 10 Rural properties in the Tararua District are within the boundaries of the Wellington region.

Note that all figures on this page exclude GST.

Rates funding impact statement

Targeted rate: Flood protection - property 1		2018/19 $ per hectare	2018/19 Revenue sought $
Waingawa	A	145.80597	4,980
	B	95.42642	12,424
	C	73.40494	8,381
	D	66.06444	154
	E	58.72395	9,854
	F	51.38346	1,334
	G	22.02148	1,080
	H	14.68099	2,478
			40,683
Upper Ruamahanga	A	132.77572	11,820
	B	110.64644	730
	C	88.51715	11,044
	D	66.38786	1,169
	E	44.25857	13,131
	F	22.12929	872
	S	1,246.77486	3,242
			42,007
Middle Ruamahanga	A	130.96220	5,283
	B	109.13517	5,957
	C	87.30814	446
	D	65.48110	7,413
	E	43.65407	1,316
	F	21.82703	6,453
	S	1,320.72904	2,774
			29,642
Lower Ruamahanga	A	63.01058	7,906
	B	54.00907	2,907
	C	45.00756	10,081
	D	36.00605	11,468
	E	27.00454	8,737
	F	18.00302	22,041
	SA	1,579.97137	4,108
	SB	789.98579	1,343
			68,591

Targeted rate: Flood protection - property 1		2018/19 $ per hectare	2018/19 Revenue sought $
Waiohine Rural	A	45.78519	5,150
	B	38.15433	14,614
	C	30.52346	39,001
	D	22.89260	8,505
	E	15.26173	12,230
	S	763.08655	13,049
			92,549
Mangatarere	A	34.61408	743
	B	33.10912	6,938
	C	28.05675	442
	D	24.83184	1,784
			9,907
Waipoua	A	111.47840	9,754
	B	89.18272	26,784
	C	66.88704	1,502
	D	44.59136	13,254
	SA	3,767.96976	377
	SC	2,251.86358	225
			51,896

Note that all figures on this page exclude GST.

Rates funding impact statement

Targeted rate: Flood protection - property 1		2018/19 $ per hectare	2018/19 Revenue sought $
Kopuaranga	A2	125.44153	3,258
	A3	112.89738	7,779
	A4	62.72077	708
	A5	43.90454	2,534
	A6	25.08831	2,005
	B2	25.08831	1,537
	B3	22.57948	1,658
	B4	12.54415	116
	B5	8.78091	273
	B6	5.01766	603
	SA	153.57420	768
	SB	76.78700	1,075
			22,356
Lower Taueru	A	4.05877	1,654
	B	0.81175	229
	C	0.40588	72
	S	202.93843	308
			2,263
Lower Whangaehu	A	21.62307	722
	B	17.29846	1,126
	C	12.97384	706
	D	8.64923	662
	E	4.32461	754
	S	108.11535	145
			4,114
Total Flood protection - property 1			363,960

[1] "Separately used or inhabited part" (dwelling) includes any

Note that all figures on this page exclude GST.

Targeted rate: Flood protection - property 2		2018/19 $ per dwelling	2018/19 $ per point	2018/19 Revenue sought $
Lower Wairarapa valley Development Scheme	A		0.23419	676,524
	Sa	18.80247		7,841
	Sb	37.61080		85,095
Total Flood protection - property 2				769,460

Targeted rate: Flood protection - property 3	2018/19 Cents per $ of rateable land value	2018/19 Revenue sought $
Greytown ward	0.01252	92,549
Total Flood protection - property 3		92,549

Targeted rate: Flood protection - property 4	2018/19 Cents per $ of rateable land value	2018/19 Revenue sought $
Featherston urban: Donalds Creek Stopbank	0.00161	2,615
Total Flood protection - property 4		2,615

Total Flood protection - property rates	1,228,584

Rates funding impact statement

Targeted rate: Catchment schemes 1		2018/19 $ per hectare	2018/19 Revenue sought $
Whareama	A	4.07783	2,917
	B	1.56840	1,494
	C	0.27447	12,509
	D	0.23526	0
	E	0.19605	3
	F	0.15684	433
			17,356
Homewood	A	1.65412	3,796
	B	1.57529	870
	C	1.37843	5,048
	D	0.19696	343
			10,057
Maungaraki	A	0.86275	2,852
	B	0.40600	1,206
			4,058
Upper Kaiwhata	A	9.06437	296
	B	3.96566	209
	C	0.56652	543
	D	0.33991	698
	E	0.22661	372
	F	0.11330	51
			2,168
Lower Kaiwhata	A	14.72962	677
	B	6.44421	286
	C	0.92060	1,067
	D	0.55236	1,635
	E	0.36100	0
	F	0.18412	64
			3,728
Catchment management scheme 1 rates			**37,367**

Note that all figures on this page exclude GST.

Targeted rate: Catchment schemes 2		2018/19 Cents per $ of rateable land value	2018/19 Revenue sought $
Awhea-Opouawe	Land value	0.00000	8,945
Mataikona-Whakataki	Land value within scheme area	0.00000	2,754
Catchment management scheme 2 rates			**11,699**

Targeted rate: Catchment schemes 3		2018/19 $ per dwelling	2018/19 Revenue sought $
Awhea-Opouawe	Charge per dwelling	$114.54 / $57.27	10,047
Maungaraki	Charge per dwelling	$30.45	579
Mataikona-Whakataki	Charge per dwelling	$15.30	1,830
Catchment management scheme 3 rates			**12,456**

Targeted rate: Catchment schemes 4		2018/19 Cents per metre of river frontage	2018/19 Revenue sought $
Maungaraki	River frontage	0.02842	1,353
Catchment management scheme 4 rates			**1,353**
Total catchment management scheme rates			**62,875**

[1] "Separately used or inhabited part" (dwelling) includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement. At a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or actual separate use. To avoid of doubt, a rating unit that has only one use (ie, it does not have separate parts or is vacant land) is treated as being one separately used or inhabited part (dwelling).

Targeted rate: Pump drainage schemes		2018/19 $ per hectare	2018/19 Revenue sought $
Te Hopai	A	45.16543	56,304
Moonmoot pump	A	120.93651	27,540
Onoke pump	A	73.96266	52,767
Pouawha pump	A	111.58009	105,499
Total pump drainage scheme rates			**242,110**

Targeted rate: Possum / predator	2018/19 $ per hectare	2018/19 Revenue sought $
Rural land area		
Land area of 4 or more hectares in all rural classified areas	0.86682	532,000
Total Possum / predator rate		**532,000**

Note that all figures on this page exclude GST.

Targeted rate: Gravity drainage schemes		2018/19 $ per hectare	2018/19 Revenue sought $
Okawa	A	7.14891	2,016
Taumata	A	6.43923	1,871
East Pukio	A	28.29512	3,213
Longbush	A	16.07126	3,506
Longbush	B	8.03563	1,010
Otahoua	A	33.00457	3,060
Te Whiti	A	9.73286	1,375
Ahikouka	A	27.70759	3,109
Battersea	A	15.38321	2,595
Battersea	B	12.73663	2,488
Battersea	C	9.92465	3,156
Battersea	D	5.95479	910
Battersea	E	5.12774	1,040
Battersea	F	4.96232	350
Manaia	A	23.20565	4,048
Whakawiriwiri	A	11.70527	8,438
Total gravity drainage scheme rates			**42,185**

Targeted rate: Wellington Regional Strategy	` $ per rating unit	2018/19 Cents per $ of rateable capital value	2018/19 Revenue sought $
Wellington city			
Regional CBD		0.01139	890,280
Business		0.01139	439,828
Residential – per rating unit	$14.00		994,630
Rural – per rating unit	$28.00		21,812
Hutt city			
Business		0.00964	363,453
Residential – per rating unit	$14.00		506,450
Rural – per rating unit	$28.00		13,636
Upper Hutt city			
Business		0.00961	113,024
Residential – per rating unit	$14.00		206,374
Rural – per rating unit	$28.00		32,816
Porirua city			
Business		0.00955	104,739
Residential – per rating unit	$14.00		241,136
Rural – per rating unit	$28.00		17,080
Kapiti Coast district			
Business		0.00855	129,496
Residential – per rating unit	$14.00		286,622
Rural – per rating unit	$28.00		73,304
Masterton district			
Business		0.00849	37,000
Residential – per rating unit	$14.00		110,096
Rural – per rating unit	$28.00		95,564
Carterton district			
Business		0.00854	7,918
Residential – per rating unit	$14.00		31,836
Rural – per rating unit	$28.00		51,576
South Wairarapa district			
Business		0.00862	17,741
Residential – per rating unit	$14.00		43,722
Rural – per rating unit	$28.00		77,476
Tararua district – per rating unit	$28.00		252
Total Wellington regional strategy rate			**4,907,861**

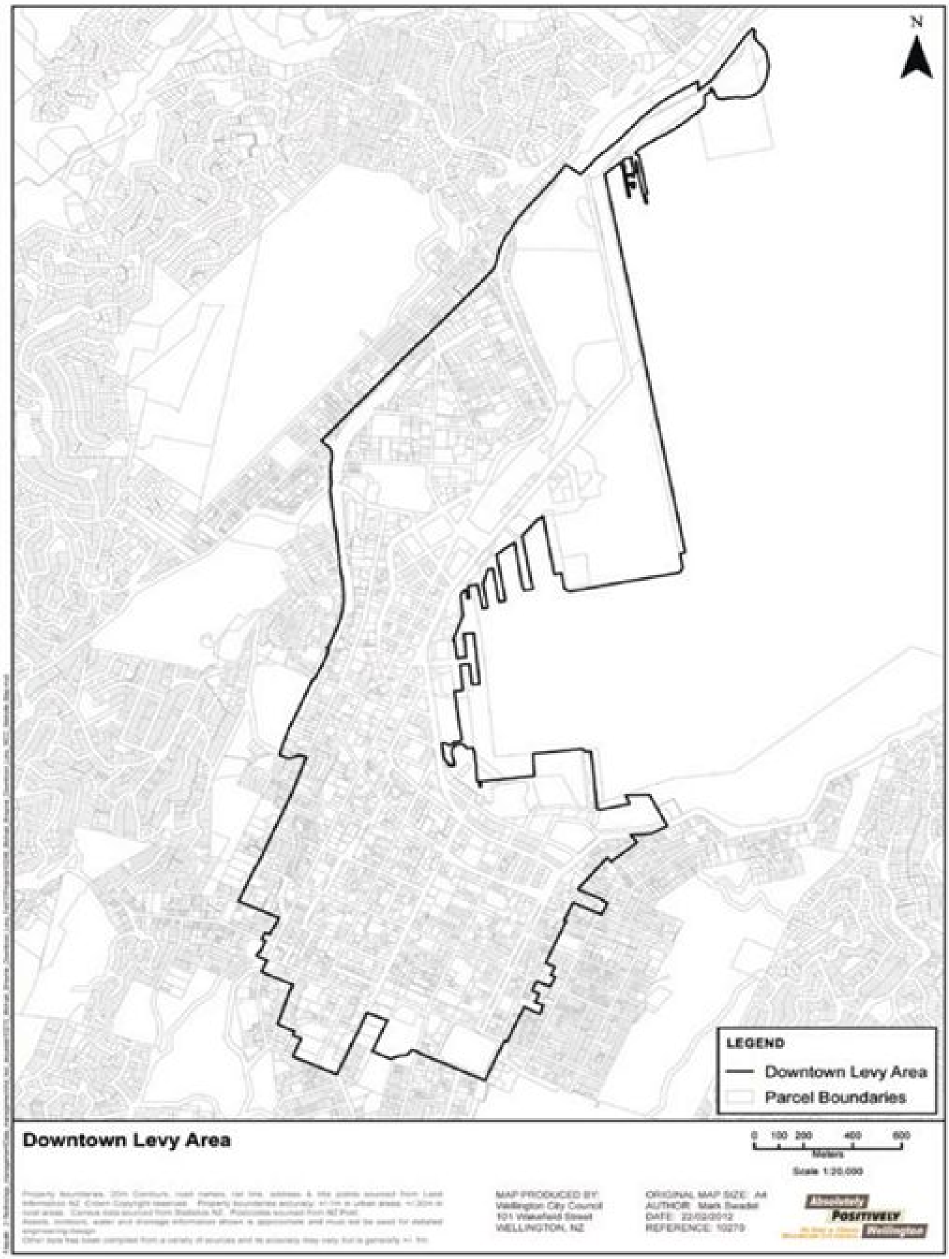
Note:

[1] 12 Rural properties in the Tararua District are within the boundaries of the Wellington region.

Note that all figures on this page exclude GST.

Wellington City Downtown Levy Area Map

For the purposes of the Wellington City Downtown City Centre Business targeted transport rate, the downtown area refers to the area described by the following Wellington City Downtown Levy Area Map as amended by Wellington City Council from time to time.



SECTION 5 - Assumptions

Non-financial assumptions

Understanding our future environment and the possible impacts on the region underpins much of our forward planning. Consequently, we at Greater Wellington reviewed and further developed a number of general assumptions to help inform the work in our long term plan.

These assumptions have been applied across all of our work and are relatively consistent with the assumptions being made by the territorial authorities in our region. Assumptions are only that, they are the best estimate we can make at the time with the information available. However, when consistently applied to our work it can aid us in being better prepared for the future.

Demographic change

<table>
<tr><td>Assumption</td><td colspan="3">The region's population is projected to increase from around 504,000 in 2017 to 538,000 by 2027 and 596,000 by 2047. This represents a compounded population growth of 0.06%. The ageing of the baby boom generation and increased life expectancies means those aged 65+ will make up a larger proportion of the region's population. These changes will impact across Greater Wellington.</td></tr>
<tr><td>Level of uncertainty</td><td colspan="3">Low</td></tr>
<tr><td>Sources of uncertainty</td><td colspan="3">The current Forecast ID data may not reflect residential location choices due to future social/infrastructure changes - for example the impact of Kapiti expressway and Transmission Gully. It is noted that all the territorial authorities (excluding the Wairarapa region) have agreed to use Forecast ID data and that it is reviewed before the next 10 Year Plan. (Forecast ID data was last reviewed in March 2017 and is based on Statistics New Zealand sub national projections of 2016). The region may also be subject to economic developments that will lead to a different pace of job growth and therefore population growth than currently projected.</td></tr>
<tr><td>Estimate of potential effects</td><td colspan="3">We may need to develop contingency plans that take into account different population projections. For example, Statistics New Zealand highest national population projections are consistent with there being an extra 150,000-200,000 living in Wellington in the 2040s compared with the current projections. It was also noted that the ID forecast process does not include job growth on a regional/sub regional basis.</td></tr>
<tr><td>Data</td><td colspan="3">Statistics New Zealand (http://www.stats.govt.nz) population projections are used for all Wairarapa territorial authorities. Forecast.id (http://forecast.idnz.co.nz) population projections are used for all other Wellington region territorial authorities. Tourism projections: international visitation numbers increase 6% annually year on year; domestic tourism growth sustained but lower growth expected.</td></tr>
<tr><td>Key challenges</td><td colspan="3">These trends will impact on regional services Greater Wellington provides (transport, different public amenity requirements, infrastructure etc) as well as ways that people work (increase in contract workers/people working from home etc). There is uncertainty as to what the impacts of demographic change will be on the region. What will 'retirement' look like? Will people stop working completely or will they continue to work part time/or set up retirement businesses. If the population increases, will Public Transport be able to cope. Will parks be able to provide the same customer experience as is currently the case?
The Māori population is expected to increase. The impact of this and a possible increase in Māori returning to the region following the completion of the Treaty settlement process could lead to an increase in tertiary qualifications for post settlement iwi and higher wages for Māori generally</td></tr>
<tr><td rowspan="2">Implications for the whole organisation</td><td>1-3 years</td><td>4-10 years</td><td>10+ years</td></tr>
<tr><td>Population of the region will continue to increase. Wellington Central Business District will have the most growth in the region, particularly the Te Aro area. Kapiti Expressway/Transmission Gully may impact on population growth along the coast.

Population growth could lead to a growth in demand for ground water monitoring sites – including those triggered by residential development.</td><td>Population will continue to increase. Revisions to Wellington City Council .ID forecasts show population growing at a faster rate in next 10 years compared with 2013 projections. Increase in the older demographic could see greater demand for accessible and off peak services. This could be offset by shared/autonomous vehicles/ services accessed without travel. Changes in peak travel times possible as over 65s retire or shift to part time work. Smaller households? Increased pressure on urban areas.</td><td>Population still predicted to be increasing to 569,900 by 2033
The predicted increase in those aged 65+ could impact on the services we need to provide in parks/recreation.</td></tr>
</table>

Implications for specific areas	**Public Transport:** High Public Transport patronage growth, driven by increasing population, could impact on level of services and/or bring forward the need to invest in improvements to service capacity **Harbours**: Increase in shipping movements (partly driven by increasing demand for goods/transportation). **Parks:** Continued growth in local visitor demand due to increased population levels and residential density. Increased usage demand for unstructured accessible recreational services and facilities. High exposure areas include campgrounds, easy to get to areas (and their supporting infrastructure such as carparks, toilets/septic systems and ancillary facilities (BBQs, camp shelters etc). Higher demand for tourism-centred opportunities (e.g., Great Ride/Remutaka Cycle trail; Kaitoke (Lord of the Rings tourism), cruise-ship origin short stop visitors (Pencarrow) as well as accessible camping for budget focused tourists (Dry Creek). Freedom camping for budget focused tourists in Territorial Authority areas may stimulate further demand for paid regional park facilities. Continued focus on improving Parks provision of sustainable facilities (recycling etc). **Environment:** Growth in demand for ground water monitoring sites – including those triggered by residential development. This has been factored into the Asset Management Plans.	**Harbours:** Continued and sustained growth in ownership of small private vessels/jet skis, paddle boards etc. Increased demand on harbours ranging service. **Parks:** Increased and sustained demand for higher standard and accessible facilities in Parks to cater for growth in the 65+ age bracket. This and greater transport network connectivity affects northern suburbs. Increased demand for staff to manage relationships/ expectations as volunteers increasingly older. Changes and increased diversity of recreational usage reflective of increased cultural diversity of New Zealand's population: large group usage of picnic sites, organised events; less resistance to commercial services being provided within Parks. Increased concern re use of agricultural sprays and pesticides could lead to change practices that may increase operational costs or reduce levels of service. **Communication/marketing** and engagement focal point on connecting with a more diverse range of potential users of Greater Wellington Parks. Increased demand for digital media communication channels and connections. Continued maturing of Wellington as a tourism destination means that there is more demand for lower tier and destination based tourism opportunities. **Public transport:** Could see greater demand for accessible and off peak public transport services. Although this may be offset by the emergence of shared and autonomous vehicles. Changes in peak travel times could be possible as over 65s retire or shift to part time work. **Environment**: smaller households could increase pressure on urban areas. Growth in demand for ground water monitoring sites- including those triggered by residential development.	**Public Transport:** Considerable uncertainty about demand for public transport/peak times as population increases, aging population and changing mobility due to technology impact. Increased pressure on urban areas. Autonomous technology within vehicles is expected to increase to the point where fully automated vehicles comprise a significant part of the vehicle fleet. This may occur alongside changes away from car ownership to shared ownership/mobility as a service models. Internet of Things is a reality- with joined up services in the region **Harbours:** Pressure from recreational demand requires bolstered ranging presence (doubling capacity and associated support). **Parks**: Increasing reliance on open space areas as havens for recreation due to intensification of housing developments. Increased pressure on all Park/Reserve lands as potential locations for re-siting homes/businesses or downstream infrastructure affected by climate change. Increased social 'distance' between residents/ farming practices. The increase in the numbers of older people could impact on parks/recreation. **Environment**: Smaller households could increase pressure on urban areas.

Adverse events (including climate change impacts)	
Assumption	The region will continue to be at risk from adverse events, including earth quakes. Events that are driven primarily by climatic factors such as floods, erosion, slips, pest incursions etc will increase. This will impact on the region's infrastructure, vulnerable communities (particularly those near the coast or on flood plains) and our ability to access services. New Zealand will remain a signatory to international agreements designed to reduce greenhouse gas emissions and consequent policy changes will affect the economy in the Wellington region.
Level of Uncertainty	Low
Sources of uncertainty	Greater Wellington has commissioned studies to help the Councillors, Territorial Authorities, local communities, business, central government agencies and stakeholder groups better understand how the impacts of climate change will affect the region. Further analysis is required to determine the implications of those impacts on communities, flora and fauna, infrastructure and the regional economy, and to identify appropriate adaptation responses. Projections of climate change depend on future greenhouse gas emissions, which are uncertain. There are four main global emissions scenarios ranging from low to high greenhouse gas concentrations. The assumptions below span these scenarios, representing the range of values associated with a low to a high emissions future. The projected changes are calculated for 2031–2050 (referred to as 2040) and 2081–2100 (2090) compared to the climate of 1986–2005 (1995). Greater Wellington will incorporate updated projections as they are developed during the lifetime of this 10 Year Plan.
Estimate of likely effects	Some communities may be isolated if transport links are disrupted, there may be public health issues around water quality, communities may have to move from coastal areas and there are the costs of upgrading the region's infrastructure in order to ensure service delivery to the region is maintained so that the city/region can remain viable. A multi stakeholder approach will be required for almost every response due to the complexity of the issues. Greater Wellington is committed to taking action appropriate to its mandate as a regional council. It is committed to demonstrating leadership and advocating for the required change, but is reliant on the actions of a range of stakeholders including local communities, businesses, Territorial Authorities and central government to realise vision of a region with strengthened long term resilience.
Data Source: Ministry for the Environment (MfE) 2017	**Data/Information:** The projected changes for temperature, rainfall and wind are calculated for 2031–2050 (referred to as 2040) and 2081–2100 (2090) compared to the climate of 1986–2005 (1995). Greater Wellington will incorporate updated projections as they are developed during the lifetime of this Long Term Plan. **Temperature**: Compared to 1995, temperatures are likely to be 0.7˚C to 1.1˚C warmer by 2040 and 0.7˚C to 3.0˚C warmer by 2090. By 2090, Wellington is projected to have from 6 to 40 extra days per year where maximum temperatures exceed 25 degrees, with around 5 to 13 fewer frosts per year. **Rainfall:** Rainfall will vary locally within the region. The largest changes will be for particular seasons rather than annually. During winter Paraparaumu is likely to experience 5 to 13 per cent more rainfall by 2090 while Masterton is likely to experience up to 7 per cent less rainfall. Wellington and Wairarapa are not expected to experience a significant change in the frequency of extreme rainy days. **Wind**: The frequency of extremely windy days in Wellington by 2090 is likely to increase by 2 to 3 per cent. There may be an increase in westerly wind flow during winter, and north-easterly wind flow during summer. **Storms:** Future changes in the frequency of storms are likely to be small compared to natural inter-annual variability. Some increase in storm intensity, local wind extremes and thunderstorms is likely to occur. **Sea level rise:** For planning and decision timeframes out to 2090-2099 a base value sea level rise of 0.5m relative to the 1980–1999 average should be used, along with an assessment of potential consequences from a range of possible higher sea level rise values. At the very least, all assessments should consider the consequences of a mean sea level rise of at least 0.8 meters relative to the 1980–1999 average. For planning and decision timeframes beyond the end of this

	century an additional allowance of 10mm per year should be applied. Current technical guidance for flood protection around climate change remains unchanged. The figures used in these assumptions were all drawn from the Ministry for the Environment's (MfE) climate change web pages on the 18th May 2017. Temp, Rainfall, wind & storms were all drawn from the MfE wellington region page , and the Sea level rise info is from the MfE Adapting to sea level rise page. Further information relating to these projections can be found in the June 2016 Climate Change Projections for New Zealand report (Publication reference number: MFE 1247). http://www.mfe.govt.nz/node/21990. Information about the statistical/mathematical/computer assisted techniques, and the modelling used (which incorporates past trends) is set out in that report, which also explains how the atmospheric projections are based on simulations undertaken for the Intergovernmental Panel on Climate Change 5th Assessment.
Key challenges	**Adverse events generally** • Possible temporary isolation of some communities when transport links are disrupted. Public health issues around water quality, the possibility of communities having to move from coastal areas (social as well as physical dislocation), as well as costs of upgrading the region's infrastructure in order to ensure service delivery to the region is maintained so that the city/region can remain viable. • Developing levels of service, increased cost of flood protection/Public Transport infrastructure, impact of earthquakes on aquifers etc. • Getting agreement as to how to the cost of ensuring our communities/infrastructure is resilient/capable of surviving repeated adverse events is funded • Damage to the water supply from a catastrophic event, could severely compromise our ability to maintain supply. The design standard for security of supply is that the probability of a shortfall in any years is not more than 2 percent (ie one in 50 years on average). This standard is likely to be tested as adverse events affect the region more frequently. Our communities will expect local authorities and utilities to be ensuring that infrastructure is able to withstand adverse events rather than assuming that there will be few significant disruptions. • Taking a role in responding to adverse events. There is also an opportunity to make better use of Greater Wellington's knowledge of our catchments and capability in adverse events. **Climate change specifically** • The region needs to prepare for the inevitable (and ongoing) impacts associated with the greenhouse gases that have already been emitted globally. Decisions must also incorporate future global emissions, as these will determine the magnitude of impacts further into the future. • Greater Wellington needs to apply a 'dynamic adaptive pathways planning approach' to all of its functions and services to ensure future global emissions trajectories are appropriately considered (e.g. we don't want to over prepare, and we don't want to under prepare). • The implications of both the impacts, and any proposed adaptation responses need to be understood by everyone affected, enabling the opportunities inherent to well considered adaptation (such as land use change that takes advantage of new climatic conditions and changes to urban form that enhance the liveability of the region) to be realised. • The Wellington region needs to play its part in the global effort to avoid the worst impacts of climate change by reducing greenhouse gas emissions. This presents an opportunity to realise the multiple co benefits associated with de carbonising the region's economy. • Increased reactive workload and budgets needed for Parks to respond to more intense and regular extreme weather events. Could lead to increased preventative maintenance workloads.
Key risks	• If a coordinated response to the climate change issue continues to elude the region, it is possible not enough will be done in time. • Sufficient funding is required across Greater Wellington's core functions and services (including infrastructure) to enable research, consultation and planning at localised scales (i.e. in some cases we need to study the effects of climate change on single pieces of infrastructure).

<table>
<tr><td></td><td colspan="3">The insurance sector could stop providing insurance for particular hazards in some areas.
Increased difficulty in maintaining remote facilities (Parks) if climate change policies demand low/no emissions with no option to offset/ mitigate (e.g., helicopters).
At risk locations affected by storm/wind events bringing down trees and severing transport links more regularly plus increased risk of biosecurity related incursions on biological values.</td></tr>
<tr><td rowspan="2">Implications for the whole organisation</td><td>1-3 years</td><td>4-10 years</td><td>10+ years</td></tr>
<tr><td>Adverse events generally
Leadership: There will be an increased expectation that Greater Wellington will provide a leadership role in this space and communicate the changing needs of the region. We need to make sure we are tying in with national trends and leading the way for our partners. The possibility that the region will have to cope with a severe adverse event in this timeframe is perceived as being greater than previously thought. Greater Wellington will use this opportunity to ensure communities are prepared, that utility companies have considered the impact of adverse events on the region (including earthquakes).

Training: whole of organisation approach to enable our regional knowledge to help communities
Water supply issues. Increasing flooding and storm events or major earthquake results in increased closures on transport networks (roading and rail networks) in coastal, low lying or slips prone areas.
Technology needs to be invested in to enable us to communicate effectively at the right time to the right people. We need to make an investment in notifications/automations of our services.
Communications/marketing: There will be a greater need to resource communications/marketing/engagement during and after adverse events. Business Continuity Planning needs to be made a priority so that we can continue to perform the functions needed when adverse effects happen. Business Continuity Planning needs to be made a priority so that we can continue to perform the functions needed when adverse effects happen.</td><td>Adverse events generally
Longer term building increasing resilience into infrastructure may result in increased capital costs, to reduce operational repair costs. Increasing flooding, storm, earthquake events likely to result in increased closures on transport networks in coastal, low lying or slips prone areas with links to some communities disrupted by adverse events and sea level rises. Increasing insurance costs.

Climate change specifically
Greater Wellington develops a comprehensive adaptation plan covering all of its functions and services. Greater Wellington increases community awareness of climate change mitigation and adaptation solutions so organisations and individuals know what they can do to improve the long term resilience and sustainability of the region. Greater Wellington greenhouse gas emissions reduction work across all its areas of influence continues.</td><td>Adverse events generally
The likelihood of a severe adverse event in this timeframe is greater.
Longer term building increasing resilience into infrastructure may result in increased capital costs, to reduce operational repair costs. Increasing adverse events likely to result in increased closures on transport networks in coastal, low lying or slips prone areas including medium/long term closures of some key parts of the transport network. Increasing insurance costs transport infrastructure potentially becomes uninsurable.

Climate change specifically
Greater Wellington adaptation plan is being implemented and compliments a national adaptation programme put in place by central government. Mitigation and adaptation actions are coordinated across the region with local communities, the business sector and all Territorial Authorities taking definitive action to improve the long term resilience and sustainability of the region.

Adaption to low/no emission methods for maintenance and construction of facilities. Potential reduction in levels of</td></tr>
</table>

	Climate change specifically Greater Wellington embeds a "dynamic adaptive policy pathways" approach across its functions and services. Future proofing options are identified and acted on. Changes that are made for the near future take advantage of opportunities and enable resilience to be further enhanced across the long term, should the worst impacts of climate change effect the region. Greater Wellington acts to reduce greenhouse gas emissions across all its areas of influence, including its own operations, helping to create the conditions for a smart, innovative, low-carbon regional economy. For example in our regional parks: installation of electric vehicle charge infrastructure at defined sites; continued re-tooling to low/no emission equipment/vehicles; continuation or growth of restoration planting activities to offset carbon emissions; encourage public transport stops linkages at/near parks. Impacts from Wellington Water storm water and flood channelling may be an issue depending on their methods for managing extreme rainfall/flooding events.		service for remote areas unless alternative methods/ options for mitigation are found and/or provided for. Effects of climate change may require further mitigation of essential services inland or away from riparian edges. Coastal heritage sites affected by sea level.
Implications for specific areas	**Adverse events generally** **Transport:** Increased size and nature of weather events (increasing flooding, storm events) will drive increase repair costs, increased insurance costs, and drive need for capital expenditure to make transport networks more resilient. Likely to also result in increased closures on transport networks in coastal, low lying or slips prone areas. Transport links to some areas may be affected as a result. Any major earthquake could have significant impacts on transport networks, including medium/long term closures of some key elements of the transport network. Increased pressure to reduce transport fleet emissions. The rail Network has significant amounts of deferred maintenance, which is a daily Levels of Service issue, but	**Adverse events generally** **Environment:** Continued issues with heritage/legacy assets exposed to extreme weather events (dams, heritage culverts, pipelines, water supply intakes). Strategies are needed to manage heritage/archaeological sites at risk of coastal erosion. **Transport:** Longer term building increasing resilience into infrastructure may result in increased capital costs, to reduce operational repair costs. Increasing flooding and storm events are likely to result in increased closures on transport networks in coastal, low lying or slips prone areas. Transport links to some areas may be affected as a result. Any major earthquake could have significant impacts on transport networks, including medium/long term closures of some key elements of the	**Adverse events generally** **Transport:** Longer term building increasing resilience into infrastructure may result in increased capital costs, to reduce operational repair costs. Increasing flooding and storm events are likely to result in increased closures on transport networks in coastal, low lying or slips prone areas. Transport links to some areas may be affected as a result. Any major earthquake could have significant impacts on transport networks, including medium/long term closures of some key elements of the transport network. Increased insurance

	also a significant resilience risk. Significant additional funding over the next ten years is required to address these issues. **Parks:** Parks will become increasingly important as places for maintaining personal health through participation in recreation activities, using technology related devices, and for volunteering in conservation activities. **Communications/marketing;** We need to make an investment in notifications/automations of our services (also relevant for the technology tab). Need to make sure we are tying in with national trends and leading the way for our partners. **Climate change specifically** **Harbours:** Could result in growth in the volume of goods shipped out of the harbour- but in larger vessels. Minimal effect on infrastructure provision for the period of this plan. Projected replacements will be built future ready to handle changing environmental conditions (built into Asset Management Plans). **Environment:** Growth in demand for water monitoring sites – mainly ground water monitoring sites. This has been factored into the Asset Management Plans. **Parks:** Adaptation strategies include relocation of essential low lying infrastructure, further retirement of riparian areas, and continued resilience improvement work. Key areas expected to be affected: Queen Elizabeth Park coastal, Whitireia (coastal), Belmont (riparian) and East Harbour (riparian). Big ticket items immediately: relocation of the Queen Elizabeth Park coastal track, Paekākāriki road end facilities (toilets, roads, carpark, picnic areas), Ranger House. Increased reactive workload and budgets needed to respond to more intense and regular extreme weather events. Will lead to increased preventative workloads (higher vegetation growth rates meaning more vegetation tracks,	transport network. Increased insurance costs. Road and rail networks are critical infrastructure to ensure continued economic regional resilience. The rail network has a significant amount of deferred maintenance which is a significant resilience risk. **Parks:** Continued issues with legacy/heritage assets exposed to extreme weather events (Dams, heritage culverts, pipelines, water supply intakes). Strategies are needed to manage heritage /archaeological sites at risk of coastal erosion. Ongoing review of work to improve resilience to extreme weather events. Review wildfire risks Increased risk of biosecurity related incursions on biological values. **Climate change specifically** **Parks:** Opportunities to retrofit PVs and storage to Greater Wellington parks buildings but also driven by the need to be resilient to periods when services are severed. In addition to the earlier period, expect it to become more difficult to maintain remote facilities due to climate change policies demand low/no emissions with no option to offset/mitigate. Policies designed to curb carbon emissions (such as carbon price expansion of the Emissions Trading Scheme) raise the cost of maintaining more remote facilities. At risk locations affected by storm/wind events bringing down trees and severing transport links more regularly. Opportunities to retrofit PBs and storage to Greater Wellington parks buildings but also driven by the need to be resilient to periods when services are severed. **Transport:** increased pressure to reduce bus fleet emissions. Risk that electric/hybrid technology takes longer to become viable than anticipated. Increased requirement for capital expenditure for resilient Public Transport network.	costs- transport infrastructure potentially becomes uninsurable. **Climate change specifically** Effects of climate change may require further migration of essential services inland or away from riparian edges. Coastal heritage sites affected by sea-level rise.

	cutbacks, more regularly. This may lead to uninsurable risks in low lying areas or increased insurance premiums Adaptation response: installation of electric vehicle charge infrastructure at defined sites. continue re-tooling to low/no emission equipment/vehicles, continuation or growth of restoration planting activities to offset carbon emissions. Encourage Public Transport stops linkages at /near Parks. Impacts from Wellington Water Storm water and FP flood channelling may be an issue depending on methodology for managing extreme rainfall events. Parks provide an opportunity for Greater Wellington corporate business continuity sites- e.g. Queen Elizabeth Park entranceway building. **Transport:** Increased pressure to reduce transport fleet emissions. Increased size and nature of weather events which will drive increased repair costs, increased insurance costs, and drive the need for capital expenditure to make transport networks more resilient.		

Technology			
Assumption	Technological innovation will increasingly impact the Wellington region as a whole both at an individual and organisational level. How we manage our services, infrastructure and communications with the community needs to keep up with technological changes and the way people use technology in their daily lives. There are projected changes to modes of transport, the ways in which we work and how we send and obtain information. All of these are unknown and mean that we need to plan to adapt to include new technology in our ways of working.		
Level of uncertainty	High		
Sources of uncertainty	We are living in a time of great change. It is unclear what the impact of technology change will be- for example for public transport, what will public transport look like in the future and what will be Greater wellington's role.		
Estimate of potential effects	Changes to technology could affect the way environmental impacts are monitored- water quality, air quality- the collection of statistical data, jobs, nature of roles at Greater Wellington- and could lead to a decrease in the cost of services. The way we use information will change. Communities will access more information on mobile devices. They will connect to organizations and each other through enabling technology. Wearable and implantable technologies will enhance people's "digital presence", allowing them to interact with objects, one another and organisations in new ways.		
Key challenges	• It is unclear what the extent of the impact of technology will be- i.e. will the rise of Artificial Intelligence technology, Driverless vehicles (cars, buses, trains) mean more or less use of public transport, what will public transport look like (ie will the trend be towards driverless buses or a publicly owned driverless car fleet)? How will this affect road congestion? • The ways people/communities access and consume information will continue to change, people will continue to develop new ways of connecting to organizations and each other through enabling technology. • Individuals who might otherwise have remained voiceless will now connect and voice their concerns. This will increase the need for local authorities to engage broadly and meaningfully. It will also increase expectations for co-creation and citizen input in Council business that was historically hands off		
Key risks	The key risk is the lack of clarity as to what the extent of the impact of technology will be on areas that Greater Wellington has responsibility for and what resources will be required into the future		
Implications for the whole organisation	**1-3 years**	**4-10 years**	**10+ years**
	"By 2020, Gartner forecasts that the connected world will include 20 billion "things" — wearables, driverless cars, smart appliances, sensor-laden industrial equipment and so on. That number will reach 100 billion by 2030 and 1 trillion by 2050." Gartner 2017 Planning for impact of technological change for public transport, infrastructure, the way that Greater Wellington engages with the community, the way Greater Wellington operates. Policies and practices need to match preferences.	*"Machine intelligence will drive significant societal innovation." Gartner 2017* Real time monitoring and analysis of environmental data likely to be Machine or Artificial Intelligence (AI) influenced. Changes in the way Greater Wellington does its business The spread of communication technology may increase ability for workers to work from home, and hence reduce need for peak time travel. Planning for impact of technological change for Public Transport, infrastructure, the way that Greater Wellington engages with the community, the way Greater Wellington operates. Policies and practices need to match preferences.	Planning for impact of technological change for public transport, infrastructure, the way that Greater Wellington engages with the community, the way Greater Wellington operates. Policies and practices need to match preferences.

Implications for specific areas	**Public transport:** Increase in uptake of electric cars and autonomous driverless vehicles. The interim bus ticketing solution, and roll out of full integrated ticketing in 2020, provides richer information about how people use and pay for public transport and make it much easier for people to make multi-modal journeys. Increased demand for electronic ticketing solutions to be implemented, and evolve quickly with the changing technology. Also increased demand for information to be available and provided to customer in 'real time'. Platforms for mobility as a service begin to develop. Need to encourage increased tech competencies. **Communications/marketing**: Need to design for digital first and use our digital tools so they are useful for people. Designed for the customer. We need to prepare the organization for opportunities for greater collaboration. Need to encourage increased tech competencies. Need to design for digital first. Policies and practices need to match preferences. Need to invest in the right technology to keep people informed. Increased need to manage stakeholder relationships.	**Environmental:** Monitoring of environmental data likely to be influenced by Artificial Intelligence. There are likely to be changes in the way the Council does its business **Public transport:** Technology may increase ability for workers to work from home, and hence reduce need for peak time travel. Autonomous cars start to enter the market as early adopters including fleets like Uber, taxis public transport services invest. Mobility as a service begins to change the way people interact with transport systems. Electric vehicles, autonomous vehicles and electric bikes influence demand patterns. Electric vehicle "highway" grows; what role does Greater Wellington play in this. Increased demand for sealed paths to cater for broader visitor market (aged, disabled, families). Park and ride demand could reduce. Reduced need for parking could shift road space allocation and free up parking space for other uses. People view mobility as something they can source and pay for via one platform – with real time information on options, travel times, costs. These changes, plus increase in autonomous vehicles, impact on Public Transport service design, funding policy and fares. Potential disruptive technologies may start to emerge that change how people view and engage with transport. Technology may increase ability for people to work from home resulting in a reduced need for people time travel **Parks:** Residential development and transport linkages channel demand growth into specific areas – Northern suburbs. Increased demand for information – from decision makers eg on visitor usage/ profiles from park users information updates, freshwater quality for swimming, flood warnings, dam system compliance, booking and rationing /permit systems, internet of things	**Public transport:** Fully automated vehicles comprise a significant part of the vehicle fleet. This may occur alongside changes away from car ownership to shared ownership/mobility as a service models. Fossil fuel powered cars a thing of the past? This could result in significant impacts to the way transport networks operate including potentially enabling more travel, less need for parking, lower costs of mobility.

Economic growth

Assumption	Economic projections suggest the Wellington Region will maintain its importance for the national economy. The region's economy is expected to remain focussed on service provision, primarily from the Wellington Central Business District, with primary and manufacturing production representing less than 10 percent of the region's production. As a consequence employment numbers are expected to increase by 3-4,000 per year (1.2 percent). Tourism will also be a source of economic growth. The combined impact of tourism and employment growth will increase demand in the region for transport services, use of parks and recreational activities, and for water management services. The Māori economy will play an increasing role in our region as the Treaty settlement process is complete.		
Level of uncertainty	Low		
Sources of uncertainty	Economic prospects in the Wellington region will be influenced by changes in global prospects, changes in government policies and by technology changes. Although economic vagaries can have profound impacts on job prospects and incomes at the personal level, the community on the whole tends to be more resilient.		
Estimate of potential effects	Global economic trends and global political events (such as Brexit) have the potential to affect our regional economy- employment numbers, job growth etc		
Data	• Tourism will also be a source of economic growth with guest nights in the region are expected to increase from 3.049 million in 2016 to 3.8 million in 2021, 4.5 million in 2028, and 5.8 million in 2048. This represents a compounded growth rate of 2.0 percent per annum. Employment numbers are expected to increase from 274,000 in 2016 to 322,000 by 2028, and then increasing to 397,000 by 2048. This equates to an average annual growth rate 1.2 percent out to 2048, compared with a national outlook of 1.0 percent per annum. • Although the whole region is expected to share in this job growth, the majority of the region's jobs (56 percent) are expected to continue to be located in Wellington City. The region's contribution to GDP is expected to increase from $29.9 billion in 2016 to $37.9 billion in 2028, and $54.0 billion by 2048 (all expressed in 2010 prices). This equates to an average annual growth rate of 1.9 percent out to 2048, compared with a national outlook of 1.7 percent per annum		
Key challenges	Uncertainty about the impact of global economic trends and global politics on the region (Brexit etc).		
Key risks	Global economic trends and global political events (such as Brexit) have the potential to affect our regional economy- employment numbers, job growth etc		
Implications for the whole organisation	**1-3 years**	**4-10 years**	**10+ years**
	leveraging global technology- and gaining regional internal operational efficiencies, growth of the region as a technological hub	leveraging global technology- and gaining regional internal operational efficiencies, growth of the region as a technological hub	leveraging global technology- and gaining regional internal operational efficiencies, growth of the region as a technological hub
Implications for specific areas	**Public Transport:** Increased tourism may drive increase demand for legible information and ease of payment for public transport. **Parks and Harbours:** Downstream effects of	**Parks:** Note that tourism demand is considered in the demographic section above. Economic growth affects local demands for services including Parks based on residential growth; affects	**Parks:** Note that tourism demand is considered in the demographic section above. Economic growth affects local demands for services including Parks based on residential

	economic growth on freshwater values affecting recreational usage. Conversely, improvements in this area may increase recreational use.	participation rates (ie, usage of protected natural areas increases with socio-economic standards). Increased opportunity to partner with corporates/philanthropic interests for restoration planting	growth; affects participation rates (ie, usage of protected natural areas increases with socio-economic standards). Increased opportunity to partner with corporates/philanthropic interests for restoration planting
Pressures on land use/the environment			
Assumption	Increases in urban growth and intensification could lead to increased pressure on transport, water supply, Three Waters capacity building, biodiversity, regional infrastructure and freshwater. There will be pressure to ensure that biodiversity values are maintained, air and soil quality improves, rivers are swimmable and our water supply continues to comply with drinking water standards. Increases in urban growth and intensification could lead to increased pressure on transport, water supply, Three Waters capacity building, biodiversity, regional infrastructure and freshwater. There will be pressure to ensure that mana whenua values, and approaches to land use and management, influence the challenges presented by a communities desire for growth and intensification		
Level of uncertainty	Low		
Sources of uncertainty	Uncertainty about ground water /surface water interaction and impact on water security- both for rural and urban areas- smaller households/lifestyle changes could lead to loss of habitat and green space. Also, how to accurately and fairly apportion responsibility/ costs for maintaining and improving water quality. Could lead to changes in peak time demand for public transport, increase in demand on roads, changing public transport/public amenity requirements, changing requirements for WREMO as population shifts, increase in wastewater flows, greater stormwater management, pressure to develop in high hazard areas. It could also lead perceived unfairness in disparity between urban and rural – expectations and investment in maintaining environment. Urban growth could be matched by rural decline.		
Estimate of potential effects	A greater than anticipated urban growth pattern could lead to higher overall transport demand, plus demand for other services. Increased pressure on land use could impact on our ability to maintain drinking water quality and availability to community, sustain industry and agricultural needs, provide water for recreational and cultural needs.		
Key challenges	• Pressure could impact on our ability to maintain drinking water quality and availability to our communities, sustain industry and agricultural needs, provide water for recreational and cultural needs. • Pressure could lead to increased demand for freshwater for different abstractive purposes (water supply, irrigation). • We need to understand the changes in communities better so we can lead the conversation around regional leadership and guardianship. As communities become more aware of the challenges there is a likelihood that they will want to be more involved and we need to be able to accommodate this. • We need to be aware of the tension between different parties when working in the environment space. Insight will be valuable to determine our position and in order to understand the values associated with these points of view. Language needs to change (less statutory, more conversational). • Can we support new exclusion regulations with pest/weed control over extensive areas? • Pressures could lead to increased demand for freshwater for different abstractive purposes (water supply, irrigation). • There is an increased perception of linkages between natural resource management and population health. • Could lead to increased demand for citizen science programmes as well as greater community involvement in planning processes. Pressure on the environment could also have implications for the way environmental factors are monitored.		
Key risks	• Lack of effective and joined up planning between Wellington City Council/Greater Wellington/government agencies could constrain growth opportunities leading to housing supply constraint/ increasing affordability concerns.		

	• Increased pressure on land use could impact on our ability to maintain drinking water quality and availability to community, sustain industry and agricultural needs, provide water for recreational and cultural needs. • Lack of support for innovation, collaboration, technology facilitation. • That we won't be able to meet our water quality objectives under the National Policy Statement- Fresh water quality.		
Key opportunity	• Opportunities provided by technology (internet of things) in environmental monitoring. Technological change could lead to reductions on transport demands. It could encourage smart design for urban sustainability, innovative solutions such as daylighting.		
Implications	**1-3 years**	**4-10 years**	**10+ years**
	Intensification of land use in general • Implementing the Regional Natural Hazard Strategy • Ensuring the 3 waters infrastructure is fit for purpose • Timelines for consultation cannot be lengthy (e.g. having a consultation 6 years ago and actioning a change now). • Increased intensification will change travel patterns with more travel in, to and through the Wellington CBD and along the Ngauranga to airport corridor. This will cause increased demand for public transport and conflicts between modes. • Communities want to be more involved • Relationships continue to be developed and maintained between Territorial Authorities and Greater Wellington. • Communications will need to be effectively communicating the changes and leading the conversation around regional leadership and guardianship. • Timelines for consultation cannot be lengthy (e.g. having a consultation 6 years ago and actioning a change now). We need to be communicating changes effectively and to communities regularly. Impacts of growth and development mean we need to understand the changes in communities better.	**Intensification of land use in general** **Hazards** Implementing the Regional Natural Hazard Strategy **Public Transport:** Increased urban intensification will change travel patterns with more travel in, to and through the Wellington CBD and along the Ngauranga to airport corridor. This may result in increasing demand for public transport and conflicts between modes. This will drive the need for new infrastructure, reallocation of road space and dedicated right of way for Public Transport. **Leadership:** Greater Wellington needs to play a leadership role in maintaining and facilitating relationships with other Territorial Authorities. **Environmental specific ideas** Support for Waitua Implementation Plans (WIP)needed. Communities implement WIPS.	**Intensification of land use in general** Base research and inputs into climate change and adaptation. **Environmental specific ideas** Communities implement WIPS.

	• We will be expected to streamline our processes and need to invest in the right technology and people to do this. **Environmental specific ideas** **Water** • Water supply and quality models are updated, especially in response to adverse events. This will generate additional workload so we need to plan in resourcing these changes. • Develop storm water network plans for old and new areas • Ensure 3 waters infrastructure is fit for purpose • Whaitua processes continue. Support for WIP from 2018 • Deliver service – at FMU and freshwater management level **Hazards** • Support hazard research and implement the Regional Natural Hazard Strategy • Implementation for the Proposed Natural Resources Plan supports environmental outcomes. **Public transport** • Increasing pressure to look at lower emission options for the provision of public transport, including hybrid/electric buses		

<table>
<tr><th colspan="4">Governance</th></tr>
<tr><td>Assumption</td><td colspan="3">Any changes to key legislation will affect how and what we do. For the region, any law changes could affect the ways we utilise land, the allocation of water, the management of key infrastructure or the cost of providing services and the ways we engage with mana whenua.</td></tr>
<tr><td>Level of uncertainty</td><td colspan="3">High</td></tr>
<tr><td>Source of uncertainty</td><td colspan="3">Changes to our key legislative frameworks could affect the ways our rural communities utilise land, the allocation of water or the provision of more Council Controlled Organisations to manage key infrastructure.</td></tr>
<tr><td>Estimate of potential effects</td><td colspan="3">Changes to legislation /governance could result in increasing compliance costs and unclear accountabilities. This could affect Greater Wellington's mandate or have funding implications</td></tr>
<tr><td>Data</td><td colspan="3">Not applicable.</td></tr>
<tr><td>Key challenges</td><td colspan="3">• The development of different local authority structures, such as a new Wairarapa Council, could impact on Greater Wellington's funding/cost of services
• The development of different local authority structures, such as a new Wairarapa Council, could impact on the Council's funding/costs of services.
• Council structures need to respond both to operational and regulatory challenges and devolve resources</td></tr>
<tr><td rowspan="2">Implications for Greater Wellington</td><td>1-3 years</td><td>4-10 years</td><td>10+ years</td></tr>
<tr><td>Governance: Drive to devolve decision making continues. Changes in Governance connects directly with the engagement trend and will change the landscape/conversations that we have with customers. Changes to legislation could result in changes to structures and roles between central, regional and local government.
Safety legislation may require additional capital expenditure to eliminate/minimise hazards/risks
Changes to legislation in response to the Productivity Commission report on Urban Planning and Urban Development Authorities could see changes to structures and roles between central, regional and local government.
Greater coordination of urban growth and infrastructure planning may have greater tools to manage revenue and demand such as through road pricing.
Public transport Greater coordination of urban growth and infrastructure planning.</td><td>Governance: Changes to legislation in response to the Productivity Commission report on Urban Planning and Urban Development Authorities could result in changes to structures and roles between central, regional and local government. Greater coordination of urban growth and infrastructure planning may have greater tools to manage revenue and demand such as through road pricing
Public transport Greater coordination of urban growth an infrastructure planning. Local/regional government may have greater tools to manage revenue and demand such as through road pricing.
Potential for wider governance changes, that may impacts on the role and structure of Greater Wellington in relation to provision of public transport and regional land transport planning. Potential for the creation of a "Wellington Public Transport" Council Controlled Organisation, similar in structure and governance to Wellington Water.
Communications /marketing: With increased governance comes increased effort to coordinate and communicate. We will need to ensure that Greater Wellington has the</td><td>Changes to legislation will continue to impact on Greater Wellington.
Public transport Greater coordination of urban growth an infrastructure planning.
Local/regional government may have greater tools to manage revenue and demand such as through road pricing.
Potential for wider governance changes, that may impacts on the role and structure of Greater Wellington in relation to provision of public transport and regional land transport planning. Potential for the creation of a "Wellington Public Transport" Council Controlled Organisation, similar in structure and governance to Wellington Water.
Communications /marketing: With increased governance comes increased effort to coordinate and communicate. We will need to ensure that Greater Wellington has the strength to put elements of their work in the</td></tr>
</table>

	Local/regional government may have greater tools to manage revenue and demand such as through road pricing. Review of metropolitan rail operating model may affect funding for Rail Network. **Communications /marketing:** This trend connects directly with the engagement trend and will change the landscape/conversations that we have with customers.	strength to put elements of their work in the hands of the community. With increased governance comes increased effort to coordinate and communicate. We will need to ensure that Greater Wellington is able to put elements of our work in the hands of the community.	hands of the community. With increased governance comes increased effort to coordinate and communicate. We will need to ensure that Greater Wellington is able to put elements of our work in the hands of the community.

Partnering	
Assumption	Maintaining and fostering key relationships to deliver collaborative solutions both in the region and nationally. We will continue to work with our mana whenua through Memoranda of Partnership or other mechanisms. As a regional council we will strengthen our relationships with district and city councils across the region and work collaboratively with them and central government. Volunteers who chose to give their time and skills will continue to play an important part in what we do.
Level of uncertainty	Low
Source of uncertainty	Impacts of Te Mana Whakahono – a – rohe provisions (Resource Legislation Amendment Act 2016) for Greater Wellington
Estimate of potential effects	Resourcing, capacity and capability building may impact on the ability of Greater Wellington, our mana whenua partners and our volunteers especially as our whaitua and citizen science programmes develop
Key challenges	• Iwi/hapū/Māori may seek greater involvement in Greater Wellington both in relation to the management of natural resources and Māori economic development once the historical Treaty settlement process is complete. • Impacts of Te Mana Whakahono – a – rohe provisions (Resource Legislation Amendment Act 2016) for Greater Wellington • Development of a regional Māori economy , involvement of iwi/hapū/Māori in social housing (e.g. Ngāti Kahangungu papakainga development), in whaitua committees- what will this mean for the region as well as Greater Wellington • Emergent issues- assisting Greater Wellington though issues as they emerge. • Guide Greater Wellington through the impacts of legislation that impacts Greater Wellington and the partnership
Risks	Resourcing, capacity and capability building may impact on the ability of Greater Wellington, our mana whenua partners and our volunteers especially as our whaitua and citizen science programmes develop
Opportunities	Opportunities for the Greater Wellington/ mana whenua relationship to develop as the historical Treaty settlement process is completed into something more in line with a co design/partnership model.

Implications	• **1-3 years**	**4-10 years**	**10+ years**
	• GW incorporates Matauranga Māori into knowledge strategy/aligning with the Resource Legislation Amendment Act and Te Tiriti o Waitangi/Treaty of Waitangi • Continuous review of levels of resourcing required by Māori to meet the engagement needs of Greater Wellington's work programme • The Māori Partnership Framework is rolled out across the Council • The Council negotiates Te Mana Whakahono ā Rohe Agreements with mana whenua	• Post settlement governance arrangements are in place • GW incorporates Matauranga Māori into knowledge strategy/aligning with the Resource Legislation Amendment Act and Te Tiriti o Waitangi/Treaty of Waitangi • Continuous review of levels of resourcing required by Māori to meet the engagement needs of Greater Wellington's work programme • The Māori Partnership Framework is rolled out across the Council • Greater Wellington is reviewing what we plan to deliver to our community over the next 10 years and beyond	• Post settlement governance arrangements are in place • Greater Wellington working with Māori/iwi in new relationship • Continuous review of levels of resourcing required by Māori to meet the engagement needs of Greater Wellington's work programme

<table>
<tr><th colspan="4">Social change</th></tr>
<tr><td>Assumption</td><td colspan="3">Our society is becoming more culturally and ethnically diverse. The ways that we work, play and travel are changing. The way people want to interact with us and one another is likely to change, particularly with changes in technology and social media.</td></tr>
<tr><td>Level of uncertainty</td><td colspan="3">Low</td></tr>
<tr><td>Sources of uncertainty</td><td colspan="3">People/communities may have unrealistic expectations about how much information they will receive.</td></tr>
<tr><td>Estimate of potential</td><td colspan="3">People/communities are likely to have high expectations about how much information they will receive that Greater Wellington may have to work harder to address</td></tr>
<tr><td>Data</td><td colspan="3">• Visitor number to regional parks and Te Marua
• Research showing key markers of social values e.g. heroes & influencers, media & online preferences, respected or loved organisations & brands, sports and leisure activities, attitudes to governance, living styles, work attitudes, family expectations</td></tr>
<tr><td>Key challenges</td><td colspan="3">• Increase the need for Greater Wellington to engage meaningfully with its communities. This will impact the physical documentation that is created at Greater Wellington the way we report findings. We can also expect to consume the information a lot faster than previously.
• Increased perception of linkage between natural resource management & population health. Need for more certainty re quantity
• Individuals who might otherwise have remained voiceless will now connect and voice their concerns. This will increase the need for local authorities to engage broadly and meaningfully. It will also increase expectations for co-creation and citizen input in Greater Wellington l business that was historically hands off. There is an increase expectations for co-creation and citizen input in Greater Wellington business
• Develop strategies to identify or engage with people who hold specific values (what we would need to do to benefit from the societal changes).
• Develop ways to build stronger connections and relationships with people who don’t currently like or understand our organisation’s perspectives.</td></tr>
<tr><td>Key risks</td><td colspan="3">• Our communities lose confidence in Greater Wellington’s ability to manage our natural resources
• Greater Wellington may also have to work harder to provide key messages- against a background of ‘fake’news.</td></tr>
<tr><td rowspan="3">Implications</td><td>1-3 years</td><td>4-10 years</td><td>10+ years</td></tr>
<tr><td>General: Opportunities for greater collaboration, increase our competency in co-creating, create accessible information. An increased need to manage stakeholder relationships.</td><td>General: Opportunities for greater collaboration, increase our competency in co-creating, create accessible information. An increased need to manage stakeholder relationships.</td><td>General: Opportunities for greater collaboration, increase our competency in co-creating, create accessible information. An increased need to manage stakeholder relationships.</td></tr>
<tr><td>Parks: The revenue from regional parks, forestry leases and licenses is sufficient. Volunteers continue to make themselves available to assist with biodiversity and land management activities
Technology: Use our digital tools so they are useful for people, designed for the customer. Need to invest in the</td><td>Parks: Increased expectations that Greater Wellington will use emerging technologies in regional parks
Technology: Open data will impact our work- it has the potential to make information more readily accessible, to enable people to engage more readily on issues</td><td>Technology: Open data will impact our work- it has the potential to make information more readily accessible, to enable people to engage more readily on issues</td></tr>
</table>

	right technology to keep people informed. **Public Transport:** Expectations about public transport information will increase, there will be demand for better quality real time information and for information to be released to app developers and third party platforms. **Communications/marketing**: Need to design for digital first and use our digital tools so they are useful for people. Designed for the customer. We need to prepare the organization for opportunities for greater collaboration. Mandate to communicate has increased and will increase over time. We need to talk to people about themes and not projects. Increase our competency in co-creating.		

Financial assumptions

Debt

The existing and future debt can be raised at levels noted in the plan on a timely basis, and within the cost assumptions of the plan

Insurance

Insurance rates are volatile and moving in an upward path therefore we have assumed an increase at the rate of inflation over our 2018/19 estimate supplied by our Broker Aon.

Inflation

Moderate over the period of this 10 Year Plan. We use the cost adjustors by BERL - (Local Government Cost Index which are calculated specifically for local authorities and CPI for general operating costs. BERL adjustors are used by the majority of local authorities. Over the life of the plan the index averages 2 percent per annum.

For the infrastructure Strategy years 2029-48 we have used the 2027/28 index value. Estimates this far out are uncertain, 2 percent balances continued inflation expectations with productivity gains expected over the longer term.

Interest Rates

Greater Wellington has used a composite forecast based on the Reserve Bank of New Zealand 90 day bank bill rate forecast and the implied market based 90 day forward rates for its floating interest rate projection.

The fixed interest rate is based on the existing pay fixed rate swaps in place. A market determined credit margin is added this. This has been budgeted at 0.70% over the forecast period.

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
4.95%	4.60%	4.53%	4.67%	4.72%	4.81%	4.79%	4.72%	4.63%	4.73%

For the Infrastructure Strategy, years 2029-48 we have assumed a flat 4.90 percent per annum.

Fare revenue

We are assuming growth on rail as outlined below.

Patronage Growth	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Bus	1.40%	1.00%	1.00%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Rail	4.50%	2.50%	2.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Fare increase		Inflation [1]								
Bus	3.00%	1.60%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%
Rail	3.00%	1.60%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%

Patronage Growth

Rail. Based on past growth rates trends. New operator is anticipated to increase growth due to better service performance and customer satisfaction levels. This rate of growth is expected to reduce after first years of new operator.

Bus. Based on past growth rates trends. Increased growth in early years due to new bus network initiative and new operations.

	Fare increase We have assumed a 3 percent fare increase in 2018/19 and a reduction to total fares of $7.5 million to pay for new initiatives related to the new fare structure, e.g. free transfers, tertiary concessions, and off-peak discounts. Fares will increase with inflation in subsequent years. [1] Based on the BERL CPI adjustor SoLGM Sept 2017
FAR rates	NZTA co funding is provided at the agreed financial assistance rate (FAR) for all eligible transport planning activities and there are no unexpected changes to FARS. All transport projects and services will receive funding assistance from the NZTA at the following levels (percentage of cost) Rail services 53 percent in 2018/19 reducing by 1% per year to 51 percent by 2020/2121 Total Mobility services – 60% Rail access and assets - 51 - 60 % All other transport activities – 51% in 2018/19
Government Funding	We have made an assumption that we will receive 90 percent Government funding for the purchase of new trains (EDMUs) to service the Wairarapa Line and the Capital Connection.

SECTION 6 – Strategies

This section sets out the key strategies – the 10 Year Financial Strategy and the 30 year Infrastructure Strategy - that will support our 10 Year Plan.

Greater Wellington Regional Council

Financial Strategy 2018- 2028

Introduction

We begin this 10 Year Plan in a strong financial position. Our AA financial rating was recently confirmed, we have a robust balance sheet, and our business has these significant features:

- We have diverse revenue sources - our total income from rates and water levies is less than 50 percent of our total revenue
- Our net debt is less than 100 percent of annual revenues.
- Our finance costs are around 5 percent of our total revenue - we only pay 5 percent of our annual income as interest on our borrowings.

The proposed 10 Year Plan is dependent on Greater Wellington being able to fund big pieces of work. This Financial Strategy reflects our focus to maintain Greater Wellington's good financial position while also providing the things that matter to our communities. We plan to deliver a significant programme of investment in the region, while managing the competing tensions among resilience, affordability, and rising customer and community expectations.

The purpose and approach of our Financial Strategy

The purpose of our strategy is to provide a sound financial platform from which Greater Wellington can deliver the things it says it will deliver - the things that benefit our region and community. We intend doing this by:

- Providing an overall direction and desired end point for Greater Wellington's financial status
- Presenting the financial consequences of the 10 Year Plan
- Balancing the provision of existing services, growth, and growing demands with sound financial management
- Together with the Infrastructure Strategy, provide an outline of costs, risks, and trade-offs

We have taken a principle-based approach in developing our Financial Strategy and have centred it on four major principles outlined below.

- Transparent. We are providing clear information to the community and wider group of stakeholders on the processes and choices undertaken in developing our financial framework and decisions.
- Prudent. We are not taking any undue risks, using considered, careful and sensible decision making.
- Fair. We are providing for intergenerational and community equity.
- Value for money – We are ensuring expenditure on any item provides maximum impact and effectiveness.

Key Factors impacting our Financial Strategy

The work of Greater Wellington covers a wide range of activities with many factors and risks impacting its financial operations. We have made a number of financial and non-financial assumptions upon which the financial planning for the next ten years is based. These are detailed in the Supporting Information on pages 189 to 210.

Core to our Financial Strategy has been balancing the community expectations on levels of service with limiting the rate increases. We recognise that we have a diverse community and are mindful of the impact of rate increases on those in our community with low and/or fixed incomes. In order to keep rate increases as low as possible, we have prioritised and scheduled our activities carefully and made some decisions on how to optimally fund certain types of expenditure. This has meant funding some costs that, although not an asset, provide future benefits to our communities and spreading the costs to match the benefit to reduce rates. We have also extended the repayment on our loans which fund our flood protection asset from 20 to 25 years to both limit the rates impact and more fairly spread the cost of these assets across generations.

The other major issues that have had a large influence on the overall shape of our financial strategy are identified below.

Earthquake response, consequences and preparedness

In November 2016 the Kaikoura earthquake highlighted the resilience challenges our region faces. The Council has absorbed and planned for a number of financial impacts resulting from the earthquake. These have included: increased market rental costs; the loss of Centreport dividend income; increasing resilience of our core infrastructure to better withstand shocks; and investment in regional resilience planning.

Implications of the delivery of major works programmes

Greater Wellington is committed to a number of major programmes of work to effectively deliver outcomes to our priority areas which are outlined in the Supporting Information pages 13 to 16. The timing and scope of these projects have been optimised to balance cost pressures, limit the rates increase, and maintain a healthy balance sheet. Our major programmes of work, and the implications for the Financial Strategy include:

Public Transport Transformation Programme – The new Public Transport Operating Model (PTOM) requires Greater Wellington to build long-term commercial partnerships with public transport operators, in order to improve services and grow patronage. More information on PTOM and the transformation programme are detailed in the Supporting Information pages 87 to 103.

A major financial consequence of this change is that public transport fare revenue and associated costs are being brought directly into Greater Wellington as opposed to being collected by a third party as was the case previously. In 2017, we received $48 million in rail transport fare revenue. In 2018/19 we expect our fare revenue to double to $100 million (including supergold). We will therefore have greater revenue risks and opportunities to manage.

The new operating model is part of a wider public transport transformation investment programme including:

- Developing integrated ticketing solutions across the network
- Introducing network fare pricing and incentives
- Rebranding the network to the Metlink brand and driving the marketing and customer facing services of the brand
- Developing our commercial and financial capability and modernising our business systems.

This means that we have a much bigger business to operate and we have developed a number of assumptions to our expenses and revenues that will be tested early in the planning period.

The council plans to manage these revenue risks by:

- Aligning the incentives and risks faced by Council and service providers
- Increasing patronage
- Maintaining suitable levels of public transport reserves.

Flood protection programme – Our flood protection programme over the next ten years is focused primarily on RiverLink, a joint initiative with Hutt City Council and NZTA to deliver better flood protection, better lifestyle and improved transport links for the people of central Lower Hutt, detailed in the Supporting Information on page 77. We plan to spend a total of $112 million capital expenditure on this project over the next ten years and $79 million on other flood management plans.

We have optimised the timing of delivery of the overall flood protection programme, and extended the loan repayment terms on our flood assets, balancing affordability with key areas of required service level improvements and spreading the cost more fairly in line with the benefits.

Bulk Water Resilience – An alternative water source for Wellington City is planned to be constructed to improve the ability for the bulk water network to withstand a major earthquake. Greater Wellington has already done considerable work investigating possible options for new water sources. The two most likely options, outlined in on page 61 in the Supporting Information, are for a cross harbour pipeline or harbour bores. Investigation continues to determine the best option with the outcome likely to be known by June 2018, with significant implications to our balance sheet. Until the feasibility of the Harbour Bores is proven, we are currently planning for the more costly option, being the cross harbour pipeline, with an estimated cost of $116 million (up from $85 million as per the 2015-2025 10 Year Plan), as opposed to $60 million to $70 million for the harbour bores.

Rail infrastructure and rolling stock funding

Greater Wellington's plan to increase its level of service across the Metlink public transport network requires some significant investments in rail infrastructure. We don't own all the infrastructure - KiwiRail own the track on behalf of the Crown. We are developing business cases for the Government to fund key initiatives; our 10 Year Plan has been developed on the assumption that these business cases are successful.

Rail network maintenance and capacity enhancements– Greater Wellington contributes to the annual maintenance, renewals and insurance costs of the rail network, which gives Greater Wellington an interest in the quality of the network performance and the cost of the service. KiwiRail has a backlog of deferred maintenance, particularly on the Wairarapa line, resulting in our operational costs being high, and services are often delayed.

Business cases are currently submitted with the Crown to obtain funding for:

- Network track infrastructure catch-up renewals on the Wairarapa line, and
- Unlocking network capacity to cater for ongoing and expected service demands.

This plan assumes full Crown funding of both of these business cases in the 2018 Central Government Budget round.

Rail rolling stock– The trains which operate on the Wairarapa line are proposed to be replaced with a new fleet of Electro/Diesel Multiple (EDMU) units which would provide enhanced levels of service and capacity on Wairarapa and other existing routes. Early costs are estimated at $330 million. Given the early stages of option development, cost estimates, and uncertainty on the requisite Crown business cases above, as well as funding allocations to be agreed with our partners, we have provisioned for 10 percent of this cost in years 2022-24. We have also maintained a provision for refurbishment of the Wairarapa carriages, the extent and timing of which will be reviewed together with the development of the business case.

Other factors influencing our Financial Strategy

Population and changes in land use

Our assumptions in the Supporting Information on page 189 to 210 outline expected changes in land use and population growth. These changes will impact demand for council activities and we have provided increased operating expenditure accordingly. We plan to spend $74 million over the next ten years on capital projects to meet the additional demands that growth creates. Almost all of this will be on Public Transport. Longer term, we plan to spend almost $400 million to meet growth needs. More than 80 percent of that expenditure will be for developing alternative water sources in the mid-2030s.

Revenue (including rates and changes to our rating policy)

Historically the main sources of revenue for the Council are rates (general and targeted), levies (for water supply) and government grants (mainly the New Zealand Transport Agency funding for transport activities).

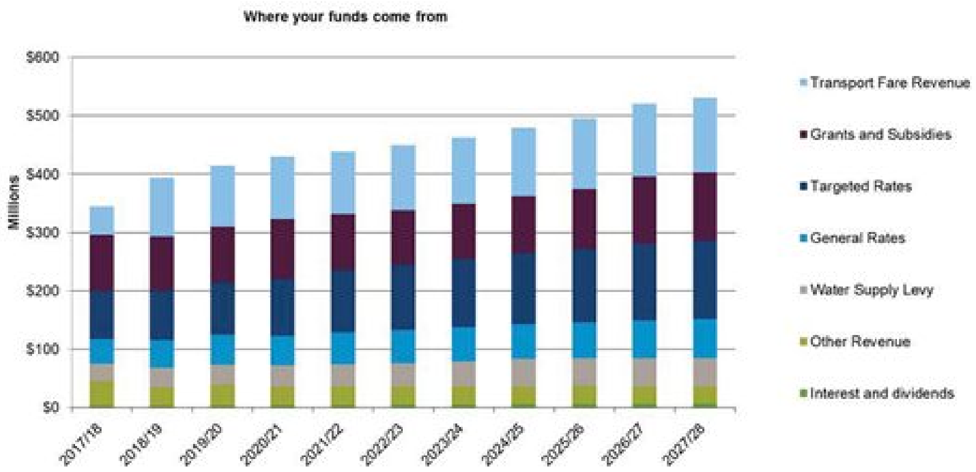
The implementation of PTOM will result in Greater Wellington receiving all public transport fare revenue (and associated costs). In 2017/18 fare revenue was $50 million including supergold and this is projected to double to $100 million from 2018/19 with the new bus contracts commencing,. This is expected to grow to $128 million over the period of the long term plan, or 25 percent of total revenue in 2018/19 growing to 30 percent over the period of the long term plan based on fare increase and patronage growth assumptions in section 5 of the Supporting Information.

Dividends, investment income and external revenue have been relatively small but important contributions to total income. The temporary suspension of the CentrePort dividend in 2018/19 is planned to be funded by debt and contingency reserves and is expected to fully resume in 2019/20.

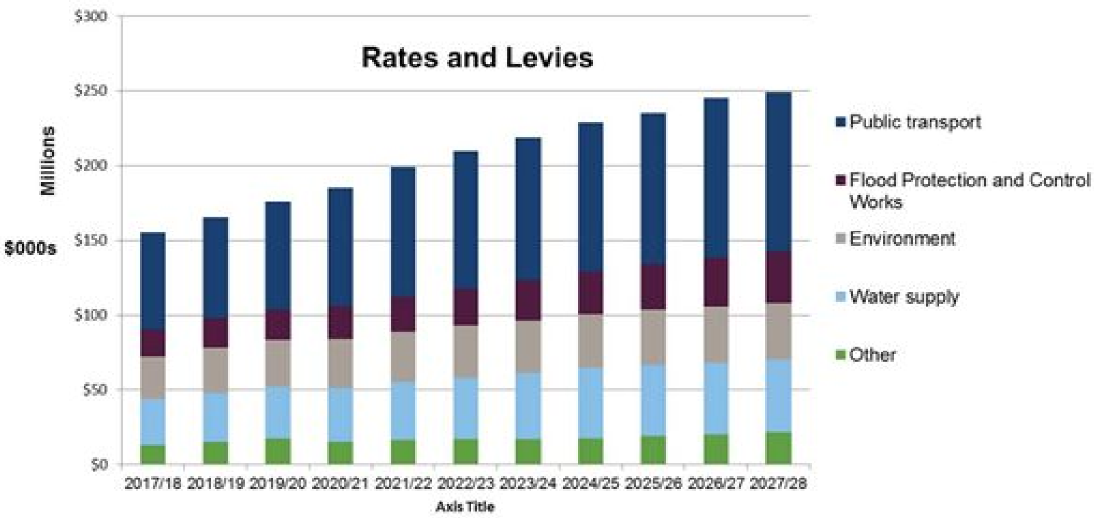
The main source of government subsidies received is from the New Zealand Transport Agency for the funding of transport activities.

Other revenue sources include consenting processing, monitoring fees, residential rentals, soil conservation and grazing rentals and investment income.

The graph below shows where our revenue comes from. In 2017/18 we expected our total revenue to be $343 million; by 2028 we expect it to exceed $500 million.



Rates

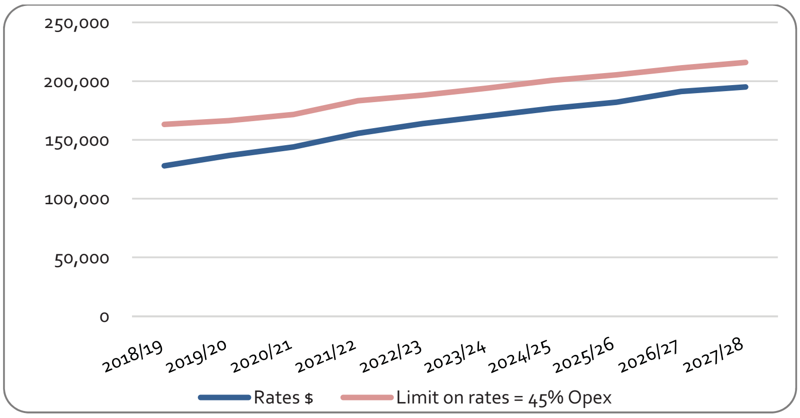


Rates increases and quantified limits on rates increases

Greater Wellington will collect $165 million in rates and levies revenue in 2017/18 and this is expected to increase to $249 million over ten years. About 24 percent of that increase is due to price pressures that Greater Wellington expects to face, and the rest is due to funding requirements to meet the planned levels of service.

Greater Wellington has set a limit on the total rates it will collect at 45 percent of total operating expenditure in each year.

Figure 1 Rates and limits on rates



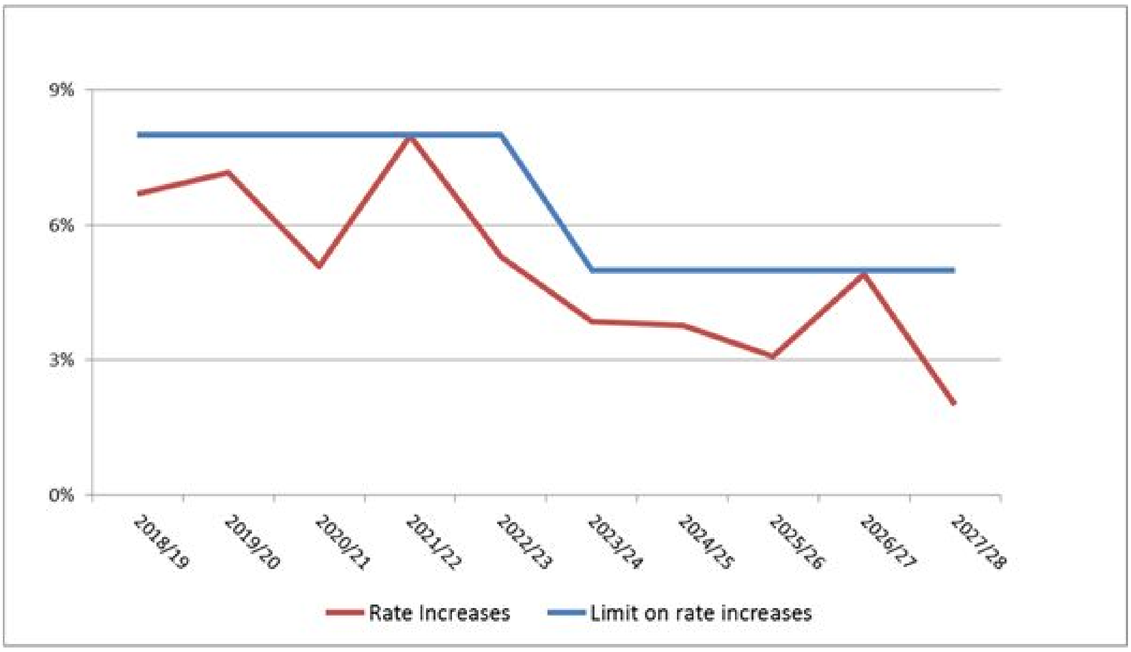
Greater Wellington forecasts an average increase in rates of 4.98 percent each year for the next ten years. Over the next three years, rates are planned to increase by:

6.68 percent in 2018 | 7.17 percent in 2019 | 5.08 percent in 2020

We are mindful of the impact that these increases have for ratepayers. In the planning process, Greater Wellington has considered the funding requirements of various project proposals. Some proposed projects have been pruned and the timing for others has been adjusted to achieve the rates impact at these levels.

Greater Wellington's limit on rates increases is the change in total rates revenue from one year to the next. Our planned limit on rate increases is 8 percent for years 2018-2023 and then 5 percent for the later years. This is an average compound annual rate of 4.98 percent.

Figure 2 Rate increases and limits on rate increases



Water Supply Levy

Greater Wellington, via the joint council controlled organisation Wellington Water, delivers bulk water to the metropolitan cities of Wellington, Lower Hutt, Upper Hutt and Porirua. This service is funded via a water levy charged directly to the local councils. This in turn is on charged to their respective rate payers.

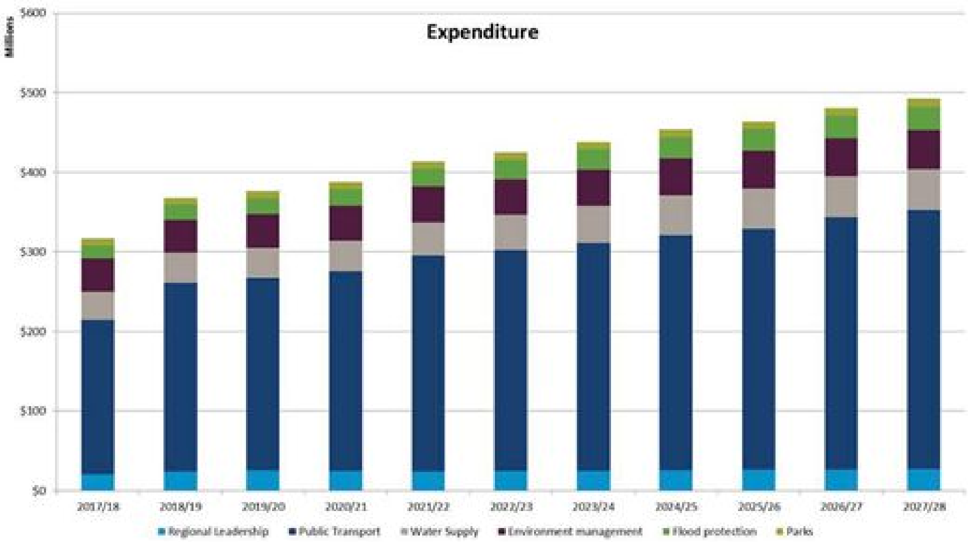
The levy increase in 2018/19 is 7.1 percent. We are planning to increase the levy by an average 4.6% per year over the 10 year period. The levy increases are mostly driven by the major capital projects including the alternate water supply option.

Operating expenditure

Over the life of the 10 year plan our operating expenditure is forecast to increase by 34 percent from $367 million in 2018 to $492 million in 2028.

The below graph provides a 10 year view of operating expenditure for each of Greater Wellington's activity groups. The large increases align with our key issues outlined in our Infrastructure Strategy, which include:

- **Public Transport Network:** Our activity plans will require operating expenditure to increase by $88 million (37 percent) over the next ten years to improve patronage, levels of services and to fund borrowing for the capital programme.
- **Water Supply:** Our activity plans will require operating expenditure to increase by $14 million (37 percent) to maintain our existing infrastructure and to fund borrowing for the capital programme that includes sourcing an alternate water supply.
- **Flood Protection:** Our activity plans will require operating expenditure to increase by $10 million (52 percent) to maintain our existing infrastructure and to fund borrowing for the capital programme that includes investing in the RiverLink project.



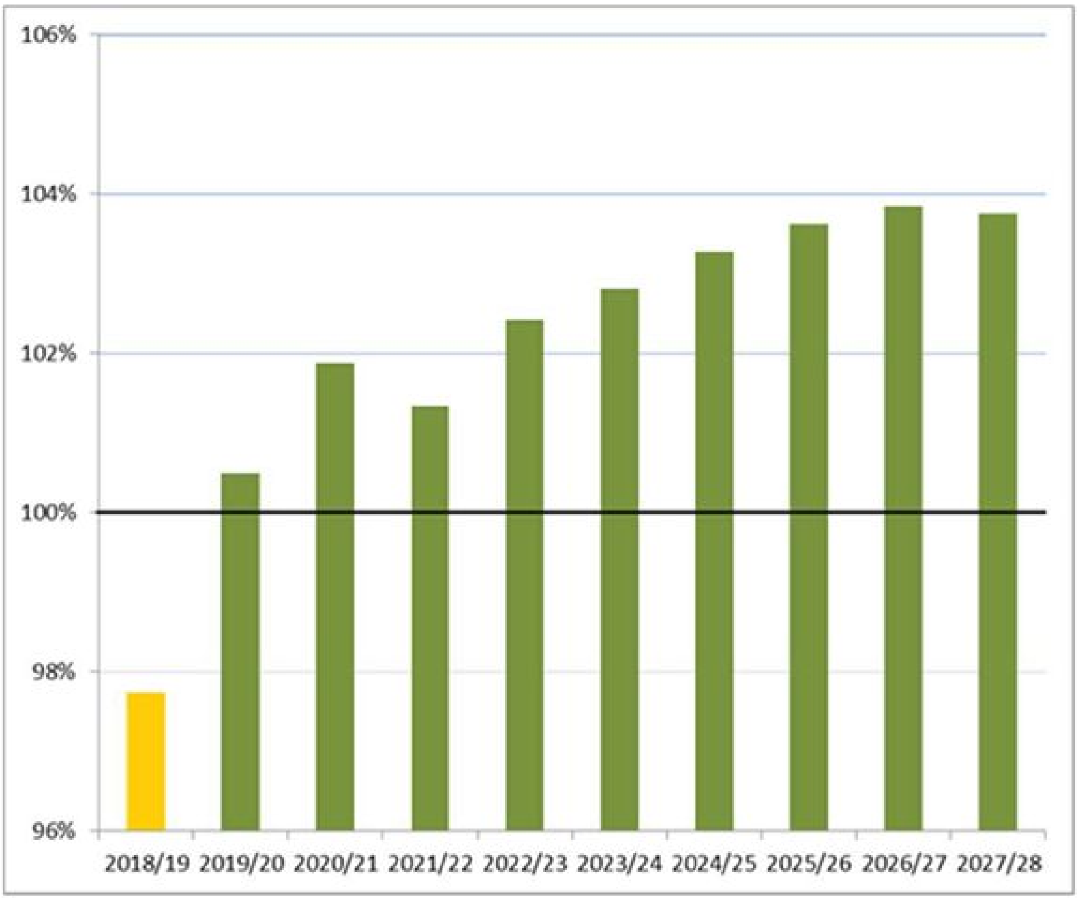
Greater Wellington's strategy is to fund its operating expenditure out of operating revenue. Rates, levies and fare revenue are set at a level to ensure this objective.

There are circumstances where we propose to use loan funding for operating expenditure where there are obvious longer term benefits to the community, or where certain expenditure is one off in nature. These loans are repaid over the life of the benefit to ensure fairness across generations. In the 10 year plan we propose to loan or reserve fund:

- Our contribution to the development of a Petone to Wellington cycleway, which has the additional benefit of enhancing flood protection to the rail and road network;
- The planning stages of “Let’s Get Wellington Moving” and other small planning initiatives for the port and Water Wairarapa that will provide ongoing benefits to the region;
- Asset renewal peaks for KiwiRail rail network access. Greater Wellington funds a share of rail network assets renewals which are owned by KiwiRail. Network asset renewals based on KiwiRail’s strategic asset management plans will increase over the next few years, before resuming at close to today’s levels. The ‘peak’ is planned to be funded by debt and repaid over the life of the assets;
- The public transport transformation programme will bring substantial benefit to public transport users and the wider community and continues to be reserve funded.

Operating surplus

The following graph shows the planned operating surplus over the 10 year plan.



Operating revenues from 2019/20 each year are higher than operating expenses. In 2018/19, Greater Wellington plans to loan, reserve, and contingency fund some operational expenditure as outlined above in operating expenditure and the loss of the port dividend which is expected to resume in 2019/20.

This means that our planned operating revenue for 2018/19 financial year will be 97.7 percent of the operating expenditure. Greater Wellington are comfortable with this outcome based on the solid funding rationale for our revenue and expenditure and that the remaining nine years of the 10 Year Plan period we will exceed the 100 percent balanced budget benchmark.

Capital expenditure and transport improvements

This plan includes capital expenditure of $925 million over the next ten years. The capital expenditure (capex) programme is driven mainly by the step change we are making to Public Transport and the future mass transit options of Let's Get Wellington Moving, the need to improve the security of our bulk water supply, and the development of the RiverLink project.

The majority of our capital expenditure is infrastructure related and is explained in detail in our Infrastructure Strategy.

Public transport - $431 million

The major items are

- *Rail investments– $220 million, including*
    - *rolling stock maintenance - $78 million*
    - *Infrastructure maintenance and renewals - $39 million*
- *Bus Rapid Transit - detailed design - $67 million*
- *Integrated ticketing project - $49 million*
- *EDMU - $33 million*

Water supply - $206 million

There are two major projects in the next ten years

- *Cross harbour pipeline - $116 million*
- *Relocate the Kaitoke main - $19 million*

Flood protection - $205 million

Over the next ten years, the main capex plans are for

- *Hutt City Riverlink - design, and property purchases - $112 million*
- *Other Hutt projects - $18 million*
- *Wairarapa catchment –projects to improve the level of service - $47.6 million*
- *Kāpiti catchment - Waikanae river works - $4.8 million, and other projects - $16 million*

Longer term we plan a total of $534 million for flood protection capital expenditure to improve resilience and levels of service in the major river catchments.

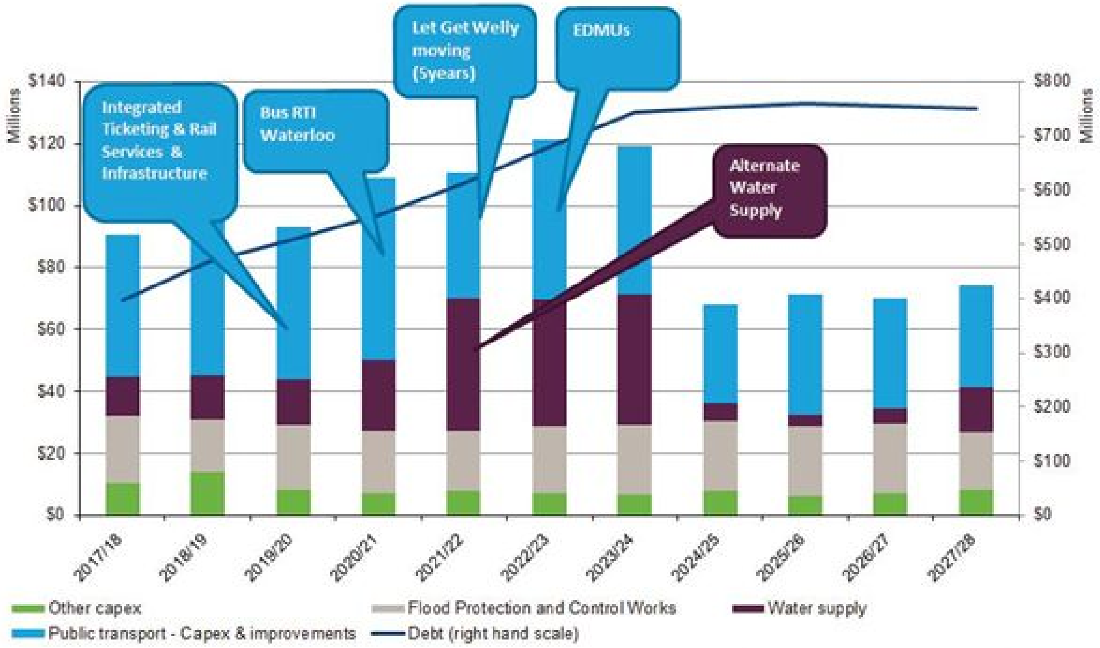
Parks - $24 million

Because we do not plan any increases in the level of service for our Parks activity, and we have sufficient capacity to cope with growth, this capex is entirely for renewals and replacing facilities and equipment. It will mostly be spent in our larger parks, Queen Elizabeth, Belmont and Kaitoke / Pakuratahi.

Environment - $15 million

Capital expenditure for the Environment group of activities is mainly for replacements and renewals, for Environmental Science equipment and monitoring.

The below graph provides a 10 year view of capital expenditure for each of Greater Wellington's activity groups. The first half of the 10 year plan has significant capital expenditure driven by the public transport network transformation initiatives and the establishment of an alternate water supply from 2020 to 2024. After these investments are completed the programme reduces to reflect our ongoing programme of maintenance and renewals.



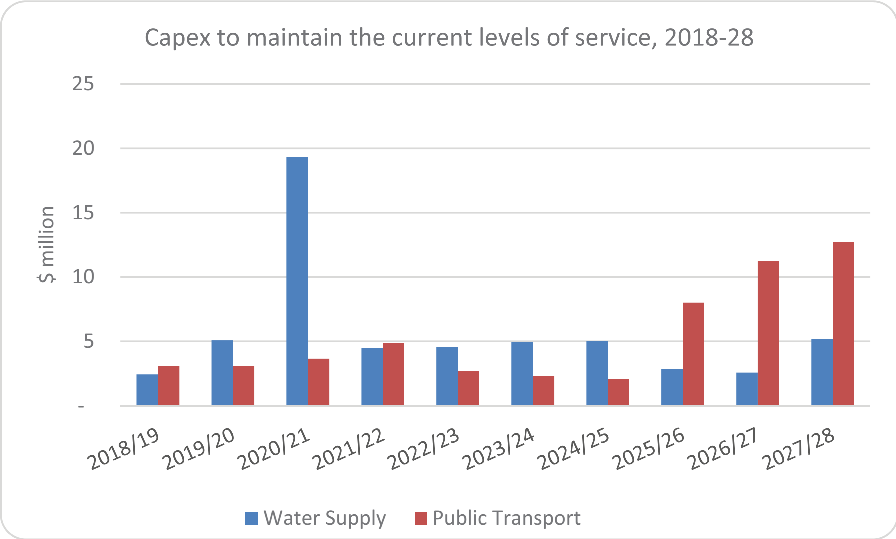
Maintaining levels of service

To maintain the current levels of service requires capital expenditure of $112 million over the next ten years as outlined below.

Water supply- $56 million - the major cost comes from relocating the Kaitoke main in 2020 (see figure below).

Public Transport- $54 million, excluding any rail investments - capex rises from 2025 onwards due to the replacement of back end real time information systems (see figure below).

Figure 3 Capex to maintain the current levels of service, Water supply and Public Transport 2018-28



To maintain current levels of service, Greater Wellington will also spend:

Flood Protection $2 million.

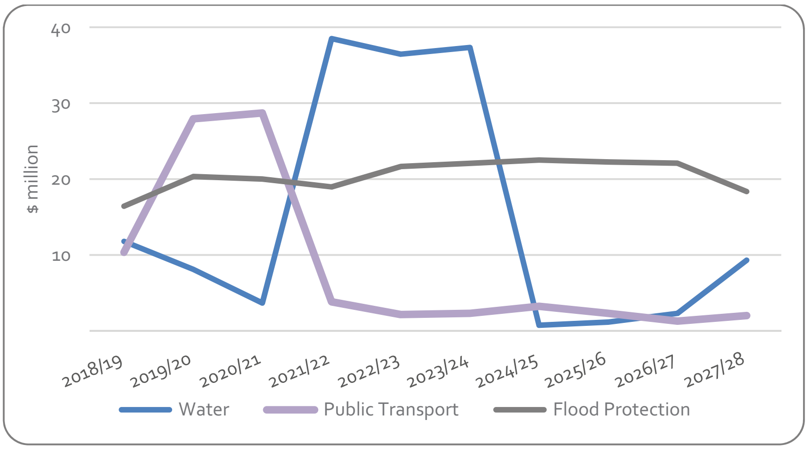
Parks $24 million. All of the Parks capex is for maintaining the current levels of service. It will mostly be spent in our larger parks, Queen Elizabeth, Belmont and Kaitoke / Pakuratah

Environment $2.5 million. Capital expenditure is mainly for maintaining the current level of service. Capital expenditure is for science equipment and monitoring.

Council is confident it can maintain its existing levels of service, providing there are no major external shocks - things like earthquakes, or unexpected changes in government policy that, for example, reduce the planned levels of subsidy.

However, we do not plan to simply maintain levels of service for our major activities, because of our commitment to increasing the resilience of our infrastructure, and our region. For most of our activities, an increase in resilience is an increase in the level of service. Figure x shows the expected capital costs of improving levels of service.

Figure 4 Capital expenditure for improving levels of service



Greater Wellington is also confident that it can meet planned additional demands for services outlined in this 10 Year Plan. Figure two shows the planned investment of alternate water supply and implementing PTOM initiatives alongside the consistent investment in improving flood protection.

Debt

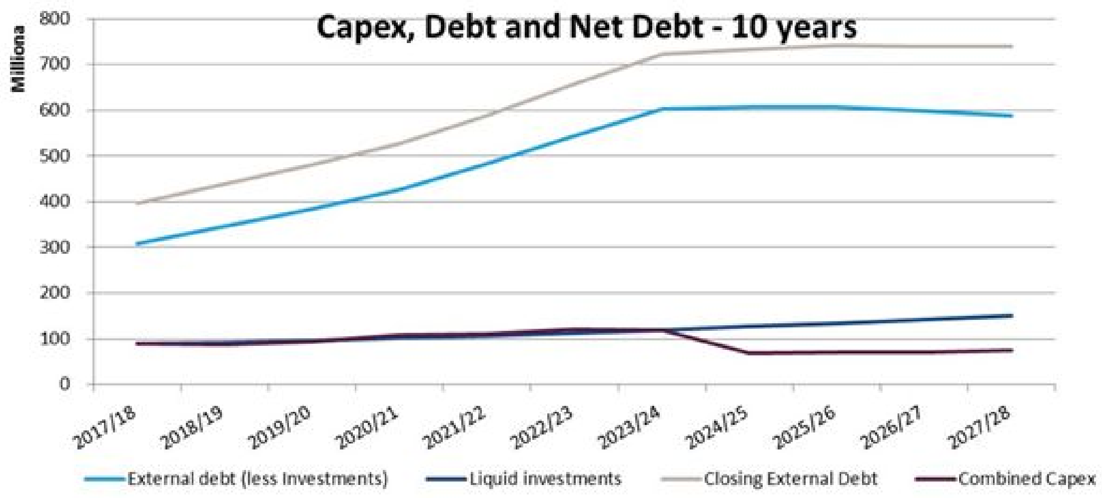
Because the benefits flow over many years, we use debt so that future ratepayers pay for their share of the assets and expenditure which has a future benefit. In this plan, debt funding is used for:

- **Capital expenditure** which is expenditure for items that have long lives. Most of Greater Wellington's capital is for items that will provide services to residents and ratepayers for years to come. Where we received a Central government (or other sources) contribution or subsidiary, Council will borrow funds for its share of capital expenditure.
- **Working capital** due to timing differences between cash inflows and outflows. Working capital funds are managed in accordance with the Treasury Management policy.
- **Other investment activity**, for example, shares in the Local Government Funding Agency (LGFA).
- **Some operating expenditure** for one-off projects and expenditure that provides longer term benefit.
- **Loss of Centreport dividend revenue:** Debt and contingency funds have been used as a mechanism to fund the short-term revenue shortage while Centreport recovers its operations. Once the port revenues are back on track, we can use them to pay down the debt.

Greater Wellington's treasury raises funds and lends these on to internal business groups. The business groups borrow for the life of the asset and repay the interest and principal over the asset life with funds secured from rates or external sources. For this plan, we have extended loan lives of flood protection assets by 5 years to 25 years to reduce annual debt servicing costs and aligning loan lives closer with the expected asset lives. This provides improved levels of inter-generational equity.

Because Greater Wellington holds substantial financial reserves and contingency funds, which earn interest, the net debt position is considerably lower than the total debt.

We expect debt to rise to $750 million by 2025, as a result of our substantial investment programme in infrastructure resilience. The closer we get to these events, the more accurately we will be able to forecast the actual costs and impacts.



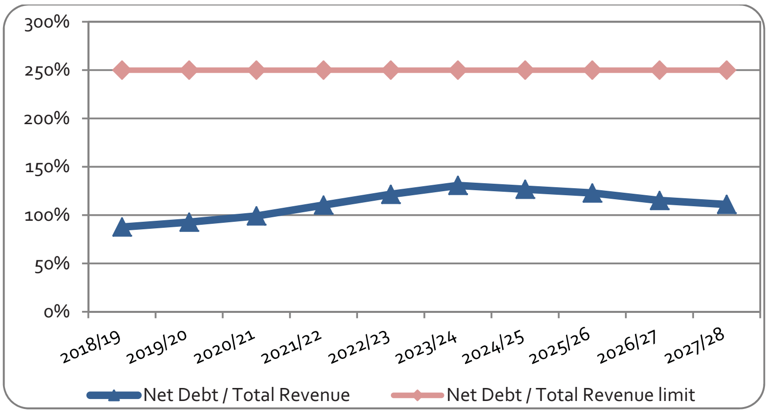
External debt and borrowing limits

We have set the following limits on borrowing:

- A maximum external debt level where interest costs are no more than 30 percent of rates and levy income, occurring within the 10-year period
- A maximum external debt balance of $800 million during the 10-year period. The peak balance is currently expected to be $764 million in 2025/26, but we have allowed a little headroom to take account of any expected cost increases.

The following graph shows that Greater Wellington's net debt to total revenue ratio is forecast to be well below the prudent limit of 250 percent.

Figure 5 Borrowing limits in the Financial Strategy

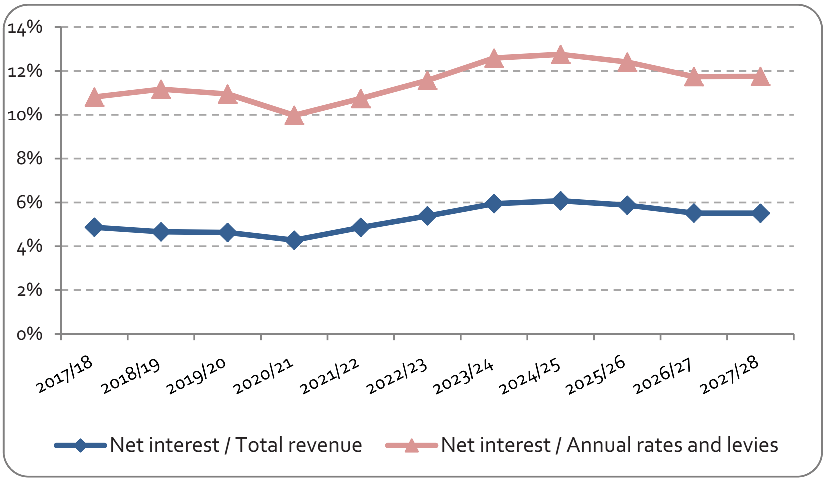


Greater Wellington intends to continue sourcing the bulk of its financing from the Local Government Funding Agency (LGFA) because it provides a lower cost of borrowing. We have the following financial covenants with the LGFA:

- Net debt/total revenue <250 percent
- Net interest/total revenue <20 percent
- Net interest/annual rates and levies <30 percent
- Liquidity 110 percent.

The following graph shows the forecast ratios compared to financial limits over the next 10 years. With the forecast level of expenditure Greater Wellington remains within its prudent financial limits, and within the financial covenants set by the LGFA.

Figure 6 Financial strategy interest limits



Policy on the granting of security on borrowing

Greater Wellington uses a Debenture Trust Deed to grant security to its lenders when it borrows funds. We established a Deed in 2011 that enables us to borrow funds from the LGFA.

Greater Wellington may offer security by providing a security interest in one or more of Greater Wellington's assets other than its rates and rates revenue.

Greater Wellington may only grant a security interest in physical assets by resolution of Greater Wellington.

Greater Wellington may only grant a security interest in physical assets when either-

- There is a direct relationship between a debt and the purchase or construction of the secured assets which it funds (e.g. through a finance lease, or some form of project finance), or
- Where those security interests are leases or retention of the arrangements which arise under the terms of any lease or sale and purchase agreement.

Reserves

Greater Wellington expects to start this ten year plan with $30.6 million financial reserves, and we will progressively draw down our reserves to $24.9 million in 2021/22, in order to reduce the rates impact of our planned expenditure, mostly funding the public transport transformation programme. After that we will build up our financial reserves to reach $33.6 million by 2027/28.

Here are the major strategic decisions we have made in relation to reserves.

Public transport reserve. For ratepayers, we want to mitigate the impact of our substantial public transport investments, so we will draw down the Public Transport reserve from $12.5 million, reducing to $7.5 million in 2021/22 as a buffer for public transport revenue risks.

Flood protection. Catchment scheme reserves are built up by contributions from properties within defined catchments and/or schemes. We will progressively increase the reserves for catchment schemes from $5 million to $9.3 million, so that we can invest more intensively in the future, to manage increased flood risks within specific catchments.

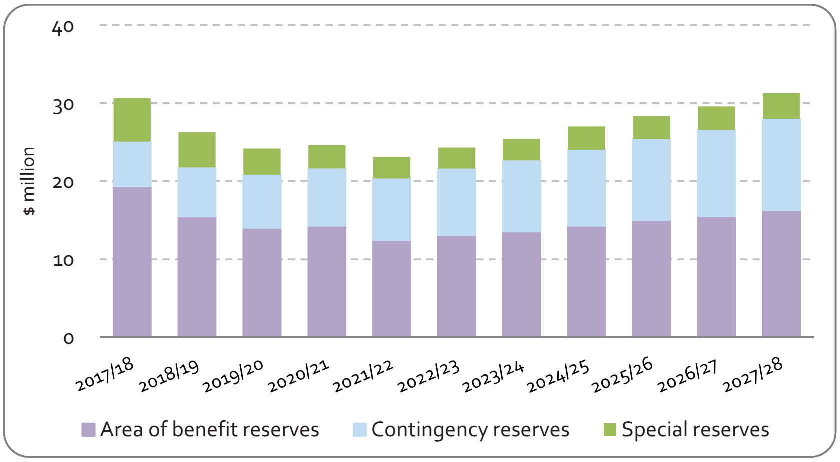
The flood contingency reserve is used to repair flood damage, and is funded from flood protection rates. We will progressively increase our flood contingency reserve from $5.5 million to $11.5 million.

Rural fire reserve. We plan to allocate new funding to the rural fire reserve each year. In the plan, that reserve grows from $74,000 to $100,000, but we expect that some of these funds will be used to fund firefighting at some stage.

Election reserve. Greater Wellington uses a reserve fund for elections, funding a share of the costs every year, while spending them once every three years.

This graph shows how Greater Wellington's total reserve funds will appear after ten years, if we only draw down the amounts that are planned. It is more likely that we will draw down contingency reserves for flood and fire, however we cannot predict the timing or quantum.

Figure 7 Reserve funds, 2018-28



Financial investments

Greater Wellington's policy objective for its financial investments is to achieve an average annual real rate of return that is consistent with market norms for the risk levels involved.

We invest in Council Controlled Organisations (CCO's) and Council Controlled Trading Organisations (CCTO's) for strategic purposes, including earning revenue. Greater Wellington's primary objective is to ensure that any capital investment in a CCO or CCTO is protected. We have strategic investments in:

- Wellington Regional Economic Development Agency Limited
- Wellington Water Limited

- Wellington Rail
- CentrePort, and
- Local Government Funding Agency (LGFA).

CentrePort

Greater Wellington is the major shareholder in CentrePort, with the following long term objectives for holding this security:

- receive an acceptable level of cash return and
- receive an on-going increase in the value of the investment.

The Kaikoura earthquake has interrupted the flow of cash returns, with the dividend expected to resume in 2019/20. However, our long term objectives for holding port securities are unchanged. We consider the port to be a strategic asset for the region, and intend to work with CentrePort on its long term recovery. We forecast a return to strong dividend performance over the life of this plan.

Local Government Funding Agency (LGFA)

Greater Wellington is a founding shareholder of in the LGFA which provides Council with-

- lower cost of borrowing, due to LGFA's economies of scale and
- a dividend as return on the investment in LGFA.

Insurance

Our approach to insurance is to focus on the effects of low probability, high impact events. We do not insure 100 percent of our assets, because it is unlikely that all assets would simultaneously be affected by a hazard event. Our annual budgets provide funding for repairs as a result of smaller, more frequent events.

Flood protection assets

Council insures its two largest flood protection assets - the barrage gates on the Ruamahanga River at Lake Wairarapa (value $30 million) and the flood walls on the Hutt River at Waiwhetu.

Larger floods (25 to 40 year return period) may cause considerable damage to assets, and Council maintains a major flood protection recovery fund. Where damage exceeds the balance of either or both funds, borrowing may be necessary to carry out the repairs. For smaller floods with a 5 to 25 year return period, we have the contingency reserve for flood protection.

Above-ground assets

We maintain a material damage business interruption insurance policy for all Greater Wellington above-ground assets (excluding motor vehicles and rail rolling stock which are separately insured). These assets are insured on a maximum probable loss basis.

We are in an insurance collective with the Hutt, Upper Hutt, Kāpiti Coast, and Porirua councils. We share a large excess (5 percent of site sum insured to a maximum of $20 million for earthquake events) in order to reduce our premium costs. The excess is substantially less for other hazards such as fire. To ensure we can afford this excess, Greater Wellington has a material damage fund, which is currently at $8.6 million at 30 June 2018, and is planned to rise to $14.7 million over the next ten years.

Council is liable for a shared insurance excess with KiwiRail, which insures the bulk of the Wellington metropolitan rail assets under a maximum probable loss scenario.

Underground assets – water supply

Our underground water assets are generally not insured but we have funds for hazard events, as cash deposits or reserves. The hazard event fund is forecasted to have a balance of $31 million at 30 June 2018 and moving out to $76 million over the next ten years. The gap between this and the maximum probable loss may be covered by a mix of insurance, borrowing and government assistance.

Draft Infrastructure Strategy Greater Wellington Regional Council

'Looking after the assets that matter for the next thirty years'

Contents

Introduction to our Infrastructure Strategy

Greater Wellington's Infrastructure Strategy tells you how we plan to manage our infrastructure over the next 30 years, to support the vision we have for the region and how we will manage our infrastructure assets in response to our changing environment. The provision of prudently managed infrastructure is key to delivering on the Council's vision and priorities.

Scope of Strategy

The strategy outlines how we plan to manage the following asset groups:

- Water Supply
- Public Transport
- Flood Protection
- Parks
- Environmental Science
- Harbours

For each asset group identified above, this strategy will outline the key issues and considerations and our management approach. While the Infrastructure Strategy provides details of the level and timing of investment needed to operate, replace, renew and upgrade existing facilities, the Financial Strategy outlines the required rating and debt levels to fund these investments. Together the two strategies outline how Greater Wellington intends to balance investment in assets and services with affordability.

The Council uses its asset management plans as a basis for its 10-Year Plan, including this Infrastructure Strategy. The Strategy doesn't contain the detail of asset management and operational planning. It draws on them to provide a high-level summary of the assets owned and managed by councils in terms of type, quantity, confidence and value to help frame the Infrastructure Strategy discussion.

The key issues for infrastructure have been identified as:

- Ageing Infrastructure
- Resilience
- Affordability

These are covered in more detail on page 10 of this strategy.

Strategic Assets

Assets and groups of assets that Greater Wellington holds and considers to be strategic assets, and pertinent to this Infrastructure Strategy is:

- Bulk water supply network

- Ownership, via the WRC Holdings Group (a wholly owned subsidiary of Greater Wellington), of rail rolling stock and other rail infrastructure required for the operation of the passenger rail system in the region (taken as a whole)
- Flood protection assets
- Regional parks and forests network (including water supply catchments)
- Harbour navigation aids and communications systems (taken as a whole)

What has changed since 2015?

Our role has not changed; the type of work Greater Wellington needs to do and provide has not changed. However we continue to review and adjust how we operate and how we deliver our services.

Long term planning for infrastructure is not new to us; we prepared our first Infrastructure Strategy as part of the 2015-25 Long Term Plan. Much of the information and assumptions in that strategy is still valid today. We have reviewed our 2015 strategy, and rather than starting from scratch, have used that as a base – we understand that we need to take an enduring approach to making decisions about infrastructure.

The assets we own for bulk water supply, flood protection, and public transport constitute the majority of Greater Wellington's asset value, and require our largest annual operating expenditure commitments. They were covered in our 2015 Infrastructure Strategy. As part of this update, we have chosen to expand the scope of the strategy, to include three additional asset groups: parks; environmental science; and harbours.

There have also been some events that have had an impact on what and how we deliver services and when, including;

- Greater Wellington has a new vision and new strategic priorities which set a framework for our work
- Our knowledge of our assets and forecasting capability has continued to grow
- The impact of the Kaikoura earthquake in November 2016 and the floods of 2016/17 have brought a sharper focus on how resilient we need to be as a region to survive and thrive with adverse shocks and stresses including population change, earthquakes, adverse events and climate change

Direction for infrastructure

Our vision and priorities

Greater Wellington's infrastructure underpins our ability to deliver to our vision and priorities. These are summarised here:

Our Vision - An extraordinary region – thriving, connected and resilient

- **Freshwater and Biodiversity**: The quality of the freshwater in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant, bird and wildlife habitats
- **Water Supply**: The bulk water supply infrastructure consistently delivers high-quality drinking water to the four city councils (Porirua, Hutt City, Upper Hutt and Wellington).
- **Regional Resilience**: Our infrastructure is resilient to adverse events and supports our region's economic and social development
- **Public Transport**: The Wellington region has a world-class integrated public transport network

Principles

While Greater Wellington's vision, priorities and the assumptions provide an over-arching framework to ensure we are working on the things that matter, the following principles shape how we manage our assets. The application of these principles ensures we manage our assets in a consistent and considered way.

- **Forward looking** - intergenerational equity. Infrastructure is future oriented – developed and managed with consideration for long-term use including future technology and population changes.
- **Optimal** - Greater Wellington will optimise its infrastructure planning to take account of lifetime cost and demand factors
- **Adaptable** – We will build and develop assets that are resilient to social and environmental changes, including adverse events
- **Coordinated** – We develop our infrastructure in consultation with our major partners reflecting our part in the national system (central government, Territorial Authorities, Council Controlled Organisations). We will develop our infrastructure with other partners too, wherever that would be practical and cost-effective

Navigating a changing environment

In developing our long term plan, Greater Wellington formed a view on the type of things that will, and do, impact on how and when we plan our investment now and in the future. These assumptions are listed below (and detailed in the Supporting Information on pages 188-210):

- Changes in our population
- Increased adverse events and impacts from climate change
- The fast-pace of changes in technology

- Economic growth
- Pressures on land use and the environment
- Governance
- Partnerships
- Social change.

In the detail of each asset group in this strategy, we outline specific considerations and impacts of these assumptions and the options we have to address them, and any impact this will have on our levels of service.

Additional asset management assumptions have been made in drafting this Infrastructure Strategy. These are listed in the Appendix and the detail given in the relevant section of the document.

Public and Environmental Health

Providing, operating, managing and regulating infrastructure can have adverse effects on public health and safety and the environment. An overriding assumption is that all Greater Wellington work aims to improve environmental outcomes, or at least mitigate any adverse effects, as well as protecting and improving public health and safety.

Asset overview

Asset management approach

We have committed to best practice asset management across the organisation. This means using practices to manage assets and long term works programmes to deliver agreed levels of service, in the most cost effective manner, throughout their lifecycle. Asset management is core business process and integrated with all other business processes.

Asset management at Greater Wellington is guided by the International Infrastructure Management Manual (IIMM). Asset management is used to forecast the prudent expenditure needed to operate, maintain and renew or upgrade assets. Asset management is a continuous exercise- Asset Management Plans are refreshed annually, and reviewed 3 yearly, to deliver activities and contribute strongly to Council's priorities.

Asset Knowledge

Good quality asset management relies on good quality asset knowledge. It is important that asset managers can analyse how particular assets perform, understand the lifecycle costs and the risks associated with failure. Uncertainty about data for an asset can impact on financial sustainability.

Asset knowledge covers a description of the assets, their age, condition, performance, and value. This information, whether it be detailed or based on judgement, is essential to the broader lifecycle discussion. Data confidence gives us the ability to quantify the relationship between any given level of service, its associated funding requirements, and the increasing or decreasing of any consequential 'risks' associated with changing a level of service.

We have a good understanding of assets. Greater Wellington undertakes regular condition and performance monitoring which, along with demand and risk data and relevant asset life expectancy rates, informs maintenance, renewal and replacement of assets.

This condition and performance data reassessed at different intervals and frequency depending on the asset type and its criticality. Generally we have a good degree of confidence in our asset data, and are working to close maturity gaps where they exist.

We are confident that this strategy is based on a strong foundation of reliable asset information. It is acknowledged there is a risk of this asset information not being accurate or up to date. Where these risks are known, they are part of an asset management plans improvement plan.

Critical Assets

Central to managing risks, hazards and resilience is the criticality of assets. Critical assets are those that are likely to result in a more significant financial, environment and social cost in terms of impact on organisational objectives and agreed level of service, but not necessarily a high probability of failure. The more critical - or significant - an asset, the better management it requires. The criticality of all Greater Wellington's assets (1 (Extreme) to 5 (Insignificant)) has been established and used to inform their lifecycle management.

Lifecycle management

Greater Wellington uses a lifecycle management approach in its management of assets. As such, we consider lowest long term/whole of life cost (rather than short term savings) when making decisions. There is more detail on Lifecycle management in the Appendix.

The majority of our capital investment will be funded through debt, which will be paid back over an appropriate time period for the underlying asset. Operating expenditure is funded out of operating revenue. Rates and levies are set at a level to ensure that Greater Wellington achieves this objective.

Greater Wellington maintains its assets until they reach the end of their useful lives, when they are renewed, or upgraded. An asset's useful life is updated periodically based on:

- Age and condition profile;
- Performance and customer service issues;
- Growth and changing demands;
- Criticality and risk
- Ongoing maintenance requirements, and
- The differing economic lives of individual assets.

Condition, data confidence and criticality are all based on 1 – 5 rating scales.

	Condition	Data confidence	Criticality
1	Excellent	Systematic and fully optimised data programme	Major, region wide, long term disruption and significant cost to restore service
2	Some minor maintenance work is required	Reliable data in information system with analysis and reporting	Significant disruption over an extended period
3	Maintenance is required to return to the expected level of service	Sufficient information to support basic analysis	Serious localised impacts and cost
4	Requires a significant upgrade	Basic /incomplete information based on assumptions	Minor service disruption.
5	The asset is unserviceable.	No asset register	Negligible social or economic impact

The table below summarises value, condition, reliability of asset data and criticality of the assets covered by the Strategy.

Asset Group	Replacement value	Overall condition	Data confidence	Criticality
Water Supply	$403.6 million	2 -Minor defects only	2 -Reliable	1 -Extreme – for the entire network
Flood Protection	$340.6 million	2 -Minor defects only	2 -Reliable	1 -Extreme – stop banks, flood gates, barrage gates, detention dams
Public Transport	$637 million	3 -Maintenance required	2 -Reliable	3- Moderate
Parks	$77 million	2 -Minor defects only	2 -Reliable	3 -Moderate
Environmental Science	$5.7 million	1- Very Good	2 -Reliable	2 -High River and rainfall monitoring equipment
Harbours	$1.6 million	2- Minor defects only	2 -Reliable	3 -Moderate Signal Station at Beacon Hill

Levels of service and financial considerations

Level of service, performance measures and targets have financial implications. Greater Wellington's priority areas drive levels of service, which influence timing and quality of maintenance renewals and upgrade works. Some projects are renewals-based however these indirectly contribute to service level provision.

Levels of service are therefore the vital link between Greater Wellington's priority areas and expenditure requirement, and account for expenditure differences between:

- Asset types (such as Water Supply and Parks assets)
- Asset components (such as bus stops and railway carriages)
- Asset sub-components (such as asset types differences between catchments (refer to Floodplain Management Plans)
- Expenditure categories (such as maintenance and renewals).

Capital development funding is categorised according to whether it predominantly meets levels of service, growth or renewals needs.

Local Government Act S17A Reviews

We have recently undertaken a high-level review of the funding, governance and service delivery arrangements relating to the provision of infrastructure, as required by section 17A of the Local Government Act. The review did not result in any recommended changes to the overall nature of the arrangements in place at this time. Reviews, which include alternative delivery scenarios, are programmed to occur on a rolling six year basis, and ahead of major contracts coming to an end.

For the purpose of this Infrastructure Strategy, we have assumed our existing structure and models of delivery will remain in place over the 30 year period.

Insurance for strategic assets

As part of our financial provision for the impact of natural hazard-related events on infrastructure, we maintain a material damage business interruption insurance policy for all Greater Wellington above-ground assets (excluding motor vehicles which are separately insured). Our above ground assets are insured on a maximum probable loss basis. This common approach to insurance means that we do not insure 100 percent of our assets. As there is a low level of risk that all assets would simultaneously be affected by a hazard event. This approach to insurance focuses on the effects of a low probability, high impact event. We provide adequate funding in our annual maintenance budgets to accommodate repairs as a result of smaller, more frequent events. We have a large excess ($20 million for earthquake events) in order to reduce our premium costs. The excess is substantially less for other hazards such as fire.

To meet this excess, Greater Wellington has set up a material damage fund. This fund is currently approximately $8.5 million, and earns interest which is added to the fund.

Our trains are insured separately, also on a maximum probable loss basis. Any shortfall would be met by borrowing.

Our underground assets are generally not insured but we have funds set aside for hazard events – either as cash deposits or reserves. The specific funds for our different asset groups are discussed in more detail in our Financial Strategy.

Significant infrastructure challenges and issues

In considering Greater Wellington's assets against our priorities and vision, we believe the significant infrastructure issues for the region are:

- aging infrastructure
- resiliency
- affordability

It should be noted each of the significant infrastructure issues does not affect each asset group equally. In addition, the significant infrastructure issues are not mutually exclusive, and that a change in one affects the other two.

Below each of the issues is described and expanded on. The asset sections describe the impact of the key infrastructure issues on the assets. It also describes the options for dealing with the issues, and the implications of those options.

Ageing infrastructure

Our infrastructure is aging and we need to plan to ensure it is fit for purpose and will meet the ongoing needs and challenges of the region.

Some of the region's assets will reach the end of their economic life during the term of this strategy. As an asset nears the end of its life, there is an increased chance of asset failure resulting in reduced levels of service. Costs tend to escalate towards the end of an asset's life, as repairs and maintenance activity increases to keep the asset in service.

Older assets may also no longer be fit for purpose - they may no longer meet the needs of users, be legislatively compliant or they may contain technology that is no longer supported. These older assets may not be easy to adapt to the changing future needs of the community – additional capacity and increased resilience cannot be simply added to most assets.

Each asset group has a programme in place for renewing or replacing existing assets when they reach the end of their economic life, that is, when they no longer function or the cost of operating and maintaining the asset each year, outweighs the benefit it is providing.

Ageing assets is an issue for most asset groups, however the issues with the biggest financial impact during the term of this strategy are in water supply (aquifer wells and the Kaitoke trunk main) and public transport (Wairarapa trains; rail network).

Some assets have long lives and may be managed in perpetuity. Examples include the Stuart Macaskill lakes (water storage), parks heritage assets and flood protection schemes. The asset management plans contain the strategies for managing these assets.

Resilience

Being resilient is having the ability to withstand, adapt and work through the shocks and stresses that will undoubtedly hit the region. These shocks and stresses, outlined in our assumptions, may be short and sharp or gradual, any of which could have a dramatic impact on our community and business, and impact on the economy of the whole region. Resilience in the Infrastructure Strategy means being able to reasonably predict, survive and continue to provide essential services to the community with minimal interruption after an adverse event.

Our approach in the 2015 Infrastructure Strategy was to look at resilience through the natural hazards lens. We now recognise that we need to consider other resilience factors as well.

Our options for managing infrastructure resilience revolve around the level of risk that the community is willing to accept. High risk options, such as do nothing, do not represent good asset management practice. Although 'do nothing' would not increase our costs in the short term it will result in a decline in the condition of our assets and the level of service provided, and would increase the risk of failure of, or damage to, our assets. Doing nothing will almost certainly result in increasing costs, possibly significantly, in the longer term.

Improving the resilience of all our assets is a lower risk approach –moving from a post disaster recovery costs position to investment in mitigation that would limit the impact of shock and stresses when adverse events do hit.

Improving resilience may include physical improvements to the infrastructure itself, back-up plans in the event of failure or compromise, building redundancy into the networks, flexibility to meet changes in supply or demand, and/or funds for repairing significant damage. Mitigation and adaptation of the long term effects of climate change will be provided by reviewing the science information as it becomes available and adapting the timing and scope of programmes as required.

Redesigning how we work, the jobs and workplaces, and combining people, teams and stakeholders to work together collaboratively to develop the best solutions and smarter ways of delivering for our communities is also important and can bring about multiple, long term benefits.

Affordability

The large infrastructure we own represents significant historic investment and significant investment in the future. Providing infrastructure is Greater Wellington biggest area of activity; the majority of funding spent on planned infrastructure projects and programmes—water supply, flood protection and public transport — to meet agreed levels of service.

The upgrade and/or addition of new assets, to improve resilience or to support growth in the region and other service levels/challenges/demands, will add further to our costs. Deferring or reducing expenditure on assets now, would only increase our cost burden in the future whilst increasing the risk of asset failure and shortening the life of the asset. We will not defer maintenance or renewals - this does not reflect our principles for managing our assets.

Greater Wellington is mindful of the impact rates increases have for ratepayers. In the planning process, Greater Wellington has considered the funding requirements of various project proposals. The timing and scope of projects have been optimised to balance cost pressures, limit the rates increase, and maintain a healthy balance sheet.

A key challenge will be developing work programmes that can accommodate a range of future states and enhance the resilience and adaptability to change, under models that are affordable to our community. The key affordability pressures we face are:

- Public Transport Transformation Programme – The new Public Transport Operating Model (PTOM) requires Greater Wellington to build long-term commercial partnerships with public transport operators, in order to improve services and grow patronage.
- Rising costs following the November 2016 earthquake
- Investment in the resilience of our asset groups and services, so that the region is better able to withstand and/or recover from major shocks and stresses – especially bulk water supply and flood protection.

Addressing the Issues

The Wellington region needs to respond to some big challenges. As well the challenges to the community of affordability and ensuring financial sustainability and equability, Wellington will be home to more people in future, and there will be corresponding increases in demand on assets and services, including water supply and the demand for recreation facilities and activities is also likely to increase.

The status quo will not deliver the future Wellington needs in the short or long term. To succeed, we must build on our competitive advantages; our high public transport use, our physical environmental opportunities and ecological assets.

To address the issues requires a change of paradigm from the way we have often planned and managed the region in the past, to a sequential multi-disciplinary, multi-agency approach. We need to make evidence based decisions at the macro scale, to deliver services on the back of other major investment for the well-being of our community.

To address the issues we have considered a range of options and scenarios. These options have been developed to holistically deliver services and long term works programmes to agreed levels of service in the most cost effective manner, throughout their lifecycle. Multi-benefit projects, such as RiverLink, delivered with other stakeholders will become replace single focused projects. Asset Management is an essential part of effective business planning to support sustainable service delivery. It links together our priorities with the levels of service needed to deliver them, the work required on the assets to sustain those levels of service, and the finances needed to support that work.

The “most likely” scenario always has alternatives. Sometimes alternative scenarios are dependent on others or outside our control. Other factors in the environment or economy can have an unforeseen effect. More often, however, the distinction between the most likely scenario and others depends on the decisions the organisation makes and the options it decides to pursue.

Whilst also helping address infrastructure issues, the most likely scenarios also contribute toward our strategic priorities- improving the quality of our region’s waterways and increasing biodiversity, increasing the regions resilience to adverse events and providing infrastructure and systems that encourage and support increased use of public transport.

The table below summarises the most likely scenarios and the issue they address.

Issue	Most Likely Scenario	Cost	Time
Ageing Infrastructure	Replacement of Kaitoke trunk water main	$19 million	2018-21
	Waterloo and Gear Island aquifer wells replacement	$9 million & $19 million	2019-25 2028-35
	Lower Wairarapa Valley Development including George Blundell Barrage Gates Replacement with	$205 million	2018-48
	Replacement with Electro/Diesel Multiple Unit fleet	$33 million	2023-24
	Rail station infrastructure renewal and upgrades	$71 million	2019-29
	Real Time Information System replacement or renewal	$19 million	2028-29

Issue	Most Likely Scenario	Cost	Time
Resilience	Ngauranga and Wainuiomata reservoir strengthening	$5 million	2018 – 20
	Cross harbour pipeline	$116 million	2018-23
	Riverlink, and other Floodplain Management Plans.	$515 million	2018-48

Issue	Most Likely Scenario	Cost	Time
Affordability	Water Supply source development	$320 million	2032-40
	Flood Protection provision of recreational and amenity facilities	$16 million	2018-48
	Upgrade shelters and develop interchange hubs	$8.3 million	2018-19
	Install integrated ticketing	$48 million	2018-21
	Lets Get Wellington Moving	$67 million	2021-26

How much needs to be invested

The capital investments Greater Wellington has made in the past, and will continue to make in the future, commit Greater Wellington to annual costs to maintain, operate, renew, and replace these assets.

Capital expenditure

In maintaining levels of service, meeting priorities and addressing challenges, Greater Wellington expects to spend more than $3,740 million on renewals and new capital between 2018/19 and 2048/49.

Figure 2 below shows forecast annual capital expenditure, and debt levels, shown in 2018/19 dollars, under the most likely scenario for the whole of Council, including the six asset groups over the 30 years of this Strategy.

The peaks represent large investment that we need to manage from both an affordability perspective and with our organisational ability to manage the workload.

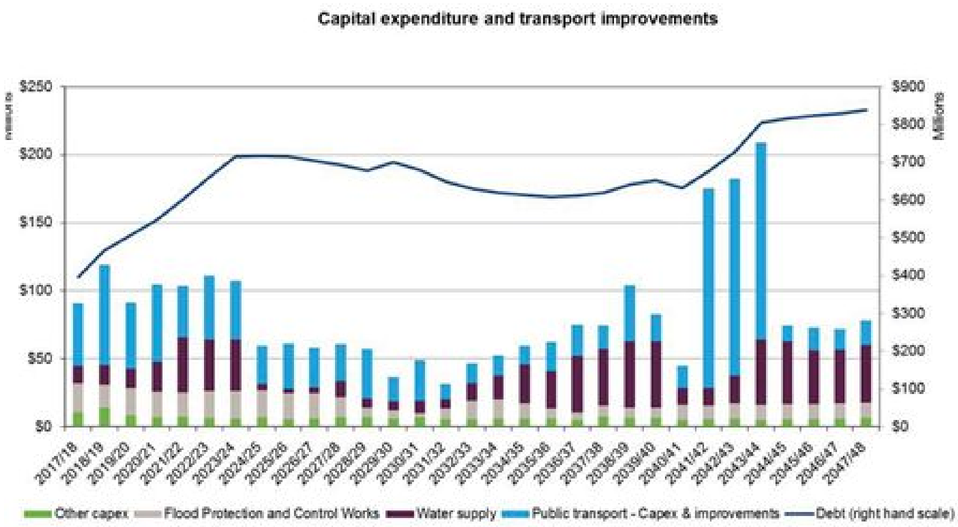
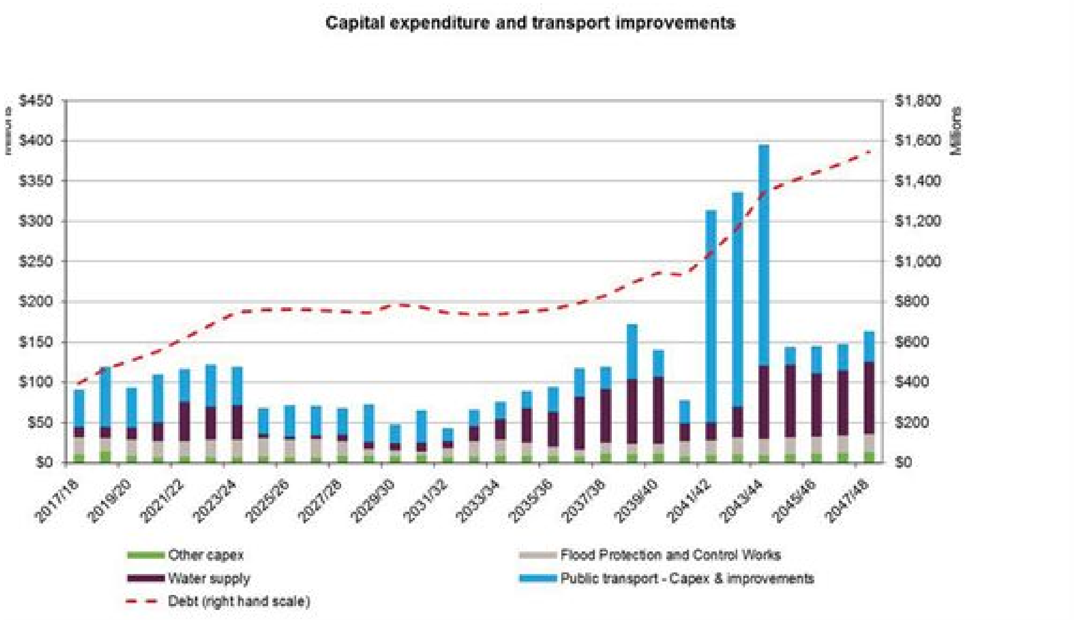


Figure 3 below shows the same forecast annual capital expenditure and debt levels as figure 2, but dollars are inflated for comparison purposes.



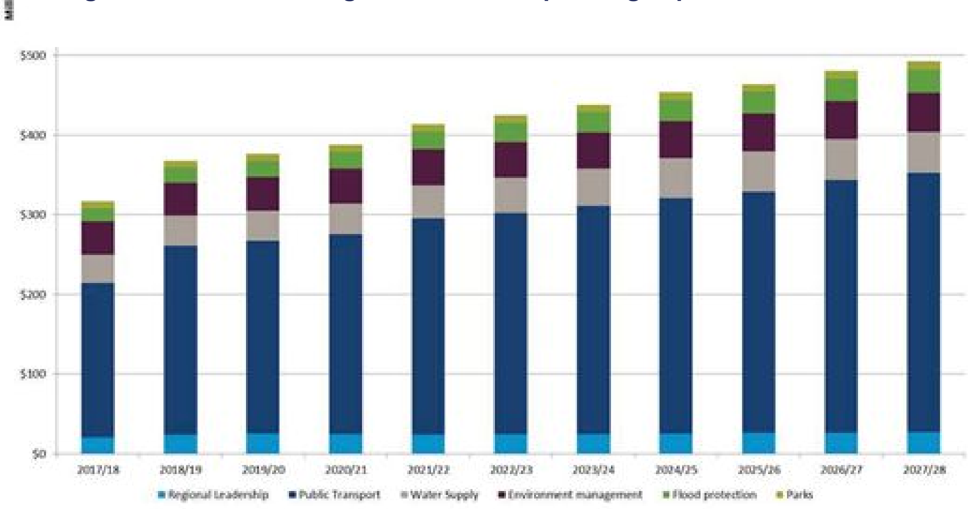
Operating expenditure

Over the life of the 10 Year Plan our operating expenditure is forecast to increase by 34 percent from $367 million in 2018 to $492 million in 2028. Figure 4 below provides a 10 year view of operating expenditure for each of Greater Wellington activity groups.

Part of these consequential operating costs is to support new capital including asset renewals and upgrades. Though operational efficiencies are a continual area for improvement and savings are being pursued in this area. The larger increases include:

- **Public Transport Network:** Our activity plans will require operating expenditure to increase by $88 million (37 percent) over the next ten years to increase patronage, improve levels of services and to fund borrowing for the capital programme.
- **Water Supply:** Our activity plans will require operating expenditure to increase by $14 million (37 percent) to maintain our existing infrastructure and to fund borrowing for the capital programme that includes sourcing an alternate water supply.
- **Flood Protection:** Our activity plans will require operating expenditure to increase by $10 million (52 percent) to maintain our existing infrastructure and to fund borrowing for the capital programme that includes investing in the RiverLink project.

Figure 4: Greater Wellington's forecast operating expenditure 2017/18-2027/28.



Greater Wellington's strategy is to fund its operating expenditure out of operating revenue. Rates, levies and fare revenue are set at a level to ensure this objective.

Assumptions and Risks

Section 101B(3)(b) of the Local Government Act requires local authorities to provide for the resilience of their infrastructure by identifying and managing risks. Risk management is about assessing and managing likelihood and consequences of an event happening, that will impact on the achievement of Greater Wellington's priorities.

The individual Asset Management Plans which inform this Strategy analyse the risks associated with the assets and activities and management and mitigation of that risk. The following table shows the key assumptions that under pin the Infrastructure Strategy (additional to the 10 Year Plan assumptions) the associated risks and impacts.

APPROACHES AND ASUMPTIONS	*RISKS*	*Level of Uncertainty*	*Impact*
We will provide infrastructure that can deliver activities in a manner that meets agreed levels of service now and into the future	*Community expectations of council services are continually increasing, while tolerance for cost increases, disruptions and service failure is decreasing*	*Low*	*Changes to the stated service levels may result in new operational and/or capital expenditure costs which may require an increase in rates requirement*
Asset management decisions are aligned to our strategic plans.	*Inability for assets and activities to contribute to the priorities*	*Low*	*Lack of alignment may result in priorities and community expectations not being achieved*
We will comply with all legislation and national standards that apply to assets and service provision.	*The statutory requirements for local government evolves at rate or scale that is unaffordable to the community*	*Low*	*Reputational risk, and potential legal action, if non-complying. Work programmes may need to be changed to fit legislation changes*
We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice.	*Renewals programmes are deferred and asset condition and performance deteriorates as a result*	*Low-medium*	*A long term deferral of renewals poses a risk of asset deterioration and compromise of integrity which may attract additional capital expenditure costs in the future*
Wellington region's population is growing; becoming older and more diverse – in culture, ethnicity, lifestyle, interests, tastes, leisure preferences, and in many other ways.	*Population growth, and demand on activities, occurs at faster or slower rate than projected*	*Low*	*Slower or faster population growth may impact on service levels, infrastructure expansion renewal programmes and costs, resulting in increased or decreased rates requirements*

Natural disasters, or other events, will not change the demography of the region over the planning period	*Ability of the region, communities, institutions and businesses as well as central government to function in Wellington following stresses and shocks*	*Medium-high*	*Climate change adaptation and/or mitigation works are required earlier or later than programmed and require changes to capital expenditure programmes*
The resilience of assets to adverse events is prioritised.	*Investment and resourcing is inappropriate to improve asset and activity resilience*	*Medium*	*Moving from a post disaster reconstruction costs position to investment in mitigation that would limit the impact of a disaster in the first place*
Increasing ability to develop the best solutions and smarter ways of delivering services.	*The robustness of the assets, the level of redundancy and management of interdependencies of assets, services and community recovery is not considered*	*Low*	*Keeping up-to-date with technology and industry changes result in additional costs and potential rate increases*
There will be no change to levels of service unless recommended otherwise. Improvements to services will generally only be made where there is a gap in our service offering and the increase in service level is agreed.	*Service levels may require adjustment in response to service issues identified by the community, changes to legislation or an external factor*	*Low*	*Changes to the agreed service levels may result in new operational and/or capital expenditure costs which may require an increase in rates requirement*
We are implementing an ongoing programme to improve the knowledge of asset condition and performance Asset data reliability and confidence is based on best available information at the time. Acknowledging this does have ability to impact on the reliability of the plan.	*Asset life and condition assessments prove to be invalid and assets require replacement earlier or later in their life cycle*	*Low-medium*	*An unexpected failure of an asset would be managed by re-prioritisation of capital expenditure programmes Additional borrowing costs may be incurred if renewals programmes were not able to be re-prioritised, and could require rates funding*
Agreed service levels will be funded, in some cases as shared cost with central government and/or alternative funding.	*Shared funding percentages with external stakeholders change*	*Medium*	*An unexpected change in funding scenario would result in re-prioritisation of expenditure programmes Additional borrowing costs may be incurred if renewals programmes were not able to be re-prioritised, and could require rates funding*

A focus on renewals to maintain agreed levels of service, within an agreed risk environment with a focus on increasing resilience.	*Deferred backlog of asset maintenance and/or renewals*	*Medium*	*A long term deferral of renewals poses a risk of asset deterioration and compromise of network integrity which may attract additional capital expenditure costs in the future*

The following sections outline how Greater Wellington plans to manage each of its six key asset groups. For each asset group, the key issues, options, and our management approach are outlined.

Water Supply

The bulk water supply assets include a network of pipelines, pumping stations, reservoirs, treatment plants and other assets. Greater Wellington owns the bulk water supply assets.

Greater Wellington provides bulk water supply to four of the region's cities - Wellington, Porirua, Hutt, and Upper Hutt. Those cities supply water to the end consumer through their local reticulation networks. Wellington Water Limited, a council-controlled organisation owned by the five local authorities (Greater Wellington, Wellington, Porirua, Hutt, and Upper Hutt) is contracted to manage the water supply activity on the Councils' behalf.

Assets	**Number**
Distribution pipework	180,494
Treatment Plants	4
Tunnels	9,404
Water storage	7
Pump stations	20
Roads and tracks	45
Raw water intakes and wells	18
Aquifer wells	11

Replacement value	**Condition**	**Performance**	**Data confidence**	**Asset management maturity**	**Criticality**
$403,580,000	*2. Minor defects only*	*2. Good, only minor shortcomings*	*2. Reliable*	*2. Intermediate*	*1. Extreme – for the entire network*

30 year goal

Future proofing the region's water supply for the immediate future and for generations to come is our priority. Our water supply system must be robust and ensure sufficient drinking-water is available now and in the future. We must also be able to cope with emergencies and the long-term impacts of climate change.

Wellington Water is taking an integrated approach across the responsibilities of all five shareholding councils to water supply resilience across the Wellington region to bring about multiple, long term benefits. This approach aims to provide a limited water supply to customers close to their homes immediately after a major earthquake.

Significant issues and challenges

Ageing infrastructure

The eleven aquifer wells at Waterloo and Gear Island are reaching the end of their economic lives. A total of $28 million has been allocated for replacement of the wells over the next 20 years. Investigations are in progress to ensure replacement occurs at the right time to maximise the economic life while maintaining the risk of failure within acceptable levels.

Replacement of the Kaitoke trunk main will be a significant renewal project in the medium term. The pipeline will require replacement in the mid to late 2040s. This is just outside the timeframe for this Infrastructure Strategy; however, it is appropriate to note that the potential impact on debt forecasts may be as high as $270 million. Greater Wellington is investing in options to extend the economic life of the pipeline as much as is practicable. Operations and maintenance activities over the next 30 years will need to be adjusted to manage the end of life process. Additional details will be included in future infrastructure strategies.

Resilience

Building resilience into our water assets is vital as water supply is an essential service. Significant consideration has been given to what happens in event of failure of the asset or service how the service is restored with minimum cost, time and effort. This includes investment in mitigation that would limit the impact of a disaster in the first place.

The major risk to the resiliency of our water supply assets is from a significant earthquake, particularly one that involves movement of the Wellington Fault. Other hazards include major rain events, droughts, fires, and electricity failure of over two days' duration.

Climate change- regional drought and changing rainfall patterns- and sea level rise are expected to have long term adverse supply and demand effects water network. However, these are not expected to be significant over the next 30 years.

Drier summers and wetter winters are anticipated and may increase the need for summer bulk water storage. Greater Wellington have also examined the impact of sea level rise (in the range of 0.8 to 1.5m) on the water take from the Waiwhetu aquifer. The aquifer supplies up to 70 percent of the regions water during dry summers so a reduction in yield will also increase the need for seasonal storage in the long term. In order to maintain sufficient pressure in the aquifer and prevent the possibility of salt water contaminating the supply, when the weather is very dry, Council may need to reduce abstraction rates from the aquifer to a greater degree than we had previously considered.

The bulk water supply pipeline from the Te Marua treatment plant to Porirua and Wellington crosses the Wellington Fault at Te Marua, Silverstream and Karori, and some sections may be subject to damage from liquefaction and land movement. Restoring the supply of water to the four cities following an earthquake involving the Wellington Fault, will be challenging and take a considerable amount of time (100 days plus for Porirua City and Wellington's northern suburbs). Our long-term goal is to provide 80 per cent of our customers within 30 days of a reasonable seismic event, with at least 80 per cent of their water needs 80-30-80.

An alternative water source for Wellington City is planned to improve the ability for the water network withstand a major earthquake. Greater Wellington has done considerable work investigating possible options for new water sources for daily water needs as well as post major shocks to the network. The two most likely options are for a cross harbour pipeline or harbour bores to the Waiwhetu aquifer. Investigations are continuing to determine the best option; the most feasible option is expected to be known by June 2018. Until the feasibility of the harbour bores are proven, we are planning for the more costly cross harbour pipeline option ($103 million, uninflated). Both options also have an annual water levy impact. Depending on the decision made on options, we may need to amend our long term plan.

Water supply resilience also involves increasing our water storage capacity through new and upgraded reservoirs. The Omāroro reservoir project will improve the region's water supply network and increase water storage in case of a disaster, work is programmed for 2019-22. The seismic strengthening of the Ngauranga and Wainuiomata water reservoirs will be undertaken over the next couple of years. These upgrades will be complemented by a joint central/local government initiative which aims to have 22 alternative emergency water source locations across the regions by 2018.

Affordability

Affordability has been balanced with the need for resilient infrastructure. There are no immediate affordability issues with water supply infrastructure. Water supply is funded through a levy on territorial authorities, according to consumption (as provided for the in Wellington Region Water Board Act 1972). We assume that shared water levy charged directly to the councils will continue.

Other issues

Following the 2016 Havelock North water contamination incident, routine monitoring detected

E. coli and high levels of total coliforms in the untreated water extracted from the Waiwhetu aquifer. This was previously considered a secure groundwater source. As a result, we have (during the 2017/18 financial year) installed additional treatment infrastructure, and all drinking water from the Greater Wellington bulk water supply is now treated in a manner that meets the Havelock North Drinking Water Inquiry recommendations. Investment will be required over the next few years to complete UV disinfection of all ground water supply.

Emerging contaminants (EMs), such as pesticides and pharmaceuticals, and their treatment and /or removal from the bulk water supply is an issue that may require greater focus in the future. EM's have potential to cause adverse ecological and/or human health effects.

Responding to the 10 Year Plan assumptions

Over the ten years before 2015, per capita consumption decreased while regional population increased. This resulted in reduced overall demand for water. The reasons for this included mainly:

- Fewer leaks in the city reticulation systems
- improving consumer attitudes to water conservation
- improvements in household water efficiency.

The downward trend in per capita consumption has flattened since 2015. If demand remains the same as population increases then a new water supply source will be required by around 2040.

Planning and development work for this will need to commence within the life of this Infrastructure Strategy – in approximately 2030. This is likely to include additional seasonal storage, a new water treatment plant, and a significant increase in bulk transfer capacity.

There has been considerable investment into investigating possible options for new water sources as well as upgrading existing assets. Three potential on-river storage dam sites have been identified, along with investigation into a third storage lake at Kaitoke. The new source options being considered provide different levels of benefit with respect to emergency supply following natural hazard events – particularly movement of the Wellington fault. Options for new sources are therefore being considered in combination with emergency water supplies.

A recent assessment has shown that a relatively small reduction in demand could significantly defer the timing for developing a new water source. The financial and environmental benefits of this are significant, so there is likely to be an increased focus on demand management in the coming years.

It should also be noted however, all current water-take consents, including the Waterloo and Gear Island wellfields, are from sources that are identified as over-allocated in Greater Wellington's proposed Natural Resources Plan (e.g. Hutt, Wainuiomata and Orongorongo rivers). That means it would be extremely difficult to secure new consents for additional water takes. These limits also apply to other catchments earmarked for future use. Also impacting on future supply will be the outcomes from the Wellington Harbour and Hutt Valley Whaitua, which has yet to be established but which will determine limits for future water flows. More stringent limits could impact on future water takes when consents expire from 2030-2037, further supporting a strategic case for demand management.

Technology

Many cities across the world are already transitioning towards what we call the "fourth generation" of water infrastructure. This is characterised by improved water efficiency; source control; separation of resources and pollutants at source; improved management and control of flows in the system; and resource recovery of energy, carbon and nutrients.

New technologies and use of digital information will influence the way councils, businesses and individuals operate in the future, and have implications for assets and services. There is a clear shift in water supply industry to alternative, new and more efficient technologies system components like sensor technology, automation and control devices, and data analytics software. Smart Water offers opportunities for more efficient plant operations, optimisation of pumping and power usage, asset management, detection of leaks and contaminants, and consumer access to individual usage data.

Addressing significant issues and options

Level Of Service	Issues	Options	Most likely scenario	Principle alternative option
Provide water that is safe and pleasant to drink	Ageing water supply assets	Replacement of critical infrastructure Upgrade bulk supply water mains	Replacement of Kaitoke trunk main Waterloo and Gear Island aquifer wells replacement	Porirua Branch Improvements
Bulk water supply is continuous and secure	Water Storage Resilience	Strengthening of storage Alternative storage sites across the region	Ngauranga and Wainuiomata reservoir strengthening	Strategic stores sites
Environmental impact of bulk water activities is minimised	Water Supply Resilience	Desalination Plant Cross Harbour Pipeline Harbour Bores	Cross harbour pipeline	Harbour Bores

	UV disinfection of all ground water supplies	UV Treatment at sources	UV treatment at Gear island	No alternative is a must do to protect public health
	New water supply source.	Upgrading and installing new assets Demand Management Promoting water conservation Source development for growth	Source development for growth	Options will become apparent as investigation work commences

Most likely scenarios are based on the following assumptions specific to Water Supply:

Lifecycle of significant assets	We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice Asset data reliability and confidence is based on best available information at the time. Wellington Water are implementing an ongoing programme to improve the knowledge of asset condition and performance Continued approach of evidenced-based decision-making for any asset investment proposal A focus on renewals to maintain agreed levels of service, within an agreed risk environment with a focus on increasing resilience Integration with planning tools to ensure all growth areas have the ability to be serviced by existing, upgraded or new infrastructure
Growth or decline in the	Wellington's population is growing; becoming older and more

demand for the service	diverse. We are planning for a steady increase in demand for water supply from residential, economic and tourism growth. Natural disasters, or other events, will not change the demography of the region over the planning period
Level of service	We do not propose any significant changes to our current levels of service for water supply The most likely scenarios will address the impacts, and maintain the levels of service for safe to drink, and continuous and secure supply

Significant capital expenditure decisions

The following table sets out the significant decisions about capital expenditure for our water supply assets required over the next 30 years, including when we expect to make those decisions, what principal options we expect to have to consider, and the approximate scale or extent of the costs associated with the decision.

Significant decision required	Timing of project	Principal options	Costs
Renewal of critical assets.	**2018-2021**	**Replacement Kaitoke trunk main on Silverstream Bridge. Budget and timing changed significantly due to the complexity of the project.**	**$18 million**
	19/20 – 24/25, **28/29 – 34/35**	**Waterloo and Gear Island aquifer wells replacement Budget and timing changed significantly.**	**$9 million** **$19 million**
Improving water storage resilience.	18/19 – 19/20	**Ngauranga and Wainuiomata reservoir strengthening**	$5 million
Improving water supply resilience.	18/19 – 22/23	Decision to be made following investigations whether pursue harbour bores or cross harbour pipeline. Cost for harbour pipeline shown here.	$116 million
	18/19 – 19/20	Strategic Stores for spares and equipment. New project to improve operational resilience across the region	$5 million
Supplying safe drinking water	TBC	UV treatment at Gear Island. New project to protect public health that has resulted from the Havelock North Inquiry.	Not yet quantified
Future investment for regional supply capacity	2032-2040	New water supply source.	$320 million

The breakdown of capital expenditure by investment driver is given in Figure 5 below. This shows significant investment in proposed resilience improvements in the early stages of this strategy, followed by new source development in the mid-2030s and major renewals work in the late 2040s.

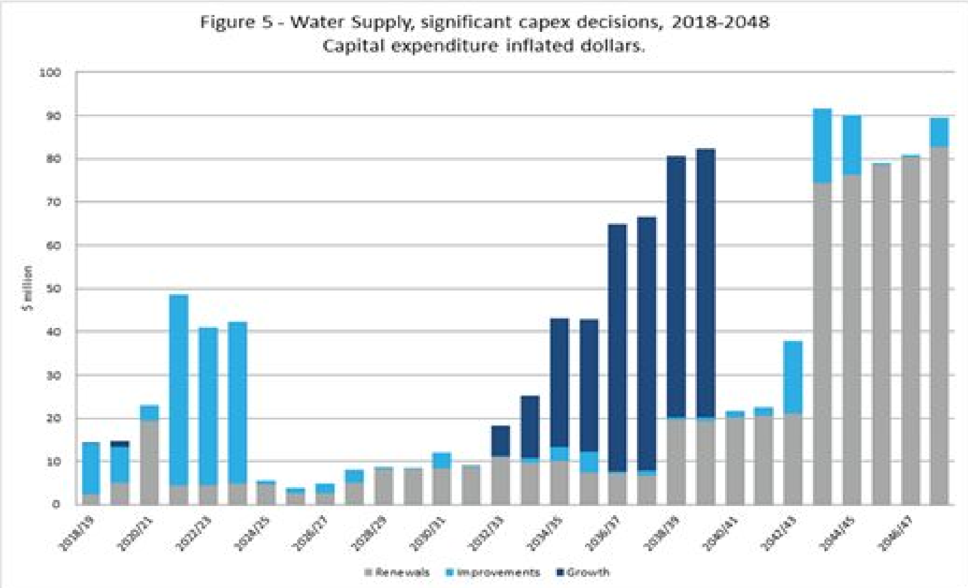
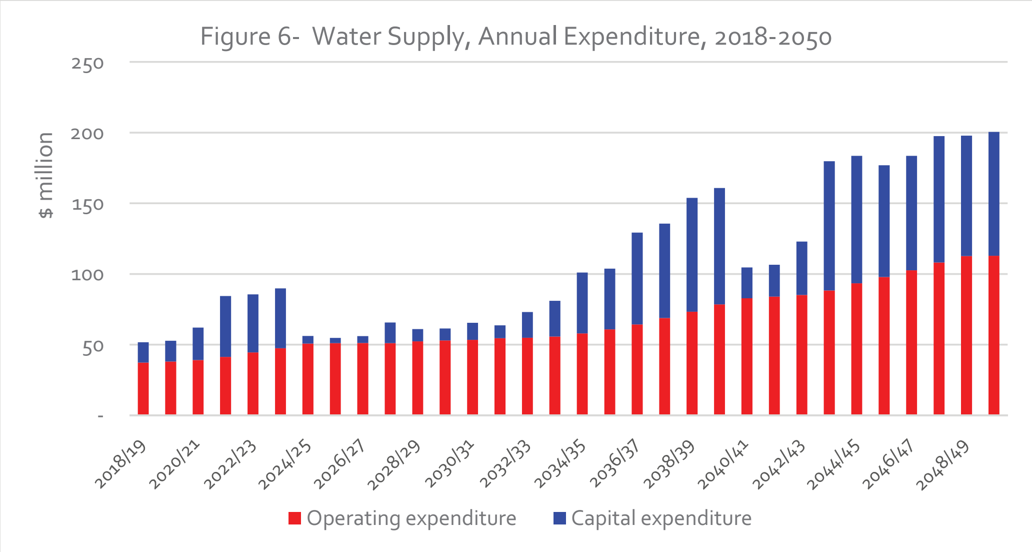


Figure 5 - Water Supply, significant capex decisions, 2018-2048
Capital expenditure inflated dollars.

-Cross Harbour Pipeline $116M 2018/19 - 23/24 -Kaitoke Main Replacement $19M 2018/19 - 20/21 -Waterloo well replacement $9M 2019/20 - 24/25	New source development $320M 2032/33 - 33/40	Asset renewals $733

Estimates of capital and operating expenditure

The estimates of the projected capital and operating expenditures for water supply infrastructure assets is shown in the Figure 6 below.



Public Transport

Greater Wellington plans, funds and operates the Metlink public transport network of train, bus and harbour ferry services throughout the region. We own and maintain parts of the public transport network, including trains, railway stations, and bus shelters. We contract companies to operate the train, bus and harbour ferry services on our behalf. We provide customer information about the Metlink services, as well as providing a transport subsidy scheme (Total Mobility) for people with disabilities who cannot easily use public transport.

Trains

Greater Wellington Rail Limited is a Council-Controlled Organisation of Greater Wellington, which owns the Matangi fleet of electric multiple units, the Wairarapa passenger carriages and some other rail infrastructure as outlined below, via funding from Greater Wellington. Because electric multiple units and carriages are investments that Greater Wellington needs to fund, we include them in the Infrastructure Strategy.

Assets	Number
Bus stops & shelters	3064
Interchanges	6
Park n Ride facilities	40
Rolling Stock	193
Station Assets	47
Rail Network Infrastructure	5
Customer Information Assets	4

Replacement Value	Condition	Performance	Data confidence	AM Maturity	Criticality
$636.9M	*3 -Maintenance Required*	*3 -Moderate*	*2 -Reliable*	*4- Intermediate*	*3 -Moderate*

30 year goal

The Wellington region has a strong culture of public transport use. Nearly 38 million passenger trips were taken on the Metlink public transport network during 2016/17 – equating to the highest per capita public transport use in the country.

We want to become a smarter, cleaner region by encouraging more people to travel by bus, train and ferry, especially at peak times. So we're making extensive improvements to the Metlink network to deliver faster, affordable, more frequent and reliable services. It's all about providing a better public transport experience to make greater Wellington even greater.

Our high use of public transport hasn't happened by chance – but has been a result of planning and investment over a long period. For the past ten years we have made a significant catch-up investment in rolling stock and infrastructure.

Our current programme is focused on consolidation of rail services, transformation of bus services (new network for Wellington city, modern sustainable bus fleet, including new double decker electric buses) and improving the customer facing aspects of the Metlink network.

Our plan for the future is to continue to invest in, and transform, all aspects of the Metlink Public Transport network. We want to make Metlink even better so it remains the preferred choice of travel for people, particularly in peak travel times where the benefits to the wider network and economy are more pronounced.

Boxed story

Who owns what?

While Greater Wellington provides the public transport network we only own some of the assets used for Public Transport services. We need to ensure that the assets are managed effectively, so that the public transport network can operate efficiently.

- *Greater Wellington* owns some bus stop shelters and the majority of bus stop related infrastructure, as well as customer information systems (such as Real Time Information System, and the website).
- **Local city and district councils** own some bus stop shelters and related infrastructure; Wellington City Council owns the Wellington Station bus interchange; and Hutt City and Wellington City councils own their respective ferry wharfs
- **Third parties e.g. Adshel own some bus shelters**
- **Greater Wellington Rail Limited** owns the trains for our rail services, station buildings (except Wellington Rail Station), Park & Ride carparks, and other station-related infrastructure.
- **Bus service contractors** are responsible for their own buses, except for the new double-decker buses that are coming. Council will be obliged to buy them back from the operators at the end of the respective operating contracts.
- **KiwiRail** owns the rail network infrastructure, including tracks, signals, telecommunications, network control, overhead traction power system, and station platforms. KiwiRail Freight also provides the locomotives used on the Wairarapa line. The Capital Connection train is currently owned and run by KiwiRail.
- **Ferry operators** own their own ferries.

Significant issues and challenges

Ageing infrastructure

Wairarapa Line rolling stock

The carriages operating on the Wairarapa line were manufactured from old British carriages during 2007-13. The carriages require a mid-life refurbishment in the period 2019-21, with replacement scheduled around 2032. A business case is currently being developed to assess alternative options.

The preferred option is to replace the aging fleet with Electro/Diesel Multiple (E/DMU) units on Wairarapa and the Capital Connection servicing Otaki and Palmerston North (currently owned and managed by KiwRail) at the same time. One important advantage of bundling the Wairarapa and Capital Connection trains together is that we achieve significant economies of scale – it is very difficult and expensive to construct a small number of specialised train units.

Early costs are estimated at $300 million in today’s dollars. Given the early stages of option development, cost estimates, and uncertainty on the requisite Crown business cases, as well as funding allocations to be agreed with our partners, we have provisioned for 10 percent of this cost in years 2022-24. This would bring forward the spending we proposed in the last 10 Year Plan for replacing the carriages during 2027 to 2030. We have also maintained a provision for refurbishment of the Wairarapa carriages, the extent and timing of which will be reviewed together with the development of the business case.

The aging Wairarapa carriage refurbishment or replacement estimated costs and funding commitment from other stakeholders is also an affordability issue.

Rail station infrastructure

The rail station infrastructure has a range of ages, conditions and performance, which require on going investment to ensure that assets provide the agreed level of service. Seismic strength issues on our pedestrian bridges and subways need addressing.

Bus infrastructure

Currently bus services in the urban centres are at capacity during peak periods. Congestion means the services are often delayed. The current programme of works includes upgrades to bus shelters and developing key interchange hubs in Wellington City. The current Wellington City bus network service provision will not meet current and future patronage demands or customer expectations. Capacity and frequency of service levels could be enhanced to attract patronage and better cope with urban population and economic growth. The current package of service enhancements is focused on greater coverage, capacity, shoulder peak service and frequency. The package has a cost of $0.6 million in the first year and increasing year on year.

In preparation for the new bus network, which has an increased reliance on transfers, we are developing new transfer hubs, which include more extensive public transport information, including Real Time Information and wayfinding. The bus network real time information system is approaching its end of life and is scheduled for replacement or renewal in 2028/2029.

Outside of Wellington city, the focus is on speeding up renewal of existing bus shelters and closing the service level gap by installation shelters and other customer facilities at bus stops – for example, the renewal of key bus interchange facilities at Porirua Station which has reached end of its life. The road was renewed a couple of years ago and the renewal of the customer facilities is planned to be undertaken in 2019/2020.

New buses, owned by the operators, with lower emissions profiles, including some electric, will be in operation under the new contracts.

Resilience

Severe wind and rain events impact on, and disrupt, public transport (both our and others' assets). Sea level rise will have a significant effect on parts of our public transport system, especially those located adjacent to the coast. Although Greater Wellington does not own roads, or the rail network we rely upon these assets to provide the public transport service region. We operate a reserve fund for any major loss or damage to public transport infrastructure as a result of natural hazards.

There is a need for shift from traditional transport modes, such as private vehicle use, to electric public transport. They have a smaller environmental footprint and optimise land use. Investigation into the feasibility and development opportunities to achieve Transit Oriented Development at key interchanges (eg Kilbirnie, Johnsonville, Wellington Regional Hospital, Waterloo, Porirua, Paraparaumu Town Centre) is planned. This option will require proactive land purchase and coordination with local councils on integrated transport and land use planning.

Affordability

Rail infrastructure and rolling stock funding

Greater Wellington's plan to increase its level of service across the Metlink public transport network requires some significant investments in rail infrastructure. Some of this infrastructure is not owned by Greater Wellington; KiwiRail own the track on behalf of the Crown. We are developing business cases for the Government to fund key initiatives; our 10 Year Plan has been developed on the assumption that these business cases are successful.

Rail network maintenance and capacity enhancements

Greater Wellington contributes to the annual maintenance, renewals and insurance costs of the rail network, which gives Council an interest in the quality of the network performance and the cost of the service. KiwiRail has a backlog of deferred maintenance, particularly on the Wairarapa line, resulting in our operational costs being high, and services are often delayed.

Business cases are currently submitted with the Crown to obtain funding for:

- addressing deferred maintenance and renewals on the Wairarapa line (~$100 million), and
- unlocking network capacity to cater for ongoing and expected service demands (~$100 million).

This plan assumes full Crown funding of both of these business cases in the 2018 Central Government Budget round. Failure to obtain this funding support will have significant impact on meeting the agreed level of service, and/or the affordability of the Wellington passenger rail service.

Responding to the LTP assumptions

External factors that have the potential to increase Public Transport demand are-

- A growing population and economy (possibly also leading to increased congestion)
- Intensified development and patronage growth along transport corridors
- An aging population
- Declining car ownership with among younger generations
- Higher relative private transport costs (fuel, parking)
- Increased congestion
- Greater awareness and focus on clean, and/or renewable energy

Let's Get Wellington Moving

Let's Get Wellington Moving (LGWM) is a joint project among Greater Wellington, the Wellington City Council (WCC) and NZTA which aims to develop a transport system that supports Wellington city's growth, while making it safer and easier to get around. The project advocates for a multi-modal approach to improving the transport system including significant improvements to public transport services, as well as prioritising routes in the central city for public transport, walking and cycling, and measures to manage travel demand.

While it is too early to confirm the final scenario, and detailed business cases have not yet been completed, Greater Wellington has budgeted $67 million in today's dollars over the next ten years for programme improvements to provide the infrastructure to facilitate mass transit in Wellington. The final shares of costs for each party to the agreement will depend on the work done to each stakeholders' assets - NZTA has State Highways, WCC has local road investments and Greater Wellington has responsibility for planning and funding public transport services, and the means of procurement for any mass transit system

Integrated Ticketing

An integrated fares and ticketing system (IFT) is planned for the Wellington region's bus, train and harbour ferry services. Integrated ticketing will mean just one payment mechanism for all travel regardless of mode, and integrated fares will mean a simpler set of fare products with no additional costs for journeys requiring more than one service or mode. This represents a major improvement in service level.

A standard ticketing system across all bus operators as an interim measure, has been contracted and will be implemented during 2018. Current expectations are that installation of an IFT system will commence in 2020/21.

Issues and options

Levels Of Service	Issue	Options	Most likely scenario	Principle Alternative Option
- Transform and elevate customer experience and use of Metlink passenger services - Maintain and improve the performance and condition of Metlink assets - Deliver services in accordance with the published timetable - Provide accessible and accurate information on Metlink services to the public - Provide a fares and ticketing system that attracts and retains	Existing rolling stock for Wairarapa and Capital Connection are ill-equipped to meet current and future patronage demands or customer expectations.	**Wairarapa line carriage refurbishment or replacement** **Purchase other second hand carriages.** **Shuttle services between Upper Hutt and the Wairarapa.**	**Replacement with modern dual powered (Electro/Diesel Multiple Unit) train fleet**	Refurbishment of the Wairarapa carriage fleet
	Poor condition of rail stations requires ongoing investment	Reducing or increasing the level of service provided by the rail station infrastructure, and the level of risk accepted by the Council and the community (for example seismic risk)	**Investment in Rail Station Infrastructure - Renewals, Strengthening & Upgrades- including the replacement of the Waterloo station roof**	Reduce level of service, and/or the increase the user/rates funding of passenger rail service.
	KiwiRail network has significant amounts of deferred maintenance, which affects services, but also a resilience risk.	**Complete the rail network maintenance at our cost**	Business cases submitted with the Crown to obtain funding	Reduce level of service, and/or the increase the user/rates funding of passenger rail service.

customers	Bus services in the urban centres are at capacity and need to be enhanced to attract patronage and cope with urban population and economic growth	Bus Shelter & Interchange - New, Upgrades & Renewals	New bus network for Wellington City.	Transit oriented development
	Urgent need for shift from traditional transport modes, such as private vehicle use, to electric public transport.	Transit oriented development	Let's Get Wellington Moving implementation	Transit oriented development
	Changing and increasing customer expectations for cost-effective fares across a range of transport modes for a single journey.	Integrated fares and ticketing system (IFT)	Integrated fares and ticketing system (IFT)	Standard ticketing across buses and across trains.
	The real time information system is approaching its end of life	Before 2028 a decision will be required about whether to replace or renew.	Real Time Information System replacement or renewal	
	Vulnerability to disruption from natural wind and rain, sea level rise, earthquakes	Through participation in lifelines projects and working with other stakeholders our resilience to major events is increased.	Achieving outcomes with other stakeholders - i.e. Lifelines commitment	

Most likely scenarios are based on the following key assumptions specific to Public Transport*:*

Lifecycle of significant assets	We are making asset management decisions based on our strategic plans. We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice. Asset data reliability and confidence is based on best available information at the time. An ongoing programme to improve the knowledge of asset condition and performance is being implemented. We will provide infrastructure that can deliver services in a manner that meets agreed levels of service now and into the future .
Growth or decline in the demand for the service	Community expectations of council services are continually increasing, while tolerance for cost increases, disruptions and service failure is decreasing. Varying stakeholder assets and associated risks to meeting levels of service. Wellington's population is growing; becoming older, more diverse and more urban. We are planning for continued, and future increases in, demand for a variety of modes, whilst allowing for changes in service levels for an enhanced public transport service. We anticipate the use of public transport will increase in the future, albeit using relatively conservative population growth estimates. Key drivers considered include population growth, aging population, congestion and technology change. Natural disasters, or other events, will not change the demography of the region over the planning period
Level of service	Changes proposed, as described below Improvements to services are being made where there is a gap in our service offering and the increase in service level is agreed. Customer satisfaction will increase as a result of increases in asset, operational and customer service levels. Agreed service levels will be funded, in some cases as shared cost with central government and/or alternative funding. Assume that shared funding percentages with external stakeholders will continue.

Increasing levels of service

We do propose changes to our current levels of service.

Our short term work programme is to ensure we are meeting the existing levels of service. Longer term projects represent an increase in level of service; to transform aspects of the Metlink public transport network to deliver a world class service[42], which attracts and retains customers.

We have an investment programme to deliver those service improvements. These include improving the frequency of train and bus services during peak times, introducing integrated fares

[42] which we define as a service where more than 95% of customers are satisfied with their trip.

and ticketing, a modern sustainable bus fleet for Wellington city, new transfer hubs, additional park and ride space, improving bicycle storage at stations, renewing the real time information system, and extending CCTV coverage.

Our focus over the next ten years is

1. to continually improve levels of service for customers
2. to unlock capacity to cater for ongoing and expected high levels of population and economic growth, and
3. to improve the resilience of the network as a whole.

Significant capital expenditure decisions

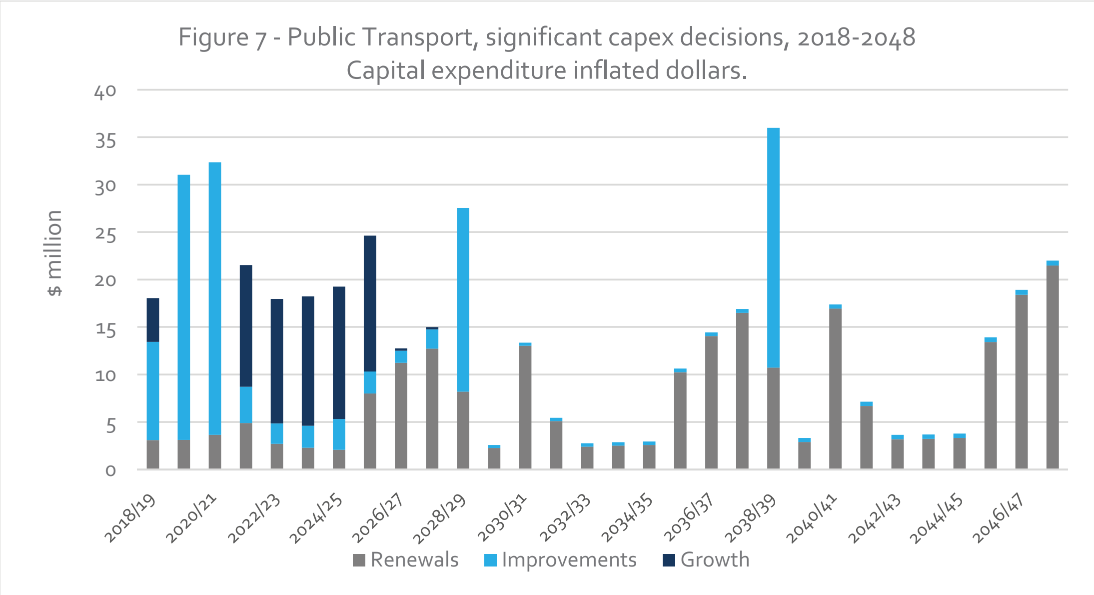
Public transport infrastructure is expensive, and funding it poses significant challenges for all regional communities.

Our significant decisions about capital expenditure for our public transport assets required over the next 30 years are set out in the table below. This includes when we expect to make those decisions, what principal options we expect to have to consider, and the approximate scale or extent of the costs associated with the decision.

Significant decision required	Timing of project	Principal option	Costs
The existing rolling stock for Wairarapa and Capital Connection services are ill-equipped to meet current and future patronage demands and service level expectations.	Between 2019 and 2021	Replacement of the Wairarapa, and Capital Connection, fleet with new trains -the preferred option.	Refurbish Wairarapa carriages for $13 million and then replace within 10 years, Or Replace Wairarapa and Capital Connection fleet in the period 2019-21 at an inflated cost of up to $330 million (If funding support from other stakeholders) net cost to Council likely to be $33 million
The package of rail station infrastructure renewals, strengthening and upgrades is aimed at meeting the level of service expected by customers.	On going	Reducing (or increasing) the level of service provided by the rail station infrastructure. Or Increasing (or reducing) the level of risk accepted by the Council and the community (for example seismic risk)	$71 million over the next 10 years which includes $10m in 2020/21 for the replacement of the Waterloo station roof
Interchange/ mobility hubs – dedicated enhancement of key interchanges would improve attractiveness and access to public transport and active modes	2018/19 2019/20	Enhanced programme of improvements to existing assets at key hubs in Wellington City and at key interchange stations on the rail network. Proactive land purchase programme at key interchanges (e.g. Kilbirnie, Johnsonville, Waterloo, Porirua).	$8.3 million – includes $5.7 million additional cost to support the new network $3.4 million – includes Porirua Station bus shelter upgrade

The projected life of the integrated ticketing system, once installed, is ten years. Before this time elapses, a decision will be required about whether to replace or renew the system.	2018-2021	Replace or upgrade integrated ticketing	$47 million
Real Time Information System replacement or renewal	2028/2029	Before 2028 a decision will be required about whether to replace or renew.	$19 million
Lets Get Wellington Moving funding	2021 - 2026.	At the time of this plan the final scenario has not been confirmed.	$67 million.

The breakdown of capital expenditure by investment driver is given in Figure 7 below. The graph shows capital expenditure for buses, real time information and integrated ticketing; it doesn't include rail. Rail is considered an investment cost not a capital cost.



Estimates of capital and operating expenditure

The indicative estimates of the projected capital and operating expenditures for public transport infrastructure assets are shown in figure 8 below.

Public transport annual expenditure, including investments, 2018-2048

Capital expenditure is shown in 2018/19 dollars.

Flood Protection

We manage flood risk from the region's rivers and streams. We investigate flood hazard, develop floodplain management plans and maintain and build flood protection works in accordance with these plans. We also provide an advice and consultation service in relation to flood and erosion risks and work with the community to maintain or improve the environment and recreational opportunities.

In providing this activity we also enable public recreational use and enjoyment of river corridors and contribute to the restoration of the natural and cultural values of rivers.

We recognise and provide for mana whenua relationships to freshwater and their stewardship in relationship to rivers.

Assets	Number
Stopbank Reaches	1095
Individual Structures	107
Bank Edge Structural	1777
Bank Edge Vegetative	1539
Channel Assets	1074
Berms Amenity	744

Replacement Value	Condition	Performance	Data confidence	AM Maturity	Criticality
$340.6M	*2- Minor defects only*	*2 -Good*	*2 -Good*	*2 -Good*	*1 - Stop banks, flood gates and walls, barrage gates, and detention dams*

Visionary 30 year goal

Historically in New Zealand, we have taken a strong engineering focus to flood management- diverting rivers, and draining, and building on, land that were part of a river's floodplain. Over recent decades thinking has shifted and a wider view is taken to assessing and responding to flood risks. Avoiding flood risk is top of mind as are more natural solutions, affected communities are closely involved, and we think more about the environmental effects of flood protection works as well as protecting our communities.

Looking forward, we want to take this approach even further by working with iwi, communities and other councils to achieve greater social, economic and environmental outcomes from flood protection work. We will continue to look for innovative approaches for flood hazard management. In addition to the standard flood protection methods, such as building stopbanks and diverting flood water, our focus has moved to avoiding flood hazard in the first place and providing relevant and up-to-date information. A key component of this is working with territorial authorities to ensure new development in flood hazard areas is appropriate.

Significant issues and challenges

Ageing infrastructure

Large flood protection assets such as stopbanks are maintained in perpetuity, so do not have an end of life as such and do not have a defined programme for their 'renewal'. Annual planned maintenance keeps the assets in good condition and providing good performance overall. In some cases, capital improvements are necessary when flood damage to assets requires more than standard operational repair work.

Of the 15 percent of assets rated as being in poor or very poor condition, the majority are debris fences, groynes and willows. As such flood protection assets are fit for purpose, structurally sound and legislatively compliant, meeting the agreed levels of service.

The George Blundell Barrage Gates is a complex asset and an integral component of the Lower Wairarapa Valley Development Scheme and the gates have a useful working life until approximately 2074. Various asset parts make up the Barrage Gates, some of which are programmed for renewal in the next 30 years.

Resilience

Floodplain Management Plans describe how we manage the flood risk on individual rivers and floodplains. The risks associated with population growth, land development and natural hazards are incorporated into Floodplain Management Plans and other planning. This ensures the asset base is resilient to increasing shocks and stresses and that any new assets are created following a risk-based approach.

The major hazards relating to flood protection assets are damage from major earthquakes and from floods. Major earthquakes could result in cracking and slumping of stopbanks, foundation settlement and cracking of concrete structures, cracking of river berms, and slumping of rock edge protections. The Barrage Gates in the Lower Wairarapa Valley are a particular concern. Flood protection assets on land subject to liquefaction may also be damaged. Parts of our flood protection systems are also vulnerable to the damage and impacts of storms, rising sea levels, including the ability to discharge flood flows to the coast.

If flood protection systems are damaged, then the flood risk to communities along all major rivers in the region is heightened and will operate at reduced service levels until repairs can be completed.

Water managers worldwide are looking to use natural green infrastructure as a flexible and efficient way to manage flood flows and risk (softer engineering). Industry best practice is moving away from costly, bigger stopbanks, pipes, and pumps (hard engineering) towards ways of capturing and holding water where it falls. There is an industry appreciation globally of the need to more fully integrate the planning and management of catchments land use and water management to mitigate flooding risk. Greater Wellington will need to work with local authorities and land developers in a more holistic approach to land, floodplain and water management.

Affordability

Expansion of the Flood Protection network generates additional maintenance costs which must be factored into budgets. Unless maintenance costs can be met with additional new funding, they must be met via reductions in strategy development or network development programmes.

Community expectations, on-going monitoring of environmental effects, together with more cognisance of the potential effects of flood protection work on the environment are changing the way that flood protection interventions in river environments are undertaken. This delivers improved outcomes for rivers, biodiversity and public amenity, but also increases the costs of the flood protection work. At the same time continuing to meet demands to protect people from flooding by building new, bigger and better flood protection especially in greenfield areas comes at a high cost.

Ensuring long term debt levels are sustainable while responding to demand for adequate and equitable flood protection across the region is an ongoing challenge. We have optimised the timing of delivery of the overall flood protection programme, and extended the loan repayment terms on our flood assets, balancing affordability with key areas of required service level improvements and spreading the cost more fairly in line with the benefits.

Climate change may impact on the ability of Greater Wellington to meet agreed levels of service for flood protection long term. In some circumstances managed retreat may be the most appropriate response.

Responding to the LTP assumptions

The conventional approach to flood hazard management- which removes water as fast as possible - relies on building structures and draining water. These engineered systems will reach capacity with a growing population and economy, as well as the effects of climate change. Reducing the risk and mitigating the future damage to our communities requires holistic integrated land use and water management and strategies, as well as traditional protection defences.

Population change, economic growth and land use changes are anticipated in particular parts of the region. New development in areas that are subject to flooding, which increases the risk, is not supported. Avoiding flood hazard by not building in high hazards areas is the most effective way of managing flood risk in the long term. Where existing approved development is subject to an unacceptable degree of flood risk then construction of new infrastructure will be considered. In all other circumstances reliance will be placed on either avoidance or alternative non-structural measures.

More sustainable flood protection strategies will include planning and design principles to hold water in the landscape, using pump stations when necessary, rather than as a default. We will work with local authorities on planning controls (e.g. setbacks, minimum floor levels, onsite detention, water sensitive design) and target investments to risk. In some circumstances managed retreat or other planned non-structural measures may be the most appropriate response.

An example of this holistic multi agency approach is RiverLink. Greater Wellington, Hutt City Council and the NZ Transport Agency are combining their skills and working together on the project, which will bring big benefits to the local and regional Hutt Valley community.

The RiverLink project will deliver better flood protection, urban rejuvenation, better lifestyle and improved transport links for the people of central Lower Hutt.

Riverlink involves widening the river corridor –giving the river room to move, rather than constraining it. The space created between the new flood walls and stopbanks will allow for recreation and amenity; tracks, cycleways, swimming spots, picnic places, native bush restoration, kayak launching facilities. The project also allows for predicted increased rainfall frequency and magnitude

Issues and options

Level Of Service	Issues	Options	Most likely scenario	Principle alternative option
Improve information and understanding of flood risk in the community *Infrastructure is managed to agreed level of service* *Minimise the environmental impact of flood protection works* *Improve community's resilience to flooding*	Inappropriate, new development intensification in areas that are subject to flooding. Increased risk is not supported.	Work with local authorities on planning controls or other non-structural measures Softer, more natural approaches Avoidance using planning controls. Managed retreat from hazard areas. Traditional protection defences Development of new floodplain management plans	Integrated, holistic multi agency catchment planning approaches	Avoidance using planning controls
	Aging infrastructure – specifically Lower Wairarapa Development Scheme, including parts of the George Blundell Barrage Gates.	Consider assets for scheme wide renewal, including the Barrage Gates, review historic information and studies. Carry out engineering investigations to determine maintenance and renewal	Determine maintenance and renewal options.	No alternative option

		options. Risk management renewals programming, including using a Asset Performance Tool developed to assist with identifying high risk river reaches and critical assets. Assess asset performance.		
	Predicted increase in frequency and magnitude of storm events and the potential impacts of rising sea levels.	Target investments to risk. Work with local authorities on planning controls or other non-structural measures Softer, more natural approaches Managed retreat from hazard areas. Traditional protection defences Climate change allowed for in design	Combination of methods including: • Implementing catchment/floodplain management plan • Upgrading infrastructure to maintain level of service	Retreat from hazard areas

		Adaptive management		
	Meeting agreed levels of service within budgets and resources.	Opportunities to improve levels of service and improve value.	Minimal changes	Apply additional resources and funding
	Increased demand for improved outcomes for rivers, biodiversity and public amenity	Work with local authorities on trail and open space provision Softer, more natural approaches Managed retreat from hazard areas. Traditional protection defences Support community restoration and planting	Amenity and recreation components as per the Environment Strategy	Softer, more natural approaches

Most likely scenarios are based on the following assumptions specific to Flood Protection:

Lifecycle of significant assets	We are making asset management decisions based on our strategic plans. We will maintain and renew flood protection assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice. Asset data reliability and confidence is based on best available information at the time. An ongoing programme to improve the knowledge of asset condition and performance is being implemented. We will provide infrastructure that can deliver services in a manner that meets agreed levels of service now and into the future. This may mean a move from traditional protection defences to softer, more natural engineered approaches. A focus on planned maintenance to meet agreed levels of service, within an agreed risk environment with a focus on increasing resilience. Integration with Territorial Authorities planning to ensure all growth areas present low risk and have the ability to be serviced by existing infrastructure or protection can be provided via planned, non-structural or softer, more natural measures.
Growth or decline in the demand for the service	Wellington's population is growing; becoming older and more diverse. We are planning for intensification of population and land use changes in particular parts of the region. Natural disasters, or other events, will not change the demography of the region over the planning period. Assume the stance of no new development in areas subject to high risk of flooding and/or which increases the hazard risk is supported by TAs and councillors. The change to how Flood Protection is funded, including funding ratios, will be supported by councillors.
Level of service	We do not propose any significant changes to our current levels of service in the short term of this strategy. Assume that shared funding percentages with external stakeholders will continue. Improvements to services will generally only be made where there is a gap in our service offering and the increase in service level is agreed. Increasing community expectations, on-going monitoring of environmental effects and increasing legislative requirements will drive change in the way that flood protection interventions are undertaken. Increased investment may be required to maintain levels of service in the face of climate change and sea level rise.

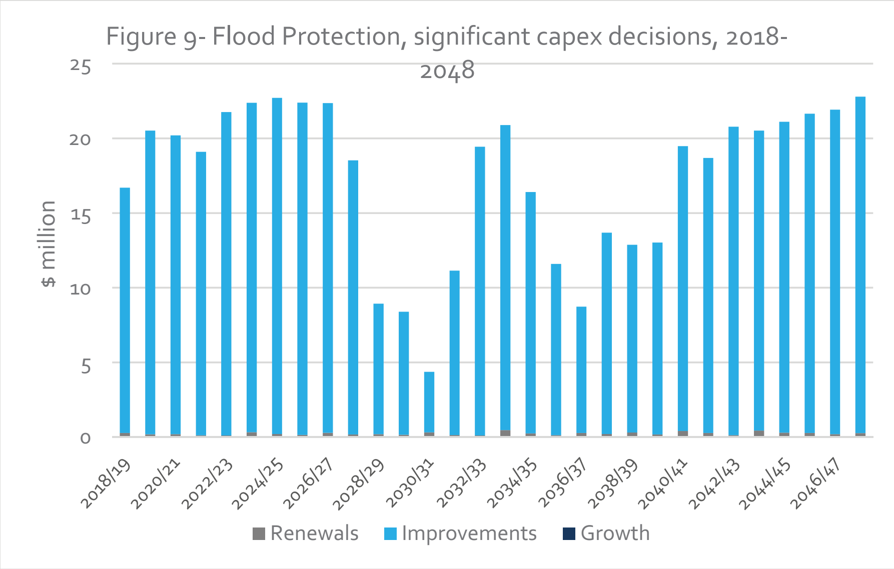
Significant capital expenditure decisions

Our significant decisions about capital expenditure for our flood protection assets required over the next 30 years are in the table below. This includes when we expect to make those decisions, what principal options we expect to have to consider, and the approximate scale or extent of the costs associated with the decision.

Significant decision required	Timing of project**	Principal options	Costs
Continue with traditional protection structures as well as move into the avoidance of inappropriate development and softer, more natural measures.	2018 to 2048	Approval and implementation of the Floodplain Management Plans (FMP's). Significant decision points to deliver major projects including: • Hutt River - Riverlink • Waiohine River FMP • Te Kauru FMP	Up to $520 million
Asset maintenance and renewals in the Lower Wairarapa Development Scheme, including the George Blundell Barrage Gates	2018 to 2048	Determine and carry out programme for maintenance and renewal works.	$205 million
Greater provision of recreational and amenity facilities	2018 to 2048	Develop new assets to deliver an agreed vision for regional rivers, as defined in the Environmental Strategy.	$16 million

*** these timeframes include the scoping and planning, design, engagement, consenting, and construction for the projects.*

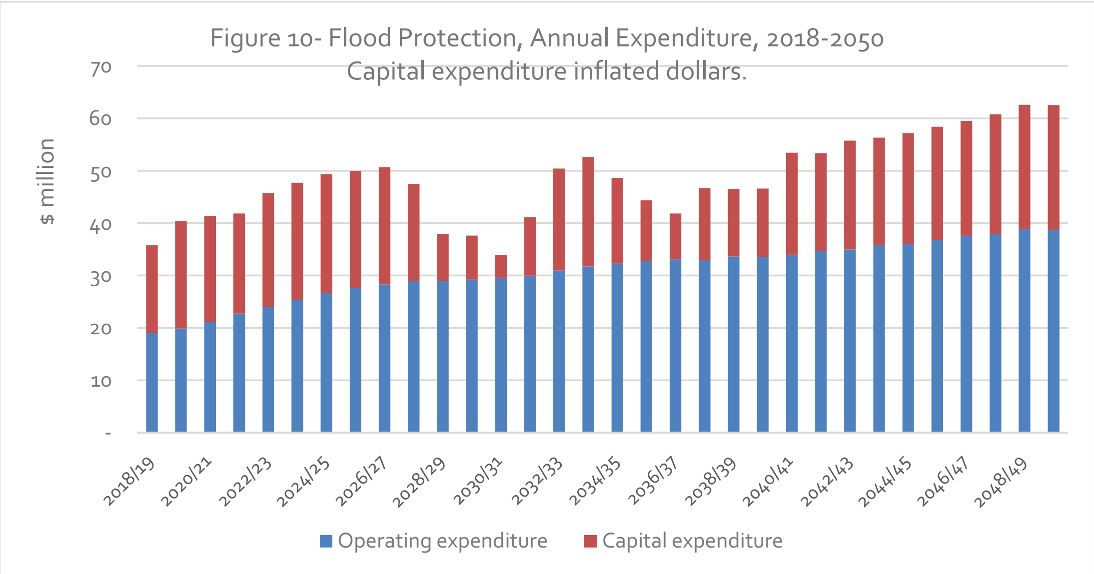
The breakdown of capital expenditure by investment driver is given in Figure 9 below.



Estimates of capital and operating expenditure

The indicative estimates of the projected capital and operating expenditures for flood protection infrastructure assets are shown in figure 10 below.

Operating costs associated with large flood protection assets such as stopbanks, which are maintained in perpetuity, as such do not have an end of life or a defined capex renewal programme, mean the Flood Protection forecast is opex heavy. Preparing floodplain management plans and investigative works are a major contributor to opex costs.



Parks

Greater Wellington manages a network of regional parks and forests for the community's use and enjoyment. The network includes a range of unique natural areas for recreation and conservation. We plan for the future of the network, provide services and facilities for visitors and work with mana whenua and community groups to protect the environment of regional parks.

Assets	Number
Amenity area	53
Barrier	2335
Building	164
Environmental area	7
Park furniture	280
Heritage feature	97
Information	1369
Land management area	6
Production area	34
Road	247
Structure	895
Track	229
Utility	776

Replacement value	Condition	Performance	Data confidence	AM Maturity	Criticality
$77M	2. Minor defects only	3. Moderate	2. Reliable	3. Core	3. Moderate

Visionary 30 year goal

The vision for our Parks network is "to enrich lives by connecting people with healthy natural places". We need to face the challenges and opportunities of the future if we are to achieve this vision.

A key focus will be our contribution to a network of world class recreational trails in the Wellington region. By working together with the Department of Conservation, the eight councils of our region and other stakeholders, we want to create a trail network that will contribute to the lifestyle of those of us who live here and regional economic growth through tourism. By working with our iwi partners, stakeholders and the community, we hope to create a single, connected, network of trails for the benefit of residents and visitors.

Significant issues and challenges

Ageing infrastructure

Parks assets are characterised by a large proportion that are legacy assets that are no longer managed for their original purpose (e.g., historic water supply, rail, defence and farming infrastructure). These assets are highly reliant on preventative maintenance and inspection cycles as the means of extending remaining life expectancy.

Asset performance is a key issue, particularly with signs and information boards, where the information displayed can rapidly become out of date ahead of the actual useful life of the asset. Increasingly sophisticated use of technology offer opportunities to future-proof our information and supporting systems, such as enhanced communications, parks mapping and work tracking, facility entry, and visitor usage (big data).

Greater weight is afforded to condition data than age when assessing the useful remaining life of Parks assets. Some assets rated by condition can have performance shortfalls as well (e.g., due to inadequate capacity or shortcomings in design or construction or being legacy assets). These types of assets are subject to the normal business process – involving inspections to identify defects and remedial options (from corrective maintenance to removal and replacement). Pakuratahi Forks swingbridge is one such asset, where the change in levels of visitor use has created a long-term performance short fall. This structure has been scheduled for early replacement.

Resilience

The potential stresses and strains relating to Parks service mainly relate to natural events such as are flooding, earthquakes and fires. Climate change is likely to lead to rising sea levels and more extreme weather events. These stresses and strains will impact on park structures, facilities, vegetation and waterways and access, and result in increased maintenance work and costs. Sea level rise increases the risk of the failure of our coastal infrastructure.

In the short term, we are strengthening our facilities to cope with more frequent and extreme weather events. With more intense rainfall and flooding likely, structures will need to withstand more frequent high water flows. Flooding in 2015 resulted in the loss of 15 structures and considerable damage to several tracks and other structures within the network. With rising sea levels and the likely coastal erosion, we will need to remove or relocate structures from the coastline such as the Queen Elizabeth Park coastal track, Paekakariki road end facilities (toilets, roads, carpark, and picnic areas) and eventually the ranger's residence.

Climate and weather changes are also likely to change the maintenance needed in parks and forests. We may need to do more preventative work to keep areas in good condition. For example, high temperatures may lead to higher vegetation growth rates near tracks, requiring more regular cutback of vegetation. There may also be more reactive work to clean up damage from more storm events.

Building structures to withstand more adverse events may increase capital costs; but this initial investment should reduce repair costs in the longer term. For example, it took us a year to repair damage from floods at Belmont Regional Park in 2015, but only three weeks to recover from the 2016 event. This was because in the 2015 rebuild we gravelled and widening tracks, allowing easier machine access for repairs.

In the longer term (10+ years) we will need to consider moving more essential services and structures inland or away from rivers and streams. We will also need to plan for low lying coastal heritage-sites that are likely to be significantly affected by sea level rise.

Affordability

Increasing park usage and expectations for improved services and facilities requires additional cost to maintain and renew park infrastructure. Unplanned maintenance also impacts on resources. These factors may affect the timing of new development projects and the upgrade of lower priority assets when extra funding is not available.

Responding to the 10 Year Plan assumptions

The region is currently well serviced for parks both in location and size, and the forecast population growth will not necessitate the need for additional regional parks. Increasing population size and diversity, including increased tourist numbers, is likely to impact increase the need for services and supporting park infrastructure, for the park customer experience to be maintained. This includes more litter removal, repairs and maintenance and demand for more carparks and public conveniences. A forecasted increase in visitor numbers to the Region is likely to increase demand at regional parks, particularly if visitors intend on camping.

Growth in sports like cycling, mountain biking and trail running has created a demand for tracks and supporting infrastructure associated with these activities. It is difficult to predict the likely effect of a transition towards electric powered vehicles or autonomous vehicles, but demands are expected to change with impact on levels of service.

Many Parks assets are subject to heavy peak loading pressures due to the highly skewed seasonal and temporal use patterns have a significant effect on performance and capacity of certain assets (e.g., public toilets and septic treatment systems).

Sudden significant changes in visitation can have a profound impact on Parks resources (for example, a clampdown on freedom camping in Lower Hutt in 2015 led to abruptly increased usage of the Dry Creek camping area; this had associated environmental impacts that took some 12-15 months to adequately resolve).

Issues and options

Level Of Service	Issues	Options	Most likely scenario	Principle alternative option
Maintain/enhance the Park experience Provide on-park administration, information, public relations and by-law enforcement Provide information, skills and support to encourage the public to contribute to park visitor services Get more people in	Rising sea levels and more extreme weather events- flooding and wildfires will impact on park structures, facilities, vegetation and waterways and access, and lead to increased maintenance work and costs.	Increase opex budgets Adaptation - remove or relocate assets away from waterways and coast.	Queen Elizabeth coastal erosion - facilities relocation	Longer term adaptation of assets and services
	Ageing infrastructure performance and condition of assets	Develop and implement conservation plans Preventative maintenance and inspection cycles Increasing use of technology to future-proof our information and supporting systems	Biocide treatment for Belmont bunkers;	Implement conservation plans

Work others to meet the recreational needs of current and future generations and protect values of regional significance Degraded environments are restored Develop and implement conservation plans for high priority heritage sites	Increase in demand and intensity of use resulting in strain on Parks assets	Preventative maintenance Improvement/ upgrade assets Increased/diversification of service provision	Kaitoke Pakuratahi Forks swingbridge access improvement; Upper Terrace campground development; Upgraded toilets at Tunnel Gully; Wainuiomata Lower Dam loop track construction;	Parks development in partnership Buildings solar power installation and sustainability improvements

Most likely scenarios are based on the following assumptions specific to the Parks:

Lifecycle of significant assets	We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice. Asset data reliability and confidence is based on best available information at the time. We are implementing an ongoing programme to improve the knowledge of asset condition and performance. A focus on maintenance to maintain agreed levels of service. The maintenance and upkeep of legacy assets will continue to be Parks responsibility
Growth or decline in the demand for the service	Wellington region's population is growing; becoming older and more diverse in culture, ethnicity, lifestyle, interests, tastes, leisure preferences, and in many other ways. We are planning for increasing need for services and supporting the parks activity. Natural disasters, or other events, will not change the demography of the region, or the parks asset base, over the planning period
Level of service	We do not propose any significant changes to our current levels of service. However increasing population and diversity is likely increase the need for supporting services infrastructure and increased operation and maintenance requirements, for the levels of service to be maintained.

Significant capital expenditure decisions

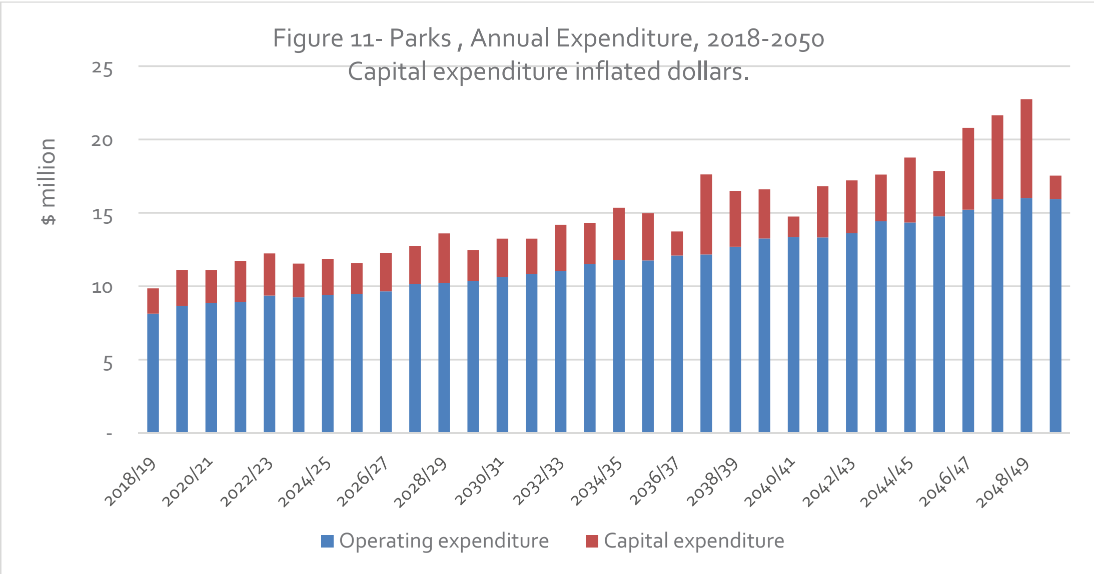
Our significant decisions about capital expenditure for Parks assets required over the next 30 years are in the table below. This includes when we expect to make those decisions, what principal options we expect to have to consider, and the approximate scale or extent of the costs associated with the decision.

Significant decision required	Timing of project	Principal options	Costs
Maintain and enhance the Park experience due to increasing demand.	2018 2019	Pakuratahi Forks swingbridge upgrade	$20,000 design $180,000
	2018	Upper Terrace campground development	$300,000
	2022	Wainuiomata Lower Dam loop track construction	$150,000

	2018	Upgrading toilets at Tunnel Gully	$150,000
	2018 2019 2020 2021 2022	Continue to maintain, replace and, where required, build new asset infrastructure sufficient to handle	$1.446 million $2.003 million $1.979 million $2.329 million $2.303 million
Adaptation of assets and services	2018	QEP coastal erosion facilities relocation	$323,0000
Belmont Munitions bunkers conservation	2021/2022	Biocide treatment	$50,000 pa
Sustainability improvements	2020 2021 2022	Buildings solar power installation	$10,000 $36,000 $36,000

Estimates of capital and operating expenditure

The indicative estimates of the projected capital and operating expenditures for Parks assets are shown in Figure 11 below.



Environmental Science

We monitor rainfall, river flows, groundwater levels and quality, freshwater coastal water quality, air quality and land quality and biodiversity.

Assets	Number
River/flow monitoring	59
Rainfall monitoring	58
Groundwater monitoring	74
Lake level monitoring	5
Wetland level monitoring	6
Tide level monitoring	2
Air quality monitoring inc 2 mobile	8
Climate monitoring stations	9
Turbidity monitoring stations	3

	Value ODRC	Condition	Performance	Data confidence	AM Maturity	Criticality
Environmental Science	$5,737,000	1 -Very Good- 2 - Minor defects only	2 -Good	2 -Reliable	3 - Core	2- High River flow and rainfall monitoring equipment

Visionary 30 year goal

To be a leader in environmental science, we need the data we collect to be relevant, of the highest standard and accessible. We are planning for unprecedented technological advances, with greater dissemination of information than experienced and customers who expect instant availability of more and more accurate data.

To do this we need safe and secure infrastructure, state of the art, accurate and reliable monitoring equipment (sensors and data loggers), and systems and software to handle these data, alongside a well-designed network that provides enough environmental data to enable good future decision making.

Significant issues and challenges

Ageing infrastructure

A number of recorder structures are over 50 years old, whilst some level of maintenance has been carried out over the years, some of these structures will need complete replacement in the near future. Alterations to monitoring structures are also required to improve health and safety, by installing handrails etc.

The fast pace of technological advancements makes equipment obsolete and aged quickly. Regular replacement of monitoring equipment is recommended to ensure utilised to collect accurate and continuous information to effectively satisfy the user requirements. Generally, the replacement or refurbishment will meet the agreed level of service, but sometimes, especially in the case of electronic equipment, an upgrade is incorporated.

Resilience

Climate change will not have an impact on the assets managed by Environmental Science, but there will be increased demand on the information collected and services provided by the asset base.

Affordability

Additional funding is required to install new and upgrade existing monitoring sites to provide regional-scale climate monitoring data needed for the climate science programme to deliver information needed by Greater Wellington and its stakeholders.

The changes in policy and standards (for example the National Policy Statement for Freshwater Management, and the National Environmental Standard for Air Quality) along with monitoring the effectiveness of councils own draft Natural Resources Plan –will increase demand for both the services provided by staff and the supporting equipment.

There is also a growth in demand for water monitoring sites – mainly groundwater monitoring sites- as a result of increased land development. In the Wairarapa, there is increasing demand for domestic take and stock use water, and a lack of information on water quantity and quality, and no current monitoring to inform consent applications and decisions.

Responding to the 10 Year Plan assumptions

Pressure to maintain/enhance biodiversity and water, air, and soil quality in the face of increasing urban growth and intensification will require additional monitoring equipment.

Issues and options

Level Of Service	Issues	Options	Most likely scenario	Principle alternative option
Environmental information is available in the right way to the right people at the right place and the right time for good decision making.	Keeping pace with the fast changing monitoring and information storage and management technology available and updating/ upgrading the equipment used in a cost effective way.	Regular replacement/ upgrade of monitoring equipment	Replacement / upgrade of monitoring equipment	
	Increasing demand for monitoring	Consolidating the number and types of monitoring stations.	Install new and upgrade existing monitoring sites	

		Increasing the number of monitoring sites.		

Most likely scenarios are based on the following assumptions specific to Environmental Science:

Lifecycle of significant assets	We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice. Asset data reliability and confidence is based on best available information at the time. We are implementing an ongoing programme to improve the knowledge of asset condition and performance. We are making asset management decisions based on our strategic plans. A focus on renewals to maintain agreed levels of service, with a focus on increasing demand. Equipment and systems will be upgraded in a cost effective way that keeps pace with technological updates.
Growth or decline in the demand for the service	Wellington regional population is growing. We are planning for a steady increase in demand from land use changes and monitoring standards and policy. Natural disasters, or other events, will not change the demography of the region over the planning period
Level of service	We do not propose any significant changes to our current levels of service.

Estimates of capital and operating expenditure

We do not have the data to produce this graph at present. Environmental Science operates as part of the broader Environmental group, and operating expenditure for this aspect of the business is not recorded separately.

Harbours

We provide useful and relevant aids to navigation to assist all users of the region's water to navigate safely on these waterways. This includes providing accurate, relevant and timely information via our Harbour Communication Station (Beacon Hill).

Assets	**Number**
Navigation Aids with lights	18
Unlit channel markers	6
Large floating steel buoys with lights	2
Signal station operated 24/7	1
Vessels	3

Replacement Value	Condition	Performance	Data confidence	AM Maturity	Criticality
$1,642,855	2 -Minor defects only	2 -Good	2-Reliable	4 -Basic	3 -moderate Signal station at Beacon Hill

Visionary 30 year goal

To continue to operate a safe, clean and efficient harbour, ensuring co-operative and safe use of the water for the different requirements for the various users, current and future. Ensuring the services are provided are appropriate, relevant and useful to the users.

Significant issues and challenges

Ageing infrastructure

Several of the lighthouse structures are relatively old, almost historic in some cases. These assets are highly reliant on preventative maintenance and inspection cycles as the means of extending remaining life expectancy.

The navigation aids in place have been built up over time as demand and requirements changed. They may not necessarily be the same if we designed the network fresh, however they are fit for purpose and allow us to adapt to changes as required. Any new developments would require review of the current assets and best practicable options. Reliability and efficiency are considerations when replacements and upgrades are planned.

Resilience

The technology employed on the lights is regularly reviewed and more efficient technologies are used where sensible and beneficial, for example use of LED lights allows smaller battery capacity.

Due to the robust nature of most of our lights because of the exposed locations they are in, sea level rise is unlikely to be an issue within the next 30 years.

A small number of our navigation aids are exposed to risk of damage by shipping, for which temporary arrangements can be made until they are re-instated or replaced at the vessels cost. The size ship necessary to cause the damage will carry insurance for replacement.

Affordability

There are no immediate affordability issues with water supply infrastructure.

Funding of the activity is split between user charges and rates. Centreport contribute a significant proportion of the costs of the Navigation aids and the operational costs of Wellington Harbour Radio. The service level agreement contains provisions to adjust charges for additional navigation aids that are requested by Centreport.

We receive funding from Maritime NZ for costs associated with oil spill training and response. Additional there is funding available for recreational activities. This is currently on application on a year by year basis.

Responding to the 10 Year Plan assumptions

Changes in shipping volumes have little impact on services provided by Harbours, these would impact more directly on Centreport Ltd. Any implications for Greater Wellington, as a CentrePort shareholder, will be included in future Infrastructure Strategies and asset management plans. Changes in the type and/or size of vessels calling may alter the requirements of the Navigation aids required to provide safe guidance in and out of the harbour. The technology employed on the lights is regularly reviewed and more efficient technologies are used where sensible and beneficial. E.g. use of LED lights allows smaller battery capacity.

The proposed Pencarrow light upgrade is a reaction to this, if Centreport proceeds with their plan to dredge the channel we will upgrade the light, if they do not there is no need to upgrade the light.

Recreational use of the regions waters in likely to increase with population; however the impact of this change would have a relatively low impact on the Harbours assets. These increased and competing activities on the harbours mean an increased demand on harbours ranging service.

Issues and options

Level of Service	Issues	Options	Most likely scenario	Principle alternative option
Provide safe and competent maritime management for commercial and recreational users of our region's waters.	Keeping pace with new technology and/or equipment available and updating/ upgrading navigation equipment in a cost effective way.	Harbour safety plans New and/or renewals to Navigation Aids to provide safe guidance in and out of the harbour	Timely renewals or upgrades introduce new technology	Pencarrow lighthouse ($0.2M timing to TBC)
	Increasing and competing uses on the harbours mean an increased demand on harbours ranging service.	Raise knowledge and awareness of maritime safety. Workboat provision Additional ranger service resources	Workboat replacement ($0.3M in 2030/31)	Harbour safety plans

Most likely scenarios are based on the following assumptions specific to Harbours:

Lifecycle of significant assets	We will provide infrastructure that can deliver services in a manner that meets agreed levels of service now and into the future We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice. Asset data reliability and confidence is based on best available information at the time. We are implementing an ongoing programme to improve the knowledge of asset condition and performance. A focus on maintenance and renewals to maintain agreed levels of service. Continued approach of evidenced-based decision-making tools for any infrastructure investment proposal Integration of upgrade works with renewals to reduce cost and disruption.
Growth or decline in the demand for the service	Wellington's population is growing. We do not expect any change in demand on the service due to population or economic growth. Natural disasters, or other events, will not change the demography of the region over the planning period
Level of service	We do not propose any significant changes to our current levels of service, unless requested by customers (CentrePort). Improvements to services will generally only be made where there is a gap in our service offering and the increase in service level is agreed. There will be no change to levels of service unless recommended otherwise. Agreed service levels will be funded, in some cases as shared cost with stakeholders. Assume that shared funding percentages with external stakeholders will continue.

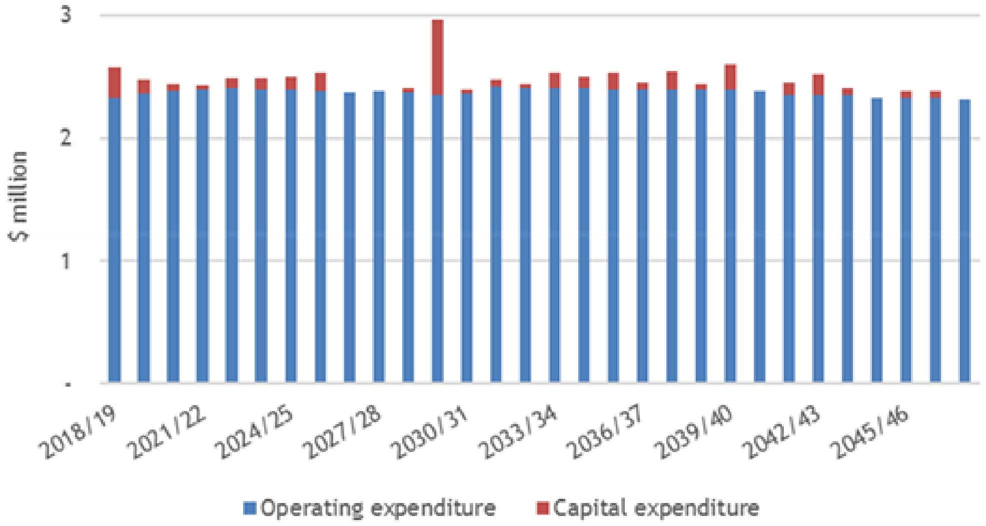
Significant capital expenditure decisions

There is no significant expenditure decisions expected

Estimates of capital and operating expenditure

The indicative estimates of the projected capital and operating expenditures for Harbours assets are shown in Figure 12 below.

Figure 12 Harbours Annual Expenditure, 2018-2050 (Capex inflated dollars.)



Technical Appendices

Lifecycle management

The life cycle management approach covers the monitoring of the assets and service, the operations and maintenance, capital renewals and development programmes. The objective is to look at lowest long term cost (rather than short term savings) when making decisions.

Good quality asset management relies on good quality asset knowledge. It is important that asset managers can analyse how particular assets perform, understand the lifecycle costs and the risks associated with failure. Uncertainty about data for an asset can impact on financial sustainability.

Asset knowledge needs to cover a description of the assets, their age, condition, performance, and value. This information, whether it be detailed or based on judgement, is essential to the broader lifecycle discussion. Data confidence gives us the ability to quantify the relationship between any given level of service (benefit), its associated funding requirements (cost), and the increasing or decreasing of any consequential 'risks' associated with changing a level of service.

Greater Wellington's assets are maintained and rehabilitated until they reach the end of their useful life, when they are renewed, or upgraded. An asset's useful life is first assumed when constructed. It is then updated periodically based on:

- Age and condition profile;
- Performance and customer service issues;
- Growth and changing demands;
- Criticality and risk
- Ongoing maintenance requirements, and
- The differing economic lives of individual assets.

The Council uses updated condition and performance assessment data with relevant asset life expectancy rates to forecast an asset's likely end of life.

Significance

In determining, what are decisions are significant, in the context of this strategy; reference has been made to Greater Wellington's Significance and Engagement Policy. Generally, a significant infrastructure decision, in the context of this strategy, will have two or more of the following characteristics:

- Has a substantial tangible impact on the whole Region based on changes to services levels or the manner in which revenue is to be obtained.
- Has a significant multi-year change in the levels of service at an activity level
- The decision represents a new strategic direction for Greater Wellington

- A decision or proposal on a matter where the majority of a community expresses considerable interest, or the community is deeply divided

Assumptions

Underlying this strategy is a number of key assumptions regarding asset management approach, these are:

- We will provide infrastructure that can deliver activities in a manner that meets agreed levels of service now and into the future
- We will maintain and renew assets to agreed levels of service, in accordance with asset management (IIMMs) and industry best practice.
- Wellington region's population is growing; becoming older and more diverse – in culture, ethnicity, lifestyle, interests, tastes, leisure preferences, and in many other ways.
- Natural disasters, or other events, will not change the demography of the region over the planning period
- We are making asset management decisions based on our strategic plans.
- We will comply with all legislation and national standards that apply to assets and service provision.
- Although the statutory environment for local government will evolve, the broad requirements for infrastructure will remain static.
- Improvements to services will generally only be made where there is a gap in our service offering and the increase in service level is agreed.
- There will be no change to levels of service unless recommended otherwise.
- Asset data reliability and confidence is based on best available information at the time. Acknowledging this does have ability to impact on the reliability of the plan.
- We are implementing an ongoing programme to improve the knowledge of asset condition and performance.
- Agreed service levels will be funded, in some cases as shared cost with central government and/or alternative funding.
- Assume that shared funding percentages with external stakeholders will continue.
- Budgets for the out years will assume a recognised inflation indices.
- A focus on renewals to maintain agreed levels of service, within an agreed risk environment with a focus on increasing resilience.

SECTION 7 – Policies

This section sets out five key policies that will support our 10 Year Plan

- Significance and Engagement Policy
- Treasury Risk Management Policy
- Rates Remission and Postponement policies
- Policy on Development Contributions or Financial Contributions

Significance and Engagement Policy

Purpose

This policy lets you know how you can be engaged in Greater Wellington's decision-making processes. It sets out Greater Wellington's general approach to identifying the significance of decisions[43] and our approach to engaging with the community. This policy is also a guide for elected members and Greater Wellington staff as to the level and form of engagement that may be required from the start of a decision making process.

Our general approach

a. It is important for Greater Wellington to engage with the community so that we understand the views of the people who are likely to be affected by a decision.

b. Greater Wellington will consider the significance of a decision, and the level and type of engagement required, early in any decision making process, and review it if necessary over time.

c. The level of engagement with the community will reflect the significance of the decision.

Determining significance

d. Greater Wellington will determine the degree of significance on a case by case basis by considering the extent to which the matter has:

   1. **Importance to the region** – the impact of the decision on the current and future wellbeing of the region
   2. **Community interest** – the extent to which individuals, whanau, hapū and iwi, organisations, groups and sectors within the community are particularly interested in, or affected by, the decision and any history of public concern
   3. **Consistency with existing Greater Wellington policy and strategy** – the extent of inconsistency and the likely impact
   4. **Impacts on the Greater Wellington capability and capacity** – the impact on the objectives set out in the Financial Strategy, Ten Year Plan and Annual Plan.

e. The criteria are of equal weight and will be considered as a whole: not in isolation.

f. Greater Wellington will consider a decision to be significant if it is assessed to:

- have a high degree of significance (based on an assessment of the factors set out in d. above); or,
- it meets any one or more of the following criteria:

- The proposal substantially affects Greater Wellington's ability to deliver the levels of service for any significant activity

[43] In this policy we use the term 'decision' to cover proposals and decisions in relation to issues, assets, activities, and other matters.

- The proposal results in the transfer of ownership or control of a strategic asset as defined by the Act or listed in this policy (see Schedule 1).

g. Council officers will use decision-making guidelines to assist them to provide advice to Greater Wellington on the significance of decisions[44].

Engagement

h. All consultation will be carried out in accordance with the consultation principles set out in the Local Government Act 2002 and the Community Engagement Approach set out in Schedule 2.

i. Greater Wellington will consult using the manner prescribed by law when this is required.

j. When not required by law to consult on a decision, the need for consultation and the appropriate level and form of engagement will be assessed and determined on a case by case basis.

k. In general, the more significant the issue the greater the need for community engagement.

l. Decisions that are consistent with Greater Wellington's 10 Year Plan or another policy or plan that has been subject to consultation required by legislation will not usually require further engagement.

m. Greater Wellington's officers will refer to the Community Engagement Approach set out in Schedule 2 and any relevant guidelines[45] to assist them to provide advice to the Greater Wellington on the level and form of engagement required for a decision, and community preferences.

n. Greater Wellington has appropriate processes in place for engaging with Māori. This includes processes to:

- Support our partnerships with mana whenua, as set out in the Memorandum of Partnership 2013
- Fulfil statutory requirements to consult with mana whenua (such as under the Resource Management Act 1991)
- Enable taura here[46] to participate in issues of interest to the regional community[47].

Reporting

o. Every report to Greater Wellington (or its committees) that seeks a decision will include a statement of the significance of the decision and any engagement that is proposed or has been undertaken, assessed under this policy and any other relevant guidelines[48].

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[44] Greater Wellington Regional Council 'Decision Making processes and guidelines' 2013

[45] Greater Wellington Regional Council 'Decision Making processes and guidelines' 2013, Greater Wellington Regional Council 'Community Engagement Strategy' 2015, and Greater Wellington Regional Council 'Community Engagement Toolbox' 2015.

[46] Taura here, also known as matāwaka, refers to Māori who live in the Wellington region but are not affiliated to the iwi or groups holding mana whenua status here.

[47] Greater Wellington Regional Council 'Maori Partnership Framework' 2017

[48] Greater Wellington Regional Council 'Decision Making processes and guidelines' 2013, Greater Wellington Regional Council 'Community Engagement Strategy' 2015, and Greater Wellington Regional Council 'Community Engagement Toolbox' 2015.

p. When Greater Wellington makes a decision that is significantly inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be followed.

Feedback

q. Greater Wellington will provide information about our final decision in a form appropriate to the significance of that decision and the level and form of the engagement already undertaken.

You can read the full policy, including the Policy Schedules (which provide extra information) here at the Statutory Planning Documents page on our website.

TREASURY RISK MANAGEMENT POLICY, INCLUDING LIABILITY MANAGEMENT AND INVESTMENTS POLICIES

1. Introduction

The purpose of the Treasury Risk Management Policy is to outline the approved policies and procedures in respect of all treasury activity to be undertaken by the Wellington Regional Council (Greater Wellington). The formalisation of such policies and procedures will enable treasury risks within Greater Wellington to be prudently managed.

As circumstances change, the policies and procedures outlined in this policy will be modified to ensure that treasury risks within Greater Wellington continue to be well managed. In addition, regular reviews will be conducted to test the existing policy against the following criteria:

- Industry "best practices" for a council the size and type of the Greater Wellington.
- The Council's risk-bearing ability and tolerance levels.
- Effectiveness and efficiency of the Treasury Risk Management Policy and treasury management function in recognising, measuring, controlling, managing and reporting on Greater Wellington's financial exposures.
- Robustness of the policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- The extent to which the policy assists Greater Wellington in achieving strategic objectives relating to ratepayers.

The policy will be distributed to all personnel involved in any aspect of Greater Wellington's financial management. In this respect, all staff should be completely familiar with their responsibilities under this policy at all times.

2. Scope and objectives

2.1 Scope

This document identifies the policy and procedures of Greater Wellington in respect of treasury management activities.

The policy has not been prepared to cover other aspects of Greater Wellington's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Greater Wellington cover these matters. Planning tools and mechanisms are also outside of the scope of this policy.

2.2 Principles

- All borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy.
- All projected borrowings will be approved by Greater Wellington as part its Annual Plan.
- All legal documentation in respect to borrowing and financial instruments will be approved by Greater Wellington's solicitors.
- Greater Wellington will not enter into any borrowings denominated in a foreign currency.

- Greater Wellington will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those which Greater Wellington would achieve without pledging rates revenue.
- A resolution of Greater Wellington will not be required for hire purchase, credit or deferred purchase of goods if:
  - the period of indebtedness is less than 91 days (including rollovers); or
  - the goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of the Council.

2.3 Objectives

Statutory objectives

All external borrowing, investments and incidental financial arrangements (eg use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and incorporate the Liability Management Policy and Investment Policy. Greater Wellington is governed by the following relevant legislation:

- Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and 105.
- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part ll Investments.
- All projected external borrowings are to be approved by Council as part of the Annual Plan or the 10 Year Planning process, or resolution of Greater Wellington before the borrowing is effected.
- All legal documentation in respect to external borrowing and financial instruments will be approved by Greater Wellington's solicitors prior to the transaction being executed.
- Greater Wellington will not enter into any borrowings denominated in a foreign currency.
- Greater Wellington will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Greater Wellington itself.
- A resolution of Greater Wellington is not required for hire purchase, credit or deferred purchase of goods if:
- The period of indebtedness is less than 91 days (including rollovers); or
- The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Greater Wellington.

General objectives

The objective of this Treasury Risk Management Policy is to control and manage costs and investment returns that can influence operational budgets and public equity and set debt levels. Specific objectives are as follows:

- Minimise Greater Wellington's costs and risks in the management of its borrowings and maximise its return on investments.
- Minimise Greater Wellington's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council-approved Treasury Risk Management Policy so as to protect Greater Wellington's financial assets and costs.
- Arrange and structure appropriate funding for Greater Wellington at the lowest achievable interest margin from debt lenders. Optimise flexibility and spread of debt maturity within the funding risk limits established by this policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Greater Wellington's lending/security arrangements.
- Comply with financial ratios and limits stated within this policy.
- Maintain a long-term Standard & Poor's credit rating at AA- or better.
- Monitor Greater Wellington's return on investments in CCTOs, property and other shareholdings.
- Ensure management, relevant staff and, where appropriate, Greater Wellington are kept abreast of latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain liquidity levels and manage cash flows within Greater Wellington to meet known and reasonable unforeseen funding requirements.
- Minimise counterparty credit risk.
- Adhere to all statutory requirements of a financial nature.
- Provide adequate internal controls to protect Greater Wellington's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, LGFA, credit rating agencies, investors and investment counterparties.
- Manage foreign exchange risk associated with capital expenditure and goods and services on imported items as outlined in section 6.5 of this policy.
- Keep Greater Wellington abreast of macro-economic trends.

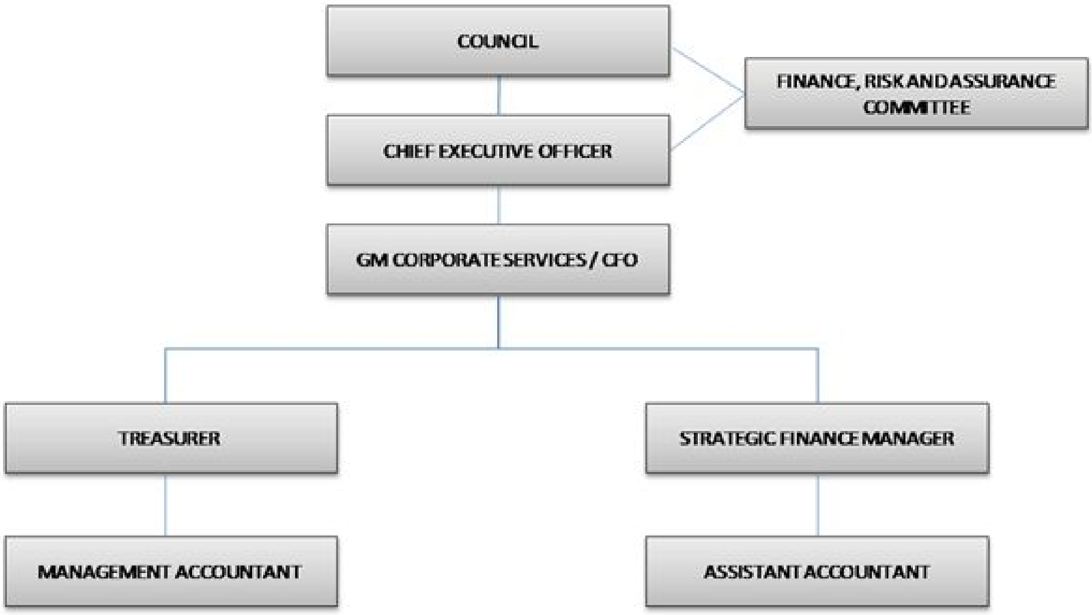
2.4 Policy exclusion

This policy covers WRC Holdings and its subsidiaries, but excludes CentrePort Ltd.

3. Management responsibilities

3.1 Overview of management structure

All of Greater Wellington's treasury management activities are undertaken by the Treasury Management Department. The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are outlined in sections 3.2 – 3.8 of this policy:



3.2 Council

Greater Wellington has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect Greater Wellington decides the level and nature of risks that are acceptable.

Greater Wellington is responsible for approving this Treasury Risk Management Policy and any changes required from time to time. While the policy can be reviewed and changes recommended by other persons, the authority to make or change policy cannot be delegated.

In this respect, Greater Wellington has responsibility for:

- Approving the long-term financial position of the Council through the 10 Year Plan and the Annual Plan.
- Approving new debt/funding via resolution of the Annual Plan.
- Approving the Treasury Risk Management Policy, incorporating the following delegated authorities:
  - borrowing, investing and dealing limits and the respective authority levels delegated to the Chief Executive Officer (CEO), GM Corporate Services/CFO (CFO) and other managers
  - counterparties and credit limits
  - risk management methodologies and benchmarks
  - guidelines for the use of financial instruments.
- Approving budgets and high level performance reporting.

- Delegating authority to the CEO and other officers.
- Reviewing and approving the Treasury Risk Management Policy every three years.

Greater Wellington will also ensure that:

- It receives appropriate information from management on risk exposure and financial instrument usage in a form that is understood.
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved immediately.
- Approval will be gained by the CFO for any transactions falling outside policy guidelines.

3.3 Finance, Risk and Assurance Committee

Finance, Risk and Assurance has the following responsibilities:

- Recommending the Treasury Risk Management Policy (or changes to existing policy) to Greater Wellington.
- Receiving recommendations from the CEO and CFO and making submissions to Greater Wellington on all treasury matters requiring Greater Wellington approval.
- Recommending performance measurement criteria for all treasury activity.
- Monitoring six-monthly performance against benchmarks.

Finance, Risk and Assurance will:

- Oversee the implementation of Greater Wellington's treasury management strategies and monitor and review the effective management of the treasury function.
- Ensure that the information presented to Greater Wellington is timely, accurate and identifies the relevant issues and is represented in a clear and succinct report.
- Discuss treasury matters on a six monthly basis (and informally as required).

3.4 Chief Executive Officer (CEO)

While Greater Wellington has final responsibility for the policy governing the management of Greater Wellington's risks, it delegates overall responsibility for the day-to-day management of such risks to the CEO. Greater Wellington formally delegates to the CEO the following responsibilities:

- Ensuring Greater Wellington policies comply with existing and new legislation.
- Approving the register of cheque and electronic banking signatories.
- Approving new counterparties and counterparty limits as defined within section 6.3 of this policy and recommended by the CFO.
- Approving the opening and closing of bank accounts.

3.5 GM Corporate Services/CFO (CFO)

The CEO formally delegates the following responsibilities to the CFO:

- Management responsibility for borrowing and investment activities.

- Recommending policy changes to Finance, Risk and Assurance for evaluation.
- Ongoing risk assessment of borrowing and investment activity, including procedures and controls.
- Approving new borrowing undertaken in line with Greater Wellington resolution and approved borrowing strategy.
- Approving re-financing of existing debt.
- Approving treasury transactions in accordance with policy parameters outside of the Treasurer's delegated authority.
- Authorising the use of approved financial market risk management instruments within discretionary authority.
- Recommending authorised signatories and delegated authorities in respect of all treasury dealing and banking activities.
- Recommending changes to credit counterparties to the CEO.
- Proposing new funding requirements falling outside the Annual Plan and the 10 Year Plan to Finance, Risk and Assurance for consideration and submission to Greater Wellington.
- Reviewing and making recommendations on all aspects of the Treasury Risk Management Policy to Finance, Risk and Assurance, including dealing limits, approved instruments, counterparties, working capital policies and general guidelines for the use of financial instruments.
- Conducting a triennial review of the Treasury Risk Management Policy, treasury procedures and all dealing and counterparty limits.
- Receiving advice of breaches of Treasury Risk Management Policy and significant treasury events from the Strategic Finance Manager.
- Managing the long-term financial position of Greater Wellington in accordance with Greater Wellington's requirements.
- Ensuring that all borrowing and financing covenants to lenders are adhered to.
- Ensuring management procedures and policies are implemented in accordance with this Treasury Risk Management Policy.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives of minimising and stabilising funding costs and maximising investment returns year-to-year.
- Managing the organisations exposure and statutory requirements in relation to the holding, acquiring or disposing of Carbon Credits.
- To sign Debenture Stock and Security Stock certificates in relation to Greater Wellington's Debenture Trust Deed, in compliance with sections 112 and 118 of the Local Government Act 2002.

3.6 Treasurer

The Treasurer runs the day-to-day activities of Greater Wellington's Treasury Management Department. The CFO formally delegates the following responsibilities to the Treasurer who in turn may delegate these to the Treasury Management Accountant:

- Overseeing and managing relationships with financial institutions including the Local Government Funding Agency (LGFA).
- Approving treasury transactions in accordance with policy parameters within delegated authority.
- Negotiating borrowing facilities.
- Authorising interest rate hedge transactions (swaps, forward rate agreements (FRAs) and options) with bank counterparties to change the fixed: floating mix to re-profile Greater Wellington's interest rate risk on either debt or investments.
- Making decisions and authorisations to raise and lower fixed rate (interest rate market price re-set greater than 12 months) percentage of net debt or investment position within interest rate policy risk control limits.
- Designing, analysing, evaluating, testing and implementing risk management strategies to position Greater Wellington's net interest rate risk profile to be protected against adverse market movements within the approved policy limits.
- Monitoring credit ratings of approved counterparties.
- Co-ordinating annual reviews with Standard & Poor's credit rating agency.
- Investigating financing alternatives to minimise borrowing costs, margins and interest rates, making recommendations to Finance, Risk and Assurance as appropriate.
- Negotiating bank funding facilities and managing bank and other financial institution relationships.
- Executing treasury transactions in accordance with set limits.
- Entering in to FX transactions to cover foreign currency liabilities.
- Entering into FX hedging transactions in accordance with the section in this policy on Foreign Exchange risk.
- Monitoring treasury exposure on a regular basis, including current and forecast cash position, investment portfolio, interest rate exposures and borrowings.
- Providing written evidence of executed deals on an agreed form immediately to the Strategic Finance Manager.
- Co-ordinating the compilation of cash flow forecasts and cash management.
- Managing the operation of all bank accounts including arranging group offsets, automatic sweeps and other account features.
- Handling all administrative aspects of bank counterparty agreements and documentation such as loan agreements and International Swap Dealer's Association (ISDA) swap documents.
- Preparing treasury reports.

- Monitoring all treasury exposures daily.
- Forecasting future cash requirements.
- Providing regular short-term and long-term cash flow and debt projections to the CFO.
- Completing deal tickets for treasury transactions.
- Updating treasury system/spreadsheets for all new, re-negotiated and maturing transactions.
- Updating credit standing of approved counterparty credit list on a quarterly basis.

3.7 Strategic Finance Manager, (SFM)

The CFO formally delegates the following responsibilities to the SFM, who in turn may delegate these to the Assistant Accountant:

- Checking all treasury deal confirmations against deal documentation and reporting any irregularities immediately to the CFO.
- Reconciling monthly summaries of outstanding financial contracts from banking counterparties to internal records.
- Reviewing and approving borrowing and investment system/spreadsheet reconciliations to the general ledger.
- Accounting for all treasury transactions in accordance with legislation and generally accepted accounting principles and Greater Wellington's accounting policy.
- Checking compliance against limits and preparing reports on an exceptions basis.
- Approving all amendments to Greater Wellington's records arising from checks to counterparty confirmations.
- Creating batches for borrowing and investment settlements and arranging for approval by authorised signatories.
- Delivering weekly reports to the CFO covering cash/liquidity, investment profile, funding profile and interest rate risk position.

3.8 Delegation of authority and authority limits

Treasury transactions entered into by Greater Wellington without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Insufficient authority for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays). Therefore, the following procedures will apply:

- All delegated authorities and signatories will be reviewed at least every six months to ensure that they are still appropriate and current.
- A comprehensive letter will be sent to all bank counterparties, at least every year, detailing all relevant current delegated authorities of Greater Wellington and contracted personnel empowered to bind Greater Wellington.

- Whenever a person with delegated authority on any account or facility leaves Greater Wellington, all relevant banks and other counterparties will be advised in writing on the same day to ensure that no unauthorised instructions are to be accepted from such persons.

Greater Wellington has the following responsibilities, either directly, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing policy	Greater Wellington	Unlimited
Borrowing new debt	Greater Wellington CEO (delegated by Greater Wellington) CFO (delegated by Greater Wellington)	Unlimited (subject to legislative and other regulatory limitations) Subject to Greater Wellington Resolution and policy
Signing Stock/Debenture Issuance Certificate – As per the Debenture Trust Deed	CEO	As per the Annual Council Plan to meet lenders requirements
Acquiring and disposing of investments other than financial investments	Greater Wellington	Unlimited
Approving charging assets as security over borrowing	Greater Wellington	Subject to terms of the Debenture Trust Deed
Overall day-to-day risk management	CEO (delegated by Greater Wellington) CFO (delegated by Greater Wellington)	Subject to policy
Re-financing existing debt	CEO (delegated by Greater Wellington) CFO (delegated by Greater Wellington)	Subject to policy
Approving transactions outside policy	Greater Wellington	Unlimited
Acquiring and disposing of Carbon credits	CFO (delegated by Greater Wellington)	$5 million any one transaction
Adjusting net debt or net investment interest rate risk profile	Treasurer	Per risk control limits
Managing investments and funding maturities in accordance with Council approved facilities	Treasurer	Per risk control limits
Setting maximum daily transaction amount (borrowing, investing, foreign exchange, interest rate risk management and cash management) excluding roll-overs on debt facilities	Greater Wellington CEO (delegated by Greater Wellington CFO (delegated by Greater Wellington) Treasurer (delegated by Greater Wellington)	Unlimited $75 million $50 million $30 million
Authorising lists of signatories	CEO	Unlimited
Opening/closing bank accounts	CEO/CFO	Unlimited

Reviewing the Treasury Management Policy every 3 years	Finance, Risk and Assurance	N/A
Ensuring compliance with Policy	CFO	N/A
Signing of LGFA new Debt confirmations	Treasurer /CFO	N/A
Signing of derivative confirmations	Treasurer & CFO	N/A

4. Liability Management Policy

Greater Wellington's liabilities comprise borrowings and various other liabilities. Greater Wellington's Liability Management Policy focuses on borrowings as this is the most significant component and exposes Greater Wellington to the most significant risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and determining future borrowing requirements.

Greater Wellington's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong credit rating, and manage its relationships with its investors and financial institutions.

4.1 New Zealand Local Government Funding Agency (LGFA)

Despite anything earlier in this Policy, the Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

(a) contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA;

(b) provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;

(c) commit to contributing additional equity (or subordinated debt) to the LGFA if required;

(d) subscribe for shares and uncalled capital in the LGFA; and

(e) secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

4.2 Debt ratios and limits

Debt will be managed within limits in the following table, that are consistent with those used by the LGFA.

Ratio	
Net interest / Total revenue	<20%
Net debt /Total Revenue	<250%
Net interest / Annual rates and levies (debt secured under debenture)	<30%
Liquidity (external debt + committed loan facilities + liquid investments to total external debt)	>110%

Revenue is defined as earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue.

Revenue excludes non-government capital contributions (e.g. developer contributions and vested assets)

Net debt is defined as total external debt less liquid financial deposits/investments.

Liquid investments are financial assets defined as being:

- Overnight bank cash deposits
- Wholesale/retail bank term deposits no greater than 30 days
- Bank issued RCD's less than 181 days
- Allowable fixed income bonds as per approved investment instruments (applying 85% of face value)
- Wholesale/ retail bank term deposits linked to pre funding of maturing term debt exposures
- For internal covenant purposes Disaster recovery/Contingency funds shall not be used as liquid investments in the Liquidy calculation as they are not intended to be used for every day liquidity purposes.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Financial covenants are measured on Greater Wellington only not consolidated group. Should the LGFA change its methodology then that calculation shall prevail.

Disaster recovery requirements will be met through the liquidity ratio and contingency reserves.

4.3 Security and charges

Greater Wellington borrows funds and grants security to its lenders via a Debenture Trust Deed (DTD). The DTD gives the lenders a charge or security over Greater Wellington's rates and rates revenue. A DTD was entered into during 2011 as part of Greater Wellington's initiative and requirements to borrow funds from the LGFA.

A Trustee has been appointed to act as Trustee under the DTD for the benefit of the lenders, or stock holders.

From time to time, with prior Greater Wellington approval, security may be offered by providing a security interest in one or more of Greater Wellington's assets other than its rates and rates revenue. Security interest in physical assets will only be granted when:

- there is a direct relationship between a debt and the purchase or construction of the secured assets which it funds (e.g. through a finance lease, or some form of project finance)
- Greater Wellington considers a security interest or security in the physical assets to be appropriate

In addition, Greater Wellington may grant security interests in physical assets where those security interests are leases or retention of the arrangements which arise under the terms of any lease or sale and purchase agreement.

4.4 Borrowing mechanisms

Greater Wellington will borrow through a variety of market mechanisms including but not limited to:

- commercial paper (CP)
- fixed rate bonds and floating rate notes (FRNs)
- direct bank borrowing or loans with private placement investors
- short and long-term capital markets directly
- internal reserve and special funds.

In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the CFO will take into account the following:

- Available terms from banks, capital markets and loan stock issuance
- Greater Wellington's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time
- Prevailing interest rates and margins relative to term for debt issuance, capital markets and bank borrowing
- The market's outlook on future credit margin and interest rate movements
- Greater Wellington's outlook on future credit margin and interest rate movements
- Legal documentation and financial covenants, together with credit rating considerations
- Whether retail or wholesale debt issue.

5. Investment Policy and limits

5.1 General policy

Greater Wellington is currently a net borrower of funds and will generally apply surplus funds to debt repayment and, wherever possible, internally borrow from reserve funds to meet future capital expenditure. Greater Wellington may invest liquid funds externally for the following reasons:

- Strategic purposes consistent with the Greater Wellington's 10 Year Plan

- Holding short term liquid investments for general working capital requirements or any other cash management objective
- Holding investments that are necessary to carry out Greater Wellington operations consistent with annual plans
- Holding investments for self-insured infrastructural assets and contingency reserves.

Greater Wellington recognises that, as a responsible public authority, any investments that it holds should be low risk. It also recognises that lower risk generally means lower returns.

In its financial investment activity, Greater Wellington's primary objective when investing is the protection of its investment. Accordingly, only credit-worthy counterparties are acceptable.

5.2 Investment mix

Greater Wellington maintains investments in the following assets from time to time:

- Equity investments, including CCOs/CCTOs and other shareholdings
- Property investments incorporating land, buildings
- Financial investments incorporating longer term and liquidity investments.

5.2.1 Equity Investments

Greater Wellington's current equity investments are held in WRC Holdings Limited (100%):

WRC Holdings Limited owns the following companies:

- Port Investments Ltd (100 percent), which owns 76.9 percent of CentrePort Ltd (CentrePort)
- Pringle House Ltd (100 percent), Greater Wellington Rail Ltd

The above companies are CCOs or CCTOs.

5.2.2 Council Controlled Organisations (CCOs) and Council Controlled Trading Organisations (CCTOs)

Greater Wellington is responsible for the appointment of the board of directors for Greater Wellington's CCOs and CCTOs. Any asset additions or disposals of note are approved by directors, unless they are significant, as defined by the companies' constitutions, at which point shareholder approval is required.

The objectives of Greater Wellington's CCOs and CCTOs are to:

- Separate Greater Wellington's investments and commercial assets from its public good assets.
- Impose a commercial discipline
- Appropriate separation of management and governance.

Greater Wellington manages risk associated with CCOs and CCTOs by:

- Appointing suitably qualified external directors
- Receiving regular reports from directors

- Using external advisors when required
- Providing input into the statements of corporate intent and constitutions of the CCOs and CCTOs.

5.2.3 New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this Policy, Greater Wellington may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

Greater Wellington's objective in making any such investment will be to:

(a) obtain a return on the investment; and

(b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for Greater Wellington

Because of this dual objective, Greater Wellington may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, Greater Wellington may also subscribe for uncalled capital in the LGFA.

5.2.4 Other Investments

Greater Wellington's other investments are:

- CentrePort
- Forestry investments
- Stadium advance
- Liquid financial investments.
- Contingency funds

CentrePort

Greater Wellington, through Port Investments Ltd (PIL), owns 76.9 percent of CentrePort. CentrePort operates under the Port Companies Act 1988. It is not a CCTO under the Local Government Act 2002.

PIL, along with the other shareholder in CentrePort, is responsible for appointing the Board of Directors who, in turn, are responsible for the operation of the company. Any major transactions, as defined in the company's constitution or the Companies Act 1993, require the approval of the shareholders. PIL, as a shareholder, has input into CentrePort's statement of corporate intent and constitution and receives regular reports and briefings.

Greater Wellington manages risk associated with CentrePort by:

- Appointing suitably qualified external directors
- Appointing of Greater Wellington's CFO as reporting officer for the Council in respect of CentrePort

- Greater Wellington receiving formal briefings and reports twice a year
- The CFO receiving quarterly briefings and monthly reports
- Providing input into CentrePort's Statement of Corporate Intent.

Forestry investments

The Council has investments in forestry which are managed on a commercial basis, but also minimise soil erosion and water sedimentation (for land which is held for water catchment purposes). Greater Wellington has sold its cutting rights to its forestry investments for a period of up to 60 years.

Stadium advance

The Council has lent $25 million to the Wellington Regional Stadium Trust. The advance is interest free with limited rights of recourse. Greater Wellington will continue to hold the advance until repayment. It receives regular reports from the Stadium Trust on the Trust's performance. Greater Wellington and Wellington City Council, as the settlors of the Trust, appoint the trustees to the Stadium Trust.

Liquid financial investments

Greater Wellington's primary objective when investing is the protection of its investment capital and the maximisation of its returns. Accordingly, only creditworthy counterparties are acceptable. Creditworthy counterparties and investment restrictions are covered in section 6.3 of this policy. Credit ratings are monitored on a regular basis by the Treasurer.

For the foreseeable future, Greater Wellington will be in a net borrowing position and liquid investment funds will be prudently invested as follows:

- Any liquid investments will be restricted to a term that meets future cash flow and capital expenditure projections.
- Interest income from financial investments will be credited to general funds.
- Internal borrowing will be used wherever possible to avoid external borrowing.

Greater Wellington may invest in acceptable liquid debt instruments and make interest rate duration positions using investor swaps. This will further meet Greater Wellington's objectives of investing in high credit quality and highly liquid assets, yet allow for optimal interest rate decisions.

Greater Wellington's external investment interest rate profile will be managed within the parameters outlined in section 6.0 of this policy.

Contingency Funds

Greater Wellington currently has monies set aside in liquid funds that may be used when an event occurs such that the funds are required by the business.

From time to time Greater Wellington may set aside funds for such contingency purposes, which will be held in a readily available form.

5.2.5 *Special Funds and Reserve Funds*

Liquid assets will not be required to be held against special funds and reserve funds. Instead Greater Wellington will internally utilise or borrow these funds where ever possible.

Interest accrued from these funds will be credited to the particular fund.

5.3 *Investments in fossil fuels*

Greater Wellington has a policy to divest from any direct investment in fossil fuel extraction industries and investigate existing non direct investment with a view to preventing future investment where practical.

6. Risk recognition/identification management

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risk of Greater Wellington, will be as detailed below and will apply to both the Liability Management Policy and Investment Policy.

6.1 *Interest rate risk*

6.1.1 *Risk Recognition*

Interest rate risk is the risk that investment returns or funding costs will be materially different from those in annual plans and the 10 Year Plan.

The primary objective of interest rate risk management is to reduce uncertainty to interest rate movements through fixing of investment returns or funding costs. This will be achieved through the active management of underlying interest rate exposures.

6.1.2 *Approved Financial Instruments*

Dealing in interest rate products will be limited to financial instruments approved by Greater Wellington. Approved interest rate instruments are:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Uncommitted money market facilities Wholesale Bond and Floating Rate Note (FRN) issues Commercial paper (CP) New Zealand Dollar (NZD) denominated local or offshore private placements Retail bond and FRN issues
Investments	Short-term bank deposits Bank bills Bank registered certificates of deposit Local authority stock or State-owned Enterprise (SOE) bonds and FRNs Corporate/bank senior bonds Floating Rate Notes Promissory notes/Commercial paper Redeemable Preference Shares (RPS)

	LGFA borrower notes
Interest rate risk management	Forward rate agreements (FRAs) on: - Bank bills Interest rate swaps including: - Forward start swaps - Amortising swaps (whereby notional principal amount reduces) - Swap extensions and shortenings Interest rate options on: - Bank bills (purchased caps and one-for-one collars) - Interest rate swaptions (purchased and one-for-one collars only)
Foreign exchange risk management	- Foreign currency deposits - Purchased currency options - Collars (one-for-one) - Forward foreign exchange contracts

Any other financial instrument must be specifically approved by Greater Wellington on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments will be restricted by specified counterparty credit limits.

6.1.3 Interest Rate Risk Control Limit

Interest rate exposure

Exposure to interest rate risk is managed and mitigated through the controls below where:

"Debt" is all external debt ((existing and forecast) including WRC Holdings Limited) at the given debt ending period net of any liquid financial assets and investments and excluding Centreport Limited debt.

"Fixed Rate Debt" is all debt or swaps repricing beyond one year that is fixed rate plus all floating rate debt swapped to a fixed rate maturing beyond one year. Any debt or swap maturing within one year is defined as floating.

"Floating Rate Debt" is defined as an interest rate re-pricing within 12 months. This includes FRN's with a maturity date beyond one year that are not swapped to fixed rate. Floating Rate debt may be spread over any maturity out to 12 months.

Fixed rate debt must be within the following repricing bands:

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)					
Debt Period Ending	**Debt Amount**	**Minimum Fixed**	**Maximum Fixed**	**Actual Fixed**	**Compliant (Y/N)**
Current		50%	95%		
Year 1		45%	95%		
Year 2		40%	90%		
Year 3		35%	85%		
Year 4		30%	80%		
Year 5		25%	75%		
Year 6		15%	70%		
Year 7		0%	65%		
Year 8		0%	60%		
Year 9		0%	55%		
Year 10		0%	50%		
Year 11		0%	50%		
Year 12		0%	50%		
Year 13		0%	50%		
Year 14		0%	50%		
Year 15		0%	50%		
Year 16*		0%	50%		

A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval Greater Wellington.

*Council management has delegated authority to tactically position the interest rate risk portfolio within approved ranges out to a maximum period of 16 years, based on anticipated future interest rate movements. The exception to this will be if LGFA introduce funding terms exceeding 16 years; in this event, management can position the interest rate portfolio to maturities that match LGFA funding terms.

- interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- purchased borrower swaptions must mature within 36 months.
- interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.
- The forward start period on swap/collar strategies is to be no more than 24 months, unless the forward starting swap/collar starts on the expiry date of an existing fixed interest rate

instrument (i.e. either derivative or fixed rate borrowings) and has a notional amount which is no more than that of the existing fixed interest rate instrument.

Risk management

Instruments

Dealing in interest rate products must be limited to financial instruments approved by Greater Wellington.

Current approved interest rate instruments are as follows:

Category	Instrument
Cash management and borrowing	• bank overdraft • committed cash advance and bank accepted bill facilities (short term and long term loan facilities) • uncommitted money market facilities • wholesale bond and Floating Rate Note (FRN) • commercial paper (CP) • New Zealand dollar denominated private placements • retail bond and FRN • Bank term deposits linked to pre funding maturing debt.
Interest rate risk management	• forward rate agreements (FRAs) on: - bank bills • interest rate swaps including: - forward start swaps - amortising swaps (whereby notional principal amount reduces) - swap extensions and shortenings • interest rate options on: - bank bills (purchased caps and one-for-one collars) - interest rate swaptions (purchased and one-for-one collars only)

Any other financial instrument must be specifically approved by Greater Wellington on a case-by-case basis and only be applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer

- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

6.1.4 Liquid Financial Investment Portfolio

The following interest rate re-pricing percentages are calculated on the projected 12-month rolling Financial Investment Portfolio total. This allows for pre-hedging in advance of projected physical receipt of new funds. When cash flow projections are changed, the interest rate re-pricing risk profile may be adjusted to comply with the policy limits.

Interest Rate Re-Pricing Period	Minimum Limit	Maximum Limit
0 to 1 year	40%	100%
1 to 3 years	0%	60%
3 to 5 years	0%	40%
5 to 10 years	0%	20%

To ensure maximum liquidity, any interest rate position beyond five years will be made with acceptable financial instruments such as investor swaps.

The re-pricing risk mix may be changed, within the above limits through selling/purchasing fixed income investments and/or using approved financial instruments, such as swaps.

6.1.5 Special Funds/Reserve Funds

Where such funds are deemed necessary they will be used for internal borrowing purposes. This will negate counterparty credit risk and any interest rate gap risk that occurs when Greater Wellington borrows at a higher rate compared to the investment rate achieved by special/reserve funds.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are required to be held within a trust. For non-trust funds, Greater Wellington will manage these funds using internal borrowing facilities.

6.2 Liquidity risk/funding risk

6.2.1 Risk Recognition

Cash flow deficits in various future periods based on long-term financial forecasts are reliant on the maturity structure of loans and facilities. Liquidity risk management focuses on the ability to borrow at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time, in order to achieve pricing (fees and borrowing margins) and maturity terms that are the same or better than existing facilities.

Managing Greater Wellington’s funding risks is important as changing circumstances can cause an adverse movement in borrowing margins, term availability and general flexibility such as:

- Local Government risk is priced to a higher fee and margin level.

- Greater Wellington's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to Greater Wellington experiences its own financial/exposure difficulties resulting in Greater Wellington not being able to manage its debt portfolio as optimally as desired.
- New Zealand's investment community experiences a substantial 'over supply' of Greater Wellington's investment assets.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time. Then, if any of the above circumstances occur, the overall borrowing cost is not unnecessarily increased and the desired maturity profile is not compromised.

6.2.2 Liquidity/Funding Risk Control Limits

These control limits will be determined by the following:

- Alternative funding mechanisms, such as leasing, will be evaluated. The evaluation will take into consideration, ownership, redemption value and effective cost of funds.
- Term debt and committed debt facilities together with liquid investments, will be maintained at an amount that is greater than or equal to 110 percent of existing external debt.
- The maturity profile of total external debt less liquid financial investments in respect to all loans, bonds and committed facilities, will be controlled by the following:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 6 years	15%	60%
6 years plus	0%*	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Greater Wellington.
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33 percent of a Council's borrowings from the LGFA will mature in any 12-month period .

*When total external debt exceeds $400 million this minimum will increase to 10%.

The CFO will have the discretionary authority to re-finance existing debt.

Greater Wellington may prefund its forecasted debt requirements up to 18 months in advance including the re-financing of existing debt maturities. Debt refinancings that have been prefunded, will remain included within the funding maturity profile until their maturity date.

6.2.3 Commercial Paper

Commercial Paper[49] (CP) should not be issued to fund core term debt requirements unless there are bank standby, committed bank or committed undrawn lending facilities that are available to cover any outstanding CP. As a result any undrawn credit lines to cover maturing CP do not count as excess liquidity.

Nevertheless the coverage of CP by back–up facilities is a Credit Rating Agency requirement, and Greater Wellington will adhere to the requirements of the rating agencies in the first instance.

The exception to the above is where CP is used for working capital or bridging financing purposes and where certain, know or contracted cashflows are used to repay the CP on maturity.

6.3 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Greater Wellington is a party. The credit risk to Greater Wellington in a default event will be weighted differently depending on the type of instrument.

Credit risk will be regularly reviewed by Greater Wellington. Treasury related transactions will only be entered into with organisations specifically approved by the Council.

Counterparties and limits may only be approved on the basis of long-term credit ratings (Standard & Poor's or Moody's) being A- and above or short-term rating of A2 or above, with the exception of New Zealand Local Authorities.

Limits will be spread amongst a number of counterparties to avoid concentrations of credit exposure.

To avoid undue concentration of exposures, financial instruments will be used with as wide a range of counterparties as possible. Where possible, transaction notional sizes and maturities will also be well spread. The approval process to allow the use of individual financial instruments will take into account the liquidity of the market in which the instrument is traded and repriced.

The following matrix guide will determine limits.

[49] Commercial Paper is a promissory note, akin to a post-dated cheque. It is colloquially known as one name paper issued by a non-bank borrower, as distinct from bank paper, or a bankers acceptance which has two or more names (parties) who are liable to honour the debt on maturity if the acceptor (banks) fails to.

Issuer / counterparty	Instruments	Minimum credit rating (short-term / long-term)	Maximum exposure per counterparty(NZD) % of rates revenue	Maximum exposure per counterparty grouping as a % of rates revenue
New Zealand Government	Treasury bills, NZ government bonds, debt issued by entities explicitly guaranteed by the NZ Government	n/a	unlimited	100%
RBNZ registered banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1+ / AA-	60%	100%
		A1+ / A+	40%	
		A1 / A	25%	
		A1 / A-	15%	
Offshore banks	Bank deposits, bank bills, bank bonds, interest rate risk management contracts, foreign exchange contracts	A1 / A	15%	75%
Local Government Funding Agency	Borrower notes	n/a	60%	60%
Local authorities – rated	Local authority bonds, CP	A1+ / AA-	20%	20%
Local authorities - non rated	Local authority bonds, CP	n/a	10%	10%
Other issuers including state owned enterprises, listed and unlisted companies	Commercial paper, corporate bonds	A1+ / AA-	5%	10%
		A1 / A-	5%	5%

- Current counterparty credit ratings will be reviewed and monitored monthly.
- The definition of rates revenue includes water levy.

In determining the usage of the above gross limits, the following product weightings will be used:

- Financial investments (e.g. deposits, bonds) -100% of the principal value.
- Interest Rate Risk Management* (e.g. swaps, FRAs) –Any positive month-end mark to market value (as provided by the treasury management system) plus: 3% of the notional principal for all interest rate hedging instruments.
- Foreign Exchange instruments* (e.g. Forward Exchange Contracts) –Any positive month-end mark to market value (as provided by the treasury management system) plus 30% of the notional value of the instrument.

** Greater Wellington will not net off marked to market values against counterparties. Only positive marked to market values (from Greater Wellington's perspective) will contribute to the counterparty* *calculation. Negative marked to market values will always have a value of zero for counterparty calculation purposes.*

Each transaction will be entered into a reporting spreadsheet and a monthly report will be prepared to show assessed counterparty actual exposure versus limits.

The above limits may be amended by Council, especially in the case where the NZ Government credit rating is changed.

Individual counterparty limits will be kept on a register by management and updated on a day-to-day basis. Specific approvals will be made by the CFO. Credit ratings will be reviewed by the Treasurer on an ongoing basis and in the event of material credit downgrades, this will be immediately reported to the CFO and the Council and assessed against exposure limits. Counterparties exceeding limits will be reported to Greater Wellington.

6.4 CentrePort Debt and Guaranteeing Debt

Greater Wellington, through its wholly owned CCO WRC Holdings Limited, is a 77% percent owner of the Port Company CentrePort Limited. Greater Wellington has guaranteed the debt obligations of CentrePort as it is a strategic regional asset of the ratepayers.

Greater Wellington, by providing a guarantee, formally recognises this relationship and as a result means CentrePort can borrow funds at a similar cost to Greater Wellington. This is cheaper than borrowing on its own, ultimately resulting in a financial benefit to the rate payers.

From time to time Greater Wellington will guarantee these obligations, given that the level of CentrePort’s debt varies over time and the lenders to CentrePort may also change.

Greater Wellington may lend funds directly to CentrePort when it believes that there is further benefit to be given to the ratepayer.

6.5 Foreign exchange risk

6.5.1 Foreign Exchange Risk Recognition

Greater Wellington’s policy is to identify and record these risks by their respective types and then to manage each risk under predetermined and separately defined policies and risk control limits.

It is prudent practice to pre-hedge potential adverse foreign exchange rate movements on capital imports from the time the capital expenditure budget is approved by Greater Wellington. There is a risk that the net New Zealand dollar cost could increase substantially between the time the expenditure is approved by Greater Wellington and the actual placement of the purchase order. It is expected that the payment currency and payments schedule are known at the time the purchase order is issued and the contract is signed with the supplier.

Greater Wellington has foreign exchange risks on imported items or services (capital and operating expenditure). There is a contingent risk when there is a time lapse between expenditure approval and placement of orders or finalisation of contracts and a further risk when the contract is signed or order is placed.

Full risk: is at the time the expenditure is approved and legal commitments are made.

6.5.2 Foreign Exchange Risk Control Limits

All individual items/services greater than NZ$100,000 must be hedged at all times in accordance with the following risk control limits:

Time – point	Exposure hedged by forward exchange contracts or options	Exposure hedged by purchased foreign exchange options
1. Budget approved by Greater Wellington – (Medium Probability)		Maximum 50%
2. Specific item approved – (High probability)		Maximum 100%
3. Contract/ order confirmed – (Undoubted Risk)	Minimum 100%	

6.5.3 Use of Foreign Exchange Instruments and Forecasting

Financial instruments, other than those stipulated in section 6.1.2, will require Council approval. Foreign exchange options will not be sold outright. The purchase price paid for an option (premium) will be amortised (spread) over the period of cover and added to the actual average exchange rate achieved.

All significant tenders will allow bidders the opportunity to select desired currencies and where possible, allow for suppliers to transparently link price escalations to clear financial market references.

Project managers will update any assumptions prior to budgets being finalised and, where necessary, discuss with the Treasurer or CFO. The following approach will be used when calculating foreign exchange rates for budgeting purposes:

- In determining a suitable foreign exchange rate to use in the calculation of budgets for procurement purposes, a purchased NZD Put option at the market forward rate to the middle of the budgeted financial year is used. The all-up premium cost in dollar terms of the option expressed in foreign exchange points is subtracted from the market forward rate to provide the appropriate budget rate to be used.

6.6 Managing operational risk

Operational risk is the risk of loss as a result of human errors including fraud, system failures, or inadequate procedures and controls. Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood
- Too much reliance is often placed on the specialised skills of one or two people
- Most treasury instruments are executed over the phone

Operational risk is minimised by this policy.

6.6.1 Dealing Authorities and Limits

Transactions will only be executed by those persons and within limits approved by Greater Wellington.

6.6.2 Segregation of Duties

There will be adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, settling and accounting/reporting. However, there are a small number of people involved in borrowing and investment activity. Accordingly, strict segregation of duties will not always be achievable.

The risk will be minimised by the following:

- The SFM will report directly to the CFO to control the transactional activities of the Treasurer
- There will be a documented approval process for borrowing and investment activity.

6.6.3 Procedures and controls

- The CFO will have responsibility for establishing appropriate structures, procedures and controls to support borrowing and investment activity.
- All borrowing, investment, cash management and risk management activity will be undertaken in accordance with approved delegations authorised by Greater Wellington.
- All treasury products will be recorded and diarised within a treasury system, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting will be done immediately following execution and confirmation. Details of procedures, including templates of deal tickets, will be included in a treasury procedures manual separate to this policy. Greater Wellington will capture the percentage of deals transacted with banks to determine competitiveness and reconcile the summary.

Procedures and controls will include:

- Regular management reporting
- Regular risk assessment, including review of procedures and controls
- Organisational systems, procedural and reconciliation controls to ensure:
  - All borrowing and investment activity is bona fide and properly authorised
  - Checks are in place to ensure Greater Wellington’s accounts and records are updated promptly, accurately and completely
  - All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity
  - Cheque/Electronic Banking Signatories will be approved by the CEO. Dual signatures will be required for all cheques and electronic transfers.
- All counterparties will be provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

- All deals will be recorded on properly formatted deal tickets by the Treasurer and approved, where required, by the CFO. Market quotes for deals (other than cash management transactions) will be perused by the Treasurer before the transaction is executed. Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) will be maintained and updated promptly following completion of transaction.
- All inward letter confirmations, including registry confirmations, will be received and checked by the SFM against completed deal tickets and summary spreadsheets records to ensure accuracy.
- Deals, once confirmed, will be filed (deal ticket and attached confirmation) in deal date/number order.
- Any discrepancies arising during deal confirmation checks which require amendment to Greater Wellington records will be signed off by the CFO.
- The majority of borrowing and investment payments will be settled by direct debit authority.
- For electronic payments, batches will be set up electronically. These batches will be checked by the SFM to ensure settlement details are correct. Payment details will be authorised by two approved signatories as per Council registers.
- Bank reconciliations will be performed monthly by the SFM. Any unresolved unreconciled items arising during bank statement reconciliation which require amendment to Greater Wellington records will be signed off by the CFO.
- A monthly reconciliation of the Debt Management system and borrowing and investment spreadsheets to the general ledger will be carried out by the Treasurer and reviewed by the SFM.

6.7 Managing legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction, usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Greater Wellington may be exposed to such risks.

In the event that Greater Wellington is unable to enforce its rights due to deficient or inaccurate documentation, Greater Wellington will seek to minimise this risk by:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice for any non-standardised transactions.

6.7.1 Agreements

Financial instruments will only be entered into with banks that have in place an executed International Swap Dealer's Association (ISDA) Master Agreement with Greater Wellington. All ISDA Master Agreements for financial instruments will be signed under seal by Greater Wellington.

Greater Wellington's internal/appointed legal counsel will sign off on all documentation for new loan borrowings, re-financings and investment structures.

Currently, Greater Wellington has ISDA agreements with the following banks:

- Bank of New Zealand
- ANZ Banking Group (New Zealand) Ltd
- ASB/CBA Bank
- Westpac
- Kiwibank

6.7.2 Financial Covenants and Other Obligations

Greater Wellington will not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Greater Wellington will comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

6.8 Diesel hedging

Other risks, such as commodity price risk associated with diesel, will be considered for risk management by Greater Wellington. Management is aware of the indirect risk to diesel procurement that is embedded in existing transport contracts. To this Greater Wellington has delegated to the CFO the power to enter into any price hedges or options with the following conditions:

- The CFO will report any hedges to Greater Wellington on a quarterly basis
- Maximum term of a hedge or option contact once it becomes operational is one year
- Contracts shall only be with a counterparty with a S&P rating of at least A.

6.9 Electricity hedging

Wholesale electricity spot market price risk will be considered for risk management by Greater Wellington. Management is aware of the inherent price volatility of the electricity spot market. To this end, the Council has delegated to the CEO the power to enter into price hedges with the following conditions:

- An electricity hedge contract will be in place for the duration of any spot market physical supply agreement.
- The price exposure can be hedged via an over the counter electricity swaps contract, a contract for difference or a futures contract.
- The notional value of the hedge contract will be in New Zealand dollars.

- The hedge contract will be for a maximum duration of no more than three years, and will be signed no earlier than 12 months prior to contract commencement.
- The expiry of any hedge contract will be no more than four years.
- For any given reporting year, the hedge volume will be between 85 percent and 115 percent of the expected actual consumption. The hedge ratio will be monitored and reported annually.
- The credit rating of the hedge counter-party will be at least investment grade from Standard and Poor's at the time of entering into the contract (i.e., a long-term rating of not less than BBB-). In the event of the rating falling below this, Greater Wellington would be advised and a recommendation on how to deal with existing hedges and any new hedges contemplated would be made to Greater Wellington. If the preferred hedge counter-party does not have an external credit rating with Standard & Poor's the GM Corporate Services/CFO may review the financial position of the proposed counter-party and provide a recommendation for approval by the Chief Executive.

7. Measuring Treasury performance

In order to determine the success of Greater Wellington's treasury management function, benchmarks and performance measures have been prescribed. Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) will be reported to Finance, Risk and Assurance on a quarterly basis.

7.1 Operational performance

All treasury limits will be complied with, including, but not limited to, counterparty credit limits, dealing limits and exposure limits. All treasury deadlines will be met, including reporting deadlines.

7.2 Management of debt, investments and interest rate risk

The actual funding cost for Greater Wellington (taking into consideration costs of entering into interest rate risk management transactions) will be below the budgeted interest cost and investment returns will be above the budgeted interest rate income.

8. Cash management

The Treasurer has the responsibility to carry out the day-to-day cash and short-term debt management activities. The Treasurer will:

- Calculate and maintain comprehensive cash flow projections on a daily (two weeks forward), weekly (four weeks forward), monthly (12 months forward) and annual (five years) basis
- Electronically download all Greater Wellington bank account information daily
- Co-ordinate Greater Wellington's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters
- Undertake short-term borrowing functions as required, minimising overdraft costs
- Ensure efficient cash management, through improvement to accurate forecasting using spreadsheet modelling

- Minimise fees and bank/Government charges by optimising bank account/facility structures
- Monitor Greater Wellington's usage of cash advance facilities
- Match future cashflows to smooth over time
- Provide reports to CFO detailing actual cash flows during the month compared with those budgeted
- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so.

9. Reporting – performance measurement

When budgeting forecast interest costs/returns, the actual physical position of existing loans, investments and interest rate instruments must be incorporated.

9.1 Treasury reporting

The following reports will be produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position	Daily	Treasurer	CFO
Treasury Exceptions Report	Daily	Treasurer	CFO
Risk Exposure position	Monthly	Treasurer	CFO
Risk Management performance	Monthly	Treasurer	CFO
Policy Compliance	Monthly	SFM	CFO
Borrowing limits	Monthly	Treasurer	CFO
Interest rate exposure report	Monthly	Treasurer	CFO
Cost of funds report	Monthly	Treasurer	CFO
Funding facility report	Monthly	Treasurer	CFO
Funding risk report	Monthly	Treasurer	CFO
Cash flow forecast report	Monthly	Treasurer	CFO
Treasury investments	Monthly	Treasurer	CFO
Summary Treasury Report	Monthly Quarterly	Treasurer	CFO Finance, Risk and Assurance / Council
Bi Annual Treasury Strategy Paper	Bi-annually	Treasurer	CFO CEO / Finance, Risk and Assurance
Limits Report	Daily on exceptions Quarterly	SFM	Treasurer Finance, Risk and Assurance
Debt Maturity Profile	Quarterly	Treasurer	Finance, Risk and Assurance / Council
Statement of Public Debt	Quarterly	Treasurer	Finance, Risk and Assurance / Council
Revaluation of financial instruments	Quarterly	Treasurer	CFO

9.2 Accounting treatment of financial instruments

Greater Wellington uses financial arrangements (“derivatives”) for the primary purpose of reducing its financial risk to fluctuations in interest rates. The purpose of this section is to articulate Greater Wellington’s accounting treatment of derivatives in a broad sense.

Under NZ IPSAS changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Greater Wellington’s principal objective is to actively manage Greater Wellington’s interest rate risks within approved limits and chooses not to hedge account. Greater Wellington accepts that the marked-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council’s annual accounts.

The Treasurer is responsible for advising the Chief Financial Officer of any changes to relevant NZ IPSAS which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (marked-to-market) at least every six months for risk management purposes.

10. Policy review

This Treasury Risk Management Policy will be formally reviewed every three years. The CFO has the responsibility to prepare a review report (following the preparation of annual financial statements) that is presented to Finance, Risk and Assurance. The report will include:

- Recommendations on changes, deletions and additions to the policy.
- Overview of the treasury management function in achieving the stated treasury objectives, including performance trends in actual interest cost against budget (multi-year comparisons).
- Summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension.
- Analysis of bank and lender service provision, share of financial instrument transactions, etc.
- Comments and recommendations from Greater Wellington's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting.
- Total net debt servicing costs.

The policy review will be completed and presented to Finance, Risk and Assurance within five months of the financial year-end. Finance, Risk and Assurance will approve any resulting policy changes.

Rates Remission and Postponement Policy

Remission and postponement of penalties

Objective

To enable Greater Wellington to act fairly and reasonably when rates have not been received by the penalty date.

Criteria and conditions

Greater Wellington will consider each application on its merit. Remission of penalties may be granted or postponement of penalties will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Upon receipt of an application from the ratepayer, or if identified by Greater Wellington, Greater Wellington may remit or will postpone all or part of a penalty where it considers that it is fair and equitable to do so. The following matters will be taken into consideration by Greater Wellington:
    a) The ratepayer's payment history
    b) The impact on the ratepayer of extraordinary events
    c) The payment of the full amount of rates due.

Conditions

1) The ratepayer must enter into an agreement with Greater Wellington for the payment of postponed penalties.

Decisions

Decisions on the remission or postponement of penalties are delegated to Greater Wellington officers. All delegations are recorded in the delegations manual.

Rates postponement

Objective

To enable Greater Wellington to postpone the payment of rates.

Criteria and conditions

Greater Wellington will consider each application on its merit and postponement will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

Greater Wellington will postpone rates when the following circumstances are met:

a) A territorial authority in the Wellington region has postponed some or all of the territorial authority rates for the rating unit in the current rating year AND/OR
b) The ratepayer is experiencing extreme financial hardship.

Conditions

1) Applications for postponements must be made to Greater Wellington in writing and contain supporting information demonstrating compliance with criteria.
2) Approval of rates postponements is for one year only. Applicants must reapply annually for a postponement.
3) The postponement of rates is a last resort and will be considered only after all other avenues to meet rates commitments have been exhausted.
4) Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Greater Wellington will have the first call on the proceeds of any revenue from the sale or lease of the rating unit in accordance with section 90 of the Local Government (Rating) Act 2002.
5) A fee may be charged in arrears on rates postponed, in accordance with section 88 of the Local Government (Rating) Act 2002.
6) The applicant may choose to postpone the payment of a lesser amount of rates than the full amount that they would be entitled to postpone under this policy.

Decisions

Decisions on the postponement of rates are delegated to Greater Wellington Regional Council officers. All delegations are recorded in the delegations manual.

Remission and postponement of rates on Māori freehold land

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by the Māori Land Court by freehold order. Only land that is subject to such an order may qualify for remission or postponement under this policy.

Objectives

1) To recognise that certain Māori owned land may have particular conditions, features, ownership structures, or other circumstances that make it appropriate to provide for relief from rates.
2) To recognise that Greater Wellington Regional Council and the community benefit through the efficient collection of rates that are properly payable and the removal of rating debt that is considered non-collectable.
3) To meet the requirements of section 102 of the Local Government Act 2002 to have a policy on the remission and postponement of rates on Māori freehold land.

Considerations

In setting a policy on the remission and postponement of rates on Māori freehold land Greater Wellington has considered the matters identified in schedule 11 of the Local Government Act 2002.

Criteria and conditions

Greater Wellington will consider each application on its merit. Remission of rates may be granted or postponement of rates will be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Greater Wellington will give a remission or postponement of up to 100% of all rates for the year for which it is applied for based on the extent to which the remission or postponement of rates will:
    a. Support the use of the land by owners for traditional purposes
    b. Support the relationship of Māori and their culture and traditions with their ancestral lands
    c. Avoid further alienation of Māori freehold land
    d. Facilitate any wish of the owners to develop the land for economic use
    e. Recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes
    f. Recognise and take account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)
    g. Recognise and take account of the importance of the land for community goals relating to:
        - The preservation of the natural character of the coastal environment
        - The protection of outstanding natural features
        - The protection of significant indigenous vegetation and significant habitats of indigenous fauna
    h. Recognise the level of community services provided to the land and its occupiers
    i. Recognise matters related to the physical accessibility of the land
    j. Provide for an efficient collection of rates and the removal of rating debt.

Conditions

1) Application for a remission or postponement under this policy must be made in writing and should be made prior to the commencement of the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Greater Wellington. A separate application must be made for each rating year.
2) Owners or trustees making applications should include the following information in their applications:
    a. Details of the rating unit or units involved
    b. Documentation that shows that the land qualifies as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court
    c. Supporting information to demonstrate that the remission or postponement will help achieve the criteria set out in the above section.
3) Greater Wellington may of its own volition investigate and grant remission or postponement of all or part of the rates (including penalties for unpaid rates) on any Māori freehold land in the region.

4) Relief, and the extent thereof, is at the sole discretion of Greater Wellington and may be cancelled and reduced at any time.
5) The applicant may choose to remit or postpone the payment of a lesser amount of rates than the full amount owing.

Decisions

Decisions on the remission and postponement of rates (including penalties for unpaid rates) on Māori freehold land are delegated to Greater Wellington officers. All delegations are recorded in the delegations manual.

Remission of rates in special circumstances

Objective

To enable Greater Wellington to act fairly and reasonably to remit regional rates in special circumstances.

Criteria and conditions

Greater Wellington will consider each application on its merit and remission may be granted where it is considered that the application meets the following criteria and conditions.

Criteria

1) Greater Wellington may remit all or part of the rates assessed in relation to a particular rating unit in special or unforeseen circumstances where it considers it just and equitable to do so.

Conditions

1) Each request for a remission of rates in special circumstances shall be considered on its merits and any decision on such a request shall be deemed to not set a precedent for any future decision under this policy.
2) A remission under this policy will last for one rating year only. Applicants must reapply annually for a remission.
3) No application under this policy will be backdated beyond the current rating year.
4) An application for remission under this policy:
    a. Must be made within the rating year for which remission is sought, and
    b. Made in writing to Greater Wellington, and
    c. Contain supporting information.
5) Greater Wellington may of its own volition investigate and grant remission of rates that satisfy the requirements of any direction it receives from the Government or other agency to remit rates. In such circumstances rates will generally be remitted to the extent Greater Wellington receives payment from the Government or other agency.
6) Under this policy "special circumstances" excludes remissions sought for rating units with conservation and/or heritage values, including land subject to a QEII covenant.

Decisions

Decisions on remission of rates in special circumstances will be made by Council where the amount requested is over $500.

Decisions on the remission of rates in special circumstances where the amount requested is $500 or less are delegated to Greater Wellington officers. All delegations are recorded in the delegations manual.

Policy on Development Contributions or Financial Contributions

This policy describes Greater Wellington's approach to development and financial contributions.

Development contributions

Greater Wellington will not be seeking any development contributions as provided for under the Local Government Act 2002. The power to levy such contributions is restricted to territorial authorities.

Financial contributions

Greater Wellington does not have any provisions in its regional plans prepared under the Resource Management Act 1991 to levy financial contributions. The inclusion of such contributions may be reconsidered as part of any review of the regional plans. No financial contributions can be levied by Greater Wellington unless they are included within a regional plan.

SECTION 8 – Your Regional Councillors

Your regional councillors

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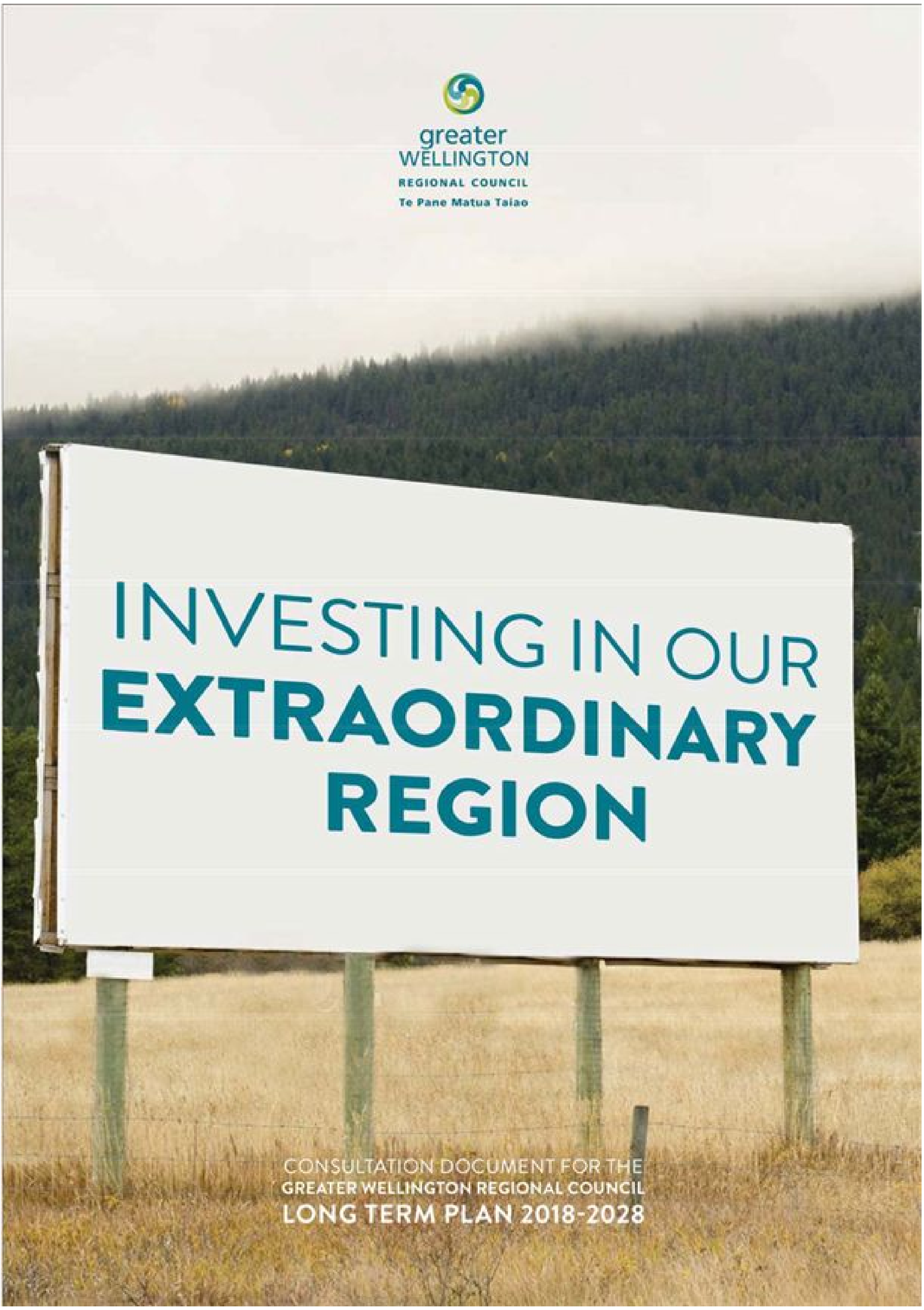

greater
WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao
INVESTING IN OUR
EXTRAORDINARY
REGION
CONSULTATION DOCUMENT FOR THE
GREATER WELLINGTON REGIONAL COUNCIL
LONG TERM PLAN 2018-2028

HAVE YOUR SAY ON OUR EXTRAORDINARY REGION

Greater Wellington Regional Council (Greater Wellington) is reviewing what we plan to deliver to our community over the next 10 years and beyond. In this consultation document, we outline our key priorities for the next decade. These priorities will affect you and your community.

The world we live in is changing. It's very different from the world of a decade ago. We are adapting our thinking to address these changes and looking to what our region's future needs may be. In particular we're continuing to invest in the resilience of our region so we are equipped for the challenges that climate change and adverse events such as floods and earthquakes could bring to the Wellington region.

Much of what we deliver is part of long-term programmes – while these adjust to changing circumstances over time, the overall direction remains consistent with what we have previously consulted with the community. For this 10 Year Plan we are not proposing any significant changes, but there are some proposals that we want your feedback on – these relate to three areas:

- How we improve the long-term levels of service on the Wairarapa rail line and the Capital Connection
- What level of capability we want for the Wellington Region Emergency Management Office (WREMO)
- Whether Greater Wellington should continue to lead a programme aimed at establishing additional water storage for Wairarapa.

We are also highlighting some areas where we will be seeking feedback from the community at a later date – these relate to future options for Wellington's transport network and how the region is set up to deliver economic development programmes.

The proposals in this draft 10 Year Plan require an increase in rates of $8 million in 2018/19 and $75 million over the 10 years of the plan. This equates to an average rates increase of 6.7 percent for the 2018/19 year. In the next three years the average rates increase will be 6.3% and over the 10 years of the plan an average annual rates increase of 5 percent.

The proposed average increase in residential rates across our region in the 2018/19 year is $31.43, or $2.62 per month.

As part of the long term planning process, we're also reviewing our Revenue and Financing Policy. This policy sets out how we allocate rates across the region and among different groups of ratepayers. We're proposing to change how we allocate funding through rates for our work in public transport and flood management. We want your feedback on the proposed changes. A summary of the changes is included in this document and more detail is at www.WhatMatters.co.nz.

Finding more information

This document allows you to give us feedback on our key issues. We can't cover everything that Greater Wellington does in this document, so you'll find more information in our supporting documents.

You can find our Infrastructure Strategy, Financial Strategy and our Supporting Information document, which provide more detail on our work programme, at www.WhatMatters.co.nz. Here you'll also find details of the concurrent consultation on the changes to our Revenue and Financing Policy.

Consultation period: Monday 26 March to Sunday 29 April 2018

OUR VISION AND PRIORITIES

Our vision:

An extraordinary region – thriving, connected and resilient

Greater Wellington has identified four key priorities for the Wellington region over the next 10 years. We want your feedback on these priorities and the key issues associated with them.

Freshwater Quality and Biodiversity

The quality of the freshwater in our rivers, lakes and streams is maintained or improved, and our region contains healthy plant, bird and wildlife habitats.

Water Supply

The bulk water supply infrastructure consistently delivers high-quality drinking water to the four city councils (Porirua, Hutt City, Upper Hutt and Wellington).

Regional Resilience

Our infrastructure is resilient to adverse events and supports our region's economic and social development.

Public Transport

The Wellington region has a world-class integrated public transport network.

KEY PROGRAMMES

Much of what we deliver is part of long-term programmes to address our priorities and the challenges ahead. We have outlined our key programmes below which have all been the subject of previous consultation processes. For this 10 Year Plan we have reviewed and updated these programmes to reflect current circumstances and this has meant some changes to timing and costs.

Public Transport

Meeting customers' expectations for the Metlink network and services

The Wellington region has a high-quality, well-used public transport network (the Metlink network). Per capita, we have the country's highest number of public transport users. Our buses, trains and harbour ferries play an important role in helping people get to work and to play, and contribute significantly to the region's liveability and economic productivity.

Delivering on our vision of a world-class public transport system is a big focus for Greater Wellington. We have a long-term commitment to improving public transport services the region and it will take time and money to make changes. We've already seen the benefits of the substantial investment we've made in the Matangi trains. We're now delivering a similar step change to the bus network. In mid-2018 we will be launching a new bus network in Wellington, and new bus operators will be working under new contracts throughout the region.

We understand that expectations of the services we deliver are evolving. It is clear from feedback with customers that you want us to invest in reducing emissions and providing you with seamless connections. The introduction of new buses in 2018 will reduce congestion and harmful emissions. A more modern fleet, alongside our commitment to a higher level of customer service, will bring us closer to meeting our goal of providing the region with a modern world class public transport network. We will be introducing a single ticket system for the bus network and are on the way to a system which means you can travel on a bus, train and ferry using one ticket. This is all part of our Public Transport Transformation Programme.

Our focus over the next ten years is

1. continually improve levels of service for customers
2. unlock capacity to cater for ongoing and expected high levels of population and economic growth, and
3. improve the resilience of the network as a whole.

A single ticketing system

The extension of Snapper in July 2018 across the entire bus fleet will mark a significant improvement for ticketing on bus services. The extension of Snapper is an interim solution and is a prelude to a single ticketing system for travel on all public transport in the region, whether by bus, train or ferry. Greater Wellington is working closely with the NZ Transport Agency and other regions as part of a national approach to integrated ticketing. To prepare the way, a new Metlink fare schedule will come into effect in July 2018. The new fares have been simplified and applied consistently across the network.

Transforming your bus experience

The current Wellington City bus network service is currently stretched and will be even more so in order to meet future demands and expectations. The new bus network means that more people will live closer to high frequency routes, providing greater coverage with more regular options to travel by bus, increased capacity and frequency. In preparation for the new bus network we are developing new transfer hubs and shelters, and more extensive public transport information, including Real Team Information and wayfinding. While the new bus network will provide a significant improvement in the overall bus service levels, it will not meet all current and future patronage demands or customer expectations. Capacity and frequency of service levels could be enhanced to attract patronage and better cope with urban population and economic growth. As a consequence the 10 Year Plan includes funding for a package of additional service enhancements focused on greater coverage, capacity, shoulder peak service and frequency. We've allocated funding of $600k for this package of improvements in 2019/19 as well as ongoing funding throughout the 10 years of the Plan.

Overall for this area, the level of service is proposed to increase over the 10 years of the plan.

Regional Resilience

Being prepared to cope with emergencies

We have a significant role to play in ensuring the region is able to respond to any adverse event. This means focusing on providing support to you and your family, protecting core infrastructure such as water supply and public transport from the effects of emergency events and ensuring our region is in a position to recover from adverse conditions.

We need to be confident that we are prepared to respond effectively if and when an event occurs – knowing that we have the right systems and structures in place given the increased frequency and severity of events.

We administer and resource the Wellington Regional Emergency Management Office (WREMO), which is jointly funded by all councils within the region. WREMO plays a regional leadership role in regional resilience.

We invest a large amount in providing critical flood protection infrastructure including stop-banks on our main arterial rivers and barrage gates at Lake Wairarapa. Our plan allows for continued maintenance to ensure this infrastructure is maintained and improved.

Before we invest in flood protection infrastructure, we work with the community to develop flood management plans, which allow us to understand the risks in your area and consider how they should be managed. We are continuing to develop two floodplain management plans in the Wairarapa – for the Waiohine River including Greytown and the surrounding area, and for the Te Kāura Upper Ruamāhanga area. Over the next 10 years we will continue to implement floodplain management plans that have been approved in the Hutt, Wellington and Kāpiti areas.

RiverLink – a key flood management programme
A key project for Greater Wellington is RiverLink - a joint project with the Hutt City Council and the NZ Transport Agency to protect the Hutt CBD and areas downstream from the effects of a major flood. The project incorporates widening the river channel and constructing larger stop banks, contributing to the regeneration of the city centre and improving transport options that connect central lower Hutt to State Highway 2.

This project will deliver the levels of service agreed and consulted on as part of the Floodplain Management Plan some years ago and confirmed through the Hutt Valley Flood Management Subcommittee. More recent consultation on the scoping of the RiverLink project signalled a high level of support (85 percent of the community) to proceed with the work as quickly as possible.

There are no significant changes proposed to this programme, however the overall costs have changed. This reflects the need to purchase additional property to achieve the designed river widening scheme and the increased cost of property reflecting the buoyant property market. The total cost of RiverLink to Greater Wellington is now $125 million (up from $94 million), which will be funded through a loan and repaid through rates and collected rental revenue from property acquired for the project up until the point that they are removed to enable construction. Surplus land will be sold at the conclusion of the construction.

The timing and overall affordability of this project will be further considered through the Hutt Valley Flood Management Subcommittee and any changes would be the subject of further consultation.

Improving the resilience of Wellington's lifeline services
The Lifelines project is an initiative designed to improve the resilience of our region's utility networks (electricity supply, communication networks, transport and water supply) against natural hazards. This is a joint project between central government agencies, local government and utility providers. An initial business case is being prepared for completion in 2018. We have anticipated that follow-on work will be required and we have made an allowance for a contribution of $400k over two years - 2018/19 to 2019/20.

Overall for this area the level of service is proposed to increase over the 10 years of the plan.

Water Supply

Supplying safe drinking water to the region

We own around $406 million worth of water supply assets that supply wholesale drinking water to the four city councils in our region (Upper Hutt, Porirua, Hutt City and Wellington). This is managed on our behalf by Wellington Water.

Alongside the storage and delivery of the wholesale water supply we are also responsible for the treatment of the water supplied for distribution. The need for safe drinking water is paramount, and we work with other councils and our communities to ensure that in the event of an emergency, people in our region have access to clean, drinkable water as quickly as possible.

The key issues for us are ensuring we are able to restore the supply of water quickly following an emergency and that our water is safe to drink. The Kaikōura earthquake and the water quality issues experienced recently in Havelock North highlight the importance of these issues.

Our key programmes of work are outlined below. These were all included in our previous 10 Year Plan. We will also need to make some future decisions regarding additional water sources and a more secure supply for Wellington. These are covered under *Future Decisions* on page 15.

Ngauranga Reservoir Seismic Strengthening
This piece of work will make the Ngauranga reservoir, in Khandallah, more resilient in the event of an earthquake. We anticipate this will cost approximately $3.8 million and be undertaken in the 2018/19 year.

Prince of Wales/Omaroro Reservoir
The Prince of Wales/Omāroro reservoir will provide potable water to approximately 70,000 residents and commercial businesses and the Wellington Regional Hospital. It aims to improve the resilience of water supply after a major event and provide capacity to cope with future population and business growth. It will be funded primarily by Wellington City Council but Greater Wellington will also make a contribution of $5.6 million to the work starting in the 2021/22 year.

Replace Kaitoke water main on Silverstream Bridge
To provide a strengthened water main from Te Marua to reduce the impact of an earthquake on the water supply to Porirua. The cost of this work is approximately $19 million and is scheduled to commence in the 2018/19 year.

All these work programmes impact on the water levy charged to the four cities and on-charged through city council rates.

Overall for this area the level of service is proposed to be maintained over the 10 years of the plan.

Freshwater and biodiversity

Managing our water quality and natural environment

Maintaining the quality of our freshwater and our biodiversity are key issues for Greater Wellington and protecting them is a critical aspect of ensuring the region has a sustainable future. We aim to work on your behalf to ensure that our shared backyard is protected and able to thrive now and into the future.

The work we do includes monitoring the quality and quantity of the region's fresh water, air and soil. We all have a responsibility for the state of our environment and our waterways, whether we are urban or rural dwellers. Both urban and rural activities have an impact on our water quality and can cause excess nutrients and contaminants to enter our water through pipes, run-off, and storm water networks.

We are working closely with the Ministry for the Environment who set the framework for what we should be aiming to achieve in the National Policy Statement for Freshwater Management. This includes having waterways that are safe to swim – the national target is for 90 percent of our rivers to be safe to swim by 2040.

While we take a lead role in managing our natural environment and our waterways, we also enable communities to contribute to the projects we deliver, so that collectively we can continue to protect our most precious resources. Everyone has their own part to play in protecting our natural assets, and we will be placing more focus on education and community involvement as we look to the future.

We continue to place a strong emphasis on working with our mana whenua partners and communities to set appropriate limits and find ways of improving shared outcomes.

Whaitua Committees and catchment communities
We have two established Whaitua Committees (Ruamāhanga Whaitua Committee and Te Awarua-o-Porirua Whaitua Committee) who are assisting with the development of limits for water quality and quantity in the Ruamāhanga and Porirua catchments. Whaitua committees are groups of local people tasked with recommending ways to maintain and improve the quality of our fresh water. Committees are formed from within the community they serve, and consult with their people on issues related to water quality in that area.

We also have a number of catchment communities in Wairarapa that we will be working with to implement the proposed Natural Resources Plan. This initiative is designed to encourage behaviour change for better land and water management.

Regional Pest and Predator Control
Greater Wellington is actively involved in the eradication of pests in the Wellington region. We focus on reducing the impact the pest animals and plants have on our native species, our treasured recreational areas as well as your homes and farmland. Our Pest Management Strategy 2002-2022 (currently being reviewed) outlines a range of programmes to address and manage pests in the region. We are also working with Wellington City Council and the NEXT Foundation as part of the Predator Free Wellington project.

Managing sites of significance through the Key Native Ecosystem programme
Greater Wellington's Key Native Ecosystem (KNE) programme aims to protect some of the region's best examples of original (pre-human) ecosystems by managing, reducing or removing threats to their ecological values. Sites with the highest biodiversity values are selected for management under the programme. There are 58 KNE sites in the programme. Within these sites we are able to give our native species the best chance to thrive and survive for future generations.

Maintaining healthy waterways
The riparian planting programme supports landowners to achieve water quality and biodiversity outcomes by assisting with streamside fencing and planting. This improves water quality by helping reduce the amount of sediment and nutrients entering the waterways from erosion-prone land and intensive farming systems. It also keeps stock out of the region's water bodies (rivers, streams and wetlands).

Overall for this area the level of service is proposed to increase over the 10 years of the plan.

Economic Development
Investing in the region's economic future

Greater Wellington invests in economic development in different ways. We invest in core regional infrastructure like public transport, water supply and flood protection to provide the foundations of the regional economy. We also support the region's economy by identifying opportunities and putting in place initiatives to deliver economic growth.

One of our key programmes is the Wellington Regional Strategy, an economic development strategy, which was developed in partnership with the region's city and district councils and is implemented by the Wellington Regional Strategy Office, and the Wellington Regional Economic Development Agency (WREDA). WREDA, a joint council controlled organisation of Greater Wellington and Wellington City Council, also undertakes tourism, major events and venues activities for Wellington City.

Greater Wellington funds WREDA at approximately $4.2 million per annum to facilitate economic growth within the region as part of the implementation of the Wellington Regional Strategy. The region's city and district councils also undertake some economic development activities at a local scale.

We are the majority shareholder of CentrePort (along with Horizons Regional Council). The port has a critical regional function for freight distribution and exports as well as providing the ferry connection between the north and south islands. We will be working with CentrePort and other key partners to develop a long-term strategy for the port land as well as plans for a multi-user ferry terminal.

Overall for this area the level of service is proposed to be maintained over the 10 years of the plan.

Q. Do you support our key programmes?

THE CHOICES WE WANT YOUR FEEDBACK ON

As we have said earlier, much of what we will deliver under this 10 Year Plan is part of long-term programmes and commitments. While these adjust to changing circumstances over time, the overall direction remains consistent with what we have previously consulted with the community.

We are therefore not proposing any significant changes, but we have three issues we want your feedback on. The first relates to how we improve the rail services we provide to Wairarapa – this is a long-term initiative, and we are seeking your direction on how we should proceed. We are only at an initial stage of this project and we don't yet have all the answers, but we think it's important to understand the views of all ratepayers in the region as this could be a significant investment we make in future years. The other choices we are seeking feedback on, don't have particularly high costs for this 10 Year Plan but again we are keen to hear your views to ensure we are heading in the right direction.

Choice 1: A long-term solution for the Wairarapa rail line and Capital Connection

More people are using the Wairarapa train service and we know it's a critical regional link. We also know there are concerns about capacity and punctuality. We're working to address these concerns, but we need to work on a longer-term solution that also considers the growing passenger numbers and wider regional development outcomes.

Achieving a long-term solution for the Wairarapa train service is not something we can do alone. Improving reliability, punctuality and journey times means not just upgrading the trains themselves, but also the tracks they run on. The tracks and related infrastructure are owned and maintained by KiwiRail. In early 2018 we submitted a joint business case with KiwiRail asking central Government to invest in catch-up renewals for the Wairarapa tracks and wider network infrastructure. This business case is for a total of $97 million and has a healthy benefit cost ratio of 2.7. We'll know the outcome about mid-2018.

In addition to the track upgrades, we are investigating whether we replace the ageing trains on the Wairarapa line and the Capital Connection servicing Palmerston North and Ōtaki (currently owned and managed by KiwiRail) at the same time. In the interim we have plans for ongoing maintenance and refurbishment of the current carriages to ensure they continue to provide for the needs of our customers.

We are at an early stage of this project and we expect that further work will provide greater clarity on the available options and the costs involved. We propose to prepare a business case for consideration by the Crown along with our partners including KiwiRail, NZ Transport Agency, the Wairarapa councils and Horizons Regional Council. Once this has been considered we will have a firmer view on the available funding options. If there are major changes we will consult again with the community on the proposals.

We have detailed two options below.

Option 1A – our preferred option

We have made an indicative allocation of funds, starting in 2022/23 that will provide for new trains for the Wairarapa line and Capital Connection. A new fleet of modern, lower emission, dual powered (electro-diesel) trains (15 four-car units) that can serve both long-distance lines meaning increased flexibility and capacity across the network and allow for extra train services on both lines servicing Masterton and Palmerston North. This new fleet would enable four morning and four afternoon services between Masterton and Wellington and two morning and two afternoon services on the Capital Connection line. The train units would have the ability to run on electricity in the metro area and switch to diesel propulsion outside of the electrified network.

One important advantage of bundling the Wairarapa and Capital Connection trains together is that we achieve significant economies of scale – it is very difficult and expensive to construct a small number of specialised train units.

We have assumed that central Government will fund 90 percent of the new trains. This is the same proportion as the funding that was allocated for the first fleet of Matangi train units introduced in 2011, but is different to the funding provided for the subsequent purchase of additional Matangi train units, which was closer to 50 percent. The new Government has announced a review of the Government Policy Statement, which sets out its approach to transport policy and funding and has signalled its intention to review the funding of rail. While there is still a high level of uncertainty about this assumption, it is clear that the Government intends to give greater priority to public transport and particularly rail.

While more regional funding may increase certainty, we have to consider overall affordability to the regional ratepayers, the need to invest in other areas of the network and other priority areas for Greater Wellington. We also have to consider that the Capital Connection train is currently owned and run by KiwiRail.

We have allowed for $33 million in capital expenditure over two years starting in 2022/23. This equates to 10 percent of the estimated total cost of $330 million (which is subject to further refinement as we progress with the business case). This will be a loan, paid back over 30 years with an annual rates cost of $2.16 million. This is equivalent to an average of $6.40 (incl. GST) per ratepayer per year.

Option 1B – an alternative option: using existing train carriages

An alternative option would be to provide no funding for new trains on the Wairarapa rail line or Capital Connection in the short to medium term. This would mean that the existing carriages would have to continue in service for longer, together with the use of KiwiRail locomotives at a cost of $32 million. We have allowed $17 million for ongoing maintenance and refurbishment of the carriages in our funding (see our Infrastructure Strategy) but there may be additional costs depending on the length of time the existing carriages remained – this will be further considered as one of the options in the business case. In the longer-term, replacement of the existing carriages would still be required, so essentially this alternative option delays the funding for new trains for around seven to 10 years.

The effect of this alternative would be that levels of service would not be able to be significantly changed – the frequency of services would be similar to that at present. To provide additional capacity there would be two possible sub-options:

(a) additional shuttle services between Masterton and Upper Hutt, to connect through to the metro rail services, subject to satisfactory resolution of logistical issues. Funding for this option is $2.8 million annually; or

(b) purchase and refurbish second-hand carriages from elsewhere in New Zealand. This option is not currently included in our 10 Year Plan and the total cost has been estimated at $113 million. Government co-funding may be available for this option.

Further work is needed as part of the business case process to become more certain about these costs and the potential rating impact on ratepayers.

The Capital Connection, which is run by KiwiRail, would continue with the existing carriages and Greater Wellington would likely continue to provide some funding to support this service. Funding would also be required from Horizons Regional Council and KiwiRail – this would require additional funding commitments from both these organisations. There could be substantial costs to refurbish the existing carriages to keep them running – these are owned by KiwiRail and are therefore not included in our 10 Year Plan or Infrastructure Strategy.

Q. Do you support the approach outlined in our preferred option and the initial allocation of funding to improve the Wairarapa and Capital Connection commuter services?

Choice 2: Improving the capability of the Wellington Regional Emergency Management Office

In 2012 the Wellington Regional Emergency Management Office (WREMO) was created to ensure that all councils in the region were better connected in the event of a significant emergency and able to bring together joint resources to better prepare for and manage significant events such as earthquakes. WREMO's role was stated as: *To deliver the plans, programmes and systems to enable local authorities to deliver readiness and response services to the community.* All councils in the region agreed to provide funding for WREMO. Greater Wellington has the role of administering WREMO and all staff are employees of Greater Wellington.

After the Kaikōura earthquake in late 2016, WREMO was asked to deliver a "step change in vision and strategy" for the region's emergency management approach. WREMO carried out a review and identified a number of improvements in capability that could be made, particularly in the areas of risk reduction and recovery. Also noted was the need to have a higher level of readiness than currently exists for the region to be able to respond effectively to large scale events.

Chief executives' of the region's nine councils met to discuss the findings of the review and the preferred way forward. The following role for WREMO was agreed upon:

- *lead and coordinate the effective delivery of Civil Defence and Emergency Management (CDEM) actions across the 4R's (reduction, readiness, response and recovery) for the Wellington region*
- *integrate national and local CDEM planning and activity through the alignment of local planning with the national strategy and national plan; and*
- *co-ordinate planning, programmes and activities related to CDEM across the 4R's and encourage cooperation and joint action.*

Option 2A – our preferred option
Provide WREMO with additional regional funding to build their capability to coordinate efforts to improve regional resilience (the ability of the region to resist, absorb, accommodate to and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions).

We have allowed for an increase of $297,000 starting in the 2018/19 year. This would bring our share of the funding to $1.19 million (total funding for WREMO is $3.66 million). We currently provide 28 percent of the total funding. This additional funding would increase Greater Wellington's share of the total to 33 percent.

This additional funding, along with a smaller (11 percent) increase from the local councils, would provide WREMO with additional resources for coordinating and leading recovery, coordinating with the Lifelines group of utility owners and operators, communicating with businesses and the wider community, and improving emergency management training. WREMO would be able to start implementing the changes during 2018/19. This equates to less than $1 (incl. GST) per ratepayer per year.

Whilst this is a small increase in funding, we are keen to hear your views both on the proposed outcomes and the balance of funding between the councils.

Option 2B – the alternative option
An alternate option would be to provide WREMO with a reduced amount of additional funding: $155,000 in the 2018/19 year (a 2 percent increase for inflation and a 15 percent increase in funding). This equates to less than $1 (incl. GST) per ratepayer per year. This 17 percent increase would be shared equally across the councils, retaining the current funding shares between the councils.

While this option would reduce the total funding increase from Greater Wellington to WREMO, the commensurate increase in funding required by the other councils (from 11 percent to 17 percent) is likely to exceed their available funding and bring about a delay in the delivery of desired improvements to capability across the region. This is a delay that all councils around the region are keen to avoid given the experiences of the Kaikōura earthquake in November 2016. The region would be less prepared to manage a major event and its aftermath.

Q. Do you support an increased funding contribution by Greater Wellington for emergency management?

Choice 3: Continuing to lead the investigation of water storage options in the Wairarapa

Greater Wellington and our partners are exploring options to give greater certainty of water supply to Wairarapa. This programme is called Water Wairarapa. Greater Wellington has led and funded this initiative with assistance from Crown Irrigation Investments Limited (funding to date has been split approximately 50/50). The project commenced in 2012.

A completed scheme could comprise multiple water storage locations and a distribution network via rivers and piping. It could service each of the towns' future drinking water needs, provide irrigation support to around 8,000 hectares of productive land (as an initial stage) and could be used to bolster minimum flows, thus protecting water quality where it is most threatened. Discussions with local iwi, businesses and other interested groups have been ongoing. Upon completion of the feasibility study, a commercial entity could be formed to raise the capital to develop and construct the scheme.

Earlier this year Greater Wellington commissioned a detailed report from NIWA that predicts increasingly severe water shortages in the Wairarapa due to future climate change effects. This will impact water quality and availability in the area.

Greater Wellington has invested a lot of time and funding into this project in the years since it commenced. To date, we have completed investigations to identify potential sites for water storage, looked at environmental factors such as the impact of climate change and completed assessments of land use change that could occur if there was secure water supply. We have also worked with the community to assess where there might be demand for stored water, in both urban and rural locations.

If we are to continue our involvement in this project we need to know the community's view. There is clearly a need for better water security and availability in Wairarapa – the question is whether leading this is a role for Greater Wellington?

Option 3A – our preferred option

We've provided for a small amount of additional funding ($200,000 for one year in 2018/19) to continue managing the programme and complete investigations. This is in addition to the existing commitment we have to servicing the debt we incurred to complete earlier stages of the programme, which has costs of approximately $225,000 a year for the 10 years of the plan. The funding for this programme is debt funded and has a minimal rating impact. The additional funding for investigations is contingent on substantive funding from our partners – primarily the local Wairarapa councils and the Crown, as to succeed this project requires commitment from a range of other organisations.

This investment will enable us to continue working with our partners to establish a future management structure for the implementation stages and to complete investigations and feasibility for water storage options. At that stage we can consider whether the project stacks up and how it might be implemented.

Option 3B - the alternative option

As an alternative, Greater Wellington could withdraw its programme funding now. This would reduce our funding to just the amount required to service the existing debt (approximately $225,000 per year) for the 10 years of the plan. This funding of the programme is debt funded and has a minimal rating impact.

The effect of withdrawing ongoing funding is likely to mean that the project stalls, however it is possible that other organisations (such as water users and the Wairarapa councils) might decide to provide ongoing funding and leadership. As such there is a reasonable risk that the investment that Greater Wellington has already made in the project to identify water storage options and investigate feasibility may not be fully utilised.

Q. Should Greater Wellington continue our proposed support for the management and investigation of the Water Wairarapa Project?

FUTURE DECISIONS

We think it's important to highlight some upcoming decisions even though we are not yet in a position to seek feedback on specific choices. Many of our programmes involve key partners and have timeframes that are agreed collectively – sometimes these don't match the three yearly review timelines of our long term planning programme. Some of these are covered below.

The first of these is the Let's Get Wellington Moving programme.

Let's Get Wellington Moving

We are working alongside the NZ Transport Agency and Wellington City Council (WCC) on the *Let's Get Wellington Moving* programme, which will result in an ambitious plan to transform the city's transport system and build the sort of city we all want to live and work in.

While we do not yet know the preferred option, we are aware that it will have an impact on our transport planning and funding and we think it's important you know that we have made provision for these future changes. We have made an allowance for a $67m contribution towards a new mass transit system commencing from 2021 through to 2026. This will fund our share of the cost of new infrastructure to support mass transit and is supported by funding set aside by both Wellington City Council and NZ Transport Agency.

Because we don't know the final preferred option we have worked with our partners to identify an initial funding allocation – this is based on an estimate of the average costs for implementing the scenarios recently the subject of public consultation through the *Let's Get Wellington Moving* programme. Once we know what the final preferred option is we will consult with you on the options and any changes to the cost. We are expecting this to be during 2018/19.

Greater Wellington, along with our partners, believe it's important for our 10 Year Plan to provide a funding commitment to the implementation of the *Let's Get Wellington Moving* programme even through the preferred option and the costs of that options are not yet finalised and agreed. This signals our intent to progress with the implementation of this important project.

The second area we want to highlight as a future decision relates to the delivery of economic development projects and programmes.

Our approach to regional economic development

A key issue for Greater Wellington is ensuring that we get the maximum value from our investment in economic development programmes.

As discussed in the Key Programmes section above, one of our key programmes is the Wellington Regional Strategy, which was developed in partnership with the region's city and district councils, and is implemented by the Wellington Regional Strategy Office and the Wellington Regional Economic Development Agency (WREDA). Our funding for WREDA (approximately $4.2 million a year in this 10 Year Plan) focusses on regional growth and developing partnerships with other organisations (like universities, central government and councils) to pursue economic development opportunities across the region. Their core focus is to understand the region and develop interventions or enablers to achieve investment, skills retention and development and growth in targeted sectors. It's not an easy role to deliver successfully and to decide where to best focus the investment to deliver the outcomes set out in the Wellington Regional Strategy.

Over the next year we intend to review how we invest in regional economic development to achieve the best outcomes for the region. There are alternative options that could be considered, for example, we could change the focus of the activities undertaken by WREDA towards specific outcomes. We could change the delivery model to focus on delivering economic development at a local level, allowing each council to pursue opportunities that arise. Another option might be for Greater Wellington to focus on its core role in providing regional infrastructure and to divert some funding into accelerating these programmes. There may be other options that we identify.

Once we have investigated this further we will consider if any changes are required. If any of the changes are significant we will work with our partners (the city and district councils and WREDA) and consult with you at that time.

We are currently preparing a Regional Investment Plan in partnership with the region's city and district councils and central government agencies, and will develop an action plan to focus on public investment in the region. This will form a key component of the review.

Lastly, we would like to highlight the future decisions we will need to make about water supply.

Cross- harbour pipeline
In our previous 10 Year Plan, we consulted on the proposed construction of the cross-harbour pipeline as an option to provide a more secure water source for Wellington City in the event of an earthquake. Our current plan continues to provide for this, which is estimated to cost $116 million (up from $101 million in the last 10 Year Plan). Since then, we have identified that harbour bores, which connect directly to fresh water sources, may be a more cost-effective solution. The harbour bores would cost an estimated $60-70 million. We are currently investigating this alternative option and expect to be in a position to make a decision about a preferred option in the coming months. Depending on the decision we make, it may be necessary to amend our plan, which could include a reduction in the funding required.

Planning for a new water source
The projected population growth across our region will result in increased demands on water supply. We have made provision in our Infrastructure Strategy to develop an alternative water source from 2032/33 to meet future demands. While this does not fall within this 10 year plan, it is a significant future proposed investment and it is important to be transparent about this. The cost is estimated to be around $320 million.

Well in advance of this we will look at other options that could delay the need to invest in expensive new infrastructure. These options may include mechanisms to promote water conservation such as water metering. Any decision would require extensive consultation with the four city councils and the wider community.

Q. Do you have any comments on the future decisions we have highlighted?

PROPOSED RATES

Balancing affordability against the services people want

We are focussed on investing prudently to deliver real value to everyone in the region. We have a sound track record in financial management, with an AA credit rating from Standard and Poors.

A key priority is to keep our rates as fair and affordable as possible, whilst delivering the level of service our region needs. You have told us over many years what's important to you and that you want us to deal with the key issues. We have prioritised, looked at ways to keep the rates down and scheduled programmes of work in the coming years to reflect this.

The proposals in this draft 10 Year Plan require an increase in rates of $8 million in 2018/19 and $75 million over the 10 years of the plan. This equates to an average rates increase of 6.7 percent for the 2018/19 year. In the next three years the average rates increase will be 6.3% and over the 10 years of the plan an average annual rates increase of 5 percent. The effect of these increases will however be diluted by growth in the rating base from population growth, which is at historically high levels.

The proposed average increase in residential rates across our region in the 2018/19 year is $30.89 (GST inclusive), or $2.57 per month.

The key drivers of this increase are shown in the diagram below. Much of our increased costs relate to ongoing programmes and the increased cost of doing business rather than new initiatives. This includes our ongoing public transport transformation programme, our flood protection programmes and our freshwater and biodiversity programmes. These are outlined in the earlier parts of this document under "Key Programmes". We are also facing increased costs resulting from the aftermath of the Kaikōura earthquake - this includes significantly increased costs for insurance and rent.

In 2018/19 we are introducing a range of fare discounts for public transport users including students, children, blind and disabled people and off-peak travel. We consulted with you on these earlier this year and there was overwhelming support for the discounts.

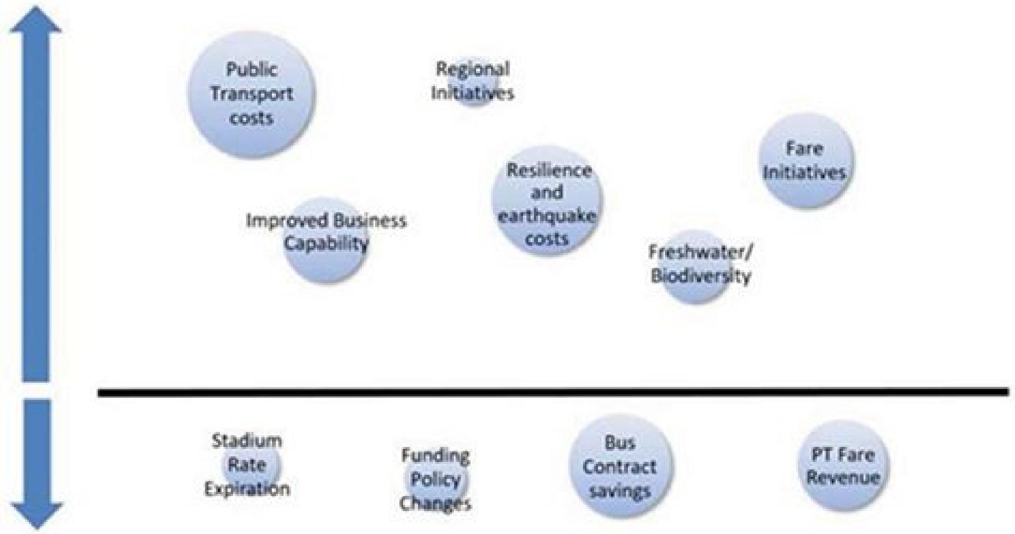
We are also investing in improvements to our core systems and capability, to ensure we are able to keep up with technology change and provide efficient services.

There are also some good news stories, with significant savings (as shown below) from the increased fare revenue we will receive as a result of more people using public transport, as well as from reduced costs for the new operator contracts we have negotiated for the bus network.

The region has also paid the final instalment for the debt we incurred with the construction of Westpac Stadium, which first opened in the year 2000.

The following diagram shows the key drivers of change (both ups and downs) underpinning the first year of the 10 year plan.

Key drivers to the proposed rates in 2018/19



Note: The size of the discs in the above diagram represents the proportion of rates associated with the activity funding

The proposed changes to rates for average value residential, business and rural properties are outlined in the rates tables on page 21. This table also shows the rates allocation changes proposed in the Revenue and Financing Policy.

Water Levy

Greater Wellington charges a water levy to the four city councils (Wellington, Hutt, Upper Hutt and Porirua) for the delivery of bulk water. This is on-charged to ratepayers through city council rates.

We plan to increase the water levy by 7.1 percent ($2.2 million) in 2018/19, with an annual average increase of 4.6 percent across the 10 years of the plan. The increase in 2018/19 is driven by additional investment and ongoing costs required for water treatment at our Waterloo plant to resolve potential water quality issues following the November 2016 earthquake. Beyond 2018/19, the levy increases are due to increased investment in water supply resilience, principally the cross harbour pipeline detailed in our Infrastructure Strategy.

Q. Have we got the balance right between the level of rates and charges and the services you want? If not what would you change?

PROPOSED CHANGES TO THE REVENUE AND FINANCING POLICY

This section outlines the proposed changes to how rates are allocated across the region. This is subject to a concurrent consultation process – see www.WhatMatters.co.nz for details of the Statement of Proposal, proposed policy and other explanatory material.

Why the proposed change?

In light of changes to public transport across the region, and the introduction of a new Public Transport Operating Model, Greater Wellington needs to change how we fund public transport costs.

We used this opportunity to review how we fund all of Greater Wellington's activities. This is the most comprehensive review of our funding policies in the last 20 years. Upon reviewing, we found our funding policies for both public transport and flood protection could be more equitable in terms of who pays across the region and better reflect who gets the most benefit.

Our preferred option is to change how we allocate rates to fund work around **public transport and flood protection**, two of the largest areas of work for Greater Wellington. We have also presented the alternative option of not changing the current policy for flood protection. We'd like to hear your feedback on what you think is the best choice for the future of the Wellington region.

We've prepared the financial information in this Consultation Document and the Supporting Information on the basis of these proposed changes.

What's proposed for public transport?
Greater Wellington operates the Metlink network (buses, ferries and trains) and is making region-wide improvements to the region's public transport system. We're proposing to spread public transport rates more evenly across the region. Everyone will pay the same basic public transport rate, then a weighting – called a rating differential – will be used to reflect the benefits each group of ratepayers gets from the public transport network.

1	Residential, excluding Wairarapa
0.5	Wairarapa residential
8	Wellington CBD businesses
1.5	Business, excluding Wairarapa
1.0	Wairarapa businesses
0.25	Rural

Under the proposed policy most residential ratepayers would pay the same rate for public transport. So the owners of a residential property in Wellington city would contribute the same amount toward public transport that owners of a residential property of the same value in Upper Hutt or Porirua would. As the public transport network is less comprehensive in the Wairarapa, residential ratepayers in this area will pay a lower rate.

The proposed changes to public transport will mean residents in the Hutt Valley, South Wairarapa and Porirua pay a bit less toward public transport than they do now, while residents in Wellington city, Kāpiti and Masterton pay a bit more toward public transport, and there is very little change for residents of Carterton.

What's proposed for flood protection?
Greater Wellington invests a large amount in flood protection throughout the region. Our programme includes stop-banks on our main rivers and barrage gates at Lake Wairarapa. We estimate flood protection work will cost over $200 million in the next 10 years. Approximately 90 percent of our flood protection work takes place in three areas – the Hutt Valley, Wairarapa and Kāpiti.

We propose to change the way we fund flood protection through rates to reflect the benefits each group of ratepayers receive from this work. Our preferred option is that 70% of the costs of flood protection work is funded by a targeted rate on properties in the area where work is taking place. The remaining 30% will be funded by a targeted rate on all properties in the region. We all benefit from flood protection work, but the properties in the areas affected benefit the most.

Current drainage schemes in some areas will remain unchanged, but river and catchment scheme rates in some parts of Wairarapa will be renamed to avoid confusion.

This proposed approach is more in line with the way other regional councils in New Zealand fund flood protection work. This approach would see residents in Kāpiti, Wairarapa and the Hutt Valley pay more for flood protection, while residents of Wellington city and Porirua would pay less.

The alternative option is that Greater Wellington continues to fund flood protection as it has until now – with up to 50% of the funding from general rates, and up to 50% from a targeted rate on properties in the area where the work takes place.

What is the impact on my area of both these changes?
Our proposed approach to both flood protection and public transport would mean rates reduce in some areas and increase in others. The biggest change in the level of rates paid would be in Wairarapa. However, average Wairarapa rates to Greater Wellington remain the lowest in the region.

Impact of the proposed changes to the Revenue and Financing Policy (on residential properties) in 2018/19
(Please note these are averages for residential properties only)

Residential rates impact Excluding GST	Average property value (CV 2018/19)	Proposed 2018/19 rates for average value property $	Average change in rates paid to Greater Wellington per annum	Average monthly change in rates paid per (from 2017/18 to 2018/19)	Proposed 2018/19 rates per $100,000 of property value *For every $100,000 of property value the below amount to be paid in GW rates)
Wellington	$553,202	$454	$35	$2.92	$61
Hutt	$474,462	$542	$23	$1.92	$101
Upper Hutt	$413,369	$437	-$12	-$1	$94
Porirua	$492,556	$470	-$21	-$1.75	$85
Kapiti Coast	$534,845	$398	$56	$4.67	$74
Masterton	$343,459	$181	$51	$4.25	$53
Carterton	$351,266	$204	$45	$3.75	$58
South Wairarapa	$405,194	$246	$67	$5.58	$60

When is this change proposed to take place?
The impact of the proposed changes will vary according to area, so the policy recommends phasing changes in over three years from 1 July 2018. The new rating system would be fully implemented from 1 July 2021.

Options for feedback
We've put the options into packages for you to give us feedback on.

Option 1 (Preferred)	*New targeted rates* • 70% rate funding from catchment based on calculated on Equalised Capital Value and location. Funding indication includes *Flood protection – property* rates where applicable • 30% rate funding from region	*Change the overarching funding policy to* • 35-50% user charges • maximum subsidies we can achieve, expecting 25- 35% average • Balance from targeted rate, expecting 25-35% average *Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV* 1 Residential, excluding Wairarapa 0.5 Wairarapa residential 8 Wellington CBD businesses 1.5 Business, excluding Wairarapa 1 Wairarapa businesses 0.25 Rural
Option 2	Status quo rate funding for flood protection • 100% general rate for this activity: *Understanding Flood Risk* • 50% general rate and 50% targeted rates for these activities*: Maintaining flood protection and control works;* and *Improving flood security.*	*Change the overarching funding policy to* • 35-50% user charges • maximum subsidies we can achieve, expecting 25- 35% average • Balance from targeted rate, expecting 25-35% average *Allocate rates for public transport as one network, introduce differentials, based on land use and location, and calculated on ECV* 1 Residential, excluding Wairarapa 0.5 Wairarapa residential 8 Wellington CBD businesses 1.5 Business, excluding Wairarapa 1 Wairarapa businesses 0.25 Rural
Option 3	Implement the proposed policy, with changes that retain the overall intent of the policy, but with adaptions in light of submissions. The changes that Council might make will depend on the submissions they receive, and the overall impact of any rates allocation on the community. As an indication, these changes might be along the lines of: +/- 20% for Flood protection funding for any targeted rate +/- 20% of the value of one or more differentials Increase or decrease the transition period or some combination of changes to funding for both public transport and flood protection.	

Transition approach

The impact of the changes to the rating system varies according to where you live. To smooth the impact changes will be stepped across a three-year transition period with it being fully operational from 1 July 2021.

Further information on the proposed changes is available at www.WhatMatters.co.nz.

Proposed changes to rates for average value residential, business and rural properties (year one of the transition)

Residential Property - including GST	Average Capital Value	Average Rates 2017/18	Average increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$553,000	$482	$40	$523	$0.77	$10.06
Lower Hutt city	$474,000	$597	$27	$624	$0.52	$12.00
Upper Hutt city	$413,000	$516	($13)	$503	($0.25)	$9.67
Porirua city	$493,000	$564	($24)	$541	($0.46)	$10.40
Kapiti Coast district	$535,000	$393	$64	$458	$1.23	$8.81
Masterton district	$343,000	$150	$58	$208	$1.12	$4.00
Carterton district	$351,000	$184	$52	$235	$1.0	$4.52
South Wairarapa district	$405,000	$206	$77	$283	$1.48	$5.44

Rural Property - excluding GST	Average Capital Value	Average Rates 2017/18	Average increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$760,000	$401	$28	$429	$0.54	$8.25
Lower Hutt city	$645,000	$457	$48	$505	$0.92	$9.71
Upper Hutt city	$676,000	$404	$40	$444	$0.77	$8.54
Porirua city	$1,006,000	$520	$22	$542	$0.42	$10.42
Kapiti Coast district	$735,000	$392	$11	$403	$0.21	$7.75
Masterton district	$718,000	$262	$65	$327	$1.25	$6.29
Carterton district	$867,000	$331	$76	$407	$1.46	$7.83
South Wairarapa district	$953,000	$356	$91	$448	$1.75	$8.62
Tararua	$1,076,000	$224	$34	$258	$0.65	$4.96

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

Business Property - excluding GST	Average Capital Value	Average Rates 2017/18	Average increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$2,033,000	$1,709	$298	$2,007	$5.73	$38.60
Wellington city - CBD	$2,312,000	$8,606	$340	$8,946	$6.54	$172.04
Lower Hutt city	$1,600,000	$1,881	$159	$2,040	$3.06	$39.23
Upper Hutt city	$1,652,000	$1,849	$107	$1,957	$2.06	$37.63
Porirua city	$1,380,000	$1,473	$27	$1,500	$0.52	$28.85
Kapiti Coast district	$1,085,000	$865	$70	$935	$1.35	$17.98
Masterton district	$793,000	$388	$110	$498	$2.12	$9.58
Carterton district	$412,000	$267	$16	$282	$0.31	$5.42
South Wairarapa district	$669,000	$413	$66	$479	$1.27	$9.21

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

You can estimate your own projected regional rates on our website

All rating figures in this document are based on the Proposed Revenue and Financing Policy which we are concurrently consulting on alongside this plan. Please see www.whatmatters.co.nz for further information, and how to make a submission.

Proposed changes to rates for average value residential, business and rural properties (no transition)

The tables below show what the rates would be if Council adopted the proposed policy and implemented it immediately, without a transition mechanism.

Residential Property - including GST	Average Capital Value	Average Rates 2017/18	Average Increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$553,000	$482	$63	$545	$1.21	$10.48
Lower Hutt city	$474,000	$597	($22)	$576	($0.42)	$11.08
Upper Hutt city	$413,000	$516	($96)	$420	($1.85)	$8.08
Porirua city	$493,000	$564	($150)	$414	($2.88)	$7.96
Kapiti Coast district	$535,000	$393	$97	$490	$1.87	$9.42
Masterton district	$343,000	$150	$99	$249	$1.90	$4.79
Carterton district	$351,000	$184	$78	$261	$1.5	$5.02
South Wairarapa district	$405,000	$206	$87	$293	$1.67	$5.63

Rural Property - excluding GST	Average Capital Value	Average Rates 2017/18	Average Increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$760,000	$401	$14	$415	$0.27	$7.98
Lower Hutt city	$645,000	$457	$57	$514	$1.10	$9.88
Upper Hutt city	$676,000	$404	$16	$419	$0.31	$8.06
Porirua city	$1,006,000	$520	($57)	$463	($1.10)	$8.90
Kapiti Coast district	$735,000	$392	$25	$417	$0.48	$8.02
Masterton district	$718,000	$262	$132	$394	$2.54	$7.58
Carterton district	$867,000	$331	$153	$484	$2.94	$9.31
South Wairarapa district	$953,000	$356	$160	$517	$3.08	$9.94
Tararua	$1,076,000	$224	$15	$239	$0.29	$4.60

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

Business Property - excluding GST	Average Capital Value	Average Rates 2017/18	Average Increase in 2018/19	Average Rates 2018/19	Average increase per week	Average rates per week
Wellington city	$2,033,000	$1,709	$648	$2,358	$12.46	$45.35
Wellington city - CBD	$2,312,000	$8,606	$521	$9,127	$10.02	$175.52
Lower Hutt city	$1,600,000	$1,881	$203	$2,085	$3.90	$40.10
Upper Hutt city	$1,652,000	$1,849	$13	$1,863	$0.25	$35.83
Porirua city	$1,380,000	$1,473	($123)	$1,349	($2.37)	$25.94
Kapiti Coast district	$1,085,000	$865	$240	$1,105	$4.62	$21.25
Masterton district	$793,000	$388	$272	$661	$5.23	$12.71
Carterton district	$412,000	$267	$85	$352	$1.63	$6.77
South Wairarapa district	$669,000	$413	$151	$563	$2.90	$10.83

These projected rates exclude the targeted rural pest and river management rates that are not charged to all ratepayers

You can estimate your own projected regional rates on our website

OUR INFRASTRUCTURE STRATEGY

Managing the big things

Our Infrastructure Strategy sets out how we plan to manage our assets over the next 30 years. Infrastructure is critical to the future wellbeing of our region and is key to delivering on our vision and priorities. Our expenditure on maintaining and improving our regional infrastructure drives this 10 Year Plan and will continue to drive future plans. We aim to fund the maintenance and renewal of our assets to maintain the levels of service of our activities. Our Financial Strategy outlines how we manage these costs to ensure intergenerational equity and affordability.

Our approach to asset management is a principled one - forward looking, optimal, adaptable and coordinated. The strategy outlines how we plan to manage our assets in six activity areas:

- Waters supply
- Parks
- Public transport
- Harbours
- Flood protection
- Environmental science

The table below summarises the value, condition and criticality of the assets covered in the Infrastructure Strategy.

Our overall condition has a 1 – 5 rating,

1 - The condition is excellent
2 - Some minor maintenance work is required
3 - Maintenance is required to return to the expected level of service
4 – Requires a significant upgrade
5 - The asset is unserviceable.

Asset Group	Asset description	Replacement value	Overall condition	Criticality
Water Supply	Distribution pipework, treatment plants, tunnels, water storage, pump stations, roads and bridges, raw water intakes, aquifer wells	$403.6m	2. Minor defects only	Extreme – for the entire network
Public Transport	Bus stops and shelters, interchanges, park and ride facilities, rolling stock, station assets, rail network infrastructure, customer information assets	$637 m	3. Maintenance required	Moderate
Flood Protection	Flood containment, channel and berms edge protection, debris arrestor, detention dam, barrage gates, flood walls, floodway sill, amenity assets, survey marks	$340.6m	2. Minor defects only	Extreme – stop banks, flood gates, barrage gates, detention dams
Parks	Amenity areas, barriers, buildings, park furniture, heritage features, information and signs, land management areas, production areas, road, structure, tracks	$77m	2. Minor defects only	Moderate
Environmental Science	Monitoring of: rainfall, river flow, groundwater, lake levels, wetland level, tide levels, sites air quality, climate stations, turbidity stations, calibration equipment	$5.7 m	1. Very Good	High - River and rainfall monitoring equipment
Harbours	Navigation aids with lights, unlit channel markers, large floating steel buoys with lights, signal station operated 24/7, vessels.	$1.6m	2. Minor defects only	Moderate - Signal Station at Beacon Hill

We have identified three key issues:

1. Ageing Infrastructure - Many of our assets reach the end of their economic life in the next 30 years. Assets and components proposed to be renewed or upgraded include the replacement of the Kaitoke trunk water main, aquifer well replacements in the Hutt Valley, KiwiRail's network improvements and improvements to the Wairarapa rail service.

2. Resilience – We have a responsibility to continue to provide essential services to the community with minimal interruption after an adverse event. Projects include - moving or upgrading assets most at risk of the impacts of storm events and rising sea levels, strengthening our water network and increasing the resilience of our water reservoirs.

3. Affordability - Projects must be affordable to the community now and in the future. The majority of our higher value projects relate to transport, and include upgrades to our trains and bus network, these include: new Electro Diesel Multiple Units (EDMU's), rail network improvements, enhanced bus services and hub development, installing integrated ticketing across our transport network, and our contribution to Let's Get Wellington Moving with Wellington City Council, and the RiverLink flood management project with Hutt City Council and NZ Transport Agency.

Managing the level of investment

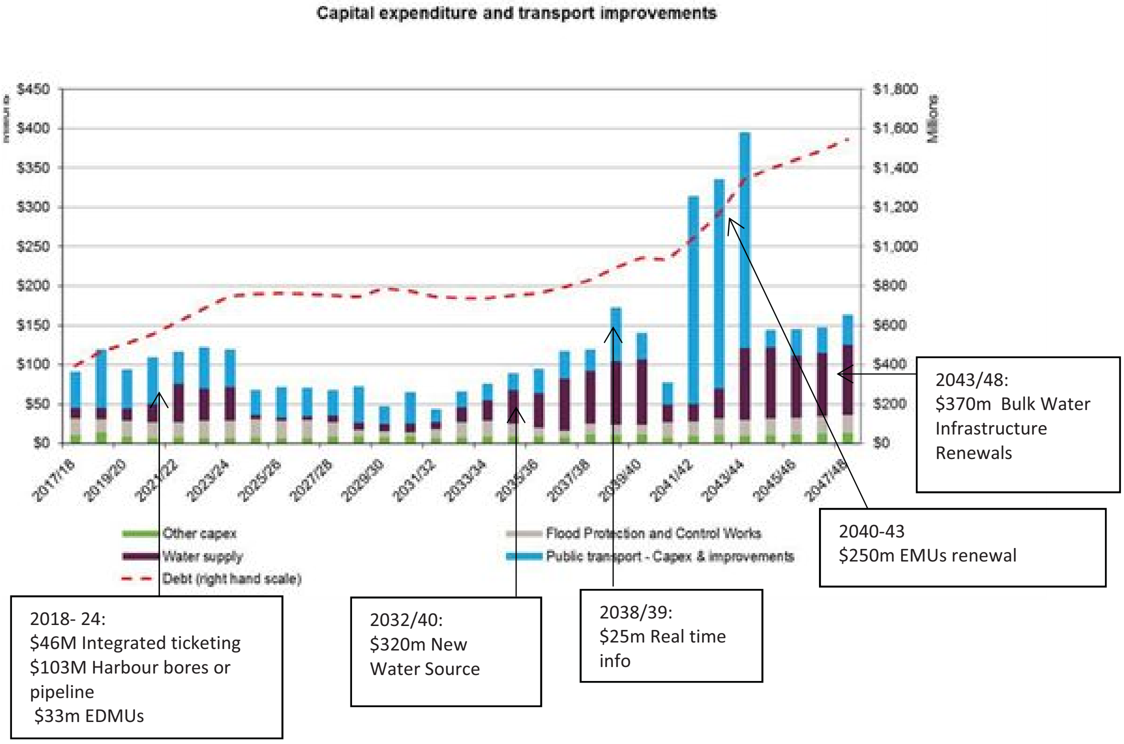
Our asset management plans set out how we manage our assets in accordance with best practice. We are mindful of affordability for ratepayers and our Infrastructure Strategy has considered the optimal timing and scope of projects to balance cost and maintain intergenerational equity.

In the longer term we may need to increase investment to maintain levels of service given the expected growth in population and the need to adapt to climate change and other adverse events. Affordability is an issue that will continue to be considered in future 10 year plans.

For more information, please refer to our Infrastructure Strategy.

Expenditure

The graph below shows capital expenditure and transport investment, and debt levels, over the 30 years from 2018 (note the costs shown are inflated).



OUR FINANCIAL STRATEGY

Managing our funds

Our overall approach within our Financial Strategy is to prioritise investment in our core regional infrastructure and managing the resources that provide the foundation of our regional economy. We aim to fund this using a range of sources including rates, user charges and co-funding from our partners. Our strong balance sheet enables us to borrow to fund our long-term capital investments. We have carefully considered how to prioritise and sequence our programmes to ensure that we address our priorities, meet the objectives of our Infrastructure Strategy, maintain overall affordability for regional ratepayers, and maintain a strong financial position.

Our approach to financial management is a principled one, centred on:

- Being **Transparent** – providing clear information to the community and stakeholders on the processes and choices undertaken in decision making
- Being **Prudent** – we do not take undue risks, using considered, and sensible decision making
- Being **Fair** – we ensure the financial burden of projects with long-term community benefit is spread across a longer period, so cost is shared across generations.
- Providing **Value for money** – we are ensuring expenditure on any item provides maximum impact and effectiveness.

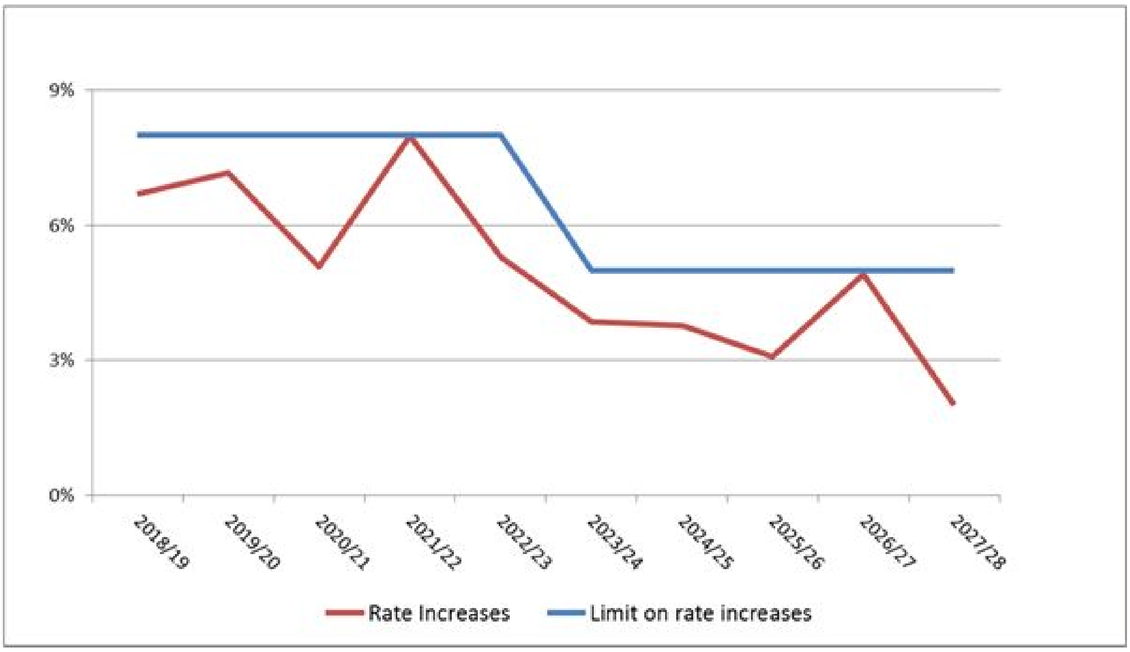
At a Glance

- Transport fare revenue increases by $52 million to total $101 million (including Supergold revenue) in 2018/19 and increases to $128 million (including Supergold revenue) by 2027/28. This is a consequence of the changes to the Public Transport Operating Model which results in all public transport fare revenue and associated costs having been brought into Greater Wellington.
- From 2019/20 – 2028/29 operating revenue from 2019/20 onward is proposed to be higher than operating expenses. However, in 2018/19, Greater Wellington plans to loan, reserve, and contingency fund some operational expenditure, this will be less than one percent of our operating expenditure for the year.
- Our external debt balance peaks at $764 million in 2025/26 ($629 million net of investments) and are well within our borrowing limits.
- Our net debt to annual revenue ratio currently sits at 90 percent and climbs to peak at 130 percent in 2023/24, dropping to 111 percent at the end of the 10 Year Plan period (2028/29). Our covenant with the Local Government Funding Agency requires us to have net debt to annual revenue of under 250 percent, so we are well within this limit.
- Our Water Supply levy to the city councils increases by 7.1 percent in 2018/19, with an annual average increase of 4.6 percent across the 10 years of the plan.
- Financial risks are managed through the use of contingency funds, insurance, reserves, and interest rate hedging.

Rates limits

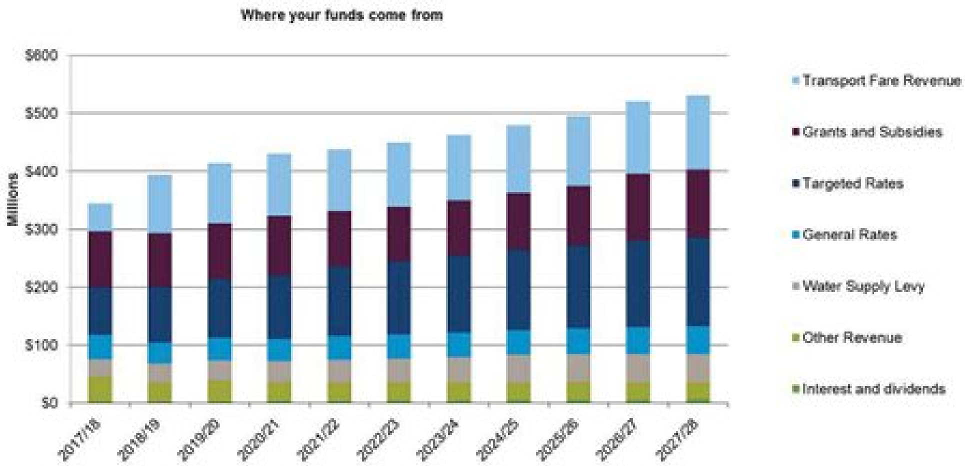
We have set a limit on rates increases to maintain affordability to regional ratepayers. This is based on the change in total rates revenue from one year to the next. Our planned limit on rate increases is 8 percent for the first five years of the plan (2018-2023) and then 5 percent for the remaining five years.

Rate increases and limits on rate increases



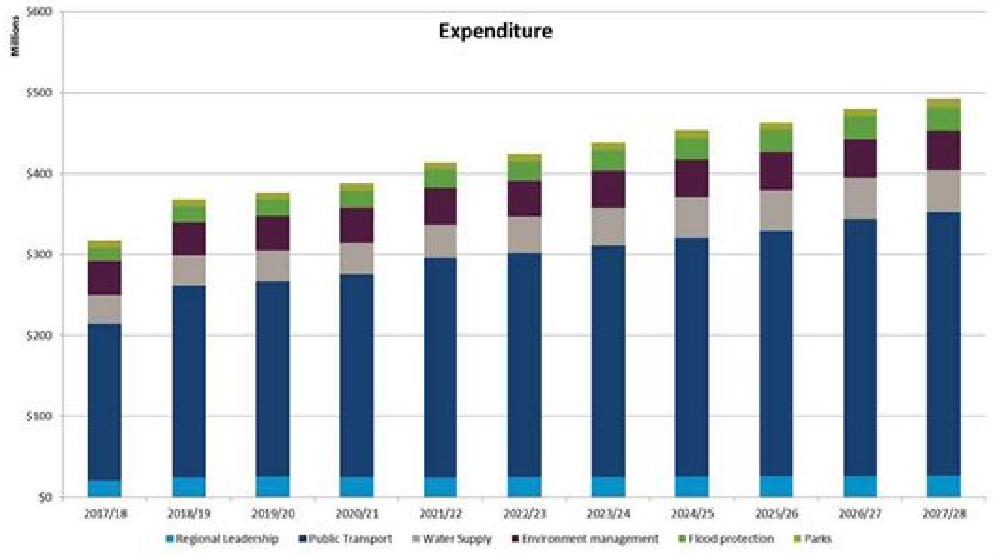
How do we fund our activities?

We have a diverse range of funding sources. In 2018/19 for example, rates make up 35 percent, transport fare revenue makes up 26 percent, the water levy charged to Wellington's four city councils is 9 percent, and government subsidies are 24 percent of the budgeted total revenue of $381 million for the year ahead. The graph below illustrates the change to funding sources over the 10 years of the plan.



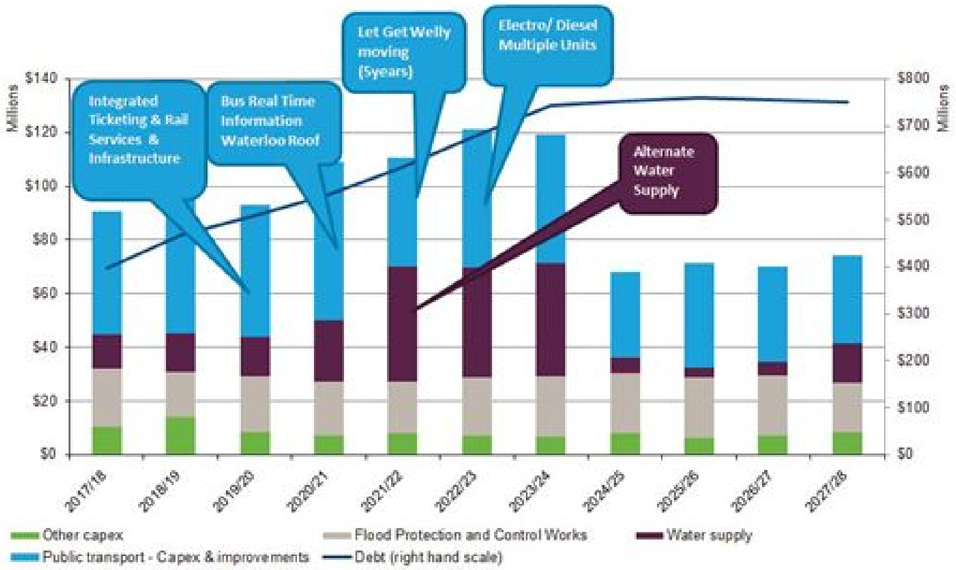
Where do your funds go?

Over the 10 years of the plan by far the largest proportion of our expenditure is on providing public transport services. The graph below illustrates the split of our expenditure between our activities.



Capital Expenditure

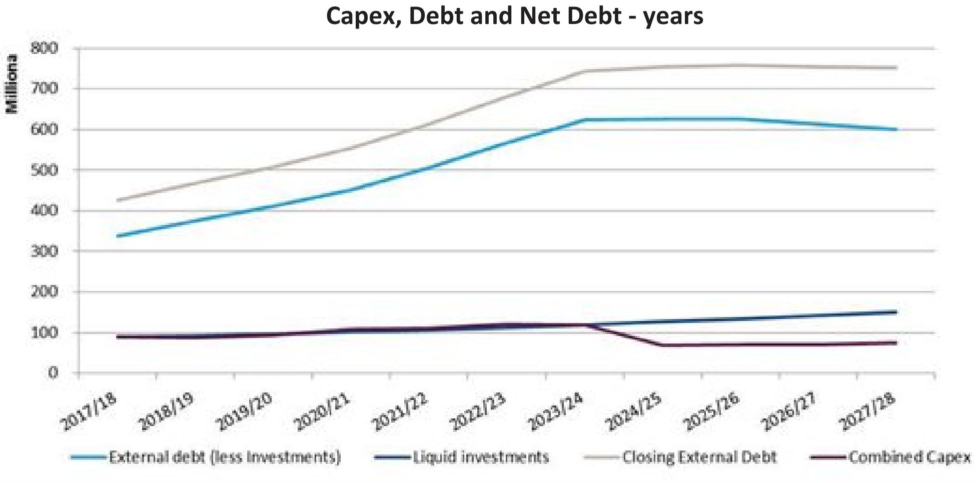
Over the 10 years of the plan there are some big ticket items that drive our capital expenditure programme. Most of these are in our public transport and water supply activities. The following graph shows capital expenditure and debt over the 10 year period. Further information is available in the supporting documents.



Debt

We use debt to fund projects so that future ratepayers pay for their share of the assets and expenditure which has a future benefit to them. In this plan, debt funding is used for:

- Capital Expenditure
- Working Capital - due to timing differences between cash inflows and outflows
- Other investment activity e.g. shares in the Local Government Funding Agency
- Some operating expenditure - one-off projects and expenditure that provides longer term benefit.
- Loss of CentrePort dividend revenue - debt and contingency funds have been used to fund the short-term revenue shortage.



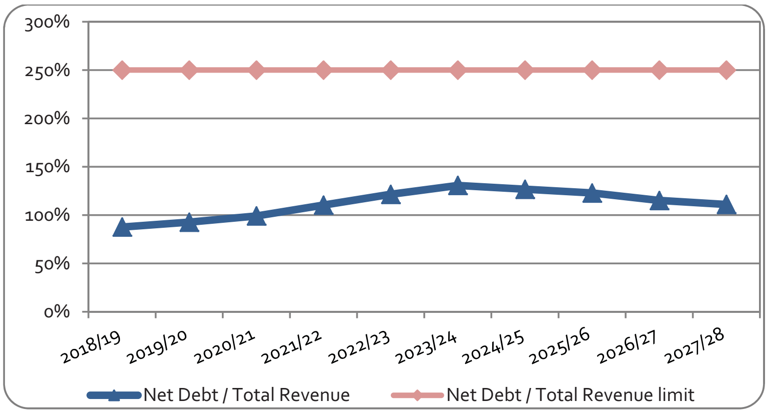
Our Financial Strategy borrowing limits forecast ratios compared to financial limits over the next decade. The forecast levels remain well within the financial covenants set by the Local Government Funding Agency.

Borrowing limits in the Financial Strategy

We have set the following limits on borrowing:

- A maximum external debt level where interest costs are no more than 30 percent of rates and levy income, occurring within the 10 year period
- A maximum external debt balance of $800 million during the 10-year period. The peak balance is currently expected to be $764 million in 2025/26, but we have allowed a little headroom to take account of any expected cost increases.

The following graph shows that Greater Wellington's net debt to total revenue ratio is forecast to be well below the prudent limit of 250 percent.



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Audit Report

HOW TO HAVE YOUR SAY

We would like to hear your feedback on the issues outlined in this document. You can provide your feedback through any of the ways outlined below.

To ensure your voice is counted we need have your feedback returned no later than Sunday 29 April 2018.

HAVE YOUR SAY ONLINE

Visit www.WhatMatters.co.nz to send an online submission

HAVE YOUR SAY IN WRITING

Use the submission form including on the final page of this document, or write us a letter and send it to:

10 Year Plan Submission
Freepost 3156
Greater Wellington Regional Council
PO Box 11646
Manners Street
Wellington 6142

SPEAK TO SOMEBODY ABOUT OUR PLANS

During the consultation period of 26 March to 29 April Greater Wellington will be holding public meetings and will be available at various events across the region. For a full list of these events please visit our website www.WhatMatters.co.nz

SPEAKING AT A HEARING

If you make a submission about anything in this document, or another issue, you have the option to speak at a Council hearing. Please let us know in your submission if you would like the chance to attend a hearing and speak to your submission, and which issue/s you would like to speak to. If you indicate in your submission that you wish to attend a hearing we will contact you and advise details of the hearings process and dates.

WANT MORE INFORMATION

If you would like more detail, including a copy of the 10 Year Plan Supporting Information, please visit www.WhatMatters.co.nz

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SUBMISSION FORM

Consultation Dates: Monday 26 March 2018 – Sunday 29 April 2018

NAME/ORGANSIATION

STREET NUMBER STREET NAME

SUBURB/TOWN POSTCODE

PHONE

EMAIL ADDRESS

Submissions may be made publicly available under the Local Government Official Information and Meetings Act 1987. If you are making this submission as an individual and do not want your personal details publicly available please let us know in your submission. We will then consider removing your contact details.

Section 1 – General Profile Questions

To help us understand more about you, can you please complete the following questions.

Please indicate how often you have participated in a Greater Wellington annual or 10 year planning consultation process? (please tick)

This is my first time ○ 1-5 ○ 5+ ○

Please indicate your age? (please tick)

Under 18 ○ 18-24 ○ 25-34 ○ 35-44 ○ 45-54 ○ 55-65 ○ 65+ ○

What city or district council (area) do you live in? (please tick)

- Wellington ○
- Lower Hutt ○
- Upper Hutt ○
- Southern Wairarapa ○
- Carterton ○
- Masterton ○
- Porirua ○
- Kapiti ○

Section 2 – Your feedback on our proposed 10 year plan

Do you want to speak to your submission at a council hearing? (please tick)

Yes ◯ No ◯

Key Programmes (refer pages 4-8)	Do you support our key programmes?	Yes ◯ No ◯
Wairarapa rail (refer to pages 9-10)	Do you support the approach outlined in our preferred option and the initial allocation of funding to improve the Wairarapa and Capital Connection commuter services?	Yes ◯ No ◯
	Additional comments:	
WREMO capability (refer to pages 11-12)	Do you support an increased funding contribution by Greater Wellington for emergency management?	Yes ◯ No ◯
	Additional comments:	
Water Wairarapa (refer to page 13)	Should Greater Wellington continue our proposed support for the management and investigation of the Wairarapa Water Project?	Yes ◯ No ◯
	Additional comments	
Future Directions and Decisions (refer to pages 14-15)	Do you have any comments on the future decisions we have highlighted?	Yes ◯ No ◯

Rates (refer to pages 16-17)	Have we got the balance right between the level of rates and charges and the services you want?	Yes ◯ No ◯
	If not, what would you change?	

Are there any other comments you wish to make about our proposals for the next 10 years?

Attachment 3 to Report 18.23

Terms of reference for the 10 Year Plan 2018-2028 Hearing Committee

1. Membership

The membership of the 10 Year Plan 2018-2028 Hearing Committee comprises Crs Blakeley, Brash, Donaldson, Gaylor, Kedgley, Laban, Laidlaw, Lamason, McKinnon, Ogden, Ponter, Staples and Swain.

Councillor Donaldson is the Chairperson of the Committee.

The quorum is seven members.

2. Meeting procedures

The Greater Wellington Regional Council Standing Orders apply.

All members have equal speaking rights and a deliberative vote. In addition, the Chairperson has a casting vote in the case of an equality of votes.

The hearing will be open to the public, except where there are grounds to exclude the public in terms of the Local Government Official Information and Meetings Act 1987.

Members must be present for the substantial part of the hearing and deliberations in order to participate in the decision-making of the Committee.

3. Powers

The Committee has the power to:

- Consider the submissions and other feedback on the:
    - “Investing in our extraordinary region” consultation document for the 10 Year Plan 2018-2028
    - Supporting Information to the 10 Year Plan 2018-2028
    - Proposed Revenue and Financing Policy
    - Proposed rates remission and postponement policies;
- Summarise the outcomes of the consultation process;
- Seek clarification from Council officers on any technical matters; and
- Prepare a report to Council, containing recommendations for the 10 Year Plan 2018-2028 and other matters which are the subject of concurrent consultation for consideration by the Council.

4. Responsibilities

The Committee shall ensure that:

- The process for the consideration of submissions is carried out in a way that is effective and timely;
- Submitters are provided with the best possible opportunity to be heard in support of their submission;
- Committee members receive submissions with an open mind and give due consideration to each submission; and
- The decision-making process is robust and transparent and the summary of the consultation process adequately, fairly and demonstrably reflects the submitters' comments.

5. Duration of Committee

The Committee is deemed to be dissolved at the end of the decision-making process on the 10 Year Plan 2018-2028 and other matters which are the subject of concurrent consultation.

Report	**2018.39**
Date	14 February 2018
File	CCAB-8-1445

Committee	**Council**
Author	**Mark Hooker, Senior Project Engineer - Floodplain Management Plans**

Waiohine FMP - interim flood maps

1. Purpose

To approve the release of the 2018 (latest preliminary) flood maps for interim use, and endorse the use of those maps to inform planning and regulatory functions.

2. Consideration by Committee

The matters contained in this report were considered by the Wairarapa Committee at its meeting on 20 February 2018 in Report 18.29. The recommendations contained in this report reflect those resolutions made by the Committee.

3. Background

An update on the Waiohine Floodplain Management Plan (Waiohine FMP) and background to this recommendation is provided in the attached report from Councillor Staples to the 20 February 2018 Wairarapa Committee meeting (**Attachment 1**).

The Terms of Reference for the Waiohine FMP Steering Group set out that it makes its recommendations to the Wairarapa Committee; the Wairarapa Committee's recommendations are then provided to Council for consideration.

3.1 Existing Waiohine floodplain flood hazard information

The existing (2014) flood hazard information for the Waiohine floodplain has been peer reviewed and independently audited (by Mike Law from Beca). It has also been consulted on with the community through the draft FMP process, culminating in the opportunity for formal submissions. The current work to develop new flood maps is in response to both of these processes.

4. Comment

4.1 Council approved procedures for release of maps

The release of interim flood maps sits in a grey area with regard to existing Council-approved procedures. Current approved procedures are as follows:

- Public release of flood hazard information – with the most important principles being:

    1. That people are informed about new/changed flood hazard information directly by councils and not when a potential house buyer requests a LIM; and

    2. People within the new flood hazard extent have an opportunity to provide information about flooding and comment on draft flood hazard information

- Peer review and independent audit of new flood hazard information.

4.2 Development of interim map

Modelling work currently being done by Land River Sea Consulting has produced an essentially new hydraulic model, based to some degree on the previous work but addressing the concerns raised by the Independent Auditor and the community. Key changes have included:

- Newer technology has allowed the floodplain to be modelled at a much finer resolution

- Additional photos of historic flood events have been obtained and used for calibration purposes – allowing more, and larger, historic floods to be used for calibration

- There has been extensive incorporation of local knowledge of historic floods

- Additional survey has been carried out to add further detail in critical areas

The Project Team has yet to complete its work considering climate change and uncertainties/mapping freeboard, so for now we have asked Land River Sea to produce a preliminary flood map from the new hydraulic model that adopts the previous (2014) allowances for climate change and freeboard.

Beca has peer reviewed the 2016/2017 work done by Land River Sea and produced a draft Independent Audit report that closes out most of the issues raised in the original audit. Land River Sea has provided Beca with a response to the few outstanding matters that relate to the interim maps. We are awaiting confirmation from Beca that these issues are now resolved to their satisfaction. The Independent Audit will be finalised later once the uncertainty/freeboard aspects have been completed by the Project Team.

4.2.1 Communication with the community

The work done to date on the flood maps has been communicated to the community via Waiohine Action Group (WAG) emails, WAG facebook page and WAG public meetings. Contact has been maintained with SWDC and CDC via members of the Project Team, and they are aware of this recommendation regarding the release of interim maps.

4.3 Final flood map

Beyond the release of interim flood maps, the Project Team will continue to work on finalising the maps so that the Independent Audit can be closed out and we can circulate finished draft maps for community feedback. GWRC officers expect that we will individually contact affected people at that point in line with our normal process.

The final flood maps will differ from the interim flood maps. There is a risk that people will be unhappy to have the flood hazard change, and then change again a few months later. There is no way to say whether the final flood maps will be lesser or greater in extent than the proposed interim maps. Officers recommend that this risk be mitigated by being clear in all communications that these are interim maps, and the best information that is currently available, but they are subject to change. Actual use of these maps by SWDC and CDC for regulatory purposes is their responsibility but GWRC officers will provide guidance.

5. Communication

If the recommendation to release interim flood maps is endorsed, officers propose to continue using the channels above (see section 4.2.1) to promote this information. Additionally, we propose to produce a media release and to make the interim flood maps available via the GWRC website in our flood map viewer.

We do not propose to contact each resident or landowner directly at this time. There is already a high level of awareness of the existing flood maps and the work being done to revise them. According to WAG representatives on the Project Team, the outcome shown in these preliminary flood hazard maps (being a significant reduction in the flood extent) is what the community had been expecting.

6. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

6.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate and have concluded that the matter will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

6.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

GWRC plans for climate change in assessing the degree of future flood hazard and in determining an appropriate response. There are only specific, limited situations in which climate change is not relevant (for example, planning for present-day emergency management).

In assessing flood hazard and determining appropriate structural and/or non-structural responses in areas subject to flood risk, GWRC applied a rainfall increase of 16.8% to the flood hydrology to account for climate change over the next 100 years. This approach was consistent with how we applied the national guidance at that time, and led to increases in flow ranging from 17% to 28% in the different sub-catchments contributing to the hydraulic model.

Further detail is available in the report: High Intensity Rainfall and Potential Impacts of Climate Change in the Waiohine Catchment - NIWA, Feb 2009.

Climate change is being further considered by the Project Team.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

8. Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed.

9. Recommendations

That the Council:

1. ***Receives*** *the report.*
2. ***Notes*** *the content of the report.*
3. ***Agrees*** *that the 2018 (latest preliminary) flood map be released for interim use, once these have satisfied the requirements of the peer-review and been re-endorsed by the Project Team.*
4. ***Endorses*** *the use of the 2018 (latest preliminary) flood map to inform planning and regulatory functions.*

Report prepared by:	Report approved by:	Report approved by:
Mark Hooker Senior Project Engineer - Floodplain Management Plans	**Alistair Allan** Acting Manager - Flood Protection	**Wayne O'Donnell** General Manager - Catchment Management

Attachment 1: Report 2018.29 to the Wairarapa Committee
Attachment 2: February 2018 flood hazard maps tabled at Wairarapa Committee meeting

Attachment 1 to Report 18.39

Report	**2018.29**
Date	9 February 2018
File	CCAB-8-1477

Committee	**Wairarapa Committee**
Author	**Cr Adrienne Staples, Chair - Waiohine FMP Steering Group**

Waiohine FMP update

1. Purpose

This report is to provide the Committee with a brief update on the Waiohine Flood Management Plan (FMP) project and the meetings of the Steering Group. It also seeks the Committee's consideration of a recommendation on interim flood maps that has been made by the Project Team and endorsed by the Steering Group.

2. Background

The Waiohine FMP Project Team ordinarily meets weekly and reports on its work, along with any recommendations or issues, to the Steering Group. The Steering Group provides direction to the Project Team, considers its recommendations, and reports to the Wairarapa Committee. The Steering Group membership includes:

- Cr Adrienne Staples (GWRC), Chair
- Cr Barbara Donaldson (GWRC)
- Cr Colin Wright (SWDC)
- Horipo Rimene (Rangitāne)
- John Boon (Waiohine Action Group (WAG))
- Michael Hewison (WAG)
- Cr Mike Ashby (CDC)
- Murray Hemi (Kahungunu)
- Cr Paora Ammunson (SWDC)
- Cr Russell Keys (CDC).

3. General update

The Project Team has made good progress and is working together well. The Project Team facilitator has estimated progress at about 30%. Major work areas have included:

- Development and calibration of a new flood model, using new technology to represent a much finer level of detail
- Fields associated with the modelling, such as historical floods, hydrology, climate change, uncertainties
- Examining design horizons and levels of flood protection
- Stakeholder engagement.

The immediate focus of the Project Team will continue to be freeboard, uncertainties and flood mapping because these lie on the critical path of the project. There is also a push to engage (or re-engage) with iwi and stakeholders before looking at any detail at river management, stopbanks or other flood management responses.

Stakeholder feedback to date has raised questions for the Project Team around how this FMP fits with the wider aspirations of the community around the river environment and integrated catchment management. In particular, questions have been asked about how the FMP will relate to the Whaitua process. We would like to seek input from the community about their vision for the river, and ways to achieve community "guardianship" during the implementation of the FMP. Some stakeholders are concerned that the scope/terms of reference for the Project Team's work, being focussed on managing risk from floods and erosion, are too narrow.

4. Flood mapping

A key focus for the Project Team at present is the development of new flood maps. The mapping is being revised due to concerns raised by the community in response to the (now revoked) draft FMP and also by matters raised by the Independent Auditor and previously reported to this Committee. This revision of the flood mapping is critical to progress on the FMP because we must first agree what the flood hazard is before we decide how it should be managed.

The underlying hydraulic model (flood model) has been revised and is currently being peer-reviewed. Preliminary results from the model indicate a significantly smaller flood spread than the previous mapping which is currently in use by GWRC and SWDC. These preliminary results make the same assumptions about climate change and "freeboard" (uncertainties) as the previous mapping because those two topics have yet to be completed by the Project Team, working with the hydraulic modelling consultant. These will be included in the final mapping later this year.

Both the current (December 2014) and the most recent (February 2018) maps are **attached** to this report as **Attachment 1** and **Attachment 2**.

The Project Team and Steering Group considered that the recent mapping is an improvement over the previous mapping, due to a more successful calibration taking into account a greater degree of local knowledge and more appropriate flood events. The new model also represents the floodplain to a much greater degree of detail and includes new survey information. We have therefore recommended that this new mapping (subject to peer-review of the underlying model) should be released as an interim map until the maps have been independently audited and consulted on with the community, at which point they will be finalised.

5. Recommendations

That the Committee

1. ***Receives*** *the report.*
2. ***Notes*** *the content of the report.*
3. ***Recommends*** *to GWRC Council that the flood maps be released for interim use, once these have satisfied the requirements of the peer-review and been re-endorsed by the Project Team.*

Report prepared by:

Cr Adrienne Staples
Chair - Waiohine FMP
Steering Group

Attachment 1: 2014 (current) flood map
Attachment 2: 2018 (latest preliminary) flood map

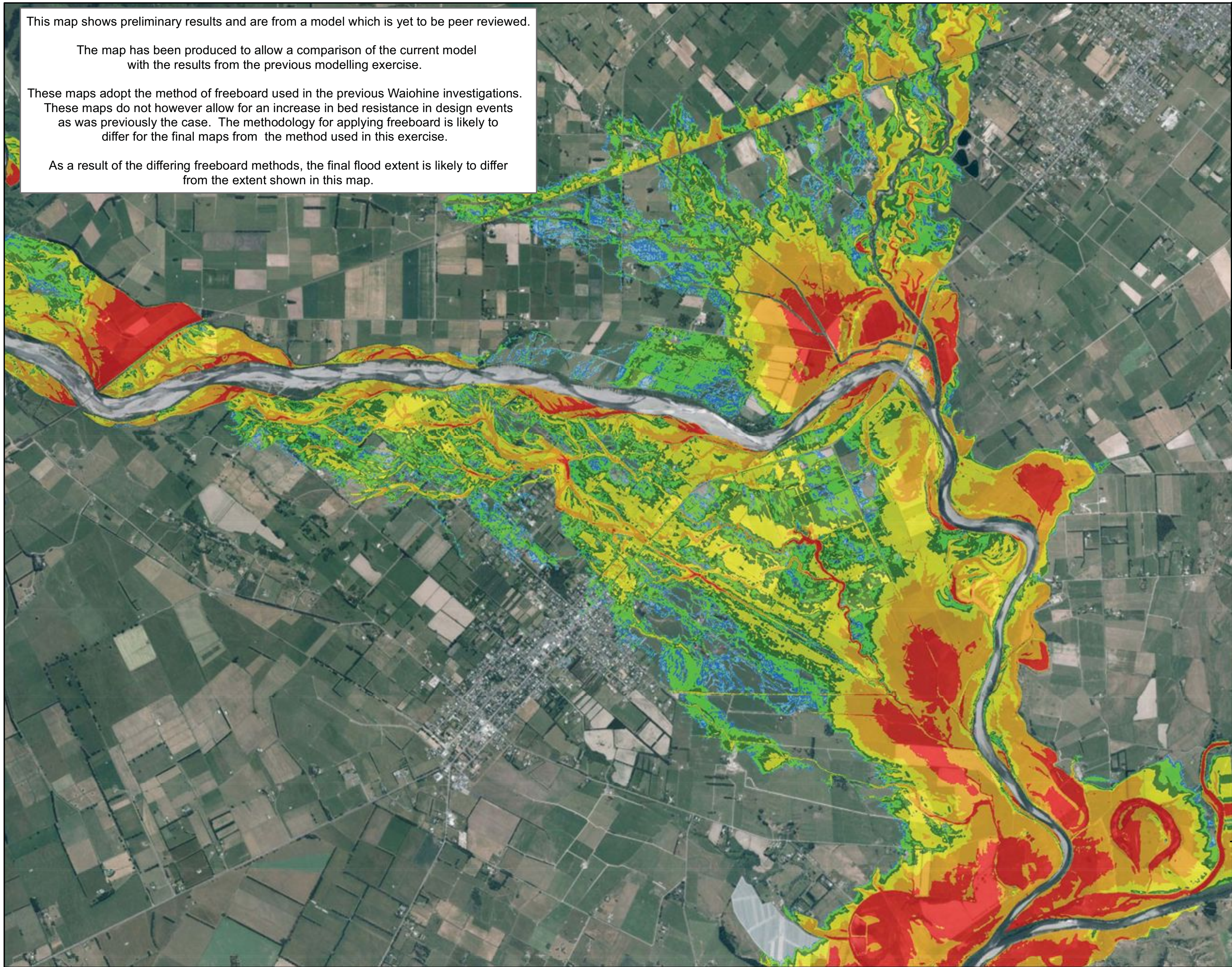
Attachment 2 to Report 18.39

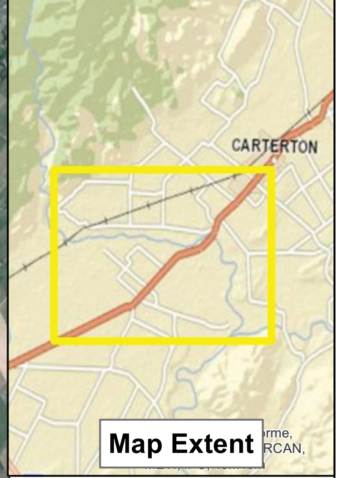
This map shows preliminary results and are from a model which is yet to be peer reviewed.

The map has been produced to allow a comparison of the current model with the results from the previous modelling exercise.

These maps adopt the method of freeboard used in the previous Waiohine investigations. These maps do not however allow for an increase in bed resistance in design events as was previously the case. The methodology for applying freeboard is likely to differ for the final maps from the method used in this exercise.

As a result of the differing freeboard methods, the final flood extent is likely to differ from the extent shown in this map.





LANDRIVERSEA CONSULTING

greater WELLINGTON REGIONAL COUNCIL Te Pane Matua Taiao

Legend

Peak Depth (m)

- 0
- 0 - 0.05
- 0.05 - 0.1
- 0.1 - 0.3
- 0.3 - 0.5
- 0.5 - 1
- 1 - 2
- 2+

PROJECT	MAP TITLE	REV	DATE
Waiohine River Hydraulic Modelling	**Preliminary 100 Year Flood Depth Map Including climate change and model freeboard**	**01**	**16 February 2018**
		A3 SCALE **1:30,000**	AUTHOR **Matthew Gardner**

N

Report **18.40**
Date 8 March 2018
File CCAB-8-1446

Committee **Council**
Author **Mark Hooker, Senior Project Engineer - Floodplain Management Plans**

Mangatarere Stream flood study area

1. Purpose

To seek Council's endorsement of an approach to managing preliminary flood hazard information for the Mangatarere Stream floodplain.

2. Consideration by committee

The matters contained in this report were considered by the Wairarapa Committee at its meeting on 20 February 2018, Report 18.14 refers (**Attachment 1**). The recommendations contained in this report reflect those resolutions made by the Committee.

3. Background

The background to this report is described in the attached report, presented to the Wairarapa Committee on 20 February 2018.

Matters relating to flood hazard would normally be reported first to the Environment Committee. However, with the timing of various committee and Council meetings, this would have introduced a significant delay. GWRC and Carterton District Council (CDC) officers feel that since the new flood hazard information has been reported at a committee meeting that its use should now be resolved as quickly as possible.

4. Comment

The proposed regulatory use of this information (primarily by CDC) will focus on advising people, recommending building floor levels and dissuading inappropriate development on a case-by-case basis. As this information will be described as a "flood study area" it will not be considered "hazard information" by CDC, so will not, for example, require the noting of a hazard on property titles or a strict requirement to build to a recommended level. However, on a case-by-case basis, for example for a large development or location where the flood hazard could be significant, CDC may require an applicant to carry out a more detailed assessment.

GWRC's focus will be to carry out a detailed Flood Hazard Assessment as planned and to make sure that the community is fully engaged and able to contribute. Release of maps showing a flood study area will stimulate interest.

5. Communication

As described in the attached report, it is proposed to use a combination of a media release, a joint CDC/GWRC letter to affected properties and a public drop-in session to publicise this information and answer people's questions. Dates have slipped back due to the postponement of this Council meeting, so the proposed timeline is now:

- Wed 14 March GWRC Council meeting
- Mon 19 March information goes up on website, letters posted, joint press release
- Late in week of 2nd April: drop in session one afternoon and evening.

6. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

6.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate and have concluded that the matter will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI)

6.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

GWRC plans for climate change in assessing the degree of future flood hazard and in determining an appropriate response. There are only specific, limited situations in which climate change is not relevant (for example, planning for present-day emergency management).

In assessing flood hazard and determining appropriate structural and/or non-structural responses in areas subject to flood risk, GWRC applied a flow increase of 20% to the flood hydrology to account for climate change over the next 100 years. This approach represents a rainfall increase of 20% and is appropriate for this level of preliminary mapping. It is consistent with GWRC's current allowances for climate change and other recent work.

The detailed Flood Hazard Assessment will also consider climate change and whatever guidance has been adopted by GWRC at that time.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter requiring decision in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

8. Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed.

9. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Endorses** the use of the Mangatarere Stream flood study area maps by Carterton District Council to inform planning and regulatory functions.*

Report prepared by:	Report approved by:	Report approved by:
Mark Hooker Senior Project Engineer - Floodplain Management Plans	**Alistair Allan** Acting Manager - Flood Protection	**Wayne O'Donnell** General Manager - Catchment Mangagement

Attachment 1: Report 18.14 to Wairarapa Committee

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**2018.14**
Date	14 February 2018
File	CCAB-10-456
Committee	**Wairarapa Committee**
Author	**Mark Hooker, Senior Project Engineer - Floodplain Management Plans**

Mangatarere Stream flood hazard

1. Purpose

To communicate information to the Committee about flood hazard information for the Mangatarere Stream and its floodplain which includes parts of Carterton township.

2. Background

A 2012 report by Opus International Consultants, prepared for Greater Wellington Regional Council (GWRC) in order to give a regional overview of flood vulnerability and the impacts of climate change, identified the Mangatarere Stream flood hazard to Carterton as a high priority to address. Local knowledge and Flood Protection Operations staff awareness of flood breakout points and overflow paths also reinforced that assessment.

GWRC requested Opus to carry out a preliminary flood hazard assessment (FHA) for the Mangatarere Stream in order to confirm the priority and help set the scope for a future full FHA. This work provided preliminary flood hazard maps (**Attachment 1**) showing two main breakout locations that affect mainly the north and west sides of Carterton.

The flood risk and overflow paths are already identified in the Wairarapa Combined District Plan although to a smaller degree, as that information was based on a 50-year return period/2% annual exceedance probability (AEP) flood and did not take climate change into account.

The draft reports were used for internal purposes only (including prioritising a full Mangatarere Stream FHA in GWRC's LTP) and were not communicated to the public. Following subsequent discussions with Carterton District Council (CDC) officers, the 2014 report was finalised in late 2017 and the information has been provided to CDC. This information is referred to in the rest of this report as the preliminary flood hazard information.

3. Comment

The Opus 2017 report includes flood maps for the 100-year/1% AEP flood event. A scenario including a 20% increase in flows to account for climate change has been mapped. This scenario in particular shows some flood hazard to areas of existing development in Carterton. This hazard primarily follows existing streams or areas that are clearly historical flow paths of the Mangatarere Stream.

No freeboard has yet been included on the flood maps, as this would be part of a more detailed study including an analysis of uncertainties and is not a straightforward exercise in this case. In lieu of mapping the freeboard, and in consultation with CDC, we have produced an additional scenario with the flow increased by a further 20% on top of the climate change scenario. This area has been called the "flood study area" and will be used to communicate the preliminary flood hazard information that we have for this catchment.

The hydrology and flood modelling reports have been peer reviewed by GWRC staff but have not been subject to a detailed technical peer review or independent audit, nor the community consultation that a full FHA would involve. It is important that the information be made available to the community and other stakeholders, and this approach of defining a "flood study area" was felt to be a sensible compromise that still allows us to communicate the potential flood hazard but indicates that there is further investigation to be undertaken.

A more detailed study is currently (in preparation of the draft 2018-28 LTP) scheduled to be done in 2018-20. This will involve much more detail and analysis than the preliminary assessment and include the independent audit and peer review process Council agreed to in Report 17.259. Significant areas of work will include:

- Community and stakeholder engagement, and opportunities to contribute
- A detailed hydrological study given the short period of record for the Mangatarere Stream gauge
- New survey and LiDAR acquisition
- More detail in the hydraulic model, especially at bridges and known areas where flows break out
- More detail in the urban area
- Peer review and independent audit.

GWRC will use the preliminary information in providing flood hazard advice and in scoping the full FHA later this year. CDC will use it in considering resource consent applications, setting floor levels, spatial/structure planning and in Land Information Memorandums (LIMs).

4. Communication

It is important that GWRC makes this information available so that people can make their own risk-based decisions. CDC is supportive of using the information to inform its own planning and regulatory functions. Our focus will be on advising people, recommending building floor levels and dissuading inappropriate development on a case-by-case basis.

The outline plan for communicating this information is:

• 7 Feb 2018:	Workshop with CDC councillors
• 20 Feb 2018:	Wairarapa Committee meeting
• Late Feb 2018:	Joint CDC/GWRC letter drop to all affected properties. Flood Study Area loaded onto GWRC public map system
• Late Feb 2018:	Joint CDC/GWRC press release
• Early March 2018:	Public drop-in session to discuss flood hazard info and questions
• Late 2018:	Update to all parties, with opportunities to provide info and participate in the full FHA

This process is consistent with our normal process for communicating flood hazard information, albeit that the community's opportunity to provide input and to consider draft flood hazard maps will take place during the full FHA rather than the preliminary work.

This flood hazard information and approach was discussed with CDC Councillors at a workshop on 7 February 2018. CDC Councillors acknowledged the need to make the information available and to carry out a more detailed investigation involving input from the community. They expressed concern that the information would have an impact on people and should be well explained, and treated sensitively, in any communication to affected landowners and residents. They also suggested giving the community an opportunity to meet with Council officers to discuss the information and answer any questions. This is reflected in the drop-in session proposed in the plan above.

This will also be reported to GWRC's Environment Committee for information.

5. Consideration of climate change

The matter described in this report has been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

5.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matter on the climate. Officers recommend that the matter will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) or the Permanent Forest Sink Initiative (PFSI)

5.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matter. Climate change impacts on the flood hazard have been considered by applying an increase in stream flows to reflect future climate change. This has been done in accordance with the climate change allowances previously endorsed by Council.

6. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matter in this report has been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

6.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance as no decision is being made.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

6.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed. In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

7. Recommendations

That the Committee:

1. ***Receives** the report.*

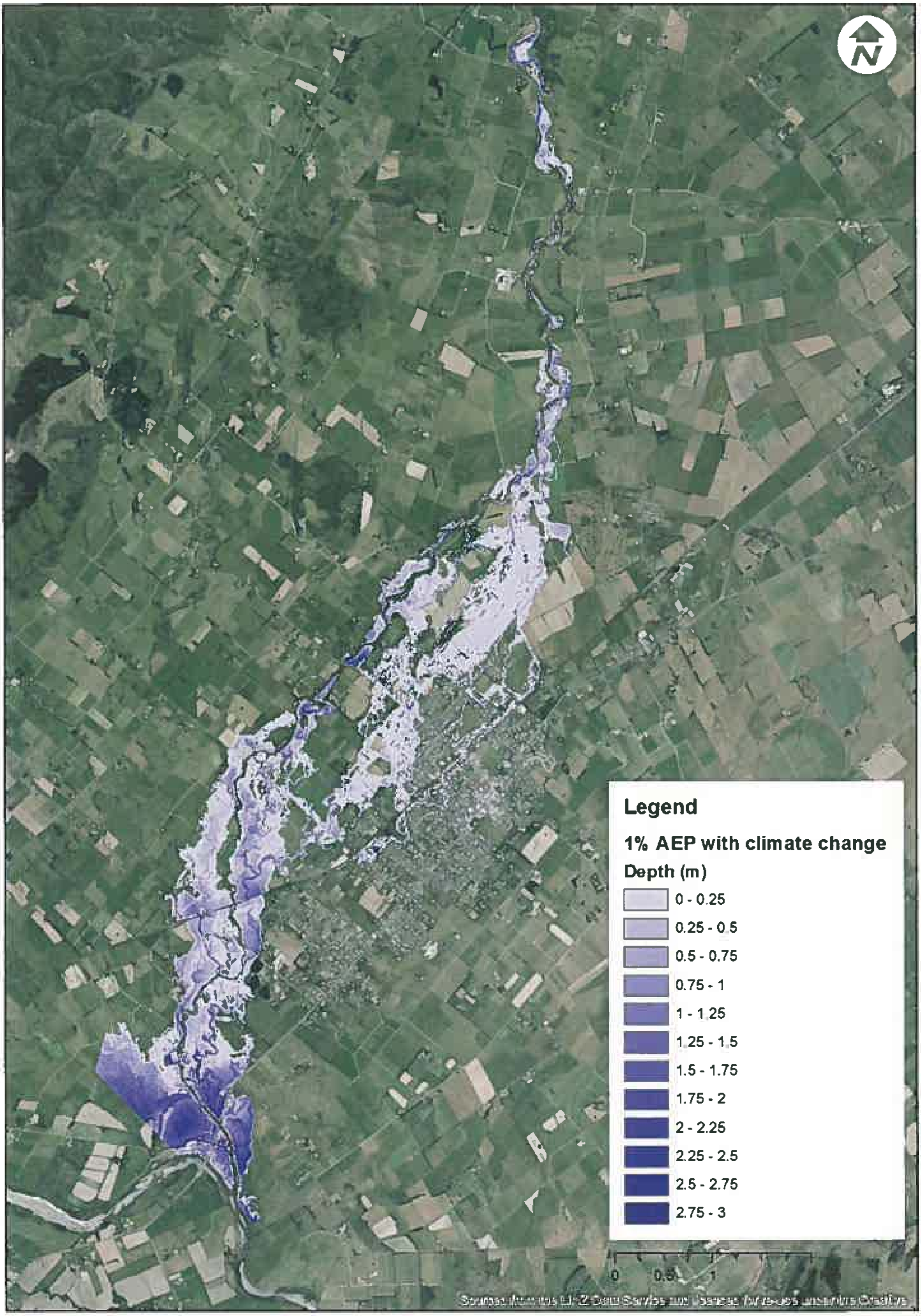
2. ***Notes** the content of the report.*

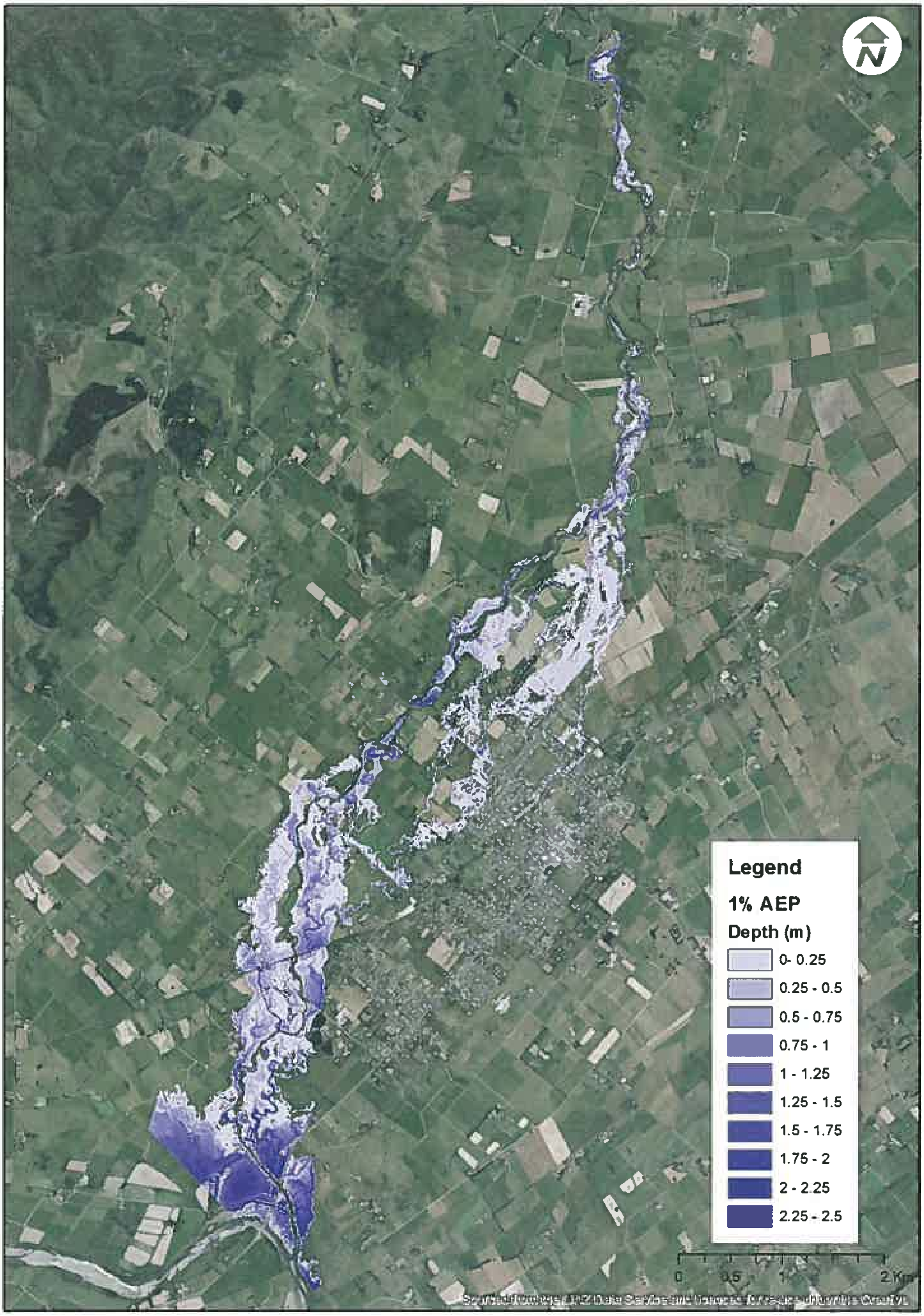
3. ***Recommends** that GWRC Council endorses the use of the Mangatarere Stream flood study area maps by Carterton District Council to inform planning and regulatory functions.*

Report prepared by:	Report approved by:	Report approved by:
Mark Hooker Senior Project Engineer - Floodplain Management Plans	**Graeme Campbell** Manager - Flood Protection	**Wayne O'Donnell** General Manager - Catchment Management

Attachment 1: Flood maps for 1%AEP flood, 1% AEP + climate change, Flood Study Area

Attachment 1 to Report 18.14

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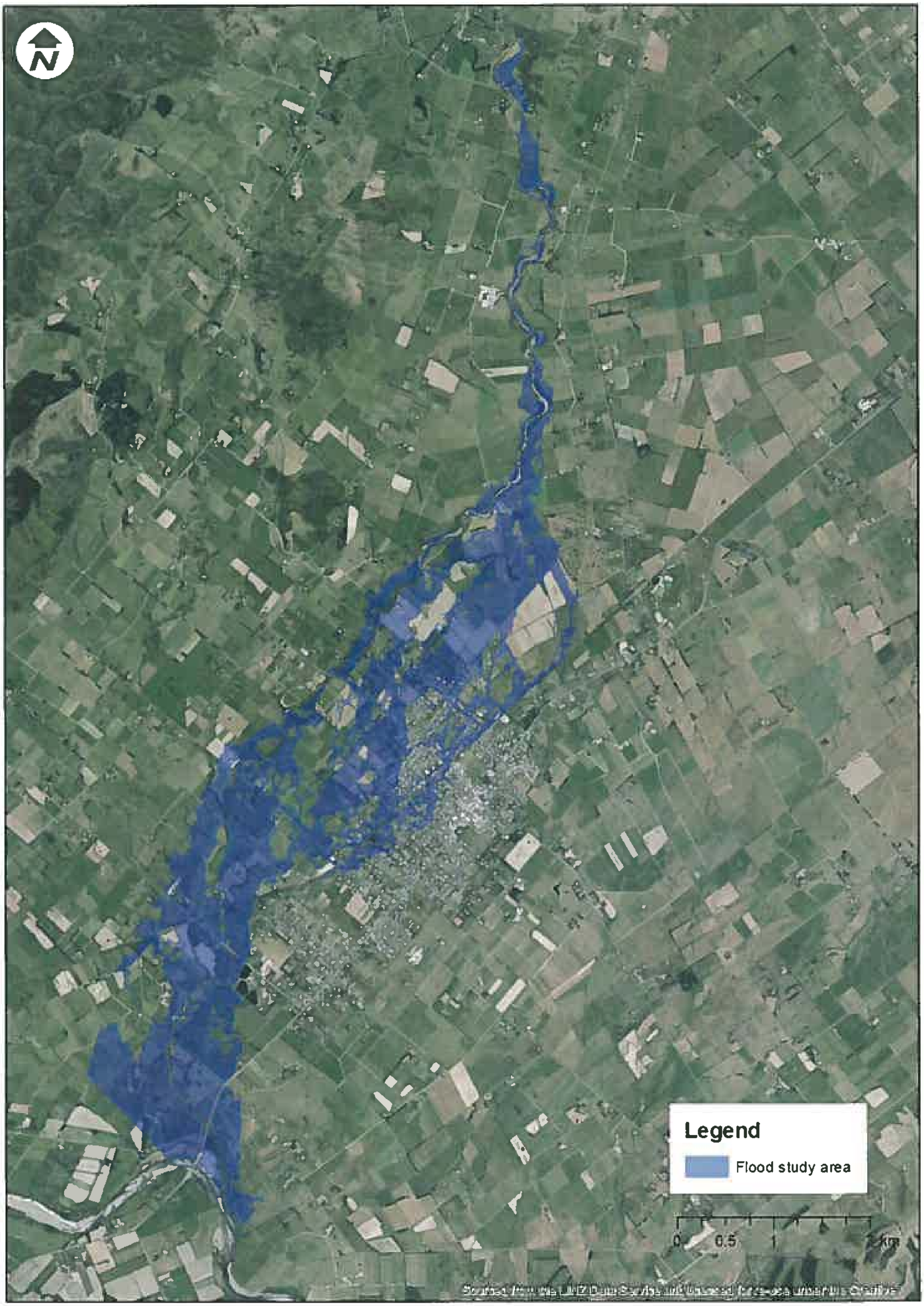
0.25 - 0.5
0.5 - 0.75
0.75 - 1
1 - 1.25
1.25 - 1.5
1.5 - 1.75
1.75 - 2
2 - 2.25
2.25 - 2.5
0
0.5
1
2 Km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Legend
Flood study area
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0.5
1

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.65**
Date	28 February 2018
File	CCAB-8-1459
Committee	**Council**
Author	**Mike Timmer, Treasurer**

WRC Holdings Group 2018/21 draft Statement of Intent

1. Purpose

To receive the 2018/21 draft Statement of Intent (SOI) of the WRC Holdings Group and to identify any matters for consideration by the directors of WRC Holdings.

2. Background

WRC Holdings Ltd and its 100% owned subsidiary company Port Investments Ltd (PIL) are Council Controlled Trading Organisations (CCTOs). Greater Wellington Rail Ltd (GWRL) is a Council Controlled Organisation (CCO) as defined under the Local Government Act (LGA) 2002.

The companies noted above, together with CentrePort (CPL) being 76.9% owned by PIL form the WRC Holdings Group. A single SOI, incorporating the CentrePort Statement of Intent, is prepared for the Group and provided pursuant to section 64 (5)(b) of the Local Government Act (LGA) 2002.

The LGA 2002 requires that a draft SOI for WRC Holdings is provided to the shareholder by 1 March, covering the projected results for the three financial years from 1 July 2017.

The directors of WRC Holdings considered the draft SOI financials for CentrePort and draft SOI for WRC Holdings Group on 27 February 2018.

A letter enclosing the draft WRC Holdings Group SOI (incorporating the CentrePort SCI) was sent to the Chair of Greater Wellington Regional Council on 28February 2018 (refer **Attachment 3**).

Greater Wellington Regional Council, as the shareholder, is now required to note the draft WRC Holdings Group SOI, which incorporates draft financial statements from CentrePort, and where it considers necessary, provide comments back if any to WRC Holdings directors.

This meeting is to receive the draft SOI and invite comments. The final version of this SOI must be presented to Council on or before 30 June 2018.

3. Statement of Intent

The draft SOI for the WRC Holdings Group of Companies for 2018/19 and the following two years is attached (refer **Attachment 1**).

The following is an extracted summary of the projections for the next three years.

Financial Performance Measure	**2017/18*** **$000**	**2018/19** **$000**	**2019/20** **$000**	**2020/21** **$000**
Net profit (deficit) before tax (NPBT)	77,319	82,387	70,404	(7,351)
Net profit (deficit) after tax (NPAT)	78,082	83,195	72,098	(5,119)
Earnings before interest, tax and depreciation	104,993	111,089	103,570	29,087
Return on total assets	11.9%	11.6%	8.9%	-0.5%
Return on shareholder's equity	17.0%	16.3%	12.3%	-0.8%
Shareholders equity to total assets	66.2%	70.7%	72.1%	70.3%
Dividends	Nil	1,448	2,008	2,602

* 2017/18 SOI

The financial results are dominated in 2017/18 to 2019/20 by the insurance proceeds from CPL's material damage insurance pay out, as a result of the Kaikoura earthquakes.

The deficit in 2020/21 is the difference of the profit from CentrePort against the loss from GWRL stemming from depreciation which is not funded in GWRL.

These are discussed further under section 4 below.

4. Detailed operating budgets

The draft operating budgets for each of the 100% owned companies within the WRC Holdings Group are attached (refer **Attachment 2**). These are discussed for each company.

4.2 Port Investments Ltd (PIL)

The projected dividends from CPL (PIL's share) is forecasted via CPL's Statement of Intent (SOI) as being $3.1milion, $3.8 million and $4.6 million for three SOI forecast years. CentrePort have also indicated a $1.5 million dividend for PIL by June 2018.

The dividends beyond 2021/22 relate to the 10 year forecast provided by CentrePort last year and will be updated with the 10 year plan numbers in the final SOI as they were not available at the time of completing the draft SOI.

4.3 Greater Wellington Rail Ltd (GWRL)

GWRL holds rolling stock and other related rail assets such as stations.

Capital expenditure of $24.6 million is forecasted for the 2018/19 year reducing to $18.3 million in 2019/20 and then increasing to $26.7 million in 2020/21. Seventy percent of the expenditure over the 3 years is on rail infrastructure with the balance on rail rolling stock.

These capital projects are funded 100% by equity which GWRL receives from its parent WRC Holdings and in turn from the ultimate shareholder the Wellington Regional Council.

The first set of 48 Matangi train purchased were funded via a combination of capital grants and equity. This was because the Government provided part of the funding for the trains up front with the Council picking up the balance.

The second instalment of the 35 Matangi trains has been funded 100% via Council through WRCHL. The Government will contribute around 50% which will be paid to Council via an Interest and Principal loan over a 25 year period.

Capital Grants, previously used to fund around 90% of the first instalment of Matangi trains were required to be treated as revenue, and as such they created a large deferred tax liability in GWRL accounts (forecasted at $73.3m at 30 June 2018). This was because if the trains were sold, a tax liability would arise due to part of the initial purchase being funded by revenue as opposed to Equity as it is now. The depreciation expense over future years will however offset this liability.

All operating costs (excluding depreciation) are met with a matching grant from the Council.

The statement of comprehensive income shows a slowly increasing net operating deficit, which is driven by slowly increasing depreciation, which is not funded. In time the losses will offset the equity injections for the capital expenditure at which point the assets will be fully depreciated and ready for replacement.

The balance sheet has equity peaking at $389 million in 2023/24, it then starts to decline as operating deficits driven by depreciation and deferred tax exceeds the on-going annual capital expenditure. The deferred tax liability reduces over time as tax losses from operations arising from depreciation are applied to reduce the deferred tax liability balance.

4.4 WRC Holdings Ltd (WRCHL)

WRCHL is the holding company for PIL and GWRL. Income is sourced predominately from dividends and interest income from PIL.

WRCHL has a gradually increasing surplus reflecting an increasing dividend stream from PIL and in turn CentrePort.

WRCHL has a $44 million loan via commercial paper backed by a facility from the Commonwealth Bank of Australia (CBA).

Interest paid on the $44 million loan to investors is offset by the income received from PIL on its $44 million advance by WRCHL.

Costs are inflated by 2.5% and interest costs are rising gradually reflecting a general increase in base interest rates. Interest costs are based a 90 day forward projection plus a margin for bank line facility cost and a market lending margin. They range from 3.05% to 3.95% over the three year budgeted horizon.

5. CentrePort

CPL’s SOI shows net underlying profit after tax (NPAT) for the 3 years (2019, 2020, 2012) respectively at $17.1 million, $13.8 million and $12.9 million.

When insurance proceeds and other earthquake related are added in the comprehensive income for the 3 years is $99.1million, $89.5million and $12.9 million respectively.

CPL has repaid all its debt from the insurance proceeds, with debt resuming in 2021as the capex spend grows to complete the projects.

CPL’s equity increases as the earthquake proceeds are used to build new assets. Overall CPLs asset base is significantly higher after the insurance proceeds are expended as they replace aged depreciated port plant and buildings.

This increase in equity impacts on the financial ratios, return on assets and equity are now lower than in past years.

CPL is forecasting to pay a $2 gross million dividend this year increasing to $4 million in 2019, then $5 million in 2020 and finally $6 million in June 2021.

This is a significant change from last year’s SOI which had no dividend forecasted for the 3 years 2019-2021.

The PIL Board sent a letter of expectation to CentrePort in January to inform their SOI preparation. The Board is presently in the process of writing back to CentrePort suggesting a number of enhancements that CentrePort might consider in light of our expectation letter and the draft SOI they provided the Board.

These include at a very high level:

CentrePort are producing a Master Plan due in June 2019. PIL Board will seek reporting milestone in relation to this given the long time frame.

A greater focus and change from business as usual to collaborating with both GWRC and the wider community especially on: Master plan incorporating regional considerations, the development of the ferry terminal and the future of the Harbour Quays area.

CentrePort while focusing on doing the best for the Port needs to acknowledge that their shareholders requirements and stakeholders are wider including a local and regional focus.

The performance targets need to reflect the above mentioned comments and could be enhanced further to recognise the business is undergoing change and providing targets to this end.

Communication with the shareholders sections of the SOI could be improved to acknowledge the process of reporting and collaboration with the stakeholders as noted above.

6. Changes to the wording in the SOI since 2017

We have made some changes to the SOI following a review of other SOI's to reflect what might be best practice with the aim of trying to make the document more useful and user friendly.

4.2 - GWRL – A section on Strategic context has been added as well as a work plan for 2018/19 for GWRL.

5.2 – GWRL –Operational performance targets have been updated and expanded. The financial performance targets now included in a table.

6.3- CentrePort - Safety and Security targets The first two targets on year on year movement toward zero harm have been amended with the first target relaxed to <3.5 from 3.2 and the second target tightened from <40 to < 10.

6.4 – CentrePort – Environmental – Realise opportunities to be more sustainable – Now reference to an Emission Management Plan.

6.4 – CentrePort– Environmental - Realise opportunities to be more sustainable - Now 100% of recapture technology , previously only referred to 100% of container fumigation.

6.5 - Governance – This section has been updated to reflect the current situation.

8.7 - Issues facing the Group – This is not required by legislation but considered a useful addition to inform the plan and has been updated accordingly.

7. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

7.1 Significance of the decision

Part 6 requires Greater Wellington Regional Council to consider the significance of the decision. The term ‘significance’ has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance and engagement policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

7.2 Engagement

Engagement on the matters contained in this report aligns with the level of significance assessed In accordance with the significance and engagement policy, no engagement on the matters for decision is required.

8. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Receives** the draft Statement of Intent of WRC Holdings Group for 2018/21 and forwards any comments or recommendations to the directors of WRC Holdings for their consideration.*

Report prepared by:	Report approved by:
Mike Timmer	**Dave Humm**
Treasurer	General Manager, Corporate Services / Chief Financial Officer

Attachment 1: WRC Holdings Group – 2018/21 Draft Statement of Intent

Attachment 2: Port Investments Ltd - Operating Budget 2018/28

Greater Wellington Rail Ltd – Operating Budget 2018/28

WRC Holdings Ltd - Operating Budget 2018/28

Attachment 3: Copy of letter to Chair, Greater Wellington Regional Council

wrc
holdings group

WRC Holdings Limited Group

Statement of Intent

For the years ended 30 June 2019, 2020 and 2021

WRCH 14-922

Contents

1. Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002.

The SOI specifies for WRC Holdings Limited and its subsidiaries, the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the Group and individual companies may be judged in relation to their objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the Group and its Shareholder, Greater Wellington Regional Council.

The SOI is reviewed annually with the Council and covers a three year period.

2. Scope of Statement of Intent (SOI)

2.1 This SOI relates to WRC Holdings Group Limited and its subsidiary companies, Port Investments Limited (PIL), CentrePort Ltd (CentrePort), and Greater Wellington Rail Ltd. Together they make up WRC Holdings Group (the Group).

WRC Holdings is 100% owned by Greater Wellington Regional Council (the Regional Council).

WRC Holdings is an entity established under the Local Government Act 2002 (LGA). WRC Holdings Ltd and its wholly owned subsidiaries are Council Controlled Trading Organisations (CCTOs), and Council Controlled Organisations (CCOs) as defined under the LGA. CentrePort, a partly owned subsidiary, is not a CCTO as its activities are governed by the Port Companies Act 1988.

3. Reasons for the WRC Holdings Group

- Appropriate separation of management and governance;
- To determine appropriate strategies for the Group and its subsidiary companies;
- To impose commercial discipline on the Group's activities where applicable, produce an acceptable return to shareholders, and ensure an appropriate debt/equity ratio;

- To separate the Regional Council's commercial assets from its public good assets, where appropriate[1];
- To provide a structure to allow external Directors with a commercial background to provide advice and expertise at the governance level;
- To minimise the risks and optimise the opportunities of owning commercial assets, such as rail rolling stock.

4. Objectives and Activities of the Group

4.1 Objectives

The core role of the Board of WRC Holdings Limited is to determine the Group's strategy and monitor the Group's investment in Rail infrastructure and Centreport, both of which service the region's infrastructure needs and to ensure they deliver on the Group's objectives as follows:

a) Support the Regional Council's strategic vision; operate successful, sustainable and responsible businesses.

b) Manage its assets prudently.

c) Where appropriate, provide a commercial return to Shareholders except in the case of GWRL which will provide agreed outcomes to the Regional Council.

d) For GWRL, prudently manage and maintain the rail rolling stock and rail infrastructure (GWRL's Rail Assets) through a management service agreement entered into with the Regional Council, providing for asset management, accounting, advisory, secretarial and general administration services and in particular:

- Ensure the Regional Council as its appointed agent carries out all services and activities, in relation to the GWRL's Rail Assets, that are reasonably necessary to enable the Regional Council to provide quality rail services to the public in accordance with the contractual obligations entered into with the current rail operator of the rail services and maintenance provider of GWRL's Rail Assets; and
- Ensure GWRL complies with its responsibilities as a rail participant under the Railways Act 2005, current health and safety legislation and any other legislation affecting GWRL's Rail Assets and operations;
- Ensure GWRC develops and maintains a systematic approach for the long-term management of GWRL's public transport rail assets in a manner consistent with industry best practice.

[1] Note that whilst the business of owning and maintaining rolling stock is a commercial activity, the provision of public transport services is more of a public good activity.

e) For CentrePort via Port Investments Limited to ensure Centreport:

- maximises the commercial value of CentrePort to the Shareholder and protect the Shareholder's investment, including land and property, while maintaining the strategic value to the economy of the region.
- delivers competitive financial returns compared to industry benchmarks (port and comparable sectors).
- adopts policies that prudently manage risk and protect the investment of stakeholders.
- ensures that a recovery plan from the recent earthquakes is developed in consultation with stakeholders taking into account the strategic needs of the stakeholders and the region.
- ensures resilience plans are featured in the recovery plan and the CentrePort's planning process takes a longer term view of opportunities for redevelopment of the port and for this work to be undertaken in collaboration with the regional council, local councils and other key stakeholders, and in consultation with the public.
- Adopt policies that prudently manage risks and protect the investment of its shareholders.
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when possible.
- Conduct its affairs in accordance with sound business practice.
- Achieve the objectives and performance targets of the Shareholder.

4.2 Activities of the Group

WRC Holdings Limited

WRC Holdings Limited is the holding company for PIL, GWRL and indirectly CentrePort.

It effectively manages any other investments held by the Group in order to maximise the commercial value to the Shareholder and to protect the Shareholder's investment.

WRCH acts as a diligent constructive and inquiring Shareholder, through its Board of Directors.

Greater Wellington Rail Limited

Assets

GWRL owns the Regional Council's investments in metro rail assets. These include the following rolling stock and infrastructure assets:

Rolling Stock:

18-SW Carriages
6- SE Carriages
1- AG Luggage van
2- Remote controlled electric Shunt crabs)
83 - 2 Car Matangi units

Infrastructure Assets:

Thorndon electric multiple unit (EMU) depot and EMU train wash
Metro wheel lathe and building
48 – Railway stations including shelters, furniture, CCTV, signage, fixtures and fittings - (excluding the main Wellington central station)
14 – Pedestrian over-bridges
11 – Pedestrian underpasses
Various carparks, other station improvements and other ancillary rail related assets.

Greater Wellington Rail Limited is responsible for all aspects of asset management, procurement and stewardship, implemented through a management contract with the Regional Council. An asset management plan is in place which articulates a structured programme to minimise the life cycle costs of asset ownership while maintaining the desired levels of service and sustaining the assets.

Operational delivery of the services is the responsibility of the Regional Council delivered via a long term (expiry 2031) contract performance based "Partnering Contract" with Transdev Wellington Limited for rail services and rolling stock maintenance.

Transdev have subcontracted the rolling stock maintenance services to Hyundai-Rotem Company. Hyundai-Rotem were the manufacturers of the GWRL Matangi fleet.

GWRL has a $66 million capex programme over the next 3 years.

Strategic Context:

a) To keep Wellington city and the Greater Wellington region moving, we need a public transport network that can carry more people to more places, every day of the week.

b) Residents and visitors to the region currently make 35 million journeys a year on Metlink buses, trains and ferries, and with our growing population, this is set to increase to 42 million journeys by 2021.

c) GWRC are making extensive improvements to the Metlink public transport network to deliver more frequent and reliable services to seamlessly connect the communities across our region to the places where they live, work and play.

d) GWRC are working towards a world standard, low-emission public transport network to take the region into the future. We want to become a smarter, cleaner region, by encouraging more people to travel by bus, train and ferry, especially at peak times.

e) GWRC have already made improvements to the Metlink rail service, which included a new fleet of modern electric trains, new stations, more park & rides, improved punctuality and better disruption and delay information, as well as extending the electric network up to Waikanae.

f) From mid-2018, GWRC are making changes to bus and rail services across the region for including an upgraded bus fleet and improved connections between services. Wellington city will have a new bus network to support the city's growing transport needs.

g) The role of Greater Wellington Rail Limited is to manage, maintain, renew and provide the rolling stock, and rail station infrastructure assets to enable delivery of comfortable, reliable and punctual rail services to the residents of, and visitors to the Greater Wellington Region.

The rail services provide >36,000 daily peak journeys to and from the Wellington CBD (Equivalent to 44-50% mode share from Hutt Valley, Kapiti, Porirua into the CBD) and around 13.5m passenger journeys per annum

h) On behalf of fare payers, ratepayers and taxpayers we are guardians of public assets with a replacement cost of approximately $0.6b.

i) The rail services provided by our assets , support and promote Greater Wellington Regional Council's Strategic Community Outcomes:

Strong Economy *- by enhancing the efficient movement of people and goods within the region*

Connected Community *– by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times a by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option*

Health Environment *– by supporting the reduction of vehicle emissions from private vehicles and PT Vehicles*

j) Greater Wellington Rail Limited is committed to enhancing our assets within the rail network which is a critical part of our regions transport system. Rail will play a vital role in ensuring the region's economic prosperity and meeting our transport needs are met, now and in the future.

Work plan 2018/19 year:

Key Activities & Initiatives	
Maintenance	Deliver train maintenance services, within approved budgets, through an operations and maintenance contract, while ensuring that train condition and performance is maintained throughout the assets life.
	Deliver rail station infrastructure cleaning and maintenance, within approved budgets, through various contracts ensuring asset condition does not deteriorate.
Renewal	Deliver rolling stock heavy maintenance renewals, within approved budgets, through an operations and maintenance contract, while ensuring that train availability and reliability targets are met.
	Deliver rail infrastructure asset renewals and like-for-like replacement programme, to improve overall asset condition and performance, in accordance with the asset investment priority framework
Security	Expand the fibre optic network, along the Johnsonville Line, to enable the future installation of CCTV cameras, Station Public Address Systems, and Duress Points , similar to what is installed at most stations on the network.
Park & Ride	Purchase land adjacent to Waterloo Station, and develop the land for increased Park & Ride capacity. Expand Park & Ride capacity, in accordance with the Park and Ride Strategy Framework (currently being developed)
Seismic Strengthening	Undertake seismic strengthening works on a number of earthquake prone pedestrian foot bridges and subways, in accordance with the agreed risk profile
Signage	Continue the installation programme of Metlink standard signage. Resolve issues with insufficient information space within the standard design, and improve the signage model used to communicate with customers during periods of bus replacement.
Bicycle Storage	Improve the provision of bicycle storage facilities at outer stations to mitigate growing conflict on services between peak customer capacity and cycle storage space.
Wellington Station Passenger Information System	Renew the Passenger Information system (audio and visual) at Wellington Railway Station
Ganz Mavag	Complete disposal of the Ganz Mavag units

Port Investments Limited

Port Investments Limited is an investment vehicle that owns 76.9% of CentrePort Limited.

The major usual activities of CentrePort, who produce their own Statement of Intent, similar to this SOI, are:

- Port infrastructure (land, wharves, buildings, equipment, utilities)
- Shipping and logistical services (pilotage, towage, berthage)
- Operational service (cargo handling, warehousing, facilities management, property management, security, emergency services)
- Integrated logistics solutions (networks, communications, partnerships)
- Property services (development, leasing management)
- Joint ventures (coldstore, container repair, cleaning, packing, unpacking and storage).

Port Investments monitors the performance of CentrePort. This is achieved via a Statement of Intent (SOI), Letter of Expectation in terms of the SOI, Quarterly meetings with CentrePort's Chair and Management, and Chair and management briefings with the Regional Council's Chief Executive and Chair.

5. Financial and Operational Performance Targets

5.1 WRC Holdings Group

The following section covers the operating performance targets and the financial performance targets of the companies making up the WRC Holdings Group.

Operational performance targets

a) WRC Holdings to act as a responsible and inquiring Shareholder.

b) WRC Holdings board to meet at least six times a year to review the operational and financial position of the companies and Group.

c) WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.

d) WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.

e) Statement of Intent and Annual Accounts are in compliance with statutory requirements.

Financial performance targets

	WRC Holdings Limited		
	2018/19	**2019/20**	**2020/21**
Dividend distribution $ 000s	1,448	2,008	2,602
Dividend distribution %	100%	100%	100%
Return on equity (1)	0.6%	0.8%	0.9%
Return on assets (2)	1.0%	1.1%	1.3%
Shareholders funds to total assets	84.8%	85.5%	86.4%

(1) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

(2) Based on earnings before interest and tax, divided by average assets

No dividend is forecast as a result of CentrePort forecasting no dividend for PIL.
Return on equity is negative as WRC Holdings has costs with no offsetting revenue to cover them. Return on assets is positive as interest is calculated before interest costs.

Environment performance targets - Group

Operate in an environmentally and sustainable manner and realise opportunities to be more sustainable

Minimise the impact of any of the Group's activities on the environment

Develop a culture of awareness of environmental issues within the Group

Ensure regulatory compliance

Safety & Security performance targets – Group

To provide a safe and health workplace – zero harm

Compliance with H&S standards and shipping and rail codes/legislation

Social performance targets – Group

To help sustain the economy of the region, collaboration with partners

To participate in development, cultural and community activities within the region which the group operates

5.2 Greater Wellington Rail Limited

Operational performance targets

GWRL is accountable for delivery against measures and targets reviewed annually under this SOI, parallel measures listed in GWRC's Public Transport Asset Management Plan (AMP), and Greater Wellington Regional Councils 2018-2028 Long-term Plan (LTP).

Level of Service	Current	2018/19 Target	2019/20 Target	2020/21 Target
CUSTOMER SATISFACTION WITH RAIL ASSETS				
Percentage of passengers who are satisfied with their current trip	91.4%	≥92%	≥92%	≥93%
Percentage of customers who are satisfied with the cleanliness of the trains	94%	≥93%	≥93%	≥93%
Percentage of passengers who are satisfied with overall station	93%	≥91%	≥92%	≥92%
Percentage of passengers who are satisfied with the cleanliness of the station	86%	≥80%	≥80%	≥80%
Percentage of customers feel safe while using the station facility	89%	≥89%	≥90%	≥91%
Percentage of passengers who are satisfied with the information at the station	89%	≥89%	≥90%	≥91%
ROLLING STOCK - ASSET MANAGEMENT				
Matangi - Mean distance between failure	44,000km	≥40,000km	≥40,000km	≥40,000km
Carriage - Mean distance between failure	97,000km	≥80,000km	≥80,000km	≥80,000km

Level of Service	Current	2018/19 Target	2019/20 Target	2020/21 Target
RAIL FIXED ASSET - ASSET MANAGEMENT				
Percentage of pedestrian bridges and subways which meet at least 67% of NBS earthquake rating	27%	36%	45%	55%
Percentage of stations with CCTV coverage	79%	81%	85%	98%
Average condition grade of:				
Station buildings and shelters:	2.4	≤2.5	≤2.5	≤2.5
Structures (pedestrian subways & bridges):	2.5	≤2.5	≤2.5	≤2.5
Park & Ride:	2.4	≤2.5	≤2.5	≤2.5
Percentage of assets in condition grade 4 (Poor) or worse				
Station buildings and shelters:	10%	8%	6%	≤5%
Structures (pedestrian subways & bridges):	12%	10%	8%	6%
Park & Ride:	29%	25%	20%	15%

Financial performance targets

a) Operating costs, and capital expenditure are maintained overall within budget

	2018/19 Target	2019/20 Target	2020/21 Target
Operating expenditure	$38.1m	$40.0m	$40.8
Capital Expenditure	$24.7m	$18.4m	$26.6
Shareholder's funds to total assets	83%	85%	86%

5.3 Port Investments Limited, Parent & Group including CentrePort

Operational performance targets

a) Port Investments to act as a responsible and inquiring Shareholder of CentrePort.

b) CentrePort to report at least four times a year to Port Investments Limited and for the Board to approve significant transactions of CentrePort as determined by the constitution.

c) Performance indicators for CentrePort as noted below.

d) Production of Annual Accounts is in compliance with statutory requirements.

Financial performance targets

	Port Investments Limited		
	2018/19	2019/20	2020/21
Dividend distribution $ 000s	1,637	2,207	2,807
Dividend distribution %	100%	100%	100%
Return on equity (1)	74.3%	100.2%	127.4%
Return on assets (2)	6.3%	7.8%	9.3%
Shareholders funds to total assets	4.6%	4.5%	4.5%

(1) Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.
(2) Based on earnings before interest and tax, divided by average assets

6. CentrePort Performance Targets

6.1 Financial Performance measures

Extract from CentrePort's 2018 – 2020 SOI.

The Group's performance is measured against the following ratios:

Measure		Outlook FY18	Forecast FY19	Forecast FY20	Forecast FY21
Group EBITDA excl. JV & Associate Earnings ('Group EBITDA')	$m	22.9	25.8	26.6	28.3
Port EBITDA excl. JV & Associate Earnings ('Port EBITDA')	$m	23.3	25.6	26.5	28.2
Group EBIT plus JV & Associate Earnings ('Group EBIT')	$m	20.6	21.6	17.8	18.5
Port EBIT plus JV & Associate Earnings ('Port EBIT')	$m	17.7	18.0	16.6	17.3
Property EBIT plus JV & Associate Earnings ('Property EBIT')	$m	2.9	3.6	1.2	1.2
Underlying Net Profit Before Tax	$m	18.6	21.9	18.2	16.9
Underlying Net Profit After Tax ('Underlying NPAT')	$m	14.3	17.1	13.8	12.9
Dividend	$m	2.0	4.0	5.0	6.0
Shareholders' Funds ('Equity) or Net Assets	$m	219.1	314.2	398.8	405.7
Number of issued shares	000	23,425	23,425	23,425	23,425
Group EBIT Return on Assets	%	10.0%	8.8%	5.6%	4.3%
Port EBIT Return on Port Assets	%	12.4%	9.6%	6.5%	4.8%
Property EBIT Return on Property Assets	%	4.5%	6.1%	1.9%	1.9%
Underlying NPAT Return on Group Equity	%	6.9%	6.4%	3.9%	3.2%
Dividend Distribution as a %ge of Underlying NPAT	%	13.9%	23.4%	36.1%	46.5%
Underlying earnings (NPAT) per share	$	0.61	0.73	0.59	0.55
Dividend per share	$	0.09	0.17	0.21	0.26
Net Asset backing per share	$	9.35	13.42	17.03	17.32

Definition of Terms:

- Return on Assets for each business segment
    - Port

      Earnings before interest and tax (EBIT) plus share of associate earnings divided by the average of total fixed assets and investments in Associates.
    - Property

      EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates. This calculation is performed separately on the value of developed investment properties and the total portfolio.
- Return on Equity

  Underlying net profit after tax* divided by average equity.
- Dividend

  Dividend as a percentage of underlying net profit after tax*
- Underlying earnings per share

  Underlying net profit after tax* divided by number of shares issued.
- Dividend per share

Dividend divided by number of shares.

- Net Asset backing per share

  Shareholders' Funds or Net Assets divided by number of shares.

* 'Underlying NPAT (net profit after tax)' excludes the fair value movements from cash flow hedges and investment property valuations reported through the income statement.

References to FY are to Financial Years ended 30 June. For example, FY19 means financial year ended 30 June 2019.

6.2 Financial Health measures

The CPL Group's financial health is measured against the following ratios:

Financial Health	Target	Outlook FY18	Forecast FY19	Forecast FY20	Forecast FY21
Current Assets ($m)	n/a	31.8	66.2	65.1	9.0
Current Liabilities ($m)	n/a	9.6	9.8	8.1	7.8
Total Assets ($m)	n/a	248.6	342.9	424.8	498.4
Shareholders Funds - Equity ($m)	n/a	219.1	314.2	398.8	405.7
Term Borrowings ($m)	n/a	0.0	0.0	0.0	68.0
Debt ($m)	n/a	0.0	0.0	0.0	68.0
Equity Ratio	> 45%	88.1%	91.6%	93.9%	81.4%
Gearing	< 50%	0.0%	0.0%	0.0%	14.4%
Interest cover	> 2.5 times	14.4 times	n/a	n/a	19.5 times
Solvency Ratio	> 0.6	3.32	6.75	8.03	1.16

Definition of Terms:

- Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the parent company, CentrePort Limited, and its subsidiaries ("the Group").
- Total Assets are defined as all the recorded tangible and intangible assets of the Group at their current value as determined by the Group's Accounting Policies.
- Equity Ratio is Shareholders' Funds divided by Total Assets
- Debt is the sum of Interest Bearing Debt (Borrowings) and Financial Liabilities arising from financial instruments
- Gearing is the ratio of Debt to Debt plus Equity (Shareholders Funds)
- Interest cover is the ratio of free funds from operations to interest expense. It is measured as Earnings before interest, tax depreciation and amortisation ('EBITDA') plus dividends received from investments in associates and joint ventures divided by the Interest Expense.
- The Solvency Ratio is Current Assets divided by Current Liabilities.

6.3 Safety and Security

Specific areas of focus for Safety and Security within the Port over FY19-21 are:

Objective	Performance measure	Performance target		
		FY19	*FY20*	*FY21*
Year on year improvement towards zero harm	Implementation of five year action plan	Year one action items completed	Year two action items completed	Year three action items completed
	Lost Time Injury Frequency (per 200,000 hours worked)	≤ 3.5	≤ 3.5	≤ 3.2
	Lost Time Injury Severity (per 200,000 hours worked)	≤ 10	≤ 10	≤ 8
	Total Recordable Injury Frequency Rate (per 200,000 hours worked)	≤ 7	≤ 7	≤ 7
	bSafe Reports (incident and near miss reports)	> 900	> 900	> 1,000
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	Compliance with Policy	Compliance with Policy
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete

Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete
Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance Maintained	Compliance Maintained

6.4 Environmental

Specific areas of focus for Environmental management of the Port over FY19-21 are:

Objective	Performance measure	Performance target		
		FY19	*FY20*	*FY21*
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment	System: consistency with ISO14001	Audit and completion of first stage certification [1]	Audit and second stage certification complete	Audit and third stage certification complete (full ISO14001 compliance)
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 15% decrease from baseline	Minimum 20% decrease from baseline	Minimum 25% decrease from baseline
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO_2equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan	Meet targets identified in Emissions Management Plan

	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% recapture	100% recapture	100% recapture
	Solid waste to landfill (quantity)	Waste minimization integrated into EQ recovery projects	Waste minimization integrated into EQ recovery projects	Waste minimization integrated into EQ recovery projects
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum
	Iwi engagement	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications
	Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least 4 per annum	At least 4 per annum	At least 4 per annum
	Internal 'sustainability subcommittee' meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum

6.5 Social performance targets

Specific areas of focus for our Social activities over FY19-21 are:

a) Contribute to the desired outcome of the Wellington Regional Strategy through:

   i. The provision of workplace opportunities and skills enhancements of our employees.

   ii. Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.

   iii. Collaborating with key partners of CentrePort's business to improve service outcomes.

b) Supporting the regional community by investing in community sponsorship and engaging in community activities

c) To meet regularly with representative community groups.

6.6 General performance targets

Other specific areas of focus over FY19-21 are:

a) The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.
b) CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.
c) CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.
d) When developing 'property held for development' the Board is to adhere to the following principles:
    i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.
    ii. Property developments must not compromise port operations.
    iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.
    iv. Development construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis.

Definition of terms regarding property:

Management of tenancy risk means that each single property investment has committed rental income (via development and executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development and the vacant net lettable area of the proposed development is no greater than 25%.

7. Governance of the WRC Holdings Group

The Shareholder, the Regional Council, appoints the directors to WRC Holdings Ltd in terms of the Regional Council's approved process. Section 57 of the LGA 2002 requires that directors have the skills, knowledge and experience to:

- Guide the Group, given the nature and scope of its activities; and to

- Contribute to the achievement of the objectives of the Group.

The Shareholder also approves the directors of PIL and GWRL. These are appointed by WRC Holdings Ltd by way of a special resolution. There is a commonality of directors between WRC Holdings Ltd, PIL and GWRL.

The directors of CentrePort are able to be appointed by CPL Board.

Any changes to the constitutions of the Companies within the Group are to be approved by the Shareholder.

The Regional Council monitors the performance of the Group on a regular basis to evaluate its contribution to the achievement of its objectives, performance against the Group's Statement of Intent and the Regional Council's overall aims in accordance with section 65 (1) of the LGA 2002.

The Directors monitor the performance of each Company at each Board meeting.

The WRC Holdings board will take the opportunity to review its strategy and structure following Council completing its Long Term Plan and indications of its future aims in respect of WRC Holdings and its subsidiary companies. WRC Holdings will also standardise its governance systems and processes to align with good practice.

8. Financial Information

8.1 Prospective statement of comprehensive income

Year ended 30 June	2018/19	2019/20	2020/21
$000	WRCH GROUP	WRCH GROUP	WRCH GROUP
Prospective statement of comprehensive income			
Dividends & Equity Earnings	3,438	1,067	1,167
Grant from GWRC - Operating	11,870	11,747	11,992
Rental income	8,814	9,110	9,114
Interest income	291	526	95
Other revenue incl BI & loss of rents	71,646	73,995	79,200
Total revenue	96,059	96,446	101,567
Interest expense	1,354	1,574	3,322
Depreciation	27,349	31,592	33,115
Other expenditure	66,970	68,638	72,480
Earthquake related items	(82,000)	(75,762)	-
Total expenditure	13,672	26,042	108,918
Surplus/(deficit) before tax	**82,387**	**70,404**	**(7,351)**
Taxation expense (credit)	(808)	(1,694)	(2,231)
Total comprehensive income (NPAT)	**83,195**	**72,098**	**(5,119)**
Total comprehensive applicable to non-controlling interest	22,872	20,676	2,977
Total comprehensive income applicable to parent	**60,323**	**51,422**	**(8,096)**

8.2 Prospective statement of financial position

As at 30 June $000	2018/19 WRCH GROUP	2019/20 WRCH GROUP	2020/21 WRCH GROUP
Prospective statement of financial position			
Opening equity	521,372	623,438	710,750
Opening equity non controlling interests	(50,568)	(72,518)	(92,040)
New equity	21,243	18,376	26,651
Total comprehensive income applicable to parent	60,323	51,422	(8,096)
	552,370	620,718	637,265
Dividends distributed	(1,448)	(2,008)	(2,602)
Closing Equity Non-controlling interest	72,517	92,040	93,632
Closing equity	**623,438**	**710,750**	**728,295**
Equity applicable to parent	550,920	618,710	634,663
Non controlling interest	72,518	92,040	93,632
Closing equity	**623,438**	**710,750**	**728,295**
Current assets	75,622	75,588	20,564
Non current assets	634,142	714,274	848,588
Investments	61,815	61,383	61,300
Total assets	**771,580**	**851,245**	**930,451**
Current liabilities	17,369	16,811	17,649
Borrowings	44,050	44,050	112,100
Non current liabilities	86,722	79,633	72,409
Total liabilities	**148,141**	**140,494**	**202,157**
Net assets	**623,439**	**710,750**	**728,294**

8.3 Prospective statement of changes in equity

As at 30 June $000	2018/19 WRCH GROUP	2019/20 WRCH GROUP	2020/21 WRCH GROUP
Prospective statement of changes in equity			
Opening equity	521,372	623,438	710,750
Shares to be issued during the year	21,243	18,376	26,651
Total comprehensive income for the year	83,195	72,098	(5,119)
Dividend to be paid - Equity holders	(1,448)	(2,008)	(2,602)
Dividend to be paid - Non controlling Interests	(923)	(1,154)	(1,385)
Closing Equity	**623,438**	**710,750**	**728,295**
Total comprehensive income attributed to:			
Equity holders - Parent	60,323	51,422	(8,096)
Non - controlling interest	22,872	20,676	2,977
Total comprehensive income for the year	**83,195**	**72,098**	**(5,119)**

8.4 Prospective statement of cash flows

Year ended 30 June $000	**2018/19** WRCH GROUP	**2019/20** WRCH GROUP	**2020/21** WRCH GROUP
Prospective statement of cash flow			
Cash flows from operations			
Receipts from operations Incl BI proceeds	104,844	106,031	113,165
Interest received	279	508	305
Dividends received	3,439	3,137	3,457
Payments to suppliers/employees	(75,629)	(79,555)	(85,576)
Taxes paid	(1,646)	(6,346)	(5,945)
Interest paid	(1,190)	(1,410)	(3,321)
EQ Temporary work expenditure	(322)		
Net cash from operating activities	29,776	22,366	22,084
Cash flows from investing activities			
Purchase of Fixed Assets - Rail	(21,243)	(18,376)	(26,651)
Development/EQ rebuild	(73,682)	(103,348)	(140,778)
Material Damage insurance proceeds	95,715	85,762	-
Net cash from investing activities	790	(35,962)	(167,429)
Cash flows from financing activities			
Borrowings	-	-	68,050
Dividends paid	(2,485)	(4,623)	(5,984)
Issue of shares	21,243	18,376	26,651
Current Account movement	(255)	(105)	(139)
Net cash from financing activities	18,503	13,648	88,578
Net increase/(decrease) in cash & cash eqvts	49,069	52	(56,767)
Cash & cash equivalents at beginning of the year	18,650	67,719	67,770
Cash and cash equivalents at year end	**67,719**	**67,770**	**11,004**

Financial Statements commentary

The prospective statement of comprehensive income is still significantly influenced by the impact of the November 2016 earthquakes on Centreport and its insurance proceeds and related earthquake accounting entries.

The Dividend & equity earnings is showing a decline in 2019/20 and this stems from the loss Business Interruption (BI) rental support.

The Other revenue includes CentrePort’s Port revenue and BI support for that revenue with BI declining and being replaced by growth of Port revenue over time.

Interest expense increases in 2020/21 as CentrePort returns to having debt, after two years of no debt after receipt of Insurance proceeds ahead the capital expenditure rebuild.

The depreciation increases as both CentrePort and GWRL are increasing their rebuild and capex programmes.

The other expenditure increase is driven mainly by CentrePort and relates to the Port revenue growth.

The Earthquake related items refer to the forecasted material damage proceeds from insurers, after an allowance for demolition costs.

The tax credit/income represents the difference between CentrePort paying tax and GWRL having a tax credit from deferred tax in GWRL.

Equity increases by $207million over the period (2017/18 to 2020/21).

This big increase in equity over the period is coming from the large insurance proceeds ex CentrePort’s prospective comprehensive income results.

There are $66 million of new equity injections from the Regional Council into WRCH to fund capital expenditures in GWRL.

Performance targets

	2018/19 ($000)	2019/20 ($000)	2020/21 ($000)
Net profit before tax	82,374	70,404	(7,351)
Net profit after tax	83,195	72,098	(5,119)
Earnings before interest, tax and depreciation.	111,089	103,570	29,087
Return on total assets	11.6%	8.9%	-0.5%
Return on shareholder equity	16.3%	12.3%	-0.8%
Shareholders equity to total assets	70.7%	72.1%	70.3%
Dividends	1,448	2,008	2,602

Definitions of key financial performance targets:

a) Consolidated Shareholders funds are defined as the amount of paid up capital, plus retained earnings of the Group, less any non- controlling interest, utilising the average of the opening and closing balance.

b) Total assets are defined as all of the recorded tangible and intangible assets of the Group at their average value, as determined in the Group's statement of accounting policies in the most recent financial statements.

c) Return on Shareholders equity is calculated using net profit after tax while return on total assets is calculated using earnings before interest and tax.

Comment

The financial performance and ratios of return on total assets and return on Shareholder's equity are being impacted by the insurance proceeds from the 14 November Kaikoura earthquakes.

8.5 Statement of Accounting Policies

Accounting Policies

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These prospective financial statements are presented in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Standards.

The detailed accounting policies are available in our most recent annual report as published on Greater Wellington Regional Council website. Refer-http://www.gw.govt.nz/assets/About-GW-the-region/Our-Role/WRC-Holdings-accounts-YE-30.6.16.pdf.

8.6 Assumptions in preparing the prospective financial statements

The prospective financial statements information contained in this SOI is based on assumptions that WRC Holding Group could reasonably expect to occur in the future based on information that was current at the time this SOI was prepared. Actual results are likely to vary from the information presented and variations could be material.

- The debt interest rate assumption for the WRC Holdings excluding CentrePort Limited is 3.05% for the 2018/19 year and 3.55% and 3.95% for the next two years respectively after all margin costs. Interest rate hedging is put in place from time to time (as all debt borrowed is at floating rate) to protect against interest rate variability. However, the borrowing margin is subject to market movements.

- There will be no changes to key legislation affecting the Group activities.

- Asset lives are in accordance with the Group's Accounting Policies.

CentrePort - Port forecasts

- Port forecast operational performance is based on continuing growth in Port cargoes especially container volumes and log exchanges.

- Insurance recoveries for both business interruption and material damage are subject to significant estimation:

- Business interruption income is assumed to cover a loss of gross profit in the container sector of $25m in total across the indemnity period (36 months to 13 November 2019).

- Insurance recoveries for material damage are subject to the completion of detailed engineering assessments and insurance claims assessments, and are estimated at $375m.

- Similarly, earthquake rebuild costs are subject to significant uncertainty, and are estimated at $343.5m spread over the 3 years to 30 June 2021 with further expenditure to follow.

CentrePort - Property forecasts

- Insurance recoveries for loss of rents income have been estimated for the 3 year indemnity period (or the period of estimated completion of repairs if earlier). For remaining properties, earthquake repairs are expected to be completed by FY21 although there is much uncertainty over BNZ.

8.7 Issues Facing the Group

CentrePort Limited

CentrePort's container operations and infrastructure were significantly impacted by the 14 November 2016 Kaikoura earthquake.

CentrePort's container operations were restored in September 2017 following completion of the temporary works to secure the ship-to-shore cranes. Shipping services have now returned with cargo exchanges increasing to near pre earthquake levels.

CentrePort has commenced a repair programme, which is funded out of insurance proceeds.

The Harbour Quays investment properties were also damaged in the earthquake. The Statistics NZ building has been demolished. NZ Customs returned to Customhouse in December 2017. CentrePort is continuing to work with its engineers and insurance assessors to determine the extent of the damage to the BNZ building.

The longer term plan to repair or reinstate the Port infrastructure, damage to the land, and investment properties is due to commence in 2018. The long term recovery plan and strategy will be widely consulted on with stakeholders.

Greater Wellington Rail Limited

The current issues facing GWRL are:

Monitoring Transdev delivery of Rail Partnering Contract, with a focus on maintaining the condition of the assets through the term of the contract;

Supporting Transdev with their performance management of Hyundai-Rotem through the commencement of large Matangi Heavy Maintenance checks;

Disposing of the Ganz Mavag fleet;

Continuing the rail fixed infrastructure improvement programme and managing the seismic risk identified in specific pedestrian bridges and subways;

Actively managing the public use of key park and ride sites;

Review Waterloo Station structural options and redevelopment;

Managing the lifecycle of rolling stock assets utilised on the Wairarapa Line.

Port Investments Limited

PIL is an investment company for the Regional Council and holds the shares in CentrePort Ltd. PIL has a $44,000,000 loan from WRC Holdings which, in the past, has been serviced by CentrePort dividends.

PIL's equity has been adversely affected as a result of lower than planned CentrePort dividend in 2016/17 as a result of the Seddon Earthquakes.

Dividends are forecasted by CentrePort to return but to a more modest level than in previous years. At this stage PIL is unlikely, based on the forecasted dividends from CentrePort to require Equity support.

9. Distribution of Profits to Shareholders

The dividend policy for each company will be reviewed by the Boards of each company from time to time, after taking account of the wishes of the Shareholder, the future circumstances and the successful achievements of the commercial objectives of each Company.

The expectation in terms of CentrePort is that the dividend will be the maximum practicable amount consistent with CentrePort's intention to increase asset values substantially through the reinvestment of profits.

The Directors of CentrePort have adopted a dividend policy that provides for dividends to be between 40% and 60% of underlying tax paid profit (excluding fair value changes). The target dividend pay-out ratio reflects free cash-flow after providing for capital expenditure plans and the Board's gearing targets.

In terms of the remainder of the WRC Holdings Group the expectation is that the dividends paid will be the maximum practical amount where appropriate. It is expected to be 100% of after tax earnings, excluding unrealised fair value adjustments.

10. Information to be Reported

The Group will maintain regular reporting to the Shareholder on the implementation of policies in accordance with statutory requirements and in particular will:

a) Within three months after the end of each financial year, produce an audited set of financial statements that are consistent with International Financial Reporting Standards (IFRS). The Directors will also report on:
   - a summary of achievements measured against the performance targets
   - the dividend.

b) Report to the Shareholder quarterly including the December half year result.

c) Provide further financial information that meets Shareholder expectations (format and timetable to be agreed) on a regular basis.

11. Procedures for the Purchase and Acquisition of Shares

The Boards of WRC Holdings, PIL and GWRL will obtain the prior approval of the Regional Council before any of those companies subscribes for, purchases or otherwise acquires shares in any company or other organisation, which is external to the Group. NB: CentrePort is governed by a separate constitution.

GWRL subscribes for equity from WRCHL to cover capital expenditures, WRCHL in turn subscribes for equity from the Regional Council.

Section 60 of the Local Government Act 2002 requires that all decisions relating to the operation of the companies must be made in accordance with its SOI and its constitution.

12. Compensation

The non-Council Directors of WRC Holdings will receive remuneration and travel expenses as determined by Council from time to time.

Council Directors of WRCHL, PIL, and GWRL, will receive travelling expenses based on the rates applicable to members of the Council, and may receive remuneration in accordance with Council directives from time to time.

The WRCH Group of companies will seek compensation by agreement from the Regional Council for:

a) Interest and financial costs relating to the provision of any inter-company loans, other financing arrangements and current account balances that may accrue.

b) Any other function, duty or power they wish the Group to carry out on their behalf and which involves the supply of goods and services.

13. Value of Shareholder's Investment

The valuation of investments will be undertaken as may be required from time to time by the Directors or Shareholders. The level of equity is the best proxy.

Attachment 2 to Report 18.65

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of comprehensive income

wrc holdings group

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Revenue												
Interest received on GW current account	89,000	57,000	59,000	84,000	95,000	108,000	129,000	153,000	157,000	158,000	156,000	164,000
Imputed Dividends from Centrport	538,000	1,538,000	3,077,000	3,846,000	4,615,000	5,385,000	6,462,000	6,615,000	6,769,000	6,654,000	6,692,000	6,692,000
TOTAL REVENUE	**627,000**	**1,595,000**	**3,136,000**	**3,930,000**	**4,710,000**	**5,493,000**	**6,591,000**	**6,768,000**	**6,926,000**	**6,812,000**	**6,848,000**	**6,856,000**
Expenses												
Audit fees	7,000	10,000	7,000	7,175	7,354	7,538	7,727	7,920	8,118	8,321	8,529	8,742
Directors fees	13,000	25,000	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
Directors insurance	6,000	7,000	7,000	7,175	7,354	7,538	7,727	7,920	8,118	8,321	8,529	8,742
Interest expense	1,088,000	1,009,000	1,353,525	1,574,025	1,750,481	1,838,844	1,971,263	2,059,363	2,103,689	2,103,689	2,103,972	2,192,072
Legal fees		5,000	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244
Management fee	75,000	75,000	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665
Professional fees	11,000	25,000	25,000	25,625	26,266	26,922	27,595	28,285	28,992	29,717	30,460	31,222
Travel			1,000	1,025	1,051	1,077	1,104	1,131	1,160	1,189	1,218	1,249
Total operating expenses	**1,200,000**	**1,156,000**	**1,498,525**	**1,722,650**	**1,902,822**	**1,994,993**	**2,131,316**	**2,223,417**	**2,271,845**	**2,276,049**	**2,280,640**	**2,373,157**
Investment revaluations												
TOTAL EXPENSES	**1,200,000**	**1,156,000**	**1,498,525**	**1,722,650**	**1,902,822**	**1,994,993**	**2,131,316**	**2,223,417**	**2,271,845**	**2,276,049**	**2,280,640**	**2,373,157**
NET OPERATING SURPLUS	**(573,000)**	**439,000**	**1,637,475**	**2,207,350**	**2,807,178**	**3,498,007**	**4,459,684**	**4,544,583**	**4,654,155**	**4,535,951**	**4,567,360**	**4,482,843**
Taxation expense / -credit (subvention)												
NET SURPLUS AFTER TAX	**(573,000)**	**439,000**	**1,637,475**	**2,207,350**	**2,807,178**	**3,498,007**	**4,459,684**	**4,544,583**	**4,654,155**	**4,535,951**	**4,567,360**	**4,482,843**
Dividends paid		439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360	4,482,843
NET SURPLUS	**(573,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Attachment 2 to Report 18.65

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective balance sheet as at 30 June

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
SHAREHOLDERS FUNDS												
Opening retained earnings	2,776,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000
Current surplus/deficit	(573,000)											
Retained earnings	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000
TOTAL SHAREHOLDERS FUNDS	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**
Represented by:												
CURRENT ASSETS												
Current account with GW	2,686,000	2,356,000	2,784,975	2,970,350	3,185,678	3,491,507	3,914,684	3,923,082	3,955,655	3,894,951	3,907,359	3,822,843
Dividends receivable		769,000	1,538,500	1,923,000	2,307,500	2,692,500	3,231,000	3,307,500	3,384,500	3,327,000	3,346,000	3,346,000
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	2,687,000	3,126,000	4,324,475	4,894,350	5,494,178	6,185,007	7,146,684	7,231,582	7,341,155	7,222,951	7,254,359	7,169,843
Investment in CentrePort	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
TOTAL ASSETS	46,687,000	47,126,000	48,324,475	48,894,350	49,494,178	50,185,007	51,146,684	51,231,582	51,341,155	51,222,951	51,254,359	51,169,843
CURRENT LIABILITIES												
Dividends payable	0	439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360	4,482,843
Payables	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000	484,000
TOTAL CURRENT LIABILITIES	484,000	923,000	2,121,475	2,691,350	3,291,178	3,982,007	4,943,684	5,028,583	5,138,155	5,019,951	5,051,360	4,966,843
Advance from WRC Holdings Ltd	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
NET ASSETS	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**	**2,203,000**

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of changes in equity

	Actual **2016/17**	Forecast **2017/18**	Budget **2018/19**	Budget **2019/20**	Budget **2020/21**	Budget **2021/22**	Budget **2022/23**	Budget **2023/24**	Budget **2024/25**	Budget **2025/26**	Budget **2026/27**	Budget **2027/28**
Opening equity	2,776,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000
Total comprehensive income for the year	(573,000)	439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360	4,482,843
Dividend to be paid		(439,000)	(1,637,475)	(2,207,350)	(2,807,178)	(3,498,007)	(4,459,684)	(4,544,583)	(4,654,155)	(4,535,951)	(4,567,360)	(4,482,843)
Closing equity	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000	2,203,000

Attachment 2 to Report 18.65

Port Investment Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of cashflows

	Actual	Forecast	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2018/23**	**2018/24**	**2018/25**	**2018/26**	**2018/27**	**2018/28**
Cashflows from operations												
Receips from operations												
Interest received		57,000	59,000	84,000	95,000	108,000	129,000	153,000	157,000	158,000	156,000	164,000
Dividends received ex CPL	538,000	769,000	2,307,500	3,461,500	4,230,500	5,000,000	5,923,500	6,538,500	6,692,000	6,711,500	6,673,000	6,692,000
Payments to suppliers/employees		(147,000)	(145,000)	(148,625)	(152,341)	(156,149)	(160,053)	(164,054)	(168,156)	(172,359)	(176,668)	(181,085)
Interest paid	(966,000)	(1,009,000)	(1,353,525)	(1,574,025)	(1,750,481)	(1,838,844)	(1,971,263)	(2,059,363)	(2,103,689)	(2,103,689)	(2,103,972)	(2,192,072)
Net cash from operating activities	(428,000)	(330,000)	867,975	1,822,850	2,422,678	3,113,007	3,921,184	4,468,083	4,577,155	4,593,451	4,548,360	4,482,843
Net cash from investing activities												
Cashflows from financing activities												
Dividends paid	(3,691,000)		(439,000)	(1,637,475)	(2,207,350)	(2,807,178)	(3,498,007)	(4,459,684)	(4,544,583)	(4,654,155)	(4,535,951)	(4,567,360)
Movement in current accounts	4,119,000	330,000	(428,975)	(185,375)	(215,328)	(305,829)	(423,177)	(8,399)	(32,573)	60,704	(12,408)	84,517
Net cash from financing activities	428,000	330,000	(867,975)	(1,822,850)	(2,422,678)	(3,113,007)	(3,921,184)	(4,468,083)	(4,577,155)	(4,593,451)	(4,548,360)	(4,482,843)
Net increase/(decrease) in cash & cash eqvts												
Cash & cash equivalents at beginning of the	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at year end	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**

Attachment 2 to Report 18.65

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of comprehensive income

wrc holdings group

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Revenue												
Grant - Recovery of cost from GWRC	10,639,000	12,580,000	11,869,610	11,747,075	11,991,973	14,066,743	13,762,218	14,804,772	14,399,385	14,207,055	14,556,994	16,083,860
External revenue - Rentals Properties	2,000	67,366	67,366	68,444	69,539	70,721	71,924	73,218	74,536	75,952	77,395	78,943
Interest received -Current Account GWRC	4,000	15,000										
Rental income (from TransDev)	6,166,000	6,247,000	6,356,576	6,458,281	6,561,614	6,673,161	6,786,605	6,908,764	7,033,121	6,978,466	7,111,057	7,253,278
TOTAL REVENUE	**16,811,000**	**18,909,366**	**18,293,552**	**18,273,800**	**18,623,126**	**20,810,626**	**20,620,747**	**21,786,754**	**21,507,042**	**21,261,473**	**21,745,446**	**23,416,081**
Expenses												
Audit fees	16,695	17,000	17,000	17,272	17,548	17,847	18,150	18,477	18,809	19,167	19,531	19,922
Directors fees	12,584	25,000	25,000	25,400	25,806	26,245	26,691	27,172	27,661	28,186	28,722	29,296
Directors insurance		6,000	6,000	6,096	6,194	6,299	6,406	6,521	6,639	6,765	6,893	7,031
Corporate Management Fee	51,931	53,196	53,196	54,047	54,912	55,845	56,795	57,817	58,858	59,976	61,116	62,338
Legal fees	24,427	5,115	5,115	5,197	5,280	5,370	5,461	5,559	5,659	5,767	5,877	5,994
Professional fees	31,275	50,000	50,000	50,800	51,613	52,490	53,383	54,343	55,322	56,373	57,444	58,593
Other Expenses - materials/travel	5,075	5,115	5,115	5,197	5,280	5,370	5,461	5,559	5,659	5,767	5,877	5,994
Transport - Admin/Management fee	1,690,080	1,556,574	1,869,146	1,791,175	1,839,463	3,306,486	3,225,370	3,592,735	3,346,037	3,252,961	3,338,895	3,762,182
Depreciation	18,512,862	18,521,000	19,777,603	21,677,059	22,160,032	23,822,544	24,886,831	26,375,222	26,114,906	26,250,333	26,713,222	26,251,721
Insurance	272,428	325,265	448,108	455,278	462,562	470,426	478,423	487,035	495,801	505,221	514,821	525,117
Vehicle services	11,364,623	12,478,000	12,022,872	12,010,666	12,116,283	12,820,402	12,632,016	13,410,129	13,291,005	13,098,972	13,472,662	14,621,333
Station expenditure	2,363,000	3,464,000	2,750,000	2,794,000	2,962,575	2,949,950	3,000,099	2,988,889	3,042,689	3,235,795	3,228,342	3,292,909
Carpark & station security	337,893	250,000	250,000	254,000	258,064	262,451	266,913	271,717	276,608	281,864	287,219	292,963
Studies & Investigations	376,912	335,000	400,000	406,400	412,902	419,922	427,060	434,747	442,573	450,982	459,550	468,742
Rates & Leases	261,081	352,000	392,000	398,272	404,644	411,523	418,519	426,053	433,721	253,677	258,497	263,667
Interest expense	152,920		70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
TOTAL EXPENSES	**35,693,221**	**37,443,265**	**38,141,155**	**40,020,858**	**40,853,158**	**44,703,170**	**45,577,578**	**48,231,976**	**47,691,949**	**47,581,806**	**48,528,668**	**49,737,802**
NET OPERATING SURPLUS (DEFICIT)	**(18,882,221)**	**(18,533,899)**	**(19,847,603)**	**(21,747,059)**	**(22,230,032)**	**(23,892,544)**	**(24,956,831)**	**(26,445,222)**	**(26,184,906)**	**(26,320,333)**	**(26,783,222)**	**(26,321,721)**
Taxation expense (credit)	(4,183,200)	(5,189,492)	(5,557,329)	(6,089,176)	(6,224,409)	(6,689,912)	(6,987,913)	(7,404,662)	(7,331,774)	(7,369,693)	(7,499,302)	(7,370,082)
NET SURPLUS AFTER TAX	**(14,699,021)**	**(13,344,407)**	**(14,290,274)**	**(15,657,882)**	**(16,005,623)**	**(17,202,632)**	**(17,968,918)**	**(19,040,560)**	**(18,853,132)**	**(18,950,640)**	**(19,283,920)**	**(18,951,639)**

Attachment 2 to Report 18.65

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective balance sheet as at 30 June

	Actual **2016/17**	Forecast **2017/18**	Budget **2018/19**	Budget **2019/20**	Budget **2020/21**	Budget **2021/22**	Budget **2022/23**	Budget **2023/24**	Budget **2024/25**	Budget **2025/26**	Budget **2026/27**	Budget **2026/27**
SHAREHOLDERS FUNDS												
Ordinary share capital	196,673,000	214,453,000	232,442,733	253,685,683	272,061,238	298,712,298	317,780,565	351,321,890	381,064,383	393,927,960	408,204,483	431,078,888
Opening retained earnings	136,481,445	121,707,424	108,363,017	94,072,743	78,414,861	62,409,237	45,206,606	27,237,687	8,197,128	(10,656,005)	(29,606,644)	(48,890,564)
Equity contributed	17,780,000	17,989,733	21,242,949	18,375,556	26,651,060	19,068,267	33,541,325	29,742,493	12,863,577	14,276,523	22,874,405	18,070,758
Current surplus/deficit after dividend	(14,699,021)	(13,344,407)	(14,290,274)	(15,657,882)	(16,005,623)	(17,202,632)	(17,968,918)	(19,040,560)	(18,853,132)	(18,950,640)	(19,283,920)	(18,951,639)
TOTAL SHAREHOLDERS FUNDS	**336,160,424**	**340,805,750**	**347,758,425**	**350,476,099**	**361,121,535**	**362,987,171**	**378,559,578**	**389,261,511**	**383,271,956**	**378,597,839**	**382,188,324**	**381,307,443**
Represented By:												
CURRENT ASSETS												
Accounts receivable	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Current account with GW	687,424	(379,497)	(449,497)	(519,497)	(589,497)	(659,497)	(729,497)	(799,497)	(869,497)	(939,497)	(1,009,497)	(1,079,497)
Bank & short term deposits	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
TOTAL CURRENT ASSETS	788,424	(278,497)	(348,497)	(418,497)	(488,497)	(558,497)	(628,497)	(698,497)	(768,497)	(838,497)	(908,497)	(978,497)
NON CURRENT ASSETS												
Transport Infrastructure	68,894,667	72,230,428	84,704,907	91,271,895	106,371,740	113,029,081	119,736,268	121,666,716	123,135,794	127,922,672	137,100,556	141,623,080
Rail rolling stock	341,518,333	337,651,306	326,642,172	316,773,681	306,164,865	294,753,246	296,700,553	298,137,377	283,416,970	266,656,281	253,639,581	240,936,093
Work In Progress	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000	7,910,000
Deferred Tax Asset												
TOTAL FIXED ASSETS	418,323,000	417,791,733	419,257,079	415,955,576	420,446,604	415,692,327	424,346,821	427,714,093	414,462,764	402,488,954	398,650,137	390,469,173
TOTAL ASSETS	419,111,424	417,513,237	418,908,583	415,537,080	419,958,107	415,133,831	423,718,324	427,015,596	413,694,267	401,650,457	397,741,640	389,490,677
CURRENT LIABILITIES												
Accrued Expenditure	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000
TOTAL CURRENT LIABILITIES	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000	3,314,000
NON CURRENT LIABILITIES												
Deferred taxation liability	79,637,000	73,393,486	67,836,157	61,746,981	55,522,572	48,832,660	41,844,747	34,440,085	27,108,311	19,738,618	12,239,316	4,869,234
TOTAL NON CURRENT LIABILITIES	79,637,000	73,393,486	67,836,157	61,746,981	55,522,572	48,832,660	41,844,747	34,440,085	27,108,311	19,738,618	12,239,316	4,869,234
NET ASSETS	**336,160,424**	**340,805,750**	**347,758,425**	**350,476,098**	**361,121,535**	**362,987,171**	**378,559,577**	**389,261,511**	**383,271,955**	**378,597,839**	**382,188,324**	**381,307,442**

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2028
Asset additions

	Budget 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Park and Ride Development	56,239	743,761	600,000	613,200	626,690	640,478	655,209	670,278				
Kapiti Land Park & Ride	1,040,000											
Upper Hutt Station Park and Ride Development	525,000											
Ava Bridge South-End (gwr)		2,500,000										
Waterloo Park & Ride Development (gwrl)			750,000									
Park & Ride Ticketing Gates (gwrl)						4,269,851	4,368,057					
Depot Shunt (Crab)	453,800	46,200										
SW&SE Cars - Life Extension (gwrl)			3,600,000	3,679,200								
SE Cars - Life Extension (gwrl)			900,000	919,800	1,880,071	1,921,433						
DMU - Heavy Maint/Overhauls (GWRL)											3,175,990	3,261,741
Wairarapa - Carriage Replacement (gwrl)							16,380,214	16,756,959				
Bridge replacement										3,177,584	7,482,824	5,016,163
Capex - Matangi 2 Supply Contract	8,512,415											
Capex - Matangi 2 Admin	86,032											
Capex - Matangi 2 Halcrow Consultancy	466,837											
Capex - Matangi 2 Transdev Commissioning	60,000											
Capex - Matangi 2 Capital Spares	1,193,262											
Capex - Matangi 2 Contingency		424,818										
Capex - Matangi 2 Driver Simulator - (gwrl)	250,000	2,250,000										
Capex M1 Retrofit Contingency		2,172,101										
Capex Rail Rolling Stock Minor Improvements	250,000	250,000	250,000	255,500	261,121	266,866	273,004	279,283	285,985	293,135	300,757	308,877
Capex - Rail Infrastructure Like for Like Renewal	2,500,000	2,500,000	2,500,000	2,555,000	2,611,210	2,668,657	2,730,036	2,792,827	2,859,854	2,931,351	3,007,566	3,088,770
Capex - Rail Infrastructure Improvements <250k	1,000,000	1,000,000	1,000,000	1,022,000	1,044,484	1,067,463	1,092,014	1,117,131	1,143,942	1,172,540	1,203,026	1,235,508
Security Related Rail Improvements	500,000	250,000	1,200,000	511,000	522,242	533,731	546,007	279,283	285,985	293,135	300,757	308,877
Capex - SW&SE Cars Heavy Maint/Overhauls	265,081	726,157	62,949	71,840	430,220	810,270			252,756	776,854	926,928	670,413
Capex - Matangi Heavy Maint/Overhauls	621,334	5,126,696		2,546,816	4,547,797	4,647,849	5,203,554	5,500,759	5,632,777	3,169,589	3,950,202	4,056,858
RS1 - Station Upgrades			1,500,000	1,500,000								
Wngtn Stn Passenger Information System (gwrl)			1,500,000									
CCTV System Renewals (gwrl)			100,000	102,200	104,448	106,746	109,201	111,713	114,394	117,254	120,303	123,551
Strength & Access-Buildings & Structures (gwrl)			2,000,000	2,044,000	2,088,968	2,134,925	2,184,029	2,234,261	2,287,884	2,345,081	2,406,053	
Signage (gwrl)			2,000,000	2,044,000	2,088,968							
Bike Storage (gwrl)			500,000	511,000								
Waterloo Depot Land Purchase (gwrl)			2,280,000									
Renew Waterloo Railway Station roof			500,000		10,444,840							
	17,780,000	**17,989,733**	**21,242,949**	**18,375,556**	**26,651,060**	**19,068,267**	**33,541,325**	**29,742,493**	**12,863,577**	**14,276,523**	**22,874,405**	**18,070,758**

Attachment 2 to Report 18.65

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of changes in equity

	Actual **2016/17**	Forecast **2017/18**	Budget **2018/19**	Budget **2019/20**	Budget **2020/21**	Budget **2021/22**	Budget **2022/23**	Budget **2023/24**	Budget **2024/25**	Budget **2025/26**	Budget **2026/27**	Budget **2026/28**
Opening equity	333,154,445	336,160,424	340,805,750	347,758,425	350,476,099	361,121,535	362,987,171	378,559,578	389,261,511	383,271,956	378,597,839	382,188,324
Shares to be issued during the year	17,780,000	17,989,733	21,242,949	18,375,556	26,651,060	19,068,267	33,541,325	29,742,493	12,863,577	14,276,523	22,874,405	18,070,758
Total comprehensive income for the year	(14,699,021)	(13,344,407)	(14,290,274)	(15,657,882)	(16,005,623)	(17,202,632)	(17,968,918)	(19,040,560)	(18,853,132)	(18,950,640)	(19,283,920)	(18,951,639)
Gain on revaluation	(75,000)	0	0	0	0	0	0	0	0	0	0	0
Closing equity	**336,160,424**	**340,805,750**	**347,758,425**	**350,476,099**	**361,121,535**	**362,987,171**	**378,559,578**	**389,261,511**	**383,271,956**	**378,597,839**	**382,188,324**	**381,307,443**

Attachment 2 to Report 18.65

Greater Wellington Rail Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of cashflows

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Cashflows from operations												
Receips from operations	29,095,445	18,894,366	18,293,552	18,273,800	18,623,126	20,810,626	20,620,747	21,786,754	21,507,042	21,261,473	21,745,446	23,416,081
Interest received	4,000	15,000	0	0	0	0	0	0	0	0	0	0
Payments to suppliers/employees	(26,499,159)	(19,976,287)	(18,363,552)	(18,343,800)	(18,693,126)	(20,880,626)	(20,690,747)	(21,856,754)	(21,577,042)	(21,331,473)	(21,815,446)	(23,486,081)
Net cash from operating activities	2,600,286	(1,066,921)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
Cashflow from investing activities												
Purchase of fixed assets	(19,692,862)	(17,989,733)	(21,242,949)	(18,375,556)	(26,651,060)	(19,068,267)	(33,541,325)	(29,742,493)	(12,863,577)	(14,276,523)	(22,874,405)	(18,070,758)
Net cash from investing activities	(19,692,862)	(17,989,733)	(21,242,949)	(18,375,556)	(26,651,060)	(19,068,267)	(33,541,325)	(29,742,493)	(12,863,577)	(14,276,523)	(22,874,405)	(18,070,758)
Cashflows from financing activities												
Issue of shares	17,780,000	17,989,733	21,242,949	18,375,556	26,651,060	19,068,267	33,541,325	29,742,493	12,863,577	14,276,523	22,874,405	18,070,758
Movement in current account	(687,424)	1,066,921	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Net cash from financing activities	**17,092,576**	**19,056,654**	**21,312,949**	**18,445,556**	**26,721,060**	**19,138,267**	**33,611,325**	**29,812,493**	**12,933,577**	**14,346,523**	**22,944,405**	**18,140,758**
Net increase/(decrease) in cash & cash eqvts	0	0	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents at beginning of the yr	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cash & cash equivalents at year end	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**	**1,000**

Attachment 2 to Report 18.65

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of comprehensive income

	Actual 2016/17	**Forecast 2017/18**	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Revenue												
Interest received on GW current account	70,000	60,000	(12,000)	(18,000)	(19,000)	(21,000)	(23,000)	(24,000)	(25,000)	(25,000)	(25,000)	(27,000)
Interest received from PIL	1,144,000	1,009,000	1,353,525	1,574,025	1,750,481	1,838,844	1,971,263	2,059,363	2,103,689	2,103,689	2,103,972	2,192,072
Dividends received from PIL		439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360	4,482,843
TOTAL REVENUE	**1,214,000**	**1,508,000**	**2,979,000**	**3,763,375**	**4,538,659**	**5,315,851**	**6,407,947**	**6,579,946**	**6,732,844**	**6,614,641**	**6,646,332**	**6,647,915**
Expenses												
Audit fees	19,000	20,000	20,000	20,500	21,013	21,538	22,076	22,076	22,628	22,628	23,194	23,194
Bank & Facility Fees	132,000	128,000	154,000	154,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Directors fees	13,000	13,000	25,000	25,625	26,266	26,922	27,595	27,595	28,285	28,285	28,992	28,992
Directors insurance	7,000	7,000	7,000	7,175	7,354	7,538	7,727	7,727	7,920	7,920	8,118	8,118
Interest expense	1,002,000	871,000	1,189,525	1,409,775	1,519,975	1,608,075	1,740,225	1,828,325	1,872,375	1,872,375	1,872,375	1,960,475
Legal fees	5,000	5,000	5,000	5,125	5,253	5,384	5,519	5,519	5,657	5,657	5,798	5,798
Trustee & Rating Agency Fees	5,000	5,000	5,000	5,125	5,253	5,384	5,519	5,519	5,657	5,657	5,798	5,798
Registry Fees	5,000	5,000	5,000	5,125	5,253	5,384	5,519	5,519	5,657	5,657	5,798	5,798
Management fees	75,000	75,000	75,000	76,875	78,797	80,767	82,786	82,786	84,856	84,856	86,977	86,977
Professional fees	25,000	25,000	45,000	46,125	47,278	48,460	49,672	49,672	50,913	50,913	52,186	52,186
TOTAL EXPENSES	**1,288,000**	**1,154,000**	**1,530,525**	**1,755,450**	**1,936,442**	**2,029,454**	**2,166,638**	**2,254,738**	**2,303,948**	**2,303,948**	**2,309,238**	**2,397,338**
NET OPERATING SURPLUS	**(74,000)**	**354,000**	**1,448,475**	**2,007,925**	**2,602,218**	**3,286,397**	**4,241,309**	**4,325,208**	**4,428,896**	**4,310,692**	**4,337,094**	**4,250,577**
Taxation expense / -credit (subvention)												
NET SURPLUS AFTER TAX & IMPAIRMENTS	**(74,000)**	**354,000**	**1,448,475**	**2,007,925**	**2,602,218**	**3,286,397**	**4,241,309**	**4,325,208**	**4,428,896**	**4,310,692**	**4,337,094**	**4,250,577**
Dividend paid (Before Fair Value & Impairment)		354,000	1,448,475	2,007,925	2,602,218	3,286,397	4,241,309	4,325,208	4,428,896	4,310,692	4,337,094	4,250,577
NET SURPLUS	**(74,000)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Attachment 2 to Report 18.65

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective balance sheet as at 30 June

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
SHAREHOLDERS FUNDS												
Ordinary share capital	248,994,664	266,984,397	288,227,347	306,602,902	333,253,962	352,322,229	385,863,554	415,606,047	428,469,624	442,746,147	465,620,552	483,691,310
Opening retained earnings	(31,234,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)
Current surplus/deficit	(74,000)	354,000	1,448,475	2,007,925	2,602,218	3,286,397	4,241,309	4,325,208	4,428,896	4,310,692	4,337,094	4,250,577
Dividends declared		(354,000)	(1,448,475)	(2,007,925)	(2,602,218)	(3,286,397)	(4,241,309)	(4,325,208)	(4,428,896)	(4,310,692)	(4,337,094)	(4,250,577)
Retained earnings	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)	(31,308,664)
TOTAL SHAREHOLDERS FUNDS	**217,686,000**	**235,675,733**	**256,918,683**	**275,294,238**	**301,945,298**	**321,013,565**	**354,554,890**	**384,297,383**	**397,160,960**	**411,437,483**	**434,311,888**	**452,382,646**
Represented by:												
CURRENT ASSETS												
Dividends receivable		439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360	4,482,843
Accounts receivable	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000	3,764,000
Bank & short term deposits	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
TOTAL CURRENT ASSETS	3,768,000	4,207,000	5,405,475	5,975,350	6,575,178	7,266,007	8,227,684	8,312,583	8,422,155	8,303,951	8,335,360	8,250,843
Advance to PIL	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
Investment in subsidiaries	214,452,664	232,442,397	253,685,347	272,060,902	298,711,962	317,780,229	351,321,554	381,064,047	393,927,624	408,204,147	431,078,552	449,149,310
TOTAL INVESTMENTS	258,452,664	276,442,397	297,685,347	316,060,902	342,711,962	361,780,229	395,321,554	425,064,047	437,927,624	452,204,147	475,078,552	493,149,310
TOTAL ASSETS	262,220,664	280,649,397	303,090,822	322,036,252	349,287,140	369,046,236	403,549,238	433,376,630	446,349,780	460,508,099	483,413,912	501,400,153
CURRENT LIABILITIES												
Current account with GW	401,664	486,664	590,664	601,089	606,625	613,274	620,039	621,039	626,923	626,923	631,930	633,930
Dividends payable		354,000	1,448,475	2,007,925	2,602,218	3,286,397	4,241,309	4,325,208	4,428,896	4,310,692	4,337,094	4,250,577
Payables	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000	83,000
TOTAL CURRENT LIABILITIES	484,664	923,664	2,122,139	2,692,014	3,291,842	3,982,671	4,944,348	5,029,247	5,138,819	5,020,615	5,052,024	4,967,507
Term Loan - CBA facility	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000	44,050,000
NET ASSETS	**217,686,000**	**235,675,733**	**256,918,683**	**275,294,238**	**301,945,298**	**321,013,565**	**354,554,890**	**384,297,383**	**397,160,960**	**411,437,483**	**434,311,888**	**452,382,646**

Attachment 2 to Report 18.65

WRC Holdings Ltd
Operating budgets for the 10 years ended 30 June 2028
Prospective statement of cashflows

	Actual 2016/17	Forecast 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28
Cashflows from operations												
Interest received - PIL & GW C/Account	1,214,000	1,069,000	1,341,525	1,556,025	1,731,481	1,817,844	1,948,263	2,035,363	2,078,689	2,078,689	2,078,972	2,165,072
Dividends received	0	0	439,000	1,637,475	2,207,350	2,807,178	3,498,007	4,459,684	4,544,583	4,654,155	4,535,951	4,567,360
Payments to suppliers/employees	(286,000)	(283,000)	(341,000)	(345,675)	(416,467)	(421,379)	(426,413)	(426,413)	(431,573)	(431,573)	(436,863)	(436,863)
Interest paid	(1,002,000)	(871,000)	(1,189,525)	(1,409,775)	(1,519,975)	(1,608,075)	(1,740,225)	(1,828,325)	(1,872,375)	(1,872,375)	(1,872,375)	(1,960,475)
Net cash from operating activities	(74,000)	(85,000)	250,000	1,438,050	2,002,389	2,595,568	3,279,632	4,240,309	4,319,323	4,428,896	4,305,686	4,335,094
Cashflow from investing activities												
Purchase of shares	(17,780,000)	(17,989,733)	(21,242,949)	(18,375,556)	(26,651,060)	(19,068,267)	(33,541,325)	(29,742,493)	(12,863,577)	(14,276,523)	(22,874,405)	(18,070,758)
Net cash from investing activities	(17,780,000)	(17,989,733)	(21,242,949)	(18,375,556)	(26,651,060)	(19,068,267)	(33,541,325)	(29,742,493)	(12,863,577)	(14,276,523)	(22,874,405)	(18,070,758)
Cashflows from financing activities												
Dividends paid	(3,578,000)		(354,000)	(1,448,475)	(2,007,925)	(2,602,218)	(3,286,397)	(4,241,309)	(4,325,208)	(4,428,896)	(4,310,692)	(4,337,094)
Issue of shares	17,780,000	17,989,733	21,242,949	18,375,556	26,651,060	19,068,267	33,541,325	29,742,493	12,863,577	14,276,523	22,874,405	18,070,758
Movement in current account	3,652,000	85,000	104,000	10,425	5,536	6,649	6,765	1,000	5,884		5,006	2,000
Net cash from financing activities	17,854,000	18,074,733	20,992,949	16,937,506	24,648,671	16,472,699	30,261,693	25,502,184	8,544,254	9,847,627	18,568,719	13,735,664
Net increase/(decrease) in cash & cash eqvts	0	0	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents at beginning of the yr	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Cash & cash equivalents at year end	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

28 February 2018

wrc holdings group

Chris Laidlaw
Chair
Greater Wellington Regional Council
P O Box 11 646
Wellington 6142

Dear Chris

WRC Holdings Limited Group draft Statement of Intent Covering the 2019-2022 financial years

WRC Holding Board members held a meeting on 27th February 2018 to discuss the above.

At this meeting we received the draft Statement of Intent (SOI) from CentrePort Limited, and a draft Statement of Intent (SOI) for WRC Holdings Limited, Greater Wellington Rail Limited and Port Investments Limited combined.

We approved the draft WRC Holdings Group SOI for delivery to the shareholder at the meeting and pass it on for comment.

As per the Local Government Act (Schedule 8, Clause 3) we are required to deliver a draft SOI for before 1 March 2018.

The Council has two months to consider and provide feedback on the draft report. Once we have received the Council's feedback we will ensure a completed Statement of Intent is delivered to the Council by 30 June 2018 in accordance with the statutory requirements.

Yours sincerely

Samantha Sharif
Chair – WRC Holdings

Encl – WRC Holding Draft SOI

Report	**18.43**
Date	7 March 2018
File	CCAB-8-1451
Committee	**Council**
Author	**Mary Harvey, Corporate Reporting Analyst**

Summary quarterly report for the second quarter 2017/18

1. Purpose

To present *Highlights from the second quarter of 2017*/18, a summary of Greater Wellington Regional Council's achievements from 1 October to 31 December 2017.

2. Background

The summary report (**Attachment 1**) provides an overview of key results in the second quarter. The quarterly reports from each Group are available on the Councillor's portal.

The report includes:

- highlights under high level outcomes/goals
- a cross-organisation financial summary and summary by Group
- an overview of Health and Safety
- a major project dashboard
- key metrics.

3. Comment

Overall, good progress was made in most areas of GWRC's work programme.

Most performance targets measured quarterly were achieved.

However, performance on the Wairarapa Line was well below target with only 40% of services on time against the annual target of ≥ 85.0%. A timetable change in mid-November has improved performance, with AM peak performance increasing to nearly 80%.

Actions underway to improve the service include setting up a multi-agency taskforce; commissioning an independent audit of maintenance activities; submitting a Business Case to Government for funding to upgrade the life-expired network infrastructure; and commencing work on a business case to purchase new rolling stock.

4. Highlights for the quarter

Financial summary
Year to Date

Greater Wellington ended the second quarter with an operating deficit (before capital grants) of $5.0 million, compared to a budget deficit of $6.6 million. The variance of $1.6 million primarily reflects the timing of KiwiRail network costs, payments to Transdev and transition costs, offset by higher exploratory costs for the alternate water source and water quality project.

Total operational revenue is $1.9 million above budget, mainly due to higher fare revenue, additional revenue for the Regional Infrastructure Business Case and interest earned on prefunding debt and deposits.

Total operational expenditure is close to budget with additional costs for harbour bores exploration and Waterloo water treatment, offset by timing of Public Transport costs.

Total net capital expenditure in the year to date is $25.3 million, compared to budgeted expenditure of $35.5 million. The variance of $10.1 million mainly relates to lower Public Transport capex due to timing of some programmes, partially offset by additional water supply capex of $5.3 million and timing of acquisition of Riverlink properties.

Forecast

The December 2017 full year forecast deficit of $18.4 million (excluding capex and fair value movements) is above the $16.8 million budget deficit. The variance of $1.6 million mainly relates to additional cost for water source and water quality project, public transport transition, disposal of Ganz trains, and additional Kiwirail network insurance, offset by timing of cost for trolley bus decommissioning, and higher fare revenue.

Health and Safety
The rate of injury days lost per 100,000 hours worked was maintained at 2.3 days, well below the 7.5 days target. In relation to lost time injury frequency rate, the target is to maintain below 0.90, and the current rate is 0.61.

The percentage of incidents recorded within two working days remained constant at 86%, below our target of 95%.

Major Projects
Overall performance across our major projects was similar to the previous quarter with 46% of projects rating “Green”.

While there are resourcing challenges in some areas, a number of key projects made good progress.

The Pubic Transport Transition project made progress during the quarter, including bus timetables under the Public Transport Operating Model (PTOM) being agreed with operators for multiple go-live dates.

An independent peer review of the flood protection design for the RiverLink project is underway and scheduled for delivery of the findings in Quarter 3. The review findings will be included in the recommendation to proceed to detail design stage. The report will include recommendations on additional actions for the detail design stage to address any issues identified by the peer review. Community information has been delivered through continued use of the pop-up information container, which has been sited at busy locations and events across Hutt City. To date, 26 out of the 118 properties required for the project have been acquired.

Trends

Fresh water quality

Water quality, as assessed by fine sediment cover[1], was maintained at two evaluation sites (Ruamahanga River and Kaiwharawhara Stream) but exceeded at one site (Hutt River).

The 85.5% fine sediment cover observed at Hutt River at Boulcott in the December sampling round was attributed to extensive channel maintenance and flood protection activities upriver. The result is well above the national sediment guidelines for the protection of instream values for biodiversity (<20%) and amenity (<25%).

Fine sediment cover could not be assessed on one occasion at both of the Ruamahanga River at Pukio and Hutt River at Boulcott due to heavy rainfall and high flows and the time of sampling.

Public transport services on time

Overall ‘on-time’ performance was maintained for buses and improved for rail compared to the 2016/17 full year result.

In the YTD December 2017, 99.8% of bus services were on time (departed the terminus at the scheduled time or up to 10 minutes after). This is the same result as the 2016/17 full year result.

In the same period, 89.9% of rail services were on time (within five minutes of the scheduled time at their final destination) and at key interchange stations across the network. The full year result for 2016/17 was 88.3%.

[1] Excess sediment directly affects the health of a waterway, decreasing its mauri or life supporting capacity.

5. Communication

No external communication is proposed as an outcome of the consideration of this report.

6. Consideration of climate change

It is not necessary to conduct a climate change assessment for the quarterly report.

7. The decision-making process and significance

No decision is being sought in this report.

7.1 Engagement

Engagement on this matter is unnecessary.

8. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*

Report prepared by:	Report approved by:	Report approved by:
Mary Harvey Corporate Reporting Analyst	**Nicola Shorten** Manager, Strategic and Corporate Planning	**Luke Troy** General Manager, Strategy

Attachment 1: Highlights from the second quarter of 2017/18

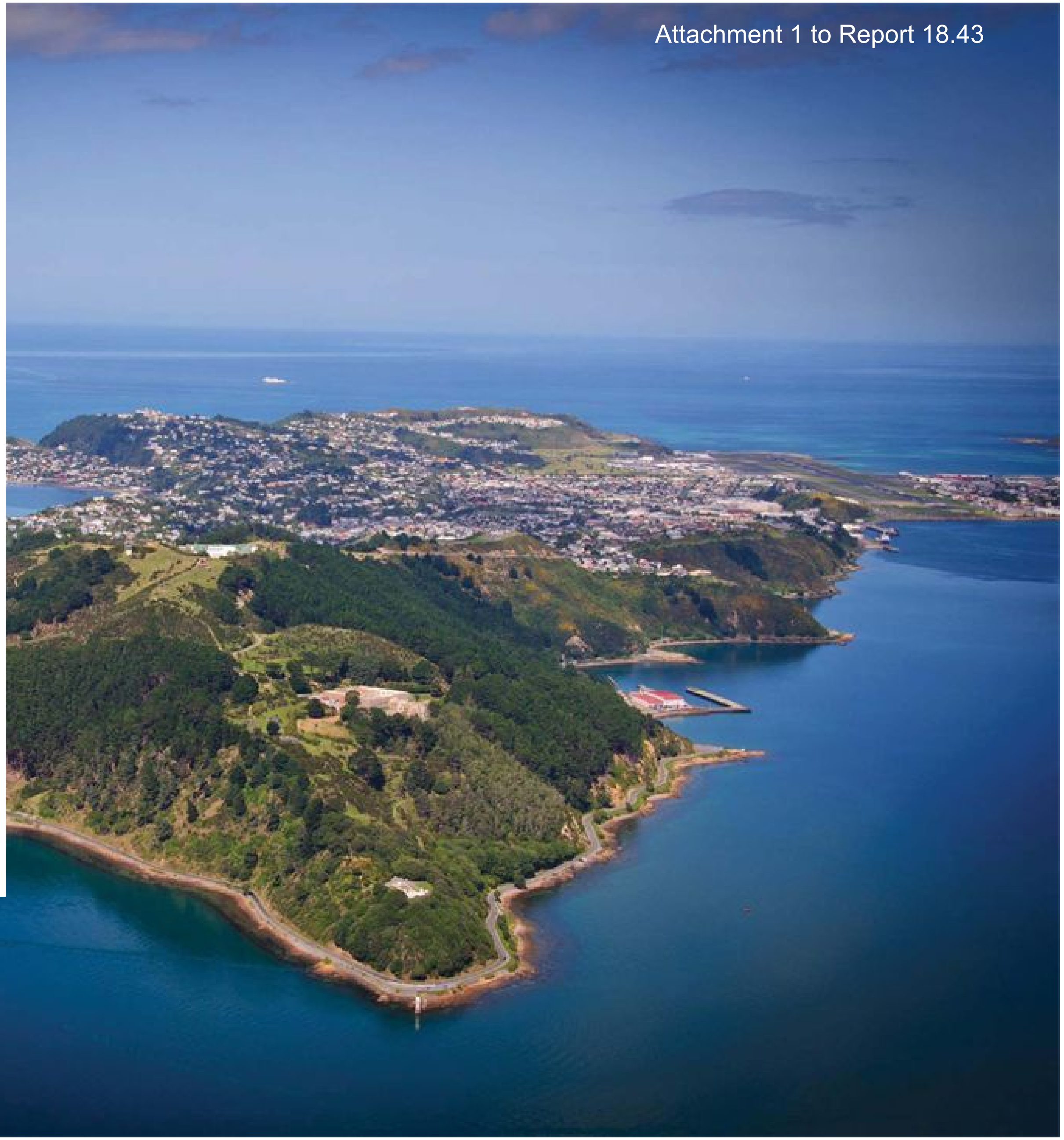
Attachment 1 to Report 18.43

Q2 2017/18

1 October — 31 December

HIGHLIGHTS

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao



INTRODUCTION

This summary report includes:

- **key highlights**
- **financial summary**
- **health & safety indicators**
- **major projects status**
- **key metrics**

More people travel by public transport, walking and cycling

Public transport patronage continues to grow. Patronage per capita is 74.8, which is already above the 2017/18 target of 73.7.

There were 19.3 million public transport trips in the year to date to December 2017 (3.3% growth). In addition, Total Mobility patronage grew by 2.4%.

Performance on the Wairarapa Line was well below target with only 40% on time against the annual target of ≥ 85.0%). There has been a succession of delays and missed services and a number of actions have been taken, or are underway, to improve the service.

More people are using the public transport website and visiting more often.

Overall, rail services were 89.9% ‘on-time’ compared with 88.3% in 2016/17. The rail customer satisfaction survey in late November showed significant improvement.

Fare review work progressed during the quarter, with the Council endorsing a variation to the Regional Public Transport Plan in October relating to fares and the final package of fares initiatives.

Two joint KiwiRail/GWRC Business Cases were submitted to the Ministry of Transport in November. One is for funding for catch-up renewals of track infrastructure, predominately focussed on the Wairarapa Line; the other is for funding to unlock network capacity and improve resilience.

Bus services were 99.8% ‘on time’, the same as in 2016/17. Bus supply issues caused major impacts on the reliability of bus services immediately following the removal of the trolley buses in October.

Thirty of the 54 new bus shelters planned this year have been installed; this includes 21 renewals and nine shelters at new locations.

Contracts for the Newlands and Tawa bus operating units were signed with Mana Coach Services this quarter.

A professional services contract has been awarded for the design and construction of the new Wellington city bus hubs.

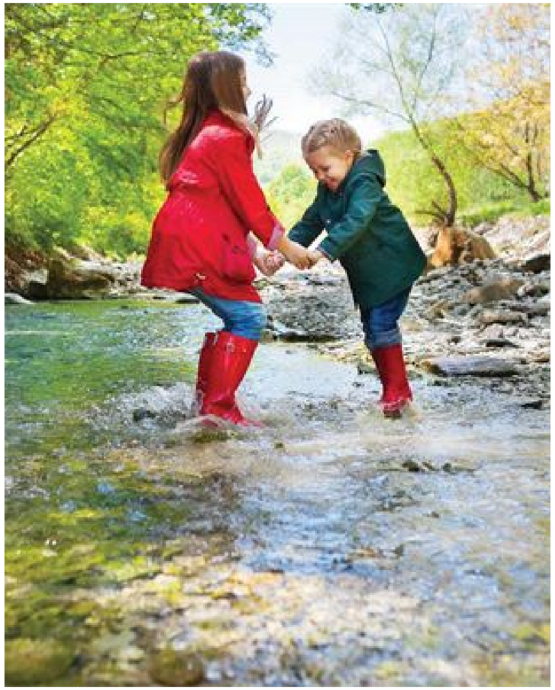
Over 2,000 submissions were received on the Let’s Get Wellington Moving public consultation, undertaken in November and December 2017.

A workplace promotion about cycling and using the Smart Travel platform took place at Wellington Regional Hospital. The aim was to assist staff consider other options for travelling to work with the loss of a number of carparks and the establishment of priority carpooling carparks at the hospital.

Additional funding of $92,000 from ACC enabled our cycle skills training programme, Pedal Ready, to deliver more Grade 2 (on-road) training for school children, particularly in schools close to urban cycleways.

A partnership with Wellington City Council to deliver the Aotearoa Bike Challenge in the Wellington region has been finalised and preparations are underway for promoting the workplace challenge.

Our environment is clean, healthy, diverse and enjoyed by our community



Staff participated, along with over 500 students from seven schools, in the Koraunui School Bioblitz, which engaged children in science with 60 scientists and nature enthusiasts from across NZ in collecting baseline data on the environment in Stokes Valley.

We provided funding for the Ngati Toa-run shellfish survey in November at Te Awarua-o-Porirua Harbour. The survey was well attended by the public. Data on four culturally important shellfish species is currently being analysed.

The Ruamāhanga Whaitua Committee agreed a draft set of freshwater objectives for each sub-catchment; Te Awarua-o-Porirua completed its draft water allocation policy; and the Wellington Harbour and Hutt Valley Whaitua Committee was established as an advisory body of Council in December.

No charges were laid as a result of our compliance assessments this quarter. However, a number of investigations were concluded with multiple infringement notices. These included two non-compliant dairy effluent discharges and a serious incident of burning of unauthorised material.

The Wellington Regional Erosion Control Initiative programme for 2017/18 was completed in October. To date, 459 hectares of erosion-prone land has been planted (more than the target of 450 hectares), with 303 hectares of poles planted and 156 hectares afforested or allowed to revert to natural vegetation.

The season's aerial rook control programme was completed with eight confirmed rookeries treated and only 16 active nests treated in total. In 2016, there were 11 active rookeries and 33 active nests.

We managed a comprehensive warning campaign in response to a toxic algae bloom in the Hutt River in late November. This is the worst bloom we have seen since we started monitoring more than 12 years ago. Two dog deaths occurred and there two 'near misses'.

Akura Nursery has produced a total of 22,000 poplar and willow poles for planting on erosion-prone land. Additionally, it has supplied 178,000 seedlings for erosion, riparian and wetland management programmes. Of that number, 66,000 are eco-sourced native plants.

Camping numbers at Kaitoke, Battle Hill and Dry Creek were very strong in November and early December due to fine weather. Dry Creek remains especially popular with international budget camper tourists.

We increased our presence on the water in Porirua and Wellington Harbours along with Maritime NZ and the Maritime Police for the "No Excuses" day on December 16. Maritime NZ has funded five days over summer to focus on enforcement.

All vessels stopped (over 100) were carrying lifejackets. Two boats with divers in the water did not have diver flags and subsequently purchased them rather than receive a fine. One written warning and three infringement notices were issued for speeding. These people were given the option of completing a Coastguard Day Skipper's course as an alternative to the fine.

Our communities are increasingly resilient to flood risk and other natural disasters

Drilling commenced for the second exploratory Wellington Harbour bore. After testing is completed, a decision will be made on whether to proceed with developing this as a source of fresh water or to resume work on the proposed cross Harbour pipeline.

The treatment upgrades at Waterloo Water Treatment Plant were progressed under urgency to restore capacity and avoid additional issues associated with meeting increased demand during summer. The upgrades are now largely complete and the treatment plant is operating at normal capacity.

A specialist drilling company has been engaged to undertake investigations of six 'high risk ' Waiwhetu bores and to advise whether any works are required to ensure they are secure.

A residential sprinkler ban was introduced on 30 November 2017. The unusually hot and dry spring caused very low river flows, high demands and use of the Macaskill storage lakes much earlier than normal. The sprinkler ban was to reduce the risk of a more severe water shortage later in summer.

The Waiohine Flood Management Plan (FMP) project team is making good progress. The base hydraulic model for producing new flood maps has been completed, and a peer review proposal has been received.

The Te Kauru FMP Rural Options work has been completed, and will be presented to Masterton and Carterton district councils.

A year-long campaign to monitor arsenic levels has been set up at the Masterton air quality monitoring station.

The draft Hutt River Environmental Strategy was endorsed by the Hutt Valley Flood Management Subcommittee. Preparations are underway for community engagement.

The Belmont Wetland Trial moved into its next design phase after ground condition testing was carried out in December. This is a joint trial between GWRC, Hutt City Council and NZTA to support the delivery of the RiverLink project, which aims to install four Stormwater Treatment Wetlands along the Hutt River Berms.

The Wellington Region CDEM Review was completed in October. Following consideration by the CEG Sub-Committee and Council CEs, the Joint Committee has agreed to delay the development of the next Group Plan by six months to ensure the content aligns with the new national direction.

The Hazards Strategy Steering Group was established during the quarter. The purpose of the Group is to strengthen a risk-based planning approach for councils and lifelines in the Wellington Region by advancing the goals of the Wellington Region Natural Hazards Management Strategy.

Over the October/November period more than 530 council staff around the region attended training on the Wellington Region Earthquake Plan (WREP).

Strong leadership and collaboration supports robust regional growth

The Wellington Regional Strategy Committee and Council Chief Executives agreed to proceed with the development of a regional investment plan that will focus on significant opportunities to encourage economic growth.

Workshops and a conference on the future of work were run in partnership with the Wellington Gold Awards and Victoria University.

An intern resource for business has been developed in partnership with the Department of Prime Minister and Cabinet and WREDA.

The newly established Regional Climate Change Working Group met for the first time. The purpose of the group is to provide a forum via which councils from across the Wellington Region can network, discuss issues, share information and where appropriate, achieve a consistent approach on climate change mitigation and adaptation.

On-going meetings this quarter with the Wairarapa Councils have resulted in a better understanding and a commitment to the Water Wairarapa project.

The impacts of the Whaitua's water resource limits were established and water demand forecasting completed for Wairarapa's towns. It was noted that the Whaitua's recommendations will have a minor effect on water reliability early in the irrigation season (September to November), but potentially significant implications between December to March / April, especially for the Upper Ruamāhanga sub-catchment.

For Wairarapa town supplies, we found that the data quality was highly variable making definitive conclusions difficult to draw, and that leakage and pipe replacement is an ongoing issue, especially Masterton with 30% losses.

Council approved the final GWRC settlement redress aspects to help Ngāti Kahungunu ki Wairarapa settle their Treaty of Waitangi historical claims with the Crown.

Two proposals were approved for the Iwi Project Fund. They are for Port Nicholson Block Settlement Trust to develop an Iwi Management Plan that identifies the key priorities; and for Rangitane o Wairarapa Inc to develop a Kaitiaki Training Project and cultural health monitoring framework.

The Annual Report 2016/17 was completed with a new engaging look and feel.

The Greater Wellington Volunteer Strategy was completed and adopted during the quarter.

DECEMBER FULL YEAR FORECAST FINANCIAL SUMMARY

Council Summary

Forecast operating deficit (before capital grants) is $1.6m unfavourable to budget. The variance is primarily related to additional costs for alternate water source, water quality and Public Transport transition costs offset by lower trolley bus decommissioning costs and timing of programme costs.

OPERATING SURPLUS	CAPITAL EXPENDITURE - NET
-$18.4m	**$77.7m**
$1.6m Unfavourable	$4.9m Favourable

Operating Revenue

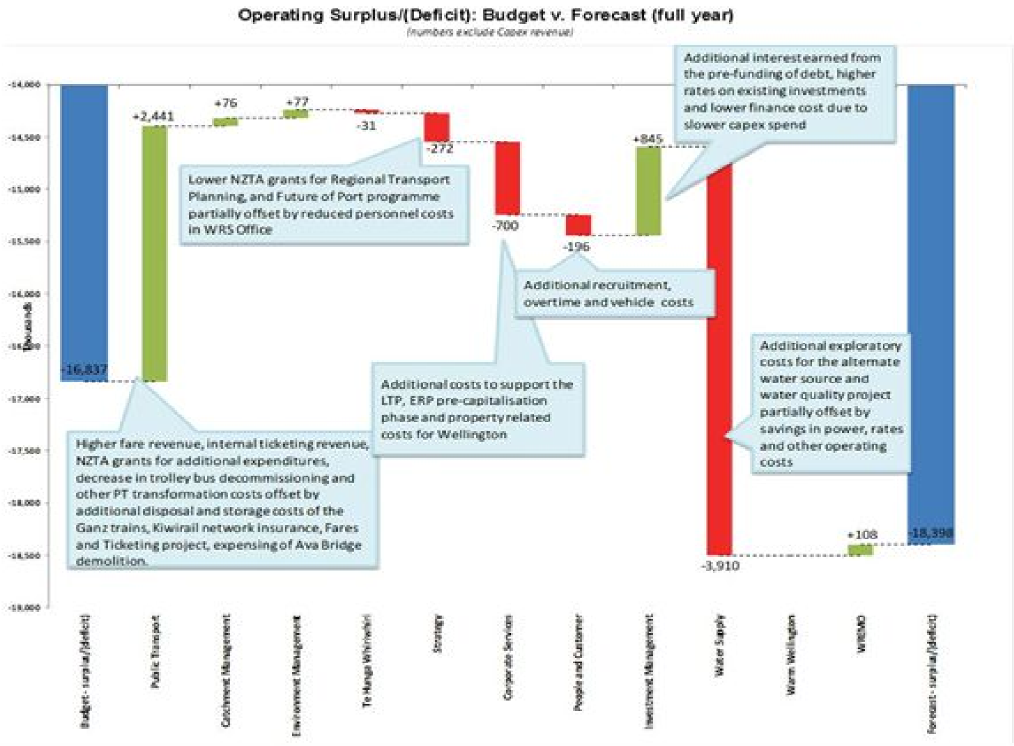
Operating revenue is $5.9m favourable to budget with this being driven by additional Public Transport revenue of $3.9m from higher rail patronage and NZTA grants from higher claimable costs. Strategy is $0.7m favourable to budget reflecting additional contributions for Regional Infrastructure Resilience Business case. Investment Management is $0.9m favourable to budget reflecting additional interest earned from prefunding of debt.

Operating Expenditure

Operating expenditure is $7.5m unfavourable to budget with this being driven by Water Supply additional costs for alternate water source and water quality ($4.0m), Strategy additional costs of $1.0m for Regional Infrastructure Resilience Business case and Public Transport $1.5m from additional Kiwirail insurance and GANZ disposal costs.

Capital Expenditure

Capital expenditure is $4.9m favourable to budget with lower Public Transport capex $7.4m due to the interim ticketing solution, lower heavy train maintenance, Maitangi train retrofit off-set by additional Water Supply Capex $2.2m and timing of River link property acquisitions $2.8m.



FINANCIAL SUMMARY BY GROUP

Statement of Revenue and Expense by Business Group - Full Year

	FULL YEAR			FULL YEAR			FULL YEAR		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit		
$000	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**	**Forecast**	**Budget**	**Variance**
Group									
Public Transport	190,123	186,158	3,966	189,369	187,843	1,525	755	(1,686)	2,441
Catchment Management	37,959	38,051	92	30,962	31,130	168	6,997	6,921	76
Environment Management	30,184	29,857	327	29,376	29,126	249	808	731	77
Te Hunga Whiriwhiri	1,052	1,034	18	1,074	1,026	49	(22)	9	31
Strategy	12,340	11,626	715	13,890	12,904	986	(1,550)	(1,278)	272
Corporate Services	10,202	10,272	70	18,640	18,010	630	(8,438)	(7,738)	700
People and Customer	2,365	2,415	50	10,148	10,002	146	(7,783)	(7,587)	196
Investment Management	(6,410)	(7,307)	897	(3,565)	(3,617)	52	(2,845)	(3,691)	845
Water Supply	32,270	32,170	100	38,907	34,897	4,010	(6,637)	(2,727)	3,910
Warm Wellington	3,183	3,183	0	3,180	3,180	0	3	3	0
WREMO	3,545	3,452	93	3,230	3,245	15	314	207	108
TOTAL	**316,814**	**310,910**	**5,904**	**335,212**	**327,747**	**7,465**	**(18,398)**	**(16,837)**	**1,561**

Statement of Revenue and Expense

	FULL YEAR		
$000	**Forecast**	**Total Budget**	**Variance**
OPERATING REVENUE			
Rates	120,780	120,780	0
Subsidies & Grants	73,778	72,832	946
Other Revenue	118,158	114,255	3,903
Finance Revenue	4,098	3,043	1,055
TOTAL REVENUE	**316,814**	**310,910**	**5,904**
OPERATING EXPENDITURE			
Personnel	46,745	46,244	500
Material & Contractor/Consultant	79,374	69,603	9,771
Depreciation & Amortisation	18,377	17,894	484
Grants & Subsidy	152,975	156,669	3,694
Finance Cost	19,460	19,686	226
Other Expense	18,281	17,651	630
TOTAL EXPENDITURE	**335,212**	**327,747**	**7,465**
OPERATING SURPLUS/(DEFICIT)	**(18,398)**	**(16,837)**	**1,561**
Subsidies & Grants - Capex	**21,876**	**23,720**	**1,844**
Fair Value Movement	**9,250**	**9,250**	**0**
SURPLUS/(DEFICIT)	**12,728**	**16,133**	**3,405**

Net Capital Expenditure by Business Group

	FULL YEAR		
$000	**Forecast**	**Total Budget**	**Variance**
Group			
Public Transport (incl investment)	29,942	37,350	7,407
Catchment Management	24,464	21,652	2,812
Environment Management	4,839	5,119	280
Strategy	284	634	350
Corporate Services	1,703	4,003	2,300
People and Customer	197	197	0
Investment Management	1,110	660	450
Water Supply	15,121	12,918	2,203
TOTAL	**77,660**	**82,532**	**4,872**

DECEMBER YTD FINANCIAL SUMMARY

Council Summary

Year to date operating deficit (before capital grants) is $1.6m favourable to budget. The variance is primarily related to Public Transport – reflecting timing on Kiwi Rail network costs, payments to Transdev and transition costs, offset by higher costs in Water for alternate water source and water quality.

Operating Revenue

Operating revenue is $1.9m favourable to budget with this being driven by Strategy revenue ($0.8m) from Regional Infrastructure Resilience business case and additional Investment Management revenue ($0.6m) from the interest earned on prefunding of debt.

Operating Expenditure

Operating expenditure is $0.3m unfavourable to budget with this being driven by Water Supply ($2.0m) for alternate water source and water quality. Partially offset by lower Public Transport spend of $1.6m due to lower operating and network costs and timing of transformation costs.

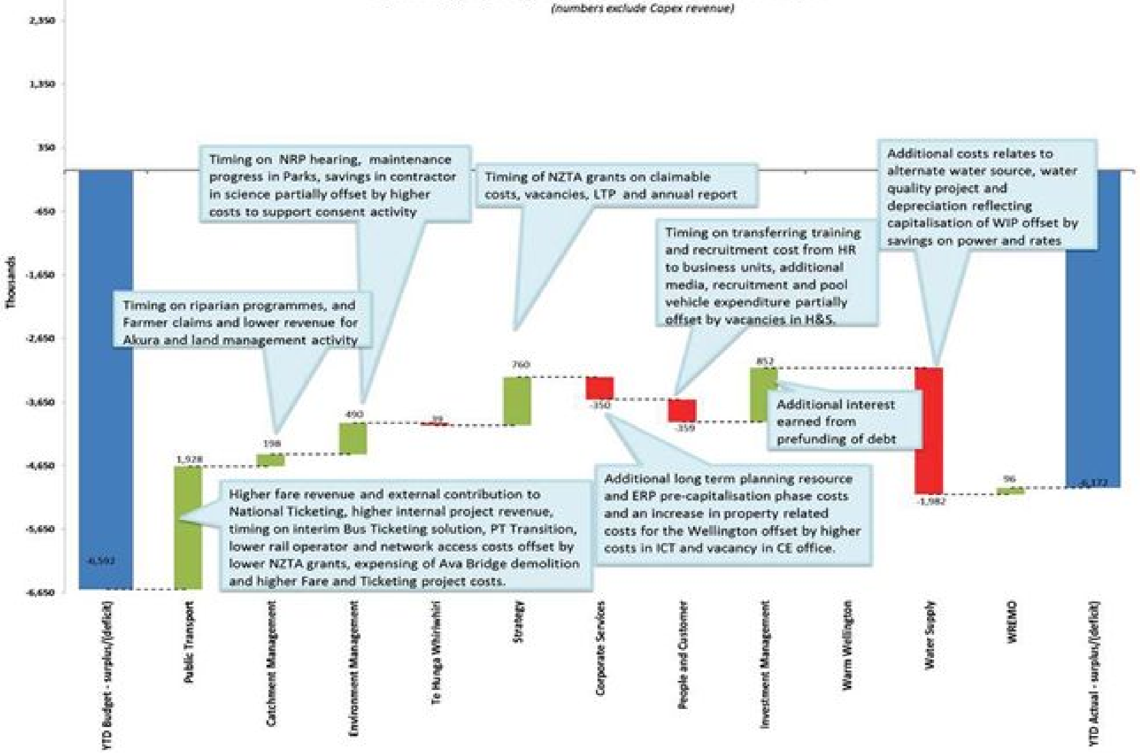
Capital Expenditure

Capital expenditure is $10.1m favourable to budget with this being driven by lower Public Transport capex of $16.1m due to the timing of programmes such as Fare and Ticketing and PT Transition. Partially offset by additional Water Supply capex of $5.2m for water quality and alternate water source.

OPERATING SURPLUS	CAPITAL EXPENDITURE - NET
-$5.0m	**$25.3m**
$1.6m Favourable YTD	$10.1m Favourable YTD

Operating Surplus/(Deficit): YTD Budget v. YTD Actual

(numbers exclude Capex revenue)



FINANCIAL SUMMARY BY GROUP

Statement of Revenue and Expense by Business Group -Year to Date

	YEAR TO DATE			YEAR TO DATE			YEAR TO DATE		
	Operational Revenue			Operational Expenditure			Operational Surplus / (Deficit)		
$000	Actual YTD	Budget YTD	Variance	Actual YTD	Budget YTD	Variance	Actual YTD	Budget YTD	Variance
Group									
Public Transport	92,120	91,787	333	90,337	91,932	1,595	1,782	(146)	1,928
Catchment Management	19,287	19,395	109	15,362	15,668	306	3,925	3,727	198
Environment Management	15,213	15,128	86	13,967	14,371	404	1,246	756	490
Te Hunga Whiriwhiri	531	517	14	566	513	53	(34)	4	39
Strategy	6,522	5,764	758	6,284	6,286	2	238	(521)	760
Corporate Services	5,025	5,136	111	9,035	8,796	239	(4,010)	(3,660)	350
People and Customer	1,183	1,207	24	5,290	4,956	335	(4,107)	(3,748)	359
Investment Management	(2,980)	(3,585)	605	(2,116)	(1,870)	247	(863)	(1,715)	852
Water Supply	16,136	16,085	51	19,525	17,491	2,034	(3,389)	(1,406)	1,982
Warm Wellington	1,732	1,592	141	1,732	1,591	142	(0)	0	0
WREMO	1,844	1,726	118	1,633	1,610	22	211	116	96
TOTAL	**156,614**	**154,752**	**1,862**	**161,615**	**161,344**	**270**	**(5,000)**	**(6,592)**	**1,592**

Statement of Revenue and Expense

	YEAR TO DATE		
$000	Actual YTD	Budget YTD	Variance
OPERATING REVENUE			
Rates	60,717	60,379	338
Subsidies & Grants	32,550	35,341	2,791
Other Revenue	60,945	57,441	3,504
Finance Revenue	2,402	1,590	812
TOTAL REVENUE	**156,614**	**154,752**	**1,862**
OPERATING EXPENDITURE			
Personnel	22,856	23,041	185
Material & Contractor/Consultant	36,185	35,183	1,002
Depreciation & Amortisation	9,078	8,947	131
Grants & Subsidy	74,364	75,506	1,142
Finance Cost	9,539	9,650	111
Other Expense	9,593	9,017	575
TOTAL EXPENDITURE	**161,615**	**161,344**	**270**
OPERATING SURPLUS/(DEFICIT)	**(5,000)**	**(6,592)**	**1,592**
Subsidies & Grants - Capex	**5,548**	**10,721**	**5,173**
Fair Value Movement	**0**	**0**	**0**
SURPLUS/(DEFICIT)	**548**	**4,129**	**3,582**

Net Capital Expenditure by Business Group

	YEAR TO DATE		
$000	Actual YTD	Budget YTD	Variance
Group			
Public Transport (incl investment)	2,207	18,283	16,076
Catchment Management	8,526	7,078	1,447
Environment Management	1,891	2,155	264
Strategy	68	99	31
Corporate Services	412	1,026	614
People and Customer	104	195	91
Investment Management	532	260	272
Water Supply	11,606	6,357	5,249
TOTAL	**25,346**	**35,454**	**10,108**

HEALTH AND SAFETY INDICATORS

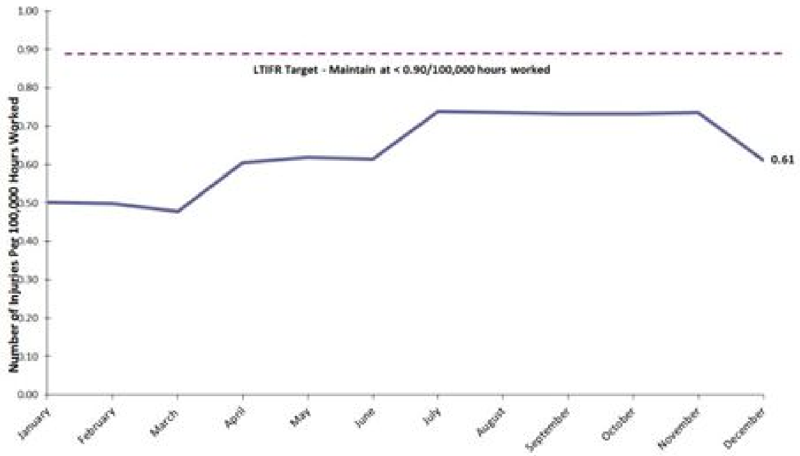
Highlights and improvements

The trailer use training project finished with 98% of the staff target group completing the training.

Parks staff completed light utility vehicle refresher training. This was a corrective action identified in the LUV roll-over learning review.

The field component (site visits, interviews and focus groups) of the health and safety review was completed.

Figure 1: Lost Time Injury Frequency Rates



Key performance indicators

The Lost Time Injury Frequency Rate remains under the target level and decreased slightly to 0.61 occurrences per 100,000 hours worked, down from 0.73 occurrences per 100,000 hours worked in Q1.

The percentage of incidents recorded within two working days remains constant 86%, but is still below target.

The Corrective Action Ratio decreased this quarter to 0.32 – slightly down from 0.39 in Q1, and still under target.

The number of days lost due to injuries decreased slightly, remaining well below target.

INDICATOR	TARGET	2nd QUARTER	STATUS
Lost Time Injury Frequency Rate	< 0.90	0.61	
Percentage of incidents within 2 working days	95%	86%	
Ratio of the number of events to the number of subsequent actions (Corrective Action Ratio)	0.40	0.32	
Days lost due to injuries, per 100,000 hours worked	< 7.5	2.3	

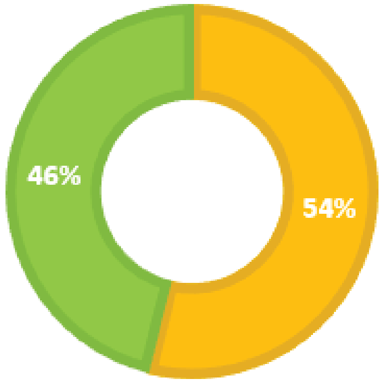
MAJOR PROJECTS

Overall comment

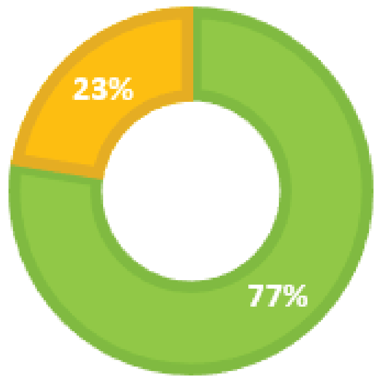
- The major projects KPI remains unchanged from Quarter One at 46% Green in what continued to be a challenging six months for a number of the GWRC major projects.
- Factors affecting projects include :
  - The impact of the PT Transition Programme on the resourcing and capacity of the organisation to undertake substantial interdependent programmes of work concurrently; and
  - Engagement and/or responsiveness of third parties for joint delivery projects such as with the Regional Resilience Coordination and Let's Get Wellington Moving.
- The Future Accommodation project retained an Amber overall rating but shows improvement with specific measures moving from Red to Amber.
- Staffing constraints are creating resourcing pressure with several projects.
- Optimus has been put on hold due to competing project demands.
- Regional Resilience is transferring to WREMO.

OVERALL STATUS

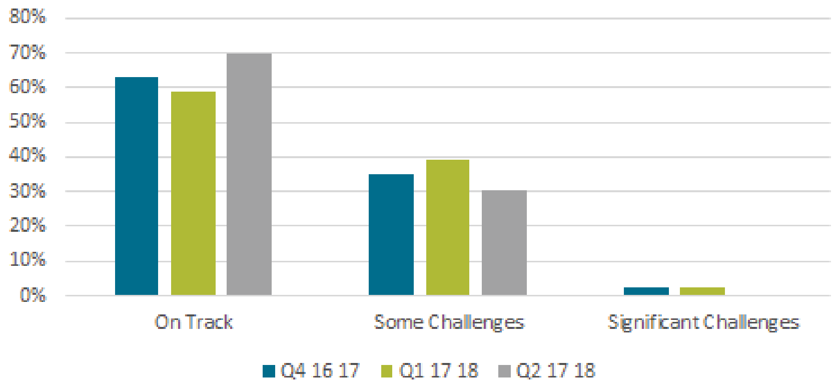
13 MAJOR PROJECTS



40 HIGH PRIORITY PROJECTS



Major and High Priority Project Performance between previous and current quarters



MAJOR PROJECTS

KEY	
	On track
	Some issues and risks, but being managed
	Significant issues, off track

Wellington Region Resilience Coordination Group (WRRCoG)

This Group has been formed to assist and accelerate development of capability to coordinate, deploy and monitor a programme of interventions improving the level of regional resilience to a significant natural hazard event.

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

The new earthquake planning guide for distribution to all households across the region was delivered to plan.

Work on the Regional Resilience business case, being led by Wellington LifeLines Group, continued on budget, but slightly behind schedule. The plan is to share material with local government in the first couple of months of the new year.

Continued work with WREMO leadership on regional review and findings. It is expected that delivery and management of WRRCoG will transition to WREMO management in the New Year.

Proposed Natural Resources Plan

The Proposed Natural Resources Plan First Schedule process, as set out in the Resource Management Act 1991

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

Hearing Stream 3 completed. For Hearing Stream 4, s42A officers reports were pre-circulated on 12 January 2018. The hearing is due to commence on 12 February. Hearing Stream 4 was initially scheduled to commence on 16 October.

Pre-circulation of Hearing Stream 5 reports due 26 February 2018, with the hearing due to commence 26 March. Due to resourcing constraints the topics of hazardous substances and contaminated land and discharge within water supply protection areas have been moved to Hearing Stream 6.

Ongoing support is required for the team to ensure resilience and sufficient resourcing.

MAJOR PROJECTS

Optimus – Core Systems Refresh

To select a replacement or upgraded Core System (Finance, HR/Payroll and Asset Management) to rectify many issues with the current installation of SAP

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

In December 2017 ELT made the decision to both delay the start of this programme to circa mid-2018. This decision was based on the need to schedule Optimus so as to avoid overloading the business with too many significant programmes in the first half of 2018 (i.e. avoid the overlap with the PTTP programme).

During the first half of 2018 it is intended that preparatory work will take place within GWRC and with the Vendor, including finalising the contracts.

Lets Get Wellington Moving

Taking a fresh look at the entire transport system in central Wellington to identify a package of improvements that support community aspirations and strategic objectives for the city in terms of its look, feel and function

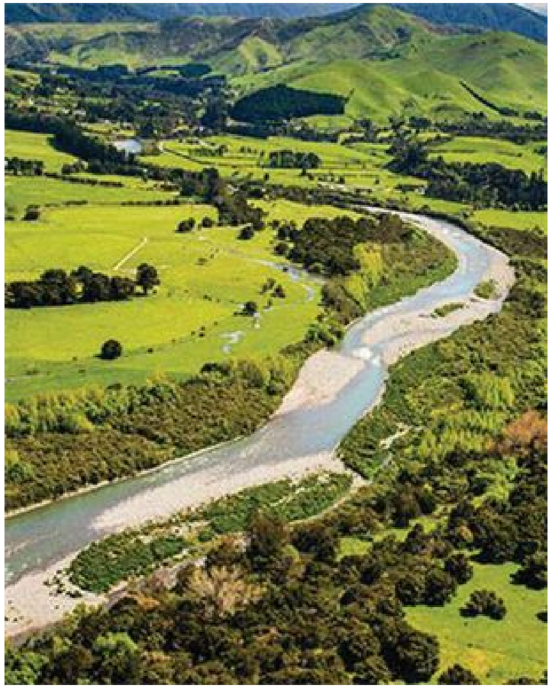
OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

The project was almost entirely focussed on preparing for, and undertaking, public engagement in Q2. Consultation ran from mid November to mid December and over 2,000 submissions were received. These are currently being analysed by an external market research company, and then there will be a major task to consider and respond to the feedback received.

The appointment of an external project management resource has improved the structure and rigour of the programme. Following public engagement, the project has once again made some small structural changes to adapt to the changing work programme and the current focus on option development and evaluation. Resourcing continues to be an ongoing challenge with the current issue being the high volume of work associated with option development and evaluation.

MAJOR PROJECTS



Water Wairarapa

Investigating a multi-purpose water scheme to collect and store water for distribution to a variety of economic and community uses for Wairarapa

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

The reframing work programme reported on the impacts of the Whaitua's water resource limits and water demand forecasting for Wairarapa towns. The main findings were that the Whaitua's recommendations are, on average, projected to have:

- a minor effect on water reliability early in the irrigation season (September to November), but
- potentially significant implications between December to March / April, especially for the Upper Ruamahanga sub-catchment.

With respect to water demand forecasting for Wairarapa towns, it was found that:

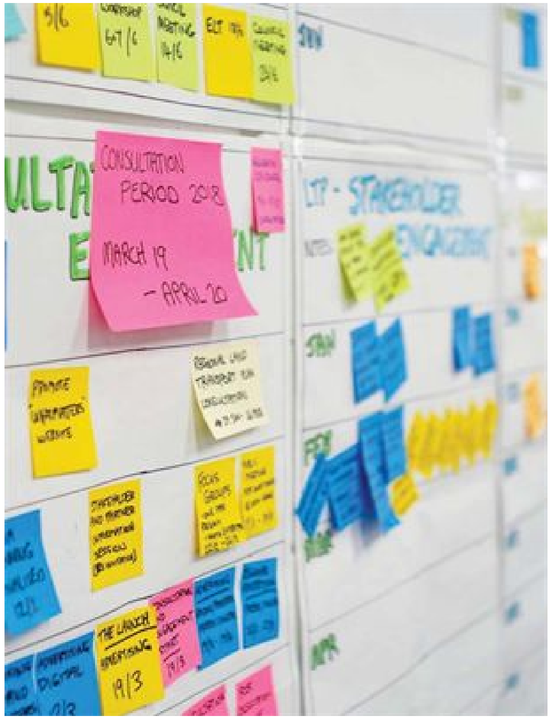
- the data quality was highly variable making definitive conclusions difficult to draw
- leakage (30% of treated water) and pipe replacement is an ongoing issue, especially for Masterton

On-going meetings with the Wairarapa councils have been fruitful with a clear move towards understanding and a commitment, especially a recognition that water is both an urban and rural issue.

The Water Wairarapa Establishment Group met in November to commence discussions on its role, particularly with respect to the implementation of a water user engagement work programme and raising funds.

The change of government has led to a period of uncertainty while policies regarding climate change, irrigation, agriculture, water management, and funding water supply schemes (rural and urban) become clearer.

MAJOR PROJECTS



Long Term Plan 2018-28

The LTP is made up of a number of interdependent strategies and policies and has specific process planning requirements including: the audit process, consultation and engagement processes and decision making and governance

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

There are a number of significant deliverables due in the next quarter and production of some of the documents has been tracking behind schedule. The consultation process will also require a significant amount of work in the next quarter. Additional resources have been contracted to assist with the workload.

Key pieces of work for the LTP project that were under development in Q2 were:

- the supporting information documents (including the Financial and Infrastructure Strategies)
- draft revenue and financing policy
- draft consultation document
- communications and engagement strategy

The draft documents will be provided to auditors the week of 22nd January, following which they require internal review and a QA process for consistency of messaging.

Conversations and communications with auditors began in Q2 through the completion of the Audit self-assessment in November, and the agreement in December, on timeframes through the engagement letter.

Lifelines

Development of a programme business case to improve the resilience of the Wellington region lifeline utility services

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

Aurecon has delivered a draft Preliminary Business Case (PBC) which is in the process of being reviewed. A meeting with the project steering group is planned for January to feedback and to ensure the PBC is fit for purpose. GNS has largely delivered on their elements of the project - the modelling and the outage maps.

A key issue is the treatment of Intellectual Property Rights. A draft management and funding agreement has been circulated to the Lifeline members for review, and a final legal review is being undertaken by one of the Lifeline members. There is great interest in the modelling outcomes from the Lifeline members, especially the outage maps, which will be finalised in the near future.

MAJOR PROJECTS

GW Future Accommodation Programme

Need to address GWRC's long term accommodation requirements for the Wellington and Masterton based staff

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

CentrePort is on track to appoint a contractor by the end of January to assist in making a decision about the repair of the Shed 39 ground floor. It is envisaged that work will be able to start sometime in May 2018. Options being considered contemplate Greater Wellington being able to remain on the upper level.

Fitout work to Walter St Level one and a new interim Council Chamber on Level Two was completed this quarter. A lease of some additional space at the western end of Level one has been secured. The new space also has capacity for facilities for use by ELT and Councillors.

The brief for long term accommodation requirements was approved by ELT last year. A commercial agency is to be appointed to assist in seeking proposals from the market. An RFP is to be prepared and is it hoped that proposals can be back by around the end of April for consideration and a decision by the middle of the year. Options from Centreport and with Wellington City Council will be considered alongside the market proposals.

Delivery of a future accommodation solution will depend what option is selected and the development timeframe. It could be between two to three years after a decision is made, so there is a need to review the current leases to ensure the ability and flexibility to maintain the current accommodation for long enough.

MAJOR PROJECTS

RiverLink

The proposed Upgrade Project combines Greater Wellington led flood protection works with components of the Hutt City Council led Making Places Project and the NZTA led Melling Intersection Improvements Projects.

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS
Green	Green	Green	Green	Amber

COMMENT

Technical aspects of preliminary design have been completed for all project parts controlled by Greater Wellington and HCC. NZTA has revised its delivery date for its detailed business case (DBC) to September 2018. Recommendation of preliminary design for flood protection works will be made prior to the delivery of the NZTA DBC, and will highlight areas of anticipated benefit supported by NZTA design components.

Councillors continued to consider the design, costs and programme information at scheduled project workshops. This work helps guide the development of the project and shape of the recommendation to proceed to detail design stage.

An external independent peer review of the flood protection design is underway and scheduled for delivery of the findings in Q3. The review findings will be included in the recommendation to proceed to detail design stage. The report will include recommendations on additional actions for the detail design stage to address any issues identified by the peer review.

To date, 26 out of the 118 properties required for the project have been acquired. A further 49 properties are at various stages of the property acquisition process.

Community information has been delivered through continued use of the pop up information container, which has been sited at busy locations and events across Hutt City. Incorporation of RiverLink into the summer events programme, and updates to the pop up beach, are being planned for the next two quarters.

Work has commenced in anticipation of the detail design stage. This includes preparation for geotechnical sampling around the project area, scoping of a physical flood and sediment transport model and preparation of additional visual engagement material.

Overall, the programme is on track to deliver a recommendation to proceed to detail design for the flood protection works in Q3 2017/18, enabling progression of the flood protection design work into the detail design stage at the end of Q4.

MAJOR PROJECTS

GW Way Implementation

Review, articulate and communicate Purpose, Vision and Values (behaviours) to our staff, Council, Customers and external stakeholders

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

ELT has endorsed the appointment of a GW Way lead - a part-time secondment of a leader from the business. In addition, we will also establish a GW Way Forum – a group of staff from across the organisation who will act as culture (and brand) ambassadors, and test, develop and support the implementation of upcoming GW Way initiatives.

A very successful launch of the GW Awards was held towards the end of 2017. We received a large number of nominations, which exceeded our expectations. The feedback from the event was positive and we look forward to stepping into the recognition space more strongly in 2018.

A key focus of the next phases of GW Way will be to ‘bring the customer in’, and really focus on how we become a customer centric culture. We are working with the Marketing team to combine the ‘brand development’ and culture objectives.

PT Transition

Delivers the activities necessary to commence the new contracts with bus operators, implements associated transformational changes for services across the region and ensures Greater Wellington organisational readiness to operate in the new PTOM environment

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS

COMMENT

Good progress continues to be made in public transport transition. Trolley buses ceased operating in October 2017 with decommissioning of the overhead trolley wires now underway. Contracts with Mana Coachlines were executed for the Newlands and Tawa bus operating contracts. Negotiations with NZ Bus for five contracts progressed through Q2. Partnership meetings with all bus operators continues to progress well, tracking progress in key areas including the acquisition and manufacturing of new buses, which is well underway.

Work with WCC continues as key approvals are secured. A series of bus stop resolutions for the new bus network has been secured, including the Reef St terminus in Island Bay, which will include electric vehicle (EV) recharging for new electric buses. The contract for professional services was also awarded for the design and construction of the new Wellington city bus hubs. The goal is to build six modern, urban bus hubs that provide customers with safe, sheltered and accessible facilities for transfer to onward journeys.

The Metlink brand continues to evolve with strong participation in an internal launch of Phase 1, with a rollout to the public in early 2018.

The transition is slightly behind schedule as the ‘go live’ dates approach, and significant additional focus and resource has been applied to ensure the levels of service are achieved.

MAJOR PROJECTS

Integrated Fares and Ticketing – Fares

1) Reviewing PT Plan policies for fares and ticketing. This work stream is referred to as the 'PT Fares Review'.
2) Rationalising fare products for rail and bus and ferry in the lead-up to IBTS and IFT

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS
Green	Green	Green	Green	Green

COMMENT

While the policy component of the project has been completed and endorsed by Council, the status of the project will remain a major project due to the criticality and dependency of the fares transition component.

The focus is currently on fares transition planning, in readiness for new fare schedule and PTOM bus go-live in mid-July 2018. The key areas are:

- ensuring systems and agreements are in place for new concessions policy
- working with rail operator to establish new fare media (tickets) for rail
- ensuring messaging, marketing and communications programme is in place to ensure customers are advised and made aware of the changes.

Overall spend on the fares transition process is below forecasted levels for this period.

Integrated Fares & Ticketing – National Ticketing Programme

The full electronic ticketing solution for Greater Wellington through a co-operative engagement with the National Ticketing Programme

OVERALL STATUS	TIMING	BUDGET	ISSUES	RISKS
Amber	Amber	Green	Green	Amber

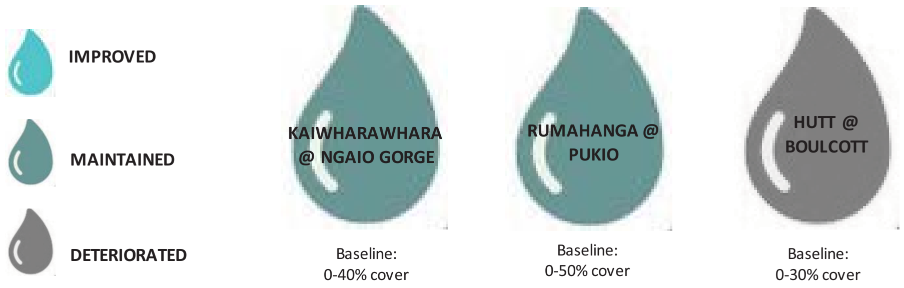
COMMENT

Key procurement deliverables were completed (or in final review) by the end of October to progress through the necessary approvals to commence the first stage of the Ticketing Solution procurement. This procurement has been delayed by an estimated 3-6 months in order to complete an NZTA initiated review, including GRETS participants, Auckland Transport and NZTA. This review is to determine if, and how, the procurement can be extended to a full, national procurement including options for Auckland. (Note: this would *not* be extending the existing Auckland platform but a new solution procurement.) All external costs for the review are being fully funded by NZTA. This review is due for completion in Q3, followed by procurement that may reflect a national scope and requirements. In any revised approach, GWRC will remain the highest priority for implementation. As at the end of December, there is considerable uncertainty regarding scope of, and approach to, a revised procurement.

KEY METRICS

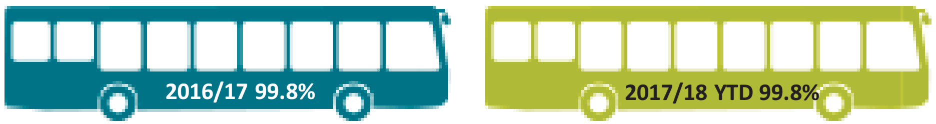
FRESH WATER QUAITY – MAINTAINED OR IMPROVED

Fine sediment cover on riverbed maintained against baselines



PUBLIC TRANSPORT SERVICES ON TIME - RAIL SERVICES

PUBLIC TRANSPORT SERVICES ON TIME - BUS SERVICES



HEALTH & SAFETY

Lost time injury frequency rate - number of incidents per 100k hours worked

MAJOR PROJECTS

ENGAGEMENT SURVEY

REPUTATION INDEX

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

Report	**18.81**
Date	8 March 2018
File	CCAB-8-1473

Committee	**Council**
Author	**David Querido, Manager, Health & Safety**

Health and Safety update

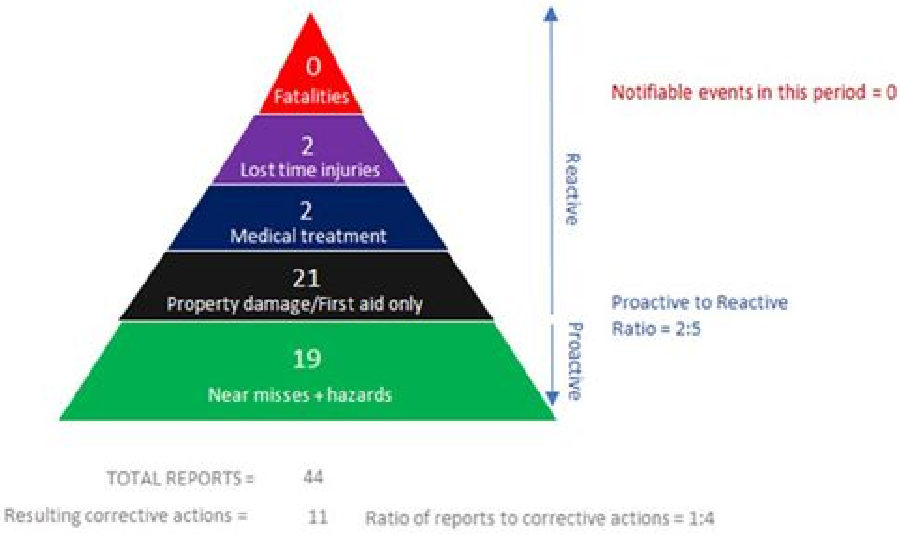
1. Purpose

To inform Council on the health and safety performance of the organisation and activity associated with our critical risk areas.

The report also provides an update on the Health, Safety and Risk Culture Report undertaken by Wilson Consulting Group and the way forward on implementing their recommendations.

2. Understanding our health and safety risks

During the period from December to late-February, a total of 49 health and safety related events were recorded in KESAW (Keeping Employees Safe at Work). 44 of these directly related to activities of our staff and a further five related to reported events involving our response to events triggered by members of the public (e.g. Members of the public camping or using the parks for recreational activities). The following diagram is a breakdown of the 44 events that directly involved staff, by outcome.



3. Extreme and High Risk Events, including Lost Time Injuries

The following is a summary of the significant reported events and the associated activity over the first quarter.

3.1 Staff member fell backwards and fractured a vertebra

A Parks' staff member was manually turning around an empty trailer in East Harbour Regional Park. While moving it the draw bar of the trailer got snagged, resulting in the staff member losing their grip and falling backwards, landing on some exposed rocks. They were taken to receive medical attention where they were diagnosed with a stable fracture of a lumbar vertebra. There was no spinal cord damage and they were taken home to rest and recovery. There is a fuller investigation of this event currently underway.

3.2 Stick in the eye

A Bioworks staff member was moving through thick bush and scrub, servicing bait and trap line, when a stick went into their eye. They flushed their eye in the field and then went to a doctor where they were diagnosed with a scratched cornea. They have since made a full recovery. Bioworks is currently reviewing the options for eye protection for field staff that will work effectively with the constantly changing light levels experienced while working in bush as well as anti-fogging capability.

3.3 Multiple wasp sting events

It is the time of year again where wasp numbers across the region have begun to significantly increase. Correspondingly this has led to a number of events involving wasp stings and wasp nests, including one nest that was determined too large for GWRC to eradicate so commercial pest control was called in.

Wasp related health and safety information and protocols are currently being reviewed and updated.

3.4 Trailer detached from Ute while going over judder bars

A Parks staff member was using a borrowed Biosecurity ute to tow a Parks trailer with a Light Utility Vehicle (LUV) on it out to East Harbour Regional Park. The trailer detached from the ute after travelling slowly over several judder bars. Initial investigation identified that there was a miss match between the tow-ball size on the borrowed Biosecurity ute and the Parks trailer coupling size that is associated with their potential Rural Fire response duties. A further review of this incident is currently still underway to identify ways to better manage this requirement.

4. Health and Safety team up to full strength

With the recent appointment and commencement of David Querido – Manager Health and Safety and Rachael Meikle – Health and Safety Adviser, the Health and Team is back up to full strength. The team is looking forward to getting out amongst the organisation to build relationships and progress various health and safety projects that had being temporarily parked.

5. Health, Safety and Risk Culture Report

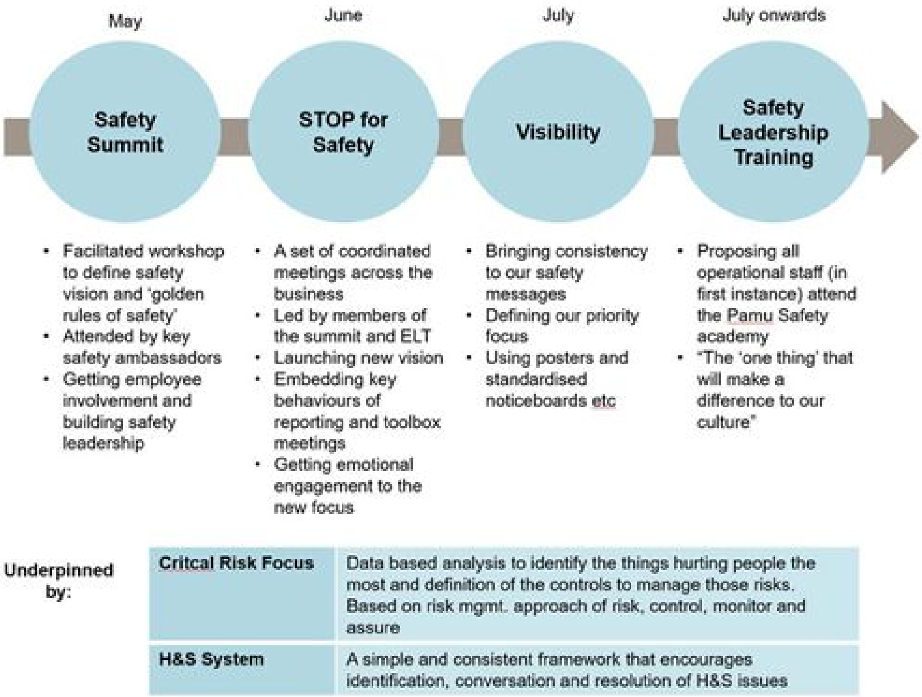
At the end of 2017, we invited Wilson Consulting Group to conduct a review of our Health & Safety Function, and give us their best advice on where to focus our efforts to continually improve our safety culture. In January, they delivered a very thorough set of findings, which have been passed to our newly appointed Health & Safety Manager, David Querido, to use as the starting point for planning our next steps.

The conclusions from Wilson report suggest that Greater Wellington Regional Council has a strong foundation on which to take the next step in safety culture maturity. The authors of the report describe a supportive executive team, a culture of ‘genuine care’ and employees who want to drive health and safety. The report goes on to say that ‘with clear **focus, alignment** and **discipline** to a simultaneously top-down and bottom-up safety, Health & Wellbeing strategy Greater Wellington Regional Council can begin transformation change and achieve high performance.

There are five key areas that are identified as key opportunities:

1. Clearly communicate a cohesive H&S Vision
2. Build H&S Leadership capability across the organisation
3. Embed a focus on ‘Critical Risks’
4. Focus on Health and Wellbeing
5. Develop simple and robust H&S frameworks and systems.

Working with the above recommendations and detailed observations within the report, we have developed a roadmap that we propose will guide our work in Health and Safety.



We are confident that this approach will work well in Greater Wellington Regional Council, particularly given the strong foundation noted above.

Officers will provide the Council with regular updates on the progress of this 'roadmap'. Where there is both opportunity and interest, officers will look to involve Councillors in the activities.

6. Communication

No external communication is proposed as an outcome of the consideration of this report.

7. Consideration of climate change

The matters addressed in this report have been considered by officers in accordance with the process set out in the GWRC Climate Change Consideration Guide.

7.1 Mitigation assessment

Mitigation assessments are concerned with the effect of the matter on the climate (i.e. the greenhouse gas emissions generated or removed from the atmosphere as a consequence of the matter) and the actions taken to reduce, neutralise or enhance that effect.

Officers have considered the effect of the matters on the climate. Officers consider that the matters will have no effect.

Officers note that the matter does not affect the Council's interests in the Emissions Trading Scheme (ETS) and/or the Permanent Forest Sink Initiative (PFSI).

7.2 Adaptation assessment

Adaptation assessments relate to the impacts of climate change (e.g. sea level rise or an increase in extreme weather events), and the actions taken to address or avoid those impacts.

Officers have considered the impacts of climate change in relation to the matters. Officers recommend that climate change has no bearing on the matters.

8. The decision-making process and significance

No decision is being sought in this report.

8.1 Engagement

Engagement on this matter is unnecessary.

9. Recommendations

That the Council:

1. ***Receives** the report.*
2. ***Notes** the content of the report.*
3. ***Endorses** the health and safety approach outlined in this report.*

Report prepared by:	Report approved by:
David Querido Manager, Health & Safety	**Lucy Matheson** General Manager, People & Customer

Exclusion of the public — Report 18.84

That the Council:

Excludes the public from the following part of the proceedings of this meeting namely:

1. *Confirmation of the Public Excluded minutes of 13 December 2017*
2. *Appointment to the Wairarapa Committee*
3. *Chief Executive interim performance review*

The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 (the Act) for the passing of this resolution are as follows:

General subject of each matter to be considered:	***Reason for passing this resolution in relation to each matter***	***Ground under section 48(1) for the passing of this resolution***
1. Confirmation of the Public Excluded minutes of 13 December 2017	*The information contained in these minutes relates to negotiations on redress proposals from the Office of Treaty Settlements (OTS) in relation to Ngāti Kahungunu ki Wairarapa Tamaki Nui-ā-Rua. Having this part of the meeting open to the public would disadvantage the Council if further negotiations were to take place as it would reveal the Council's stance. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override this prejudice.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e. to carry out negotiations without prejudice).*
	The information contained in these minutes also relates to the proposed sale of property owned by GWRC. The report outlines terms of the proposed disposal. Having this part of the meeting open to the public would disadvantage GWRC if the property is placed on the open market for sale via a contestable sale process. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 7(2)(i) of the Act (i.e. to carry out negotiations without prejudice).*

	proceedings of the meeting that would override this prejudice.	
	The information contained in these minutes also relates to an application from a residential ratepayer for the remission of rates. Having this part of the meeting open to the public would prejudice the applicant's privacy by disclosing the fact that they have sought a remission of rates. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*
2. Appointment to the Wairarapa Committee.	*The information contained in this report relates to the proposed appointment of a member to the Wairarapa Committee. Release of this information would prejudice the proposed appointee's privacy by disclosing the fact that they are being considered, and have expressed interest in becoming a member of the Wairarapa Committee. GWRC has not been able to identify a public interest favouring disclosure of this particular information in public proceedings of the meeting that would override the privacy of the individual concerned.*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*
3. Chief Executive Interim Performance Review	*The information contained in this report contains information relating to the Chief Executive's performance for 2017/18. Release of this information would prejudice Greg Campbell's privacy by disclosing details of his performance agreement with the Council. Greater Wellington Regional Council has not been able to identify a public interest favouring the disclosure of this*	*That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under sections 7(2)(a) of the Act (i.e. to protect the privacy of natural persons).*

particular information in public proceedings of the meeting would override his privacy.

This resolution is made in reliance on section 48(1) of the Act and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified above.