

Greater Wellington Regional Council

Annual Report 2013/14

Chair's report

In the year under review Greater Wellington Regional Council has completed or significantly advanced a number of major initiatives. It was also a year of unusual challenges in terms of physical resilience and again the council has stepped up to deliver.

In June 2013 the region was hit by a massive storm that created havoc for many communities and took out the rail line between Wellington city and the Hutt. This was followed in July and August by a series of earthquakes centred in Cook Strait - the most significant felt by the region since 1942. The Wellington Region Emergency Management Office (WREMO) co-ordinated the response to the storm and the quakes, and helped ensure that the region was able to return to business as usual as quickly as possible.

During the year, WREMO put considerable time, effort and resources into preparing communities for future events through a number of initiatives, including offering households 200-litre emergency water tanks at a subsidised cost of \$105. These tanks have proved immensely popular with people throughout the region, and the initiative was recognised with a 2014 Global Energy Award for Sustainability.

One of our largest pieces of work over 2013/14 was the Wellington City Public Transport Spine Study, which was subject to public consultation, then formal hearings by a sub-committee of the Regional Transport Committee (RTC). The hearing group principle recommendations were focussed on the route and the mode, with strongly contested public views on the latter. The RTC accepted the hearing committee proposals, confirming the spine through the Wellington CBD and the main cross-city east-west and north-south routes, and also the mode option, for which Bus Rapid Transit was selected as the most appropriate. We have already begun implementation and are working closely with Wellington City Council and the New Zealand Transport Agency on implementation of the plan.

Work on the development our Regional Plan also neared completion. In previous years we began this exercise by asking the community to tell us what they thought were the most critical issues to do with the natural environment in the region. The response was great and we have used that initial input to build the new Plan, going back to community meetings and reference groups throughout the process. In the year under review we shaped the ideas into a document that will become our Draft Regional Plan in 2014/15.

We want local communities to continue to "own" the Plan, so decided some time ago that each major water catchment would have a local committee that would work on any special provisions they thought appropriate for their area and also determine the timing of the implementation of bottom-line rules. We are calling these local catchments "whaitua" and have set up the first Whaitua Committee to oversee the Ruamahanga catchment in Wairarapa, with more to follow throughout the region in the next year or so.

Over the past financial year, we also had a strong focus on economic development, including developing a proposal to amalgamate GWRC's economic development agency, Grow Wellington, with Wellington City Council's relevant agencies - Positively Wellington Tourism, Positively Wellington Venues and the Wellington City Major Events team. The new agency will be known as the Wellington Regional Economic Development Agency (WREDA) and will be able to take a truly regional approach across a number of areas of activity that contribute to economic growth. We are looking at beginning the new agency at the end of the 2014 calendar year.

Another area of more formal collaboration between councils was the work on a proposal to integrate water delivery services with Wellington City, Hutt City, Upper Hutt and Porirua. GWRC has in the past provided bulk water collection and distribution, whereas the cities have been responsible for the "retail" distribution. All councils agreed in principle during the year to join together to provide a shared service at the supply end

and to also include the territorial council responsibilities of the wastewater and stormwater management. Although all the councils involved will continue to own their individual assets and determine their annual capital work programmes, the new water company does represent a step forward in local government collaboration in a region of fewer than half a million people. A joint water committee - made up of representatives from the five shareholding councils - will be established to oversee water service delivery.

In all our activities we support and are supported by many regional partners, all of whom I would like to acknowledge. Together we have high ambitions for our region.

Finally, I want to acknowledge the work and commitment of our council CEO David Benham who is about to retire after a long period of service to the council and the regional community. Dave joined GWRC as our GM Finance, then became CFO, then ran the bulk water and forestry operations before taking over as CEO in 2005. On behalf the councillors and staff I thank him for his dedication to the council and his leadership during his time here.

A handwritten signature in black ink, appearing to read 'Fran Wilde', with a stylized flourish at the end.

Fran Wilde

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Auditors

Audit New Zealand on behalf of the Auditor-General

Bankers

ANZ Bank New Zealand Limited

Treasury advisers

PwC New Zealand

Departing Chief Executive's report

The past year has seen many of the council's initiatives come into fruition to improve infrastructure around the Wellington region.

This is particularly true in the public transport space where investment in key infrastructure is starting to pay off and provide real benefits to commuters coming in and out of the Wellington CBD, and travelling to other towns and cities in the region.

We have boosted our train fleet with more purpose-built Matangi Trains, which has seen an increase in patronage and a decrease in running costs allowing us to provide a better service for less money.

We saw full year patronage increases of 1.58% in bus and 2.54% in rail, which shows a trend of more people deciding to leave their cars at home and opt for public transport for their daily commute. We are hopeful that this trend will continue as the travelling public take advantage of all the improvements that have been made to our public transport systems over the last few years.

The increase in rail fare revenue and reduction in expenditure that the investment in the new trains has caused allowed Council to make a decision to not move forward with proposed public transport fare increases in 2014/15, providing a financial saving to commuters in the region.

The past financial year also saw the completion of the real time information project with the introduction of real time information on the rail network in October 2013 and installation of real time information display signs on Wellington's Golden Mile.

In recognition of the progress the council has made in public transport, GWRC was awarded two awards from the Chartered Institute of Logistics and Transport; one for the Matangi train project and the other jointly with KiwiRail for the improvements to the metro rail service.

The past financial year is one that brought with it unique challenges for the regional council, including the earthquake damage to our Wakefield Street building in Wellington city. This caused us to bring forward a planned move to Shed 39 on the waterfront, with staff setting up in the new building in August, rather than December. I am proud to say that core council activities were not affected by the earthquakes.

In terms of Emergency Management, the council has responded to the many natural events of the past year by placing an increased focus on enhancing the resilience of communities in our region. This has taken many forms, including using the surplus income for our sale of forestry cutting rights to create a self-insurance fund to protect our assets against future events.

We have also successfully negotiated the purchase of land near Kaitoke to house new large-scale water storage for when expansion of our storage network is eventually needed. The new site provides the region with flexibility in the location, scale and cost of new supply options. We have also completed a three-year improvement project to enlarge and strengthen the Stuart Macaskill water storage lakes.

Over the year in review, we also completed the detailed feasibility studies for emergency water storage near Takapu Road (on the Porirua-Wellington boundary), and for a cross harbour emergency water supply pipeline between Seaview and south-east Wellington.

Despite these major projects – and many others – being carried out over the past financial year GWRC achieved an operating surplus of \$3,344,000 (budget, a deficit of \$21,000) for the year ended 30 June 2014, showing a \$3,365,000 favourable result relative to budget.

Below the operating line we have transport improvements numbers and non-operational movements. The surplus here is mainly due to a significant increase in forestry valuations, reduced improvement expenditure directly within GWRC in public transport and financial instrument valuations. When these are included the financial result for the year is a surplus of \$22,986,000 (budget, a surplus of \$3,447k), giving a favourable variance of \$19,539,000.

Finally there is the current year fixed asset revaluations for parks and public transport. These resulted in a further increase of \$27,681,000 bringing the overall surplus to \$50,667,000 for the year.

The previous financial year was one that brought with it significant challenges, but despite this we have managed to keep on track with our major work programmes and have emerged in a strong financial position.

In September 2014 I will step down as Chief Executive, after holding the role for nine years, and spending 25 years working at the Regional Council. It has been a pleasure serving the communities of greater Wellington and I would like to thank all our partners that we have worked alongside over this time to keep our region growing.



David Benham

Executive Leadership Team

Chief Executive Officer

Greg Campbell¹

Acting Chief Financial Officer

Mike Timmer

General Manager, Environment Management

Nigel Corry

General Manager, Public Transport

Wayne Hastie

General Manager, Water Supply

Chris Laidlow

General Manager, Strategy and Community Engagement

Jane Davis

General Manager, Catchment Management

Wayne O'Donnell

General Manager, People and Capability

Leigh-Anne Buxton

Pou Whakarae (Manager Māori Relations)

Rick Witana

¹ Greg Campbell commenced 15th September 2014

Community outcomes

Our community outcomes describe what the Greater Wellington Regional Council (GWRC) aims to achieve in the long term to improve the Wellington region's wellbeing. All the activities we undertake contribute in some way to achieving one or more of our community outcomes. How specific activities contribute towards community outcomes is described at the start of each of our activity chapters. However we cannot achieve our community outcomes on our own. We work with other organisations such as local councils, government departments, business groups, mana whenua and community groups to achieve them.

Our community outcomes were originally derived from a set of common outcomes that were developed in 2006 by drawing together outcomes from all the councils in the Wellington region, and which were consulted on as part of the development of the Wellington Regional Strategy, the sustainable economic growth strategy for the region.

In 2010 changes were made to the requirements regarding community outcomes in the Local Government Act 2002, which now requires community outcomes to focus on the things that GWRC has the capacity and influence to achieve. The community outcomes outlined below reflect these new requirements but are derived from those previously agreed as part of the Wellington Regional Strategy.

Our outcomes are:

Strong economy

A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment.

Our activities that contribute to this outcome are: Regional leadership (pg x), Environment (pg x), Public transport (pg x), Water supply (pg x) and Flood protection and control works (pg x)

Connected community

People are able to move around the region efficiently and our communications networks are effective and accessible.

Our activities that contribute to this outcome are: Regional leadership (pg x), Public transport (pg x)

Resilient community

A community that plans for the future, adapts to change and is prepared for emergencies.

Our activities that contribute to this outcome are: Regional leadership (pg x), Water supply (pg x), and Flood protection and control works (pg x)

Healthy environment

An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs.

Our activities that contribute to this outcome are: Environment (pg x), Parks (pg x), Public transport (pg x), Regional leadership (pg x), Water supply (pg x) and Flood protection and control works (pg x)

Quality of Life

An engaged community that takes pride in our region, values our urban and rural landscapes, and enjoys our amenities and choice of lifestyles.

Our activities that contribute to this outcome are: Regional leadership (pg x), Parks (pg x), Environment (pg x) and Flood protection and control works (pg x)

Community outcomes indicators

GWRC has a set of indicators which tell us if the region is progressing in the right direction towards these outcomes. As with the outcomes, they are aligned with the Wellington Regional Strategy.

Outcome	Outcome Indicator	Baseline	2012 results	2013 results
Strong Economy ²	Increase regional GDP per capita	GDP per capita of \$47,421 (2010)	GDP per capita of \$45,924	GDP per capita of \$46,748
	Decrease in unemployment rate	Unemployment rate of 5.9% (2010)	Unemployment rate of 6.4%	Unemployment rate of 7.1%
	Increase percentage of GDP spent on research and development ³	2.39% of GDP spent on research and development (2010)	2.73% of GDP spent on research and development	2.80% of GDP spent on research and development
Connected community	Maintain or decrease peak AM/PM congestion	Peak AM/PM congestion rate of 28.2 seconds delay per kilometre travelled (2010)	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled	Peak AM/PM congestion rate of 25.8 seconds delay per kilometre travelled
	Increase public transport boardings per capita	Public transport boardings per capita of 73.6 (2010)	Public transport boardings per capita of 72.3	Public transport boardings per capita of 71.4
	Increase ease of making a journey across the region by public transport	56% of respondents rated getting around the region by public transport as somewhat easy, very easy or extremely easy (2010)	60% of respondents rated getting around Wellington ⁴ by public transport as somewhat easy, very easy or extremely easy	66% of respondents rated getting around Wellington by public transport as somewhat easy, very easy or extremely easy
	Increase access to public transport ⁵	83.7% of people live within 500m of a public transport stop (2006)	82.6% of people live within 500m of a public transport stop (2012)	82.5% of people live within 500m of a public transport stop
	Increase household access to broadband	68.5% of households have broadband (2009)	80.0% of households have broadband	No new data available ⁶
Resilient community	Increase household preparedness for emergencies	72% of households surveyed have adequate supplies of emergency food and water (2010)	81% of residents surveyed stated they have adequate supplies of emergency food and water	85% of residents surveyed stated they have adequate supplies of emergency food and water
	Increase business preparedness for emergencies	56% of business surveyed have business continuity plans in place (2009)	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.	No new data available. This survey has not been carried out due to the establishment of WREMO in July 2012 which is developing new indicators of community resilience.

² Historic baselines/ targets have been adjusted to reflect the best data available. i.e. 2010 baseline updated to 2013 dollar value. GDP base figure excludes Owner Occupied Dwellings. Population variable used to determine per capita GDP is Stats NZ Subnational population estimates at 30 June 2001-2013.

³ The methodology used has been revised to reflect improvements in analysis systems. Previously a national figure, now regionally specific assumptions have been applied using methodology derived from the Statistics NZ R&D Survey and prepared by BERL Economic. The 2010 and 2012 reported data has been updated to reflect the new methodology.

⁴ Question format changed from ease of travelling across the Wellington region, to ease of travelling across Wellington.

⁵ Data series has been updated from a 400m proximity to 500m proximity consistent with the Annual Monitoring Report on the Regional Land Transport Strategy. Baseline (2006) and 2013 figures are based on observed Census population figures. Population estimate applied for 2012.

⁶ Survey not carried out in 2013.

Healthy Environment	Maintain air quality	Concentrations of suspended particles (PM ₁₀) were at good/excellent levels on 80.9% of sampled days (2010)	Concentrations of suspended particles (PM ₁₀) were at good/excellent levels on 84.9% of sampled days	Concentrations of suspended particles (PM ₁₀) were at good/excellent levels on 82.0% of sampled days
	Maintain or improve fresh water quality for recreation	36% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months (2010)	50% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months	46% of monitored fresh water recreation sites were given suitability for recreation grades of fair, good or very good over the summer bathing months
	Maintain or improve coastal/marine water quality for recreation	58% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months (2010)	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months	64% of monitored coastal/marine recreation sites were given suitability for recreation grades of good or very good over the summer bathing months
	Maintain ground water quality	Median nitrate concentrations were low (<3mg/L) in 80% of monitored bores (2010)	Median nitrate concentrations were low (<3mg/L) in 77% of monitored bores	Median nitrate concentrations were low (<3mg/L) in 85% of monitored bores
	Maintain or improve stream and river health	69% of monitored sites had a macroinvertebrate community index classification of good or excellent (2010)	64% of monitored sites had a macroinvertebrate community index classification of good or excellent	69% of monitored sites had a macroinvertebrate community index classification of good or excellent
	Maintain soil quality on dairy farms and dry stock sites	74% of dairy farms (2009) and 83% (2008) of drystock farms ⁷ had no more than one soil quality indicator outside of the target range	No new data available	52% of dairy farms had no more than one soil quality indicator outside of the target range No new data available for dry stock sites ⁸
	Increase in QEII covenanted areas	6,011ha of land is registered under QEII covenant (2010)	6,056ha of land is registered under QEII covenant	6,071ha of land is registered under QEII covenant
	Decrease water use per capita ⁹	Average daily water supply of 378.2 litres/person (2010)	Average daily water supply of 364.1 litres/person (2012)	Average daily water supply of 357.6 litres/person (2013)

⁷ 2008 and 2009 figures revised.

⁸ Drystock sites are monitored less frequently than dairy sites as conditions change more slowly.

⁹ Water supply figures for 2010 & 2012 have been revised due to methodological changes. This regional indicator includes reticulated water supply in Kapiti and Wairarapa as well as the reticulated areas connected to the GWRC bulk water supply: Lower Hutt, Porirua, Upper Hutt and Wellington cities.

	Maintain or decrease CO ₂ emissions from transport	Land transport fuel combustion produced 1,093 kilotonnes of CO ₂ emissions (2011) ¹⁰	Land transport fuel combustion produced 1,083 kilotonnes of CO ₂ emissions	Land transport fuel combustion produced 1,061 kilotonnes of CO ₂ emissions
Quality of life	Maintain or increase voter turnout in Council elections	Voter turnout of 43% in 2010 regional council election	No new data available.	Voter turnout of 42% in 2013 regional council election
	Maintain or increase perception that the public can influence council decision making	52% of respondents in the region thought the public had an influence on council decision making (2010)	46% of respondents in the region thought the public had an influence on council decision making	No new data available ¹¹
	Maintain perception of quality of life ¹²	86.9% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2010)	88.2% of Wellington region respondents felt satisfied or very satisfied with their life as a whole (2012)	No new data available ¹³
	Maintain sense of pride in the way their city looks and feels	63% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels (2010)	66% of residents agreed or strongly agreed that they felt a sense of pride in the way their city looks and feels	No new data available ¹¹
	Maintain access to local parks and other green spaces	94% of residents thought it was easy or very easy to get to a local park or other green space (2010)	93% of residents thought it was easy or very easy to get to a local park or other green space	No new data available ¹¹

¹⁰ Updated data. Refer to Annual Monitoring Report on the Regional Land Transport Strategy.

¹¹ The Quality of Life (QoL) survey is conducted every two years so there is no 2013 figure.

¹² Due to pending cessation of the QoL survey, this indicator has changed from 'residents rating their quality of life as good or extremely good' to 'Overall Life Satisfaction' drawn from the Statistics NZ General Social Survey.

¹³ Statistics NZ General Social Survey is conducted every two years so there is no 2013 figure.

Key achievements for 2013/14

Regional Leadership

- The Regional Transport Committee agreed that Bus Rapid Transport was the preferred option for Wellington city's public transport spine. This decision provides the platform for key aspects of the Regional Public Transport Plan.
- Initiated a regional spatial planning project under the direction of the Mayoral Forum.
- Developed a proposal to amalgamate GWRC's economic development agency (Grow Wellington) with Wellington City Council's economic development activities (including Positively Wellington Tourism, Positively Wellington Venues and the Wellington City Major Events team) into a Wellington Regional Economic Development Agency. A decision on the amalgamation proposal will be made in the first half of 2014/15.
- WREMO guided the region through its most significant series of earthquakes since 1942, and with over 39,000 followers on its Facebook page WREMONZ has the largest following per capita of any Emergency Management office in the world.
- Received the International Association of Emergency Managers Oceania award for the CDEM Group Volunteer programme, and the Energy Globe Foundation Award for Sustainability for the Group's 200 litre water tank initiative.

Public transport

- 35.8 million passenger trips, which equates to a 1.8% increase from 2012/13.
- Adopted the Regional Public Transport Plan (PT Plan) in June 2014. This Plan is the blueprint for the future of public transport in the region in the medium to long term. The PT Plan included the 2013 update to the Regional Rail Plan and the Wellington City Bus Review, including the decision on the future bus fleet for Wellington city.
- Completed the real time information project with the introduction of real time information on rail in October 2013, installation of real time information display signs on Wellington's Golden Mile and handover of operational responsibility by the project team.
- The draft Annual Plan 2014/15 proposed a public transport fare increase to deliver a 2% increase in fare revenue. Favourable financial results during 2013/14, primarily from increased rail fare revenue and reduced rail expenditure, meant that ultimately the Council decided that the fare increase was not required.

Water supply

- Negotiated the purchase of land near Kaitoke to house new large-scale water storage. This provides the region with flexibility in the location, scale and cost of new supply capacity when expansion is eventually needed.
- Completed a three-year improvement project to enlarge and strengthen the Stuart Macaskill water storage lakes, with both full and back in service by November.
- Achieved full compliance with the drinking water standards and maintained the highest possible grading for each of our four water treatment plants.
- Delivered a new water-wise promotion, with nearly half of all respondents say they're making an effort to save water, compared to 33% in 2012.
- Delivered cost savings of approximately \$150,000 through the hydro-electricity generated from water supply operations.
- A Water Supply Operations Technician won the National 'Mentor of the Year Award' from the Water Industry Operators Group (NZ).

- Approved a proposal to integrate the Regional Council's water collection, treatment and bulk supply services with the retail supply, wastewater and storm-water services provided by Hutt, Porirua, Upper Hutt and Wellington city councils.

Environment

- Implemented the National Policy Statement for Freshwater Management and established the Ruamahanga Whaitua Committee.
- Participated in the National Response Team for the National Biosecurity Capability Network led by the Ministry of Primary Industries.
- Signed a memorandum of understanding with the Queen Elizabeth II National Trust (QEII) that sets out how landowners will be supported to establish open space covenants on their land. This year 41ha were protected in perpetuity, at sites where landowners are supported with pest control work to safeguard biodiversity values.
- Translocated 60 North Island robins to the Wainuiomata Mainland. Monitoring has shown that the translocated birds have settled and begun breeding on the Island.
- Completed aerial possum control projects in Akatarawa, Project Kaka, Western Tararua and the Otaki Buffer over 43,700 hectares; the Regional Possum and Predator Control programme in Northern Wairarapa, Kapiti, Porirua and Upper Hutt over 36,300 hectares; and vector control for TBFree NZ over 24,000 hectares across the region.
- Completed the sale of forestry cutting rights to 5,150ha of plantation and soil conservation reserve forests. Provision has been made for maintaining full recreational access to the forests.
- Completed the second stage of planting in the expanded nursery at the Akura Conservation Centre, as well as development of the yard and retail area.
- Planted 26,500 poplar and willow poles on erosion-prone land through the extensive Farm Plan programmes operating across the Wairarapa hill country.

Flood protection and control works

- Established the Te Kāuru Upper Ruamahanga River Floodplain Management Plan Subcommittee and the completed approval of Phase 1 investigations.
- Agreed design objectives and developed the Integrated Concept Design options for the Hutt River City Centre Project, incorporating river works, stopbanks, bridge renewal and Hutt City Council's 'Making Places' project.
- Implemented the Hutt River Floodplain Management Plan, including granting of consents for the Whakawhiriwhiri Stream diversion and mitigation works in the Wairarapa Valley, and strategic land purchases at Woollen Mills Point and Mills Street.

Parks

- Concluded negotiations with NZTA regarding compensation and mitigation of effects of the Transmission Gully Motorway on the regional parks. A key aspect of the agreement is the relocation of the farm hub at Belmont Regional Park. NZTA also agreed to fund a cycleway / walkway from Paekakariki to Raumati South in Queen Elizabeth Park, and Mackays to Pekapeka roading projects.
- Completed enhancement work at the Rimutaka Summit. Pine trees were removed and a viewing area, loop track and information kiosk were constructed, creating a new experience for travellers en route to the Wairarapa.
- Further work on the Rimutaka Rail Trail included retaining and surface work at the Summit tunnel entrance to address erosion issues and hydro-mowing to cut back encroaching vegetation. Approximately 30 historic culverts were discovered along the rail formation, with repairs necessary on most.

- Constructed a new information kiosk at the Maungakotukutuku entrance to the Akatarawa forest as part of a plan to enhance this major entranceway and provide users with better information, particularly with regard to safety in the forest.
- The 2014 Queen Elizabeth and Battle Hill Arbor Day / Matariki events were well attended by nearly 300 school children as well as councillors and mana whenua. Altogether just over 2000 plants were planted at the two parks, and all enjoyed these events which took place in fine winter weather.
- Announced as a finalist in the Health & Safety category of the Gold Awards in recognition of the Park's Group design and development of a weed spray deck attached to the back of a utility vehicle.

Relationships with mana whenua

This year the GWRC has continued to work with mana whenua in the region across a range of initiatives. These initiatives enable the participation of mana whenua in decision making processes and serve to meet GWRC's obligations under the Local Government Act 2002 and RMA 1991. The key groups and activities worked on this year were:

Ara Tahi

Ara Tahi is a leadership forum made up of the six mana whenua groups in the Wellington region and GWRC. Ara Tahi was established in 1993 as a Māori Advisory Group and in the last three years has focussed on strategic matters of mutual concern.

This year a workshop of Ara Tahi was held to review the role of Ara Tahi and the relationship between mana whenua and GWRC. There was general agreement that the purpose of Ara Tahi is to facilitate engagement between mana whenua collectively and GWRC, and that the purpose has been achieved. The participants acknowledged the challenge to maintain and grow the relationship so it is mutually beneficial and relevant for all parties.

A number of actions were recommended, including undertaking an analysis of models of engagement used by iwi and councils across Aotearoa as a means of identifying examples of best practice that could enhance the work of Ara Tahi.

Te Upoko Taiao – Natural Resource Management Committee

Te Upoko Taiao – Natural Resource Management Committee is responsible for overseeing the review of GWRC's Regional Plans. Te Upoko Taiao – Natural Resource Management Committee is made up of seven councillors and seven appointed members nominated by mana whenua. The committee is a significant expression of the partnership between mana whenua and the council. Over the year it progressed the development of the regional plan that will set the policy and rules for the management of the region's natural resources¹⁴.

Strategy and Policy Committee

GWRC has appointed two people to the Strategy and Policy Committee to represent the interests of mana whenua of the region. The appointed members actively participate on the committee and provide a Māori perspective to the discussions and decision making.

Training

GWRC provides a suite of training for staff and councillors. The Te Ara Matua (capacity building) programme includes:

- Mahuri strategic level training for Councillors and senior managers
- Basic te reo training for councillors (individualised)
- Pakiaka basic te reo training for staff
- Pihi training for managers
- Hei Mahi refresher training
- Waiata

Councillors and senior managers participated in three Mahuri workshops over the year. Councillor te reo training also commenced, providing participants with a basic introduction on mihimihi and waiata.

The Pakiaka course was delivered to a number of staff across the GWRC, giving them basic competence to assist and enhance their relationships with mana whenua.

¹⁴ Refer to the draft Regional Plan discussion in Environment/Resource Management

Iwi Projects

Phase two of the Ngati Toa Rangitira project to further enhance their kaitiaki role in the revitalisation of Porirua Harbour was completed this year. Phase one of the project to restore land and Lake Wairongomai was also completed. These projects have both been funded through the Iwi Project fund, which affords mana whenua the opportunity to exercise their rangatiratanga within the community.

Co-management Groups

The Wairarapa Moana Governance and Management groups (made up of GWRC councillors, staff and mana whenua representatives) continued work to restore Wairarapa Moana.

The Whitirea Park Board (made up of three GWRC councillors and Ngati Toa Rangitira representatives) continued to oversee the management of Whitireia Park.

Ropu Tiaki, the co-management group of Port Nicholson Block Settlement Trust and GWRC for the Parangarahu lakes, developed a draft Co-Management Plan and Amendment to the Parks Network Plan. The Plan is now awaiting final adoption by GWRC and Port Nicholson Block Settlement Trust.

Corporate sustainability

GWRC aspires to operate in a way that shows leadership in sustainability and inspires others in the region. Whilst corporate sustainability sits outside of the formal reporting outlined in the Long Term Plan 2012–2022, it does contribute to the overall performance story.

Progress

This year GWRC revised its corporate sustainability outcomes, objectives and priority focus areas. The revised outcomes and objectives build on the emissions reduction objectives set back in 2008 to include wider environmental and social impacts. The Sustainable Business Council scenario planning document Vision 2050 has also been used to guide discussions on a future sustainability vision and aspirations.

The table below outlines GWRC’s sustainability outcomes, objectives, and priority focus areas for 2014-16.

Outcomes	Objectives	Focus areas 2014-16
An environmentally and socially responsible organisation, contributing to a sustainable region	Reduce the adverse environmental and social impacts of GWRC’s activities	Buildings and installations Waste and resources Work Travel
Acting environmentally and socially responsible is an integral part of GWRC	Grow the sustainability culture within GWRC	Corporate policies and procurement Internal networks Staff engagement and communications
GWRC’s sustainability commitments are recognised by the wider community	Demonstrate leadership in sustainability	Walking the talk (championing sustainability in external events and interactions) Reporting on progress External networks and collaboration

A Sustainability Action Plan 2014–16 was developed that details over 35 initiatives and systems GWRC will implement during this period to help realise its sustainability outcomes and objectives. Examples of initiatives which have been actioned so far include:

- Running a cross-organisational staff consultation process to develop the GWRC Sustainability Vision and Action Plan.
- The purchase and set up of pool bikes and scooters for staff to use for work-related travel to reduce the reliance on motor vehicles.
- Setting up recycling and composting systems and undertaking a waste audit in the new Wellington office, Shed 39.

A more formalised sustainability data collection, monitoring and reporting system is currently being established to enable GWRC to effectively measure progress, identify opportunities and communicate progress. The Action Plan is intended to be reviewed every two years.

Financial overview for the year ended 30 June 2014

Council - Statement of comprehensive income	Council		
	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Operational Revenue	215,101	214,425	202,299
Finance costs	(9,424)	(8,751)	(7,925)
Operational expenditure	(203,603)	(200,737)	(184,761)
Operational surplus / (deficit) for the year before transport	2,074	4,937	9,613
Transport improvement grants and subsidies revenue	4,152	1,260	14,007
Transport improvement expenditure	(2,882)	(6,218)	(26,590)
Net revenue / (expenditure) for transport improvements	1,270	(4,958)	(12,583)
Surplus / (deficit) for the year before tax and fair value gains / (losses)	3,344	(21)	(2,970)
Fair value gains / (losses) in profit and loss	19,642	3,468	3,501
Tax	-	-	-
Surplus / (deficit) after tax	22,986	3,447	531
Other comprehensive income			
Increases / (decreases) in revaluations	27,681	-	111,102
Fair value movements in other comprehensive income	-	-	-
Total comprehensive income / (deficit) for the year	50,667	3,447	111,633

Council's net operating surplus for the 2013/14 year before fair value gains and losses was \$3.344 million, compared with a budgeted deficit of \$0.21 million. Including fair value movements of \$19.642 million and tax the net surplus was \$22.986 million, which is \$19.539 million ahead of budget. In other comprehensive income, the five yearly revaluation of the transport and parks assets increased their value by \$27.691 million.

Significant components of this variance are:

Grants and subsidies - Revenue and expenditure

Council receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure on Matangi trains during 2013/2014 of \$2.1 million.
- Lower trolley bus infrastructure renewals expenditure \$3.3 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$3.6m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$0.7m as contractual inflation payments have been lower than expected.

Other Revenue

- Interest revenue from investments was \$1.7 million higher due to higher cash balances being held during the year and favourable deposit rates.

Finance Costs

Finance costs were higher than budget due to increasing interest rates incurred during the year.

Fair value adjustments

the main adjustment is the rise in the value of the forestry assets. The improving market for forestry assets has resulted in a large increase in the value of the trees held at balance date. Council entered an agreement to sell the forestry cutting rights in July 2014.

Asset Revaluations

Asset revaluations are typically done every five years and the revaluation of transport and parks and forests assets resulted in a \$27 million increase in the value of these assets. This emphasises the on-going financial challenge of building and replacing key infrastructure for the region.

**Financial overview
for the year ended 30 June 2014**

Council - Statement of financial position

	Council		
	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Current assets	82,388	79,865	78,705
Non-current assets	1,029,308	936,099	948,552
Total assets	1,111,696	1,015,964	1,027,257
Ratepayers equity	878,294	775,763	827,627
Current liabilities	108,775	57,876	99,153
Non-current liabilities	124,627	182,325	100,477
Net equity and liabilities	1,111,696	1,015,964	1,027,257

Fran Wilde

Chair

30th September 2014

Greg Campbell

Chief Executive

30th September 2014

Mike Timmer

Acting Chief Financial Officer

30th September 2014

Property, plant and equipment – capital expenditure

The primary balance sheet variance has occurred due to the revaluations of fixed assets. In 2013 the Water assets increased by \$111 million and 2014 the transport and park assets by \$27 million; this is reflected in the ratepayers' equity variance.

Debt

Overall debt is close to budget, there has been a shift between current and non-current when compared top budget.

Council - Statement of cash flows

	Council		
	2014 Actual \$000s	2014 Budget \$000s	2013 Actual \$000s
Cashflows from operating activities	30,072	14,091	(30,954)
Cashflows from investing activities	(45,379)	(54,600)	(50,251)
Cashflows from financing activities	26,488	46,243	41,871
Net increase (decrease) in cash, cash equivalents and bank overdraft	11,181	5,734	(39,334)
Opening cash equivalents	8,335	28,587	47,669
Closing cash equivalents	19,516	34,321	8,335

Actual cashflow from operations is higher than budget due to increased forestry and investment revenue and lower grant expenditure during 2013/14.

**Financial overview
for the year ended 30 June 2014**

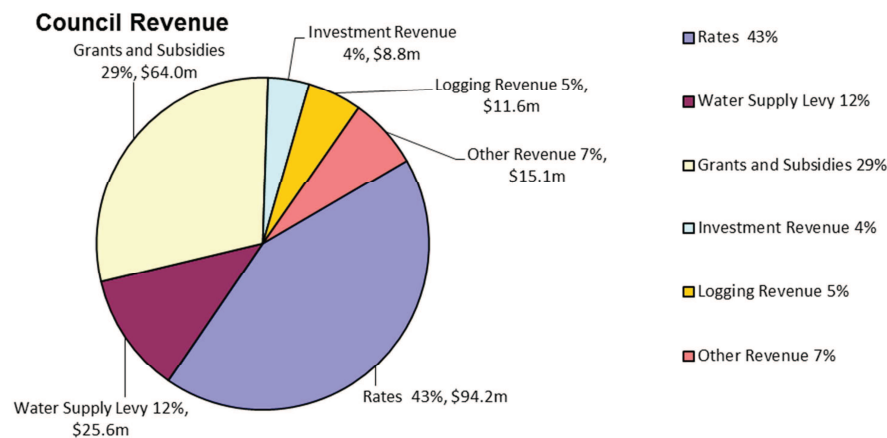
During 2014 Central Government introduced additional financial and reporting requirements which are included in this overview.

The following graphs need to be read collectively and in conjunction with the attached financial statements. Individually these graphs show a particular view on one aspect of the financial health and management of the Council.

It is also important to keep in mind the overall strategy and policies the council has also adopted when reading these graphs. These are included within the Long Term Plan

Rates

This pie chart illustrates Council’s sources of revenue. Rates made up 43% of revenue in 2014. Grant and subsidies, predominately from Central Government for public transport makes up the next largest share at 29%.

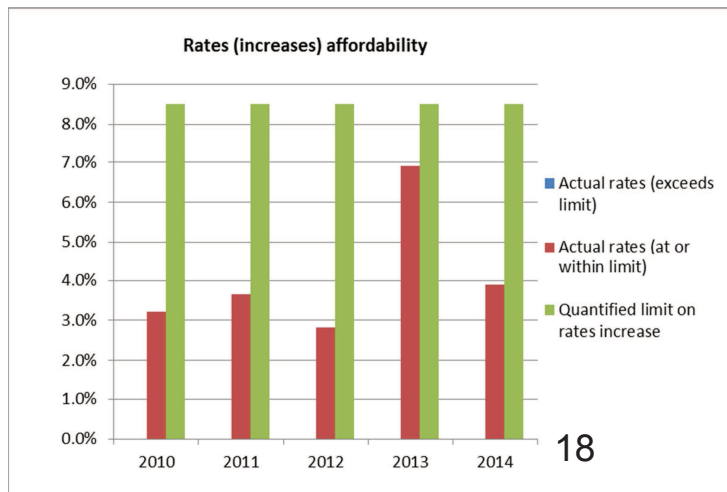


These next graphs indicate whether the Council has kept within the rates limit is adopted in the LTP.

Rates (increases) affordability

The Council adopted an average increase of 8.5% per annum (around \$31 per year for the average residential ratepayer) in its LTP as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.

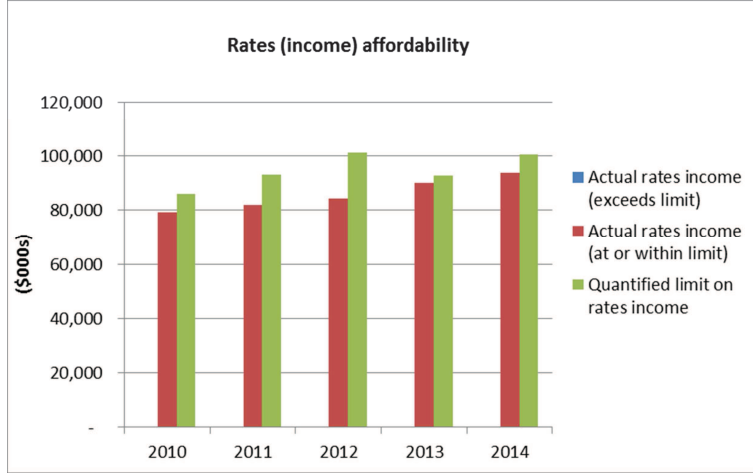
It is pleasing to report that the increases have been lower than forecast in the LTP



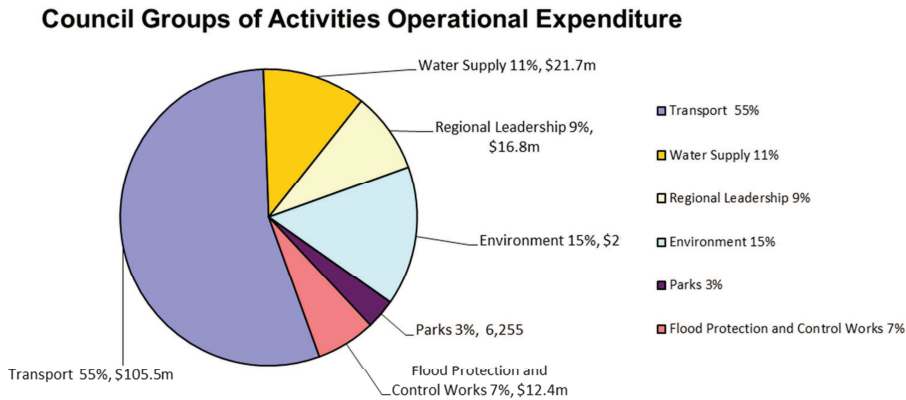
**Financial overview
for the year ended 30 June 2014**

Rates income affordability

This graph shows the total rates actually received compared to the LTP rates limits



This pie chart illustrates Council’s operational expenditure by group of activities. The largest portion is for public transport, at \$105 million equates to 55% of operational expenditure in 2014.

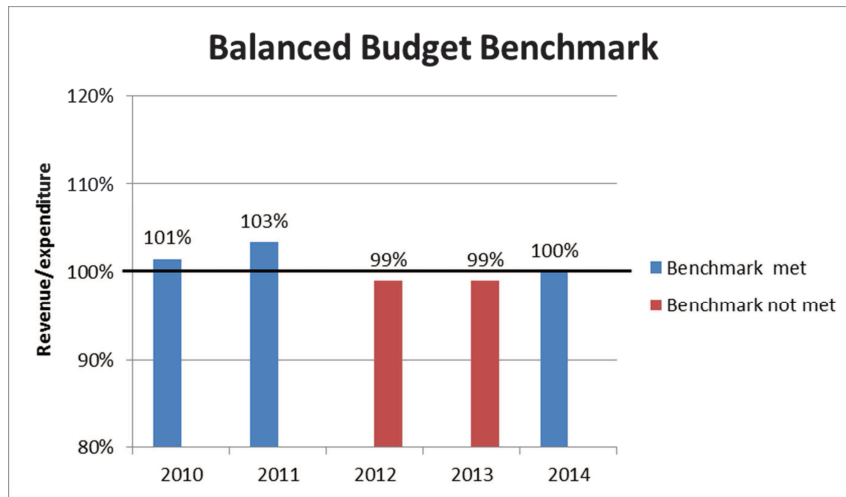


**Financial overview
for the year ended 30 June 2014**

Balanced Budget

This graph shows whether the Council has been receiving revenue greater or less than its operational expenditure, i.e. whether the Council has raised adequate revenue to meet its on-going operational costs including depreciation and other non-cash adjustments.

Over time the council is meeting this benchmark test.

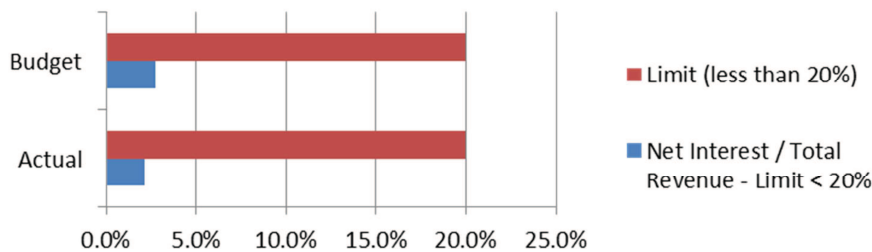


Financial Strategy Financial Limits

The goal of Council’s financial strategy is to ensure Council delivers good value for ratepayers’ investment by delivering the right services at the best cost. The strategy encompasses three key financial limits that the Council adopted in its 2012-22 long term plan.

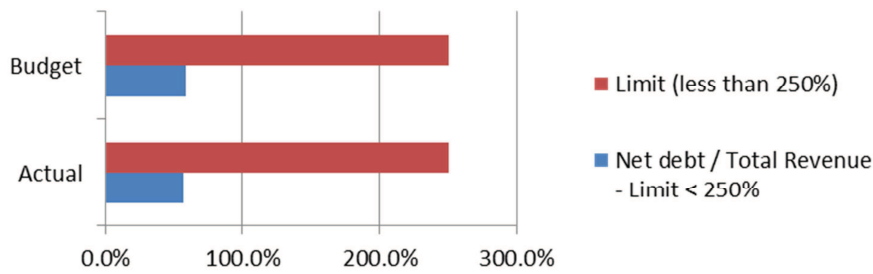
These graphs show that the council is being managed within these financial prudential limits.

Net interest / Total revenue – Limit < 20%

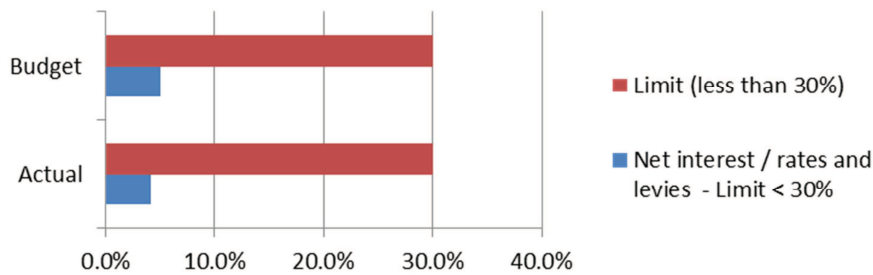


**Financial overview
for the year ended 30 June 2014**

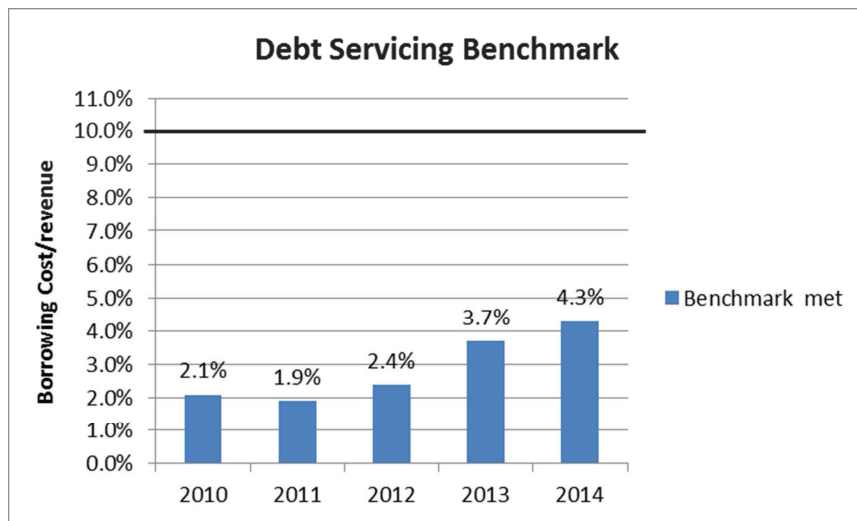
Net debt / Total revenue - Limit < 250%



Net interest / Rates and levies - Limit < 30%



Debt affordability graphs – Debt Servicing

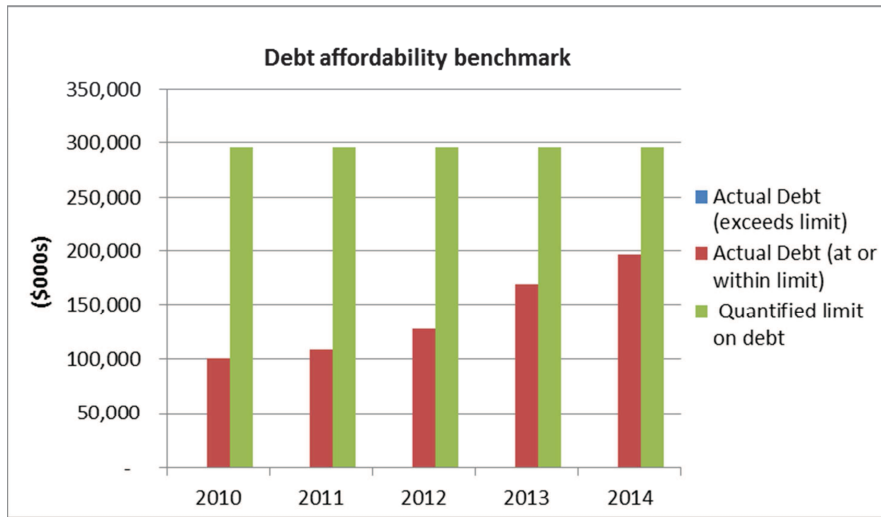


This graph shows the percentage of borrowing costs to revenue. A higher percentage indicates that you are more exposed to shifts in interest rates. The benchmark prudential limit is set by Central Government at 10% for non-high population growth regions.

Over time the Council is meeting this benchmark test.

**Financial overview
for the year ended 30 June 2014**

Debt affordability graphs – Debt balance



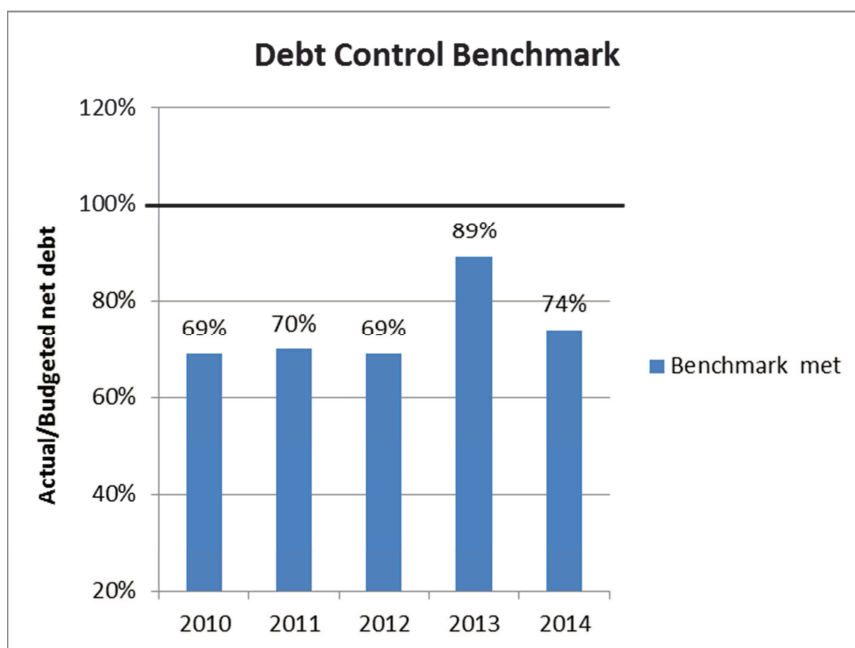
This graph shows the actual debt compared to the debt limit adopted in the LTP. In the LTP the debt projection was for it to peak at \$296 million in 2017/18 as the full impact of the investment in upgrading the rail network would be in place.

Over time the Council is meeting this benchmark test.

Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position.

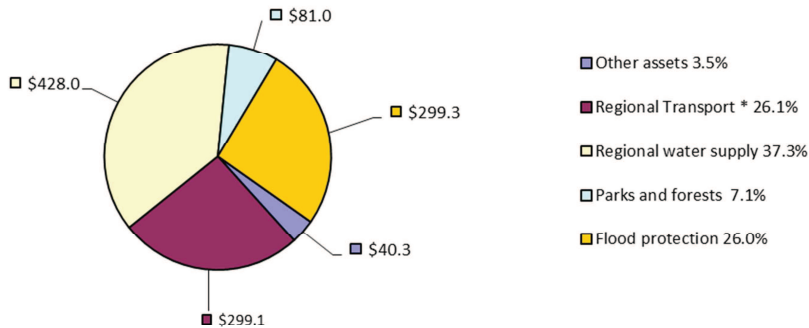
Over time the Council is meeting this benchmark test.



**Financial overview
for the year ended 30 June 2014**

Assets and capital expenditure

Council property, plant & equipment (\$ millions)



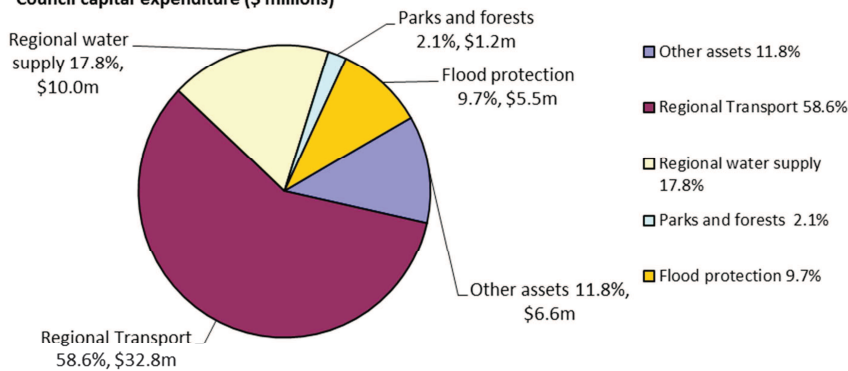
* Includes \$289m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council subsidiary

This pie chart shows the breakdown of our assets at the year end.

Council looks after many important community assets. Our asset base consists of regional water supply, regional parks and forests, flood protection and, increasingly, public transport. The new Matangi trains, the Ganz Mavag trains and all stations excluding Wellington station are now owned by the Council subsidiary, Greater Wellington Rail Limited.

Continued management and investment in these assets is essential. Council maintains and updates detailed asset management plans to ensure the assets are maintained and made available on behalf of the community.

Council capital expenditure (\$ millions)



This pie chart shows the breakdown of the \$56 million in capital and improvement expenditure for the year ended 30 June 2014. The transport number includes \$28 million invested in GW Rail for rail rolling stock and infrastructure improvements. It is included in the above graph to illustrate the extent of the continued investment in public transport.

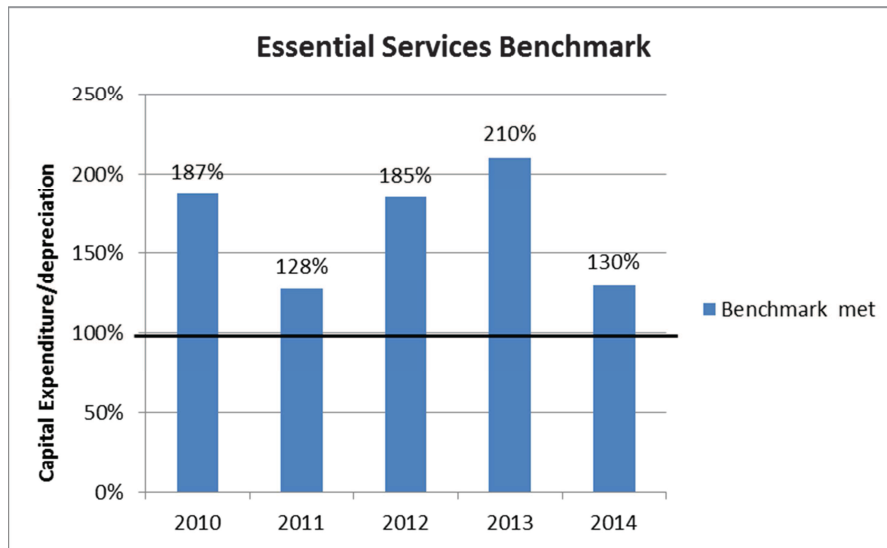
**Financial overview
for the year ended 30 June 2014**

Essential Services

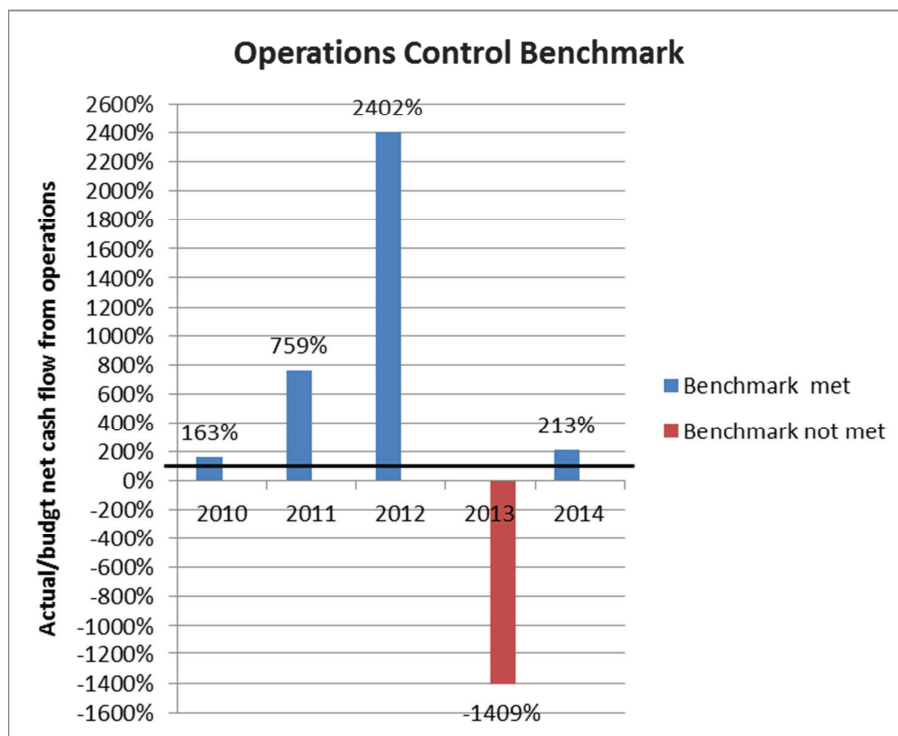
This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that you are replacing your assets in an appropriate and timely manner.

Over the current period we are meeting this benchmark due to the significant upgrade to the rail network and the ongoing new flood protection assets being built.

With very long life assets it will not be unexpected to have periods where the results are below this benchmark.



Operational cash control



Financial overview
for the year ended 30 June 2014

Group - Statement of comprehensive income	Group	
	2014	2013
	Actual \$000s	Actual \$000s
Operational Revenue	304,335	268,715
Finance costs	(19,135)	(17,089)
Operational expenditure	(297,323)	(257,716)
Operational surplus / (deficit) for the year before transport	(12,123)	(6,090)
Transport improvement grants and subsidies revenue	4,152	14,007
Transport improvement expenditure	(2,882)	(1,386)
Net revenue / (expenditure) for transport improvements	1,270	12,621
Surplus / (deficit) for the year before tax and fair value gains / (losses)	(10,853)	6,531
Fair value gains / (losses) in profit and loss	9,895	10,341
Tax	(1,028)	(3,219)
Surplus / (deficit) after tax	(1,986)	13,653
Other comprehensive income		
Increases / (decreases) in revaluations	29,505	105,137
Fair value movements in other comprehensive income	425	309
Total comprehensive income / (deficit) for the year	27,944	119,099

Group - Statement of financial position	Group	
	2014	2013
	Actual \$000s	Actual \$000s
Current assets	108,453	99,103
Non-current assets	1,565,069	1,514,675
Total assets	1,673,522	1,613,778
Equity	1,181,366	1,159,314
Current liabilities	119,027	106,949
Non-current liabilities	373,129	347,515
Net equity and liabilities	1,673,522	1,613,778

Group - Statement of cash flows	Group	
	2014	2013
	Actual \$000s	Actual \$000s
Cashflows from operating activities	41,620	(11,554)
Cashflows from investing activities	(58,274)	(72,365)
Cashflows from financing activities	29,752	44,654
Net increase (decrease) in cash, cash equivalents and bank overdraft	13,098	(39,265)
Opening cash equivalents	9,119	48,385
Closing cash equivalents	22,217	9,120

The Group results include CentrePort Limited, Grow Wellington Limited, WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

**Greater Wellington Regional Council
Financial Statements
for the year ended 30 June 2014**

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**Greater Wellington Regional Council
Statement of Comprehensive Income
For the year ended 30 June 2014**

		Council		Group		
	Note	Actual 2014 \$'000	Budget 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Operating revenue						
Rates and levies	3	119,805	119,967	115,549	120,007	115,549
Transport operational grants and subsidies	3	58,454	67,914	57,482	60,723	57,482
Transport Improvement grants and subsidies	3	4,152	1,260	14,007	4,152	14,007
Other revenue	3	37,769	26,544	29,265	124,350	95,374
		<u>220,180</u>	<u>215,685</u>	216,303	<u>309,232</u>	282,412
Other gains	4	(927)	-	3	(745)	310
Total operating revenue and gains		219,253	215,685	216,306	308,487	282,722
Operating expenditure						
Employee benefits	5	(40,827)	(40,552)	(37,917)	(64,420)	(59,929)
Grants and subsidies		(88,115)	(91,526)	(85,881)	(88,115)	(67,815)
Depreciation and amortisation	6	(18,183)	(13,465)	(12,744)	(43,256)	(38,941)
Finance costs	7	(9,424)	(8,751)	(7,925)	(19,135)	(17,089)
Other operating expenses	8	(56,478)	(55,194)	(48,219)	(96,732)	(91,031)
Transport improvement expenditure		(2,882)	(6,218)	(26,590)	(2,882)	(1,386)
Earthquake related costs		-	-	-	(4,800)	-
Total operating expenditure		(215,909)	(215,706)	(219,276)	(319,340)	(276,191)
Operating surplus / (deficit) before other items and tax		3,344	(21)	(2,970)	(10,853)	6,531
Share of equity accounted investments' surplus		-	-	-	(5,598)	-
Other fair value changes						
Revaluation loss on rail rolling stock assets		-	-	-	(6,329)	-
Fair value -Stadium advance	9	194	-	180	1,276	180
Fair value of investment properties	9	-	-	-	(8,455)	1,002
Biological assets	9	17,334	-	1,844	17,334	1,844
Gain / (loss) financial instruments	9	2,114	3,468	1,477	6,069	7,315
Total Fair Value Movements	9	19,642	3,468	3,501	9,895	10,341
Operating surplus / (deficit) before tax		22,986	3,447	531	(6,556)	16,872
Tax expense	11	-	-	-	(1,028)	(3,219)
Surplus from continuing operations		<u>22,986</u>	<u>3,447</u>	531	<u>(7,584)</u>	13,653
Operating surplus / (deficit) after tax		22,986	3,447	531	(7,584)	13,653
Other comprehensive income						
Increases / (decreases) in revaluations		27,681	-	111,102	29,505	105,137
Fair value gains in Creative HQ Limited investment reserve	10	-	-	-	425	309
Total other comprehensive income		<u>27,681</u>	<u>-</u>	111,102	<u>29,930</u>	105,446
Total comprehensive income for the year		50,667	3,447	111,633	22,346	119,099

Attributed to:

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

-2-

Date - 11 September 2014

Time - 11:15 a.m.

Statements of comprehensive income (continued)

Equity holders of the					
Parent	50,667	3,447	111,633	23,375	123,298
Non-controlling interest	-	-	-	(1,029)	(4,199)
	<u>50,667</u>	<u>3,447</u>	<u>111,633</u>	<u>22,346</u>	<u>119,099</u>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Date - 11 September 2014

-3-
Time - 11:15 a.m.

**Greater Wellington Regional Council
Balance Sheet
As at 30 June 2014**

		Council		Group		
	Actual	Budget	Actual	Actual	Actual	
Note	2014	2014	2013	2014	2013	
	\$'000	\$'000	\$'000	\$'000	\$'000	
ASSETS						
Current assets						
Cash and cash equivalents	14	19,516	34,321	8,335	22,217	9,120
Trade and other receivables	15	29,109	-	29,202	36,860	33,206
Other financial assets	17	30,650	45,544	37,897	30,650	37,897
Inventories	16	3,113	-	3,003	18,685	18,265
Derivatives	24	-	-	268	41	268
Assets held for sale		-	-	-	-	347
Total current assets		82,388	79,865	78,705	108,453	99,103
Non-current assets						
Other financial assets	17	26,206	39,569	25,195	27,010	25,529
Property, plant and equipment	19	858,337	773,804	826,613	1,347,666	1,310,805
Intangible assets	20	6,259	-	3,367	9,186	3,745
Forestry assets	21	38,777	24,151	23,377	38,777	23,377
Investments in subsidiaries	23	96,845	98,575	68,514	-	-
Investment property	22	-	-	-	53,158	60,264
Derivatives	24	2,884	-	1,486	2,916	1,486
Deferred tax assets	13	-	-	-	6,177	6,625
Investments in joint ventures	18	-	-	-	80,179	82,844
Total non-current assets		1,029,308	936,099	948,552	1,565,069	1,514,675
Total assets		1,111,696	1,015,964	1,027,257	1,673,522	1,613,778
LIABILITIES						
Current liabilities						
Derivatives	24	-	-	134	60	134
Trade and other payables	25	31,243	31,099	21,464	36,440	24,473
Interest bearing liabilities	26	74,796	26,777	74,868	75,596	75,575
Employee benefits liabilities	27	2,736	-	2,687	6,340	6,152
Current tax liabilities	12	-	-	-	591	96
Provisions	28	-	-	-	-	519
Total current liabilities		108,775	57,876	99,153	119,027	106,949
Non-current liabilities						
Interest bearing liabilities	26	121,054	182,325	94,494	279,149	248,632
Derivatives	24	3,019	-	5,428	9,482	15,832
Employee benefits liabilities	27	554	-	555	883	896
Deferred tax liabilities	13	-	-	-	83,615	82,155
Total non-current liabilities		124,627	182,325	100,477	373,129	347,515
Total liabilities		233,402	240,201	199,630	492,156	454,464
Net assets		878,294	775,763	827,627	1,181,366	1,159,314
EQUITY						
Retained earnings		376,620	377,112	353,485	581,103	603,406
Reserves		501,674	398,651	474,142	555,221	510,534
Minority interest		-	-	-	45,042	46,656
Total equity		878,294	775,763	827,627	1,181,366	1,159,314

Fran Wilde
Chair
30 September 2014

Greg Campbell
Chief Executive
30 September 2014

Mike Timmer
Acting Chief Financial Officer
30 September 2014

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

-4-

Date - 11 September 2014

Time - 11:15 a.m.

**Greater Wellington Regional Council
Statement of Changes in Equity
For the year ended 30 June 2014**

Note	Actual	Council	Actual	Actual	Group	Actual
	2014	Budget	2013	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Equity	827,627	772,316	715,994	1,159,677		1,042,732
Prior period adjustment	-	-	-	-		(1,282)
Total comprehensive income	50,667	3,447	111,633	22,346		119,099
Dividend to non controlling interest	-	-	-	(288)		(1,235)
Total closing equity at 30 June	878,294	775,763	827,627	1,181,366		1,159,314
Components of equity						
Asset revaluation reserves						
Opening asset revaluation reserves	448,657	379,019	330,970	484,740		365,665
Asset revaluation movements	27,681	-	111,102	29,505		105,137
Transfers to accumulated funds	-	-	6,585	-		13,938
Closing asset revaluation reserve	476,338	379,019	448,657	514,245		484,740
Other reserves						
Opening other reserves	25,485	24,193	23,154	25,794		23,160
Transfers to accumulated funds	(3,475)	(4,561)	(2,651)	(3,475)		(2,657)
Transfers from accumulated funds	3,631	-	3,938	3,380		3,938
Interest earned	943	-	1,044	943		1,044
Movement in Creative HQ reserve	-	-	-	425		309
Closing other reserves	26,584	19,632	25,485	27,067		25,794
Retained earnings						
Opening accumulated funds	353,485	369,104	361,870	648,780		653,907
Prior year adjustment	-	-	-	-		(1,282)
Operating surplus / (deficit) after tax	22,986	3,447	531	(7,584)		13,654
Interest allocated to reserves	(943)	-	(1,044)	(943)		(1,044)
Other transfers to reserves	(3,631)	-	(3,938)	(3,380)		(3,938)
Transfers from reserves	3,475	4,561	2,651	3,475		2,657
Dividend to non controlling interest	-	-	-	(288)		(1,235)
Other transfers from reserves	-	-	(6,585)	-		(13,939)
Closing accumulated funds	375,372	377,112	353,485	640,060		648,780
Total closing equity at 30 June	878,294	775,763	827,627	1,181,366		1,159,314

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

-5-

Date - 11 September 2014

Time - 11:15 a.m.

**Greater Wellington Regional Council
Statement of Cash Flows
For the year ended 30 June 2014**

	Actual 2014 \$'000	Council Budget 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
				Group	
Note					
Cash flows from operating activities					
Receipts from customers	-	-	-	62,225	58,204
Rates revenue received	93,833	94,332	94,682	93,833	94,684
Water supply levy received	25,635	25,635	24,890	25,635	24,890
Government subsidies received	60,820	69,174	67,443	60,820	68,793
Interest received	4,131	2,716	4,221	4,152	4,040
Dividends received	2,416	2,449	2,256	4,029	2
Fees, charges and other revenue	31,695	21,379	17,172	34,863	15,457
Payments to suppliers and employees	(88,269)	(192,843)	(121,068)	(137,886)	(187,689)
Payment of grants and subsidies	(90,997)	-	(112,471)	(86,640)	(69,201)
Interest paid	(9,192)	(8,751)	(8,079)	(18,811)	(17,120)
Income tax paid / (refund)	-	-	-	(600)	(3,612)
Net Cashflows from operating activities	30,072	14,091	(30,954)	41,620	(11,552)
29					
Cash flows from investing activities					
Sale of property, plant and equipment	2,598	220	917	2,600	13,732
Sales of investments (bonds & term deposits)	-	-	134	-	134
Disposal of forestry assets	-	-	-	-	-
Disposal of other investments	-	-	-	-	-
Purchase of property, plant and equipment	(24,737)	(24,760)	(27,185)	(34,032)	(67,393)
Purchase of intangible assets	(2,077)	-	(1,221)	(2,077)	(1,750)
Development of investment properties	-	-	-	(2,089)	(3,235)
Acquisition of investments	(21,163)	(30,060)	(22,896)	(21,163)	(13,855)
Acquisition of subsidiary	-	-	-	(1,513)	-
Net Cashflows from investing activities	(45,379)	(54,600)	(50,251)	(58,274)	(72,365)
Cash flows from financing activities					
Loan funding	26,488	46,243	41,871	30,445	45,889
Issue of shares	-	-	-	-	-
Debt repayment	-	-	-	-	-
Repayment of intercompany current account	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	(693)	(1,235)
Net Cashflows from financing activities	26,488	46,243	41,871	29,752	44,654
Net increase/(decrease) in cash and cash equivalents	11,181	5,734	(39,334)	13,098	(39,265)
Cash and cash equivalents at the beginning of year	8,335	28,587	47,669	9,119	48,385
Cash and cash equivalents at the end of the year	19,516	34,321	8,335	22,217	9,120
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Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Date - 11 September 2014

Time - 11:15 a.m.

**Greater Wellington Regional Council
Funding Impact Statement
For the year ended 30 June 2014**

	Actual 2014 \$'000	Budget 2014 \$'000	Council Actual 2013 \$'000	Budget 2013 \$'000
Sources of operating funding				
General rate	29,629	28,476	28,028	27,468
Targeted rates	64,520	65,856	62,630	62,790
Subsidies and grants for operating purposes	59,865	67,022	70,462	75,354
Interest and dividends from investments	6,769	5,165	3,965	4,448
Fees, charges, and targeted rates for water supply	4,571	3,522	4,317	3,140
Fines, infringement fees, and other receipts (1)	<u>-48,952</u>	<u>43,492</u>	<u>43,697</u>	<u>45,323</u>
Total operating funding	<u>214,306</u>	<u>213,533</u>	213,099	218,523
Applications of operating funding				
Payments to staff and suppliers	(187,762)	(192,195)	(198,097)	(214,693)
Finance costs	<u>(9,424)</u>	<u>(8,751)</u>	<u>(7,925)</u>	<u>(8,173)</u>
Total applications of operating funding	<u>(197,186)</u>	<u>(200,946)</u>	<u>(206,022)</u>	<u>(222,866)</u>
Surplus / (deficit) of operating funding	<u>17,120</u>	<u>12,587</u>	7,077	(4,343)
Sources of capital funding				
Subsidies and grants for capital expenditure	4,152	2,152	1,631	2,146
Increase / (decrease) in debt	35,019	41,736	14,156	48,582
Gross proceeds from asset sales	<u>1,880</u>	<u>220</u>	<u>886</u>	<u>455</u>
Total sources of capital funding	<u>41,051</u>	<u>44,108</u>	16,673	51,183
Applications of capital funding				
- to meet additional demand	(5,694)	(6,250)	(2,153)	(6,615)
- to improve the level of service	(8,418)	(7,865)	(16,159)	(15,240)
- to replace existing assets	(10,967)	(12,346)	(9,345)	(7,770)
Increase / (decrease) in investments	(31,987)	(34,795)	6,238	(21,948)
Increase / (decrease) in reserves	<u>(1,105)</u>	<u>4,561</u>	<u>(2,331)</u>	<u>4,733</u>
Total applications of capital funding	<u>(58,171)</u>	<u>(56,695)</u>	<u>(23,750)</u>	<u>(46,840)</u>
Surplus / (deficit) of funding	<u>(17,120)</u>	<u>(12,587)</u>	(7,077)	4,343
Funding balance	<u>-</u>	<u>-</u>	-	-
Depreciation on Council Assets	18,183	13,465	12,744	12,673
Water Supply Levy	25,635	25,635	24,890	24,888

(1) This includes the Water supply levy charged to Wellington, Upper Hutt, Lower Hutt and Porirua City councils

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

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Date - 11 September 2014

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Financial reserves

We have two types of council created reserves, which are monies set aside by the council for a specific purpose:

- Retained earnings – any surplus or deficit not transferred to a special reserve is aggregated into retained earnings
- Other reserves – any surplus or deficit or specific rate set aside or utilised by council for a specific purpose. Reserves are not separately held in cash and funds are managed as part of Greater Wellington's treasury risk management policy.

Other reserves are split into four categories:

- Area of Benefit reserves – any targeted rate funding surplus or deficit is held to fund future costs for that area
- Contingency reserves – funds that are set aside to smooth the impact of costs associated with specific unforeseen events
- Special reserves – funds that are set aside to smooth the costs of irregular expenditure
- Rebudget reserves – expenditure that has been rated for in one year when the project will not be completed until the following year.

Council Created Reserves	Purpose of the Fund	Opening Balance Jul-13 \$'000	Deposits \$'000	Withdrawals \$'000	Closing Balance Jun-14 \$'000
Area of benefit reserves					
Public transport reserve	Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure	9,064	754	-	9,818
Transport planning reserve	Any funding surplus or deficit relating to the provision of public transport planning services issued only on subsequent public transport planning expenditure	1,835	404	(252)	1,987
WRS reserve	Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure.	620	61	(100)	581
Iwi Reserve	Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure	-	25	-	25
WREMO Reserve	Contributions by other local authorities to run the WREMO	-	312	-	312
Catchment scheme reserves	Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure	6,024	772	(486)	6,310
Land management reserves	Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure	742	538	-	1,280
Contingency reserves					
Environmental legal reserve	To manage the variation in legal costs associated with resource consents and enforcement	191	8	-	199
Flood contingency reserves	To help manage the costs for the repair of storm damage throughout the region.	1,335	53	-	1,388
Rural fire reserve	To help manage the costs of rural fire equipment.	61	2	-	63
Special Reserves					
Election reserve	To manage the variation in costs associated with the election cycle	251	8	(64)	195
Corporate systems reserve	To manage the variation in costs associated with key IT infrastructure and software.	4,415	476	(1,624)	3,267
Rebudget reserve	Expenditure that has been rated for in 2012/13 when the project will not be completed until 2013/14	953	908	(953)	908

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Contents

Total Reserves

<u>25,491</u>	<u>4,321</u>	<u>(3,479)</u>	<u>26,333</u>
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All figures on this page exclude GST

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Date - 11 September 2014

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Time - 11:15 a.m.

**Greater Wellington Regional Council
Debt
As at 30 June 2014**

	Opening balance 2013 \$'000	Additions \$'000	Repayments \$'000	Closing balance 2014 \$'000	Finance costs \$'000
Regional Leadership					
Strategic planning	295	205	(99)	401	24
Wairarapa water use project	854	652	-	1,506	75
Warm Wellington	10,832	1,963	(1,501)	11,294	725
Public transport					
Public transport	80,159	29,957	(4,759)	105,357	4,422
Water supply					
Water supply	54,275	9,764	(3,461)	60,578	3,341
Environment					
Environment	1,350	343	(227)	1,466	82
Flood Protection and Control Works					
Flood Protection and Control Works	51,168	5,544	(3,045)	53,667	3,152
Parks					
Parks	4,158	619	(392)	4,385	253
Investments					
Stadium	9,680	-	(1,980)	7,700	642
Plantation Forestry	15,052	977	(1,487)	14,542	897
Property and other	2,144	4,446	(711)	5,879	268
Reserve forestry	17,054	3,297	(2,803)	17,548	1,053
Total activities debt	<u>247,021</u>	<u>57,767</u>	<u>(20,465)</u>	<u>284,323</u>	<u>14,934</u>

	Council Actual 2014 \$'000
Total activities debt	284,323
Treasury internal funding (1)	<u>(88,473)</u>
	<u>195,850</u>
Total external debt	<u>195,850</u>
External debt (current)	74,796
External debt (non-current)	<u>121,054</u>
Total external debt	<u>195,850</u>

(1) Greater Wellington Regional Council manages community outcome debt via an internal debt function. External investments and debt are managed through a central treasury management function in accordance with the Treasury Management Policy

All figures on this page exclude GST

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

1 Reporting entity

Greater Wellington Regional Council (GWRC) is a regional local authority governed by the Local Government Act 2002. The Group consists of GWRC and its subsidiaries as disclosed below.

Financial statements for GWRC (the "Parent") and consolidated financial statements (for the "Group") are presented.

For the purposes of financial reporting, Greater Wellington and its subsidiaries are designated as public benefit entities. The subsidiary companies comprise WRC Holdings, Pringle House Limited, Port Investments Limited, Greater Wellington Rail Limited, Grow Wellington Limited, Creative HQ limited and CentrePort Limited.

Statement of compliance

The Group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practices (NZ GAAP).

These financial statements are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), as appropriate for public benefit entities.

The financial statements of GWRC are for the year ended 30 June 2014. The financial statements were authorised for issue by Council on 29 September 2014.

Accounting judgements and estimations

The preparation of financial statements in conformity with NZ GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These results form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised, when the revision affects only that period. If the revision affects current and future periods, it is reflected in those periods.

2 Accounting policies

2.1 Basis of preparation

The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand. The functional currency of the Group is New Zealand dollars. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, forestry assets, derivative financial instruments and certain infrastructural assets that have been measured at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group entities.

2.2 Basis of consolidation

The consolidated financial statements include GWRC and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in note 23 to the financial statements.

The minority interest represents Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited. GWRC's investment in subsidiaries is held at cost in its own "Parent entity" accounts.

Associates are entities in which the Group has significant influence but not control over their operations. GWRC's share of the assets, liabilities, revenue and expenditure are included in the financial statements of the Group on an equity accounting basis.

All significant intercompany transactions are eliminated on consolidation.

2 Accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised when billed or earned on an accrual basis.

(i) Rates and levies

Rates and levies are a statutory annual charge and are recognised in the year the assessments are issued.

(ii) Government grants and subsidies

GWRC receives government grants from the New Zealand Transport Agency. These grants subsidise part of GWRC's costs for the following – the provision of public transport subsidies to external transport operators, the capital purchases of rail rolling stock within a GWRC subsidiary and transport network upgrades owned by KiwiRail. The grants and subsidies are recognised as revenue when eligibility has been established by the grantor. Other grants and contributions from territorial local authorities are recognised as revenue when eligibility has been established by the grantor.

(iii) User charges

Revenue from user charges is recognised when billed or earned on an accrual basis.

(iv) Rendering of services

Revenue on services is determined using the percentage of completion method.

(v) Dividends

Revenue from dividends is recognised on an accrual basis (net of imputation credits) once the shareholder's right to receive payment is established.

(vi) Interest

Interest is accrued using the effective interest rate method. The effective interest rate method discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(vii) Other revenue

Other revenue is recognised when billed or earned on an accrual basis. Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Group are recognised as revenue when control over the asset is obtained.

2.4 Borrowing costs

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

2 Accounting policies (continued)

2.5 Property, plant and equipment

Property, plant and equipment consists of operational and infrastructure assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

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

- Port buildings, wharves and paving
- Operational port freehold land
- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Transport infrastructural assets
- Rail rolling stock
- Navigational aids infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Regional water supply infrastructural assets

All property, plant and equipment are initially recorded at cost.

Valuations

Valuations for regional water supply, parks and forests, flood protection and transport infrastructural assets are carried out or reviewed by independent qualified valuers. They are carried out at regular intervals.

Flood protection

The flood protection infrastructure assets were valued at 30 June 2012 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering Economist, Opus International Consultants. He concluded that the 2012 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2012 by Martin Veale ANZIV, SPINZ & Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2012. Land valuation was completed by FT Rutherford BBS (VPM) ANZIV, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks and forests

The parks and forests land and buildings were valued at 30 June 2013. Land and improvements have been valued using the market value methodology by Fergus Rutherford, registered valuer. Roads, fences, tracks and other park infrastructure were valued at 1 July 2013 and have been valued using ODRC methodology in accordance with the guidelines published by NAMS Group; Fergus Rutherford reviewed the valuation methodology and rates.

2 Accounting policies (continued)

Public transport

Public transport infrastructural assets were valued as at 30 June 2014 by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2014 using Optimised Depreciated Replacement Cost (ODRC) methodology.

Regional water supply

Regional water supply plant and equipment assets were valued by John Freeman, FPINZ, TechRICS, MACostE, Registered Plant and Machinery Valuer, a Director of Bayleys Valuations Limited as at 30 June 2013 using Optimised Depreciated Replacement Cost (ODRC) methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, a Director of CB Richard Ellis as at 1 July 2013 using ODRC methodology.

Water urban-based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ) as at 30 June 2013 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ IFRS re Property Valuations.

Water catchment and rural-based assets were valued by Baker & Associates (Fergus T Rutherford, Registered valuer, BBS (VPM), ANZIV) as at 30 June 2013 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ IAS 16 Property Valuation.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational port freehold land is stated at valuation determined every three years by an independent registered valuer. This class of asset was revalued at 31 December 2013. The basis of valuation is fair value which is determined by reference to the assets highest and best use as determined by an independent valuer.

The fair value of operational port freehold 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 the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of port operational land.

At 30 June 2011 the Group purchased the Metropolitan rail assets from Kiwi Rail wholly owned by the New Zealand Government.

The consideration for these assets which includes stations, platforms, and rail rolling stock was for a nominal consideration of \$1.00.

The assets were recognised in the Group accounts via the statement of comprehensive income. Greater Wellington Rail public transport rail station infrastructural assets and its Ganz Mavag rolling stock were valued by Bayleys at depreciated replacement cost at 30 June 2014.

Any increase in the value on revaluation is taken directly to the asset revaluation reserve. However, if it offsets a previous decrease in value for the same asset recognised in the statement of comprehensive income, then it is recognised in the statement of comprehensive income. A decrease in the value on revaluation is recognised in the statement of comprehensive income where it exceeds the increase of that asset previously recognised in the asset revaluation reserve.

The remaining property, plant and equipment is recorded at cost, less accumulated depreciation and impairment. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All property, plant and equipment, except land, are depreciated.

2 Accounting policies (continued)

Depreciation

Depreciation is provided on a straight-line basis on all tangible property, plant and equipment, other than land and capital works in progress, at rates which will write off assets, less their estimated residual value over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

• Port, wharves and paving	10 to 50 years
• Operational port freehold land	Indefinite
• Operational land and buildings	10 years to indefinite
• Operational plant and equipment	2 to 20 years
• Operational vehicles	3 to 10 years
• Flood protection infrastructural assets	15 years to indefinite
• Transport infrastructural assets	5 to 50 years
• Rail rolling stock	5 to 30 years
• Navigational aids infrastructural assets	5 to 50 years
• Parks and forests infrastructural assets	10 to 10 years
• Regional water supply infrastructural assets	3 to 150 years

Capital work in progress is not depreciated. Stopbanks included in the flood protection infrastructure asset class are maintained in perpetuity. Annual inspections are undertaken to ensure design standards are being maintained and to check for impairment. As such, stopbanks are considered to have an indefinite life and are not depreciated.

2.6 Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

Software is carried at cost, less any accumulated amortisation and impairment losses. It is amortised on a straight-line basis over the useful life of the asset as follows:

• Software	2 to 5 years
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New Zealand Emission Trading Scheme

New Zealand Units (NZU's) received for pre 1990 forests are recognised at fair value on the date received. They are recognised as an asset in the Statement of Financial Position and income in the Statement of Comprehensive Income. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

NZU's in respect of post 1989 forest is recognised at fair value on the date received. As trees are harvested or carbon stocks decrease a liability and expense will be recognised for the NZU's to be surrendered to Government.

2.7 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 profit or loss in the period in which they arise. The Group has three classes of investment properties:

1. Developed investment properties
2. Land available for development
3. Investment property under development

The Regional Council Centre (RCC) is treated as an investment property within the WRC Holdings Group, and as property, plant and equipment within the Group's accounts. Gains or losses arising from changes in fair value of investment properties are included in the statement of comprehensive income in the period in which they arise.

2 Accounting policies (continued)

2.8 Impairment

All assets are reviewed annually to determine if there is any indication of impairment.

An impairment loss is recognised when its carrying amount exceeds its recoverable amount. Losses resulting from impairment are accounted for in the statement of comprehensive income, unless the asset is carried at a revalued amount, in which case any impairment loss is treated as a revaluation decrease.

Recoverable amount

The recoverable amount of an asset is the greater of the net selling price and value in use.

Value in use

Value in use for the Group's assets is calculated as being the depreciated replacement cost of the asset. For GWRC's subsidiaries it is calculated as being the estimated future cashflows which 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.

2.9 Forestry investments

Forestry investments are stated at fair value less point-of-sale costs. They are independently revalued to an estimate of market valuation based on net present value each year. At 30 June 2013 they were valued by Alan C Bell Registered Forestry Consultant (RMNZIF). The value is based on discounted post tax cashflows derived from the forest estate in accordance with international financial reporting standards. The net gain or loss arising from changes in forestry valuation is included in the statement of comprehensive income.

2.10 Investments and other financial assets

Financial assets

The Group's financial assets are categorised as follows:

- **Financial assets at fair value accounted through operating surplus or deficit**

Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re-measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.

- **Financial assets at fair value accounted through other comprehensive income**

Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive income.

Available-for-sale financial assets are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value can not be reliably measured, the item is measured at cost.

- **Loans and receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the statement of comprehensive income.

- **Held to maturity investments**

2 Accounting policies (continued)

These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity.

After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the statement of comprehensive income.

- **Impairment of financial assets**

- (i) *Loans and other receivables, and held to maturity investments:*

Impairment is established when there is objective evidence that the group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, and government stock, are recognised directly against the instrument's carrying amount.

- (ii) *Financial assets at fair value through other comprehensive income*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties, probability that the debtor will enter bankruptcy, and default payments are considered indicators that asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the statement of comprehensive income.

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the statement of comprehensive income.

If in a subsequent period fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the statement of comprehensive income.

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

- **Other financial assets**

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities

Financial liabilities comprise trade, other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of comprehensive income, as is any gain or loss when the liability is settled. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

2 Accounting policies (continued)

2.11 Derivative financial instruments

The Parent uses derivative instruments to hedge exposure to interest rate risks arising from financing activities (note 30). The Group uses derivative financial instruments to manage its exposure to interest rate and foreign exchange risks arising from its operational, financing and investment activities. In accordance with its treasury policies, the Group does not hold or issue derivative financial instruments for trading purposes. The Group does not use Hedge Accounting for its derivative instruments.

The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Derivative financial instruments are initially recognised at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. For those instruments which do not qualify for hedge accounting, the gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income.

The fair value of an interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at balance date, based on current interest rates. The fair value of forward exchange contracts is their quoted market price at balance date.

2.12 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value, less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The sale of the asset or disposal group is expected to be completed within one year from the date of classification.

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The shares received represent a small proportion of the total equity of the client company (typically 5%). These shares are investments in equity instruments that do not have a quoted market price in an active market and are designated as available for sale. The valuation of these investments is undertaken using The International Private Equity and Venture Capital Valuation Guidelines (IPEV) which have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices.

2.13 New Zealand Local Government Funding Agency

GWRC is a shareholder of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

Financial reporting standards require GWRC to recognise the guarantee liability at fair value. However, the GWRC has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. GWRC considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- GWRC is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

2.14 Inventories

Inventories are valued at the lower of cost or net realisable value on a first-in first-out basis. The value of harvested timber is its fair value, less estimated point-of-sale costs at the date of harvest. Any change in value at the date of harvest is recognised in the statement of comprehensive income.

2 Accounting policies (continued)

2.15 Income tax

Income tax in the statement of comprehensive income for the year comprises current and deferred tax. Income tax is usually recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

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

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

2.16 Foreign currency

In the event that the Group has any material foreign currency risk, it will be managed by derivative instruments to hedge the currency risk.

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

2.17 Employee entitlements

A provision for employee entitlements is recognised as a liability in respect of benefits earned by employees but not yet received at balance date. Employee benefits include salaries, annual leave and long service leave. Where the benefits are expected to be paid for within 12 months of balance date, the provision is the estimated amount expected to be paid by the Group. The provision for other employee benefits is stated at the present value of the future cash outflows expected to be incurred.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income as incurred. GWRC belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

2.18 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an amount will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

2.19 Goods and Services Tax (GST)

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

2.20 Leases

The Group leases office space, office equipment, vehicles, land, buildings and wharves. Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

2 Accounting policies (continued)

2.21 Overhead allocation and internal transactions

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

Individual significant activity operating revenue and operating expenditure is stated inclusive of any internal revenues and internal charges. These internal transactions are eliminated in the Group's financial statements.

The democratic process costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole region, i.e., regional water supply and regional transport.

2.22 Equity

Equity is the community's interest in the Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Group. The components of equity are accumulated funds, revaluation reserves and other reserves.

2.23 Statement of cashflows

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

Operating activities include cash received from all income sources of the Group and the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure.

2.24 Budget figures

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by GWRC for the preparation of these financial statements.

2.25 Comparative figures

Some comparative figures have been reclassified in the financial statements.

2.25 Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the GWRC is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Company expects to transition to the new standards in preparing its 30 June 2015 financial statements.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

GWRC anticipates that these standards will have no material impact on the financial statements in the period of initial application. It is likely that the changes arising from this framework will affect the disclosures required in the financial statements. However, it is not practicable to provide a reasonable estimate until a detail review has been completed.

3 Operating revenue

	Actual 2014 \$'000	Council Budget 2014 \$'000	Actual 2013 \$'000	Group Actual 2014 \$'000	Actual 2013 \$'000
General Rates	29,629	28,476	28,028	29,629	28,028
Targeted Rates	64,541	65,856	62,631	64,654	62,631
Water Supply Levy	25,635	25,635	24,890	25,724	24,890
Rates and Levies	<u>119,805</u>	<u>119,967</u>	115,549	<u>120,007</u>	115,549
Grants and subsidies	58,454	69,174	57,482	60,723	57,482
Transport Improvement Grants	<u>4,152</u>	-	14,007	<u>4,152</u>	14,007
Rental Income	1,210	977	1,108	1,210	1,108
User Charges	9,491	8,700	7,089	8,859	7,089
Logging Revenue	11,564	9,105	8,042	11,564	8,042
Subsidiaries revenue	-	-	-	58,665	52,342
Rendering of Services	723	152	640	723	640
Dividends received	2,416	2,449	2	114	2
Animal Health Board	1,397	-	1,000	1,397	1,000
Other Grants and Subsidies *	3,138	-	2,200	23,701	3,556
Management Fees	2,656	2,445	2,664	1	-
Rates Remissions and Rebates	555	-	555	555	555
Rent from Investment Properties	-	-	-	4,544	5,961
Subvention	266	-	2,002	-	-
Equity accounted Investees	-	-	-	7,403	10,266
Other Income	-	-	-	1,704	842
Interest revenue	4,353	2,716	3,963	3,910	3,971
Other revenue	<u>37,769</u>	<u>26,544</u>	29,265	<u>124,350</u>	95,374
Total operating revenue	<u>220,180</u>	<u>215,685</u>	216,303	<u>309,232</u>	282,412

* GWRC received allocations of New Zealand Emission Units from the government for its forestry holdings. The allocation of units is recognised as an intangible asset and revenue at fair value. The revenue of \$1.726m (2013: \$1.599m) is included in "other grants and subsidies."

4 Other gains / (losses) - net

	Actual 2014 \$'000	Council Budget 2014 \$'000	Actual 2013 \$'000	Group Actual 2014 \$'000	Actual 2013 \$'000
Gain on disposal of property, plant and equipment	<u>(927)</u>	-	3	<u>(745)</u>	310
Total other gains / (losses) net	<u>(927)</u>	-	3	<u>(745)</u>	310

5 Employee benefits

	Actual	Council	Actual	Actual	Actual
	2014	Budget	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses arising from share-based payment transactions	-	-	-	29	-
Salaries and wages	38,561	37,132	35,904	61,371	57,225
Defined contribution plan employer contributions	2,266	3,420	2,013	3,020	2,704
Total personnel expenses	40,827	40,552	37,917	64,420	59,929

6 Depreciation and Amortisation

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Port wharves and pavings	-	-	2,530	2,481
Land and buildings	193	162	1,015	950
Plant and equipment	944	883	3,915	3,686
Rail rolling stock	-	-	-	17,593
Rail infrastructure	-	-	-	2,304
Motor vehicles	1,123	1,147	1,123	1,147
Flood protection	671	704	670	704
Water infrastructure	11,208	7,961	11,207	7,961
Transport infrastructure	1,181	175	19,736	175
Navigational aids	21	22	21	22
Parks and forests	1,984	587	1,983	587
Amortisation - Computer software	858	1,103	1,056	1,331
	18,183	12,744	43,256	38,941

7 Finance costs

	Actual	Council	Actual	Actual	Actual
	2014	Budget	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Interest expense					
Increase / (decrease) in fair value of interest rate swaps	-	-	-	-	(1)
Interest on bank borrowings	9,424	8,751	7,925	19,135	17,090
Total finance costs	9,424	8,751	7,925	19,135	17,089

8 Other operating expenditure

	Council		Actual 2013 \$'000	Group	
	Actual 2014 \$'000	Budget 2014 \$'000		Actual 2014 \$'000	Actual 2013 \$'000
Other operating expenses					
Fees to principal auditor for financial statements audit	220	163	192	459	316
Fees to principal auditor for Long Term Plan	14	-	25	14	25
Fees to other auditor for financial statements audit	-	-	-	93	88
Impairment of trade receivables	593	-	(12)	634	(12)
Insurance	1,855	2,087	2,732	6,049	7,974
Directors' fees	-	-	-	551	552
Fees for accounting services	-	-	-	61	54
Subscriptions LGNZ	415	-	309	461	309
Operating Lease rentals	2,029	1,809	2,025	1,472	353
Energy and Utilities	2,509	2,697	2,886	4,938	5,286
Councillor Fees and costs	1,037	1,026	999	1,164	999
Repairs and maintenance expenses	4,907	3,756	2,878	29,321	20,695
Materials and supplies	12,892	9,899	11,468	12,918	11,468
Contractors and consultants	26,640	26,935	20,925	27,094	21,493
Other operating expenses	3,367	6,822	3,792	11,503	21,431
Total other expenditure	56,478	55,194	48,219	96,732	91,031

9 Fair value movements

	Actual 2014 \$'000	Council Budget 2014 \$'000	Actual 2013 \$'000	Group Actual 2014 \$'000	Actual 2013 \$'000
Fair value movements in other assets					
Stadium advance	194	194	180	1,276	180
Revaluation loss on rail rolling stock assets	-	-	-	(6,329)	-
	<u>194</u>	<u>194</u>	<u>180</u>	<u>(5,053)</u>	<u>180</u>
Fair value movements in financial instruments					
Loans	(1,560)	(1,560)	(1,444)	-	(1,444)
Interest rate swaps	3,674	2,173	2,921	6,069	8,759
	<u>2,114</u>	<u>613</u>	<u>1,477</u>	<u>6,069</u>	<u>7,315</u>
Fair value change in biological assets					
Forestry investment	16,082	2,661	1,844	16,082	1,844
Carbon credits	1,252	-	-	1,252	-
	<u>17,334</u>	<u>2,661</u>	<u>1,844</u>	<u>17,334</u>	<u>1,844</u>
Fair value movements of investment properties					
Investment properties (developed property)	-	-	-	(8,455)	1,002
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,455)</u>	<u>1,002</u>
	<u>19,642</u>	<u>3,468</u>	<u>3,501</u>	<u>9,895</u>	<u>10,341</u>

10 Fair value gains in Creative HQ Limited investment reserve

	Actual 2014 \$'000	Council Budget 2014 \$'000	Actual 2013 \$'000	Group Actual 2014 \$'000	Actual 2013 \$'000
Incubator investment reserve	-	-	-	425	309

11 Taxation

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
(a) Income tax recognised in profit or loss				
Tax expense/(benefit) comprises:				
Current tax expense / (benefit)	-	-	-	900
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	-	-	1,432
Impact of changes to building depreciation	-	-	-	-
Tax loss utilised / (recognised)	-	-	-	887
Total income tax expense / (benefit)	-	-	-	3,219

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:

Surplus / (deficit) from operations	<u>22,986</u>	<u>531</u>	<u>(6,556)</u>	<u>16,872</u>
Surplus / (deficit) before taxation	22,986	531	(6,556)	16,872
Income tax expense / (benefit) calculated at 28%	6,436	149	(1,836)	4,724
Surplus / (deficit) not subject to taxation	-	(627)	-	(1,779)
Non-deductible expenses	-	-	-	8,374
Non-assessable income	-	-	-	(15,351)
Land and buildings reclassification	-	-	-	(176)
Tax loss offsets from or subventions paid to Group companies	-	357	-	-
Unused tax losses and temporary differences not recognised as deferred tax assets	-	121	-	(1)
Tax effect of imputation credits	-	-	-	(126)
Temporary differences	-	-	-	5,765
Previously unrecognised and unused tax losses now utilised	-	-	-	-
Impact of tax rate change	-	-	-	-
Impact of changes to building depreciation	-	-	-	-
Impact of gain on asset acquisition	-	-	-	-
Over provision of income tax in previous year	-	-	-	1,789
Total tax expense / (benefit)	6,436	-	(1,836)	3,219

GWRC's net income subject to tax consists of its assessable income net of related expenses derived from the GWRC Group, including the CentrePort Group, and any other council controlled organisations. All other income currently derived by the GWRC is exempt from income tax.

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Tax expense / (benefit) is attributable to:				
Continuing operations	-	-	-	3,219
Discontinued operations (note 13)	-	-	-	-
	-	-	-	3,219

11 Taxation (continued)

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33% of its available losses (now 28%), with the balance of losses offset, where the companies elect to do so. During 2014 CentrePort paid \$3,000,000 (2013: \$3,000,000) as subvention payments. The actual loss offset provided to CentrePort Limited in 2014 was \$7.714 million (2013: \$7.714 million). At balance date of 30 June 2014, CentrePort Ltd has not agreed to pay any further amount (2013: \$Nil) on account of the subvention payment.

The 2014 financial statements for the parent do not include any subvention payments to be received from Pringle House Limited, (2012: \$ Nil) or from CentrePort Limited (2013: \$ Nil) for utilisation of the Greater Wellington Regional Council's net losses.

It is anticipated that tax losses of \$949,475 of tax losses will be provided to Pringle House Limited (2013: \$949,475) \$143,000 will be provided to WRC Holdings Limited (2013: \$143,000) and \$182,406 will be provided to the Grow Wellington Group (2013: \$182,406) for the 2014 year.

It is anticipated that no tax losses will be provided to CentrePort Limited (2013 \$ Nil) or to Greater Wellington Rail Limited (2103: \$ Nil) for the 2014 year. The actual loss offset provided to Greater Wellington Rail Limited in 2014 was \$2.446 million (2013: \$2.446 million).

12 Current tax assets and liabilities

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Income tax	-	-	(318)	96
Other tax payables	-	-	909	-
	-	-	591	96

13 Deferred tax

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Deferred Tax Balances				
<i>Deferred Tax assets comprise:</i>				
Tax losses	-	-	-	(2,639)
Temporary differences	-	-	-	(3,986)
	-	-	-	(6,625)
<i>Deferred Tax liabilities comprise</i>				
Temporary differences	-	-	-	80,873
	-	-	-	80,873
Total deferred tax liabilities	-	-	-	74,248

13 Deferred tax (continued)

Taxable and deductible temporary differences arising from the following:

Movements - Group	Investment properties \$'000	Property, plant and equipment \$'000	Trade and other payables \$'000	Other financial liabilities \$'000	Tax losses \$'000	Total \$'000
At 1 July 2012	(562)	(80,090)	959	4,242	3,526	(71,925)
Charged to income	797	(782)	(49)	(1,401)	(887)	(2,322)
Change in depreciation	-	-	-	-	-	-
Change in tax rate	-	-	-	-	-	-
At 30 June 2013	<u>235</u>	<u>(80,872)</u>	<u>910</u>	<u>2,841</u>	<u>2,639</u>	<u>(74,247)</u>
At 30 June 2013	235	(80,872)	910	2,841	2,639	(74,247)
Charged to income	-	-	-	-	-	-
Change in depreciation	-	-	-	-	-	-
Change in tax rate	-	-	-	-	-	-
At 30 June 2014	<u>235</u>	<u>(80,872)</u>	<u>910</u>	<u>2,841</u>	<u>2,639</u>	<u>(74,247)</u>

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000

Unrecognised deferred tax balances

Tax losses	-	121	-	-
Temporary differences	-	-	-	-
	<u>-</u>	<u>121</u>	<u>-</u>	<u>-</u>

Tax losses not recognised

GWRC has \$0.434 million of unrecognised tax losses at Parent level (2013: \$0.434 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28% was \$0.121 million (2013: \$0.121 million).

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

14 Cash and cash equivalents

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Cash at bank and in hand	(303)	(1,398)	2,398	(614)
Short term deposits maturing three months or less from date of acquisitions	10,000	-	10,000	1
Water supply contingency investment	5,064	5,396	5,064	5,396
Major flood recovery fund	4,716	4,337	4,716	4,337
Material damage property insurance fund	39	-	39	-
Total cash and cash equivalents	19,516	8,335	22,217	9,120

Cash-at-bank and on-hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is their carrying values.

The negative balance in cash at bank was caused by a large payment run occurring on the last day of the financial year resulting in a timing difference of cash flows.

As at 30 June 2014 there was a \$10.0 million (2013: nil) bank deposits with a weighted average interest rate of 4.45% (2013: nil). Bank deposits are available for day to day cash management and are recorded at fair value.

As at 30 June 2014 the weighted average interest rate on the water supply contingency investment is 4.68% (2013 3.92%) and is recorded at fair value.

As at 30 June 2014 the weighted average interest rate on the major flood recovery fund is 4.60% (2013: 3.92%) and is recorded at fair value.

15 Trade and other receivables

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Rates outstanding *	9,680	8,788	9,681	8,786
Trade Customers	6,606	11,388	13,015	15,889
Accrued revenue	12,794	7,675	12,877	7,478
Receivables from related parties	180	1,032	(1)	-
Less provision for impairment of receivables	(1,257)	(667)	(1,267)	(683)
Subvention receivable	-	-	-	-
Other receivable	843	621	1,619	810
Prepayments	263	365	936	926
Total trade and other receivables	29,109	29,202	36,860	33,206

Trade customers are non-interest bearing and are generally on 30-90 day terms. Therefore, the carrying value of debtors and other receivables approximates fair value.

* GWRC uses the region's Territorial Authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

15 Trade and other receivables (continued)

Provision for impairment of receivables

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Opening balance	(667)	(677)	(683)	(704)
Movement	(590)	10	(584)	21
Closing balance	(1,257)	(667)	(1,267)	(683)

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2014.

The status of receivables as at 30 June 2014 and 2013 are detailed below:

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Not past due	28,401	28,737	34,932	32,683
Past due 31-60 days	156	163	342	179
Past due 61-90 days	32	-	137	31
Past due > 90 days	520	302	1,449	314
Total	29,109	29,202	36,860	33,207

16 Inventories

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Harbours	7	7	7	6
Depots	210	191	210	191
Water supply	2,492	2,367	3,645	3,456
Rail	-	-	14,376	14,173
Wairarapa	365	399	365	399
Emergency management	39	39	39	39
	3,113	3,003	18,685	18,265

No inventories are pledged as securities for liabilities (2013: Nil)

17 Other financial assets

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Stadium advance	2,623	2,429	2,623	2,429
Civic assurance	80	80	80	80
New Zealand Local Government Funding Agency Limited shares	1,866	1,866	1,866	1,866
New Zealand Local Government Funding Agency Limited shares borrower notes	2,000	1,200	2,000	1,200
Warm Wellington funding	11,292	10,822	11,292	10,822
Bank deposits with maturity terms more than three months	13,000	-	13,000	-
Other investments (bonds and notes)	10,000	33,000	10,000	33,000
Water supply contingency investment	15,708	13,695	15,708	13,695
Material damage property insurance contingency fund	287	-	287	-
Creative HQ shareholdings in unlisted companies	-	-	804	334
	<u>56,856</u>	<u>63,092</u>	<u>57,660</u>	<u>63,426</u>
Current financial assets	30,650	37,897	30,650	37,897
Non current financial assets	<u>26,206</u>	<u>25,195</u>	<u>27,010</u>	<u>25,529</u>
Total other financial assets	<u>56,856</u>	<u>63,092</u>	<u>57,660</u>	<u>63,426</u>

Airtel Limited

GWRC holds 21,000 fully paid up shares in Airtel Ltd, which were acquired at no cost in 2001 as a result of the Wairarapa Radio Telephone Users Association's decision to form a limited liability company and issue shares to users. GWRC was previously a member of the association.

Advance to Wellington Regional Stadium Trust

GWRC advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of GWRC to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited-recourse loan is accrued and added to the loan. At 30 June 2014 GWRC expects that the advance will be fully repaid. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. The fair value has been determined using a future repayment timetable discounted at a rate of 8% (2013: 8%). None of the other financial assets are either past due or impaired (2013: No impairment).

Civic Assurance

GWRC holds 80,127 shares (2013: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Assurance.

New Zealand Local Government Funding Agency Limited

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid shares (2013: 1,866,000) It has also invested \$2,000,000 (2013: \$1,200,000) in LGFA borrower notes, which return on average 4.05% as at 30 June 2014. (2013: 3.23%). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of there being a risk of imminent default.

Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme GWRC provides up to \$3,900 assistance to ratepayers. This assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

Other financial assets (continued)

Bonds

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a floating rate of interest. The amount receivable at maturity is \$10 million (2013: \$33 million).

Bank deposits with maturity terms more than three months

GWRC has invested \$13,000,000 (2013: nil) of its funds in short term deposits with an average rate of 4.65% (2013: nil). They are recorded at fair value.

Water Supply contingency fund

GWRC has invested \$15,708,000 (2013: \$13,695,000) of its water contingency funds in short term deposits with an average rate of 4.71% (2013: 4.0%). They are recorded at fair value.

Material damage property insurance contingency fund

GWRC has invested \$287,000 (2013: nil) of its material damage property insurance contingency fund in short term deposits with an average rate of 4.10% (2013: 4.0%). They are recorded at fair value.

Creative HQ shareholdings in unlisted companies

Creative HQ Limited (CHQ), a subsidiary of Grow Wellington receives shares from clients involved in its incubation programme as part consideration for the services and support provided by CHQ to the client. The valuation of these investments is undertaken using The International Private Equity and Venture Capital Valuation Guidelines (IPEV) which have been accepted as the industry standard valuation guidelines and are based on the principle of 'fair value' and are reviewed following any relevant changes in accounting standards or market practices.

At year end the fair value of its investments has been determined at \$773,654 (2013: \$334,000). While the Grow Wellington Board is of the view that the fair values of the unlisted investments in these financial statements represent the best available information, uncertainty exists over the fair value of the investments in the absence of an active market to determine fair value. Further information is provided below about the uncertainties and judgements in determining fair value.

18 Aggregate joint venture information

Name of Joint venture	Principal activity	2014 Percentage ownership %	2013 Percentage ownership %
Harbour Quays A1 Limited	Commercial rental property	76.9	76.9 %
Harbour Quays D4 Limited	Commercial rental property	76.9	76.9 %
Harbour Quays F1F2 Limited	Commercial rental property	76.9	76.9 %

On 9 September 2011 the Accident Compensation Corporation (ACC) entered into a joint venture with CentrePort Properties Limited to acquire three investment properties from CentrePort Limited. These entities are jointly controlled by ACC and CentrePort Properties Limited with ACC's purchase completed using mandatory convertible notes. These notes convert to equity in March 2024 (or September 2026 at CentrePort Properties Limited's option).

	Actual 2014 \$'000	Actual 2013 \$'000
Group		
Carrying amount at beginning of year	82,844	78,884
Investment in joint ventures	-	-
Equity accounted earnings of joint ventures*	1,806	10,266
Dividends from joint ventures	(4,029)	(6,306)
Transfer net assets of TSL joint venture to wholly owned subsidiary on acquisition of remaining interest	(442)	-
Carrying amount at end of year	80,179	82,844
Represented by:		
Harbour Quays A1 Limited	17,427	18,082
Harbour Quays D4 Limited	14,368	15,576
Harbour Quays F1F2 Limited	45,908	45,611
Individually immaterial joint ventures	2,476	3,575
Carrying amount at end of year	80,179	82,844

* The 2014 equity accounted earnings in joint ventures includes provisions for earthquake repairs of \$5,598,000 after tax arising from the earthquakes of 20 July 2013 and 16 August 2013.

19 Property, plant and equipment

Council 2014	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000
Operational assets										
Land and Buildings	7,799	(1,574)	6,225	2,658	(93)	28	-	10,392	(1,674)	8,718
Plant and equipment	12,978	(10,602)	2,376	870	(1,366)	867	-	13,349	(10,347)	3,002
Motor Vehicles	7,871	(4,395)	3,476	744	(594)	-	-	8,021	(4,996)	3,025
Total operational assets	28,648	(16,571)	12,077	4,272	(2,053)	895	-	31,762	(17,017)	14,745
Infrastructural assets										
<i>At cost & valuation</i>										
Flood Protection	304,813	(7,316)	297,497	1,993	-	507	-	307,313	(7,987)	299,326
Navigational Aids	1,745	(1,212)	533	46	(7)	64	-	1,848	(1,226)	622
Parks and Forests	60,744	(1,683)	59,061	11	(1,404)	(47)	23,724	83,028	(2,003)	81,025
Transport Infrastructure	13,796	(631)	13,165	1,867	(1,282)	(1,854)	(2,850)	9,677	-	9,677
Water Infrastructure	428,954	-	428,954	1,987	(269)	4,563	3,219	438,454	(10,481)	427,973
Capital work in progress	15,326	-	15,326	15,692	-	(6,049)	-	24,969	-	24,969
Total infrastructural assets	825,378	(10,842)	814,536	21,596	(2,962)	(2,816)	24,093	865,289	(21,697)	843,592
Total Council's property, plant and equipment	854,026	(27,413)	826,613	25,868	(5,015)	(1,921)	24,093	897,051	(38,714)	858,337

Note: Revaluations are net of accumulated depreciation written back

19 Property, plant and equipment (continued)

Council 2013	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000
Operational assets										
Land and Buildings	6,202	(1,507)	4,695	1,081	(19)	108	427	7,799	(1,574)	6,225
Plant and equipment	12,416	(10,208)	2,208	761	(247)	48	-	12,978	(10,602)	2,376
Motor Vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(120)	-	7,871	(4,395)	3,476
Total operational assets	26,634	(16,264)	10,370	3,197	(1,646)	36	427	28,648	(16,571)	12,077
Infrastructural assets										
<u>At cost & valuation</u>										
Flood Protection	288,923	(6,613)	282,310	14,980	-	910	-	304,813	(7,316)	297,497
Navigational Aids	1,745	(1,190)	555	-	-	-	-	1,745	(1,212)	533
Parks and Forests	59,194	(2,525)	56,669	687	(127)	584	406	60,744	(1,683)	59,061
Transport Infrastructure	3,556	(456)	3,100	3,627	(250)	6,863	-	13,796	(631)	13,165
Water Infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,983	70,347	428,954	-	428,954
Capital work in progress	29,017	-	29,017	4,048	-	(17,739)	-	15,326	-	15,326
Total infrastructural assets	731,456	(41,180)	690,276	25,588	(1,020)	(1,399)	70,753	825,378	(10,842)	814,536
Total Council's property, plant and equipment	758,090	(57,444)	700,646	28,785	(2,666)	(1,363)	71,180	854,026	(27,413)	826,613

Note: Revaluations are net of accumulated depreciation written back

19 Property, plant and equipment (continued)

Group 2014	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Impairment charges \$'000	Depreciation \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000
Operational assets												
Land and Buildings	115,969	(12,997)	102,972	2,667	(93)	633	(6,700)	-	3,471	115,947	(13,920)	102,027
Plant and equipment	76,405	(35,347)	41,058	1,102	(1,403)	1,468	-	-	(4)	77,568	(38,064)	39,504
Motor Vehicles	7,872	(4,395)	3,477	744	(594)	-	-	-	-	8,022	(4,996)	3,026
Total operational assets	200,246	(52,739)	147,507	4,513	(2,090)	2,101	(6,700)	-	3,467	201,537	(56,980)	144,557
Infrastructural assets												
<i>At cost & valuation</i>												
Flood Protection	304,814	(7,316)	297,498	1,993	-	507	-	-	-	307,314	(7,987)	299,327
Parks and Forests	60,744	(1,683)	59,061	11	(1,404)	(47)	-	-	23,724	83,028	(2,003)	81,025
Capital work in progress	17,982	-	17,982	53,491	-	(11,693)	-	-	-	59,780	-	59,780
Port wharves and paving	86,865	(35,255)	51,610	-	-	270	(4,399)	-	-	82,736	(37,787)	44,949
Navigational Aids	1,745	(1,213)	532	46	(7)	64	-	-	-	1,848	(1,226)	622
Transport Infrastructure	346,033	(38,371)	307,662	6,001	(3,418)	(1,810)	-	-	(2,153)	289,444	(10)	289,434
Water Infrastructure	428,953	-	428,953	1,987	(269)	4,563	-	-	3,219	438,453	(10,481)	427,972
Total infrastructural assets	1,247,136	(83,838)	1,163,298	63,529	(5,098)	(8,146)	(4,399)	-	24,790	1,262,603	(59,494)	1,203,109
Total restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress assets												
Total Group's property, plant and equipment	1,447,382	(136,577)	1,310,805	68,042	(7,188)	(6,045)	(11,099)	-	28,257	1,464,140	(116,474)	1,347,666

Note: Revaluations are net of accumulated depreciation written back

19 Property, plant and equipment (continued)

Group 2013	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000	Additions \$'000	Disposals \$'000	Transfers \$'000	Impairment losses \$'000	Revaluations \$'000	Cost / revaluation \$'000	Accumulated depreciation \$'000	Carrying amount \$'000
Operational assets											
Land and Buildings	118,955	(12,142)	106,813	2,560	(19)	391	(375)	(5,543)	115,969	(12,997)	102,972
Plant and equipment	66,457	(32,213)	34,244	11,612	(256)	(120)	(1,288)	-	76,405	(35,347)	41,058
Motor Vehicles	8,016	(4,549)	3,467	1,355	(1,380)	(119)	-	-	7,872	(4,395)	3,477
Total operational assets	193,428	(48,904)	144,524	15,527	(1,655)	152	(1,663)	(5,543)	200,246	(52,739)	147,507
Infrastructural assets											
<i>At cost & valuation</i>											
Flood Protection	288,923	(6,613)	282,310	14,980	-	911	-	-	304,814	(7,316)	297,498
Parks and Forests	59,194	(2,525)	56,669	687	(127)	584	-	406	60,744	(1,683)	59,061
Capital work in progress	62,723	-	62,723	-	-	(44,742)	-	-	17,981	-	17,981
Port wharves and paving	87,520	(32,774)	54,746	537	(46)	(1,146)	-	-	86,865	(35,255)	51,610
Navigational Aids	1,745	(1,190)	555	-	-	-	-	-	1,745	(1,212)	533
Transport Infrastructure	290,032	(23,425)	266,607	35,421	(5,377)	34,866	(8,908)	-	346,034	(38,372)	307,662
Water Infrastructure	349,021	(30,396)	318,625	2,246	(643)	7,982	-	70,347	428,953	-	428,953
Total infrastructural assets	1,139,158	(96,923)	1,042,235	53,871	(6,193)	(1,545)	(8,908)	70,753	1,247,136	(83,838)	1,163,298
Total Group's property, plant and equipment	1,332,586	(145,827)	1,186,759	69,398	(7,848)	(1,393)	(10,571)	65,210	1,447,382	(136,577)	1,310,805

Note: Revaluations are net of accumulated depreciation written back

20 Intangible assets

Council	Software \$'000	Emission units \$'000	Total \$'000
Year ended 30 June 2013			
Cost and valuation	5,642	2,178	7,820
Accumulated amortisation and impairment	<u>(3,577)</u>	<u>-</u>	<u>(3,577)</u>
Net book amount	<u>2,065</u>	<u>2,178</u>	<u>4,243</u>
Opening net book amount	2,065	2,178	4,243
Additions	304	314	618
Revaluation	-	(1,611)	(1,611)
Transfers	1,220	-	1,220
Amortisation charge	<u>(1,103)</u>	<u>-</u>	<u>(1,103)</u>
Closing net book amount	<u>2,486</u>	<u>881</u>	<u>3,367</u>
At 30 June 2013			
Cost and valuation	7,072	881	7,953
Accumulated amortisation and impairment	<u>(4,586)</u>	<u>-</u>	<u>(4,586)</u>
Net book amount	<u>2,486</u>	<u>881</u>	<u>3,367</u>
Year ended 30 June 2014			
Opening net book amount	2,486	881	3,367
Additions	603	212	815
Disposals	(14)	-	(14)
Revaluation	-	1,252	1,252
Transfers	1,697	-	1,697
Amortisation charge	<u>(858)</u>	<u>-</u>	<u>(858)</u>
Closing net book amount	<u>3,914</u>	<u>2,345</u>	<u>6,259</u>
At 30 June 2014			
Cost and valuation	9,568	2,345	11,913
Accumulated amortisation and impairment	<u>(5,654)</u>	<u>-</u>	<u>(5,654)</u>
Net book amount	<u>3,914</u>	<u>2,345</u>	<u>6,259</u>

20 Intangible assets (continued)

Group	Goodwill \$'000	Software \$'000	Emission units \$'000	Total \$'000
Year ended 30 June 2013				
Cost and valuation	-	8,899	2,178	11,077
Accumulated amortisation and impairment	-	(6,455)	-	(6,455)
Opening net book amount	-	2,444	2,178	4,622
Additions	-	530	314	844
Revaluation	-	-	(1,611)	(1,611)
Transfers	-	1,220	-	1,220
Amortisation charge	-	(1,330)	-	(1,330)
Closing net book amount	-	2,864	881	3,745
At 30 June 2013				
Cost	-	10,555	881	11,436
Accumulated amortisation and impairment	-	(7,691)	-	(7,691)
Net book amount	-	2,864	881	3,745
Year ended 30 June 2014				
Opening net book amount	-	2,864	881	3,745
Acquisition of subsidiary	2,675	-	-	2,675
Additions	-	677	212	889
Revaluation	-	-	1,252	1,252
Disposal	-	(14)	-	(14)
Transfers	-	1,695	-	1,695
Amortisation charge	-	(1,056)	-	(1,056)
Closing net book amount	2,675	4,166	2,345	9,186
At 30 June 2014				
Cost and valuation	-	15,788	2,345	18,133
Accumulated amortisation and impairment	-	(8,947)	-	(8,947)
Net book amount	-	6,841	2,345	9,186

No intangible assets are pledged as security for liabilities

* GWRC received allocations of New Zealand units for the emission trading scheme. These units were recognised at fair value when the units were issued and subsequently revalued at balance date.

Note 20A Insurance

The total value of all assets of the local authority that are covered by insurance contracts, and the maximum amount to which they are insured.

	Value of assets covered by Insurance	Maximum level of insurance coverage
Council assets	500,718,000	340,317,000
Rolling stock	260,421,000	50,000,000
	<u>761,139,000</u>	<u>390,317,000</u>

20 Intangible assets (continued)

21 Forestry investments

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Forestry assets	23,377	22,064	23,377	22,064
Forestry revaluations	16,082	1,844	16,082	1,844
Harvest trees	(682)	(531)	(682)	(531)
Carrying amount at 30 June 2014	38,777	23,377	38,777	23,377

Plantation forestry activity including planting, silviculture and harvesting is undertaken on 5,520 hectares (2013: 5,520 ha) of predominantly pinus radiata plantings. Up to 112,000 tonnes are harvested annually.

GWRC has entered into an agreement for the sale of its forestry cutting rights on 1 July 2014.

In accordance with NZ IFRS 5 (PBE) and NZ IAS 41 (PBE), the forestry assets are therefore recorded at fair value less costs to sell.

The contract price is a reasonable proxy for fair value at 30 June 2014, as the contract price is as of 1 July 2014. The forestry valuation at 30 June 2014 is therefore effectively contract price less costs to sell.

22 Investment properties / Investment assets held for sale

GWRC holds no investment in properties.

The Group's investment properties and investment assets held for sale comprise of CentrePort's developed and undeveloped investment properties.

Investment properties are revalued every year and are valued in accordance with New Zealand Property Institute Practice Standard 3 – Valuations for Financial Reporting Purposes at fair value arrived at using comparable market rental information.

CentrePort Limited Group (CentrePort)

CentrePort's investment properties are revalued every year. Investment properties were valued on 30 June 2014 by independent registered valuers of the firms Bayleys Valuations Limited and Colliers International Limited.

The fair value of investment properties 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. The fair value of the investment property at 30 June 2014 was \$53.2 million (2013: \$60.3 million).

The determination of fair value includes allowance for land and infrastructure works yet to be completed, consistent with the Harbour Quays Development plan approved by the CentrePort Board. This includes above and below ground services and some seawall strengthening.

The valuations use existing and forecast cash flows based on existing lease terms and expected future occupancy. The capitalisation rate is consistent with comparable properties in the marketplace at 9% (2013: 9%).

22 Investment properties / Investment assets held for sale (continued)

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Developed investment properties brought forward	-	-	20,360	27,345
Additions / (Disposals)	-	-	-	7
Transfer from / (to) investment property under development	-	-	8,915	(4,650)
Transfer from / (to) land available for development	-	-	(3,520)	(2,520)
Net change in the value of developed investment property	-	-	2,532	178
Developed investment properties carried forward	-	-	28,287	20,360
Land available for development brought forward	-	-	32,292	28,682
Additions / (Disposals)	-	-	46	266
Transfer from / (to) developed investment property	-	-	3,520	2,520
Net change in the value of land available for development	-	-	(10,987)	824
Land available for development carried forward	-	-	24,871	32,292
Investment properties under development brought forward	-	-	7,612	-
Transfer from / (to) developed investment property land available for development	-	-	(8,915)	4,650
Additions / (Disposals)	-	-	1,303	2,962
Land available for development	-	-	-	7,612
Total investment properties under development carried forward	-	-	53,158	60,264

23 Investments in subsidiaries

Name of entity	Relationship	Equity holding	
		2014 %	2013 %
WRC Holdings Limited	Subsidiary of GWRC	100	100
Pringle House Limited	Subsidiary of WRC Holdings Limited	100	100
Port Investments Limited	Subsidiary of WRC Holdings Limited	100	100
CentrePort Limited	Subsidiary of Port Investments Limited	76.9	76.9
Greater Wellington Rail Limited	Subsidiary of WRC Holdings Limited	100	100
Grow Wellington Limited	Subsidiary of GWRC	100	100
Creative HQ Limited	Subsidiary of Grow Wellington Limited	100	100

All the companies mentioned above were incorporated in New Zealand and have a balance date of 30 June.

All significant intra-group transactions have been eliminated on consolidation. Please see note 32 on related party transactions for details.

	Actual 2014 \$'000	Actual 2013 \$'000
WRC Holdings Limited shares	96,845	68,514
Grow Wellington Limited shares	-	-
Total investment in subsidiaries	96,845	68,514

The shares in Grow Wellington have not been called upon and therefore are reflected at nil value.

24 Derivative financial instruments

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Current asset portion				
Foreign Exchange contracts	-	268	41	268
Total current asset portion	<u>-</u>	<u>268</u>	<u>41</u>	<u>268</u>
Non-current asset portion				
Interest rate swaps	2,884	1,486	2,916	1,486
Total non-current asset portion	<u>2,884</u>	<u>1,486</u>	<u>2,916</u>	<u>1,486</u>
Total derivative financial instruments - assets	<u>2,884</u>	<u>1,754</u>	<u>2,957</u>	<u>1,754</u>
Current liability portion				
Interest rate swaps	-	134	60	134
Total current liability portion	<u>-</u>	<u>134</u>	<u>60</u>	<u>134</u>
Non-current liability portion				
Interest rate swaps	3,019	5,428	9,482	15,832
Total non-current liability portion	<u>3,019</u>	<u>5,428</u>	<u>9,482</u>	<u>15,832</u>
Total derivative financial instruments - liabilities	<u>3,019</u>	<u>5,562</u>	<u>9,542</u>	<u>15,966</u>

For more information on interest rate swaps and foreign exchange contracts, please refer to Note 30 Financial Instruments. The fair values of the derivative financial instruments have been determined using a Discounted Cashflow technique based on market prices at Balance Date.

25 Trade and other payables

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Trade payables	29,199	19,847	34,310	22,729
Income received in advance	854	659	854	659
Accrued interest payable	1,190	958	1,190	931
Deposits and bonds	-	-	79	154
Other payables	-	-	6	-
GST payable	-	-	1	-
Total trade and other payables	<u>31,243</u>	<u>21,464</u>	<u>36,440</u>	<u>24,473</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value approximates their fair value.

26 Debt

	Note	Council		Group	
		Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Current debt liabilities					
Committed Lines	(i)	2,000	6,000	2,800	6,707
Commercial paper	(ii)	47,796	18,868	47,796	18,868
Bonds	(iii)	-	25,000	-	25,000
Floating rate notes	(iv)	25,000	25,000	25,000	25,000
Total current debt liabilities		74,796	74,868	75,596	75,575
Non-current debt liabilities					
Bank loans	(v)	-	-	158,095	154,138
Crown loan	(vi)	21,054	19,494	21,054	19,494
Floating rate notes	(iv)	100,000	75,000	100,000	75,000
Total non-current debt liabilities		121,054	94,494	279,149	248,632
Total debt liabilities		195,850	169,362	354,745	324,207

Terms and conditions

i) GWRC has no overdraft facility. As at 30 June 2014 GWRC had undrawn credit lines of \$48,000,000 (2013: \$44,000,000), of which \$23,000,000 mature in 2018 and \$25,000,000 mature in 2020. Both facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. The interest charge on the drawn facility is 4.25% as at 30 June 2014 (2013: 3.50%). The borrowings are subject to a charge over rates under which the lenders provide funds.

ii) As of 30 June GWRC has issued four (2013: two) commercial paper issues which mature within three months from balance date. Their weighted average interest rate is 3.65% (2013: 2.79%).

iii) GWRC has no fixed term bonds on issue in the current year (2013: \$25,000,000 at interest rate of 5.596%).

iv) As at 30 June 2014 GWRC has issued five (2013: four) floating rate notes of \$25,000,000 each with maturities in April 2015, December 2017, two on March 2019, and May 2021 (2013: June 2014, April 2015, December 2017, March 2019). The interest rates are ranging between 4.00% and 4.805% p.a. (2013: 3.21% and 3.855%).

v) At 30 June 2013 bank borrowings were under a bank facility of \$125 million. Effective 30 July 2014, the bank facility has increased to \$150 million in two equal tranches of \$75 million each with Westpac Banking Corporation Limited and Commonwealth Bank of Australia Limited. These tranches have a renewal date of 7 March 2015. CentrePort has put the facility out to tender and both Westpac Banking Corporation Limited and Commonwealth Bank of Australia Limited have agreed to extend the current facility to 30 September 2015 while this tender process is finalised. The interest rate charged on the facility ranged from 2.67% to 5.99% p.a. (2013: 2.67% to 6.23%). Borrowings under the bank facilities are supported by a negative pledge deed.

vi) As at 30 June 2014, GWRC's external debt has a weighted average interest rate (after the effect of derivatives) of 4.46% (2013: 4.28%) and is recorded at amortised cost. The Crown loans are based on a discounted cashflow valuation basis utilising a discount rate of 8% (2013: 8%). The amount due at maturity is \$26,521,272 (2013: \$26,521,272).

vii) WRC Holdings Limited has \$44.4 million of Commercial Paper on issue which is supported by a \$44 million bank facility with the ASB Institutional Bank. The debt is secured by \$50,000,000 of uncalled shares in favour of GWRC. The security is maintained by Trustee Executors. The interest rate charged as at 30 June 2014 was 2.81% p.a. (2013: 2.81% p.a.).

In December 2011 GWRC (long term S&P credit rating of AA) guaranteed the borrowings of CentrePort Limited up to their banking facility limit of \$150 million (2013: \$125 million). In recognition of the provision of the guarantee the company pays a guarantee fee to GWRC.

27 Employee benefit liabilities

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Current				
Annual leave	<u>2,736</u>	<u>2,687</u>	<u>6,340</u>	<u>6,152</u>
	2,736	2,687	6,340	6,152
Non-current				
Long Service/retiring leave	<u>554</u>	<u>555</u>	<u>883</u>	<u>896</u>
	554	555	883	896
Total employee benefit liabilities	<u>3,290</u>	<u>3,242</u>	<u>7,223</u>	<u>7,048</u>

28 Provisions

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Provision for dividend	<u>-</u>	<u>-</u>	<u>-</u>	<u>519</u>
Total provision for dividend	-	-	-	519

	Provision for dividend \$'000	Total \$'000
Current		
Group - 2014		
Opening carrying value	519	519
Additions including increases	-	-
Provisions used during the year	<u>(519)</u>	<u>(519)</u>
Carrying amount at end of year	<u>-</u>	<u>-</u>
Group - 2013		
Opening carrying value	523	523
Additions including increases	-	-
Provisions used during the year	<u>(4)</u>	<u>(4)</u>
Carrying amount at end of year	<u>519</u>	<u>519</u>

29 Reconciliation of operating surplus / (deficit) with cashflow from operating activities

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Surplus after tax	22,986	531	(7,584)	13,653
Add / (less) non-cash items				
Depreciation and amortisation	18,183	12,744	43,256	38,941
Non cash assets	(1,726)	(1,598)	(1,726)	(1,598)
Impairment of property, plant and equipment	-	-	4,800	-
Sale of fixed assets	927	(3)	1,891	(310)
Borrowings	-	-	-	-
Equity accounted earnings from associate companies	-	-	2,223	(3,960)
Change in value of future tax benefit	-	-	626	-
Changes in fair value of forestry investments	(16,082)	(1,844)	(16,082)	(1,844)
Changes in fair value of emission units	(1,252)	1,297	(1,252)	1,297
Revaluation movements	-	-	5,679	-
Changes in fair value of investment property	-	-	8,628	(1,002)
Changes in fair value of derivative financial instruments	(3,674)	(2,921)	(7,296)	(8,759)
Changes in fair value of stadium advance	(194)	(180)	(194)	(180)
Changes in fair value of crown loans	1,560	1,444	1,560	1,444
Movement in provision for impairment of doubtful debts	(590)	(10)	(570)	21
Add / (less) movements in working capital				
Accounts receivable	93	1,683	754	2,798
Warm Wellington receivable	(470)	(2,805)	(470)	(2,805)
Inventory	(110)	(269)	(193)	(6,747)
Tax refund due	-	-	850	(2,716)
Accounts payable	10,517	(35,592)	34,829	(4,455)
Employee provisions	(48)	(202)	(35)	(47)
WRC Holdings Group current account	690	(884)	-	-
Add / (less) items classified as investing or financing activities				
Financial instruments	-	-	-	-
Accounts payable related to fixed assets	(738)	(2,345)	(28,074)	(35,283)
Dividend paid / payable	-	-	-	-
(Gains) / losses on disposal of property, plant and equipment	-	-	-	-
WRC Holdings Group activities relating to financing	-	-	-	-
Increase in share capital	-	-	-	-
Net Cashflow from operating activities	30,072	(30,954)	41,620	(11,552)

30 Financial risk management

Bank bonds/notes are not exchange traded and the fair value is the stated value. The notes are at a fixed rate of interest in 2014. The amount receivable at maturity is \$10 million (2013: \$33 million).

The Council and Group have a series of policies to manage the financial risks associated with its operation. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cashflow interest rate risk.

The Council and Group seek to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial instruments is governed by Treasury policies which are approved by the Council / the board of directors respectively. The policies do not allow the Group to enter into any transaction that is speculative in nature.

(a) Market risk

Currency Risk

Currency risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group manages currency risk by ensuring that where possible asset purchases are denominated in New Zealand dollars. Any foreign currency risks arising from contractual commitments and liabilities are managed by entering into forward foreign exchange contracts to hedge the foreign currency risk exposure. This means that the Group is able to fix the New Zealand dollar amount payable prior to delivery of goods and services from overseas.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has exposure to fair value interest rate risks as a result of investments, external debt and cash balances.

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements and interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2014 the Group had entered into the following interest rate swap agreements:

Interest rate swap agreements	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Less than one year	-	40,000	34,000	40,000
One to two years	15,000	-	75,000	20,000
Two to five years	105,000	80,000	148,000	175,000
Greater than five years	160,000	90,000	227,000	155,000
Total fair value interest rate risk	<u>280,000</u>	<u>210,000</u>	<u>484,000</u>	<u>390,000</u>

The notional principal amounts of the outstanding interest rate swap contracts for GWRC were \$280,000,000 (2013: \$210,000,000) and for the Group \$504,000,000 (2013: \$390,000,000). At 30 June 2014, the fixed interest rates of swaps of GWRC vary from 2.57% to 6.13% (2013: 2.57% to 6.13%). At balance date the swap arrangements of the Group are ranging from 2.57% to 6.23% (2013: 2.57% to 6.23%).

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cashflows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Group to cashflow interest rate risk.

Generally, the Group raises long term borrowings at short term rates and swaps them back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if GWRC borrowed at fixed rates directly. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

30 Financial risk management (continued)

30 June 2014	Council				Group			
	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000	-1% Surplus/(de ficit) \$'000	Equity \$'000	+1% Surplus/(de ficit) \$'000	Equity \$'000
Interest rate risk								
Financial assets								
Cash at bank and term deposits	(195)	-	195	-	(222)	-	222	-
Water supply contingency	(157)	-	157	-	(157)	-	157	-
Bank deposits	(130)	-	130	-	(130)	-	130	-
New Zealand Local Government Funding Agency Limited borrower notes	(20)	-	20	-	(20)	-	20	-
Derivatives	(8,026)	-	7,362	-	(8,381)	-	7,723	-
Material damage property insurance contingency fund	(3)	-	3	-	(3)	-	3	-
Financial liabilities								
Commercial paper	478	-	(478)	-	478	-	(478)	-
Committed and uncommitted lines	20	-	(20)	-	1,609	-	(1,609)	-
Floating rate notes	1,250	-	(1,250)	-	1,250	-	(1,250)	-
Derivatives	(3,420)	-	3,233	-	(8,820)	-	8,333	-
Total sensitivity to interest rate risk	(10,203)	-	9,352	-	(14,396)	-	13,251	-

30 June 2013	Council				Group			
	-1% Surplus/ (deficit) \$'000	Equity \$'000	+1% Surplus/ (deficit) \$'000	Equity \$'000	-1% Surplus/(de ficit) \$'000	Equity \$'000	+1% Surplus/(de ficit) \$'000	Equity \$'000
Interest rate risk								
Financial assets								
Cash at bank and term deposits	(83)	-	83	-	(91)	-	91	-
Water supply contingency	(137)	-	137	-	(137)	-	137	-
Bank bonds / floating rate notes	(230)	-	230	-	(230)	-	230	-
New Zealand Local Government Funding Agency Limited borrower notes	(12)	-	12	-	(12)	-	12	-
Derivatives	(3,142)	-	3,073	-	(3,142)	-	3,073	-
Financial liabilities								
Commercial paper	189	-	(189)	-	189	-	(189)	-
Committed and uncommitted lines	60	-	(60)	-	1,608	-	(1,608)	-
Floating rate notes	1,000	-	(1,000)	-	1,000	-	(1,000)	-
Derivatives	(4,460)	-	4,375	-	(10,124)	-	9,974	-
Total sensitivity to interest rates	(6,815)	-	6,661	-	(10,939)	-	10,720	-

Explanation of sensitivity analysis – GWRC

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$19,516,000 (2013: \$8,335,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$195,000 (2013: \$83,000).

2) Water supply contingency investment

There are \$15,708,000 (2013: 13,695,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$157,000 (2013: \$137,000),

3) Floating / fixed rate notes investments

There are \$10,000,000 (2013: \$33,000,000) invested in bonds and notes at a fixed interest rate. A movement in interest rates of plus or minus 1% has an effect on interest income of nil (2013 \$230,000)

30 Financial risk management (continued)

4) New Zealand Local Government Funding Agency Limited borrower notes

There are \$2,000,000 (2013: \$1,200,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$20,000 (2013: \$12,000).

5) Bank deposits

There are \$13,000,000 (2013: nil) invested in term deposits with a maturity term of more than three months. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$130,000 (2013: nil).

6) Material damage property insurance contingency fund

There are \$287,000 (2013: nil) invested in material damage property insurance contingency fund. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$3,000 (2013: nil).

7) Derivatives

a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$2,884,000 (2013: \$1,754,000). A movement in interest rates of plus 1% results in a gain of \$7,362,000 (2013: \$3,073,000 gain). A movement in interest rates of minus 1% results in loss of \$8,026,000 (2013: \$3,142,000).

b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$3,019,000 (2013: \$5,562,000). A movement in interest rates of plus 1% results in a gain of \$3,233,000 (2013: \$4,375,000 gain). A movement in interest rates of minus 1% results in a net loss of \$3,420,000 (2013: \$4,460,000).

c) Foreign exchange contracts

Greater Wellington had not entered into any foreign exchange contracts as at 30 June 2014 (2013: Nil). The fair value of any contracts at the end of the year was \$XXXX (2013: \$Nil). A movement on foreign exchange rates of plus or minus 10% has no impact (2013: No impact).

8) Commercial paper

The issued commercial paper has a value of \$47,796,000 (2013: \$18,868,000). A movement in interest rates of plus or minus 1% has an effect on interest expenses of \$478,000 (2013: \$189,000).

9) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$2,000,000 (2013: \$6,000,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$20,000 (2013: \$60,000).

10) Floating rate notes borrowings

The issued Floating Rate Notes have a value of \$125,000,000 (2013: \$100,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,250,000 (2013: \$1,000,000). A movement in interest rates of 1% lower has an effect of \$1,250,000 (2013: \$1,000,000) lower interest expense.

30 Financial risk management (continued)

Explanation of sensitivity analysis – Group

1) Cash at bank and term deposits

Cash at bank and term deposits are totalling \$22,215,000 (2013: \$9,119,000). A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$222,000 (2013: \$91,000) and negative \$222,000 (2013: -\$91,000)

2) Water supply contingency investment

There are \$15,708,000 (2013: \$13,695,000) invested in water contingency term deposits. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$157,000 (2013: \$137,000)

3) Bank deposits

There are \$13,000,000 (2013: nil) invested in term deposits with a maturity term of more than three months. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$130,000 (2013: nil).

4) Bank bonds

There are \$ 10,000,000 (2013: \$33,000,000 fixed and floating rates notes) invested in fixed rate notes. A movement in interest rates of plus or minus 1% has no positive (2013: \$230,000) nor negative effect (2013: -\$230,000) on interest income respectively.

5) New Zealand Local Government Funding Agency Limited borrower notes

There are \$ 2,000,000 (2013: \$1,200,000) invested in LGFA borrower notes. A movement in interest rates of plus or minus 1% has an effect on interest income of \$ 20,000 (2013: \$12,000)

6) Derivatives

a) Interest rate swaps - assets

Derivative financial assets include interest rate swaps which have a fair value totalling \$2,957,000 (2013: \$1,754,000). A movement in interest rates of plus 1% results in a profit of \$7,723,000 (2013: \$3,073,000 profit). A movement in interest rates of minus 1% results in a loss of \$8,381,000 (2013: \$3,142,000 loss)

b) Interest rate swaps - liabilities

Derivative financial liabilities include interest rate swaps which have a fair value totalling \$(9,542,000) (2013: \$15,966,000). A movement in interest rates of plus 1% results in a gain of \$8,333,000 (2013: \$9,974,000). A movement in interest rates of minus 1% results in a net loss of \$8,820,000 (2013: \$10,124,000)

7) Commercial paper

The issued commercial paper has a value of \$47,796,000 (2013: \$18,868,000). A movement in interest rates of plus 1% has an effect on interest expenses of \$478,000 (2013: \$189,000) and a 1% reduction in interest rates decreases interest costs by \$478,000 (2013: \$189,000) respectively.

8) Committed and uncommitted lines

Money market borrowing under committed and uncommitted lines totalled \$160,895,000 (2013: \$160,845,000). A movement of plus or minus 1% in market interest rates has an effect on interest expense of \$1,609,000 (2013: \$1,608,000).

9) Floating rate notes

The issued Floating Rate Notes have a value of \$125,000,000 (2013: \$100,000,000). A movement in interest rates of plus 1% has an effect of higher interest expenses of \$1,250,000 (2013: \$1,000,000). A movement in interest rates of 1% lower has an effect of \$1,250,000 (2013: \$1,000,000) lower interest expense.

30 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Financial instruments which expose the Group to credit risk are principally bank balances, receivables and investments. The Group monitors credit risk on an ongoing basis.

Bank balances, bank bonds and notes as well as short-term investments are held with New Zealand-registered banks in accordance with GWRC's Treasury Risk Management Policy. No collateral is held by GWRC in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. Repayments are not scheduled and are not expected until at least 2025.

Concentration of credit risk

GWRC derives the majority of its income from rates, the regional water supply levy and transport subsidies. Regional water supply levies are collected from the four Wellington metropolitan cities and rates are collected for GWRC by the territorial authorities in the region on an agency basis. Funding for public transport is received from the New Zealand Transport Agency and the Ministry of Transport.

The Group does not have any significant credit risk exposure 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.

Financial instrument risks

The Group's maximum credit exposure for each class of financial instrument are as follows.

	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at bank and term deposits	32,516	8,335	35,215	9,120
Trade and other receivables	29,107	29,202	-	33,206
Bank bonds / notes	10,000	33,000	10,000	33,000
New Zealand Local Government Funding Agency				
Limited borrower notes	2,000	1,200	2,000	1,200
Stadium advance	-	2,429	2,623	2,429
Derivative financial instrument assets	2,884	1,754	2,957	1,754
Water supply contingency investment	15,708	13,695	15,708	13,695
Material damage property insurance contingency fund	287	-	287	-
Total credit risk	<u>92,502</u>	<u>89,615</u>	<u>68,790</u>	<u>94,404</u>

30 Financial risk management (continued)

Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to Standard and Poor's credit rating or to historical information about counterparty default rates.

	Council		Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Counterparties with credit ratings				
New Zealand Local Government Funding Agency Limited borrower notes				
AA+	<u>2,000</u>	1,200	<u>2,000</u>	1,200
Cash at bank and term deposits				
AA-	<u>22,516</u>	8,335	<u>25,215</u>	9,119
A+	<u>25,995</u>	13,695	<u>25,995</u>	13,695
Total	<u>48,511</u>	<u>22,030</u>	<u>51,210</u>	<u>22,814</u>
Bank bonds / notes				
AA-	<u>10,000</u>	33,000	<u>10,000</u>	33,000
Derivative financial instruments				
AA-	<u>2,884</u>	1,754	<u>2,957</u>	1,754

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet financial commitments as they fall due.

GWRC minimises liquidity risk principally by maintaining liquid financial investments, undrawn committed lines with its relationship banks, in accordance with the Treasury Risk Management Policy. The investments are either in short term deposits or negotiable securities that are readily traded in the wholesale market. All counterparties have an A+ or better S&P rating. CentrePort Limited reduces its exposure to liquidity risk through a bank overdraft and a New Zealand dollar commercial bill facility.

30 Financial risk management (continued)

Contractual maturity analysis of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual date. Future interest payments on floating rate debt is based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cashflows.

30 June 2014	Less than 3 months \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000	Contractual cashflows \$'000	Carrying amount \$'000
Council 2014							
Financial liabilities							
Trade and other payables	-	21,464	-	-	-	21,464	21,464
Commercial paper	-	48,200	-	-	-	48,200	47,796
Lines of credit	-	-	-	2,000	-	2,000	2,000
Bond Issuances	-	-	-	-	-	-	-
Floating rate notes	-	30,353	4,331	84,502	27,156	146,342	125,000
Crown loans	-	-	-	26,521	-	26,521	21,053
Bank loans	-	-	-	-	-	-	-
Total financial liabilities	-	100,017	4,331	113,023	27,156	244,527	217,313
Council 2013							
Financial liabilities							
Trade and other payables		21,464	-	-	-	21,464	21,464
Commercial paper		19,000	-	-	-	19,000	18,868
Lines of credit	-	-	-	6,000	-	6,000	6,000
Bond Issuances	-	25,700	-	-	-	25,700	25,000
Floating rate notes	-	28,477	27,647	29,823	25,600	111,547	100,000
Crown loans	-	-	-	26,521	-	26,521	19,494
Total financial liabilities	-	94,641	27,647	62,344	25,600	210,232	190,826
Group 2014							
Financial liabilities							
Trade and other payables	-	21,464	-	-	-	21,464	21,464
Commercial paper	-	19,000	-	-	-	19,000	47,796
Lines of credit	-	-	-	2,000	-	2,000	2,000
Bond issuances	-	-	-	-	-	-	-
Floating rate notes	-	30,353	4,331	84,502	27,156	146,342	125,000
Crown loans	-	-	-	26,521	-	26,521	21,053
WRCH Group loans	-	10,473	117,639	44,420	-	172,532	158,895
Total financial liabilities	-	81,290	121,970	157,443	27,156	387,859	376,208
Group 2013							
Financial liabilities							
Trade and other payables	-	24,473	-	-	-	24,473	24,473
Commercial paper	-	19,000	-	-	-	19,000	18,868
Lines of credit	-	-	-	6,000	-	6,000	6,000
Bond issuances	-	25,700	-	-	-	25,700	25,000
Floating rate notes	-	28,477	27,647	29,823	25,600	111,547	100,000
Crown loans	-	-	-	26,521	-	26,521	19,494
Bank loans	-	44,795	110,050	-	-	154,845	154,138
Total financial liabilities	-	142,445	137,697	62,344	25,600	368,086	347,973

30 Financial risk management (continued)

(d) Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - Financial instruments valued using models where one or more significant inputs are not observable.

30 Financial risk management (continued)

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Council	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market price \$'000	Total \$'000
30 June 2014				
Financial assets				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency Limited borrower notes	-	2,000	-	2,000
Stadium advance	2,623	-	-	2,623
Derivative financial instrument assets	-	2,884	-	2,884
Total assets	<u>2,623</u>	<u>14,884</u>	<u>-</u>	<u>17,507</u>
Financial liabilities				
Derivative financial instrument liabilities	-	3,019	-	3,019
Fixed rate bonds	-	-	-	-
Floating rate notes	-	125,000	-	125,000
Bank loans	-	-	-	-
Crown loans	21,054	-	-	21,054
Total liabilities	<u>21,054</u>	<u>128,019</u>	<u>-</u>	<u>149,073</u>
30 June 2013				
Financial assets				
Bank bonds / notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
Total assets	<u>2,429</u>	<u>35,954</u>	<u>-</u>	<u>38,383</u>
Financial liabilities				
Derivative financial instrument liabilities	-	5,562	-	5,562
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Crown loans	19,494	-	-	19,494
Total liabilities	<u>19,494</u>	<u>130,562</u>	<u>-</u>	<u>150,056</u>

30 Financial risk management (continued)

Group	Significant non observable inputs \$'000	Observable inputs \$'000	Quoted market value \$'000	Total \$'000
30 June 2014				
Financial assets				
Bank bonds / notes	-	10,000	-	10,000
New Zealand Local Government Funding Agency Limited borrower notes	-	2,000	-	2,000
Stadium advance	2,623	-	-	2,623
Derivative financial instrument assets	-	2,957	-	2,957
Total assets	<u>2,623</u>	<u>14,957</u>	<u>-</u>	<u>17,580</u>
Liabilities				
Derivative financial instrument liabilities	-	9,542	-	9,542
Fixed rate bonds	-	-	-	-
Floating rate notes	-	125,000	-	125,000
Bank loans	-	160,895	-	160,895
Crown loans	21,054	-	-	21,054
Total liabilities	<u>21,054</u>	<u>295,437</u>	<u>-</u>	<u>316,491</u>
30 June 2013				
Financial assets				
Bank bonds / notes	-	33,000	-	33,000
New Zealand Local Government Funding Agency Limited borrower notes	-	1,200	-	1,200
Stadium advance	2,429	-	-	2,429
Derivative financial instrument assets	-	1,754	-	1,754
Total assets	<u>2,429</u>	<u>35,954</u>	<u>-</u>	<u>38,383</u>
Financial liabilities				
Derivative financial instrument liabilities	-	15,967	-	15,967
Fixed rate bonds	-	25,000	-	25,000
Floating rate notes	-	100,000	-	100,000
Bank loans	-	160,845	-	160,845
Crown loans	19,494	-	-	19,494
Total liabilities	<u>19,494</u>	<u>301,812</u>	<u>-</u>	<u>321,306</u>

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance of the level 3 fair value measurements.

30 Financial risk management (continued)

Council	Level 3 \$'000
Balance at 1 July 2013	21,923
Gain and losses recognised in the operating surplus or deficit	1,560
Gain and losses recognised in other comprehensive income	194
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
Balance at 30 June 2014	<u>23,677</u>
Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period	-
Balance at 1 July 2012	20,299
Gain and losses recognised in the operating surplus or deficit	1,444
Gain and losses recognised in other comprehensive income	180
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
Balance at 30 June 2013	<u>21,923</u>
Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period	-
Group	Level 3 \$'000
Balance at 1 July 2013	21,923
Gain and losses recognised in the operating surplus or deficit	1,560
Gain and losses recognised in other comprehensive income	194
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
Balance at 30 June 2014	<u>23,677</u>
Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period	-
Balance at 1 July 2012	20,299
Gain and losses recognised in the operating surplus or deficit	1,444
Gain and losses recognised in other comprehensive income	180
Purchases	-
Sales	-
Transfers into level 3	-
Transfers out of level 3	-
Balance at 30 June 2013	<u>21,923</u>
Total gains or losses for the period included in surplus or deficit for assets held at the end of the reporting period	-

There was no change to the valuation assumptions.

30 Financial risk management (continued)

(e) Financial instruments by category

Assets	Assets at fair value through surplus or deficit \$'000	Assets at fair value through other comprehensive income \$'000	Loans and receivables \$'000	Held to maturity investments \$'000	Total \$'000
Council					
30 June 2014					
Cash at bank and term deposits	-	-	19,516	-	19,516
Debtors and other receivables	-	-	29,109	-	29,109
Derivative financial instrument assets	2,884	-	-	-	2,884
Stadium advance	2,623	-	-	-	2,623
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	2,000	2,000
Bank bonds / notes	-	-	-	10,000	10,000
Bank deposits with maturity terms more than three months	-	-	-	13,000	13,000
Water Supply Contingency Investment	-	-	-	15,708	15,708
Material Damage Property Insurance Contingency Fund	-	-	-	287	287
Total assets	5,507	-	50,571	40,995	97,073
30 June 2013					
Cash at bank and term deposits	-	-	8,335	-	8,335
Debtors and other receivables	-	-	29,202	-	29,202
Derivative financial instrument assets	1,754	-	-	-	1,754
Stadium advance	2,429	-	-	-	2,429
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	1,200	1,200
Bank bonds / notes	-	-	-	33,000	33,000
Water supply contingency investment	-	-	-	13,695	13,695
Total assets	4,183	-	39,483	47,895	91,561
Group					
30 June 2014					
Cash at bank and term deposits	-	-	22,215	-	22,215
Debtors and other receivables	-	-	36,860	-	36,860
Derivative financial instrument assets	2,957	-	-	-	2,957
Stadium advance	2,623	-	-	-	2,623
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
CHQ equity investments	-	804	-	-	804

30 Financial risk management (continued)

(e) Financial instruments by category(continued)

New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	2,000	2,000
Bank deposits with maturity terms more than three months	-	-	-	13,000	13,000
Bank bonds / notes	-	-	-	10,000	10,000
Water supply contingency investment	-	-	-	15,708	15,708
Material Damage Property Insurance Contingency Fund	-	-	-	287	287
Total assets	5,580	804	61,021	40,995	108,400

30 June 2013

Cash at bank and term deposits	-	-	9,119	-	9,119
Debtors and other receivables	-	-	33,204	-	33,204
Derivative financial instrument assets	1,754	-	-	-	1,754
Stadium advance	2,429	-	-	-	2,429
New Zealand Local Government Funding Agency shares	-	-	1,866	-	1,866
Local Government insurance Corp shares	-	-	80	-	80
CHQ equity investments	-	334	-	-	334
New Zealand Local Government Funding Agency Limited borrower notes	-	-	-	1,200	1,200
Bank bonds / notes	-	-	-	33,000	33,000
Water supply contingency investment	-	-	-	13,695	13,695
Total assets	4,183	334	44,269	47,895	96,681

Liabilities	Liabilities at fair value through surplus or deficit \$'000	Measured at cost \$'000	Total \$'000
Council			
30 June 2014			
Trade and other payables	-	31,243	31,243
Crown loans	-	21,054	21,054
Commercial paper	-	47,796	47,796
Bank loans	-	2,000	2,000
Fixed rate bonds	-	-	-
Floating rate notes	-	125,000	125,000
Derivative financial instrument liabilities	3,019	-	3,019
Total liabilities	3,019	227,093	230,112
30 June 2013			
Trade and other payables	-	21,464	21,464
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	6,000	6,000
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	5,562	-	5,562

30 Financial risk management (continued)

(e) Financial instruments by category(continued)

Total liabilities	<u>5,562</u>	<u>190,826</u>	<u>196,388</u>
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30 Financial risk management (continued)

(e) Financial instruments by category(continued)

Liabilities	Liabilities at fair value through surplus or deficit \$'000	Measured at amortised cost \$'000	Total \$'000
Group			
30 June 2014			
Trade and other payables	-	36,440	36,440
Crown loans	-	21,054	21,054
Commercial paper	-	47,796	47,796
Bank loans	-	160,895	160,895
Fixed rate bonds	-	-	-
Floating rate notes	-	125,000	125,000
Derivative financial instrument liabilities	9,542	-	9,542
Total liabilities	9,542	391,185	400,727
30 June 2013			
Trade and other payables	-	24,473	24,473
Crown loans	-	19,494	19,494
Commercial paper	-	18,868	18,868
Bank loans	-	160,845	160,845
Fixed rate bonds	-	25,000	25,000
Floating rate notes	-	100,000	100,000
Derivative financial instrument liabilities	15,967	-	15,967
Total liabilities	15,967	348,680	364,647

31 Contingencies

	Council		Group	
	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2014 \$'000	Actual 2013 \$'000
Legal proceedings and obligations	349	479	349	479
Uncalled shares in Wellington Coldstore Limited	-	-	750	750
Uncalled capital - WRC Holdings Limited				
50,000,000 \$1 shares uncalled and unpaid	50,000	50,000	-	-
22,170,000 \$1 shares, called and paid to 90.8 cents per share (Uncalled 9.2 cents)	-	-	-	-
8,000,000 \$1 shares uncalled and unpaid	-	-	-	-
8,000,000 \$1 shares, called and paid to 70.0 cents per share (Uncalled 30.0cents)	2,400	2,400	-	-
11,250,000 \$1 shares, 8,125,000 shares called and paid	3,125	-	-	-
170,200,000 \$1 shares, 893,000 shares called and paid	149,101	169,307	-	-
Guarantee for CentrePort debt obligations	150,000	125,000	-	-
New Zealand Local Government Funding Agency Limited				
1,866,000 \$1 shares uncalled and unpaid	1,866	1,866	1,866	1,866
Total contingencies	356,841	349,052	2,965	3,095

GWRC is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement GWRC has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. GWRC believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils.

32 Related party transactions

Identity of related parties

The Group has related-party relationships with its subsidiaries (see Note 23), Councillors, Directors and executive leadership team. During the year, key management personnel, as part of normal customer relationships, were involved in arms-length transactions with GWRC, such as rates payments.

Council committees include key members from many local and central government entities. GWRC enters into transactions with these entities on an "arm's length" basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect GWRC would have adopted if dealing with that entity at arm's length in the same circumstances are not disclosed separately.

GWRC owns 100% of the shares in WRC Holdings Limited and indirectly 76.9% of the shares of CentrePort Limited. Councillors F Wilde, P Lamason, B Donaldson, P Swain are directors of WRC Holdings Limited, Pringle House Limited, Port Investments Limited and Greater Wellington Rail Limited.

GWRC owns 100% of the shares in Grow Wellington Limited. The Directors of Grow Wellington Limited are P Mersi, A Crofoot, B Brook, K Fifield, P Robertson, R Taulelei and R Stone.

Councillor F Wilde is married to the Chief Executive of Landcorp Farming Limited with whom Grow Wellington has transactions on an "arms-length" basis.

Councillor J Aitken is a Board Member of Capital Coast Health.

Councillor P Lamason is part owner of Kent Filter Services Ltd.

Councillor B Donaldson is a Board Member of Capital Coast District Health Board

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year included:

32 Related party transactions (continued)

	Council	
	2014 \$'000	2013 \$'000
CentrePort Limited Group		
Income from use of navigational facilities and services	680	620
Income from debt guarantee	453	377
Expense for rental and services	(1,156)	(77)
WRC Holdings Group (Excluding CentrePort)		
Income from management services provided	2,656	2,664
Income from subvention payment	266	2,002
Income from dividends	2,302	2
Expense for rent of the Regional Council Centre	(448)	(1,672)
Expense for interest on inter company current account	(157)	(118)
Grow Wellington Limited		
Income from management services	-	20
Grants	(4,524)	(3,803)
Hutt Valley District Health Board		
Income / (expenses) for services	3	2
Wellington Waterfront Ltd		
Resource consent fees	-	3
Landcorp Farming		
Income for rates and services	87	90
Key management personnel		
Key management personnel include the Councillors, Chief Executive and eight members of the Executive Leadership Team.		
Short-term employee benefits	2,590	2,756
Post-employee benefits	98	73

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2013: Nil).

33 Remuneration

Chief Executive remuneration

For the year ending 30 June 2014, GWRC's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from GWRC of \$325,760 (2013: \$327,077). Additionally there is \$54,000 (2013: \$54,000) CentrePort Director's fees paid directly to the Chief Executive from CentrePort.

	Actual 2014 \$	Actual 2013 \$
Councillor Remuneration		
Councillor J Aitken	71,545	63,691
Councillor J Brash	57,757	54,995
Councillor P Bruce	57,395	54,682
Councillor B Donaldson	80,768	75,500
Councillor P Glensor	23,942	79,929
Councillor S Greig	58,051	55,471
Councillor S Kedgley	40,655	-
Councillor K Laban	40,500	-
Councillor C Laidlaw	77,979	73,788
Councillor P Lamason	60,692	55,319
Councillor G McPhee	65,892	59,384
Councillor D Ponter	16,938	55,254
Councillor P Swain	65,954	54,682
Chair F Wilde	156,079	162,008
Councillor N Wilson	78,648	80,642

33 Remuneration (continued)

Employee Remuneration

The following table identifies the number of full time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2014,

	Number of employees	
	2014	2013
\$60,000 and below	136	123
\$60,001 - \$79,999	170	162
\$80,000 - \$99,999	104	112
\$100,000 - \$119,999	55	40
\$120,000 - \$139,999	7	8
\$140,000 - \$159,999	20	23
\$ 160,000 - \$179,999	9	-
\$180,000 - \$199,999	5	9
\$200,000 - \$339,999	10	8
Total Employees	516	485
The number of full time employees as at 30 June 2014	443	437
The full time equivalent number of all other non-full time employees	33	29
The number of employees receiving total remuneration of less than \$60,000.	136	156
A full time employee or full time equivalent is based on a 40 hour week.		
Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer Kiwisaver contribution.		
* If the number of employees for any band was 5 or less then it has been combined with the next highest band. Excluding the Chief Executive, the top band range is \$200,000 - \$259,999.		

34 Capital commitments and operating leases

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Capital commitments				
Capital expenditure contracted for at balance date but not yet completed	10,518	6,637	172,285	192,697

Operating leases as lessee

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Minimum operating lease payments payable:				
Within one year	1,812	2,647	3,542	4,338
After one year but no more than five years	6,049	11,525	9,838	17,309
More than five years	210	3,265	968	5,015
Total operating lease commitments – lessee	<u>8,071</u>	<u>17,437</u>	<u>14,348</u>	<u>26,662</u>

These leases have an average life of between 1 and 10 years with some renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

During the year \$1,672,000 was recognised as an expense in the statement of comprehensive income (2013: \$1,672,000). Contingent rent was not paid (2013: Nil).

Transport and other commitments

Future minimum contract payments under non-cancellable transport contracts as at 30 June are as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Minimum operating lease payments receivable:				
Within one year	41,021	39,130	41,021	39,130
After one year but no more than five years	102,942	103,489	102,942	103,489
More than five years	783,956	801,555	783,956	801,555
Total transport and operator commitments - lessee	<u>927,919</u>	<u>944,174</u>	<u>927,919</u>	<u>944,174</u>

Operating lease commitments – lessor

The Group leases its investment properties under operating leases. The lease terms have non-cancellable terms from 1-4 years. The future aggregated minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Council		Group	
	Actual	Actual	Actual	Actual
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Within one year	1,202	1,123	5,394	4,988
After one year but no more than five years	2,919	3,105	13,246	9,563
More than five years	10,901	9,327	19,511	18,304
Total operating lease commitments – lessor	<u>15,022</u>	<u>13,555</u>	<u>38,151</u>	<u>32,855</u>

34 Capital commitments and operating leases (continued)

No contingent rents have been recognised in the statement of comprehensive income during the period.

35 Severance payments

There were no employees (2013: Four) who received any severance payments (2013: \$6,908, \$3,628, \$40,200, and \$57,102 respectively). This disclosure has been made in accordance with Section 19 of schedule 10 of the Local Government Act 2002.

36 Major variances between actual and budget (continued)

36 Major variances between actual and budget

Statement of comprehensive income	Council Actual 2013 \$'000	Council Budget 2013 \$'000
Revenue		
Grants and subsidies		
Transport improvement grants		
Total grant revenue		
Other revenue		
Expenditure		
Finance costs		
Other Comprehensive income		
Increases / (decreases) in revaluations		

Statement of financial position

Assets	
Investment in subsidiaries	
Property, plant and equipment	
Liabilities	
Interest bearing liabilities	

Statement of cash flows

Net increase / (decrease) in cash, cash equivalents and bank overdraft

* certain budget comparatives have been reclassified to aid comparability

Significant components of this variance are:

Council's net operating surplus for the 2013/14 year before fair value gains and losses was \$3.344 million, compared with a budgeted deficit of \$0.21 million. Including fair value movements of \$19.642 million and tax the net surplus was \$22.986 million, which is \$19.539 million ahead of budget.

In other comprehensive income, the five yearly revaluation of the transport and parks assets increased their value by \$27.691 million.

Significant components of this variance are:

Grants and subsidies - Revenue and expenditure

Council receives grant revenue to fund various transport programmes and projects. Revenue is only received when expenditure is incurred and grant revenue is \$6.3 million lower due to the lower transport expenditure including:

- Lower expenditure on Matangi trains during 2013/2014 of \$2.1 million.
- Lower trolley bus infrastructure renewals expenditure \$3.3 million. This work is currently being reviewed.
- Lower rail contract expenditure of \$3.6m because of higher than budgeted fare revenue and savings in rail operating costs.
- Lower diesel bus operations expenditure of \$0.7m as contractual inflation payments have been

36 Major variances between actual and budget (continued)

lower than expected.

Other Revenue

- Interest revenue from investments was \$1.7 million higher due to higher cash balances being held during the year and favourable deposit rates.

Finance Costs

Finance costs were higher than budget due to increasing interest rates incurred during the year.

Fair value adjustments

the main adjustment is the rise in the value of the forestry assets. The improving market for forestry assets has resulted in a large increase in the value of the trees held at balance date. Council entered an agreement to sell the forestry cutting rights in July 2014.

Asset Revaluations

Asset revaluations are typically done every five years and the revaluation of transport and parks and forests assets resulted in a \$27 million increase in the value of these assets. This emphasises the on-going financial challenge of building and replacing key infrastructure for the region.

37 Events occurring after the balance date

CentrePort has declared a final dividend post balance date of \$1.25 million (2013: Nil).

No dividend was declared post balance date by WRC Holdings (2013: \$2,302,000).

The Council at its meeting on 27th August 2014 approved pursuing the sale of Pringle House.

On 27th August 2014 WRC Holdings issued \$6,700,000 shares uncalled to Wellington Regional Council.

On 27th August 2014 Greater Wellington Rail issued \$6,700,000 shares uncalled to WRC Holdings Limited to cover capital expenditure in Greater Wellington Rail Limited.

GWRC has entered into an agreement for the sale of its forestry cutting rights on 1 July 2014.

There were no other subsequent events up to the date of these financial statements which would affect the amounts or disclosures in the financial statements

GWRC activities

For each GWRC activity discussed below, the actual achievement is compared to the performance targets as set out in the Long Term Plan 2012-22 (which incorporates the Annual Plan 2013/14).

A funding-impact statement is also included, showing the operating surplus or deficit and capital expenditure for the year, as well as how that expenditure was funded.

Any remaining funding surplus after reserve transfers is used to repay debt in accordance with GWRC's policy.

Regional leadership

GWRC coordinates regional leadership activities in partnership with other local authorities on a range of issues including economic development, transport, and civil defence and emergency management. We involve mana whenua and the community in our decision making. We also lead regional initiatives that provide significant benefits to the regional community.

Activities

This group of activities includes:

- Wellington Regional Strategy
- Emergency management
- Democratic services
- Relationship with mana whenua
- Regional transport planning and programmes
- Regional initiatives

Our regional leadership activities contribute towards:

- A **strong economy** by developing region-wide strategies and funding programmes to help the region realise its economic potential
- A **resilient community** by ensuring the region is ready to effectively respond to and recover from major emergency events, such as earthquakes
- A **connected community** by developing plans to meet the region's transport needs, informing the community about the range of transport options available and supporting the availability of ultra-fast broadband
- **Quality of life** by providing opportunities for residents to engage in our activities and participate in decision making, including our mana whenua partners

The Public Transport Spine Study, investigating the feasibility of a high quality public transport system through Wellington city's core transport spine, culminated in agreement by the Regional Transport Committee, in March 2014, that Bus Rapid Transport was the preferred option. This was a major milestone in the future of public transport in Wellington, providing an agreed direction after decades of reports and studies on various options. This decision has provided the platform for key aspects of the Regional Public

Transport Plan and will form a critical project for GWRC, Wellington City Council (WCC) and the New Zealand Transport Agency (NZTA) over the next few years.

Many significant projects have been run over the year to encourage safe and sustainable transport.

- Children have been the focus of a safe scooter and cycle skills training programme, and over 6200 children have received cycle skills training.
- An on-line safe speeds video was developed to coincide with WCC's consultation on lowering speeds in the central business district.
- The Let's Carpool programme attracted two new regions (Christchurch and Hawkes Bay) and attracted a total of 3,200 registrations locally.
- The successful Active A2b programme, aimed at getting people to move from driving to more active and sustainable modes of transport to and from work, attracted nearly 1200 participants.
- A project was initiated to install, promote and monitor a three month trial of priority carpool parking at 'Park & Ride' at Petone and Waikanae railway stations.
- Two officers were appointed to NZTA's Cycle Safety Experts Panel which is investigating options for improving cycle safety in New Zealand.

Several shared service projects have progressed over the year:

- GWRC is leading a shared service project to develop a regional spatial plan. The Mayoral Forum has agreed that any spatial plan should be fully integrated, and a project plan is being developed with the assistance of a reference group of representatives from the region's Councils.
- GWRC is working with WCC on the economic development shared service project which proposes to combine the various entities involved with economic development (Grow Wellington, Positively Wellington Venues, Positively Wellington Tourism and the WCC major events team) into a single entity called Wellington Regional Economic Development Agency (WREDA). WREDA would be co-owned and co-funded by GWRC and WCC and report to the Wellington Regional Strategy Committee. A final decision is expected to be made in the first half of the 2014/15.

Work on a climate change strategy is progressing. A greenhouse gas inventory and projections report was completed and released. This project was undertaken in conjunction with all the territorial authorities in the western part of the region.

The Wellington Region Emergency Management Office (WREMO) spent its second year in implementation mode, interrupted by the aftermath of 'one in a hundred year' storm in June and the two major earthquakes in July and August. The focus has been on defining operational requirements, and building appropriate capacity.

- Completed a plan to implement the Operational Readiness Strategy
- Worked with partners and key stakeholders to update the distant tsunami response plan
- Launched the WREMO website <http://www.getprepared.org.nz> to provide a flexible, accessible, consolidated location for CDEM messaging in the region, pre and post disaster
- Held 13 volunteer courses during the year, bringing the total number undertaking the programme to 638 people, across Kapiti, Porirua, Wellington, and the Hutt Valley. Wairarapa will be rolled out in 2014/15
- Published "It's Easy" guides to promote household preparedness, connected neighbours and continuity planning for businesses

- Implemented the Blue Lines (tsunami planning) project in Kilbirnie, Rongotai and Lyall Bay and planned for the Miramar Peninsula
- Engaged with communities across the region on Community Response Plans.

The 2013 local government elections were conducted successfully despite the earthquakes which struck Wellington at critical periods in the election period. An induction programme was implemented for two newly elected Councillors, and a new Council and committee structure was introduced which has resulted in increased involvement from mana whenua in the region.

In the Wairarapa Water Use Project (WWUP), a new funding application was lodged and approved by Ministry for Primary Industries Irrigation Acceleration Fund (IAF). A WWUP governance group was established to provide the increasing rigour and oversight of the project that is required by GWRC and the IAF. The project is now well into the pre-feasibility stage, developed with involvement from the community, stakeholders and expert advisory input. The focus of the pre-feasibility phase of the project is to investigate which of the five preferred schemes, if any, are viable for full-feasibility investigations from mid-2015.

Performance against specific areas of work

Specific areas of work for 2013/14	Performance
Wellington Regional Strategy	
Manage and lead key projects relating to the Open for Business and Building World Class Economic Infrastructure focus areas	The WRS Office leads work on these focus areas. The programme of work is on-going. Two key projects of the Office include the development of an evaluation methodology for the WRS, and the agreement by all councils to now use common economic data and projections.
Monitor Grow Wellington, in conjunction with the WRS Committee, to ensure the Annual Report reflects its Statement of Intent and contributes to the WRS	The Grow Wellington Annual Report was adopted by the Board of Grow Wellington, and reviewed and accepted by the WRS Committee at their meeting of 18 September.
Emergency management	
Implement the latest generation Civil Defence & Emergency Management (CDEM) Group Plan which provides strategic level direction for the business/annual plans of the Wellington Region Emergency Management Office (WREMO), response agencies, and the respective councils of the region	The CDEM Group Plan was implemented on 1 July 2013. This Plan is supported by the three year CDEM Business Plan and the WREMO Annual Plan.

Democratic services	
Continue to manage Council and committee meetings and advisory groups	Administrative services were provided to 70 meetings.
Conduct the 2013 triennial election on 12 October 2013	The 2013 triennial elections were conducted successfully.
Manage the induction and professional development of newly elected Councillors	There were two newly elected Councillors, both of which were inducted into the Council and have received professional development.
Continue to work with other councils in the region and the Local Government Commission on local government structural reform	GWRC continues to work with other councils in the region and the Local Government Commission on local government structural reform.
Relationship with mana whenua	
Deliver Māori capacity training to Council and staff	The Te Ara Matua programme was delivered.
Develop terms of reference for Ara Tahī ¹⁵ , including a reporting system	The Ara Tahī held a workshop to review its role through the year. The development of its work programme is ongoing.
Develop an operational forum as a liaison channel between Ara Tahī and the Greater Wellington Regional Council	The need for an operational forum has been superseded by the work of Te Upoko Taiao. Ara Tahī will continue to focus on developing engagement between mana whenua and GWRC.
Regional transport planning and programmes	
Review the existing transport plans through the development of a regional transport network plan	A review of the Regional Land Transport Strategy and related plans has been progressed. Recent amendments to the Land Transport Management Act now require the development of a Regional Land Transport Plan, and NZTA guidance requires this to be adopted by April 2015. The Regional Network Plan will form a part of this overall Plan.
Continue to roll out sustainable transport programmes including the regional school travel plan programme and the work and business commuter programmes	Programmes are being progressed as planned and reported to the Regional Transport Committee. Active a2b, for example, was run over the summer and attracted 1,132 participants from 52 workplaces
Continue to provide information on sustainable transport options, active transport and road safety	Information is provided through our campaigns: New Movers, Share the Road, Be Safe Be Seen, Bus/Bike workshops, and Active Transport and Road Safety forums. All programmes are being progressed as planned and reported to the Regional Transport Committee.
Complete the PT Spine Study, reviewing options for high quality public transport through the centre of Wellington city	Following the completion of the Feasibility Study in 2012/13, the shortlisted options were the subject of a comprehensive public consultation process that

¹⁵ Ara Tahī is a forum of mana whenua and Greater Wellington Regional Council leaders that focuses on strategic issues of significance within the region.

	culminated in a hearing. The recommendations of the hearing subcommittee were that Bus Rapid Transport was the preferred option. This was agreed by the Regional Transport Committee in March 2014.
Regional initiatives	
Complete the pre-feasibility study for the Wairarapa Water Use Project following the decisions to progress from the Scheme Assessment investigations	Following the findings of the 'Options Identification' phase of the project completed in April 2013, GWRC agreed to enter an Options Refinement phase before committing to Pre-feasibility investigations. This better defined which schemes should progress to a robust pre-feasibility work programme. The Options Refinement phase was completed in September 2013. A 4 month community stakeholder and community consultation phase assisted in developing the pre-feasibility work programme. The pre-feasibility phase started in March 2014 and will be completed by June 2015.
Continue to roll out Warm Greater Wellington scheme	The scheme roll-out continued, however uptake was hampered by EECA's withdrawal of the general household subsidy for insulation.
Complete and implement a regional climate change strategy	In conjunction with all the territorial authorities in the western part of the region, a regional greenhouse gas inventory and projections report was completed and released. Public engagement was started at the end of the financial year, as part of the development of a Greater Wellington Climate Change Strategy.
Undertake investigations and scope the benefits of a regionally integrated planning framework	A scoping document for a regionally integrated planning framework (spatial plan) was prepared and presented to the Mayoral Forum. Work was initiated to develop a detailed project plan for this work in conjunction with the other councils in the region.

Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Wellington Regional Strategy				
Promote economic growth in the region through: <ul style="list-style-type: none"> • Grow Wellington • WRS Office • WRS Committee 	Percentage of GDP spent on research and development ¹⁶	2.73% (2012)	2.83%	2.80% (2013)
	Percentage of workforce employed in highly skilled occupations ¹⁷	11.2% (2012)	11.4%	11.5% (2013)
	GDP per capita ¹⁸	\$45,924 (2012)	\$46,696	\$46,748 (2013)
Emergency Management				
Work with the regional community to improve resilience to and preparedness for major emergency events	Percentage of households with emergency food and water to last three days	81% 17% of residents do not have emergency supplies available and 2% were not able to answer ¹⁹	76%	85% 12% of residents do not have emergency supplies and 3% were not able to answer ²⁰
	That the Wellington Region CDEM Group Plan is reviewed and kept up to date	New generation plan approved 28 June 2013	Adopt a new CDEM Group Plan	The CDEM Group Plan was developed and implemented on 1 July 2013

¹⁶ The methodology used for this measure has been revised to reflect improvements in analysis systems. Previously a national figure, now regionally specific assumptions have been applied using methodology derived from the Statistics NZ R&D Survey and prepared by BERL Economic. The 2012/13 reported actual of 1.99% and the 2013/14 target of 1.65% have been updated to reflect the new methodology.

¹⁷ Baseline and targets have changed from the LTP 2012-22 due to a different categorisation of workforce occupations in the survey. The 2012 figure of 11.3% reported in the 2012/13 Annual Report was incorrectly reported and has been revised.

¹⁸ Historic baseline and target have been adjusted to reflect the best data currently available. GDP per capita figures are presented in 2013 dollar values that exclude Owner Occupied Dwellings.

¹⁹ In an independent survey of residents of greater Wellington carried out for GWRC in June 2013

²⁰ In an independent survey of residents of greater Wellington carried out for GWRC in June 2014

Democratic Services				
Provide information to enable the public to be informed of, and participate in, Council and committee meetings	Percentage of time meeting agenda is available to the public at least two working days prior to each meeting	100%	100%	100%
	Percentage of residents satisfied that they have had an opportunity to participate in decision making	18% of residents rate satisfaction 8-10/10 45% of residents rate satisfaction 5-7/10 33% of residents rate satisfaction 1-4/10 4% of residents were unsure how to rate	Increase in resident satisfaction	19% of residents rate satisfaction 8-10/10 47% of residents rate satisfaction 5-7/10 32% of residents rate satisfaction 1-4/10 2% of residents were unsure how to rate
Relationship with mana whenua				
Provide opportunities for mana whenua to be actively involved in decision making	Percentage of mana whenua committee members satisfied that mana whenua are recognised and involved in the decision making process	100%	90%	No survey carried out in 2013/14. In June 2014 an externally facilitated strategy day was held with iwi leaders who make up Ara Tahi, which confirmed that mana whenua saw value in the decision making process with GWRC, and specifically the Ara Tahi and Te Upoko Taio fora.
Regional transport planning and programmes				
Provide an up-to-date policy framework to guide investment in the region's land transport network	That the Regional Land Transport Strategy (RLTS) is reviewed, adopted and monitored	Transport perceptions survey completed in August 2012	Consult on Regional Network Plan	A review of the RLTS and related plans has been progressed. Recent amendments to the Land Transport Management Act now require the

				development of a Regional Land Transport Plan, and NZTA guidance requires this to be adopted by April 2015. The Regional Network Plan will form a part of this overall Plan.
Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices	Percentage of stakeholders and partners who rate coordination services and resources satisfactory or higher	89.7%	90%	87% Given the small population surveyed (n=202) and response rate of 46% the margin of error is +/- 7%
	Number of total annual visitors to selected GWRC sustainable transport web pages	4,200	Increase on previous year	13,532
	Mode shift in workplace and school travel plan programmes	3% increase in active mode travel to school and 3% decrease in travel ²¹ to school by car for primary and intermediate age children. Cycling trips for the Active a2b Plus group increased from 9% to 14%. Car trips for the Active a2b Plus group decreased from 79% to 63%.	Programme participants increase their use of sustainable transport modes	4% increase in active travel trips to school (32% to 40%) and 6% decrease in travel to school by car (62% to 56%) for primary and intermediate age children. Cycling trips for the Active a2b Plus group increased from 2% to 9%. Car trips for the Active a2b Plus group decreased from 91% to 69% ²² .
Regional initiatives				
Work with partners to investigate options for water storage and water use such	Scheme Options Identification and Analysis investigations & report.	New measure	Pre-Feasibility study completed ²³	Options Identification and Refinement Phases completed. Stakeholders were

²¹ Active mode travel is defined as modes which involve physical activity – e.g. walking, using a wheelchair, cycling, scooting

²² Each Active a2b programme is discrete from each other; therefore comparison between years is not possible. Participant use of sustainable transport modes is measured from the start of each programme to the completion of each programme.

²³ WWUP targets were incorrectly populated in the LTP 2012-22 – the correct 2012/13 target was left out and other targets were populated a year early. As stated last year, due to the inclusion of Operations Refinement Investigations completion of the Pre-Feasibility Study is now scheduled for late 2014.

as irrigation in the Wairarapa valley (WWUP)				involved in planning the Pre-Feasibility phase and its initiation.
Provide funding assistance for home insulation through the Warm Greater Wellington scheme	Number of applications to join the Warm Greater Wellington scheme	2,000 (2010/11)	2,300	1,376 This is lower than target, primarily because EECA removed the general subsidy of \$1300 per eligible home to solely concentrate on fully-funding insulation for high health-need households. This significantly impacted the overall uptake.

Unforecast activity:

Earthquakes.

During July and August 2013 the region suffered its most significant series of earthquakes since 1942. The events did highlight anomalies in the design and fit-out of some of our buildings in the Wellington CBD, procedural deficiencies related to building and CBD evacuation, along with a general lack of preparedness by many organisations that found their Business Continuity Plans and associated contact lists inadequate. Lessons learned from these events have received considerable attention by individuals, communities, businesses, councils, as well as WREMO. The Eketahuna earthquake on Anniversary Day resulted in some structural damage to buildings in Masterton and proved a timely reminder against complacency.

During the local government election period, the Democratic Services group (including the Electoral Officers) was required to relocate to the ground floor reception area of the Regional Council Centre and subsequently to WCC as a result of the earthquakes. Due to careful planning and dedication of the Election team, the earthquakes had minimal impact on the group's ability to deliver its election activities on time.

The earthquakes also resulted in the Regional Council Centre premises being unavailable for Council and committee meetings. The new Council premises at Shed 39 were not able to host Council meetings until December 2013. Democratic Services arranged for meetings to be held at various locations in the region; ensuring that the Council was able to meet and make decisions in accordance with its statutory requirements.

Other events

In addition to the above events, there were numerous other occasions where either an Emergency Operations Centre activated in a limited capacity, or WREMO staff (along with Local Controllers) closely monitored potential events which largely flew under the public radar. These included major slips, floods, numerous storms (with up to 150kph winds), plus (potential) distant source tsunami.

Wairarapa Water Use Project

The decision was made by GWRC to insert an 'Options Refinement Phase' before the Pre-feasibility Phase of the project. This was done to include additional possible storage sites for investigation so as to enable the

supply of stored water to a larger part of the Ruamahanga valley than had been achieved by the Options Identification phase. It also allowed additional investigations to be undertaken, including an assessment of a valley-wide approach to synchronise water supply from multiple schemes.

This delayed the start of the pre-feasibility phase of the project by 6 months but allowed for a more comprehensive set of investigations to be undertaken to inform development of the pre-feasibility phase.

Funding impact statement

Table to be inserted by Finance

FINANCIAL INFORMATION

REGIONAL LEADERSHIP FUNDING IMPACT STATEMENT FOR THE YEAR ENDING 30 JUNE 2014

	2013/14 Actual \$000s	2013/14 Annual Plan \$000s	2013/14 Long Term Plan \$000s	2012/13 Long Term Plan \$000s	2012/13 Actual \$000s
Sources of operating funding					
General rate	5,600	5,600	6,385	5,956	5,956
Targeted rates	6,344	7,659	7,216	5,922	5,763
Subsidies and grants for operating purposes	1,731	1,248	1,191	1,100	1,729
Fees, charges, and targeted rates for water supply	3	3	3	3	3
Fines, infringement fees, and other receipts ¹	3,459	1,865	4,737	4,661	3,013
Total operating funding	17,137	16,375	19,532	17,642	16,464
Applications of operating funding					
Payments to staff and suppliers	(15,492)	(16,004)	(18,335)	(16,673)	(13,807)
Finance costs	(824)	(1,067)	(1,241)	(873)	(780)
Internal charges and overheads applied	(526)	(526)	(762)	(678)	(678)
Total applications of operating funding	(16,842)	(17,597)	(20,338)	(18,224)	(15,265)
Surplus/(deficit) of operating funding	295	(1,222)	(806)	(582)	1,199
Sources of capital funding					
Subsidies and grants for capital expenditure	116	892	663	764	52
Increase / (decrease) in debt	1,267	4,046	4,711	5,511	3,895
Gross proceeds from asset sales	34	16	37	-	34
Total sources of capital funding	1,417	4,954	5,411	6,275	3,981
Applications of capital funding					
- to meet additional demand	(627)	(1,250)	(643)	(625)	(597)
- to improve the level of service	(204)	(30)	(31)	(245)	(92)
- to replace existing assets	(52)	218	(167)	(62)	(171)
(Increase) / decrease in investments ²	(721)	(3,300)	(4,156)	(4,864)	(3,453)
(Increase) / decrease in reserves	(108)	630	392	103	(867)
Total applications of capital funding	(1,712)	(3,732)	(4,605)	(5,693)	(5,180)
Surplus/(deficit) of funding	-	-	-	-	-
Depreciation on Regional Leadership assets	397	416	407	360	389

¹ This includes revenue from the territorial authorities to fund the amalgamated regional emergency management group

² This includes the change in the Warm Greater Wellington programme balance.

* Some budget numbers have been reclassified to aid comparability

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

**REGIONAL LEADERSHIP
FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2014**

	2013/14 Actual \$000s	2013/14 Annual Plan \$000s	2013/14 Long Term Plan \$000s	2012/13 Long Term Plan \$000s	2012/13 Actual \$000s
Operating funding					
Wellington Regional Strategy	4,631	4,631	4,816	4,668	4,668
Emergency Management	2,932	2,823	4,638	4,504	3,207
Democratic Services	2,308	2,039	2,013	1,773	2,536
Relationships with Maori	862	862	922	895	895
Regional transport planning and programmes	2,986	2,937	2,930	2,850	2,893
Regional initiatives ¹	3,418	3,083	4,213	2,952	2,265
Total operating funding *	17,137	16,375	19,532	17,642	16,464
Applications of operating funding					
Wellington Regional Strategy	(4,671)	(4,631)	(4,816)	(4,668)	(4,047)
Emergency Management	(2,703)	(3,023)	(4,607)	(4,474)	(2,759)
Democratic Services	(2,313)	(2,221)	(2,826)	(2,415)	(2,443)
Relationships with Maori	(862)	(862)	(922)	(895)	(895)
Regional transport planning and programmes	(2,805)	(3,027)	(3,005)	(2,820)	(2,866)
Regional initiatives ¹	(3,488)	(3,833)	(4,162)	(2,952)	(2,255)
Total applications of operating funding	(16,842)	(17,597)	(20,338)	(18,224)	(15,265)
Capital expenditure					
Capital project expenditure	(841)	(1,000)	(674)	(870)	(597)
Land and buildings	-	-	-	-	-
Plant and equipment		(14)	(45)	(62)	(92)
Vehicles	(42)	(48)	(122)	-	(171)
Total capital expenditure	(883)	(1,062)	(841)	(932)	(860)

This statement is not an income statement. It excludes all non cash transactions such as depreciation and valuations

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the LTP 2012-22

All figures on this page exclude GST

Public transport

GWRC is responsible for planning and funding the Metlink public transport network. We contract companies to run the train, bus and harbour ferry services on our behalf. We also own and maintain parts of the network, including trains and railway stations. We provide customer information about Metlink services and run the Total Mobility scheme for people with disabilities.

Activities

This group of activities includes:

- Metlink public transport network planning
- Rail operations and asset management
- Bus and ferry operations and asset management
- Metlink customer services and information
- Total Mobility

Our public transport activities contribute towards:

- A **connected community** by providing a mass transit system that moves people efficiently and relieves congestion from our roads at peak times and by providing an essential service for people for whom, whether by choice or circumstance, private vehicle travel is not an option
- A **strong economy** by enhancing the efficient movement of people and goods within the region
- A **healthy environment** by reducing vehicle emissions from private vehicles

The Regional Public Transport Plan (PT Plan) was adopted in June 2014. This Plan is the blueprint for the future of public transport in the region in the medium to long term, and included the 2013 update to the Regional Rail Plan, the Wellington City bus review, and the decision on the future bus fleet for Wellington city.

There was significant progress in the development of the Public Transport Operating Model (PTOM) during 2013/14. Procurement activity commenced with the holding of a market soundings event in March and a significant level of interest was shown from both New Zealand and overseas participants in the new rail contracts commencing 2016 and new bus contracts commencing 2017. The Transport Agency approval of both the Transport Procurement Strategy and the Rail Procurement Procedure were important milestones.

The real time information project was completed, with the introduction of real time information on rail in October 2013, installation of real time information display signs on Wellington's Golden Mile, and handover of operational responsibility by the project team.

The draft Annual Plan 2014/15 proposed a public transport fare increase to deliver a 2% increase in fare revenue. Favourable financial results during 2013/14, primarily from increased rail fare revenue and reduced rail expenditure, meant that ultimately the Council decided that the fare increase was not required.

Construction on the 2nd tranche of 35 new Matangi trains commenced, as well as reconfiguration of seating on the Wairarapa SE rail carriages in response to customer feedback.

Waterloo Station roof was refurbished, repairs made to a number of station buildings, and a concept design for Upper Hutt station was completed. Rail security was improved, including installation of a region-wide rail fibre optic network and commencement of monitoring at the new CCTV rail monitoring centre.

New car park developments included the addition of 239 car parks at Porirua Station, with additional lighting and CCTV security cameras, and approval to purchase land for 'Park & Ride' at Tawa and Petone stations for a further 290 car parks.

Approval was received from NZTA and Council to contract for the de-registered Hutt Valley bus routes 110 & 120. Significant changes were made to Whitby bus services, and some changes to Wellington school bus services. Bus timetable reliability improvements were achieved, using real time information data, with changes made to school trips for Happy Valley, Southgate, Houghton Bay, Eastbourne and Karori.

Six new bus shelters and 15 replacement bus shelters were installed; a new anti-graffiti laminate on bus shelter glass panels was rolled out; and the upgrade of the Bunny Street bus interchange in Hutt City commenced.

Other highlights during the year included:

- 1.3 million bus, rail, and ferry services delivered
- 35.8 million passenger trips, a 1.8% increase over 2012/13
- 94.3% of rail services on time (93.8% in 2012/13)
- 99.7% of bus services on time (99.9% in 2012/13)
- 271,000 Total Mobility Scheme trips, a 5.7% increase over 2012/13
- 2.9 million visits to the Metlink main website and 2.7 million visits to the mobile website

Performance against specific areas of work

Specific areas of work for 2013/14	Performance
Plan the Metlink public transport network	
Start to implement the Wellington City bus review	Work completed as part of the Wellington City bus review has been included within the new PT Plan adopted in June 2014. Detailed implementation planning will occur now that the PT Plan has been adopted
Undertake the area wide review of Metlink services in Eastbourne, Wainuiomata, Lower Hutt and Upper Hutt, including east-west connection to Porirua	The Hutt Valley Public Transport Review project commenced and the data gathering and data analysis was completed. Recommendations are due to be presented to the Strategy and Policy Committee in November 2014, with implementation expected in 2017
Undertake two minor service reviews. A minor service review analyses services at a targeted level, and can be initiated by public or operator feedback, low patronage, or high costs	A number of minor service reviews were completed. Route 23 in Island Bay was reviewed for timetable integrity and operational changes were implemented in May 2014. Routes 1, 4 and 32 have been reviewed and operational changes were implemented in May 2014
Undertake a post implementation review of the Metlink bus services in the Wairarapa	The data analysis phase of this post implementation review is complete. No service changes are recommended at this time

Complete the review of the Metlink fares structure that commenced in 2012	The fare structure was adopted through the PT Plan, and will be implemented through the integrated fares and ticketing project
Review and amend the Regional Public Transport Plan	A new PT Plan was adopted in June 2014
Undertake the annual fare review	The annual fare review was completed. Ultimately a decision was made not to increase fares following favourable financial results in the 2014 year (increased rail fare revenue and reduced expenditure)
Continue the investigation of electronic integrated ticketing	The investigation of electronic integrated ticketing is continuing but progress has been limited because of the need to commit resources to complete the PT Plan
Rail operations and asset management	
Continue to fund rail services	There was expenditure of \$34.1 million on passenger rail services in 2013/14.
Ensure quality standards are maintained by monitoring service levels	In 2014 there was ongoing monitoring of rail services through use of the Real Time Information system, customer complaints, physical observation and operational audits. The roll out of Real Time Information on rail services in October 2013 has provided a high level of visibility on service performance and delivery.
Ensure that rail rolling stock is maintained in accordance with the public transport asset management plan	All rolling stock is maintained in accordance with service levels in the Asset Management Plan, and availability and reliability levels are tracking to target.
Ensure that rail station buildings, park and ride car parks and other fixed assets are maintained in accordance with the public transport asset management plan	All rail infrastructure is maintained in accordance with the levels of service in the Asset Management Plan and condition grading across all lines is tracking to target.
Continue the procurement of the Matangi 2 train fleet	Procurement of the second tranche of Matangi trains continued to plan. The Systems Design Review is complete, 90% of the Critical Design Review has been completed, and construction has started on 12 car bodies.
Bus and ferry operations and asset management	
Continue to fund bus and harbour ferry services	There was expenditure of \$38.8 million on passenger bus and harbour ferry services in 2013/14.
Continue to implement the new Public Transport Operating Model for the procurement of bus services	Significant progress has been made on the implementation of the Public Transport Operating Model for bus services. The new PT Plan includes

	the new units (groups of routes to be contracted) and decisions on the future fleet for Wellington City.
Ensure quality standards are maintained by monitoring service levels	In 2014 there was ongoing monitoring of bus and ferry services through use of the Real Time Information systems, customer complaints, physical observation and operational audits.
Ensure that bus shelters and signage and other fixed assets are maintained in accordance with the public transport asset management plan	A maintenance contract is in place and monitoring and auditing of contractors' work is ongoing.
Metlink customer services and information	
Continue to provide information on Metlink services through a call centre, timetable production, website and twitter	Service information was provided to the public via the Metlink website and mobile website, the service centre, the Real Time Information system, twitter and paper timetables.
Conduct the public transport customer satisfaction monitor	The new on-board survey now required by the NZTA was conducted in May 2014. Although there is no past trend data after the shift in methodology, the new survey will provide data that is comparable throughout New Zealand.
Total Mobility	
Continue to fund and administer the Total Mobility Scheme	There were 271,000 Total Mobility scheme trips, a 5.7% increase over 2012/13. GWRC's focus has been on improvements to administrative processes and systems
Conduct the annual customer satisfaction survey	The 2013/14 survey was undertaken in September 2013. 96% of those surveyed rated the service as good, very good or excellent

Achievement against performance targets

Level of service	Performance measure	Performance targets		
		2012/13 Actual	2013/14 Target	2013/14 Actual
Plan the Metlink public transport network				
Prepare and review the Regional Public Transport Plan	Regional Public Transport Plan reviewed and adopted in accordance with the Public Transport Management Act 2008	Changes to the legislation governing the Regional Public Transport Plan were finalised late in the financial year, and therefore the amendments to the Plan have been delayed until 2013/14	Regional Public Transport Plan remains operative	The Regional Public Transport Plan 2014 was adopted in June 2014
Rail operations and asset management				
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2%	99.4%	99.2% Results were impacted by earthquakes in July and August, when services were cancelled while track inspections were carried out.
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti Line 94.8% ²⁴ Hutt Line 96.2% ⁹ Johnsonville Line 92.2% ⁹ Wairarapa Line 77.9% ⁹	Increase on previous year	Kapiti Line 95.4% Hutt Line 95.3% Johnsonville Line 93.3% Wairarapa Line 74.5% Hutt Line performance was adversely affected by the earthquakes in July and August, and an issue with signals following upgrade work. Wairarapa services

²⁴ Actual performance data is provided by the rail operator. When real-time information is fully introduced these targets may need to be revised

				were affected by maintenance worksites and speed restrictions due to overheating of the rails. Improvements have been made, and real time information data is being analysed to see what else can be done.
Maintain and improve rail rolling stock, stations, over-bridges, subways and carparks in accordance with rail asset management plans	The percentage of the required fleet that is available to operate scheduled services ²⁵	99.2%	99.3% (To improve on previous year by 0.1%)	99.97%
	Average condition rating for buildings and structures (1 = very good and 5 = very poor)	2.9	2.7	2.9 Better information on the condition of these assets meant that there was an overall decline in the condition rating of buildings and structures. Asbestos was discovered (and contained) while works were being carried out at a number of sites. A seismic report revealed strengthening work was needed on a number of assets
	Average condition rating for carparks (1 = very good and 5 = very poor)	2.7	2.6	2.6

²⁵ This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Percentage of fleet available for service', baseline 86% and target 88%. The restated

Bus and ferry operations and asset management				
Deliver bus and ferry services in accordance with the published timetable	Percentage of scheduled services delivered ²⁶	99.4%	>=99%	99.1%
	Percentage of scheduled services on-time to 10 minutes	99.9% ²⁷	>=98%	99.7%
Maintain and improve bus stop facilities and interchanges	The average condition score of all bus shelters where GWRC is responsible for funding the maintenance. ²⁸ (1 = very good and 5 = very poor)	2.8	Improve the average condition rating score	2.6
Improve the quality and accessibility of the bus fleet	Compliance with NZTA requirements for urban buses	The variation process and negotiations with bus operators commenced May 2013 and is expected to be completed by the end of September 2013	All bus operating contracts varied to comply with NZTA requirements for urban buses	Two bus operators signed variations in December 2013. Negotiations continue with a further two bus operators where contract changes are needed.
Metlink customer services and information				
Provide public transport services information to the public	Percentage of residents who rate the service they receive from the Metlink call centre as excellent or very good	81%	90%	61% There was a change in survey methodology in 2013/14. In previous surveys 'very satisfied' was used as a proxy for 'excellent'.
	Number of visits to the Metlink website	2.8 million	2.05 million	2.9 million
	Number of visits to the Metlink mobile site	1.5 million	325,000	2.7 million
Provide a real-time information system	Percentage of bus and train services tracked by real-time information where the system has been deployed	74%	90%	Bus: 80% This result reflects Real Time Information performance

²⁶ Services which run 10 minutes or more late are deemed as not run and are included in this measure.

²⁷ Actual performance data is provided by bus and ferry operators. When real-time information is fully introduced these targets may need to be revised.

²⁸ This measure was incorrectly stated in the Long-Term Plan 2012-22 as 'Average condition score for bus shelters owned by GWRC, baseline 2.0 and target 2.0. The restated measure provides improved clarity of the intended result.

				<p>problems due to a technical fault which was resolved in the third quarter. The performance in the final quarter was 90%.</p> <p>Rail: 93%</p> <p>Rail results are since real time information was introduced on rail in October 2013.</p>
Total Mobility				
Provide a subsidised taxi service for those members of the public unable to use buses or trains	Percentage of scheme users who rate the overall service of the scheme as good or better	99%	>=97%	96%
	Average time to process an application to join the scheme	Data not yet available.	15 working days	7 working days
				<p>A known issue has been the reduced availability of wheelchair accessible vehicles in the Porirua area. Since the survey was undertaken another two vehicles have entered service.</p>

Funding impact statement

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