



Report on Groups of Activities Including Statement of Service Performance

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For each activity the actual achievement is compared to the planned performance indicators as set out in the 2004/05 Annual Plan.

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 Council policy.





Greater Wellington Environment Management group of activities all affected the environmental well-being of the region, and also, to varying degrees, the social, economic and cultural well-being.

Greater Wellington develops and implements resource management policies and plans, manages resource consents and responds to pollution incidents. Our environmental education programmes promote good environmental management and are targeted at schools and businesses, as well as the general community through community care groups.

We will report our progress with the region's environmental well-being through the State of the Environment Report, later this year. Cultural well-being in New Zealand is extremely dependent on a healthy environment.

Together with other councils, emergency services and health providers, we plan for and deliver emergency management in the region. Greater Wellington also regulates the region's harbours and coastal waters, ensuring they are safe for commercial and recreational users. Both these activities contribute to the social and economic well-being of the region.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity

Protecting, restoring ecosystems

Two additional wetlands and 15 additional native forest areas on private land were approved for covenanting, with Greater Wellington financial support, in 2004-2005.

Water

Managing quality and quantity of all our water

The quality of the Ngarara and Waitohu Streams has improved since 1999 as shown in the technical report on water quality completed in July 2005.

93.6% of all water samples taken at 76 coastal sites met the guidelines.

Air

Preventing air pollution

There were 23 recorded instances where the "alert" level of air pollution was reached.

Energy

Promoting everyday conservation

A baseline figure of 4707 tonnes of carbon equivalent was established for the 2003/04 year, using the national best practice methodology EBEX 21 managed by Landcare Research.

Land

Protecting and enhancing soil quality

To provide a baseline for monitoring soil quality and intactness, a total of 98 sites has been sampled since the programme started in 2000/01. Repeat sampling will start in 2005/06.

Waste

Encouraging waste reduction and safe disposal

No measure to date. We will survey businesses participating in the Take Charge business education programme to determine if they have waste reduction initiatives in place.

**Responding to pollution incidents
Pollution prevention**

During 2004/05, 1107 pollution incidents were reported, compared with 1141 in 2002/03. This represents a 3% reduction.

Safety & Hazards

Promoting safety: harbour management, civil defence

In a survey on community preparedness, 26% of residents claim to have an emergency plan while about 67% of all households claim to have emergency survival supplies.

There were no significant accidents in our harbours or coasts.

Community

Supporting environmental care groups

Seven groups joined the Take Care programme this year.



Environment Management Targets

Managing resources

Planned Targets

LONG TERM

The Regional Policy Statement and Regional Plans are implemented to achieve their stated objectives and the following Quality for Life measures:

- 50 wetlands legally protected.
- 400 native forest areas on private land protected.
- The water quality of our six most polluted streams improves.
- No significant deterioration of water quality in our key streams and rivers.
- Coastal water quality does not fall below the standard for which it is being managed.
- Greater Wellington's carbon footprint reduced by 10% per annum.
- Greater Wellington's waste reduced by half.

Actual

Greater Wellington has five regional plans: the Regional Coastal Plan; the Regional Freshwater Plan; the Regional Plan for Discharges to Land; the Regional Air Quality Management Plan; and the Regional Soil Plan. The objectives and policies of the plans are designed to deliver sustainable outcomes. All the plans are operative.

- 30 wetlands on private land currently legally protected. Two approved for covenanting with our financial support in 2004/05.
- 166 native forest areas are currently legally protected. In 2004/05, 15 were approved for covenanting with our financial support.
- Our six most polluted streams are Waiwhetu stream, Kaiwharawhara stream, Ngarara stream, Makoura stream, Waitohu stream and Ruamahanga river. The technical report on water quality has shown that the quality of the Ngarara and Waitohu streams has improved since 1999, while the others have showed no change.
- Technical report showed no significant deterioration of water in our key streams and rivers.
- 97.2 % of all samples taken in 2004/05 met the required quality guidelines. Generally, heavy rain before sampling resulted in remaining samples failing to meet the required standard.
- Carbon benchmark was set at 4,534 tonnes of carbon equivalent based on the 2004/05 year.
- Waste surveys undertaken at our offices at Wairarapa, Upper Hutt, Wellington and Harbours in 2002/03 and 2004/05 showed a 45.5% reduction in waste in that period.



Managing resources (continued)

Planned Targets

SHORT TERM By 30 June 2005

The implementation of the Regional Policy Statement and Regional Plans will have continued by progressing the following:

- Wetland action plan
- QEII Trust private land protection programme

Actual

The Environment Committee approved a progress report on the implementation of the Regional Policy Statement and Regional Plans for the 2004/05 year on 16 August 2005.

A significant amount of work has been completed. Key results are:

- The Wetland Incentives Programme: some 63 landowners have received assistance under this programme. To date, the most popular form of assistance has been advice, followed by weed control then fencing.
 - A report on wetlands in the Wairarapa has been completed, and an inventory of wetlands of the region taken and held on a database. These will provide a benchmark for monitoring the health of the region's wetlands.
 - The publication "Understanding the 'wet' in wetlands" has been completed. This was, in part, funded by the national Biodiversity Advice Fund.
- In partnership with private landowners and the QE11 National Trust commitment made to protect 253.3 hectares of land through covenants, protecting predominantly lowland forest.



Environment Management Targets

Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Waiwhetu Stream action plan
- Kaiwharawhara Stream plan
- Waitohu Stream community plan

Actual

- Four projects associated with the contaminated sediments issue are underway. Two projects are refining our understanding of the character and extent of the sediments, and the suitability of land adjacent to the stream to carry a new stream channel. The other two are investigating the source of ongoing contaminant inputs into the stream from the Seaview/Gracefield area.
 - Local residents were given a brochure which identifies actions that they can take to better manage the stream.
 - As part of the annual riparian planting programme residents and schools have planted 2,000 native plants in three sites along the stream.
 - A floodplain management study will be undertaken following recent flood events. Efforts have been made to ensure integration of this study with the broader stream rehabilitation programme.
- A report, which includes a map showing areas of erosion risk, drainage and priorities for re-vegetation has been completed and presented to the WCC, council and community groups.
 - Plans have been prepared for planting and landscaping in the School Road area, and the work has been completed.
- Technical information has been analysed and highlights reported back to the community through a second newsletter. Community concerns over stream mouth cutting and estuary management have been worked through at a series of meetings with affected parties. A satisfactory agreement was reached with all concerned.



Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Riparian management strategy

- Care group work

Actual

- The riparian strategy has been completed. With the exception of two pilot programmes at the Karori Stream and the Kakariki Stream, the programme is being implemented by the Wairarapa Operations Department.
 - The booklet, Mind the stream has been produced for landowners and care group workers. We have distributed 1,000 copies already and another 1,000 copies have been printed.
 - Other reports that have now been completed are 'Selecting catchments for streamside management assistance', 'Riparian management, what difference does it make?' and a review of the pilot projects in the western part of the region.
- The groups work throughout the year, clearing weeds, planting and nurturing their plants, and measuring the ecological changes they are causing (e.g., freshwater, bird, and forest monitoring).
 - As a measure of our success, two care groups received a 2005 Conservation Award – the Otari-Wilton's Bush Care Group for its restoration work on the Kaiwharawhara Stream and the Manuka Street Reserve Care group for its re-vegetation programme.



Environment Management Targets

Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Pauatahanui Inlet action plan
- Greater Wellington's waste reduction programme
- Greater Wellington's carbon footprint programme
- Wellington Harbour biodiversity case study

Actual

- Studies of the causes and rates of sedimentation rates in the Inlet have been completed. These suggest that, at present, the rate that sediment accumulates exceeds the capacity of the estuary to flush such sediment.
 - Support has been given to the Pauatahanui Inlet Community Trust's field day for landowners to launch their brochure, *Planting with a Purpose*.
 - The annual 'cockle count' took place with assistance from Greater Wellington staff. Analysis of the results was undertaken by NIWA and funded by Greater Wellington.
- Greater Wellington's waste reduction programme continues to operate. Waste surveys undertaken at our offices at Wairarapa, Upper Hutt, Wellington and Harbours in 2002/03 and 2004/05 show a 45.5% reduction in waste in that period.
- Procedures have been established to calculate the footprint with greater accuracy and ease each year. The footprint for 2004/05, at approximately 4,534 tonnes, is marginally lower than the previous year's rounded up figure of 5,000 tonnes.
- A draft of the action plan, which has been combined with the coastal dunes and escarpments action plan, has been prepared.
 - The Cawthron Institute has surveyed the inter-tidal zones of the Kapiti Coast, Plimmerton Beach, Titahi Bay and Makara estuary. This continues last year's work in Wellington Harbour and on the South Coast.

Environment Management Targets



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Managing resources (continued)

Planned Targets

SHORT TERM (continued)

- Freshwater ecosystems programme

To the satisfaction of Council and within a budget of \$800,000.

- Massey University has prepared an Index of Biotic Diversity for freshwater fish in the region. The Index, which was presented to the April meeting of the Environment Committee, shows that the Wellington region has very good diversity compared to other regions.
 - A fish pass has been constructed in the Taupo Stream weir, which lies below Taupo Swamp. The project was a joint effort with DoC, QEII National Trust, Ngati Toa, Transit NZ and Porirua City Council.

Actual costs were \$702,000.



Environment Management Targets

Managing resources (continued)

Planned Targets

LONG TERM

Decisions on resource consents (including compliance and enforcement) will be consistent with the policies and objectives of the Regional Policy Statement and Regional Plans.

SHORT TERM By 30 June 2005

All consent applications will be processed according to the procedures set down in the Resource Management Act 1991 and the Consents Processing Procedures Manual, within a budget of \$588,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$289,000.

Actual

All officers' reports on consent applications have referenced the Regional Policy Statement and relevant Regional Plan.

646 consents were processed in accordance with the Consent Processing Procedures Manual. Of these, 627 were processed within statutory timeframes. The median timeframe for non-notified consents was 10 working days.

Actual costs were \$411,000.

All consents monitored in accordance with the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual. Annual compliance reports will be provided to the respective council committees. Specific compliance issues reported to the respective Council Committees during the year.

Actual costs were \$306,000.

Environment Management Targets



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Managing resources (continued)

Planned Targets

LONG TERM

Greater Wellington Regional Council and iwi of the region continue to have a mutually beneficial relationship.

SHORT TERM By 30 June 2005

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

Iwi will be assisted to undertake projects according to the provisions of the relevant contract and within a budget \$263,000.

Actual

The Council has continued to make significant progress in maintaining and improving its relationships with the Iwi of the Region. A number of workshops and training forums have been held to increase the knowledge and understanding of councillors, staff and iwi representatives. Iwi have continued to be funded to participate in the non-notified resource consent process and to undertake resource management projects.

Ara Tahi met fourteen times this financial year. Eight meetings were held specifically to discuss Ara Tahi input to the Wellington Regional Strategy Forum. Two representatives from Ara Tahi were appointed to the Strategy Forum. Ara Tahi continued to be used as a forum for collective discussion and to provide policy advice to Council.

Actual costs were \$74,000.

A number of iwi projects continued this year. Further work was completed on the GIS Inventory of Maori Heritage Values in the Port Nicholson Block (Wellington Tenths Trust). Draft protocols were developed to cover access to the data. Work also continued on the iwi management plan for Te Runanganui o Taranaki Whanui. Ngati Toa Rangatira were assisted with a project to plant an area around and improve access to the urupa behind Hongoeka Marae. Substantial progress has been made and the project will be completed during the current planting season.

Actual costs were \$156,000.



Environment Management Targets

Managing resources (continued)

Planned Targets

LONG TERM

Greater Wellington Regional Council has sufficient information about its natural and physical resources to:

- Have a comprehensive understanding of the state of the environment
- Enable the assessment of the effectiveness of resource consents and other management approaches, in achieving stated environmental outcomes
- Ensure the community has access to reliable and relevant information about the State of the Environment.

No recorded instances when air pollution reaches the 'alert' level of the national air quality guideline.

Actual

- A major State of the Environment (SOE) Report is prepared every six years. The next report is scheduled to be completed by June 2006.
- Comprehensive technical reports on the state of each of the major resources are prepared in the year preceding the SOE report. Report cards are prepared annually.
- All information is available to the community via the website or on request.

For the year ended 30 June 2005, the 'alert' level, for fine particulate matter, was reached 23 times at the following locations:

- Masterton – 15
- Lower Hutt – 2
- Wainuiomata – 5
- Central Wellington – 1



Managing resources (continued)

Planned Targets

SHORT TERM By 30 June 2005

A comprehensive technical report describing the condition of our important natural resources will be published which covers the following:

- hydrology
- groundwater
- freshwater quality
- coastal water quality
- recreational water quality
- air quality
- soil quality

to the satisfaction of the Council and within a budget of \$1,685,000.

Actual

Technical reports on hydrology, groundwater, Lake Wairarapa, air quality, and soil quality monitoring and coastal investigations were completed by 30 June 2005. Technical reports on recreational water quality and freshwater quality were completed by 31 July 2005. All reports were presented to the Environment Committee on 16 August 2005.

Actual costs were \$1,591,000.



Environment Management Targets

Managing resources (continued)

Planned Targets

LONG TERM

Reported pollution incidents are reduced to half of 2002/03 total.

SHORT TERM By 30 June 2005

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment Committee and within a budget of \$240,000.

An annual pollution report card will be produced to the satisfaction of the Council.

The number of pollution incidents received will reduce to 90% of the 2002/03 total.

Actual

A total of 1,107 incidents were reported, amounting to 3% less than the 2002/03 total (1,141).

All 1,107 incidents reported were responded to and, where appropriate, followed up. Regular reports were made to the Environment and Rural Services and Wairarapa Committee.

A pollution control report card was approved by the Environment Committee (2 December 2004) and widely distributed.

Target for 2004/05 was 1,027 incidents (90% of the 1,141 incidents reported in 2002/03). A total of 1,107 incidents were reported or 97% of the 2002/03 total.

Actual costs were \$317,000.

Environment Management Targets



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Environmental education

Planned Targets

LONG TERM

Greater Wellington Regional Council will implement imaginative and innovative environmental education programmes for schools, businesses and the general community to achieve the following Quality for Life measures:

- Five new care groups are established per annum.
- 80% of people surveyed are doing something positive for the environment.
- 80% of businesses surveyed have waste reduction initiatives in place.

SHORT TERM By 30 June 2005

Through the Take Care programme, existing care groups will be maintained and five new care groups will be established and assisted in providing local environmental care, to the satisfaction of the Council and within a budget of \$246,000.

Actual

- A further seven care groups were established in 2004/05 bringing the total to 32 care groups. New groups were:
 - Eastbourne Dunes Protection Group
 - Waikanae Estuary Scientific Reserve Group
 - Paraparaumu Community Beach Management Interest Group
 - Silverstream Straight Wetland Group
 - Otaki North Beach Care Group
 - Nga Uruora
 - Papawai Stream Group
- 77% of Wellington residents say they are currently doing something to make a positive difference to the region's environment.
- Not yet surveyed. Our Take Charge programme for business has now carried out 247 audits.

A further seven community care groups joined the Take Care programme, while 26 others continue to be supported under the programme.



Environment Management Targets

Environmental education (continued)

Planned Targets

SHORT TERM (continued)

Actual

Altogether around 2,000 members of the community have been involved in care group and related programmes this year. These events cover:

- The completion by the Manuka Reserve Group (Masterton) of its planned re-vegetation programme. Only maintenance is likely to be needed at this site in the foreseeable future.
- The completion by the Otari-Wilton's Bush Trust Care Group of its programme of ecological restoration at the Otari site on the Kaiwharawhara Stream.
- The Glenside group have completed their first re-vegetation site on the Porirua Stream. Ongoing work at this site will be weed removal and infill planting.
- The completion by the Castlepoint group of their sand dune restoration project at the south end of the beach, with the dunes now rebuilding rather than eroding as before.
- A baseline survey of the dune restoration site where the Paraparaumu Community Beach Management Interest Group is working. This will enable the group to measure its progress over the next five years and evaluate the effectiveness of dune restoration techniques. Reshaping of the dune will occur in July, prior to planting.
- Restoration of wader ponds and continued stream edge planting by the group restoring the Henley Lake wetlands. The ponds are attracting a good mix of water fowl.
- Weed removal from the beach at Eastbourne and substantial replanting of pingao by the Eastbourne Dunes Protection Group.

Actual costs were \$198,000.

Environment Management Targets



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Environmental education (continued)

Planned Targets

SHORT TERM (continued)

The Take Action environmental education programme for school children will be implemented, to the satisfaction of the Council and within a budget of \$188,000.

Actual

2,195 students completed the Take Action programme in 2004/05 compared with 990 in the previous year (guided by Greater Wellington or self guided).

Significant achievements for the year have been:

- An increase in the number of self-guided schools due to greater marketing and enhanced training and resources for these schools
- The development of a whole school approach to Take Action for intermediate and larger schools (piloted with Ferguson Intermediate in terms two to four of 2005)
- The delivery of the programme to a large number of schools in the Upper Hutt area
- Completing the Take Action content for our new website.

Actual costs were \$160,000.



Environment Management Targets

Environmental education (continued)

Planned Targets

SHORT TERM (continued)

The Take Charge environmental education programme for businesses will be applied to one new business type or geographical area, to the satisfaction of the Council and within a budget of \$181,000.

- Take Charge audits were completed at two businesses with complex pollution issues to improve their pollution prevention procedures.
- An audit programme for Drain 6, a sub-catchment of the Wharemauku Stream, in Paraparaumu was developed and implemented.
- A total of 10 audits, 2 follow up visits and 32 screening surveys had been completed in 2004/05.

Actual costs were \$77,000.



Managing emergencies

Planned Targets

LONG TERM

By 2013, 70% of organisations and households have an emergency plan and survival supplies.

SHORT TERM By 30 June 2005

30% of organisations and households will have an emergency plan and survival supplies, within a budget of \$41,000.

Actual

A 2004 survey showed that 61% of households in the Wellington Region have emergency supplies.

However, a visual check carried out concurrently suggests that residents tend to over-estimate the amount of emergency water held by around 19% and other supplies by about 9%.

A survey conducted in May 2005 showed that 65% of households (61% in 2004) have emergency food supplies, 69% (68% in 2004) have emergency water supplies and 26% (31% in 2004) have an emergency plan.

The 2005 survey was a combined telephone and door knocking survey, which confirmed that the 2004 telephone survey was reliable.

Actual costs were \$28,000.



Environment Management Targets

Managing harbours

Planned Targets

LONG TERM

There will not be any accidents in our harbours and coasts and oil spills will be cleaned up quickly.

SHORT TERM By 30 June 2005

The Beacon Hill Harbour Communications Station will provide a 24-hour, 365-day-service, which is in accordance with Council-agreed operating standards, within a budget of \$315,000.

Reports of oil spills in harbour waters will be checked within 30 minutes and clean up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$13,000.

A formal log will be kept and incidents followed up whenever possible.

Actual

- One fatality recorded in Wellington Harbour during 2003/04. The sole occupant of a dinghy drowned. The dinghy was not carrying any safety equipment.
- Five significant oil spills occurred in 2003/04, all of which were cleaned up quickly.

The Beacon Hill Harbour Communications Station provided a 24-hour, 365-day-service, communications service in accordance with the Council's specified standards.

Actual costs were \$329,000.

- Thirty nine oil spills were reported and checked during the year. None of these was significant.
- On 1 March, in conjunction with CentrePort staff, an oil spill equipment exercise was held.
- A formal log kept.

Actual costs were \$12,000.

Environment Management Targets



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Managing harbours (continued)

Planned Targets

SHORT TERM (continued)

Within a budget of \$85,000, safety in our harbours and coastal waters will be maintained by:

- Administering the Wellington Regional Navigation and Safety Bylaws
- Educating recreational boaters and harbour users about safety issues
- Monitoring behaviour for safety purposes
- Investigating all reports of unsafe behaviour. A formal record will be kept.

Actual

- A further 2,000 copies of the Regional Navigation and Safety Bylaws were printed and distributed as required. The bylaws were promoted at various events.
- In partnership with CentrePort, a risk assessment of Wellington Harbour has been substantially completed.
- No significant events reported during the year. However, 52 complaints of unsafe boatie behaviour were responded to. A formal log kept.

Actual costs were \$136,000.



Environment Management Financial Summary

Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	10,573	10,573
Other Rates	0	0
Government Subsidies	194	129
Interest & Dividends	16	16
Fees, Charges & Other Revenue	1,807	1,907
Operating Revenue	12,590	12,625
Direct Operating Expenditure	11,899	12,195
Interest	0	0
Depreciation	264	373
Operating Expenditure	12,163	12,568
Operating Surplus/(Deficit)	427	57
Less:		
Capital Expenditure	666	826
Proceeds from Asset Sales	(84)	(106)
Loan Funding		
Rates Funded Capital Expenditure	582	720
Debt Repayment		
Investment Additions		
Reserve Movements	(24)	(290)
Working Capital Movements	0	0
Non-Cash Items	(264)	(373)
Net Funding Required	133	0

Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Resources	9,268	9,571
Environmental Education	1,288	940
Managing Harbours	1,467	1,547
Managing Emergencies	567	567
Total Operating Revenue	12,590	12,625

Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Resources	8,877	9,407
Environmental Education	1,259	1,075
Managing Harbours	1,543	1,589
Managing Emergencies	484	497
Total Operating Expenditure	12,163	12,568

Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	419	545
Vehicles	247	281
Total Capital Expenditure	666	826



The Regional Transport activities very significantly affected well-being in general, but specifically the economic, environmental and social dimensions. Economic well-being was enhanced through the contribution made to getting people to work on the public transport system. Also through the transport planning role, which includes facilitation of freight movement as well as movement by all types of vehicles for work purposes.

Environmental well-being is enhanced through contracting public transport services which results in fewer vehicles being on the roads, particularly at congested times, leading to lower environmental impacts. Greater Wellington also encourages cycling and walking, which are more environmentally friendly modes and also have positive spin-offs in terms of fitness.

Many public transport journeys are made for social reasons and, indeed, last year the greater emphasis in the Hutt Valley on community transport saw a significant increase in public transport trips. The support we offer for special transport programmes for people with disabilities also leads to improved social well-being.

PROGRESS ON OUR CONTRIBUTIONS

Air

Promoting reduced vehicle emissions

There were 23 recorded instances where the "alert" level of air pollution was reached.

Energy

Encourage use of public transport, cycling and walking

459 million litres of fuel was sold within the region, a 1.5% increase on 2003/04.

A new baseline was established in 2004 which showed that 19% of trips, shorter than 2km, were made by active (walking, cycling) modes.

In 2004/05, 32.4 million passenger trips were made on the region's public transport network, an increase of 2.5% from 2003/04. An increase of 3.5% on 2003/04 resulted in 405 million passenger kilometres travelled using public transport in 2004/05.

Transport

Funding public transport services and facilities to:

- achieve a balance of public and private transport use
- encourage active modes of transport
- maintain access to key facilities

45% of work trips into central Wellington were made by private vehicle in 2001. This information will be updated every five-years.

A new baseline was established in 2004 which showed that 19% of trips, shorter than 2km, were made by active (walking, cycling) modes.

The March 2005 travel time survey on representative routes to key facilities showed an 8% increase over 2004.

Safety & Hazards

Promoting safety within our transport systems

No one surveyed cited safety concerns as a reason for not using public transport. The target was met in 2003 and sustained in 2005.



Regional Transport Targets

Planning and monitoring the transport network

Planned Targets

LONG TERM

Greater Wellington will maintain and continue to monitor the delivery of an affordable Regional Land Transport Strategy (RLTS) that is consistent with any National Land Transport Strategy and which reflects the prevailing community views as expressed through a public consultation process to achieve the following Quality for Life measures:

- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.
- Over the next ten years there is no recorded instance when air pollution reaches the “alert” level of the national ambient air quality guidelines due to traffic.
- By 2013, less than 45% of work trips to central Wellington are being made by private car.
- By 2013, 65% of all trips up to 1km and 48% of all trips up to 2 km are walked or cycled.

Actual

The current review of the RLTS under the Land Transport Act 1998 and Land Transport Management Act 2003 is programmed for completion by mid 2006.

The Annual Monitoring Report on the implementation of the adopted Regional Land Transport Strategy provides a time-based analysis of the Quality for Life measures as follows:

- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005.
- During the year to 15 April 2005 there were 26 recorded instances of air quality monitoring results reaching the “alert” category; all were PM10 level exceedences with only one instance directly attributable to motor vehicle emissions.
- Between the 1996 and 2001 censuses, the proportion of work trips into central Wellington made by private vehicle reduced by 8% to 45%.
- In the last household survey we undertook (2001):
 - for short trips under 1 km – 44% of people chose to use the pedestrian or cycle modes of travel.
 - for short trips under 2 km – 33% of people chose to use pedestrian or cycle modes of travel.

Regional Transport Targets



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■ Planning and monitoring the transport network (continued)

Planned Targets

LONG TERM (continued)

- Over the next ten years petrol and diesel used for transport purposes remain below 400 million litres per annum.

SHORT TERM By 30 June 2005

A recalibration of the region's transport model will be completed within a budget of \$175,000. The model will be used in the review of the Regional Land Transport Strategy (RLTS).

The review of the RLTS will continue within a budget of \$230,000.

Actual

The first active mode survey (undertaken in 2004) indicated:

- on average 74% of all trips up to 1 km were by an active mode (walking or cycling).
- 19% of all trips up to 2 km were by an active mode (walking or cycling).

- Fuel sales grew from a total of 452 million litres to 459 million litres in 2004.

The transport model was upgraded at a cost of \$34,755.

Work has begun on the review of the RLTS, expenditure to date is \$127,361. A commercial vehicle study was undertaken at a cost of \$139,961.



Regional Transport Targets

Building the public transport infrastructure

Planned Targets

LONG TERM

Greater Wellington will maintain and develop public transport user facilities to conform to our quality and effectiveness criteria to achieve the following Quality for Life measures:

- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth
- Safety concerns do not stop people using public transport

SHORT TERM By 30 June 2005

All current public transport user facilities will be maintained in accordance with the Greater Wellington's guidelines to the satisfaction of the Manager, Transport Procurement and within a budget of \$766,000.

A Porirua bus/rail interchange will be investigated in conjunction with Porirua City Council, within a budget of \$200,000.

Provision of additional bus-only lanes and bus priority systems in Wellington city in conjunction with Wellington City Council within a budget of \$145,000.

Actual

The Land Transport Management Act 2003 allows Greater Wellington to own public transport infrastructure which will enable us over time to better manage the provision and maintenance of such facilities.

The Quality for Life measures are reported in the RLTS Annual Monitoring Report on a time series basis as follows:

- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005
- In 2004, of the 201 respondents who said they had not used public transport in the previous 12 months, none cited safety concerns as the reason for this

All facilities have been maintained in accordance with our guidelines and to the satisfaction of the Manager, Transport Procurement. Costs for the year were \$897,684. The overspend against budget is a result of a higher than anticipated increase in infrastructure maintenance costs.

The Porirua bus/rail interchange is on hold until the completion of the Western Corridor Study.

Wellington City Council has completed work on the Dixon/Victoria/Manners Street bus priority lanes, including traffic light timings.

Regional Transport Targets



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Funding and promoting public transport

Planned Targets

LONG TERM

Greater Wellington will purchase passenger transport services which conform to both the Greater Wellington's transport policies, as expressed by the Regional Passenger Transport Plan, and Greater Wellington's vehicle quality standards. The overall level of service will be progressively increased in response to growth in demand to achieve the following Quality for Life measures:

- By 2013 less than 45% of work trips to central Wellington are being made by private car.
- Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.
- Over the next ten years petrol and diesel used for transport purposes remain below 400 million litres per annum.

Actual

In 2004/05 there was 3% growth in the region's bus and train patronage. Services are increasing to accommodate this growth and increasing demand. Hutt Valley bus services (excluding Wainuiomata and Eastbourne) experienced the greatest increase in patronage at 16% growth (passenger trips) over 2004/05.

The Quality for Life measures are reported on an annual basis as follows:

- Between the 1996 and 2001 censuses, the proportion of work trips into central Wellington made by private vehicle reduced by 8% to 45%.
- All day average congestion over the strategic road network increased 8% during 2004/05; increasing from 0.39 minutes (23 seconds) of delay per kilometre travelled in 2004, to 0.42 minutes (25 seconds) of delay per kilometre travelled in 2005.
- 2003 calendar year fuel sales grew from a total of 452 million litres to 459 million litres in the 2004 calendar year.



Regional Transport Targets

Funding and promoting public transport (continued)

Planned Targets

SHORT TERM By 30 June 2005

Greater Wellington will achieve, through the tendering process approved by Land Transport New Zealand, a total contract price for bus and rail services of no more than \$42,683,000.

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

A 24-hour, 7-day passenger timetable enquiry service will be provided within a budget of \$380,000.

Actual

The total cost of contracted services, including concessionary fare reimbursements and school services was \$43,228,125. The unfavourable cost variance is a result of increased costs generally owing to higher diesel and road user charges.

The tendering and contract procedures have been carried out in accordance with the competitive pricing procedures approved by Land Transport New Zealand.

The cost of providing this service was \$418,467. The cost variance from the budget was due to increased level of staff training to ensure a high professional standard for call handling and increase in staff overtime payments.

Regional Transport Targets



83

Funding total mobility

Planned Targets

LONG TERM By 30 June 2005

Essential community facilities can be easily accessed – with no more than a 1% per annum worsening of congestion despite traffic growth.

SHORT TERM By 30 June 2005

The Total Mobility scheme will be administered to the satisfaction of Land Transport New Zealand within a budget of \$1,430,000.

Actual

Total Mobility Users are provided with subsidised taxis. As long as all those currently qualifying for the service can be accommodated, the level of access should remain at present levels.

Total Mobility procedures were carried out in accordance with Land Transport New Zealand guidelines. Costs for the year were \$1,446,710. The adverse cost variance was a result of an increase in client numbers over the year and also the increased usage of the scheme by current clients. We anticipated a 6% increase in passenger numbers, but the actual increase from the previous year was 13.5%



Regional Transport Financial Summary

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Funding Statement		
General Rate	0	0
Targeted Rate	27,088	27,088
Government Subsidies	28,242	28,552
Interest & Dividends	136	117
Fees, Charges & Other Revenue	576	168
Operating Revenue	56,042	55,925
Direct Operating Expenditure	54,391	56,514
Interest	271	271
Depreciation	313	302
Operating Expenditure	54,975	57,087
Operating Surplus/(Deficit)	1,067	(1,162)
Less:		
Capital Expenditure	161	275
Proceeds from Asset Sales	(5)	(5)
Loan Funding	0	0
Rates Funded Capital Expenditure	156	270
Debt Repayment	353	353
Investment Additions	0	0
Reserve Movements	871	(1,483)
Working Capital Movements	0	0
Non-Cash Items	(313)	(302)
Net Funding Required	0	0

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Operating Revenue		
Funding & Promoting Public Transport Services	48,796	47,300
Building the Public Transport Infrastructure	1,349	3,370
Funding Total Mobility	1,821	1,924
Planning & Monitoring the Transport Network	4,076	3,331
Total Operating Revenue	56,042	55,925
Operating Expenditure		
Funding & Promoting Public Transport Services	45,554	47,106
Building the Public Transport Infrastructure	3,353	4,222
Funding Total Mobility	1,924	1,924
Planning & Monitoring the Transport Network	4,144	3,835
Total Operating Expenditure	54,975	57,087
Capital Expenditure		
Land & Buildings	0	0
Plant & Equipment	135	250
Vehicles	26	25
Total Capital Expenditure	161	275



Economic well-being is very dependent on the continued supply of quality water from the city councils which, in turn, are supplied by Greater Wellington Water. Without this supply many industries simply could not function and, indeed, an availability of healthy water is an inherent requirement for well-being.

Greater Wellington supplied an adequate supply of water to our customers that met the Ministry of Health Drinking Water Standard. We also maintained compliance with ISU 14001 Environmental Management Systems.

PROGRESS ON OUR CONTRIBUTIONS

Water **A high quality, cost-effective and environmentally friendly wholesale water supply**

Fully complied 100% of the time with the Drinking Water Standards NZ 2000.

Complied with all resource consents held.

Operating expenditure was \$232,000 below last year.

Energy **Committing to energy reduction programmes**

Greater Wellington uses a system optimiser that ensures water is produced when power costs are lowest and hence losses in the electricity network are minimised.

Investigating the power factor at several sites has resulted in power factor correction projects at three sites being programmed for 2005/06 and one site in 2006/07.

Safety & Hazards **Secure water supply in emergencies**

Current projects to secure water supply include:

- Relocating a vulnerable section of pipeline between SH2 and SH58. Work to start July 2005.
- Investigating, with Wellington City Council, a major new reservoir for the Wellington CBD. This would be operational as well as provide water in an emergency.
- We have begun to construct a new Karori pumping station that will be more secure in a seismic event than the existing pumping station.



Regional Water Supply Targets

Quality

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2005

Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by Greater Wellington's Quality Assurance Section, not less than five days out of every seven. Expenditure will not exceed the budget of \$541,000.

Actual

All water we treat currently meets Ministry of Health Drinking Water Standards. GW Water has a policy to target an A grade standard for each of its water treatment plants. This means the water supplied to its customers is completely satisfactory, with minimal levels of health risk.

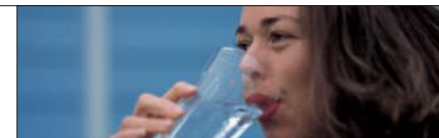
Waterloo and Gear Island Treatment Plants are graded B. This would be upgraded to A if chlorine were added to the treated water, although Hutt City Council requested that this should not occur.

Wainuiomata Water Treatment Plant is graded A1. Te Marua Water Treatment Plant is currently graded A.

GW Water holds certification to ISO 9001:2000 for its wholesale water supply operations.

A comprehensive monitoring and testing programme, complying with the requirements of the NZ Drinking Water Standards, has been undertaken. The quality of the water leaving the treatment plants has been continuously monitored, with results reported every minute. The quality of the water in the bulk distribution system has been sampled and tested by an IANZ accredited laboratory at least six days a week at representative locations. The cost of routine laboratory testing was \$618,500 which exceeded the budget as a consequence of a revised pricing regime arising from an internal Laboratory business unit operational review and some additional testing requirements.

Regional Water Supply Targets



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Quality (continued)

Planned Targets

SHORT TERM (continued)

The gradings of the water treatment plants as at 1 July 2004 will be maintained.

Vegetation management measures will be carried out in Greater Wellington's water supply catchments, in accordance with Greater Wellington's Forestry Management Plan and within a budget of \$160,000, so that the treatment plants receive good quality water.

Provided legislation is passed by 30 June 2004, five public health risk management plans will be prepared.

Actual

A1 grade signifies "completely satisfactory, negligible level of risk demonstrably high quality"

A grade signifies "completely satisfactory, extremely low level of risk".

B grade signifies "satisfactory, very low level of risk when the water leaves the treatment plant".

Waterloo and Gear Island have a B grading because, at the request of the Hutt City Council, chlorine is not added and there is no disinfection residual in the water leaving the plant.

Vegetation management control was carried out in the catchments. The final full year cost of this work was \$157,652.

Drinking water legislation has not progressed, and no further risk management plans have been produced.



Regional Water Supply Targets

Security of supply

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2005

Rebuilding the Karori pumping station will be started at an estimated total project cost of \$1,837,000. It is due for completion in 2005/06.

Seismic repair stocks, at a cost not exceeding \$200,000, will be purchased.

Actual

Projections using a computer based sustainable yield model show that Greater Wellington's water supply infrastructure is sufficient to meet a 1 in 50 year return period event until about 2007, at current growth rates. A 1 in 50 year drought strategy was adopted after consultation with our customers. This is less than that of Auckland's 1 in 200 year strategy, though their system is less dynamic in its raw water supply.

We manage water supply assets in accordance with a planned programme of maintenance. Policy is that there is no deferred maintenance. The Asset Management Plan was prepared in accordance with the National Asset Management Steering Group guidelines.

We have a "n-1" policy for security of water supply. This means that either of the major water treatment plants, Te Marua or Waterloo, could be out of commission and the daily base water requirement of 145 millions of litres would still be met.

Rebuilding of the Karori pumping station started in June 2005. Project expenditure of \$481,390 has been incurred to date against a budget of \$870,000 for the financial year.

Seismic repair stocks were not purchased, with this expenditure now deferred until 2005/06.



Environmental management

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2005

All appropriate resource consent conditions will be complied with, within a monitoring budget of \$65,000.

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 2003/04 will be prepared by 30 November 2004.

The Lower Wainuiomata dam, constructed in the late 1800s, is no longer in use and will have to be decommissioned. As part of this process it may be practical to create a wetland. This project is subject to Council approval in 2004/05 once the investigations are complete.

Actual

GW Water acquires and seeks to comply with all appropriate resource consents. Abstraction consents govern the quantity of water that can be drawn from each source and how much must remain. Consents are also sought for any discharges from the treatment plants. Most by-products from the plants are processed through wastewater recovery plants and removed off-site.

GW Water holds certification to ISO 14001 (the International Standards Organisation's environmental management benchmark) for its wholesale water supply activities.

Full compliance with all consents was certified by the Greater Wellington Environment, except for water abstraction from the Orongorongo river. A Partially Complying Certificate was issued for this consent because on 6 days during the year the residual flow in the river was less than the required minimum for short periods. Changes to procedures and equipment renewal will prevent a recurrence of this problem. The total cost of consent fees incurred during the financial year was \$55,630.

A report was published by 30 November 2004.

Tenders were called for decommissioning the dam to create a wetland. However, the tender prices were much higher than expected and the work has been deferred until 2006/07. Project design work was completed at a cost of \$20,950 during the financial year.



Regional Water Supply Targets

Customer service

Planned Targets

LONG TERM

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

SHORT TERM By 30 June 2005

Customers will be provided with a business report by 30 November 2004, which will include the following information:

- Financial results for the financial year ended 30 June 2004
- Actual quality compared with targeted performance
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair
- A report on compliance with resource consent requirements
- Status of ongoing service level agreements.

Actual

GW Water maintains regular communication with customer organisations at various levels of seniority.

A report was published by 30 November 2004 containing all the stipulated information.

Regional Water Supply Targets



Business efficiency

Planned Targets

LONG TERM

GW Water has improved its business efficiency over the last 8 years following various restructuring initiatives, whilst maintaining its service quality levels. Total operating expenditure, excluding depreciation, is not expected to increase in real dollars. Thus we expect the water levy to be held at the 2004/05 dollar level across the 9 year planning period. However, asset values are expected to increase significantly across the 9 year planning period, which will in turn increase the depreciation expense.

SHORT TERM By 30 June 2005

Total operating expenditure, excluding depreciation, will not exceed \$20,422,000.

The revenue from the water levy will not exceed \$22,777,000.

Actual

The annual costs of running GW Water, excluding changes in depreciation rates, has reduced by \$5.7 million or 25% between 1997 and 2005, whilst service levels have been maintained throughout this period.

Expenditure of \$19,533,000 was incurred during the financial year, with activities being carried out according to requirements.

Revenue of \$22,776,473 was received during the financial year.



Regional Water Supply Targets

Health and safety

Planned Targets

LONG TERM

The manner in which we carry out our operations will comply with the Health and Safety in Employment Act 1992 as amended in 2002, Health and Safety Regulations 1995, relevant Codes of Practice and current legislation.

SHORT TERM By 30 June 2005

The hazard register will be reviewed on a six-monthly basis. The effectiveness of the measures taken to eliminate, isolate or minimise risk to all Greater Wellington Water employees and contractors will be assessed.

Actual

A hazard identification programme has been undertaken for all operational sites. Hazard registers have been updated and are being maintained on an ongoing basis.

The hazard registers have been recently reviewed and no issues relating to their effectiveness have been identified. Contractor health and safety plans continue to be reviewed prior to engagement.

Regional Water Supply Financial Summary



Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	0	0
Targeted Rate	0	0
Water Supply Levy	22,777	22,776
Government Subsidies	0	0
Interest & Dividends	508	471
Fees, Charges & Other Revenue	3,685	533
Operating Revenue	26,970	23,780
Direct Operating Expenditure	16,084	14,210
Interest	3,295	3,567
Depreciation	6,717	6,395
Operating Expenditure	26,096	24,172
Operating Surplus/(Deficit)	874	(392)
Less:		
Capital Expenditure	4,266	5,774
Proceeds from Asset Sales	(40)	(100)
Loan Funding	(4,103)	(5,312)
Levy Funded Capital Expenditure	123	362
Debt Repayment	6,214	4,420
Investment Additions	1,254	1,221
Reserve Movements	0	0
Working Capital Movements	0	0
Non-Cash Items	(6,717)	(6,395)
Net Funding Required	0	0

Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Collecting, Treating & Delivering Water	26,970	23,780
Total Operating Revenue	26,970	23,780

Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Collecting, Treating & Delivering Water	26,096	24,172
Total Operating Expenditure	26,096	24,172

Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Water Sources	221	650
Water Treatment Plants	971	1,050
Pipelines	933	1,420
Pump Stations	868	1,432
Reservoirs	0	50
Monitoring & Control	124	260
Seismic Protection	117	250
Other	869	200
Major Project Expenditure	4,103	5,312
Land & Buildings	0	0
Plant & Equipment	40	161
Vehicles	123	301
Total Capital Expenditure	4,266	5,774



Regional Water Supply

Statement of Financial Position as at 30 June 2005

	Notes	Council 2005 Actual \$000's	Council 2004 Actual \$000's
Ratepayers' Funds			
Retained Earnings		70,911	70,037
Reserves		186,804	186,804
Total Ratepayers' Funds		257,715	256,841
Assets			
Current Assets			
Receivables		2,837	2,775
Inventory		1,494	1,505
Total Current Assets		4,331	4,280
Non Current Assets			
Investments		8,109	6,856
Property, Plant & Equipment	7	293,253	295,744
Total Non-Current Assets		301,362	302,600
Total Assets		305,693	306,880
Liabilities			
Current Liabilities			
Payables		3,829	3,778
Employee Provisions		502	502
Total Current Liabilities		4,331	4,280
Non Current Liabilities			
Public Debt		43,647	45,759
Total Non-Current Liabilities		43,647	45,759
Total Liabilities		47,978	50,039
Net Assets		257,715	256,841



The land management group of activities had a significant effect on economic well-being, particularly through its impacts on the agriculture sector.

Specifically, control of bovine tuberculosis vectors protects the viability of dairying and of cattle and deer farming in the region. Similarly, the soil conservation activities promote sustainable use of the region's land and protect the soils so that they retain their productivity.

Environmental well-being is enhanced through both areas of activity with ecosystems benefiting particularly from the pest management work, while soil conservation produces benefits in water quality. There are also specific programmes which are targeted to enhance the quality of key native ecosystems.

Social well-being was enhanced through the reduction of the likelihood of slips which could have damaged important community infrastructure. It was also supported through the way that Greater Wellington involved many farmers and others in our work.

No significant negative effects were generated during the year and no major concerns raised. e.g. about the use of 1080.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity Protecting and restoring ecosystems

Controlling plant and animal pests

Fifteen additional native forest areas on private land were approved for covenants, with GW financial support in 2004/05.

Vector (possum and ferret) control operations completed over 509,216 hectares. Total area under possum control programmes in the region is 637,150 hectares or 78.4% of the region.

Pest control undertaken in 60 Key Native Ecosystem sites in 2004/05.

Water Enhancing water quality

Completed riparian planting and fencing programmes on 2.7 kilometres of stream banks.

Land Supporting erosion control measures

Monitoring soil health

A further 390 hectares under sustainable management practices.

Completed sampling of 98 sites since 2000/01. Repeat sampling in 2005/06 will determine whether soil health has deteriorated at any of the sites.

Safety & Hazards Preventing slips and mitigating flood damage

Planted 390 hectares to promote the protection of erosion-prone land. Extensive work to clean up and repair structures affected by the August 2004 and March 2005 floods in the six catchment schemes.

Community Community involvement in pest management and land management programmes

Continued assisting landowners, DoC and Wildlife Trust for Mt Bruce/Pukaha pest eradication programmes. Assisted landowners to control pests in 13 Key Native Ecosystems.

Completed soil conservation programmes for 112 landowners.

Started reviewing three catchment schemes to ensure they deliver what the communities desire.



Land Management Targets

Promoting sustainable land management

Planned Targets

LONG TERM

Protect the health and productivity of the region's soils by planting an additional 5,000 hectares of erosion-prone land using sustainable management practices.

SHORT TERM By 30 June 2005

Approved soil conservation plan works will incorporate 300 hectares of pole planting (22,000 poles), 150 hectares of conservation woodlots and 8 kms of shelter-belts and will be completed, to Greater Wellington's performance standards, within a budget of \$500,000.

Actual

The stabilising of erosion-prone land is progressing, and an additional 390 hectares of soil conservation trees were planted during 2004/05 using sustainable management practices.

Approved soil conservation plan works were completed on 112 properties, incorporating 17,000 poles on 245 hectares, and establishing 145 hectares of conservation woodlots, and 1.5 kms of shelter-belts. Programmes were completed to Greater Wellington's performance standard at a cost of \$379,200.

Land Management Targets



97

Promoting sustainable land management (continued)

Planned Targets

LONG TERM

Protect communities from major damage or harm owing to the effects of flooding and erosion.

SHORT TERM By 30 June 2005

Approved programmes will be completed under six catchment control schemes to the satisfaction of each Scheme Advisory Committee, to Greater Wellington's performance standards, within a budget of \$83,000.

Actual

Annual programmes have been continued for six Community Catchment Control Schemes. The focus of the programmes was erosion control and flood mitigation.

Approved programmes were completed for each of the six Catchment Schemes to established standards and in accordance with Advisory Committee resolutions. Programmes were completed at a total cost of \$94,100, and included \$11,000 of flood damage repair works.



Land Management Targets

Promoting sustainable land management (continued)

Planned Targets

LONG TERM

No overall deterioration in the health of our soils through the increasing practice of sustainable land management.

SHORT TERM By 30 June 2005

Stage 2 of the soil monitoring programme will be started. Additional monitoring sites will be established where soil degradation was identified in stage 1, within a budget of \$41,000.

Actual

Baseline monitoring of soil health is substantially complete. Repeat monitoring will determine any change in the state of the region's soils.

20 additional monitoring sites were established in soil degradation areas, 110 of the samples taken during previous monitoring rounds were analysed for heavy metals. A review of all Greater Wellington soil quality monitoring data and a comparison with soils nationally was undertaken at a cost of \$53,900.

Land Management Targets



99

Promoting sustainable land management (continued)

Planned Targets

LONG TERM

No significant deterioration of water quality in our key rivers and streams.

SHORT TERM By 30 June 2005

Four kilometres of riparian management, focusing on increased biodiversity along stream banks, will be completed within a budget of \$160,000.

Actual

There has been no significant deterioration of water quality in our key streams and rivers. Key rivers and streams are monitored as part of Greater Wellington's state of the environment monitoring. Any changes in water quality in these water bodies will take some time to occur.

Riparian management programmes focusing on increased biodiversity, were completed on 2.7 kilometres of stream banks, within a total budget of \$162,200.



Land Management Targets

Controlling plant and animal pests

Planned Targets

LONG TERM

Enhance our ecosystems and farming productivity by having 80% of the region under intensive possum control programmes, and reducing the percentage of infected Tb cattle and deer herds to 0.2% (six infected herds).

SHORT TERM By 30 June 2005

Bovine Tb vector control and survey operations will be completed on 475,000 hectares in accordance with the contract with the Animal Health Board and to the satisfaction of the Council, within a budget of \$6,585,000.

Actual

At 30 June 2005, 78.4% of the region was under intensive possum control programmes, and there were 29 infected Tb cattle and deer herds. This is below the maximum of 32 infected herds identified in the Regional Tb Operational Plan. If this momentum can be maintained over the next three years, then the target should be achieved.

Vector control and survey operations were successfully completed to Animal Health Board standards on 335,691 hectares at a cost of \$4,140,400. Control and monitoring contracts totalling \$1,387,800 were not completed. They have been included in the 2005/06 programme. The major outstanding control operation is the South East Wairarapa Stage 3 area, which has been delayed due to issues involving the use of deer repellent bait.

Land Management Targets



101

Controlling plant and animal pests (continued)

Planned Targets

LONG TERM

Improve the health of the region's ecosystems by implementing plant and animal pest management strategies.

SHORT TERM By 30 June 2005

Implementation of the third year of the Regional Pest Management Strategy to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$1,797,000.

Actual

The 2004/05 year has been particularly challenging for pest plants with increased infestations of eradication species located in urban areas following intensive surveys. Reprioritisation of our programmes will be required to successfully manage these species. Our joint venture pest control programmes with other councils has been very successful, with a number of councils providing additional funds to expand their programmes. Rook and rabbit densities continue to be suppressed to low levels.

Implementation was completed at a cost of \$1,849,800. An annual report on achievements under the Regional Pest Management Strategy for the 2004/05 year will be presented to the Rural Services and Wairarapa Committee for approval in November 2005.



Land Management Financial Summary

Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	3,854	3,854
Targeted Rates	186	186
Government Subsidies	0	0
Interest & Dividends	49	40
Fees, Charges & Other Revenue	5,827	7,975
Operating Revenue	9,916	12,055
Direct Operating Expenditure	9,759	12,178
Interest	0	0
Depreciation	27	129
Operating Expenditure	9,786	12,307
Operating Surplus/(Deficit)	130	(252)
Less:		
Capital Expenditure	105	118
Proceeds from Asset Sales	(40)	(26)
Loan Funding	0	0
Rates Funded Capital Expenditure	65	92
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	43	(215)
Working Capital Movements	0	0
Non-Cash Items	(27)	(129)
Net Funding Required	49	0

Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Promoting Sustainable Land Management	2,054	2,237
Controlling Plant and Animal Pests	7,862	9,818
Total Operating Revenue	9,916	12,055

Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Promoting Sustainable Land Management	2,093	2,227
Controlling Animal and Plant Pests	7,693	10,080
Total Operating Expenditure	9,786	12,307

Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Land & Buildings	0	0
Plant & Equipment	0	0
Vehicles	105	118
Total Capital Expenditure	105	118



Flood protection activities contribute significantly to economic and social well-being by minimising the economic damage and social disruption caused by floods.

The flood defences were severely tested by the weather on two occasions and while there was some damage (which was a major concern for those directly affected), the social and economic impacts on the region as a whole were relatively minor.

Flood protection activities also contribute to environmental and social outcomes by enhancing riverside habitats and providing associated recreational opportunities.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity **Planting a range of habitats**

We continued to implement environmental strategies, which include habitat restoration and enhancement initiatives for the major rivers in the region.

Land **Supporting erosion control measures**

We continued to provide erosion control advice to landowners as well as implementing erosion control measures in the major rivers.

Recreation & Parks **Manage the river environment to promote recreational use**

Recreational use of Hutt River was promoted when we established the Hutt River ranger and provided access tracks and walkways.

Safety & Hazards **Protect and educate the community from flood risk**

We continued to enhance the flood protection system as planned. Two flood events caused localised damage, but initiatives are now underway to reduce the flood risk.

Community **Community involvement in floodplain management planning**

The community was extensively involved in a range of activities during the year.



Flood Protection Targets

Planning for flood protection

Planned Targets

LONG TERM

The risk of major damage or loss of life as a result of a flood event is significantly reduced.

SHORT TERM By 30 June 2005

Complete maintenance operations for the region's ten Wairarapa river schemes to established standards and to the satisfaction of the Scheme Advisory Committees, within a budget of \$1,513,000.

Actual

Implementation of the three floodplain management plans for the western region is well underway and on target to be achieved by 2040. To date, works totalling over \$12,000,000 have been undertaken on the Hutt, Otaki and Waikanae Rivers.

In the Wairarapa, the Lower Valley Development scheme review is progressing well. Scheme improvements undertaken in the past few years have provided additional protection for community assets.

In response to earlier floods, a flood hazard study on the Waiwhetu Stream commenced in 2004/05.

Significant flood events occurred throughout the region in August and October 2004 and January and March 2005, resulting in widespread property damage.

One person drowned in the August flood in a tributary of the Ruamahanga river outside of the area administered by Greater Wellington's river schemes.

Maintenance programmes for the ten Wairarapa river management schemes were completed to established standards, and to the satisfaction of the Scheme Advisory Committees at a total cost of \$2,094,200.

Works completed included \$379,300 of pre-approved flood damage repairs, completion of the repainting of the Blundell Barrage Gates, realignment of a section of the stopbank at the Scadden property in the Lower Wairarapa Valley Development Scheme, and realignment and upgrading of the Te Whiti stopbank.

An additional \$632,000 of new flood protection measures were constructed for the Lower Wairarapa Valley Development, Waiohine, Waipoua, and the Upper Ruamahanga-Te Ore Ore and Gladstone River Schemes.

Flood Protection Targets



105

Delivering flood protection

Planned Targets

SHORT TERM (continued)

Complete maintenance operations in the western part of the region in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan, all within a budget of \$2,155,000.

Make significant progress on the Lower Wairarapa Valley Development Scheme Review and other investigations to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$376,000.

Actual

Maintenance operations were affected by the January 2005 floods and rock shortages. Work programmes were revised to include flood damage repairs following the floods. These programmes were materially completed by 30 June 2005 at a cost of \$2,666,279.

Those jobs that could not be completed by the end of the year have been built into the 2005/06 budgets and work programmes.

All operations were completed in accordance with established standards, statutory requirements and the Western Rivers Asset Management Plan.

Regular meetings with the Lower Wairarapa Valley Development Scheme Review Committee, plus specific meetings with ratepayers groups to discuss the progress with the review were completed throughout the year.

Projects completed were:

- Completion of an airborne laser survey to create a detailed contour map of the floodplain south of Martinborough.
- Development of MIKE21 hydraulic model to determine the areas affected by flooding in various situations.
- A review of the drainage system on the Whakawiriwiri stream.
- An environmental assessment of the scheme on Lake Wairarapa and its adjacent wetlands.
- Development of a possible rating classification.

The Kopuaranga River enhancement project did not gain approval. Investigations were delayed by the continuing floods and the requirement to complete flood damage repairs.

The total cost was \$451,100, and included \$36,000 of additional approved expenditure.



Flood Protection Targets

Delivering flood protection (continued)

Planned Targets

LONG TERM

Community pride and enjoyment in our rivers increases and there is continuing involvement in environmental enhancement projects.

SHORT TERM By 30 June 2005

Manage a Hutt River ranger service to provide public safety, surveillance, education and environmental enhancement services to the satisfaction of the Landcare Committee and within a budget of \$105,000.

Actual

All of the capital works that are carried out on the rivers within Greater Wellington's management have an environmental enhancement element, including restoration planting or creating green spaces and walkways for the community to enjoy.

The community is actively encouraged to participate in these environmental enhancement projects. We also provide funding to several friends and care groups to assist in their outstanding works alongside the river corridors.

A rolling five day per week (including weekends) ranger service was provided throughout the year at a cost of \$90,048.

A report on the ranger service was provided to Landcare Committee at its August 2005 meeting.

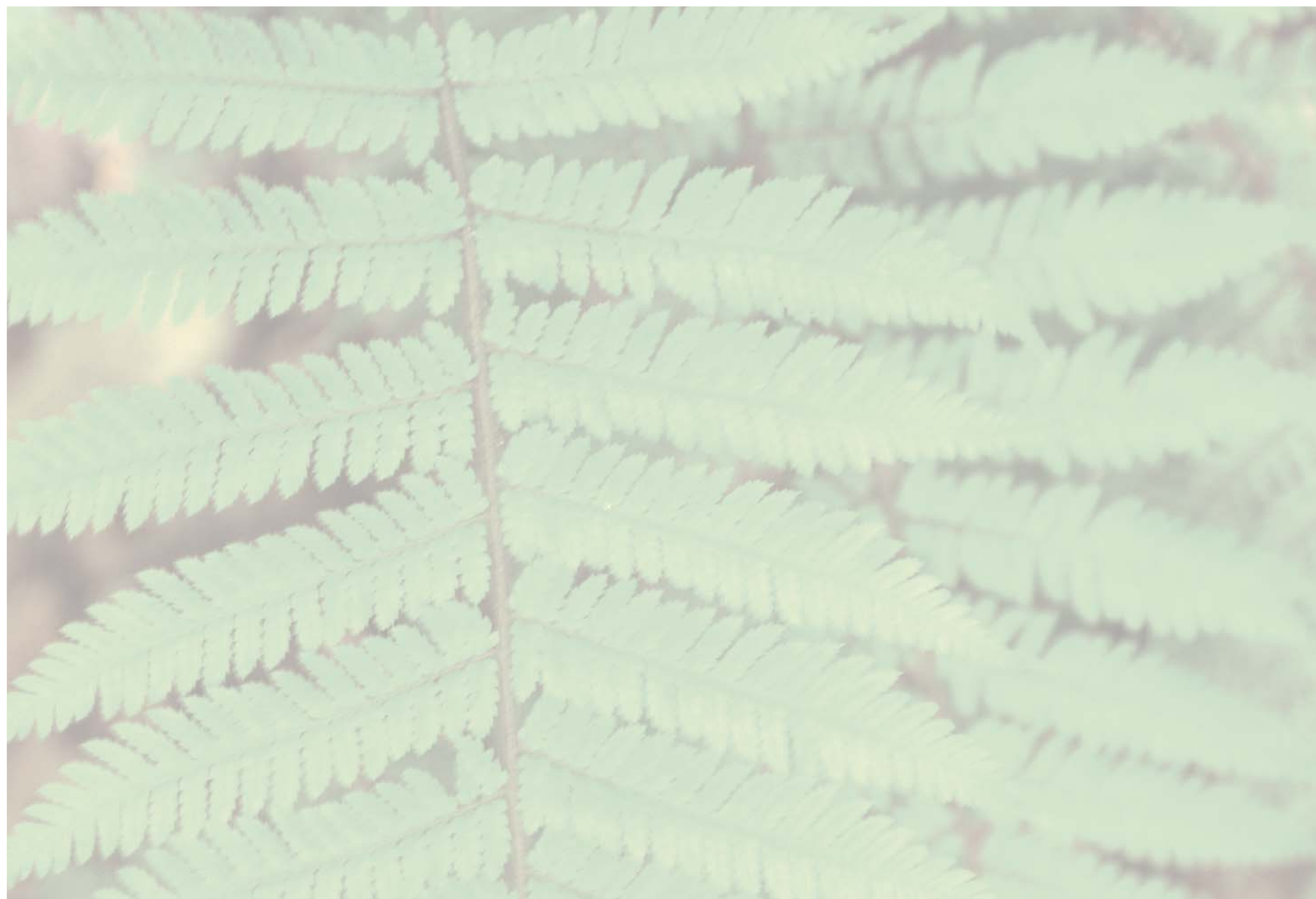
Flood Protection Financial Summary



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	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Funding Statement		
General Rate	6,829	6,829
Targeted Rates	2,941	3,980
Government Subsidies	0	0
Interest & Dividends	214	196
Fees, Charges & Other Revenue	5,967	1,044
Operating Revenue	15,951	12,049
Direct Operating Expenditure	11,414	6,856
Interest	1,694	1,945
Depreciation	(2,208)	716
Operating Expenditure	10,900	9,517
Operating Surplus/(Deficit)	5,051	2,532
Less:		
Capital Expenditure	5,427	5,086
Proceeds from Asset Sales	(3,587)	(35)
Loan Funding	(4,394)	(4,603)
Rates Funded Capital Expenditure	(2,554)	448
Debt Repayment	5,223	2,269
Investment Additions	283	273
Reserve Movements	841	258
Working Capital Movements	0	0
Non-Cash Items	2,208	(716)
Net Funding Required	(950)	0

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Operating Revenue		
Planning for Flood Protection	1,457	1,525
Delivering Flood Protection	14,494	10,524
Total Operating Revenue	15,951	12,049
Operating Expenditure		
Planning for Flood Protection	1,552	1,392
Delivering Flood Protection	9,348	8,125
Total Operating Expenditure	10,900	9,517
Capital Expenditure		
Hutt River Improvements	3,738	3,668
Waikanae River Improvements	100	415
Otaki River Improvements	345	206
Wairarapa Scheme Improvements	922	590
Mabey Road Subdivision	26	0
Other	96	80
Major Project Expenditure	5,227	4,959
Land & Buildings	52	0
Plant & Equipment	14	38
Vehicles	134	89
Total Capital Expenditure	5,427	5,086





The major effects of the parks and forests activities are on social and environmental well-being. Social well-being is enhanced through providing both informal (eg walking in the park) and formal (e.g. contribution to a Friends of the Park group) recreational opportunities.

Environmental well-being is enhanced through programmes that conserve and enhance natural ecosystems and protect landscape and scenic values.

Our management of water catchment areas contributes significantly to social and economic well-being by helping to provide a safe water supply.

Parks and forests activities help provide economic well-being through encouraging use of Greater Wellington land for appropriate activities (e.g. concessions, filming, ecotourism) in ways that do not conflict with our environmental, heritage and recreational activities.

PROGRESS ON OUR CONTRIBUTIONS

Biodiversity **Showcase good ecosystem management**

Plant and animal pest control programmes are gradually improving the quality of parks and forests' ecosystems. In addition, restoration projects protect scarce habitats.

Water **Protecting water catchments**

We monitor and control plant and animal pests that threaten the supply of high quality water.

Energy **Investigate renewable energy on Greater Wellington land**

Greater Wellington received a report on two wind energy sites, namely Mt Climie and Puketiro. We decided to proceed with public consultation on the Puketiro site. We are still investigating a third site, Belmont.

Recreation & Parks **Provide outdoor recreation opportunities, encourage use and involvement**

51% of survey respondents reported that they had visited a regional park in 2004/05. Visitor satisfaction surveys show that 91% of visitors are satisfied with the parks.

Community **Supporting environmental community groups**

We worked on nine environmental enhancement projects with community care groups during the year.



Parks and Forests Targets

Environment asset management and monitoring systems

Planned Targets

LONG TERM

Pests and weeds are under control in the regional parks, forests and water collection areas

SHORT TERM By 30 June 2005

Environmental assets and settings within the parks, forests and water collection areas will be monitored, protected and enhanced in accordance with the Parks and Forests Asset Management Plan service levels, within a budget of \$737,000.

Compliance with the standards in the Asset Management Plan will be reported to the Landcare Committee following the end of the financial year.

Actual

We have been implementing pest control programmes to maintain ecosystem health in regional parks, forests and water collection areas. Possums, goats, pigs, rabbits, deer, mustelids and pest plants have been controlled according to the highest priority needs identified through monitoring work and the pest control programme.

Monitoring work and surveys have continued to provide useful information for the management of these lands and about the success of control operations.

Environmental assets were monitored, protected and enhanced in accordance with planned service levels and recognised standards at a cost of \$770,462.

The year's programme included the completion of two possum operations unfinished at the end of the 2003/04 financial year at a cost of \$40,000.

Two planned minor weed control jobs were not completed within the financial year and will now be completed in 2005/06.

Compliance with the standards in the Asset Management plan is to be reported to the August 2005 Landcare Committee meeting.

Parks and Forests Targets



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Use of Greater Wellington lands

Planned Targets

LONG TERM

The public will at all times be able to safely enjoy using the regional parks and forests.

SHORT TERM By 30 June 2005

Recreation and heritage assets and facilities in the regional parks, forests and water collection areas will be monitored, maintained, protected and enhanced in accordance with the Parks and Forests Asset Management Plan service levels.

Compliance with the Asset Management Plan service levels will be reported to the Landcare Committee following the end of the financial year, within a budget of \$1,236,000.

Actual

To ensure that recreational needs and safety requirements in our regional parks and forests are met, we regularly monitored the condition of our assets and have a process to set and review operational work programmes.

The ranger services provided in each of the parks and forests also assist in providing a safe and educational environment for the community to enjoy.

Regular monitoring of our assets was conducted to standards in the Parks and Forests Asset Management Plan. Where assets were maintained or replaced, the assets were constructed by appropriately qualified staff to standards set in our structures manual and under the direction of qualified architects or engineers.

The cost of the monitoring, maintenance, protection and enhancement of the recreation and heritage assets and facilities was \$1,241,515.

Compliance with the standards in the Asset Management Plan was reported to the August 2005 Landcare Committee meeting.



Parks and Forests Targets

Use of Greater Wellington lands (continued)

Planned Targets

SHORT TERM (continued)

The annual capital works programme will be undertaken to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management Plan service levels. To be reported to the Landcare Committee following the end of the financial year, within a budget of \$278,000.

Actual

The annual work programme was undertaken at a cost of \$181,417. All jobs were undertaken in accordance with appropriate architectural and engineering standards, and with the Parks and Forests Asset Management Plan service levels.

The programmed works completed included:

- An upgrade of the Dry Creek entrance to Belmont Regional Park at a cost of \$45,893.
- An upgrade of the tracks network in East Harbour Regional Park at a cost of \$79,897.

Two projects that were planned to be completed during the year have been deferred to 2005/06:

- Building a new ranger's office at Queen Elizabeth Park. \$9,937 of the \$100,000 was spent during the year in design works.
- \$50,000 for building a new ranger's office at East Harbour Regional Park.

During the year we also completed the construction of two new toilet blocks in Queen Elizabeth Park at a cost of \$44,517.

Parks and Forests Targets



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Use of Greater Wellington lands (continued)

Planned Targets

SHORT TERM (continued)

Ranger services will be provided that facilitate public access, educate and inform visitors and users, liaise with community and stakeholder groups and ensure compliance with Greater Wellington policies.

The service will be to the satisfaction of the Landcare Committee and reported following the end of the financial year, within a budget of \$730,000.

Actual

A ranger service was provided at a cost of \$746,860 in the regional parks and forests on the following basis:

- A seven day per week residential ranger service at Battle Hill Farm Forest Park, Queen Elizabeth Park, Kaitoke Regional Park and the adjacent Hutt Water Collection Area, and the Wainuiomata/Orongorongo Water Collection Area.
- A five day per week (including weekends) ranger service at Belmont Regional Park, Akatarawa Forest, Pakuratahi Forest, the Hutt River corridor and East Harbour Regional Park.

A report on the ranger services was given to the Landcare Committee at its meeting in August 2005.



Parks and Forests Targets

Community activities

Planned Targets

LONG TERM

Community participation in the regional parks, forests and water collection areas will be enhanced.

SHORT TERM By 30 June 2005

The annual environmental enhancement projects as agreed with the Divisional Manager, Landcare, will be completed and reported to Landcare Committee following the end of the financial year, within a budget of \$138,000.

Actual

Community participation in the region's parks, forests and water collection areas is actively encouraged. An annual Regional Outdoors Programme is run between January and April providing around 40 events ranging from educational outings to bush walks and hosting sporting events.

Our community groups continue to be actively involved in our parks and forests, particularly in our environmental enhancement and restoration projects and management plan development.

Nine environmental enhancement projects were carried out during the year as planned. These projects involved a combination of providing funding to friends and care groups to continue their outstanding works, and organising community events in the parks and forests for planting and other environmental enhancement works.

The projects were provided at a cost of \$109,389 and were reported to the August 2005 Landcare Committee meeting.

Parks and Forests Targets



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Marketing and promotion

Planned Targets

LONG TERM

The number of people using the regional parks, forests and water collection areas will be balanced between attracting visitors and the areas carrying capacity.

SHORT TERM By 30 June 2005

The marketing plan for the regional parks and forests will be implemented to the satisfaction of the Divisional Manager, Landcare, within a budget of \$266,000.

Actual

We continue to refine and implement our Parks and Forests Marketing Plan. The plan provides the strategies we will use to create the balance between ensuring the parks and forests are well used by the community and that the natural beauty and ecosystems are protected.

The 2004/05 plan was implemented to the satisfaction of the Divisional Manager, Landcare at a cost of \$246,711.

This programme includes the implementation of the Regional Outdoors Programme. The 2004/05 programme was a great success with high attendance and some excellent feedback.



Parks and Forests Financial Summary

Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	5,064	5,064
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	44	46
Fees, Charges & Other Revenue	839	808
Operating Revenue	5,947	5,918
Direct Operating Expenditure	5,614	5,508
Interest	131	137
Depreciation	508	383
Operating Expenditure	6,253	6,028
Operating Surplus/(Deficit)	(306)	(110)
Less:		
Capital Expenditure	386	483
Proceeds from Asset Sales	(98)	(48)
Loan Funding	(180)	(278)
Rates Funded Capital Expenditure	108	157
Debt Repayment	196	156
Investment Additions	0	0
Reserve Movements	130	(40)
Working Capital Movements	0	0
Non-Cash Items	(508)	(383)
Net Funding Surplus (Deficit)	(232)	0

Operating Revenue

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	5,947	5,918
Total Operating Revenue	5,947	5,918

Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	6,253	6,028
Total Operating Expenditure	6,253	6,028

Capital Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Queen Elizabeth Park Enhancements	54	100
East Harbour Enhancements	80	128
Belmont Enhancements	46	50
Major Project Expenditure	180	278
Land & Buildings	0	0
Plant & Equipment	157	121
Vehicles	49	84
Total Capital Expenditure	386	483



Providing effective representation on behalf of the Wellington regional community has been a key role for Greater Wellington Regional Council as a local political body.

Local government has faced an unprecedented period of legislative reform. New local government, rating and electoral legislation brought with it a host of new obligations, and challenged local government to review past practices and to implement new procedures. Changes to the electoral legislation require a review of representation arrangements, including consideration of the possibility of Maori constituencies.

This area covers the political costs of Greater Wellington, including both the direct costs relating to councillors carrying out their statutory roles and the costs of support services provided by the Council Secretariat. Specifically, such costs included:

- Councillors' annual salaries, daily meeting allowances and travel expenses, as well as allowances and travel costs of other people appointed to the Council's committees.
- Public notice of Council and committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing the Council and its committees.
- Other public notices, dealing with elections and the like.
- Greater Wellington's share of local body election costs including triennial constituency and membership reviews plus induction of councillors following elections. An election was held in October 2004 and a new Council elected and sworn in.
- Subscription costs for Greater Wellington membership of organisations and forums, such as Local Government New Zealand.
- Other costs incurred by councillors in representing and communicating with the regional community.

Expenditure also included within this area is funding for the publication of economic data on the region, which contributed to informing the community.



Investment in Democracy Financial Summary

Funding Statement

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
General Rate	2,292	2,292
Targeted Rates	0	0
Government Subsidies	0	0
Interest & Dividends	6	6
Fees, Charges & Other Revenue	1,531	1,530
Operating Revenue	3,829	3,828
Direct Operating Expenditure	3,885	3,950
Interest	0	0
Depreciation	22	20
Operating Expenditure	3,907	3,970
Operating Surplus/(Deficit)	(78)	(142)
Less:		
Capital Expenditure	68	70
Proceeds from Asset Sales	(19)	(18)
Loan Funding	0	0
Rates Funded Capital Expenditure	49	52
Debt Repayment	0	0
Investment Additions	0	0
Reserve Movements	(174)	(174)
Working Capital Movements	0	0
Non-Cash Items	(22)	(20)
Net Funding Required	69	0

Operating Expenditure

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Direct Members' Costs	1,252	1,284
Council Secretariat	600	599
Divisional Management Support	250	250
Regional Economic Development	50	50
Other Costs	1,522	1,527
Election Costs	233	260
Total Operating Expenditure	3,907	3,970
Capital Expenditure		
Land & Buildings	0	0
Plant & Equipment	25	27
Vehicles	43	43
Total Capital Expenditure	68	70



Investment overview

Greater Wellington has a significant portfolio of investments comprising:

- Cash deposits
- Administrative properties (e.g. depots)
- Forestry and business units
- Loan to the Regional Stadium Trust
- Greater Wellington's internal treasury function
- Equity investments in the WRC Holdings Group (including CentrePort)

Greater Wellington's philosophy in managing investments is to optimise returns in the long term while balancing risk and return considerations. Greater Wellington recognises that as a responsible public authority any investments that it holds should be held for the long-term benefit of the community, with any risk being appropriately managed. It also recognises that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington's investment returns to the rate line are exposed to the success or otherwise of its two main investments – the WRC Holdings Group (including CentrePort) and its cash deposits.

It is important to appreciate that Greater Wellington's investments (excluding the impact of the stadium rate) contribute approx 14% to the total level of regional rates.

Cash deposits

Greater Wellington holds in cash deposits \$44 million as a result of selling its interest in CentrePort to one of its wholly owned subsidiaries, Port Investments Ltd. The rationale for holding these cash deposits is regularly reviewed taking into account:

- General provisions of Greater Wellington's Treasury Management Policy including attitude to risk and creditworthy counterparties.
- Specific provisions of Greater Wellington's Treasury Management Policy to hold sufficient deposits or have committed funds available as part of its self-insurance of infrastructural assets.
- The after-tax rate of return from alternative uses of these funds (e.g. reducing debt).
- The requirement to hedge the \$44 million debt within the WRC Holdings Group.

Currently, cash deposits are held on the basis that this provides the highest after-tax rate of return.



Investments

Administrative properties

Greater Wellington's interests in the Upper Hutt depot and the Masterton office building are grouped to form an investment category; administrative properties.

Forestry and business units

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

The overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forest business units are required to budget for an internal dividend irrespective of the projected operating result for the year.

The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of planned internal dividend contribution to the rate line from forestry is currently \$225,000 per year. This dividend will continue to be reviewed annually.

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

BioWorks, Greater Wellington's biosecurity business unit is not currently required to return an internal dividend.

Loan to the Regional Stadium Trust

Greater Wellington advanced \$25m to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance.

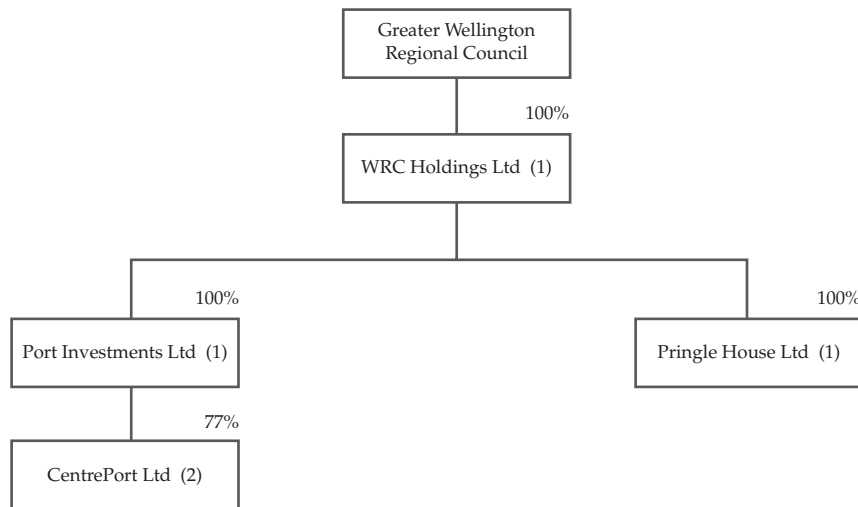
Greater Wellington's internal treasury function

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



Equity investments in the WRC Holdings Group

Greater Wellington has the following equity investments in the WRC Holdings Group:



- (1) Council Controlled Organisation in accordance with the Local Government Act 2002.
- (2) Commercial Port Company pursuant to the Port Companies Act 1988 and not a Council Controlled Organisation in accordance with the Local Government Act 2002.

WRC Holdings Ltd and Port Investments Ltd are investment holding companies. The main operating companies in the Group are CentrePort Ltd and Pringle House Ltd. Each year WRC Holdings Ltd provides to the Council, as 100% shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group structure was originally set up for a number of reasons that remain applicable, including:

- Appropriate separation of management and governance.
- Imposing commercial discipline on the Group’s activities to produce an appropriate return by ensuring appropriate debt/equity funding and requiring a commercial rate of return.
- Separation of Greater Wellington’s investment assets from public good assets.

The WRC Holdings Group is Greater Wellington’s prime investment vehicle and the main mechanism by which any additional equity investments will be owned and managed. Periodically this structure is reviewed to determine if it is still an appropriate vehicle for holding Greater Wellington’s investments.

In addition, Greater Wellington has minor equity interests in Civic Assurance and Airtel Ltd. These investments are owned directly by Greater Wellington rather than via the WRC Holdings Group.



Investments WRC Holdings Group

Objectives of the Group

The primary objectives of the Group as set out in the 2004/05 Statement of Intent (SOI) were to:

- Operate as a successful, sustainable and responsible business.
- Own and operate, via Pringle House Ltd (PHL), Greater Wellington's headquarters at 142-146 Wakefield Street, Wellington (known as the Regional Council Centre) on a cost-effective basis.
- Own via Port Investments Ltd (PIL), the Council's interest in CentrePort Ltd, to maximise the commercial value of CentrePort to the shareholders and to protect the shareholders' investment, while maintaining CentrePort's strategic value to the economy of the region.
- Effectively manage any other investments held by the Group in order to maximise the commercial value to the shareholders and to protect the shareholders' investment.

The financial objectives of the Group as set out in the 2004/05 SOI were to:

- Provide a commercial return to shareholders.
- Adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the Group as set out in the 2004/05 SOI were to:

- Operate in an environmentally responsible manner and sustainable manner.
- Minimise the impact of any of the Group's activities on the environment.
- Raise awareness of environmental issues within the Group.
- Encourage CentrePort and Pringle House to be more energy efficient and make greater use of renewable energy.

The social objectives of the Group as set out in the 2004/05 SOI were to:

- Be a leading organisation and a superior employer.
- Provide a safe and healthy workplace.
- Participate in development, cultural and community activities within the regions in which the Group operates.
- Help sustain the economy of the region.

WRC Holdings Group met all their objectives as set out in the 2004/05 Statement of Intent and Greater Wellington's 2003-13 LTCCP.

The nature and scope of activities undertaken by WRC Holdings are consistent with those set out in the 2004/05 Statement of Intent and Greater Wellington's 2003-13 LTCCP.

Directors

Ian Buchanan (Chairman)
Margaret Shields
Terry McDavitt
Rick Long
Anne Blackburn
Peter Blades



Financial performance targets

	Actual 2005	Budget 2005
Net Profit (before tax)	\$4.1m	\$6.6m
Net Profit (after tax)	\$17.4m	\$4.2m
Return on Total Assets	4.6%	7.6%
Return on shareholders' equity (excludes any increase in the value of investment property)	2.6%	16.0%
Return on shareholder equity (includes any increase in the value of investment property)	17.6%	16.0%
Dividends	\$0.7m	\$0.8m

Net profit before tax

The reduction in net profit before tax compared to target is caused by CentrePort writing down some impaired assets – a non cash item. A charge of \$3.05 million for such assets is included in this year's result.

Net profit after tax (before deduction of minority interest)

The net profit after tax measure includes a \$13.1 million increase in the net current value of the group's investment properties. During 2005 CentrePort Limited created a new category of non-current assets; Investment Properties, and changed its accounting policy for the treatment of unrealised changes in value of investment properties. Under the new categorisation developed investment properties and land held for development are classes within investment properties. Pringle House Ltd's investment property also increased in value.

Return on total assets

The target is calculated as earnings before interest and tax (EBIT) as a percentage of average total assets. The actual result is lower than target because CentrePort recognised that some of the existing cranes' values have been impaired. As a consequence an impairment loss of \$3.05 million (2004: \$Nil) has been charged in the Statement of Financial Position.

Return on shareholder equity

This target is calculated as net profit after tax (after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest). This measure is shown both before and after the impact on the net profit after tax due to the increase in value of investment properties. Average parent shareholder equity has also increased due to the revaluation of assets.

Dividends paid (or payable to the parent shareholders)

Dividend payments have been kept at previous levels.



Investments WRC Holdings Group

Environmental performance targets

Planned Targets

CentrePort Ltd to comply with AS/NZS 14000: Environmental Management Standards.

CentrePort Ltd to promote the introduction into the district and regional coastal plans of the principles of NZS 6809:1999 Acoustics - Port Noise Management and Land Use Planning.

The group to comply with all conditions under resource consents and permits held, and full adherence to the requirements of environmental law generally.

CentrePort to complete a noise management plan to support proposed changes to the noise provisions within the district and regional plans.

Actual

CentrePort has established Effective Environmental Management Systems with separate formal Environmental Management and Emergency Management Plans in accordance with the requirements of the AS/NZS ISO 14001:2004. These management plans are reviewed and updated on a regular basis. The Environmental Consultative Committee, an initiative of CentrePort, continues to hold regular meetings. The group represents a wide section of community interests.

The Environmental Register continues to be an effective management tool with all environmental issues recorded and complainants provided with reports of action taken. Environmental performance in accordance with annual objectives is managed through a formal committee structure.

This matter has not progressed as envisaged because issues involved two councils managing the process. CentrePort prepared the draft changes and submitted these to the two councils three years ago. However, because of these processing delays the original acoustic modelling needed updating. This remodelling work has been completed and the formal Plan Change process is expected to commence in the last quarter of 2005. Such a delay has the potential to prejudice CentrePort's operations especially if not done before October 2006.

The group has met the resource consent and permit conditions it holds and complied with all relevant legislation. In addition, CentrePort, a subsidiary company, is currently undertaking, as part of a continuing improvement and audit process, a formal legislative compliance review which, in addition to its other activity areas, focus on environmental legislation.

The Noise Management Plan is linked to Greater Wellington and Wellington City Council plan changes which accommodate the port noise principals of the NZ Standard 6809:1999. A draft plan has been developed and will be completed once the changes to the council plans are known.



Social performance targets

Planned Target

CentrePort to maintain current levels of compliance with the ACC Workplace Safety Management Practices Programme and the AS/NZS 4801: Occupational Health and Safety Management Systems.

CentrePort to maintain compliance with the International Ship & Port Security (ISPS) Code which promotes security against terrorism within the port environment.

CentrePort to undertake risk assessments and implement any mitigating procedures relating to the Port & Harbour Safety code which promotes safety and excellence in marine operations.

To undertake a level of sponsorship appropriate to CentrePort.

To meet regularly with representative community groups of CentrePort.

Actual

CentrePort has successfully achieved the tertiary level of compliance under the ACC programme with a significant levy saving. During the year the company undertook a significant review, using qualified professional consultants, of its occupational health and safety management systems. These improvements are expected to achieve a more effective health and safety environment which is taken up by all CentrePort personnel.

By 1 July 2004, CentrePort had met the ISPS Code requirement and fully certified as an International Port Security Zone. In addition, CentrePort systems have been audited by an international auditor and confirmed as complying with the ISPS Code.

During the year, CentrePort carried out an independent risk assessment of Wellington Port and Harbour was substantially completed. That assessment identified some 74 potential hazards and these were classified as mostly of a low level risk. We are continuing with the Harbour and Port Safety Management System process with the aim of having this completed by 30 June 2006.

CentrePort sponsors a wide variety of activities and these range from business groups to specific community projects. In the 2004/5 financial year, CentrePort committed some \$100,000 towards sponsorship.

During the year CentrePort participated with a number of community working groups. Such groups include the Chamber of Commerce, Transport Advisory Bodies and the Stadium Liaison Committee. Also, CentrePort through its Environmental Consultative Committee, met quarterly with community representatives to outline the CentrePort's objectives and to seek feedback.



Investments WRC Holdings Group

Social performance targets (continued)

Planned Target

To hold more port tours for community groups.

Actual

The security aspects of the ISPS Code make tours of the port difficult. Nevertheless, there have been a small number of tours for stakeholders and community interest groups over the last year.



■ General performance targets

Planned Target

The group will, in consultation with shareholders, continue to develop performance targets in the environmental and social areas.

Actual

During the year, the group consulted with shareholders on changes to environmental and social performance targets to improve the quality of these measures. These revisions were incorporated into the final SCI for 2005.



Investments CentrePort

Objectives of the company

as set out in the 2004/05 Statement of Corporate Intent (SCI)

The primary objectives of the company shall be to:

- operate as a successful, sustainable and responsible business
- be customer focused and provide superior service
- be the industry leader in transport logistics solutions.

The financial objectives of the company shall be to:

- provide a commercial return to shareholders
- adopt policies that prudently manage risk and protect the investment of shareholders.

The environmental objectives of the company shall be to:

- operate in an environmentally responsible and sustainable manner.
- raise awareness of environmental issues within the company.

The social objectives of the company shall be to:

- be a learning organisation and a superior employer
- provide a safe and healthy workplace
- participate in development, cultural and community activities within the regions in which the company operates.

Directors

N J Gould (Chairman)

J G Jefferies

E M M Johnson

W A Larsen

R Janes

B Harris (Appointed 7 December 2004; Resigned 1 June 2005)

H J Stone (Resigned 7 December 2004)

R M Petersen (Appointed 7 December 2004)



Financial performance targets

	2004/05 Actual excluding valuation changes ⁽³⁾	2004/05 Actual including valuation changes ⁽³⁾	2004/05 SCI Target
Net profit before tax	\$9.8m	\$6.8m	\$9.1m
Net profit after tax	\$7.2m	\$19.0m	\$6.1m
Return on total assets ⁽¹⁾ :			
– port	4.6%	2.8%	6.6%
– property held for development	0.3%	13.7%	0.4%
– investment properties	5.1%	21.6%	9.0%
– overall			5.8%
Return on shareholders' funds ⁽²⁾	5.1%	13.5%	4.5%
Dividend	\$3.6m	\$3.6m	\$3.6m
Dividend % of net profit after tax	50%	19%	59%

⁽¹⁾ Net profit before interest and tax as a percentage of average total assets.

⁽²⁾ Net profit after tax as a percentage of average shareholders' funds.

⁽³⁾ Valuation changes include an impairment of property, plant and equipment of \$3.0m and a revaluation of \$13.9m.



Investments Financial Summary

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Income Statement		
Operating Revenue	14,926	13,457
Operating Expenditure	7,969	8,779
Earnings before Interest	6,957	4,678
Interest	(817)	(813)
Operating Surplus (Deficit)	7,774	5,491
Less:		
Contribution to General Rates	11,693	7,624
Targeted Rate (Stadium)	(2,676)	(2,676)
Earnings Retained	(1,243)	543
Operating Surplus of Individual Investments		
Cash Deposits	3,099	2,794
WRC Holdings	2,809	940
Treasury Management	4,134	3,918
Plantation Forests	(302)	(38)
Reserve Forests	(335)	(441)
Administrative Properties	70	29
Akura Conservation Centre	45	49
BioWorks	84	74
Wairarapa Workshop	17	13
Operating Surplus (excl. Stadium)	9,621	7,338
Regional Stadium	(1,847)	(1,847)
Total Operating Surplus	7,774	5,491

	Council 2005 Actual \$000's	Council 2005 Budget \$000's
Net Contribution to General Rates From Individual Investments		
Cash Deposits	3,099	2,794
WRC Holdings	2,069	696
Treasury Management	6,413	3,840
Plantation Forests	0	150
Reserve Forests	0	75
Administrative Properties	62	19
Akura Conservation Centre	35	35
BioWorks	0	0
Wairarapa Workshop	15	15
Total Contribution to General Rates	11,693	7,624