greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

If calling, please ask for Democratic Services

Council

Wednesday 20 November 2019, 9.30am

Council Chamber, Greater Wellington Regional Council,
Level 2, 15 Walter Street, Te Aro, Wellington

Members

Cr Ponter (Chair)	Cr Staples (Deputy Chair)
Cr Blakeley	Cr Brash
Cr Connelly	Cr Gaylor
Cr Hughes	Cr Kirk-Burnnand
Cr Laban	Cr Lamason
Cr Lee	Cr Nash
Cr van Lier	

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

Council

Wednesday 20 November 2019 at 9.30am
(Reconvened from 30 October 2019)
Council Chamber, Greater Wellington Regional Council, Level 2, 15 Walter Street, Te Aro, Wellington

Public Business

Council
20 November 2019
Report 19.491

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

For Decision

PROPOSED COMMITTEE AND ADVISORY GROUP STRUCTURE FOR 2019 – 2022 TRIENNIUM

Te take mō te pūrongo
Purpose

1. For Council to adopt its committee and advisory group structure for the 2019-2022 triennium.

He tūtohu
Recommendations

That the Council:

1 **Adopts** the committee structure outlined in Attachment 1:

a. Environment Committee (Committee of the whole)

b. Transport Committee (Committee of the whole)

c. Chief Executive Employment Review Committee

d. Climate Committee

e. Finance, Risk and Assurance Committee

f. Regional Transport Committee

g. Te Upoko Taiao – Natural Resources Plan Committee

h. Wairarapa Committee

i. Wellington Regional Strategy Committee

j. Hutt Valley Flood Management Subcommittee, as a subcommittee of the Environment Committee.

2 **Adopts** the advisory group structure outlined in Attachment 2:

a. Ara Tahi

b. Farming Reference Group

c. Lower Ruamahanga Valley Flood Management Advisory Committee

d. Ruamāhanga Whaitua Committee

e. Waiohine Flood Management Plan Steering Group

f. Wellington Region Climate Change Working Group

g. Whaitua Te Whanganui-a-Tara Committee.

3 **Notes** that terms of reference for these bodies will be prepared for adoption by Council at its meeting on 12 December.

4 **Notes** the Council resolution of 2 October 2019, which recommended the draft Ara Tahi partnership model to the incoming Council for consideration and discussion with Ara Tahi, and further notes that this will be a matter for early conversation with Ara Tahi with the intention of Te Ara Tahi Committee being established early in 2020.

5 **Agrees** that the committee structure will be subject to a mid-term review.

Te tāhū kōrero
Background

Committee structure

2. The Local Government Act 2002 empowers the Council to establish committees, subcommittees and other decision-making bodies that it considers appropriate. The Council may also appoint joint committees with other local authorities. Non-elected members may be appointed to committees, subcommittees and advisory groups.

3. For the 2019-2022 triennium, it is proposed that the Council appoint two 'committees of the whole' to consider matters related to the environment and transport, with a number of additional committees to oversee specific matters, including climate, finance, audit and risk, regional plan development, and Wairarapa matters. The committees of the whole (Environment Committee and Transport Committee) will enable all councillors to participate and to vote on all issues within the jurisdiction of those committees.

4. In addition, the Council is required to establish a Regional Transport Committee and be part of a Civil Defence Emergency Management Group, which is a joint committee.

5. On 2 October 2019 the Council resolved that the Wellington Regional Strategy Committee, Te Upoko Taiao – Natural Resources Plan Committee, Te Awarua-o-Porirua Committee, and Wellington Water Committee would not be disestablished following the 2019 local elections.

6. I recommend the proposed committee and subcommittee structure outlined in **Attachment 1**.

Proposed Te Ara Tahi Committee

7. On 2 October 2019 the Council resolved to recommend to the incoming Council the new draft Ara Tahi partnership model, endorsed by Ara Tahi, for the consideration of the incoming Council and for discussion with Ara Tahi. The new approach would replace the longstanding Ara Tahi advisory model with a Te Ara Tahi Committee comprised of Councillors and persons appointed by Council on the nomination of the mana whenua of the Wellington Region. I wish to provide the early opportunity for

the Council to discuss the proposal with Ara Tahi, with the intention that the Council will establish this new committee in early 2020.

Advisory groups

8. The Council has traditionally established a number of advisory groups to provide advice and recommendations that inform the consideration of matters and decision-making by committees and Council.

9. On 2 October 2019 the Council resolved that Ara Tahi, Ruamāhanga Whaitua Committee, Waiohine Flood Management Plan Steering Group, and Whaitua Te Whanganui-a-Tara Committee would remain in existence until their respective purposes and functions have been completed.

10. I recommend the proposed advisory group structure outlined in **Attachment 2**.

Terms of reference

11. Terms of reference are an important mechanism by which the Council is able to allocate responsibilities to committees and advisory groups. Specific terms of reference will need to be prepared for each committee and advisory group. It is anticipated that officers, in consultation with committee chairs and deputy chairs, will prepare terms of reference for the committees and advisory groups and that the Council will adopt the terms of reference and committee delegations at its meeting on 12 December 2019.

Appointments to committee and advisory groups

12. The appointment of Councillors to committees and advisory groups is the subject of a separate report to this meeting.

Mid-term review

13. It will be appropriate for the Council to undertake a mid-term review of its governance structures to ensure that they remain fit for purpose.

Ngā hua ahumoni
Financial implications

14. There are no financial implications.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

15. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide.* There is no need to conduct climate change assessments.

Mitigation and adaptation assessments

16. There is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

17. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

18. After considering the significance (as defined by Part 6 of the Local Government Act 2002) of the matters, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines,* it is recommended that the matters in this report are of low significance.

Te whakatūtakitaki
Engagement

19. Given the low significance of the matters for decision, no engagement was considered to be required.

Ngā tūāoma e whai ake nei
Next steps

20. The terms of reference for the committees and advisory groups will be prepared for consideration by Council at its meeting on 12 December 2019.

Ngā āpitihanga
Attachments

Number	Title
1	Proposed committee structure
2	Proposed advisory group structure

Ngā kaiwaitohu
Signatory

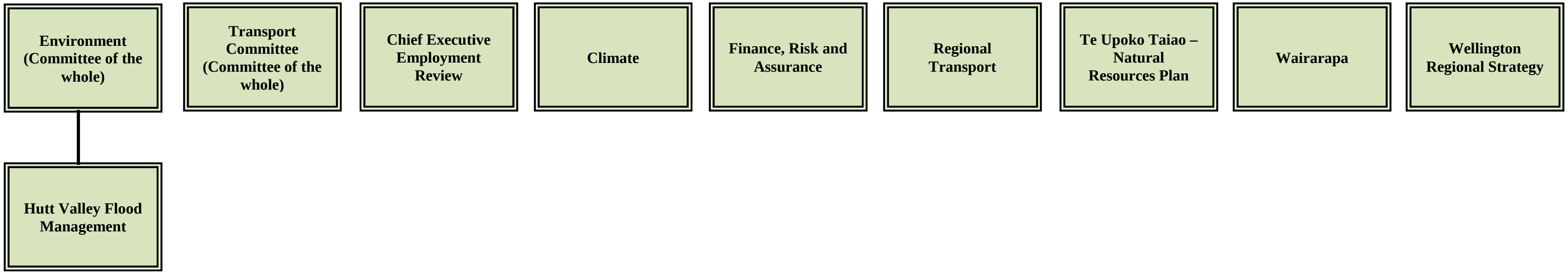
Writer	Councillor Daran Ponter, Council Chair

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or Committee's terms of reference This proposal has been developed consistent with Council's responsibilities under the Local Government Act 2002.
Implications for Māori There are no known impacts for mana whenua. The proposed establishment of Te Ara Tahi Committee is a matter for further discussion with Ara Tahi.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies There are no implications for Council's strategies, policies and plans.
Internal consultation Consultation was undertaken with Councillors.
Risks and impacts: legal / health and safety etc. There are no risks.

Attachment 1 to Report 19.491

PROPOSED COMMITTEE STRUCTURE

Council



Attachment 2 to Report 19.491

PROPOSED ADVISORY GROUPS

Ara Tahi [1]	**Farming Reference Group** [2]	**Lower Ruamahanga Valley Floodplain Management Advisory Committee** [2]	**Ruamāhanga Whaitua Committee** [3]	**Waiohine Flood Management Plan Steering Group** [4]	**Wellington Regional Climate Change Working Group** [5]	**Whaitua Te Whanganui-a-Tara Committee** [3]

1. To be reformed to become a committee of Council (the subject of a future report to Council)
2. Reports to Environment Committee
3. Reports to Environment Committee (non-regulatory matters) and Te Upoko Taiao – Natural Resource Management Committee (regulatory matters)
4. Reports to the Wairarapa Committee
5. Reports to the Climate Committee

Council
20 November 2019
Report 19.495

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

For Decision

COUNCILLOR APPOINTMENTS

Te take mō te pūrongo
Purpose

1. For the Council to appoint Councillors to committees, advisory groups, and external organisations.

He tūtohu
Recommendation

That the Council **appoints** Councillors to committees, advisory groups, and external organisations, as set out in Attachment 1 to this report.

Te tāhū kōrero
Background

2. Subject to the Council resolving the matters for decision in the report on the proposed committee and advisory group structure for the 2019-2022 triennium (Report 19.491), this report provides for the appointment of Councillors to committees and advisory groups, and also for appointments to external organisations.
3. The proposed appointments are set out in **Attachment 1**.

Ngā hua ahumoni
Financial implications

4. There are no financial implications.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

5. The matters requiring decision in this report were considered in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

6. There is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

7. The matters requiring decision in this report have been assessed against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

8. The significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision has been considered, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Due to the procedural nature of these decisions, it is recommended that these matters are of low significance.

Te whakatūtakitaki
Engagement

9. Given the low significance of these matters, no engagement was considered to be required.

Ngā tūāoma e whai ake nei
Next steps

10. The appointments will be communicated to relevant stakeholders.

Ngā āpitihanga
Attachment

Number	Title
1	Proposed Councillor appointments to committees, advisory groups, and external organisations

Ngā kaiwaitohu
Signatory

Writer	Cr Daran Ponter, Council Chair

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or Committee's terms of reference The Council is responsible for making appointments to committees, advisory groups and external organisations.
Implications for Māori The details of the formation of Te Ara Tahi Committee are still to be negotiated with iwi. This includes mana whenua appointments to other Council committees.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies There are no implications for Council's strategies, policies and plans.
Internal consultation Consultation was undertaken with Councillors.
Risks and impacts: legal / health and safety etc. There are no risks.

Attachment 1 to Report 19.495

PROPOSED COUNCILLOR APPOINTMENTS TO COMMITTEES, ADVISORY GROUPS, AND EXTERNAL ORGANISATIONS

Committees

Environment Committee *(Committee of the whole)*
Cr Gaylor (Chair)
Cr Connelly (Deputy Chair)
Cr Blakeley
Cr Brash
Cr Hughes
Cr Kirk-Burnnand
Cr Laban
Cr Lamason
Cr Lee
Cr Nash
Cr Ponter
Cr Staples
Cr van Lier

Transport Committee *(Committee of the whole)*
Cr Blakeley (Chair)
Cr Lee (Deputy Chair)
Cr Brash
Cr Connelly
Cr Gaylor
Cr Hughes
Cr Kirk-Burnnand
Cr Laban
Cr Lamason
Cr Nash
Cr Ponter (Spokesperson)
Cr Staples
Cr van Lier

Chief Executive Employment Committee
Cr Hughes (Chair)
Cr Gaylor (Deputy Chair)
Cr Kirk-Burnnand
Cr Laban
Cr Ponter

Climate Committee
Cr Nash (Chair)
Cr Lee (Deputy Chair)
Cr Brash
Cr Connelly
Cr Gaylor
Cr Kirk-Burnnand
Cr Laban
Cr van Lier

Finance, Risk and Assurance Committee
Cr Kirk-Burnnand (Deputy Chair)
Cr Blakeley
Cr Connelly
Cr Hughes
Cr Lamason

Te Upoko Taiao – Natural Resources Plan Committee
Cr Brash (Co-Chair)
Cr Connelly
Cr Gaylor
Cr Nash
Cr Staples
Cr van Lier

Regional Transport Committee
Cr Staples (Chair)
Cr Ponter (Deputy Chair)

Wellington Regional Strategy Committee
Cr Lee
Cr Blakeley (Alternate)

Wairarapa Committee
Cr Staples (Chair)
Cr Gaylor
Cr van Lier
Cr Lamason (Alternate)

Subcommittee

Hutt Valley Flood Management Subcommittee
Cr Lamason (Chair)
Cr van Lier (Deputy Chair)
Cr Connelly
Cr Laban

Portfolio Leaders

Parks, Forests, Biodiversity and Recreation Portfolio Leader
Cr Lamason
Cr van Lier (Associate)

Sustainable Development Portfolio Leader
Cr Lee
Cr Blakeley (Associate)

Wellington Bus Priority Project Portfolio Leader
Cr Lee

Joint Committees

Civil Defence Emergency Management Group
Cr Ponter

Te Awarua-o-Porirua Committee
Cr Brash

Wellington Water Committee
Cr Brash – To 30 March 2021
Cr van Lier – From 1 April 2021

Cr van Lier – Alternate to 30 March 2021
Cr Brash – Alternate from 1 April 2021

Advisory Groups

Ara Tahi
Cr Ponter
Cr Staples

Farming Reference Group
Cr Gaylor
Cr Staples

Lower Ruamahanga Valley Flood Management Advisory Committee
Cr Gaylor
Cr Staples

Ruamahanga Whaitua Committee
Cr Connelly

Waiohine Flood Management Plan Steering Group
Cr Lamason
Cr Staples

Wellington Region Climate Change Working Group
Cr Nash
Cr Lee (Alternate)

Whaitua Te Whanganui-a-Tara Committee
Cr Blakeley
Cr Connelly

Other bodies

Let's Get Wellington Moving Oversight Group
Cr Ponter
Cr Blakeley

Wellington Regional Stadium Trust
Cr Hughes

Attachment 1 to Report 19.495

Other appointments

Organisation	Appointee
Accessibility Advocate	Cr Lee
Friends of the Otaki River Group	Cr Gaylor
Friends of the Waikanae River Group	Cr Gaylor
Friends of the Waiwhetu Stream Group	Cr Lamason
Kapiti Ecological Restoration Maintenance Trust	Cr Gaylor
Transport Users Reference Group	Cr Lee
University of Otago, Wellington Animal Ethics Committee	Cr Brash
Wairarapa Moana Wetlands Project Governance Group	Cr Staples (Chair) Cr Lee
Wellington Regional TB Free Committee	Cr Staples
Wellington Region Waste Management and Minimisation Plan Joint Committee	Cr Connelly
Whitireia Park Board	Cr Brash Cr Kirk-Burnnand Cr Lamason

Council
20 November 2019
Report 19.493

For Decision

APPOINTMENT OF DIRECTORS TO COUNCIL COMPANIES

Te take mō te pūrongo
Purpose

1. To appoint Councillors as directors of WRC Holdings Limited and to remove certain existing directors from WRC Holdings Limited.

He tūtohu
Recommendations

That the Council:

1 **Resolves** as a special resolution, by way of written resolutions contained in Attachment 1 – Shareholder Resolutions, to appoint and remove certain directors, and to appoint the Chair, of WRC Holdings Limited.

2 **Consents** to WRC Holdings Limited, as the sole shareholder of Port Investments Limited and Greater Wellington Rail Limited, passing its shareholder resolutions to give effect to the director changes, and appointment of the Chairs, in Attachment 1.

3 **Authorises** the Chair of Council to sign the written resolutions as the authorised person.

Te horopaki
Context

2. Council, as the sole shareholder, is required under section 57(1) of the Local Government Act 2002 to have a policy on the appointment and remuneration of directors to council organisations.

3. Council's "Policy on the appointment and remuneration of directors of council organisations" allows for a balance between independent directors and Councillors on the board of WRC Holdings Limited.

4. WRC Holdings Limited's constitution provides for a minimum of four, and a maximum of seven, directors. There must be a minimum of two directors who are not Councillors.

5. WRC Holdings Limited holds the shares in Greater Wellington Rail Limited and Port Investments Limited. Together, these companies form the WRC Holdings group of companies and have the same set of directors and Chair.

Te tātaritanga
Analysis

6. The WRC Holdings group of companies currently has seven directors, of which three are independent (external) directors. These directors are:
   a. Nick Leggett, appointed in October 2017 for a three year term
   b. Helen Mexted and Nancy Ward, both appointed in June 2019 for three year terms.

7. In November 2016, Council appointed Councillors Roger Blakeley, Barbara Donaldson, Prue Lamason and Ian McKinnon as directors of the WRC Holdings group of companies.

8. It is proposed to re-appoint Councillors Prue Lamason and Roger Blakeley, and to appoint Councillors Chris Kirk-Burnnand and Glenda Hughes as directors of the WRC Holdings group of companies. These appointments would be effective from 20 November 2019, for a term until 31 December 2022.

9. It is also proposed to remove former Councillors Barbara Donaldson and Ian McKinnon as directors of the WRC Holdings group of companies, effective from 20 November 2019.

10. The current appointment of Councillors Prue Lamason as Chair of each of the three companies ends on 31 December 2019. It is proposed that this appointment be extended until 31 December 2022.

11. As these appointments and removals are made under the Companies Act 1993, there is a formal process for the appointments by way of special resolutions, as set out in **Attachment 1**.

12. Council needs to authorise a person to sign the resolutions on its behalf, and it is recommended that the Council Chair be the authorised person.

13. Under that Act, the Council, as sole shareholder in WRC Holdings Limited, is required to:

    a. Resolve by special resolution to appoint each of the directors to WRC Holdings Limited.
    b. Consent to WRC Holdings Limited passing special resolutions to appoint the same directors to Port Investments Limited and Greater Wellington Rail Limited.
    c. Resolve, by special resolution, to appointment the Chair to WRC Holdings Limited.
    d. Consent to WRC Holdings Limited passing special resolutions to appoint the Chair of Port Investments Limited and Greater Wellington Rail Limited.
    e. Resolve by special resolution to remove certain directors of WRC Holdings Limited.
    f. Consent to WRC Holdings Limited passing special resolutions to remove certain directors of Port Investments Limited and Greater Wellington Limited.

Ngā hua ahumoni
Financial implications

14. Councillors appointed as directors do not receive payment for their roles on these company boards. As such, there are no financial implications of these decisions.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

15. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

16. The matters addressed in this report are of a procedural nature, and there is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

17. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

18. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Officers recommend that the matters are of low significance.

Te whakatūtakitaki
Engagement

19. Given the low significance of this matter, no engagement was undertaken.

Ngā tūāoma e whai ake nei
Next steps

20. Once signed, officials will send the shareholder resolutions to the board of WRC Holdings Limited.

21. WRC Holdings Limited will meet on 10 December 2019 to confirm the positions on GWRL and PIL. The new directors will be sent induction information prior to that meeting.

Ngā āpitihanga
Attachment

Number	Title
1	Shareholder Resolutions

Ngā kaiwaitohu
Signatories

Writer	Seán Mahoney – Company Portfolio Manager
Approvers	Luke Troy – General Manager, Strategy Samantha Gain – General Manager, Corporate Services

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's roles or Committee's Terms of Reference Council, as the sole shareholder, is legally responsible for making these appointments to council organisations.
Implications for Māori There are no known impacts for mana whenua.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies These appointments are made in line with Council's "Policy on the appointment and remuneration of directors of council organisations".
Internal consultation Strategy and Corporate Services were consulted.
Risks and impacts: legal / health and safety etc. No risks are identified from this decision.

Attachment 1 to Report 19.493

Shareholder resolutions

WELLINGTON REGIONAL COUNCIL
(the Shareholder)

W R C HOLDINGS LIMITED
(the *Company*)

Written resolutions of the sole shareholder and agreement of entitled person of the Company pursuant to clauses 20, 21, 23, and 28 of the Company's Constitution and dated 20 November 2019

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1. Wellington Regional Council, being the sole shareholder and entitled person of the Company, resolves as a special resolution and agrees:

   1.1 That Roger Blakeley be appointed as a director of WRC Holdings Limited with effect from and including 20 November 2019;

   1.2 That Glenda Hughes be appointed as a director of WRC Holdings Limited with effect from and including 20 November 2019;

   1.3 That Chris Kirk-Burnnand be appointed as a director of WRC Holdings Limited with effect from and including 20 November 2019;

   1.4 That Prue Lamason be appointed as a director of WRC Holdings Limited with effect from and including 20 November 2019;

   1.5 That Prue Lamason be appointed as Chairperson of WRC Holdings Limited with effect from and including 20 November 2019 until 31 December 2022;

   1.6 That Barbara Donaldson be removed as a director of WRC Holdings Limited with effect from and including 20 November 2019;

   1.7 That Ian McKinnon be removed as a director of WRC Holdings Limited with effect from and including 20 November 2016.

2 Wellington Regional Council, being the sole shareholder and entitled person of the Company consents to WRC Holdings Limited, as the sole shareholder of Port Investments Limited and Greater Wellington Rail Limited, passing shareholder resolutions:

   2.1 Appointing Roger Blakeley, Glenda Hughes, Chris Kirk-Burnnand and Prue Lamason as directors of Port Investments Limited and removing Barbara Donaldson and Ian McKinnon as directors of Port Investments Limited;

   2.2 Appointing Roger Blakeley, Glenda Hughes, Chris Kirk-Burnnand and Prue Lamason as directors of Greater Wellington Rail Limited and removing

Barbara Donaldson and Ian McKinnon as directors of Greater Wellington Rail Limited;

2.3 Appointing Prue Lamason as Chairperson of Port Investments Limited; and

2.4 Appointing Prue Lamason as Chairperson of Greater Wellington Rail Limited.

Signed by **Wellington Regional Council**, being the sole shareholder and entitled person of the Company, by*:*

____

Authorised Person

Council
20 November 2019
Report 19.489

For Decision

LOCAL GOVERNMENT APPOINTMENTS TO COMMITTEES AND ADVISORY GROUPS

Te take mō te pūrongo
Purpose

1. For Council to appoint territorial authority and New Zealand Transport Agency representatives to the Regional Transport Committee; and territorial authority members to the Wairarapa Committee, Hutt Valley Flood Management Subcommittee, Ruamāhanga Whaitua Committee, Waiohine Flood Management Steering Committee, Wellington Regional Climate Change Working Group, and Whaitua Te-Whanganui-a-Tara Committee.

He tūtohu
Recommendations

That the Council:

1 **Appoints** to the Regional Transport Committee, as territorial authority representatives:

   a. Mayor Greg Lang to represent Carterton District Council, and Deputy Mayor Rachel Vergunst as alternate

   b. Mayor Campbell Barry to represent Hutt City Council, and Deputy Mayor Tui Lewis as alternate

   c. Mayor K. Gurunathan to represent Kāpiti Coast District Council and Deputy Mayor Janet Holborow as alternate

   d. Mayor Lynn Patterson to represent Masterton District Council, and Councillor Brent Gare as alternate

   e. Mayor Anita Baker to represent Porirua City Council, and Councillor Ross Leggett as alternate

   f. Mayor Alex Beijin to represent South Wairarapa District Council, and Deputy Mayor Garrick Emms as alternate

   g. Mayor Wayne Guppy to represent Upper Hutt City Council, and Deputy Mayor Hellen Swales as alternate

   h. Mayor Andy Foster to represent Wellington City Council, and Deputy Mayor Sarah Free as alternate.

2 **Appoints** Emma Speight to the Regional Transport Committee as the New Zealand Transport Agency representative, and Amy Kearse as alternate.

3 **Appoints** to the Wairarapa Committee:

a. Mayor Greg Lang to represent Carterton District Council, and Deputy Mayor Rebecca Vergunst as alternate

b. Mayor Lyn Patterson to represent Masterton District Council, and Councillor David Holmes as alternate

c. Mayor Alex Beijin to represent South Wairarapa District Council, and Deputy Mayor Garrick Emms as alternate.

4 **Appoints** to the Waiohine Flood Management Plan Steering Group:

a. Councillor Brian Deller and Councillor Jill Greathead to represent Carterton District Council

b. Councillor Rebecca Fox and Councillor Leigh Hay to represent South Wairarapa District Council.

5 **Appoints** to the Wellington Region Climate Change Working Group:

a. Councillor Russell Keys to represent Carterton District Council, and Cr Robyn Cherry-Campbell as alternate

b. Councillor Andy Mitchell to represent Hutt City Council, and Councillor Josh Briggs as alternate

c. Mayor K. Gurunathan to represent Kāpiti Coast District Council, and Councillor Sophie Handford as alternate

d. Councillor Chris Peterson to represent Masterton District Council, and Councillor Sandy Ryan as alternate

e. Councillor Josh Trlin to represent Porirua City Council

f. Councillor Brian Jephson to represent South Wairarapa District Council, and Councillor Brenda West as alternate

g. Mayor Wayne Guppy to represent Upper Hutt City Council, and Deputy Mayor Hellen Swales as alternate

h. Councillor Tamatha Paul to represent Wellington City Council, and Councillor Laurie Foon as alternate.

6 **Appoints** to the Whaitua Te-Whanganui-a-Tara Advisory Committee:

a. Deputy Mayor Tui Lewis to represent Hutt City Council

b. Mayor Wayne Guppy to represent Upper Hutt City Council

c. Councillor Tamatha Paul to represent Wellington City Council.

7 **Appoints** to the Ruamāhanga Whaitua Committee:

a. Councillor David Holmes to represent Masterton District Council

b. Carterton District Council – to be advised

8 **Notes** that the Wellington City Council nominees are subject to confirmation by Wellington City Council at its meeting on 20 November 2019.

9 **Notes** that the South Wairarapa District Council nominees are subject to confirmation by South Wairarapa District Council at its meeting on 20 November 2019.

10 **Notes** that appointments to the Hutt Valley Flood Management Subcommittee, Wellington Regional Strategy Committee, and the Lower Ruamahanga Valley Floodplain Management Advisory Committee are the subject of separate reports, to be considered by Council on 12 December 2019.

Te horopaki
Context

2. After each local government triennial election, Greater Wellington Regional Council must establish a Regional Transport Committee, as required by section 105 of the Land Transport Management Act 2003.
3. Greater Wellington Regional Council formed the Wairarapa Committee to consider matters of importance to the Wairarapa and to make recommendations to Council on these matters.
4. Wellington Region Climate Change Working Group was formed to provide a forum for councils and mana whenua from the Wellington Region to network, discuss issues, share information and achieve a consistent approach on climate change mitigation and adaptation.
5. Whaitua Te-Whanganui-a-Tara exists to facilitate community and stakeholder engagement in the development of a Whaitua Implementation Programme that will outline regulatory and non-regulatory proposals for integrated land and water management in the Whaitua.
6. The Wairarapa Committee formed the Waiohine Flood Management Plan Steering Group to oversee the completion of the Waiohine FMP and to make recommendations to the Wairarapa Committee on the FMP.
7. Ruamāhanga Whaitua Committee exists to advise Te Upoko Taiao – Natural Resources Plan Committee of the Whaitua Implementation Programme in the Ruamāhanga Whaitua.
8. Wellington City Council and South Wairarapa District Council both have Council meetings on 20 November 2019, during which they are expected to confirm their nominees.

Te tātaritanga
Analysis

9. The Land Transport Management Act 2003 sets out the membership requirements of the Regional Transport Committee:
    a. Two regional council members, one of whom must be Chair of the committee

b. One person from each territorial authority in the region to represent that territorial authority

c. One person to represent the New Zealand Transport Agency

d. Each territorial authority nominee and the New Zealand Transport Agency nominee may be represented with full voting rights by an alternate in their absence.

10. The Wairarapa Committee, Hutt Valley Flood Management Subcommittee, and Wellington Region Climate Change Working Group are subject to establishment by Council and ratification of their respective terms of reference.

11. Waiohine Flood Plain Management Steering Group and the Whaitua Te-Whanganui-a-Tara Committee remain in existence until their respective purposes and functions have been completed, subject to Council's ratification of their respective terms of references.

12. The full list of appointments is set out in **Attachment 1** – Territorial authority and New Zealand Transport Agency memberships to committee and advisory bodies.

13. Council appointments are subject to a separate report – Committee Appointments (Report 19.495).

Ngā hua ahumoni
Financial implications

14. There are no financial implications as the costs of remuneration for the members will be met by the respective territorial authorities and the New Zealand Transport Agency.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

15. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

16. The matters addressed in this report are of a procedural nature, and there is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

17. The matters requiring decision in this report were considered by officers against the decision-making requirements of Clause 31 of Schedule 7 to the Local Government Act 2002.

18. The requirements for making appointments to the Regional Transport Committee is stated in paragraph 9.

Te hiranga
Significance

19. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Officers recommend that these matters are of low significance given their procedural nature.

Te whakatūtakitaki
Engagement

20. Correspondence was entered into with the territorial authorities in the Wellington region and with the New Zealand Transport Agency in order to appoint their preferred nominees. Further engagement will be undertaken with the territorial authorities and the New Zealand Transport Agency to agree on preferred meeting dates and times for committee and advisory group meetings.

Ngā tūāoma e whai ake nei
Next steps

21. Terms of reference for each of the committees and advisory bodies mentioned in this report will be presented for approval at the Council meeting on 12 December 2019.
22. A communication will be sent to the New Zealand Transport Agency and the territorial authorities to confirm their appointments to the various committees and advisory bodies.
23. Once the schedule of meetings for the 2020 calendar year is confirmed, a schedule of meeting dates will be circulated to the territorial authorities and the New Zealand Transport Agency.

Ngā āpitihanga
Attachment

Number	Title
1	Territorial authority and New Zealand Transport Agency memberships to committee and advisory bodies

Ngā kaiwaitohu
Signatories

Writer	Lucas Stevenson – Kaitohutohu/Advisor Democratic Services
Approver/s	Francis Ryan – Kaiwhakahaere Matua/Manager, Democratic Services Luke Troy – Kaiwhakahaere Matua Rautaki/General Manager Strategy

He whakarāpopoto i ngā huritaonga Summary of considerations
Fit with Council's roles or Committee's Terms of Reference Council's core roles include establishing supporting committees and advisory groups, and making appointments required by various statutes.
Implications for Māori There are no known impacts for mana whenua. Appointments to committee and advisory bodies with a mana whenua interest will be subject to a later report.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies There are no implications.
Internal consultation There was no internal consultation as the appointments are all nominations from external agencies.
***Risks and impacts: legal / health and safety etc*.** There are no risks.

Attachment 1 to Report 19.489

Territorial authority and New Zealand Transport Agency memberships to committee and advisory bodies

Committee/advisory body	Nominee	Alternate	Representing
Regional Transport Committee	Mayor Greg Lang Mayor Campbell Barry Mayor K. Gurunathan Mayor Lyn Patterson Mayor Anita Baker Mayor Alex Beijin Mayor Wayne Guppy Mayor Andy Foster Emma Speight	Deputy Mayor Rebecca Vergunst Deputy Mayor Tui Lewis Deputy Mayor Janet Holborow Councillor Brent Gate Councillor Ross Leggett Deputy Mayor Garrick Emms Deputy Mayor Hellen Swales Deputy Mayor Sarah Free Amy Kearse	Carterton District Council Hutt City Council Kāpiti Coast District Council Masterton District Council Porirua City Council South Wairarapa District Council Upper Hutt City Council Wellington City Council New Zealand Transport Agency
Wairarapa Committee	Mayor Greg Lang Mayor Lyn Patterson Mayor Alex Beijin	Deputy Mayor Rebecca Vergunst Councillor David Holmes Deputy Mayor Garrick Emms	Carterton District Council Masterton District Council South Wairarapa District Council
Waiohine Flood Management Plan Steering Group	Councillor Brian Deller Councillor Jill Greathead Councillor Rebecca Fox Councillor Leigh Hay	No alternates	Carterton District Council South Wairarapa District Council
Wellington Region Climate Change Working Group	Councillor Russell Keys Councillor Andy Mitchell Mayor K. Gurunathan Councillor Chris Peterson Councillor Josh Trlin Councillor Brian Jephson Mayor Wayne Guppy Councillor Tamatha Paul	Councillor Robyn Cherry-Campbell Councillor Josh Briggs Councillor Sophie Handford Councillor Sandy Ryan No alternate Councillor Brenda West Deputy Mayor Hellen Swales Councillor Laurie Foon	Carterton District Council Hutt City Council Kāpiti Coast District Council Masterton District Council Porirua City Council South Wairarapa District Council Upper Hutt City Council Wellington City Council

Attachment 1 to Report 19.489

Territorial authority and New Zealand Transport Agency memberships to committee and advisory bodies

Committee/advisory body	**Nominee**	**Alternate**	**Representing**
Whaitua Te-Whanganui-a-Tara Advisory Committee	Deputy Mayor Tui Lewis Mayor Wayne Guppy Councillor Tamatha Paul	No alternates	Hutt City Council Upper Hutt City Council Wellington City Council
Ruamāhanga Whaitua Committee	TBA Councillor David Holmes	No alternates	Carterton District Council Masterton District Council

Council
20 November 2019
Report 19.488

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

For Decision

REVISED ELECTED MEMBER REMUNERATION 2019/20

Te take mō te pūrongo
Purpose

1. For Council to resolve its proposal for the allocation of the 2019/20 Governance Remuneration Pool to positions of additional responsibility in the Council's governance structure for the 2019-2022 triennium.

He tūtohu
Recommendation

That the Council **resolves** that the Governance Remuneration Pool available for positions of additional responsibility shall be allocated as follows:

Position	Number of position-holders	Annual remuneration	Multiple of base Councillor remuneration
Deputy Chair, with Committee Chair responsibility	1	$91,799	1.4
Committee Chair (Environment; Transport and Infrastructure; Climate; Chief Executive Employment Review; and Te Upoko Taiao – Natural Resources Plan)	5	$81,570	1.25
Chair, Hutt Valley Flood Management Subcommittee, and Portfolio Leader, Parks, Forests, Biodiversity and Recreation	1	$81,570	1.25
Portfolio Leader, Sustainable Development	1	$78,515	1.2
Councillor	4	$65,430	1.0

Te tāhū kōrero
Background

2. The Remuneration Authority sets remuneration for elected positions in individual local authorities; sets the remuneration for the Council Chair and a minimum base rate for councillors; and then allows for councils to set councillor remuneration based on additional responsibilities.

3. In 2018 the Remuneration Authority conducted a review on the way remuneration is set. It settled on a "pool" approach, with the pool called the "governance remuneration pool". The Remuneration Authority decided that the new approach will be implemented following the 2019 local government election. This will therefore be the first time that Council is remunerating using this approach.

Te tātaritanga
Analysis

4. The Remuneration Authority sets out the process for setting council remuneration in its guide *Remuneration Setting for Local Authorities* (**Attachment 1**).

5. The 2019/20 Governance Remuneration Pool (the pool) is $921,454. This pool provides the total amount that can be paid in remuneration to councillors, excluding the Council Chair. The pool does not have any relation to the number of councillors. Council will need to decide how to allocate its pool according to its priorities and circumstances. The whole pool must be used.

6. Council will need to decide on a "base remuneration" for councillors who have no additional responsibilities. This could be higher than the minimum set by the Remuneration Authority (currently $61,517).

7. Council is required to agree to roles with additional responsibility which attract remuneration above the base rate set by Council.

8. Taking the remuneration framework into account I propose that the Governance Remuneration Pool is allocated as follows:

Position	Number of position-holders	Annual remuneration	Multiple of base Councillor remuneration
Deputy Chair, with Committee Chair responsibility	1	$91,799	1.4
Committee Chair (Environment; Transport and Infrastructure; Climate; Chief Executive Employment Review; and Te Upoko Taiao – Natural Resources Plan)	5	$81,570	1.25
Chair, Hutt Valley Flood	1	$81,570	1.25

Position	Number of position-holders	Annual remuneration	Multiple of base Councillor remuneration
Management Subcommittee, and Portfolio Leader, Parks, Forests, Biodiversity and Recreation			
Portfolio Leader, Sustainable Development	1	$78,515	1.2
Councillor	4	$65,430	1.0

Ngā hua ahumoni
Financial implications

9. The total cost of councillor remuneration is mandated by the Remuneration Authority. This cost is budgeted for in Greater Wellington's operating budget.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

10. The matters requiring decision in this report were considered in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

11. There is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

12. The process for deciding these matters is explicitly prescribed by Schedule 7 to the Local Government Act 2002 and sections 18 and 18A of the Remuneration Authority Act 1977.

Te hiranga
Significance

13. The significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision has been considered, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Due to the procedural nature of these decisions, it is recommended that these matters are of low significance.

Te whakatūtakitaki
Engagement

14. Given the low significance of these matters, no engagement was considered to be required.

Ngā tūāoma e whai ake nei
Next steps

15. Council's decision will be communicated to the Remuneration Authority for inclusion in its amending determination for 2019/20.

Ngā āpitihanga
Attachment

Number	Title
1	*Remuneration Setting for Local Authorities*

Ngā kaiwaitohu
Signatory

Writer	Cr Daran Ponter, Council Chair

He whakarāpopoto i ngā huritaonga Summary of considerations
Fit with Council's roles or Committee's terms of reference The remuneration proposal was developed in accordance with Council's obligations under the remuneration procedures set by the Remuneration Authority.
Implications for Māori There are no known impacts for mana whenua.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies There are no implications for Council's strategies, policies and plans.
Internal consultation Consultation was undertaken with Councillors.
Risks and impacts: legal / health and safety etc. There are no risks.

Attachment 1 to Report 19.488

RemunerationAuthority

Remuneration Setting for Local Authorities

Published October 2019

Contents

1. Local Government Elected Members

The Authority sets remuneration for elected positions in individual local authorities. It also sets the rules for reimbursement of costs met by members in undertaking their duties.

The Authority does not set remuneration for chief executives of local or regional councils. That is the responsibility of the local/regional authorities.

Current remuneration for local authority elected members
Information on current remuneration and allowances for local authority elected members is in:

Local Government Members (2019/20) Determination 2019

2. The legal framework for setting local authority elected members remuneration

The main acts relating to remuneration and allowances for elected local authority members are the Local Government Act and the Remuneration Authority Act.

- The Local Government Act 2002 (clause 6 of Schedule 7), provides for the Remuneration Authority to:
  - set the remuneration, allowances and expenses of mayors, regional chairs and other elected members on local authorities including local and community boards;
  - set scales of salaries, allowances, ranges of remuneration, different forms of remuneration; prescribe rules for the application of those scales, ranges or different forms of remuneration; differentiate between individuals occupying equivalent positions in different, or in the same, local authorities or community boards; set pay arrangements that apply to individuals or groups occupying equivalent positions;
  - make determinations that apply to individuals, or groups, occupying equivalent positions;
  - approve rules proposed by a local authority for reimbursing expenses incurred by members, subject to any conditions that the Authority thinks fit.

  Under clause 7 of Schedule 7 of the Local Government Act 2002 when determining elected members' remuneration the Authority must have regard to the need to:

  - minimise the potential for certain types of remuneration to distort the behaviour of elected members;
  - achieve and maintain fair relativity with the levels of remuneration received elsewhere;
  - be fair both to the persons whose remuneration is being determined and to ratepayers;

  - attract and retain competent persons.

- The Remuneration Authority Act 1977 (sections 18 & 18A) sets out additional criteria to which the Authority must have regard in determining the pay for local authority elected members and the other groups and individuals for which it sets pay. These are:
  - the requirements of the job;
  - the conditions of service enjoyed by the persons whose remuneration is being determined and those enjoyed by the persons or members of the group of persons whose remuneration and conditions of employment are, in the opinion of the Authority, comparable with those of the persons or members of the group of persons whose remuneration is being determined;
  - any prevailing adverse economic conditions (which may lead the Authority to set remuneration at a rate lower than might otherwise have been the case).

3. Establishing Remuneration for Local Government Elected Members

This section relates to remuneration of elected councillors, mayors and regional council chairs. It does not relate to community board members or members of Auckland local boards.

In 2018 the Authority completed a comprehensive review of its approach to determining the remuneration and allowances for local government elected members. The substance of these changes is outlined below and in other attached links. However, for a deeper understanding of the issues that drove the changes, here is the link to an information paper issued by the Authority in June 2018 describing in detail the proposals and the rationale for them: Determining the Remuneration of Local Government Elected Members – Information Paper (PDF, 1MB)

It should be noted that, in addition to the set remuneration, there is also provision for elected members to be paid for their involvement in hearings and related meetings for resource consents and district/regional plans under the Resource Management Act. Here is the link to the section outlining these payments: Plan, RMA and HASHA hearings

Elected members are also entitled to a range of allowances that reimburse them for expenditure required in undertaking their duties. All allowances are paid at the discretion of the council. Here is the link to the section describing the allowances: Elected Members Allowances

The 2018 review resulted in the creation of three new size indices – one each for territorial authorities, regional authorities and unitary authorities – and the consequent construction of a new local government pay scale.

Sizing Local Authorities

For the Remuneration Authority, the term "size index" means the assessed size of the total governance accountabilities of any council – it has no relationship to the number of councillors on that council.

The previous size index (a single index) that was used to size all types of council was based on the population served by each council and the expenditure of each council. Three new size indices have been implemented as a result of the review and they use the following factors:

Territorial Authorities

- Population (source: Stats NZ estimated resident population)
- Total operating expenditure (source: Stats NZ local authority financial statistics)
- Total assets (source: Stats NZ local authority financial statistics)
- Socioeconomic deprivation index (source: University of Otago Socioeconomic Deprivation Indices.)

Regional Authorities

- Population
- Total operating expenditure
- Total assets
- Geographic size (source: Stats NZ geographic Areas)
- Public passenger transport boardings (source: Ministry of Transport's public transport passenger boardings).

Unitary Authorities

- Population
- Total operating expenditure
- Total assets
- Socioeconomic deprivation index
- Geographic size
- Public transport boardings.

All factors used are retrospective but measured at "a point in time" as near as possible to the time of our decision. That means that, except for the deprivation index, no data sets should be more than three years old.

With the exception of the Auckland Council and the Chatham Islands Council (which because of their respective sizes are considered as outliers), all councils were placed on the new size index at 30 June 2018.

It should be noted that the new size indices were developed specifically for use by the Authority in assessing remuneration and are not intended to meet the needs of any other users.

Local Government Pay Scale

After constructing new size indices, the Authority then also considered a local government pay scale that (as required by our legislation) would have regard in particular to the need to achieve and maintain fair relativity with remuneration received elsewhere. After exploring various occupational groups that might have some relativity with local government elected members, we concluded that the only similar occupation was that of a member of Parliament. We will therefore in future be using the parliamentary salary scale as a comparator, but based on the position of each council on the size index and the pro rata time required for an average local government member to undertake the role on a council of any particular size. No local government elected member, regardless of the size of their role, will be able to be paid more than a Cabinet Minister.

As part of its recent research into the roles of councillors, it became evident that in the large “metro” councils (Christchurch, Wellington, Hamilton, Tauranga and Dunedin) a councillor is likely to work up to full time – i.e. one full time equivalent (FTE). There is a second group of councils where councillor workloads sit between full time and half time, with the workload of members of the remainder of councils generally varying around or below 50% of an FTE. It must be stressed, however, that data collected showed that both between and within councils the average work time differs, even allowing for different roles such as deputy mayor or committee chair. However, the overall pattern was sufficient for the Authority to use it as a basis for decisions.

The pay scale therefore takes into account three factors - the size of the governance role of each council, the average time required by a councillor on a council of a particular size and a general comparison with parliamentary salaries. Local government elected members’ remuneration will in future reflect this pay scale. As a consequence of this changed approach, relativities between councils have been changed, resulting in differential increases in remuneration which began in the 2018/19 Determination and will continue through till 2010/21 at least.

Christchurch (the largest council excluding Auckland) is used to anchor the top of the pay scale. The bottom of the councillor pay scale is anchored by a proportion of the annual average wage. However, we have concluded that there is a “basic job” for any councillor, no matter how small the council size. Except for the Chatham Islands, the lowest councillor remuneration is currently now pegged to a half time equivalent of about two thirds of the average wage. In the case of the smallest councils this breaches our “governance remuneration pool” approach (see below) and means that the resultant governance pool needs to reflect the current number of councillors, rather than the ranking of the council on the size index. Of the 13 councils that are currently impacted, one has 14 councillors, but the average number of members of the remaining 12 councils is between eight and nine.

Introduction of a pool approach

As a further reinforcement of the importance of the size of the total governance accountabilities of the whole council, the Authority looked at the issue of the different numbers of elected members on different councils. Excluding Auckland and the Chatham Islands the population per councillor ranges from approximately 23,800 to 530 individuals. The idiosyncratic differences we see now are a legacy of historical circumstance such as amalgamations and boundary changes, population sparsity or density - and even the presence or absence of activist community groups at particular times.

The more councillors, the higher the governance cost to ratepayers. Councils with larger ratepayer bases can more easily absorb higher governance costs than can smaller ones. In the 21st century, ubiquitous mobile technology, better transport linkages and the mass media have had a homogenising effect. On the other hand, even in cities, local populations pride themselves on the difference between their area and often quite close neighbouring suburbs. Frequently this is accompanied by expectations of having "their" councillor represent them. This diversity enriches our culture and social fabric. However, if the collective governance role for any council is to be reflected in remuneration and if it is to be fair to ratepayers (as is legally required of the Authority), then such widely varying numbers of councillors beg the question of whether any group of New Zealanders living in a particular area should pay a significantly higher governance cost per head than those living elsewhere.

To resolve this issue the Authority has decided to create a "pool" for each council as a collective, reflecting the size of the actual total governance roles of councils rather than the number of councillors. This "pool" approach is being implemented following the 2019 Local Government election.

Further, the Authority has decided that the councils themselves should each make recommendations on the allocation of their own pool amongst the various positions that councillors undertake on their council. During our review it became clear that regardless of identical legal responsibilities, local circumstances of councils were all very different and that the ability of the Authority to make numerous decisions reflecting these circumstances was limited. Thus the Authority has decided that, beginning from the 2019 election, each council will make recommendations about the allocation of its pool, with the only restriction being that the Authority has decided the minimum base salary for a councillor in each case. Once the council has made its decisions it will forward these recommendations to the Authority for a decision on inclusion in the amending determination.

For details of the process of allocating the pool, here is a link to the section that describes the process: Implementing the Governance Pool and to the section that outlines the timetable for decisions: Timetable for Local Government Remuneration Setting. Over the three-year cycle the Remuneration Authority will send detailed instructions to mayors, regional chairs and CEOs to keep them informed at all stages of the process. This will include worksheets to facilitate the council in its decision making a well as the relevant forms to fill in.

The impact of differing numbers of councillors on relative total governance pools will remain an issue for active consideration by the Authority in future years when setting local government remuneration.

Auckland and Chatham Islands Councillors

Because of their respective sizes, neither Auckland Council nor the Chatham Islands Council fit within our size index, so each year the Authority will make an informed judgement on the size of the pools for these two councils.

4. Implementing the Governance Remuneration Pool

Approach

Following the 2019 local elections, councils will be implementing their new "governance remuneration pools" allocated to them by the Remuneration Authority.

Each council's governance pool is aligned with their ranking of the council on the relevant size index and within the framework of the new local government pay scale. The governance pool will provide the total amount that can be paid in remuneration to councillors in each individual council (aside from the mayor or regional council chair). The governance pool will not have any relationship to the number of councillors. Thus, if a council wishes to change the number of councillors and the Local Government Commission agrees, the size of the governance pool will not change, it will just have to be shared amongst more or fewer people.

Each council will need to decide how it wants to allocate its pool according to its own priorities and circumstances. Roles to which additional differential remuneration can be attached may include not just "internal" council roles such as deputy mayor, committee chair or portfolio holder, but also other jobs representing the council on outside groups.

There will be four requirements for each council:

- **The whole pool must be used**. We understand that in any community there will be pressure to "keep rates down" by paying councillors less and we feel it is important that councils are protected from such pressure.
- **The council will need to decide a "base remuneration" for councillors who have no additional responsibilities.** This could be higher than the minimum allowable remuneration set by the Authority.
- **For any roles which attract additional remuneration above the base rate, the council will be required to have a formal vote** which must include the following: a title and short description of each role (i.e. what are the requirements for the councillor who undertakes it), the proposed annual dollar value of remuneration attached to the role and, course, the name of the councillor elected to fill that role.
- Following its formal decision-making, the council will need to **forward their proposal for additional remuneration to the Authority** for consideration and inclusion in the determination. Prior to the election the Authority will send to all CEOs an electronic worksheet, forms and instructions to facilitate this process.

RMA, HASHA and District/Regional Plan Hearings

Councillors undertaking RMA resource consent hearings and district and regional plan hearings (including Regional Policy Statement) are entitled to additional fees for that work.

Those fees are not drawn from the council's governance remuneration pool (see Plan, RMA and HASHA Hearings (see Plan, RMA and HASHA hearings).

The governance remuneration pool does not apply to the annual remuneration of mayors, regional council chairpersons, Auckland local board members, or community board members. Their remuneration will continue to be set separately by the Authority.

The allowances that cover all elected members are not part of the council's governance remuneration pool. The recompensing of allowances and hearing fees to elected members comes out of the fund set aside by the council for such payments. Here is the link to the elected members allowances: Elected Members Allowances

Proposals for Changes During a Council Term

Although most councils are unlikely to change their positions of responsibility during a triennium, the Remuneration Authority will consider proposals made to it by councils requesting new arrangements and will either issue an amending determination or consult further with these councils. All proposals must be submitted to the Authority regardless of the additional level of remuneration proposed. The Authority expects councils to consider their full work programme for the triennium when making proposals.

A council cannot exceed its allocated governance remuneration pool and the pool is required to be fully distributed. The pool covers a base councillors' remuneration, positions of additional responsibility and additional remuneration paid to community board members who have been delegated significant levels of responsibility (see section on Remuneration for Community Board Members).

Establishing a New Position of Responsibility

If a council proposes to establish a new position, it will need to review its allocation of its governance remuneration pool. Because the pool will already be fully allocated, the new position, if it is not replacing an existing position, will require a reallocation of the remuneration paid to other positions that were previously approved by the Authority.

Disestablishing a Position of Responsibility

If a council proposes to disestablish a position of responsibility, the council will need to review its allocation of its governance remuneration pool. As the pool is required to be fully allocated, the released amount available from the disestablished position will need to be reallocated amongst the other existing positions covered by the pool.

Seeking Remuneration Authority Approval

In both cases (establishing and disestablishing a position) the councils will need to seek the Authority's approval to make the changes. Councils' proposals must include the following information:

- Name of council
- Number of elected members
- Governance remuneration pool

- Councillor minimum remuneration
- (Proposed) base councillor remuneration
- Name/title of each (proposed) position of responsibility including:
  - Brief description of additional responsibilities above those of a base councillor
  - Number of members per position
  - (Proposed) annual remuneration for the position
  - Confirmation that the pool is fully allocated
  - Date positions and remuneration were confirmed by council

Criteria

The Authority has traditionally accepted proposals in respect of additional remuneration that are unanimously supported by council.

Where it receives split recommendations, strong supporting documentation concerning the reasoning behind any change in the recognition of positions should be provided.

The Authority will consider proposals for changes as they are received. The process of developing and producing a determination generally takes about three months to complete. In all cases where there is a change, councils need to wait till an amended determination is gazetted by the Authority before they can make the changes to their elected members remuneration. However, all payments are effective on and from the day after the date on which the Council confirmed the position, so will be backdated in the determination.

A council cannot generally make a request for an increase in the size of its governance remuneration pool if it appears that it is not sufficient to meet their needs. Under extraordinary circumstances (for example following a major natural disaster) the Authority might agree to an increase.

Representation Reviews

Changes in councillor numbers following a representation review will not affect the council's governance remuneration pool. However, it will have an impact on councillors' minimum allowable remuneration and consequently it will impact the remuneration rate set for a base councillor and for positions of responsibility.

The reduction in councillor numbers will see an increase in the funds available from within the governance pool to allocate to the base councillor position and positions of responsibility. Conversely more councillors would mean that the available governance pool would need to be spread among more people.

5. Remuneration for Mayors and Regional Council Chairs

The Authority considers that, with the exception of the Mayor of the Chatham Islands, all mayors and regional council chair positions should be remunerated as full time.

Remuneration for mayors and regional chairs is not included in the council governance remuneration pool, but it is set directly by the Authority. Remuneration for a mayor or regional chair will be based on the placement of their council on one of the three size indices, plus the relationship that the Authority has established between local government and parliamentary remuneration. Here is a link to the paper outlining the approach to sizing local authorities and to the local government pay scale: Information Paper

Mayors/chairs (with the exception of the Mayor of the Chatham Islands) are not able to claim travel time allowance and no additional remuneration can be provided to them, with the exception of fees for resource consent hearings in exceptional circumstances. Here is the link with information on these payments: Plan, RMA and HASHA hearings

The Authority takes a "total remuneration" approach to mayor and regional chair remuneration. This means that mayors/chairs who choose to have a council-provided car will have their remuneration adjusted by their council, using the formula provided by the Authority. The formula will be included in each annual determination. A limit has been set on the value of council-supplied vehicles, again with the maximum purchase price provided in each determination. The purchase price of current vehicles that were bought before 1 July 2018, will be "grand-parented" until they are disposed of by the Council or no longer used by the mayor/chair.

The Authority expects that if a mayor or regional council chair is provided with a motor vehicle, the local authority will publish in its annual financial statements the vehicle details, including its annual value as a component of the mayor's or regional chairperson's total remuneration.

6. Remuneration for Community Board Members

Basis of Community Board Member Remuneration

A council's rank on the size index, used for the remuneration of mayors/regional chairs and councillors, is not used to size community board remuneration, which is related solely to population size.

The Authority conducted a review of community boards early in 2019. Here is the link to the results of the review: Community Board Paper. The review showed that community boards have a massive span in terms of their resident per capita representation - from 72 residents to 13,000 residents per board member. This range in representation represents the biggest difference amongst all boards. However there is also a myriad of differences in what the boards actually do, with many of them administering, for example, modest grant funds or being responsible for a budget for town centre amenity improvements. Despite these variations, the Authority concluded that the primary function of the overwhelming majority of community boards is representation and advocacy.

This being so, we have taken the view that having community board remuneration linked to population is fairer to board members. It is reasonable to expect that the time, effort and expertise required to represent a large number of people would be greater than that for a board representing a smaller number of people.

This does not mean that community board remuneration is an exact fixed multiple of its population; rather it means that there is relativity between a community board's population and the remuneration of its elected members.

Additional Delegations to Community Boards

A small number of community boards have reasonably substantial delegations from their councils. The Authority is currently considering these boards' functions and work load in relation to their councils and will be in a position to make an amending determination early in the calendar year 2020. That decision will apply to all the community board functions that were formally delegated prior to the October 2019 election.

If any council wants to delegate further functions from the time it takes office following the October election and want the community board remuneration to increase accordingly, the value of that increase will need to come out of the council governance remuneration pool, recognising that additional work by community board members relieves councillors of this work.

Additional levels of responsibility can be recognised only for the board as a whole, and not for individual members. Each proposal will be considered on a case by case basis. Evidence will be required to show how any community board is operating significantly above and beyond the role of community boards as outlined in section 52 of the Local Government Act 2002. The maximum amount that can be added to the community board member remuneration is 30%.

Councillor Members of Community Boards

Where a councillor is formally appointed as a member or chair of a community board, she or he is not automatically entitled to remuneration as a councillor as well as remuneration as a community board member. Following the 2019 election, any such additional remuneration will come from the council's governance pool.

Chairs and Deputy Chairs of Community Boards

The remuneration of an elected chair of a community board will be twice the remuneration of a community board member, including additional remuneration for that board's members, if any (see below).

The deputy chair of a community board is remunerated as a board member, reflecting the Authority's view that the role of deputy chair is not sufficiently different from that of a board member to warrant additional remuneration.

7. Remuneration for Auckland Local Board Members

Approach

During the first quarter of 2019 the Remuneration Authority completed a review of its approach to setting the remuneration of Auckland local boards elected members.

As part of the review of Auckland local boards they were "re-sized" according to similar criteria that were used for territorial authorities (TAs) but with different weightings and sources. The Authority was not able to use an identical size scale to that of TAs because they have different responsibilities from those of Auckland local boards which all have unique characteristics. However, there are also some in common. We understand that some of the factors we use are also used by Auckland Council in allocating operational budget to their local boards. Please note that size relates to the role and responsibilities of the entire board, not to the number of elected members or to the population size the board serves, although population is one of the important factors we considered as follows

- Population (source: Stats NZ estimated resident population)
- Gross operating expenditure (source: Auckland Council assets attributed to local boards)
- Total assets (source: Auckland Council annual plan local board agreements)
- Socioeconomic deprivation index (source: University of Otago Socioeconomic Deprivation Indices)

All factors used are retrospective but measured at “a point in time” as near as possible to the time of our determination. That means that, except for the deprivation index, no data sets should be more than three years old.

After constructing the new size index, the Authority then considered an appropriate pay scale, covering the local boards, that (as required by our legislation) would have regard in particular to the need to achieve and maintain fair relativity with remuneration received elsewhere particularly between the members of Auckland Council’s Governing Body and the local boards, and between the individual local boards.

Having re-sized, we also had to make a decision as to whether or not we would allocate a pool for each board to make proposals to the Authority to distribute or whether we would continue to solely decide remuneration. We have opted to continue the latter approach for the time being as Auckland local boards have no formal positions of responsibility aside from their chairs and deputy chairs. For that reason, the Authority will continue to set remuneration for Auckland local board chairs, deputy chairs, and members.

Auckland Local Board Chairs and Deputy Chair

The annual remuneration rate of an elected chair of an Auckland local board is set at twice the remuneration of an elected member on the same board.

A deputy chair of an Auckland local community board’s remuneration is set at 60% of the rate set for their respective chair.

The Authority believes that those rates are a fair recognition of the extra workload attached to the chair and deputy chair’s positions.

8. Local Government Elected Members Allowances

Elected members of a local authority may be entitled to receive the following allowances, but it should be noted that all allowances are entirely at the discretion of their individual council within the limits set by the Remuneration Authority.

- Vehicle Mileage Allowance – to reimburse costs incurred on eligible travel associated with local authority business.

- Travel Time Allowance – to reimburse costs incurred for eligible time spent travelling within New Zealand associated on local authority business.

- Communications Allowance – to reimburse costs incurred for the provision of information and communications technology required by the elected member to perform their local authority functions.

- Childcare Allowance – to contribute towards the expenses incurred by an eligible member for the provision of childcare while the member is engaged on local authority business.

These allowances are reviewed annually by the Remuneration Authority.

If a council approves an allowance for their elected members it must be included in the council's elected members expenses and reimbursement policy, which the council publishes on its website.

Note: councils are no longer required to obtain the Authority's agreement to changes to their elected members' expenses and reimbursement policy or to their mayors/regional chairs' motor vehicle entitlements so long as the policy remains within the limits of the current remuneration and allowances determination.

9. Vehicle Mileage Allowance

A local authority may pay to an elected member a vehicle mileage (kilometre) allowance to reimburse that member for costs incurred in respect of eligible travel by private motor vehicle.

A member's travel is eligible for the allowance if it occurs on a day when the member is not provided with a motor vehicle by the local authority and the member is travelling in a private vehicle on local authority business by the most direct route that is reasonable in the circumstances.

The allowance payable to a member for eligible travel is:

(a) for a petrol or diesel vehicle,—

(i) **79** cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) **30** cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:

(b) for a petrol hybrid vehicle,—

(i) **79** cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) **19** cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term:

(c) for an electric vehicle,—

(i) **79** cents per kilometre for the first 14,000 kilometres of eligible travel in the determination term; and

(ii) **9** cents per kilometre after the first 14,000 kilometres of eligible travel in the determination term.

The vehicle mileage allowance reflects the kilometre rates, for self-employed people and employees, published by the Inland Revenue Department on its website as at 7 June 2019.

10. Travel Time Allowance

Criteria

All elected members except mayors and regional council chairs (excluding the Mayor of the Chatham Islands) are entitled to claim an allowance for time travelled within New Zealand on local authority business, provided:

- the council agrees to adopt a travel time allowance policy;
- the journey is by the quickest form of transport reasonable in the circumstances;
- the travel time exceeds one hour;
- the travel time does not exceed nine hours (including the first hour which is not covered) within a 24 hour period.

The allowance is available each day for any business on behalf of the council or board or between the member's residence and an office of the council or board. It is not available for overseas travel.

An elected member of a local authority who resides outside the local authority boundary and travels to the local authority area on local authority business is eligible for a travel time allowance in respect of eligible travel time only after the member crosses the boundary of the local authority area after the first hour of eligible travel within the local authority area.

Mayors and regional council chairs, with the exception of the Mayor of the Chatham Islands, are not entitled to claim a travel time allowance because their roles are deemed to be full time and they are remunerated accordingly. In future the Authority may reconsider this entitlement for councillors whose roles are assessed to be full time.

Rate

The current rate is $37.50 per hour in respect of any qualifying travel that conforms to the criteria above.

11. Communications Allowances

Approach

It is the Remuneration Authority's view that elected members should not carry the costs of communicating with councils or with ratepayers. It is the responsibility of each council to decide the communications equipment needed to carry out its business effectively and efficiently and decisions about equipment for members should flow from that.

Council owned equipment

The Authority believes it is efficient if a council provides each elected official with a phone (mobile or landline), a PC and/or a tablet or a laptop, and a compatible scanner & printer. The council should also cover the costs of any consumables required.

Equipment should remain the property of the council and shall be replaced or updated at least triennially.

Whilst the Authority has a strong preference for direct provision of equipment, the decision on whether elected members can use personal devices and the nature of the technology required will be a local decision. In approving allowances in expenses documents, the Authority will seek confirmation of a formal decision by the council around the use of technology.

Member owned equipment

Where councils decide to provide an annual allowance to those using their own devices and/or connections, the following annual allowance will apply:

- for the use of a personal computer, tablet or a laptop, including any related docking station, $200;
- for the use of a multi-functional or other printer, $40;
- for the use of a mobile telephone, $150;
- for the use of a home internet/broadband connection, $400;
- for the use of a personal telephone plan, $400 or actual cost upon production of receipts.

The total annual cost of allowances to a member for the use of her or his own equipment and services must not exceed $1190.

Where the council provides a mobile phone plan, the portion of the cost to be paid by the member to cover personal use will be agreed with the council. The Authority recommends that councils look at current practice in central government for models and we can supply examples if requested.

The Authority has assumed that councils will not be providing plans for home internet/broadband services because household use is growing significantly and it is unlikely that official use required by the elected member will be a high proportion of the cost. However, in cases where this is not so and the council wishes to supply the whole plan, the council should contact the Authority.

Unusual circumstances

In some areas of the country a regular landline or mobile coverage is not available. Where such circumstances exist the council may put a costed recommendation to the Authority for approval to make a one-off payment for installation of appropriate technology and either a reimbursement or allowance for on-going maintenance and support reflecting the costs involved. It is anticipated this allowance will normally reflect no more than 75% of the costs involved.

12. Childcare Allowance

Approach

On 1 July 2019, the Remuneration Authority introduced a childcare allowance for local authority elected members who have responsibility for caring for children under the age of 14 years. The allowance is a contribution towards expenses incurred by the elected member for the provision of childcare while the member is engaged on local authority business.

The introduction of the allowance is in response to widespread concern from the local government sector that a lack of financial support for childcare created a barrier for people, in particular women, to enter into elected positions. Research shows that a number of councils in similar jurisdictions (Australia and the United Kingdom) provide their elected members with allowances to cover costs associated with child and dependent care whilst the elected member is on local authority business.

Eligibility

An elected member is eligible to be paid a childcare allowance if:

- they are the parent or guardian of the child, or is a person who usually has responsibility for the day-to-day care of the child (other than on a temporary basis);
- the child is aged under 14 years of age; and
- the childcare is provided by a person who
  - is not a family member of the member;
  - does not ordinarily reside with the member; and
- they provide evidence satisfactory to the council of the amount paid for childcare.

Allowance

Councils can reimburse eligible elected members for childcare while engaged on council business up to a sum of $6,000 per annum for each child under 14 year of age.

13. Plan, RMA and HASHA Hearings

Hearings Fees

Elected members are entitled to receive additional payments for the following work:

- Resource consent hearings under the Resource Management Act 1991 (RMA) or the Housing Accords and Special Housing Areas Act 2013 (HASHA)
- District Plan hearings
- Regional Plan or Regional Policy Statement hearings.

These fees are not part of the governance remuneration pool covering councillors' remuneration and positions of additional responsibility.

There is no annual cap on the payment of fees for these hearings.

The hourly rate paid is to be decided by the council up to the following amounts:

- $80 an hour for a hearing member; and
- $100 an hour for a hearing chair.

Councils must include their hearings fees it their individual expense and reimbursement policy.

The Authority does not have any jurisdiction over fees related to alcohol licensing hearings.

Preparation Time

Councillors undertaking these hearings are also paid for preparation time. Preparation time to be reimbursed should not exceed the time of the actual hearing. For example, if a hearing lasts for three hours then no more than three hours of preparation time may be paid. Preparation time may include time for reading, attending onsite meetings, or attending pre-hearing briefings/meetings.

Reimbursement will be at the same rates as those for actual hearings time. The chair of a hearing may also be paid for time sent writing up the decision or communicating for the purposed of the written decision.

Committee Chair Chairing a Hearing

If the chair of a council's Hearings Committee undertakes resource consent hearings and is paid additional fees for that, those fees are in addition to what that person can be paid for the additional responsibility as chair of the Hearings Committee.

Mayors/Regional Chairs

Generally, mayors and regional chairs are not able to receive fees for participating in resource consent hearings. Fees might be considered in exceptional circumstances if there is a shortage of experienced hearing commissioners on the council and there is a significant hearing of a lengthy duration, which would create undue time pressure on the mayor or chair. In such circumstances, no fees should be paid without seeking prior approval from the Remuneration Authority.

14. Private Use of a Vehicle Provided to a Mayor or Regional Council Chair

A council may decide whether or not to provide their mayor or regional council chair with a motor vehicle and on what basis. The determinant is what is most cost effective for the council and ratepayers.

If a motor vehicle is provided to a mayor or regional chair for their private use the council is responsible for valuing the cost of private use and for making the appropriate deduction from the mayor or regional chair's annual remuneration as shown in the local government members' determination.

Maximum Purchase Prices

The Remuneration Authority has set a limit on the actual purchase price that may be paid for a motor vehicle bought by a council for their mayor or regional council chair's use. The maximum purchase prices will be set each year in the determination. The maximum purchase prices applying for motor vehicles purchased from the year beginning 1 July 2018 are for:

- a petrol or diesel vehicle – $55,000 (including on road costs, dealer charges and GST paid)
- an electric or hybrid vehicle – $65,000 (including on road costs, dealer charges and GST paid).

Note the above limits do not apply to existing motor vehicles purchased before 1 July 2018. In these cases the actual purchase prices are "grand-parented" until the existing vehicles are either replaced or relinquished.

Valuing the Private Use of a Vehicle

Usage criteria

One of following criteria must be applied by the council (for all vehicles purchased either before or from 1 July 2018):

Full private use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is available for the mayor or regional chair's unrestricted personal use;
- is used by the mayor or regional chair for a mix of council business; private use; and
- may also be used by other local authority members or staff on council business, with the permission of the mayor or regional chair.

Partial Private Use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is used by the mayor or regional chair for a mix of Council business and private purposes;
- may also be used by other local authority members or staff on Council business, with the permission of the mayor or regional chair;
- is used of the vehicle for private purposes accounts for no more than 10% of the vehicle's annual mileage; and
- all travel in the vehicle is recorded in a logbook.

Restricted Private Use – the vehicle:

- is usually driven home and securely parked by the mayor or regional chair;
- is otherwise generally available for use by other local authority members or staff on Council business;
- is used solely for Council business; and
- all travel in the vehicle is recorded in a logbook.

Calculate Deductions

If the mayor or regional chair is provided with a vehicle, the Council must deduct from the annual remuneration of the mayor or regional chair the appropriate amount calculated in accordance with one of the following formula:

Full private use:

- **V x 41% x 20%**

eg: $42,800 x 41% x 20% = $3,510.

Partial private use:

- **V x 41% x 10%**

eg: $42,800 x 41% x 10% = $1,755.

Note an amount less than 10% for partial private use is no longer applicable.

Restricted private use:

No deduction from annual remuneration.

Where:

- **V** = actual purchase price, on-road costs, dealer charges and GST paid
- **41%** = assessed annual value of motor vehicle
- **20%** = assessed as full private use
- **10%** = assessed as a lessor amount of private use which must be supported by a log-book

For example	Full private use	Partial private use	Restricted private use
Annual remuneration as shown in either schedule 1 or schedule 2	$85,220	$85,220	$85,220
Motor vehicle deduction	$3,510	$1,755	$0
Salary paid	$81,710	$83,465	$85,220

Publication of Motor Vehicle and Remuneration Details

The Authority expects that if a mayor or regional chair is provided with a motor vehicle, the council will publish in its annual financial statements the vehicle details including its annual value as a component of the mayor or regional chair's total remuneration.

Publication of Policy

If a council approves the provision of a motor vehicle for their mayor or regionals chairs private use the policy must be included in the council's elected members expenses and reimbursement policy which is published on their website.

15. Timetable for Local Government Remuneration Setting

The Remuneration Authority will review the local government size indices and the councils' rankings on the indices once every three years. This work will commence during the year immediately before a local government election year.

Local Government Election Year

At the beginning of each election year, the Authority will issue a list showing the councils' rankings, their planned individual governance remuneration pools (NB: this is not a national pool) and minimum allowable councillor remuneration that will apply from 1 July. This timing will allow existing councils to assess any changes and propose recommendations for remuneration based on the size of the pool available. Well before the election at which they will be required to implement the pool. People considering running for office will have this information prior to the election, for example: they will have an indication of the remuneration they could expect if elected as a councillor without any additional responsibilities.

Each council is expected to submit a proposal to the Authority in the first part of the calendar year in which the election is scheduled. We will issue a determination in the middle of that year which will have two parts:

Part One - for the period from July 1 till the day on which the new council assumes office, and

Part Two - for implementation when the new council takes office following the election.

When the new council takes office, all councillors (except the mayor) will receive the base councillor remuneration set out in Part One of that year's determination. For positions of responsibility (including the subsequently elected chair of a regional council), the remuneration will apply from the date the new council makes its formal decision on roles. If newly elected councils wish to change the proposal they will have a window of three months following the election to do so and submit the proposed changes to us for incorporation into a determination that will be backdated to the date the new council made its formal decision on roles and appointments.

Non-election Years

In the years between the assessments of the "governance pool", all local government elected member remuneration will be changed on an annual basis using the same public sector equivalent formula that the Authority utilises for parliamentary remuneration.

16. Other Information

- Local authorities size indices rankings – June 2018
- Information paper: determining the remuneration of local government elected members – June 2018
- Review of community boards remuneration – April 2019
- Auckland local boards size ranking – February 2019

Council
20 November 2019
Report 19.482

For Decision

PROPOSED MEETING SCHEDULE FOR THE REMAINDER OF 2019

Te take mō te pūrongo
Purpose

1. To present Council with the proposed meeting schedule for Council and committees for the remainder of the 2019 calendar year.

He tūtohu
Recommendations

That the Council:

1 **Adopts** the meeting schedule for Council and committees for the remainder of the 2019 calendar year as outlined below:

   a. Regional Transport Committee, on 3 December 2019 at 11.00am

   b. Council, on 12 December 2019 at 9.30am

   c. Civil Defence and Emergency Management Group, on 17 December 2019 at 11.30am.

2 **Authorises** the Manager, Democratic Services, to circulate the adopted meeting schedule to key stakeholders and to modify the meeting schedule as and when required.

Te horopaki
Context

2. Each calendar year, a schedule of meetings for Council and committees is compiled and presented to Council for adoption. Due to the triennial election in October 2019, the previous Council adopted a meeting schedule through to 12 October 2019 only. Following the election, an indicative schedule for the remainder of the 2019 calendar year was provided to Councillors. Under the Local Government Act 2002, Council is required to adopt a schedule of meetings at its inaugural meeting of the new triennium.

Te tātaritanga
Analysis

3. The proposed schedule for the remainder of the 2019 calendar year includes statutory and joint committees, and committees that the previous Council resolved not to discharge at the end of the last triennium. The proposed schedule for the remainder of the 2019 calendar year is:
   a. Regional Transport Committee, on 3 December 2019 at 11.00am
   b. Council, on 12 December 2019 at 9.30am
   c. Civil Defence and Emergency Management Group, on 17 December 2019 at 11.30am
4. The proposed schedule of meetings for Council and committees for the 2020 calendar year is expected to be presented to Council at the 12 December 2019 meeting. This is to allow for Council's standing committees to be established, appointments to committees be made, and consultation with the Wellington Region's territorial authorities on proposed meeting dates and times (as appropriate).

Ngā hua ahumoni
Financial implications

5. There are no financial implications.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

6. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

7. The matters addressed in this report are of a procedural nature, and there is no need to conduct climate change assessments.

Ngā tikanga whakatau
Decision-making process

8. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.

Te hiranga
Significance

9. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters for decision, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Officers recommend that the matters are of low significance given their procedural nature.

Te whakatūtakitaki
Engagement

10. Engagement was undertaken with the territorial authorities that have members appointed to the Regional Transport Committee and Wellington Regional Strategy Committee. This engagement was to avoid meeting schedule conflicts.

Ngā tūāoma e whai ake nei
Next steps

11. Once Council has adopted the meeting schedule for the remainder of the 2019 calendar year,, the meetings will be publicly notified in *The Dominion Post* and *Wairarapa Times-Age,* and published on Greater Wellington's website. This is in accordance with the requirements of the Local Government Official Information and Meetings Act 1987 and Council's Standing Orders.
12. The Kaiwhakahaere Matua/Manager, Democratic Services will circulate the adopted schedule to key stakeholders, and will update the schedule as, and when, required.

Ngā kaiwaitohu
Signatories

Writer	Lucas Stevenson - Kaitohutohu/Advisor, Democratic Services
Approvers	Francis Ryan - Kaiwhakahaere Matua/Manager, Democratic Services Luke Troy - Kaiwhakahaere Matua Rautaki/General Manager Strategy

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's role or Committee's Terms of Reference Council can agree the schedule for its own meetings. The Regional Transport Committee and the Civil Defence and Emergency Management Group meetings are committees established by statutory requirements (the Land Transport Management Act 2003 and Civil Defence Emergency Management Act 2002 respectively). Wellington Regional Strategy Committee is not deemed to be discharged following each triennial election.
Implications for Māori There are no impacts for mana whenua.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies There are no implications for the Annual Plan or other key planning/strategic documents.
Internal consultation The Council Chair and Chief Executive were consulted in developing the proposed schedule of meetings.
Risks and impacts: legal / health and safety etc. There are no risks.

Council
20 November 2019
Report 19.496

greater WELLINGTON
REGIONAL COUNCIL
Te Pane Matua Taiao

For Decision

SHAREHOLDER RESOLUTIONS IN LIEU OF ANNUAL GENERAL MEETING – WRC HOLDINGS LIMITED

Te take mō te pūrongo
Purpose

1. For the Council, as sole shareholder, to consider whether to hold an Annual General Meeting (AGM) for WRC Holdings Limited relating to the financial year ending 30 June 2019.

He tūtohu
Recommendations

That the Council:

1 **Agrees**, as sole shareholder of WRC Holdings Limited, that the company not be required to hold an Annual General Meeting relating to the financial year ending 30 June 2019.

2 **Resolves** the written resolutions contained in Attachment 1 - Shareholder resolutions for WRC Holdings Limited.

3 **Authorises** the Council Chair to sign the resolutions of the sole shareholder contained in Attachment 1.

Te tāhū kōrero
Background

2. The Companies Act 1993 requires the board of a company to hold an AGM of shareholders within six months of the balance date of the company. The balance date of WRC Holdings Limited is 30 June.

3. The purpose of the AGM is to approve and adopt the Annual Report (**Attachment 2**), appoint an auditor, and agree the process for resolving the auditor's fees and expenses.

4. The Companies Act 1993 and WRC Holdings Limited's constitution allow for the meeting to not be held if a resolution in lieu is passed.

Te tātaritanga
Analysis

5. The sole shareholder of WRC Holdings Limited is the Council. It is not necessary to formally hold a separate AGM if everything that is required to be done at that meeting is done by written resolution of the shareholders, passed in accordance with section 122 of the Companies Act 1993.
6. Related resolutions are included as **Attachment 1** (Shareholder resolutions for WRC Holdings Limited).
7. An authorised person is required to sign the resolutions on behalf of the shareholder, and it is recommended that this be Council Chair.

Nga kōwhiringa
Options

Option One – Pass resolutions in lieu of the AGM

8. Pass the resolutions contained in **Attachment 1** in line with section 122 of the Companies Act 1993.
9. The procedural matters of the company's AGM are dealt with swiftly and without the need to hold another meeting of Councillors. It does not preclude holding an AGM in future years if requested. WRC Holdings Limited's accountability remains intact through quarterly reporting and the Annual Report.

Option Two– Do not pass these resolutions and hold an AGM

10. If held, the AGM needs to take place no later than six months after balance date, so would need to be held by 31 December 2019.
11. This option would provide a formal opportunity to meet as shareholder, separately to a meeting as Council. However this process has a time cost and some mileage involved for Councillors in attending a further meeting for a largely procedural matter.

Ngā hua ahumoni
Financial implications

12. The financial implications are discussed in the Options section above.

Te huritao ki te huringa o te āhuarangi
Consideration of climate change

13. The matters requiring decision in this report were considered by officers in accordance with the process set out in Greater Wellington Regional Council's *Climate Change Consideration Guide*.

Mitigation and adaptation assessments

14. These matters are of a procedural nature, and there is no need to conduct a climate change assessment.

Ngā tikanga whakatau
Decision-making process

15. The matters requiring decision in this report were considered by officers against the decision-making requirements of Part 6 of the Local Government Act 2002.
16. The process for deciding these matters is explicitly prescribed by the Companies Act 1993, and is outlined in paragraph 5 above.

Te hiranga
Significance

17. Officers considered the significance (as defined by Part 6 of the Local Government Act 2002) of the matters dealt with in this report, taking into account Council's *Significance and Engagement Policy* and *Decision-making Guidelines*. Officers recommend that the matters are of low significance.

Te whakatūtakitaki
Engagement

18. Given the procedural nature of this matter, no external engagement was undertaken.

Ngā tūāoma e whai ake nei
Next steps

19. If Council agrees to pass resolutions in lieu of holding the AGM, then we will notify WRC Holdings Limited, and they will ensure the annual return of the company is filed with the Companies Office.

Ngā āpitihanga
Attachments

Number	Title
1	Shareholder resolutions for WRC Holdings Limited
2	Annual Report for WRC Holdings Limited for the year ended 30 June 2019

Ngā kaiwaitohu
Signatories

Writer	Seán Mahoney – Company Portfolio Manager
Approvers	Luke Troy – General Manager, Strategy Samantha Gain - General Manager, Corporate Services

He whakarāpopoto i ngā huritaonga **Summary of considerations**
Fit with Council's role or Committee's Terms of Reference Council, as the sole shareholder of WRC Holdings Limited, has the statutory power to pass the resolutions (section 122 of the Companies Act 1993).
Implications for Māori No known impacts for mana whenua.
Contribution to Annual Plan / Long Term Plan / Other key strategies and policies No implications for Council plans.
Internal consultation Strategy and Corporate Services were consulted.
Risks and impacts: legal / health and safety etc. No risks were identified.

Attachment 1 to Report 19.496

Shareholder resolutions for WRC Holdings Limited

WELLINGTON REGIONAL COUNCIL
(the Shareholder)

WRC HOLDINGS LIMITED
(the Company)

Written resolution of the sole shareholder of the Company dated 20 November 2019

Introduction

Under the Companies Act 1993 (the Act), the Board of the Company must call an annual meeting of shareholders to be held within a time specified by the Act. However, it is not necessary for the Company to hold a meeting of shareholders if everything required to be done at that meeting is done by written resolution passed under section 122 of the Act.

Resolutions

Wellington Regional Council, being the sole shareholder and entitled person of the Company, resolves and agrees:

1. That the audited financial statements of the Company for the accounting period ended 30 June 2019 and the Annual Report be approved and adopted.

2. To appoint Audit New Zealand (as required by section 70 of the Local Government Act 2002) as the auditor of the Company to:

   (a) Hold office from the date of this resolution until the conclusion of the Company's next annual meeting; and

   (b) Audit the Company's financial statements and the group financial statements for the accounting period after the date of this resolution.

3. That the auditor's fees and expenses are to be determined by the directors of the company (or their appointed officers) in consultation with the auditor.

4. Not to hold an Annual General Meeting.

Signed by the sole shareholder
WELLINGTON REGIONAL COUNCIL

____
Authorised Person

Attachment 2 to Report 19.496

WRC Holdings Limited
Financial Statements
for the year ended 30 June 2019

Contents

Directory

Directors	Appointed
S H Sharif (Retired 7 December 2018)	12 August 2015
P M Lamason (Chairperson)	18 November 2010
B H Donaldson	21 November 2013
R W G Blakeley	29 November 2016
I D McKinnon	29 November 2016
N O Leggett	12 October 2017
H M Mexted	24 June 2019
N S W Ward	24 June 2019

Registered office

Shed 39, 2 Fryatt Quay,
Pipitea, Wellington 6011

Auditor

Jacques Coetzee
Audit New Zealand
on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Ltd

WRC Holdings Limited
Directors' Report
30 June 2019

The Directors have pleasure in submitting their Annual Report including the financial statements of WRC Holdings Ltd and its subsidiaries (the Group) for the year ended 30 June 2019.

Principal Activities

WRC Holdings Limited (the Parent Company) is the investment holding company of Wellington Regional Council. The WRC Holdings Limited Group (the Group) consists of WRC Holdings Limited, its wholly owned subsidiaries, Port Investments Limited, Greater Wellington Rail Limited, and is a 76.9% owner of CentrePort Limited.

CentrePort owns and operates the Port of Wellington and related facilities at Seaview.

Greater Wellington Rail Limited owns and manage rail rolling stock and rail infrastructural assets.

The Group's primary objectives

Support Wellington Regional Council's strategic vision, operate as a successful, sustainable and responsible business.

Own's Wellington Regional Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, including land and property, while maintaining the CentrePort's strategic value to the economy of the region.

Achieve the objectives and performance targets of the shareholder

Own Greater Wellington Rail Limited, manage rail rolling stock and infrastructural assets.

The financial objectives of the Group shall be to:

Provide a commercial return to shareholders.

Manage its assets prudently.

Adopt policies that prudently manage risk and protect the investment of shareholders.

Conduct its affairs in accordance with sound business practice.

The environmental objectives of the Group shall be to:

Operate in an environmentally responsible and sustainable manner.

Minimise the impact of any of the Group's activities on the environment.

Engage with stakeholders on environmental matters.

Ensure regulatory compliance

Develop a culture of awareness and responsibility

The social objectives of the Group shall be to:

Provide a safe and healthy workplace, that provides opportunities and skills to enhance our employees

Participate in development, cultural and community activities within the regions in which the Group operates.

Help sustain the economy of the region, with high quality port services to support international and coastal trade.

The WRC Holdings Group largely met all its objectives as set out in the 2018/19 Statement of Intent and Wellington Regional Council's Long Term Plan 2018-2028 with exception of some of its financial performance targets and a number of CentrePorts performance targets, mostly attributable to the November 2016 earthquakes.

Contribute to the desired outcome of the Wellington Regional Strategy.

The nature and scope of activities undertaken by the group are consistent with those set in the 2018/19 SOI and Wellington Regional Council's LTP.

WRC Holdings Limited
Directors' Report
30 June 2019
(continued)

Statement of Service Performance

FINANCIAL PERFORMANCE TARGETS

Financial WRCH group results compared with Statement of Intent (SOI) Targets:

	Actual 2019 $'000	Target 2019 $'000	Actual 2018 $'000
Net (deficit) / surplus before tax	53,869	80,928	23,776
Net (deficit) / surplus after tax	53,650	81,562	23,069
Earnings before interest, tax, depreciation and amortisation (EBITDA)	80,474	109,085	60,016
Return on Shareholder's equity	7.07%	16.00%	3.08%
Return on total assets	7.11%	11.34%	5.13%
Shareholders equity to total assets	67.50%	70.00%	65.81%
Dividends	1,800	1,461	-
WRC Holdings - Parent			
Dividend distribution	1,800	1,461	-
Dividend distribution %	100.0%	100%	- %
Return on equity	0.78%	0.60%	(0.05)%
Return on assets	1.00%	0.90%	0.34%
Shareholders funds to total assets	84.0%	85.2%	83.4

The above 2019 financial results are calculated on the same basis as previous year.

Net (deficit) / surplus before tax

The Group posted net surplus before tax of $53.9 million (2018: surplus of $23.78 million) compared to a budget surplus before tax of $80.1m million for the year.

The main drivers for the variance to target are lower insurance proceeds than budgeted for CentrePort, as the overall insurance claim is still in negotiation and the costs of CentrePort redeeming the Mandatory Convertible Notes issued by the Centreport property companies.

Net (deficit) / surplus after tax

The net surplus after tax was $53.7 million (2018: surplus of $23.07 million), compared to a budget surplus after tax of $81.5 million. The variance is impacted, as in the net deficit before tax as above.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA was $80.1 million (2018: $60.01 million) compared to a budget of $109.1 million.

This variance is impacted as in the net deficit before tax above.

Return on total assets

This target is calculated as earnings before interest and tax (EBIT) and expressed as a percentage of average total assets. As at 30 June 2019, return on total assets was 7.11% (2018: 5.13%).

The variance to target is predominately due to lower EBIT.

Return on shareholder's equity

This target is calculated as net surplus after tax as a percentage of average shareholder equity (excluding minority interest). As at 30 June 2019, the return on shareholders' equity was 7.07% (2018: 3.08%), compared to a budget of 16.0%.

The variance to target is predominately due to lower net surplus after tax as noted above.

Shareholder's equity to total assets

As at 30 June 2019 the ratio of shareholders equity to total assets stood at 67.5% (2018: 65.81%) and compared to a budget of 70%.

Dividends paid (or payable to the shareholders)

A dividend of $1.8million was paid to the shareholders during the year (2018: nil).

WRC HOLDINGS - OPERATIONAL PERFORMANCE MEASURES

WRC Holdings to act as a responsible and inquiring Shareholder.

The Board has close liaison with its partners, Wellington Regional Council who manage the Rail operations in conjunction with Transdev Wellington, CentrePort who manage the Port operations. These bodies regularly report and meet with the respective Boards of the WRC Holdings Limited Group.

WRC Holdings meet at least six times a year to review the operational and financial position of the companies and Group.

WRC Holdings Board met a scheduled seven times during the year plus had three additional meetings to discuss particular issues.

WRC Holdings Group to report quarterly on the financial performance of WRC Holdings Group to Council.

The results of WRC Holdings are reported quarterly to Council and are supplemented with a presentation from the Chair of WRC Holdings.

WRC Holdings Group to present quarterly on WRC Holding Group activities to Council and to keep Council informed of significant matters as they occur.

WRC Holdings Chair has reported to Council quarterly over the course of the last financial year.

Statement of Intent and Annual Accounts are delivered in compliance with statutory requirements.

The draft statement of Intent and the final statement of Intent were delivered to Council as required by the Local Government Act also the annual financial statements were provided in accordance with section 67 (1) of the Local Government Act.

FINANCIAL PERFORMANCE MEASURES - WRC Holdings Parent

The financial performance targets for WRC Holdings parent are close to budget. The return on assets and return on equity are slightly higher than budget due to better returns derived from lowere interest cost from PIL. The Shareholders funds to total assets, is lower due to lower share calls required by Greater Wellington Rail to fund its capital expenditure programme related to timing of this expenditure.

ENVIRONMENT PERFORMANCE TARGETS

Planned Target

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.

Actual Performance

The Group has complied with all of its resource consents.

WRC Holdings via Wellington Regional Council operates in a sustainable environmental manner, by minimising on environmental impacts, and raising awareness within the Group. These include but not limited to such activities as choosing vehicles with the lowest environmental impact, and supporting public transport usage.

CentrePort has achieved most of its environmental targets as set down in its Statement of Intent 2018/19, as reported in the Financial Statements of Port Investments Limited for the year ended 30 June 2019. Some of the objectives are still in progress or is being deferred.

SAFETY, SECURITY AND SOCIAL PERFORMANCE TARGETS

Planned Target - WRC Holdings Group

To provide a safe and healthy workplace

To help sustain the economy of the region

To participate in development, cultural and community activities within the region in which the Group operates.

To provide a safe and health workplace – zero harm – through compliance with Health and safety Standards and shipping and rail codes/legislation.

Actual Performance

The Group through Wellington Regional Council provides a safe and healthy working place and is supported with the development of regional cultural and community activities.

The Group through Wellington Regional Council's Economic Development Agency assists with regional economic sustainability.

The Group via CentrePort to participate in development of the cultural and community activities within the region.

Greater Wellington Rail Limited provides Rail rolling stock and Infrastructure which assists with the region's economic sustainability by reducing roading congestion.

The Group through Centreport is in compliance with health and safety standards and with shipping codes/legislation and has workplace monitoring to measure the safety of shipping operations.

The Group through Greater Wellington Rail monitors its operators and contractors to ensure they have appropriate rail safety systems; are validly licensed as prescribed by the NZ Rail Regulator, NZ Transport Agency; and verifies their workplace compliance to the Council's Health and Safety Policies and Procedures.

Directors Information

Directors holding office for the Parent and its 100% owned subsidiaries during the year were:

S H Sharif (Retired 7 December 2018)
P M Lamason (Chairperson)
B H Donaldson
R W G Blakeley
N O Leggett
I D McKinnon
H M Mexted
N S W Ward

Remuneration of Directors of the Parent Company

Details of Directors' remuneration are as follows:

	2019 $'000	2018 $'000
S H Sharif (retired 7 December 2018)	**6**	11
P M Lamason (Chairperson)	**-**	-
P Blades (resigned)	**-**	-
B H Donaldson	**-**	-
I D McKinnon	**-**	-
R W G Blakeley	**-**	-
N O Leggett	**6**	5
H M Mexted	**-**	
	12	16

Relevant entries in the Interests Register

Disclosure of interests by Directors for the year ended 30 June 2019:

S H Sharif (retired)

Flirtey Limited (Director)

Coastal Oil Logistics Limited (Independent adviser)

Greater Wellington Rail Limited (Director)

Port Investments Limited (Director)

Motor Trades Association Group (Director)

Animal Control Products Limited (Director)

NZ Standards Approval Board (Member)

NZ Institute of Safety Management Inc (Member of Advisory Board)

MTA Group Investments Limited (Director)

Everest Enterprises Lmited (Director and shareholder)

P M Lamason (Chairperson)

Wellington Regional Council (Councillor)

Hutt Mana Charitable Trust (Deputy Chair and Trustee)

Hutt Valley District Health Board (Member)

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

B H Donaldson

Wellington Regional Council (Councillor)

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

R W G Blakeley

Wellington Regional Council (Councillor)

Greater Wellington Rail Limited (Director)

Port Investments Limited (Director)

Capital and Coast District Health Board (Member)

I D McKinnon

Wellington Regional Council (Councillor)

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

N O Leggett

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

NZ Alcohol Beverages Council (Executive Director)

Spark Foundation (Board Member)

Hutt Mana Charitable Trust (Trustee)

MITO Industry Training (Director)

Road Transport Forum (Chief Executive)

H M Mexted

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

New Zealand Walking Access Commission (Board Member)

Ministry of Social Development (General Manager Communications and Engagement)

N S W Ward

Port Investments Limited (Director)

Greater Wellington Rail Limited (Director)

Youth Hostel Association (Director)

St John of God Hauora Trust (Board Member)

Directors' Interest Register

Directors have had no interest in any transaction or proposed transactions with the Group.

Directors' Insurance

The Company has arranged Directors' and Officers' Liability insurance cover to indemnify the Directors against loss as a result of actions undertaken by them as directors and employees respectively, provided they operate within the law. This disclosure is made in terms of section 162 of the Companies Act 1993.

Directors' Use of Company Information

The board received no notices during the year from Directors requesting use of company information received in their capacity as Directors which would not have otherwise been available to them.

Remuneration of Employees

The Parent Company and all its 100% owned subsidiaries have no employees. The 76.9% owned subsidiary, CentrePort Limited and its group of subsidiaries who received remuneration and other benefits in excess of $100,000 are tabulated below:

	Number of current employees
$100,001 - $110,000	25
$110,001 - $120,000	29
$120,001 - $130,000	16
$130,001 - $140,000	10
$140,001 - $150,000	4
$150,001 - $160,000	3
$160,001 - $170,000	5
$170,001 - $180,000	3
$180,001 - $190,000	1
$190,001 - $200,000	2
$200,001 - $210,000	1
$210,001 - $220,000	3
$220,001 - $230,000	4
$240,001 - $250,000	2
$250,001 - $260,000	1
$260,001 - $270,000	1
$290,001 - $300,000	2
$320,001 - $330,000	1
$340,001 - $350,000	1
$350,001 - $360,000	2
$400,001 - $410,000	1
$650,001 - $660,000	1
	118

The Auditor-General is the appointed auditor in accordance with section 15 of the Public Audit Act 2001 and section 70 of the Local Government Act 2002. The Auditor-General has appointed Jacques Coetzee of Audit New Zealand to undertake the audit.

For, and on behalf of, the Board of Directors

Director

September 26, 2019

Director

September 26, 2019

WRC Holdings Limited
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
REVENUE					
Operating revenue	3	**102,833**	92,679	**3,030**	1,047
Share of associate profit accounted for using the equity method	12	**10,220**	22,999	**-**	-
Total revenue	3	**113,053**	115,678	**3,030**	1,047
Earthquake related costs:					
Insurance deductible expenses	4	**(24,220)**	(33,628)	**-**	-
Impairment of assets	4	**(3,271)**	(2,596)	**-**	-
Earthquake costs	4	**(2,174)**	-	**-**	-
Net insurance recovery - associates	4	**90,382**	55,583	**-**	-
Gain / (loss) in fair value movements:					
Net gain on disposal of property , plant and equipment		**(2,338)**	-	**-**	-
Loss on disposal / revaluation		**-**	(438)	**-**	-
Fair value gain on financial instruments - CentrePort		**-**	8,778	**-**	-
Fair value of investment properties - CentrePort		**1,021**	(826)	**-**	-
EXPENDITURE					
Expenses, excluding finance costs	3	**(117,843)**	(106,353)	**(142)**	(157)
Finance costs	3	**(741)**	(12,422)	**(1,084)**	(994)
(Deficit) / surplus before taxation and subvention payment		**53,869**	23,776	**1,804**	(104)
Income tax benefit / (expense)	5	**(219)**	(707)	**-**	-
Profit from continuing operations		**53,650**	23,069	**1,804**	(104)
Net (deficit) / surplus after tax for the year		**53,650**	23,069	**1,804**	(104)
Other comprehensive revenue and expenditure					
Revaluation gain/(loss) on infrastructure assets after tax		**60,262**	-	**-**	-
Deferred tax recognised in reserves		**(16,874)**	-	**-**	-
		43,388	-	**-**	-
Other comprehensive income for the year, net of tax		**43,388**	-	**-**	-
Total comprehensive income for the year		**97,038**	23,069	**1,804**	(104)
Total comprehensive revenue and expenditure for the year is attributable to:					
Owner of WRC Holdings Limited		**80,190**	14,269		
Non-controlling interest		**16,848**	8,800		
		97,038	23,069		

Statement of changes in equity

For the year ended 30 June 2019

Group	Notes	Contributed Equity $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2017		248,995	11,524	192,597	45,771	498,887
Total Comprehensive Income for the Year		-	-	14,269	8,800	23,069
Contributed Equity		7,450	-	-	-	7,450
Dividends		-	-	-	(461)	(461)
Balance as at 30 June 2018		256,445	11,524	206,866	54,110	528,945

Group	Notes	Share Capital $'000	Revaluation Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
		Attributable to equity holders of the Company				
Balance as at 1 July 2018		256,445	11,524	206,866	54,110	528,945
Total Comprehensive Income for the Year		-	-	36,802	16,848	53,650
Contributed Equity		12,700	-	-	-	12,700
Increase / (Decrease) in Revaluation reserve		-	60,262	-	-	60,262
Deferred tax on other comprehensive revenue		-	(16,874)	-	-	(16,874)
Dividends		-	-	(1,800)	(924)	(2,724)
Balance as at 30 June 2019		269,145	54,912	241,868	70,034	635,959

Parent	Notes	Share Capital $'000	Retained earnings $'000	Total equity $'000
		Attributable to equity holders of the Company		
Balance as at 1 July 2017		248,995	(31,310)	217,685
Profit or loss for the year		-	(104)	(104)
Contributed equity		7,450	-	7,450
Balance as at 30 June 2018		256,445	(31,414)	225,031

Parent	Notes	Share Capital $'000	Dividend $'000	Retained earnings $'000	Total equity $'000
		Attributable to equity holders of the Company			
Balance as at 1 July 2018		256,445	-	(31,414)	225,031
Profit or loss for the year		-	-	1,804	1,804
Contributed equity		12,700	-	-	12,700
Dividends			(1,800)		(1,800)
Balance as at 30 June 2019		269,145	(1,800)	(29,610)	237,735

WRC Holdings Limited
Statement of Financial Position
As at 30 June 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	16	**91,729**	2,313	**3**	4
Trade and other receivables	6	**11,050**	9,257	**227**	93
Inventories	7	**1,831**	1,351	**-**	-
Insurance Receivable		**50,000**	59,268	**-**	-
Current accounts - PIL		**3,564**	8,119	**628**	3,208
Current account - GWRC		**2,525**	-	**2,525**	-
Total current assets		**160,699**	80,308	**3,383**	3,305
Non-current assets					
Property, plant and equipment	8	**588,140**	533,127	**-**	-
Intangible assets	9	**3,094**	3,212	**-**	-
Investments in subsidiaries	10	**-**	-	**234,603**	221,903
Investments in joint venture	12	**(190)**	74,584	**-**	-
Advances to subsidiaries	10	**-**	-	**44,000**	44,000
Investment properties	11	**62,453**	18,180	**-**	-
Deferred tax assets	14	**15,745**	2,938	**-**	-
Total non-current assets		**669,242**	632,041	**278,603**	265,903
Total assets		**829,941**	712,349	**281,986**	269,208
LIABILITIES					
Current liabilities					
Trade and other payables		**17,037**	14,959	**251**	97
Interest bearing liabilities	15	**-**	22,040	**-**	-
Taxation payable		**2,821**	-	**-**	-
Provisions for employee entitlements	17	**3,695**	3,523	**-**	-
Current Account GWRL		**950**	-	**-**	-
Total current liabilities		**24,503**	40,522	**251**	97
Non-current liabilities					
Interest bearing liabilities	15	**44,000**	44,080	**44,000**	44,080
Provision for employee entitlements		**282**	645	**-**	-
Derivatives	21	**-**	-	**-**	-
Deferred tax liabilities	14	**125,197**	98,157	**-**	-
Total non-current liabilities		**169,479**	142,882	**44,000**	44,080
Total liabilities		**193,982**	183,404	**44,251**	44,177
Net assets		**635,959**	528,945	**237,735**	225,031
EQUITY					
Contributed equity	18	**269,145**	256,445	**269,145**	256,445
Reserves		**54,912**	11,524	**-**	-
Retained earnings		**241,868**	206,866	**(31,410)**	(31,414)
Non-controlling interest	19	**70,034**	54,110	**-**	-
Total equity		**635,959**	528,945	**237,735**	225,031

For, and on behalf of, the Board of Directors.

Director
September 26, 2019

Director
September 26, 2019

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2019

	Notes	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from customers		84,457	71,377	-	-
Dividend income received		-	500	1,900	-
Rental income		6,390	6,599	-	-
Interest income received		748	137	962	1,044
Income tax refund		-	1,535	-	-
Subsidies		11,611	12,184	-	-
Sale of inventory		-	-	-	-
		103,206	92,332	2,862	1,044
Cash was disbursed to:					
Payments to suppliers and employees		(96,185)	(76,555)	(121)	(156)
Business Interruption - temporary work		24,220	33,628	-	-
Business Interruption - loss of rents		6,622	8,477	-	-
Income taxation paid		(123)	-	-	-
Interest expense paid		(1,362)	(12,594)	(916)	(994)
Temporary work		(22,740)	(36,678)	-	-
Tax transfer from SPV's		(966)	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	12,672	8,610	1,825	(106)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:	13				
Cash balance from Joint Venture		47,944	16,758	-	-
Proceeds from sale of Property, Plant & Equipment		459	229	-	-
Earthquake insurance payment received		68,808	16,895	-	-
Cash was applied to:					
Purchase of Property, Plant & Equipment		(21,293)	(14,730)	-	-
Development of Investment Properties		(2,636)	(2,707)	-	-
Purchase of Intangibles		-	(159)	-	-
Subsidiary company shares		-	-	(12,700)	(7,450)
Purchase of Intangibles		-	-	-	-
Acquisition of Joint Venture		-	(7,750)	-	-
Other transfers		885	(90)	-	-
Earthquake capital expenditure		(8,263)	(6,141)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		85,904	2,305	(12,700)	(7,450)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from:					
Proceeds from borrowings		-	-	-	-
Issue of ordinary shares		12,700	7,450	12,700	7,450
Cash was applied to:					
Borrowings repaid		(18,080)	(18,000)	-	-
Movement in current account		2,980	(1,848)	74	106
Dividends paid to shareholders		(2,723)	(462)	(1,900)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(5,123)	(12,860)	10,874	7,556

The accompanying notes form part of these financial statements.

WRC Holdings Limited
Statement of Cash Flows
For the year ended 30 June 2019
(continued)

Net increase / (decrease) in cash, cash equivalents & bank overdraft at year end		**93,453**	(1,945)	**(1)**	-
Add opening cash, cash equivalents / (overdraft) brought forward		**(1,724)**	221	**4**	4
CASH, CASH EQUIVALENTS & BANK OVERDRAFT AT YEAR END	16	**91,729**	(1,724)	**3**	4

The accompanying notes form part of these financial statements.

1 Statement of compliance

The "Group" consists of WRC Holdings Limited, its wholly owned subsidiaries, Port Investments Limited, Greater Wellington Rail Limited, and its 76.9% subsidiary CentrePort Limited, together with its subsidiaries, as disclosed in note 10. WRC Holdings principal address is 2 Fryatt Quay, Wellington, New Zealand.

WRC Holdings provides transport, infrastructure, buildings and port facility and operations to the Greater Wellington region via its subsidiaries, for community and social benefit, rather than to make a financial return. Accordingly WRC Holdings has designated its self as public benefit entities (PBE's) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements are presented in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are presented in accordance with Tier 1 PBE Accounting Standards, and comply with PBE Standards.

Unless otherwise stated, all amounts are rounded to $000 and are expressed in New Zealand currency.

The Financial Statements were authorised for issue by WRC Holdings Limited on 26 September 2019.

2 Statement of accounting policies

(a) Basis of preparation

The financial statements have been prepared on the basis of historical cost except for the revaluation of operational port freehold land, investment properties and financial instruments as outlined below.

Cost is based on the fair value of the consideration given in exchange for assets.

For the purposes of financial reporting, WRC Holdings is designated as a public benefit entity. The subsidiary companies comprise, Port Investments Limited, Greater Wellington Rail Limited, and CentrePort Limited. All subsidiaries, except Greater Wellington Rail Limited, are designated as profit-oriented entities. Greater Wellington Rail is designated as a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements with those used at 30 June 2019.

Specific accounting policies

The specific accounting policies adopted in the preparation of these financial statements, which materially affect the measurement of the statement of comprehensive revenue and expenditure, statement of movements in equity, balance sheet and cash flows are set out below:

(b) Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

The estimates and assumptions are reviewed on an on-going basis.

Income tax calculations (note 5)

Revenue recognition relating to insurance revenue from the Port insurance claim (note 4).

Fair value of Port land (note 8)

Earthquake uncertainties in the accounting for Harbour Quays Special Purpose Vehicles (SPV's) (note 12)

Impairment of Port assets held at cost (note 8)

(c) Basis of consolidation

The Group financial statements include WRC Holdings Limited (the Parent) and its subsidiaries. Control is achieved when the Parent is exposed, or has rights, to variance returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results, assets, and liabilities of joint ventrues are incorporated into these financial statements using the equity method.

All intra-group transactions are eliminated on consolidation. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

(d) Statement of cash flow

The following are the definitions used in the statement of cash flow:

(i) Cash and cash equivalents comprise cash on hand, cash in banks and investment in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within cash.

(ii) Investing activities are those activities relating to the acquisition and disposal of property, plant and equipment, investment property, intangible assets and joint ventures. Investments include securities not falling within the definition of cash.

(iii) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

(iv) Operating activities comprise the principal revenue-producing activities of the group and other activities that are not considered to be investing or financing activities.

(e) Revenue recognition

The Group's accounting policies for its revenue streams are disclosed in detail below.

(i) Revenue from Port Operations

The Group receives revenue from contracts with customers from its port operations.

Performance obligations and timing of revenue

The majority of revenue from Port Operations is from services provided by the Group to its customers including wharfage, stevedoring, and marine services. Revenue is recognised as the services are delivered over time. On partially completed contracts revenue is recognised based on the stage of completion of the service using the output method. For partially completed wharfage and stevedoring services revenue is recognised based on the quantity of goods moved across the Port out of the total required to be moved (i.e. an output method). This is considered a faithful depiction of revenue as wharfage contracts are typically for the movement of a set quantity of goods across the Port. For partially completed marine services revenue is recognised as the number of times the vessel has been brought into and out of the Port out of the required total. This is considered a faithful depiction as marine service contracts are to bring a vessel in and out of the Port a set number of times. Payment for services rendered is due upon completion of the contracted service.

Determining the transaction price

Most of the Group's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by references to those fixed prices.

Some contracts provide customers with rebates based on volumes of goods moved across the port. Historical experience enables the Group to estimate reliably the value of rebates that will be earned and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when rebates are provided.

Allocating amounts to performance obligations

For all contracts there is a fixed unit price for each service provided. Therefore there is no judgment involved in allocating the contract price as the contract price is the fixed price multiplied by the quantity of services provided. Where a customer orders more than one type of service the Group is able to determine the split of the total contract price between each service by reference to the services standalone selling price.

Incremental costs of obtaining and fulfilling a contract

The costs of obtaining and fulfilling a contract are recognised as an expense when incurred. These costs do not result in the recognition of a separate asset as all contracts are service contracts where revenue is recognised over time by reference to the stage of completion using the output method.

Practical expedients

Based on the above the Group will apply practical expedient B16 as it considers that its right to consideration for services performed corresponds directly with the amount of services performed by the Group to date. Therefore the Group recognises revenue at the amount to which it has a right to invoice.

(ii) **Other Revenue**

Other revenue is made up of rental income from leases that is recognised in accordance with NZ IAS 17. This is recognised on a straight-line basis over the term of the relevant lease.

(iii) **Dividend and Interest Revenue**

Dividend revenue from investments is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Property, plant and equipment

The Group has eight classes of property, plant and equipment

Operational port freehold land
Buildings
Wharves and paving
Cranes and floating equipment
Plant, vehicles and equipment
Rail Infrastructure
Rail rolling stock
Work in progress

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

The fair value of Operational Port Land is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value of land is not materially different from its fair value. Any revaluation increase of Operational Port Land is recognised in other comprehensive income and accumulated as a separate component of equity in the properties revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the profit and loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation.

Property, Plant & Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration 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 & Equipment is depreciated, excluding land.

The Board and management have undertaken a process to determine what constitutes Investment Property and what constitutes Property, Plant & Equipment. There is an element of judgement in this. There is a developed Port plan, and those items of land that are considered integral to the operations of the Port have been included in Operational Port Land. Land held specifically for capital appreciation or to derive rental income has been classed as Investment Property.

GWRL public transport rail station infrastructural assets and rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

There is no depreciation on capital works in progress and on land or investment properties. Depreciation on all other property, plant and equipment is charged on a straight line basis so as to write off the cost of the assets to their estimated residual value over their expected economic lives. The expected economic lives are as follows:

Buildings	10 to 50 years
Wharves and paving	10 to 50 years
Cranes and floating equipment	4 to 30 years
Plant, vehicles and equipment	2 to 20 years
Rail rolling stock	5 to 30 years
Rail Infrastructure	3 to 150 years
Capital work in progress	Not depreciated

The economic useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(g) Investment properties

Investment properties, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value at the reporting date. Gains or losses arising from changes in fair value of investment property are included in revenue and expenditure in the period in which they arise.

The Group has three classes of investment properties:

Developed investment properties
Land available for development
Lessors interest

(h) Intangibles assets

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over their estimated useful lives between 1 and 5 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

(i) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidation entity estimates the recoverable amount of the cash-generating using to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of revenue and expenditure immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had not impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the statement of comprehensive revenue and expenditure immediately, unless the relevant assets is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Investments in subsidiaries and associates

Investments in subsidiaries are valued annually at the lower of cost and net asset backing. The change in valuation is recognised in the statement of comprehensive revenue and expenditure.

Investments in associates are stated at the fair market value of the net tangible assets at acquisition plus the share of post-acquisition increases in reserves.

In the parent financial statements, subsequent to initial recognition, investments in subsidiaries and joint ventures are measured at cost.

(k) Joint ventures

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognised in the consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of the revenue or expenditure and other comprehensive income of the joint venture.

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with NZ IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (the higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with NZ IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group, revenue and expenditure resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks with less than 32 days maturity, and term deposits with greater than 32 days maturity but can be available within three months.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cost of spare parts is calculated using the weighted average cost method. Spare parts are held for maintenance purposes only.

(n) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Recognition and Measurement

The tax expense for the period comprises current and deferred tax. Tax is recognised on the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case, the tax is recognised in the statement of comprehensive income or directly in equity, respectively.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate. This is then adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and by unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only to the extent that they will be utilised.

(o) Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a net basis for GST purposes. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(p) Provision for 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 when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

(q) Provision for dividends

Dividends are recognised in the period that they are authorised and approved.

(r) Financial instruments

Financial Instruments Issued by the companies

As part of normal operations, the Group is party to financial instruments with risk to meet operational needs.

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are intially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the aquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of comprehensive income.

All recognised financial assets and liabilities are subsequently measured at either amortised cost or fair value through profit or loss, depending on the classification of the financial asset or liability. The classification depends on the nature and purpose of the financial asset or liability and is determined at the time of intial recognition.

Amortised Cost

Financial assets and liabilities are classified as measured at amortised cost if the financial asset or liability is held to collect or make payment on contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding.

Cash and cash equivalents, trade receivables, loans, trade payables, and other payables are recorded at amortised cost using the effective interest method less any impairment.

Estimation of Fair Value of Financial Instruments

The fair value of financial instruments is determined on a hierarchical basis that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assumptions for valuation models are based on management's judgements and estimates. Changes in the assumptions used in these models and projections of future cash flows could affect the reported fair value of financial instruments.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through statement of comprehensive revenue and expenditure', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Cash and cash equivalents, trade receivables, loans, and other receivables are recorded at amortised cost using the effective interest method less impairment.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or financial liability.

Financial Risk Management Objectives

Treasury activities are reported to Board and Audit & Risk Committee.

Fair Values

The Group considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The fair value of derivative instruments is determined using a hierarchical basis that reflects the significance of the inputs used in making the measurements (note 2).

Trade and other Payables

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services and are subsequently recorded at amortised cost using the effective interest method.

Borrowings

Borrowings are recorded initially at amortised cost.

Derivative financial instruments classified at fair value through the statement of comprehensive revenue and expenditure

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, fuel cost and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swap agreements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured to fair value at each reporting date. Changes in fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in revenue and expenditure.

(t) **Foreign currency transactions**

Transactions in foreign currency are converted at the rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate and exchange variations arising from these transactions are recognised in the Statement of Comprehensive Revenue and Expense.

(u) Borrowing costs capitalised

Borrowing costs are recorded at amortised cost. Borrowing costs directly attributable to capital construction are capitalised as part of the cost of those assets. All other borrowing costs are recognised as an expense in the period in which they are incurred.

The parent does not hold any property, plant or equipment.

(v) Standards, amendments, and interpretations effective in the current period
The Group has applied NZ IFRS 15 Revenue from Contracts with Customers for the first time for the annual reporting period commencing 1 July 2018.

NZ IFRS 15 Revenue from Contracts with Customers

PBBE IPSAS 36 Disclosures of interest in other entities effective date 1 January 2019

Requires increased disclosures regarding judgments and assumptions made in determining whether an entity controls, jointly controls or significantly influences another entity.

Impairment of revalued assets (amendments to PBE IPSAS 21 and 36) – effective date 1 January 2019

As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model.

However, where an impairment loss is recognised for an asset (or group of assets) that is revalued, an entity is not necessarily required to revalue the entire class of assets to which that impaired asset (or group of assets) belongs.

The amendment also clarifies, that for revalued assets, impairment losses and reversals thereof are accounted for in the same way as revaluation decreases and increases.

PBE IPSAS 35 Consolidated financial statements - effective date 1 January 2019

The standard introduces a new definition of control requiring both power and exposure to variable benefits and includes guidance on assessing control.

PBBE IPSAS 37 Joint arrangements effective date 1 January 2019

Establishes two types of joint arrangements (1) joint operations and (2) joint ventures based on whether the investor has rights to the assets and obligations for the liabilities of the joint arrangement or rights to the net assets of the joint arrangement and removes the option of using proportionate consolidation.

GWRC has not yet completed the assessment of the standard and the impact is not known.

New standards not yet adopted

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2019.

NZ IFRS 16 – Leases

Effective for reporting periods beginning on or after 1 January 2019. The main changes under the standard for lessees are;

- All operating leases other than those that are short term (less than 12 months) or considered low value are required to be presented on the balance sheet.
- All leases on the balance sheet will give rise to a combination of interest expenses on the lease liability and depreciation of the right of use asset.

The impact of NZ IFRS 16 will be determined by the level of operating lease commitments greater than 12 month's duration at adoption. The companies operating lease commitments are set out in Note 22. Management is yet to assess the impact of these standards and does not expect to adopt them before their respective effective dates.

PBE IFRS 9 Financial Instruments - effective date 1 January 2021

This standard has been released in advance of IPSASB issuing a new financial instruments standard based on IFRS 9. This standard gives mixed groups the opportunity to early adopt a PBE standard that is based on the for profit standard NZ IFRS 9 on the same date that NZ IFRS 9 becomes mandatory in the for-profit sector. WRCHL has not yet assessed the impact of this standard.

(w) **Leases**

Group entities lease certain land and plant. Leases are finance leases wherever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Group as Lessor

Lease Incentives

In the event that lease incentives are provided to lessees to enter into operating leases, such incentives are recognised a reduction of rental income on a straight-line basis.

3 Operating surplus / (deficit) before subvention and taxation

	Group		**Parent**	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Other revenue				
Rental income (exchange revenue)	**23,450**	11,815	-	-
Operating Revenue	**67,579**	68,575	-	-
Interest (exchange revenue)	**193**	95	**1,130**	1,047
Operational grants from GWRC (non-exchange revenue)	**11,611**	12,194	-	-
Dividend income (exchange revenue)	**-**	-	**1,900**	-
	102,833	92,679	**3,030**	1,047
Share of profit of investments using the equity method (including earthquake costs and fair value adjustments)	**10,220**	22,999	-	-
	113,053	115,678	**3,030**	1,047
Fair value (loss) / gain on investment properties GW Rail	**-**	(438)	-	-
Fair value gain on financial instruments	**-**	8,778	-	-
Fair value (loss) gain on CentrePort investment property	**1,021**	(826)	-	-
	(1,317)	7,514	-	-
Expenses, excluding finance costs				
Amortisation	**167**	214	-	-
Employee benefits expense	**27,217**	25,225	-	-
Depreciation	**25,697**	23,604	-	-
Audit services	**402**	346	**20**	26
Directors fees and expenses	**525**	532	**12**	17
Management fees	**151**	157	**76**	77
Repairs and maintenance	**19,035**	18,489	-	-
Rates and Insurance	**9,307**	7,531	**7**	6
Other operating expenses	**34,139**	28,558	**2**	2
Tax services	**52**	58	**14**	11
Contracted services	**18**	-	**11**	18
Rental and lease expenses	**1,133**	1,586	-	-
Legal	-	53	-	-
Stock and other impairment	**-**	-	-	-
	117,843	106,353	**142**	157
Net finance costs	**741**	12,422	**1,084**	994
Operating surplus before subvention, taxation and earthquake related costs	**(6,848)**	4,417	**1,804**	(104)

4 Earthquake Related Items

Kaikoura Earthquake

A 7.8 magnitude earthquake struck on 14 November 2016 in Kaikoura which has had a significant impact on CentrePort. The earthquake significantly damaged Port infrastructure and Port properties including the land on which the Port operates. The major Port operations impacted were the container services and the investment property portfolio. Other Port services including logs, ferries, fuel, cruise and break bulk activities had substantially recovered immediately following the earthquake.

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed. The insurance claim process is well advanced and engineering damage assessments have been completed. However there is considerable uncertainty in relation to the final quantification for the settlement of the insurance claim. The Group is working closely with independent advisors and the insurers' assessors to progress the claim.

The Group has separate insurance policies for CentrePort and CentrePort Properties Limited.

At the time of the earthquake CentrePort had a total insured value (in relation to port infrastructure) of $600.0m for both Material Damage and Business Interruption combined. The Business Interruption covers a 36 month indemnity period. Insurance progress payments of $90.0m were received by CentrePort in the year ended 30 June 2019 (2018: $60.0m) bringing total progress payments received to 30 June 2019 to $250.0m. These payments are applied to business interruption (loss of rents and temporary works) in the first instance and secondly to material damage.

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of $170.4m. Of this, $158.2m related to the SPVs and $12.2m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

Insurance and property related impacts for CentrePort and CentrePort Properties Limited are set-out below. As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately as described in note 12.

The Group received $210.4m of payments in 2019 for claims on these policies of which $90m related to CentrePort progress payments and $120.4m related to the final settlement for the CentrePort Properties Limited claim.

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2019 for CentrePort and CentrePort Properties Limited:

	Material Damage $'000	Business Interruption $'000	2019 $'000	2018 $'000
Loss of gross profits and rents	-	6,622	6,622	8,477
Temporary works expenditure incurred to date	-	24,220	24,220	33,628
Material damage preliminary estimates	59,540	-	59,540	13,478
Total Insurance income in the year	59,540	30,842	90,382	55,583
Total insurance income received to date	-	-	-	-
Total Insurance Income	210,769	101,236	312,005	221,624
Less progress payments received	(160,769)	(101,236)	(262,005)	(162,356)
Receivable as at 30 June	50,000	-	50,000	59,268

Business Interruption

An estimate of the amount recoverable for CentrePort's loss of gross profits has been made for the period to 30 June 2019. The amount has been calculated based on the estimated loss of revenue and has not yet been agreed with the insurer and therefore could be subject to change in future periods. CentrePort Property Limited's loss of gross profit of $0.3m is per the final settlement.

A change to the estimated loss of revenue of + / - 10% would result in an increase / decrease in the loss of gross profits income estimate accrued of $0.6m for the current year.

Material Damage Insurance Receivable

The Group has insurance cover for damage incurred to its insured assets and infrastructure. The insurers have accepted that the damage is covered under the Group's insurance policies, however, the final claim settlement amount has not yet been agreed. As a result assumptions have been made and judgement applied in determining the insurance proceeds to be recognised for material damage.

Where the minimum amount recoverable for damage to specific port assets can be reliably estimated, it has been recorded as income. There is potential for adjustments to be made to insurance amounts recognised in prior periods (based on estimates at that time) when the claim is settled and these may be material.

There is a contingent asset in relation to the insurance claim for the Port (note 25).

Earthquake Deductible Expenditure

Under the insurance policies the Group is liable to meet a deductible amount toward the cost of repair or reinstatement of the damaged assets. The total of the deductible expenditure relating to CentrePort infrastructure is $13.5m.

Impairment of Assets

Engineering damage assessments have been completed and submitted to the insurers. In completing the damage assessments further damage arising from the earthquake has been identified resulting in a further $2.6m impairment being recognised during the year (2018: $1.9m). An impairment of $0.7m (2018: $0.6m) has been taken to investment property for higher than forecasted costs of repairs.

	2019 $'000	*2018 $'000*
Asset impairment arising out of the earthquake:		
- Estimated asset impairments relating to damaged or obsolete assets (note 8)	***2,621***	*1,996*
- Impairment and fair value write-down on investment properties (note 11) owned by Centerport Properties Ltd	***650***	*600*
	3,271	*2,596*

Port Land

An adjustment of $63m to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in note 8.

Tax impact
For information on the material assumptions and sensitivities related to the impact of the earthquake on income tax please refer to note 5.

WRC Holdings Limited
Notes to the Financial Statements
For the year ended 30 June 2019
(continued)

5 Taxation

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
(a) Income tax recognised in profit or loss				
Tax expense / (benefit) comprises:				
Current tax expense / (income)	**2,861**	(938)	**-**	-
Deferred tax (income) / expense relating to the origination and reversal of temporary differences	**(2,722)**	2,000	**-**	-
Adjustments recognised in current period in relation to deferred tax in prior periods	**80**	(355)	**-**	-
Tax loss recognised	**-**	-	**-**	-
Total Tax (benefit) / expense	**219**	707	**-**	-
Tax (benefit) / expense is attributable to:				
Continuing operations	**219**	707	**-**	-

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
(b) The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:				
(Deficit) / Surplus from operations	**53,869**	23,776	**1,804**	(104)
	53,869	23,776	**1,804**	(104)
Income tax (benefit) / expense calculated at 28%	**15,083**	6,657	**505**	(29)
Non-deductible expenses	**4,411**	3,658	**-**	-
Non-assessable income	**(22,871)**	(10,752)	**(532)**	-
Land and buildings reclassification	**-**	-	**-**	-
(Increase) / decrease in value of developed investment property land	**(286)**	274	**-**	-
Non-assessable increase / (decrease) in value of land for development	**-**	-	**-**	-
Tax effect of imputation credits	**-**	-	**-**	-
Temporary differences	**4,280**	739	**-**	-
Permanent differences	**-**	344	**-**	-
Tax loss offsets from or subventions paid to Group companies	**-**	-	**-**	-
Unused tax losses and tax offsets not recognised	**(372)**	-	**27**	29
	245	920	**-**	-
(Over) / under provision of income tax in previous period	**(26)**	(213)	**-**	-
Income tax expense	**219**	707	**-**	-
(c) Imputation credit account balances				
Balance at end of the period	**17,230**	14,197	**547**	508

(d) Tax losses not recognised

WRC Holdings have unrecognised tax losses of $590,752 (2018: $495,171) available to be carried forward and to be offset against taxable income in the future. The tax effect of these losses at 28% is $165,411 (2018: $138,648).

The ability to carry forward tax losses is contingent upon the relevant companies continuing to meet the requirements of the Income Tax Act 2007.

Key assumptions

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of $59.5m (2018:$3m) of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes, this brings the cumulative allocation of insurance proceeds to $180m (2018: $120m).

The allocation is based on the indemnity value of the key assets considered to be irrepairable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of $60m (2018: $3m) with a tax effect of $17m (2018: $1m) being the proceeds over and above original cost.

The historic tax depreciation claimed on the assets deemed to be destroyed that is likely to be recovered by Inland Revenue has been reflected as a deferred tax liability with a tax effect of $17m (2018:$17m). The remainder of the proceeds are deemed to be taxable as the related expenditure on repairs will be deductible. These estimates are based on the best information at the time of signing the accounts and the tax positions will be finalised in due course as the insurance claim is settled.

6 Trade & other receivables

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Net trade receivables				
Trade debtors	**8,667**	8,175	-	-
Provision for doubtful debts	-	(285)	-	-
	8,667	7,890	-	-
Associated entity receivable	**16**	(11)	-	-
Dividends receivable	-	-	-	-
Other receivables	**1,754**	1,079	**3**	1
Prepayments	**389**	243	-	36
Interest receivable	**224**	56	**224**	56
	11,050	9,257	**227**	93

Provision for doubtful debts

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Opening balance	**285**	23	-	-
Amounts written off during the year	**(285)**	(23)	-	-
Increased in allowance recognised in statement of comprehensive income	-	285	-	-
Closing balance	-	285	-	-

The average credit period on sales is 30 days.

Included in trade receivables are debtors with a carrying amount of $2.1 million, which are past due at 30 June 2019 (2018: $1.5 million). The Group believes that the amounts (net of doubtful debt provision) are recoverable. See (note 21)

7 Current Assets - Inventory

No inventories are held as security for liabilities as at 30 June 2019 (2018: Nil).

7 Current Assets - Inventory (continued)

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Kaiwharawhara crushed concrete	**781**	-	-	-
Spares stock control	**933**	1,237	-	-
Fuel and stock control	**118**	114	-	-
	1,832	1,351	-	-

8 Property, plant and equipment

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Work in progress $'000	Rolling stock $'000	Transport infrastructure $'000	Work in Progress $'000	Total $'000
Cost	50,652	22,567	67,670	49,093	16,857	-	386,328	72,364	14,650	680,181
Accumulated depreciation	-	(15,020)	(49,727)	(24,135)	(4,220)	-	(39,851)	(10,300)	-	(143,253)
Net book amount	50,652	7,547	17,943	24,958	12,637	-	346,477	62,064	14,650	536,928
Year ended 30 June 2018										
Opening net book amount	50,652	7,547	17,943	24,958	12,637	-	346,477	62,064	14,650	536,928
Provision for resilience	(127)	-	-	-	-	-	-	-	-	(127)
Revaluation surplus	-	-	-	-	-	-	-	-	(5,906)	(5,906)
Additions	-	-	-	349	63	-	1,033	1,550	19,435	22,430
Transfers	2,889	134	120	11,620	680	-	1,274	4,514	(15,501)	5,730
Disposals / written off	(23)	(1)	-	-	(50)	-	-	-	-	(74)
Reclassification	-	-	1,252	5,442	(5,469)	-	-	-	(1,252)	(27)
Revaluation gain / (loss)	-	-	-	-	-	-	-	-	-	-
Impairment	-	(794)	(330)	-	(872)	-	-	-	-	(1,996)
Depreciation charge	-	(431)	(994)	(2,524)	(1,082)	-	(14,522)	(4,050)	-	(23,603)
Depreciation retired	-	-	-	(228)	-	-	-	-	-	(228)
Closing net book amount	53,391	6,455	17,991	39,617	5,907	-	334,262	64,078	11,426	533,127
At 30 June 2018										
Cost	53,391	21,901	68,219	65,298	-	19,526	383,920	78,429	11,426	702,110
Valuation	-	-	-	-	-	(2,775)	-	-	-	(2,775)
Accumulated depreciation	-	(15,446)	(50,228)	(25,681)	-	(10,844)	(49,658)	(14,351)	-	(166,208)
Net book amount	53,391	6,455	17,991	39,617	-	5,907	334,262	64,078	11,426	533,127

WRC Holdings Limited
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(continued)

Group	Operational port freehold land $'000	Buildings $'000	Wharves and paving $'000	Cranes and floating equipment $'000	Plant, vehicles and equipment $'000	Rolling stock $'000	Transport infrastructure $'000	Work in Progress $'000	Total $'000
Year ended 30 June 2019									
Opening net book amount	53,391	6,455	17,991	39,617	5,907	334,262	64,078	11,426	533,127
Transfer to investment property	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Additions	-	-	67	6	1,901	4,026	14,058	8,317	28,375
Transfers from work in progress	-	771	989	1,523	-	-	-	(5,377)	(2,094)
Disposals / written off	-	(66)	-	(861)	(1,452)	(1,559)	(1,486)	-	(5,424)
Reclassification	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	(2,555)	-	41,994	18,269	-	57,708
Depreciation charge	-	(345)	(1,026)	(5,254)	(111)	(13,398)	(3,041)	-	(23,175)
Temporary works depreciation	-	-	-	(377)	-	-	-	-	(377)
Closing net book amount	53,391	6,815	18,021	32,099	6,245	365,325	91,878	14,366	588,140
At 30 June 2019									
Cost	53,391	22,550	69,276	58,754	17,119	365,325	91,878	14,366	692,659
Accumulated impairment	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(15,735)	(51,255)	(26,655)	(10,874)	-	-	-	(104,519)
Net book amount	53,391	6,815	18,021	32,099	6,245	365,325	91,878	14,366	588,140

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Operational Port Land

The operational port land is measured at fair value less any allowance for impairment.

Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2017. The assessed value at that time was $110.5m (which excludes $3.1m of additions during the year ended 30 June 2017 and $2.9m of additions during the year ended 30 June 2018) which was adjusted by $63.0m for estimated Operational Port Land resilience costs. The Directors are satisfied that there has not been a material movement in the fair value as at 30 June 2019.

	2019 $'000
Industrial Zoned Land	**79,590**
Commercial Zoned	**8,832**
Other Port Land	**25,231**
Total Operational Port Land	**113,653**
Provision for Resilience	**(63,000)**
Carrying Value Operational Port Land	**50,653**
Additions, Transfers, and Disposals of Port Land	**2,738**
Carrying Value Operational Port Land 30 June 2019	**53,391**

Valuation Approach Operational Port Land

The fair value of Operational Port Land has been determined in accordance with Australia and New Zealand Valuation and Property Standards, in particular Valuation Guidance Note NZVGN 1 Valuations for Use in New Zealand Financial Reports and IVS 300 Valuations for Financial Reporting and NZIFRS 13 (Fair Value Measurement)

The fair value of Operational Port Land is based on the highest and best use for transport distribution, road/rail/port linkages and logistics.

The fair value of Operational Port Land is determined with reference to a fair value hierarchy of inputs. All inputs into the determination of fair value of Operational Port Land sit within level 3 of this hierarchy as they are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each freehold parcel of land is valued on a rate per square metre basis using the direct sales comparison approach. In carrying out this comparison, consideration is given to:

- sales of land or development sites within the wider Wellington region
- size, shape, location and access to services
- road frontage , exposure to vehicles
- allowable height and density of use.

Key assumptions underlying the valuation are set out below:

Land at Aotea Quay, the Northern Reclamation and Point Howard have been valued in their current condition.

Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

The table below summarises the valuation approach and key assumptions used by the valuers to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Freehold land	Fair value $'000	Valuation approach	Key valuation assumptions	Valuation impact
Industrial Zoned	$79,590	Comparison to sales of industrial land in similar locations	Weighted average land value $40 - $600 psm	+/- 5% ($4.0m)
Commercial Zoned	$8,831	Comparison to sales of commercially zoned land in similar locations	Weighted average land value $750 - $2,100 psm	+/- 5% ($0.4m)

Operational Port Land Resilience

An adjustment of $63m (2018: $63m) has been made to the fair value of Operational Port Land at 30 June 2019 to recognise the resilience work that needed to be undertaken to support the land. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land.

There is a high level of uncertainty attached to the level of adjustment to be recognised against the port land resilience. This uncertainty includes the appropriate level of resilience required for each area of land, the range of potential technical solutions available to provide the desired level of resilience, and the cost of each potential solution.

Planning for the works to be undertaken is underway. The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate.

A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of $9.5m (2018: 9.5m).

Valuation approach - operational port leasehold land

A capitalised net rental approach is used to value leasehold land, where market ground rental is capitalised with reference to sales of lessors interests, with an allowance made for differences between contract and market rents adjusted for the terms of the lease. Inputs into this valuation approach are:

- comparable recent rental settlements on a rate per square metre of land,
- perpetually renewable or terminating lease
- rental review periods
- forecast trends for interest rates and market based property yields.

Market rental is assessed using both the:

- Classic approach under which the valuer adjusts a basket of comparable rental settlements for a ground rental rate psm pa and multiplies by the land area leased, and the
- Traditional approach whereby the valuer assesses a market land value and applies a market based ground rental percentage against this value.

Value is assessed once the market rental is assessed; the overage or underage is calculated until rent review date. To this figure is added the value of right to renew if perpetual lease or the PV of the total market value of the site deferred until lease end.

The following table summarises the key inputs and assumptions used by the valuer to arrive at fair value and the sensitivity of the valuation to movements in unobservable inputs.

Other Port land	**Fair value $'000**	**Valuation approach**	**Key valuation assumptions**	**Valuation impact**
Other port land	$25,231	Comparison to sales of industrial land in similar locations	Weighted average land value - $120 to $2,100/sqm7.00%	+/-5% ($1.3m)

Greater Wellington Rail Limited (GWRL)

GWRL infrastructural assets and its rolling stock were independently valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2019 using Optimised Depreciated Replacement Cost (ODRC) methodology.

All other property, plant and equipment are carried at cost less accumulated depreciation and any allowance for impairment.

9 Intangible assets

Group	Goodwill $'000	Computer software $'000	Total $'000
Cost	2,675	612	3,287
Accumulated amortisation and impairment	-	(234)	(234)
Year ended 30 June 2019			
Opening net book amount	2,675	378	3,053
Additions	-	158	158
Amortisation charge	-	-	-
Closing net book amount	2,675	536	3,211
At 30 June 2018			
Cost	2,675	4,224	6,899
Accumulated amortisation and impairment	-	(3,687)	(3,687)
Net book amount	2,675	537	3,212

Group	Goodwill $'000	Computer software $'000	Total $'000
Year ended 30 June 2019			
Opening net book amount	2,675	537	3,212
Additions	-	2	2
Transfers from WIP	-	190	190
Disposals	-	(143)	(143)
Amortisation	-	(167)	(167)
Closing net book amount	2,675	419	3,094
At 30 June 2019			
Cost	2,675	4,271	6,946
Accumulated amortisation and impairment	-	(3,852)	(3,852)
Net book amount	2,675	419	3,094

The amortisation expense is included in operating expenses in the statement of comprehensive revenue and expenditure.

10 Investments in subsidiaries

WRC Holdings hold 100% of PIL and the Group had the following subsidiaries at 30 June 2019.

All group entities have a common balance date of 30 June and all significant inter-entity transactions have been eliminated on consolidation.

Name	Principal activity	Place of incorporation and operation	Equity holding 2019	Equity holding 2018
Port Investments Limited	Investment management	New Zealand	**100.0%**	100.0%
Greater Wellington Rail Limited	Rail rolling stock owner	New Zealand	**100.0%**	100.0%
Wellington Port Coldstores Limited	Cold Storage	New Zealand	**76.9%**	76.9%
CentrePort Limited	Port operations	New Zealand	**76.9%**	76.9%
CentrePort Property Management Limited	Management Services	New Zealand	**76.9%**	76.9%
CentrePort Properties Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Property Limited	Investment in special purpose vehicle	New Zealand	**76.9%**	76.9%
Harbour Quays Shed 39 Limited	Commercial rental property	New Zealand	**76.9%**	76.9%

On 20 November 2017, Harbour Quays D3 Limited and Harbour Quays C1 Limited were removed from the Companies Register. In addition, on 12 January 2018 CentrePac Limited and CentrePort Limited were amalgamated.

On 31 January 2018, CentrePort Limited purchased the remaining 50% of shares of Wellington Port Coldstores Limited from Hamstead Enterprises Limited.

	2019 $'000	2018 $'000
Greater Wellington Rail Limited	**234,603**	221,903

WRCHL has a long term advance of $44 million to PIL. This advance is non interest bearing and does not have a fixed payment term.

11 Investment Properties

Investment Property

Investment Property, which is property held to earn rentals and/or for capital appreciation, is measured at its fair value determined by an independent valuer at the reporting date. Gains or losses arising from changes in fair value of investment property are recognised in profit or loss in the period in which they arise.

The Group has the following classes of Investment Property:

- Developed Investment Property
- Land Available for Development
- Lessors Interests

	Group		Parent	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Developed Investment Properties	**37,323**	4,500	-	-
Land Available for Development	**24,949**	13,516	-	-
Lessors interest	**181**	164	-	-
	62,453	18,180	-	-
Developed Investment Properties				
Developed Investment Property as at 1 July	**4,500**	4,750	-	-
Consolidated from SPV's	**29,191**	-	-	-
Additions	**3,806**	201	-	-
Impairments and Fair Value Change (earthquake)	**(757)**	(600)	-	-
Increase / (decrease) in fair value	**583**	149	-	-
	37,323	4,500	-	-
Land Available for Development	**13,515**	12,022	-	-
Consolidated from SPV's	**7,682**	-	-	-
Additions	**3,224**	2,507	-	-
Impairments and Fair Value Change (earthquake)	**107**	-	-	-
Increase / (decrease) in fair value	**421**	(1,013)	-	-
	24,949	13,516	-	-
Lessors Interests				
Transfers from Property, Plant, and Equipment	**164**	127	-	-
Increase / (decrease) in fair value	**17**	37	-	-
	181	164	-	-
Investment Properties	**62,453**	18,180	-	-

Developed Investment Property - Valuation

Developed investment property consists of Shed 39, a commercial property (both building and a leasehold interest in the land upon which the building sits) leased to a third party.

The developed investment property was valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australian and New Zealand Property Valuation Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 – Valuation for Use in New Zealand Financial Reports and IVS 101 – 105 and 400. Following the consolidation of the SPVs (note 17) the value determined by Colliers International was $37.9m (2018: $8.1m). After allowing for impairment based on the expected costs to repair the properties, the fair value of the investment properties is $37.3m (2018: $4.5m).

Developed investment Property is valued using a combination of the following approaches:

- Market capitalisation approach – This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance is made for the difference between contract rent discounted until a discounted equilibrium point in the lease term
- Discounted cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.

Land Available for Development - Valuation

Land Available for Development consists of the Harbour Quays Development Land and the sites of the former BNZ Building and the former Statistics House (2018: Harbour Quays Development Land). These were valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The sites were valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. Following the consolidation of the SPV's (note 17) the value determined by Colliers International was $38.9m (2018: $23.4m) based on the below assumptions:

It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.

The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in the valuation.

Land Available for Development is valued using the direct sales comparison approach. This is where the subject property is compared with recently sold properties of a similar nature with fair value determined through the application of positive and negative adjustments for their differing features. In carrying out this comparison, consideration is given to sales of similar property within the wider Wellington region.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of the investment properties is $25.0m (2018: $13.5m)

Lessors Interests - Valuation

The Lessors Interests were valued on 30 June 2019 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 - Valuations for Use in New Zealand Financial Reports and IVS 101-105 and 400. The value determined by Colliers International was $0.18m (2018: $0.16m).

Lessors interest is valued using the market capitalisation approach. This is where fair value is determined by capitalising the property's market ground rental with reference to sales of lessors interests, and then an allowance made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term.

The table below summarises the valuation approach used by the valuers before allowances for infrastructure service costs to arrive at fair value and the sensitivity of the valuation to the movements in unobservable inputs.

	Fair Value $'000	**Valuation Approach**	**Significant Input**	**Range of significant input**
Developed Investment Property	$37,900	Market Capitalisation	Market capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value	8.00% to 9.25%
Developed Investment Property	$37,900	Discounted Cashflow	Discount rate - the rate of return used to determine the present value of future cash flows	8.75% to 10%
Land Available for Development	$38,857	Direct sales comparison	Weighted average land value - the rate per sqm applied to the subject property	$100 to $2500
Lessors Interest	$181	Market Capitalisation	Lessors interest yield - A rental percentage applied to the land value to arrive at current market ground rent	6.75%

12 Aggregated Joint Venture Information

Interests in Joint Ventures

Prior to 1 June 2019 Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) were accounted for as joint ventures of the Group although the SPVs are wholly owned by CentrePort Properties Limited. The SPVs had issued Mandatory Convertible Notes (MCNs) to the Accident Compensation Corporation (ACC) which provided the ACC with joint control over the SPVs.

During the year ended 30 June 2019, the Group redeemed the MCNs issued by the SPVs to the ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019. Refer to note 13 for further information on the redemption of the MCNs.

Summarised financial information for joint ventures

	Port Associates		Property Associates		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Current						
Cash and cash equivalents	**60**	18	**-**	35,015	**60**	35,033
Insurance receivable	**-**	-	**-**	90,595	**-**	90,595
Other current assets (excluding cash)	**113**	156	**-**	440	**113**	596
Total current assets	**173**	174	**-**	126,050	**173**	126,224
Other current liabilities (including trade payables)	**(118)**	(126)	**-**	(3,079)	**(118)**	(3,205)
Total current liabilities	**(118)**	(126)	**-**	(3,079)	**(118)**	(3,205)
Non-current						
Non-current assets	**77**	77	**-**	36,608	**77**	36,685
Total non-current assets	**77**	77	**-**	36,608	**77**	36,685
Financial liabilities	**(510)**	-	**-**	(84,872)	**(510)**	(84,872)
Other liabilities	**-**	(370)	**-**	-	**-**	(370)
Total non-current liabilities	**(510)**	(370)	**-**	(84,872)	**(510)**	(85,242)
Net assets	**(378)**	(245)	**-**	74,707	**(378)**	74,462
Share of Net Assets	**(189)**	(123)	**-**	74,707	**(189)**	74,584

WRC Holdings Limited
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Summarised statements of comprehensive income

	Port Associates		Property Associates		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**1,236**	1,326	**4,362**	2,280	**5,598**	3,606
Operating expenses	**(1,336)**	(1,664)	**(3,067)**	(3,868)	**(4,403)**	(5,532)
Net finance cost	**-**	-	**(11,910)**	(5,430)	**(11,910)**	(5,430)
	(100)	(338)	**(10,615)**	(7,018)	**(10,715)**	(7,356)
Earthquake Related Items						
Costs and impairments	**-**	-	**(154)**	(8,749)	**(154)**	(8,749)
Insurance income	**-**	2,857	**21,384**	38,073	**21,384**	40,930
Post-tax profit from continuing operations	**(100)**	2,519	**10,615**	22,306	**10,515**	24,825
Income tax (expense)/ benefit	**-**	-	**(329)**	(2,068)	**(329)**	(2,068)
Prior period adjustment	**(33)**	-	**-**	-	**(33)**	-
	(133)	2,519	**10,286**	20,238	**10,153**	22,757
Fair value adjustments	**-**	-	**-**	1,500	**-**	1,500
	(133)	2,519	**10,286**	21,738	**10,153**	24,257
Share of comprehensive income	**(66)**	1,260	**10,286**	21,739	**10,220**	22,999
Dividends received from joint venture or associate	**-**	-	**-**	500	**-**	500

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture

	Port Associates		Property Associates		Total	
	2019	2018	**2019**	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Opening net assets 30 June	**(245)**	11,858	**74,706**	53,468	**74,461**	65,326
Profit/(loss) for the year	**(133)**	2,519	**10,286**	21,738	**10,153**	24,257
SPV's	**-**	-	**(84,992)**	-	**(84,992)**	-
Transfer of ownership of net assets WPCL	**-**	(14,622)	**-**	-	**-**	(14,622)
Dividend	**-**	-	**-**	(500)	**-**	(500)
Closing net assets	**(378)**	(245)	**-**	74,706	**(378)**	74,461
Interest in joint venture	**(189)**	(122)	**-**	74,706	**(189)**	74,584
Carrying value	**(189)**	(122)	**-**	74,706	**(189)**	74,584

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Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of entity	Principal activities	Proportion of ownership interest 2019	2018
Harbour Quays A1 Limited	Commercial rental property	**100%**	100%
Harbour Quays D4 Limited	Commercial rental property	**100%**	100%
Harbour Quays F1F2 Limited	Commercial rental property	**100%**	100%
Direct Connect Container Services Limited	Transport hubbing and logistics	**50%**	50%

*The SPV's Harbour Quays A1, Harbour Quays D4, and Harbour Quays F1F2 redeemed the MCNs issued to ACC on 31 May 2019. As a result the Group obtained full control and the SPV's have been consolidated from that date. Refer to note 17 for further detail.

	Group 2019 $'000	2018 $'000
Carrying amount at beginning of year	**74,584**	59,397
Share of profit / (loss) of joint ventures	**10,220**	22,999
Dividends from joint ventures	-	(500)
Consolidation of net assets of Wellington Port Coldstores Limited on acquisition	-	(7,312)
Transfer net assets of CentrePac Limited to wholly owned subsidiary on acquisition of remaining interest	-	-
Consolidation of net assets of SPV's on acquisition	**(84,993)**	-
Total current assets	**(189)**	74,584
Represented by:		
Harbour Quays A1 Limited	-	18,157
Harbour Quays D4 Limited	-	13,599
Harbour Quays F1F2 Limited	-	42,952
Other Joint Venture Companies	**(189)**	(124)
	(189)	74,584

Earthquake damage

The investment properties owned by the SPV companies were significantly damaged in the November 2016 earthquake. The insurance claim for the properties was settled in October 2019 for $170.4m, of which $158.2m related to the SPVs.

A summary of the SPV earthquake treatment follows.

Harbour Quays A1 Limited

The former Statistics New Zealand building sustained significant damage as a result of the Kaikoura earthquake. The land that was occupied by the building has been developed into a carpark. The total insurance claim for Harbour Quays A1 Limited was $40.3m, comprised of $4.0m for loss of rental income and $38.0m for material damage, less a deductible of $1.7m.

Harbour Quays D4 Limited

The CustomHouse property was damaged in the earthquake and damage assessments concluded that both the structural and non structural damage was relatively minor. The building was repaired and reoccupied in December 2017. The total insurance claim for Harbour Quays D4 Limited was $5.5m, comprised of $4.1m for loss of rental income and $3.0m for material damage, less a deductible of $1.6m.

Harbour Quays F1F2 Limited

The former BNZ House sustained significant damage in the earthquake and is in the process of being demolished. The total insurance claim for Harbour Quays F1F2 Limited was $112.4m, comprised of $24.0m for loss of rental income and $93.0m for material damage, less a deductible of $4.6m.

13 Redemption of Mandatory Convertable Notes

Summary of acquisition

On 10 May 2019 the Group redeemed the Mandatory Convertible Notes (MCNs) issued by Harbour Quays A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) to the Accident Compensation Corporation (ACC) and as a result acquired the control of the SPVs on 31 May 2019.

The SPVs were previously accounted for as joint ventures although the Group held 100% of the share capital in the SPVs.

As at the acquisition-date the fair value of the equity interest in the SPVs held immediately before the acquisition amounted to $85.0m, which includes the loss recognised as a result of redeeming the MCN's of $9.7m. This loss on remeasurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the equity method in the statement of comprehensive income.

The control over the SPVs was obtained through the redemption of the MCN liabilities on 31 May 2019. The redemption amount was determined through a negotiation process and is deemed to be at fair value.

(a) *Assets and liabilities acquired*

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Acquisition-related costs	-
Fair Value as at 31 May 2019	
Cash and cash equivalents	47,944
Trade receivables	845
Insurance Receivables	-
Investment properties	36,873
Deferred tax assets	-
Trade payables	(312)
Income tax payable	(84)
Income in advance	(274)
Deferred tax liabilities	-
Net identifiable assets acquired	84,992
Less: non-controlling interests	-
Add: Goodwill	-
Net assets acquired	84,992

There was no goodwill recognised as a result of the step acquisition as the fair value of the net assets acquired equals the fair value of the equity interest held immediately before the acquisition and there was no intangible assets or contingent liabilities identified that were not previously recorded as part for the SPV's net assets.

13 Redemption of Mandatory Convertable Notes (continued)

(b) *Purchase consideration – cash outflow*

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	-
Less: Balances acquired	
Cash	47,944
	-
Net outflow of cash – investing activities	(47,944)

(c) *Acquired receivables*

The fair value of acquired trade receivables is $0.8m. The gross contractual amount for trade receivables due is $0.8m, all of which is expected to be collectible.

(d) *Revenue and profit contribution*

The acquired businesses contributed revenues of $4.4m and net profit of $10.3m to the Group for the period from 1 July 2018 to 31 May 2019.

If the acquisition had occurred on 1 July 2018, consolidated pro-forma revenue and profit for the period ended 30 June 2019 would have been $4.7m and $11.4m respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- differences in the accounting policies between the Group and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2018, together with the consequential tax effects.

(e) *Acquisition-related costs*

Acquisition-related costs of $72k are included in administrative expenses in the Statement of Comprehensive Income and in operating cash flows in the Statement of Cash Flows.

14 Deferred tax

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
The balance comprises temporary differences attributable to:				
Tax losses	**14,169**	11,208	-	-
Temporary differences	**(123,620)**	(106,427)	-	-
Net Deferred Tax	**(109,451)**	(95,219)	-	-

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Unrecognised deferred tax balances				
Tax losses	-	-	**(165)**	(139)
Unused tax credits	-	-	-	-
Temporary differences	-	-	**(3)**	(3)
	-	-	**(168)**	(142)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
At 1 July 2017	251	(79,907)	3,162	2,458	16,367	(35,908)	(93,577)
Charged to income	134	2,930	(768)	(2,378)	(5,159)	3,599	(1,642)
At 30 June 2018	385	(76,977)	2,394	80	11,208	(32,309)	(95,219)

Movements - Group	Investment properties $'000	Property, plant and equipment $'000	Trade and other payables $'000	Other financial liabilities $'000	Tax losses $'000	Insurance recoverable $'000	Total $'000
Charged to income	(743)	(694)	(818)	(80)	2,961	2,016	2,642
Charged to equity	-	(16,874)	-	-	-	-	(16,874)
At 30 June 2019	(358)	(94,545)	1,576	-	14,169	(30,293)	(109,451)

WRC Holdings Limited
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For the year ended 30 June 2019
(continued)

15 Interest bearing liabilities

	Group 2019 $'000	Group 2018 $'000	Parent 2019 $'000	Parent 2018 $'000
Current				
Bank overdrafts	-	4,037	-	-
Bank borrowings	-	18,003	-	-
Total secured current interest bearing borrowings	-	22,040	-	-
Non-current				
Borrowings	44,000	44,080	44,000	44,080
Total non-current interest bearing liabilities	44,000	44,080	44,000	44,080
Total interest bearing liabilities	44,000	66,120	44,000	44,080

Loan to WRC Holdings Limited

Wellington Regional Council loaned $44 million (2018: $nil) to its wholly owned subsidiary WRC Holdings Limited. The interest rate at 30 June 2019 is 2.4175% (2018: n/a) and is reset quarterly.

16 Current assets - Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term, highly liquid investments with original maturities of three months or less. This does not include CentrePort's overdraft balance of $nil (2018: $4.0m).

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**91,729**	2,313	**3**	4

The net cash and cash equivalents is a current asset of $91.7m (2018: $1.7m current liability).

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Cash at bank and in hand	**91,729**	2,313	**3**	4
Bank overdraft	**-**	(4,037)	**-**	-
Cash and cash equivalents	**91,729**	(1,724)	**3**	4

17 Employee entitlements

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Current				
Employee benefits	**3,695**	3,523	**-**	-
Non-current				
Employee benefits	**282**	645	**-**	-
Total Provisions	**3,977**	4,168	**-**	-

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date when it is probable that settlement will be required and they are capable of being measured reliably. The present value is determined by discounting the future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

The rate used for discounting the provision for future payments is 2.5% (2018: 2.90%).

18 Equity

	Group $'000	$'000	Parent $'000	$'000
(a) Share capital				
Ordinary shares				
34,541,100 $1 shares, fully paid	**34,541**	34,541	**34,541**	34,541
22,170,000 $1 shares, fully paid	**22,170**	22,170	**22,170**	22,170
5,309,283 $1 shares fully paid	**5,309**	5,309	**5,309**	5,309
170,200,000 $1 shares, fully paid	**170,200**	158,374	**170,200**	158,374
8,000,000 $1 shares, fully paid	**8,000**	8,000	**8,000**	8,000
11,250,000 $1 shares, fully paid	**11,250**	11,250	**11,250**	11,250
6,700,000 $1 shares, fully paid	**6,700**	6,700	**6,700**	6,700
10,100,000 $1 shares fully paid	**10,100**	10,100	**10,100**	10,100
19,000,000 $1 shares, partly paid	**874**	-	**874**	-
50,000,000 $1 shares uncalled	**-**	-	**-**	-
Redeemable Preference Share Capital				
25,000 $1000 shares, paid to 1 cent	**-**	-	**-**	-
Total share capital	**269,144**	256,444	**269,144**	256,444

19 Non-controlling interest

	Group 2019 $'000	2018 $'000	Parent 2019 $'000	2018 $'000
Opening Balance at 01 July	**54,110**	45,771	**-**	-
Share of operating surplus / (deficit)	**16,848**	8,800	**-**	-
Share of dividends paid or payable	**(924)**	(461)	**-**	-
Share of movements in revaluation reserve	**-**	-	**-**	-
Balance of Non-controlling Interest at 30 June	**70,034**	54,110	**-**	-

The non-controlling interest represents the Manawatu Regional Council's 23.1% share of CentrePort Limited.

WRC Holdings Limited
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For the year ended 30 June 2019
(continued)

20 Reconciliation of surplus for the year with cash flows from operating activities

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Net (deficit) / surplus after tax	**53,650**	23,069	**1,804**	(104)
Add / (less) non-cash items:				
Depreciation	**26,074**	23,832	**-**	-
Amortisation	**167**	214	**-**	-
Impairment / written off of fixed assets	**-**	-	**-**	-
Gain on disposal of fixed asset	**1,814**	-	**-**	-
(Gain) / loss on sale of property, plant & equipment	**523**	73	**-**	-
Loss on fair value movement financial instruments	**-**	(8,778)	**-**	-
Revaluation loss on rail assets	**-**	-	**-**	-
Write down / (up) of investment properties	**(1,021)**	826	**-**	-
Earthquake related costs	**3,271**	2,596	**-**	-
Equity accounted earnings from associate companies	**(10,220)**	(22,499)	**-**	-
Deferred tax liability	**-**	6,487	**-**	-
Deferred tax liability	**(340)**	-	**-**	-
Change in provision for doubtful debt	**-**	-	**-**	-
Add / (less) movements in working capital:				
Accounts receivable	**(1,183)**	(2,133)	**(168)**	(3)
Prepayment	**38**	(13)	**35**	(13)
Accounts payable	**1,859**	5,635	**154**	14
Insurance receivable	**9,268**	3,417	**-**	-
Dividends receivable	**-**	-	**-**	-
Inventory	**(481)**	73	**-**	-
Borrowings	**-**	(146)	**-**	-
Taxation - refund/payable	**2,737**	(4,244)	**-**	-
Prov for tax/other movements	**(1,093)**	-	**-**	-
Current account - Greater Wellington Regional Council	**-**	-	**-**	-
Deferred tax	**(1,208)**	-	**-**	-
Employee entitlements	**(191)**	263	**-**	-
Working capital on WPCL acquisition	**-**	(1,900)	**-**	-
Add / (less) items classified as investing and financing activities:				
Accounts payable related to property, plant and equipment	**(619)**	(1,379)	**-**	-
Accounts receivable related to property, plant and equipment	**(433)**	-	**-**	-
Insurance progress payment schedule	**(68,804)**	(16,895)	**-**	-
Increase in share capital	**-**	-	**-**	-
Other	**(1,136)**	112	**-**	-
Net cash inflow from operating activities	**12,672**	8,610	**1,825**	(106)

21 Financial risk management

Nature of activities and management policies with respect to financial instruments:

Capital risk management

CentrePort manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes borrowings - disclosed in note 15 - , cash reserves and retained earnings.

Externally imposed capital requirements

CentrePort has borrowing covenant requirements for gearing and interest cover ratios. Performance against covenants is reported monthly to the CentrePort Board and semi-annually to its. All externally imposed covenants have been complied with during the period.

(a) Market risk

As at 30 June 2019, neither WRC Holdings parent nor WRC Holdings Group had entered into any forward exchange contracts (WRC Holdings Group 2019: no forward contracts).

Interest rate risk

The Group is exposed to interest rate risk through the Group's treasury investment portfolio if market interest rates decline below annual budgeted amounts.

Reconciliation of other financial (assets) / liabilities

Interest rate sensitivity

WRC Holdings - Parent

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Parents net profit not be impacted (2018: no impact).

At reporting date, WRC Holdings Parent had not entered into any swaps (2018: no swaps). Therefore a change in swap rates has no impact (2018: no impact).

CentrePort

At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's net profit would increase/decrease by $0.0 million (2018: increase/decrease by $0.5 million).

WRC Holdings - Group

At reporting date, if interest rates had been 100 basis point higher or lower and all other variables were held constant, the Group's net profit would increase / decrease by $477,000 (2018: +/- $500,000).

Maturity profile of financial instruments

The following table details the Group's exposure to interest rate risk at 30 June 2019 and 30 June 2018.

	Weighted average interest rate	Variable interest rate	Maturity profile of financial instruments						Non-interest bearing	Total
			Less than one year	1-2 years	2-3 years	3-4 years	4-5 years	5+ years		
	%	%	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group 2019										
Trade and other payables			17,037	-	-	-	-	-	17,037	17,037
Payables to employees			3,695	282	-	-	-	-	3,977	3,977
Debt - Parent	2.46	2.42	-	-	44,000	-	-	-	-	44,000
Debt - CentrePort			-	-	-	-	-	-	-	-
Total			20,732	282	44,000	-	-	-	21,014	65,014
Group 2018										
Trade and other payables			14,959	-	-	-	-	-	14,959	14,959
Payables to employees			3,523	645	-	-	-	-	4,168	4,168
Debt - Parent	1.99	2.03	44,080	-	-	-	-	-	-	44,080
Debt - CentrePort	2.54	1.94	22,040	-	-	-	-	-	-	22,040
Total			84,602	645	-	-	-	-	19,127	85,247
Parent 2019										
Trade and other payables			251	-	-	-	-	-	251	251
Borrowings - WRCH	2.46	2.42	-	-	44,000	-	-	-	-	44,000
Parent 2018										
Trade and other payables			97	-	-	-	-	-	97	97
Borrowings - WRCH	1.99	2.03	44,080	-	-	-	-	-	-	44,080
Total			44,177	-	-	-	-	-	97	44,177

(b) Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group is exposed to credit risk through the normal trade credit cycle and advances to third parties. The Group performs credit evaluations on all customers requiring credit and generally does not require collateral. Maximum exposures to credit risk as at balance date are the carrying value of financial assets in the statement of financial position.

Trade and other receivables include amounts that are unimpaired but considered past due as at balance date.

Insurance receivables credit risk

A total of $50m is recognised by CentrePort as a receivable in relation to insurance proceeds at balance date due from various insurance institutions. The credit ratings of the largest insurance credit exposure as published by Standard & Poors is rated A+ and above as at the date of these financial statements.

Concentrations of credit risk

The Group does not have any significant credit risk exposure other than insurance receivable to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by International credit-rating agencies.

Currency Risk

The Group enters into forward exchange contracts to hedge the Group's foreign currency risk on major asset purchases.

As at 30 June 2019, CentrePort Group had not entered into any forward contracts. (2018: nil).

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. To reduce the exposure to liquidity risk the Group has a bank overdraft facility of $2 million through a set off arrangement, (2018: $2 million) and banking facilities of $50 million at balance date (2018: $125 million). No funds (2018: $22 million) have been drawn down by the Group at balance date. The bank overdraft facility of $2 million has not been utilised as at 30 June 2019 (2018: $4 million). As at 30 June 2018 the overdraft was offset by $2.3 million of cash in hand.

Liquidity profile of financial instruments

The following tables detail the groups liquidity profile based on undiscounted cash outflows at 30 June 2019 and 30 June 2018, assuming future interest cost on borrowings at nil% (2018: nil%).

Group - 30 June 2019	Less than One Year	1-2 Years	2-5 Years	5+ Years	Total
	$'000	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	17,037	-	-	-	17,037
Payables to employees	3,695	-	-	-	3,695
Other financial liabilities	950	-	-	-	950
Borrowings	1,066	1,064	44,533	-	46,663
Total	22,748	1,064	44,533	-	68,345
Group - 30 June 2018					
Financial liabilities					
Trade and other payables	-	-	-	-	-
Payables to employees	14,959	-	-	-	14,959
Other financial liabilities	3,523	645	-	-	4,168
Borrowings	22,926	44,300	-	-	67,226
Total	41,408	44,945	-	-	86,353

Parent - 30 June 2019	Less than One Year	1-2 Years	2-5 Years	5+ Years	Total
	$'000	$'000	$'000	$'000	$'000
Financial liabilities					
Trade and other payables	251	-	-	-	251
Borrowings	1,066	1,064	44,533	-	46,663
Total	1,317	1,064	44,533	-	46,914
Parent - 30 June 2018					
Financial liabilities					
Trade and other payables	97	-	-	-	97
Payables to WRC	-	-	-	-	-
Borrowings	886	44,300	-	-	45,186
Total	983	44,300	-	-	45,283

(d) Financial instruments by category

Assets	**Loans and receivables $'000**	**At fair value through other comprehensive income $'000**	**Total $'000**
Group			
At 30 June 2019			
Cash and cash equivalents	91,729	-	91,729
Trade and other receivables	61,050	-	61,050
Current account - Wellington Regional Council	6,089	-	6,089
	158,868	-	158,868
At 30 June 2018			
Cash and cash equivalents	2,313	-	2,313
Trade and other receivables	68,525	-	68,525
Current account - Wellington Regional Council	8,119	-	8,119

	78,957	-	78,957

	Loans and receivables $'000	At fair value through other comprehensive income $'000	Total $'000
Parent			
At 30 June 2019			
Cash and cash equivalents	3	-	3
Trade and other receivables	227	-	227
Current account - Port Investments Limited	628	-	628
Current account - Wellington Regional Council	2,525	-	2,525
	3,383	-	3,383
At 30 June 2018			
Cash and cash equivalents	4	-	4
Trade and other receivables	93	-	93
Current account - Port Investments Limited	539	-	539
Current account - Wellington Regional Council	2,669	-	2,669
	3,305	-	3,305

Liabilities	Derivatives classified as held for trading $'000	Financial liabilities at amortised cost $'000	Total $'000
Group			
At 30 June 2019			
Trade and other payables	-	17,037	17,037
Borrowings	-	44,000	44,000
Derivative financial instruments	-	-	-
	-	61,037	61,037
At 30 June 2018			
Trade and other payables	-	14,959	14,959
Borrowings	-	66,120	66,120
Derivative financial instruments	-	-	-
	-	81,079	81,079
Parent			
At 30 June 2019			
Trade and other payables	-	251	251
Borrowings	-	44,000	44,000
	-	44,251	44,251
At 30 June 2018			
Trade and other payables	-	97	97
Borrowings	-	44,080	44,080
	-	44,177	44,177

22 Commitments

Capital commitments

The Parent Company, WRC Holdings Limited and Port Investments Limited has no capital or operating commitments as at 30 June 2019 (2018: nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant,and equipment amounting to $11.7 million for the Group (2018: $5.1 million).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of $68 million (2018: $71.6 million). This relates to the heavy maintenance the rolling stock.

Leases

Operating Leases as a Lessee

Disclosure for Lessees

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Parent	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Not longer than 1 Year	**332**	311	-	-
Longer than 1 Year and not longer than 5 Years	**952**	904	-	-
Longer than 5 Years	**476**	317	-	-
	1,760	1,532	-	-

Operating Leases as a Lessor

Future minimum lease receipts under non-cancellable operating leases are as follows:

	Group	Parent		
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Not later than 1 Year	**18,056**	7,717	-	-
Later than 1 Year and not later than 5 Years	**56,694**	23,876	-	-
Later than 5 Years	**20,291**	18,741	-	-
	95,041	50,334	-	-

23 Related party transactions

Related party disclosures have not been made for transaction with related parties that are with a normal supplier or client/recipient relationship on terms and condition no more favourable than those that it is reasonable to expect WRCH and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the WRCH Group, where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such transactions.

Related party transactions required to be disclosed

At year end the Company is owed $627,000 by Port Investments Limited, its fully owned subsidiary (2018: The company was owed $539,400 by Port Investments Limited). No interest is charged on these outstanding balances. Apart from this there are no related party transactions required to be disclosed during the year.

Key management personnel compensation

The compensation of the Directors and executives, being the key management personnel of the Group, is set out below:

	Group		Parent	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**4,246**	3,190	**12**	16
Total key management personnel compensation	**4,246**	3,190	**12**	16

There are 6 full time key management personnel

24 Explanation of major variances against budget

Statement of comprehensive revenue and expenses	Group Actual 2019 $'000	Group Budget 2019 $'000
Revenue		
Operating revenue	102,833	93,292
Share of associate profit	10,220	5,175
Earthquake related (costs)/recoveries	60,717	80,063
Fair value movements	(1,317)	-
Total revenue	172,453	178,530
Expenditure		
Finance costs	(741)	(1,420)
Operational Expenditure	(117,843)	(96,182)
Surplus / (deficit) for the year before tax	53,869	80,928
Income tax expense/(credit)	(219)	634
Surplus / (deficit) after tax	53,650	81,562
Other comprehensive income	43,388	-
Total comprehensive income / (deficit) for the year	97,038	81,562

Balance sheet		
Assets	-	-
- Current	160,699	135,395
- Non-current	669,242	642,329
Total assets	829,941	777,724
Liabilities		
- Equity	635,959	622,552
- Current liabilities	24,503	20,923
- Non-current liabilities	169,479	134,249
Total equity and liabilities	829,941	777,724

Statement of cash flow		
Cashflows from operating activities	12,672	15,483
Cashflows from investing activities	85,904	(25,355)
Cashflows from financing activities	(5,123)	28,434
	-	-
Net increase / (decrease) in cash, cash equivalents and bank overdraft	93,453	18,562
Cash and cash equivalents at the beginning of the year	(1,724)	4,011
Cash and cash equivalents at the end of the year	91,729	22,573

24 Explanation of major variances against budget (continued)

Significant components of this variance are:

1. Revenue and expenses

The big drivers for the lower revenue to budget are lower Insurance receipts in CPL (timing issue at this stage), one off costs of settling the MCN's in CPL subsidiaries now equity accounted offset, by other comprehensive income revaluation in GWRL, providing an overall higher total comprehensive income surplus for the year.

2. Assets and liabilities

Total assets are higher primarily due to $60m revaluation in GWRL offset by a lower capex spend. CPL assets mix is higher for current assets reflecting a higher insurance receivable and cash on hand offset by lower term assets due to lower capex spend.

3. Cash flows

-Operating cashflows are slightly lower than budget due to a lower contribution (underlying net profit after tax) from CPL compared to budget.

-Investing cashflows are lower and positive due to lower capex spends in CPL & GWRL but offset by higher insurance receipts relative to capex spent in CPL.

-Financing cashflows are lower and negative reflecting lower share proceeds in WRCH from Council due to lower capex spend and unbudgeted repayment of borrowings by CPL.

25 Contingencies

The following contingent liabilities existed at 30 June 2019:

Contingent Liabilities

The Parent Company has uncalled capital in Port Investments Limited of $10,000,100 (2018: $10,000,100).

The Parent Company has uncalled capital in Greater Wellington Rail Limited of $18,125,976 composed of 19,000,000 shares called to $874,024 (2018: $11,825,976 composed of 170,200,000 shares called to $158,374,024).

CentrePort Limited had no contingent liabilities as at 30 June 2019 (2018: Nil).

Contingent Asset
The parent company has uncalled capital with its owner Greater Wellington Regional Council of 50 million shares valued at $50 million (2018: the same).

The Group has made a claim with its insurers for damages incurred to its insured port assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the group insurance policies, however, the final settlement amount has not yet been agreed.

Until the insurance claim process is finalised it is not possible to reliably estimate the value of the contingent asset.

26 Subsequent events

No dividend was declared post balance date by WRC Holdings (2018: Nil).

WRC Holdings Limited
Statement of compliance and responsibility
As at 30 June 2019

Compliance

The Directors and management of the Company confirm that all the statutory requirements of the Local Government Act 2002 in relation to the financial report have been complied with.

Responsibility

The Directors and management of the Group accept responsibility for the preparation of the annual financial statements and the statement of service performance and the judgements used in them.

The Directors have authority to sign these financial statements.

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

In the opinion of the Directors and management of the Company, the annual financial statements and the statement of service performance for the year ended 30 June 2019 fairly reflect the financial position and operations of the Company.

Director	Director	Chief Financial Officer
September 26, 2019	September 26, 2019	September 26, 2019

Auditors' report

To the shareholders of WRC Holdings Limited

Council
20 November 2019
Report 19.497

For Decision

RESOLUTION TO EXCLUDE THE PUBLIC

That the Council excludes the public from the following parts of the proceedings of this meeting, namely:

Snapper Services

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:

Snapper Services	
Reason for passing this resolution in relation to each matter	*Ground(s) under section 48(1) for the passing of this resolution*
Information contained in this report relates to payments to Snapper Services Limited. Release of this information would be likely to prejudice or disadvantage the ability of Greater Wellington to carry on negotiations with Snapper Services Limited. Greater Wellington 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 need to withhold the information.	The public conduct of this part of the meeting is excluded as per section 7(2)(i) of the Act (to enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations).

This resolution is made in reliance on section 48(1)(a) 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 or section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, 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.