

Annual Report Summary 2009/10

Greater Wellington Regional Council

This Annual Report Summary summaries Greater Wellington's Annual Report 2009/10

The year under review has been an exciting and active one for Greater Wellington. As you will see from reading this report, we have made significant advances in several areas of core business and have introduced a number of new initiatives.

Whether it be the introduction of the new Matangi trains later this calendar year or completing the cleanup and flood protection works in the lower Waiwhetu Stream, Greater Wellington's Councillors and staff are conscious of the need to provide value for money for our ratepayers and other stakeholders.

Like other sectors of the economy, local government generally has been challenged by the past two years of economic difficulties. In my introduction to last year's Annual Plan, I noted that many of our residents were in their worst financial position for some years. When setting rates for the forthcoming year, we took this into account and looked hard at the programmes and timing of delivery. As a result, we were able to hold the rates increase to a minimal 2.2%. In many ways the conservative financial approach that our Council has always taken has proved helpful and we have been able to maintain our core programmes, as well as invest in a few new areas that are critical for our community's wellbeing. However, there is no fat in the system and the next few years – as we move into paying our share of the new trains – will be challenging.

Over the past year we have engaged with the regional community on a number of issues, including the Regional Policy Statement, transport strategies, the parks network plan and the usual Annual Plan consultations. Other engagement has taken place around specific work we are planning at local level, while we also continue our partnerships in a range of areas with the city and district councils of the region and central government agencies. I would like to use this opportunity to thank all the individuals and organisations who have so willingly shared with us their time and knowledge to help the region. I know that for members of the public, in particular, consultation at times seems unending. We are acutely aware of this and try to make our community engagement relevant and focused, within the constraints of the legal requirements.

At a time when the structure of local government is under great scrutiny, the effectiveness of our collaboration with other local and central government agencies will also be an indicator of whether or not the Wellington region requires external intervention to improve delivery. The activities and delivery of the past year suggest that collaboration is alive and well. In the next 12 months Greater Wellington and local councils will look closely at our governance and delivery arrangements to see what we might do better.

It is a pleasure to introduce this Summary Annual Report 2009/10, on behalf of the Councillors and staff of Greater Wellington.



Fran Wilde

Key achievements of 2009/10

Resource management

- The Regional Policy Statement approved by Council
- Te Upoko Taiao – Natural Resource Plan Committee established and a review of regional plans commenced
- 99.4% of resource consents processed within statutory timeframes
- 100% success rate in enforcement actions taken under the Resource Management Act 1991
- 1,750 students from 21 schools took part in our Take Action environmental education programme
- Supported 35 community care groups to restore degraded ecosystems
- Assisted 25 business to improve their environmental performance

Transport

- Funded 1.2 million on bus, train and ferry services, with 35 million passenger boardings
- Reviewed three major plans – Regional Land Transport Strategy 2010-40, Regional Road Safety Plan and Travel Demand Management Plan
- Major upgrades to the rail network substantially complete

Water supply

- Supplied 52,939 million litres of water – 2.4% less than 2008/09 and the lowest annual total in the past decade
- All water supplied met the Drinking-Water Standards for New Zealand
- All water treatment plants maintained their grading

Parks and forests

- Purchased 284ha at Baring Head for the regional parks network
- Consulted on a new Parks Network Plan
- Regional parks and forests attracted more than 800,000 visitors

Land management

- Completed 50 biodiversity enhancement projects as part of the Ministry of Social Development's Community Max Scheme
- Completed possum/ferret control programme for bovine Tb
- The first 10 farm plans were completed under the Wellington Regional Erosion Control Initiative
- Protected 390ha of erosion-prone land

Safety and flood protections

- Completed construction of the new Beacon Hill Signal Station building
- Completed the Waiwhetu Stream clean-up and flood protection works

Regional sustainable development

- Progressed the regional broadband project
- Launched the Warm Greater Wellington home insulation scheme, with 133 installations completed

Community

- Held the annual Ara Tahī hui
- Māori representatives sat on all Council committees

Financial Overview for the year ending 30 June 2010

Greater Wellington's net operating surplus for the 2009/10 year before unrealised gains and losses and transport improvements was \$8.386 million, compared with a budgeted surplus of \$1.028 million. Including the revenue and expenditure on the transport improvements and valuation movements the net surplus was \$4.404 million, which is \$3.300 million ahead of budget.

Significant components of this variance are:"

- Greater Wellington receives grant revenue to fund various transport projects. Revenue is only received when expenditure is incurred, a number of projects were below budget, including:
 - Lower expenditure for the purchase of the Matangi trains of \$45.4 million due to a slight delay and a revised payment schedule. This reduced transport improvement revenue by \$41.8 million.
 - Lower rail project expenditure, including the MacKays Crossing to Waikanae double tracking of \$14.6 million reduced transport improvement revenue by \$8.8 million.
 - Reduced payments in respect of diesel bus inflation, \$4.2 million
 - Increased rail contract costs of \$2.2 million due to decreases in patronage whilst the rail upgrade is being undertaken.
- Increased dividends and subvention payments of \$0.8 million over budget were received from the WRC Holdings Group
- The timing of the revaluation of the Water Assets was brought forward resulting in higher depreciation than budgeted of \$1.1 million
- The purchase of land at Baring head was not budgeted. Lower Hutt City Council, the Department of Conservation and a private benefactor contributed \$1.1 million towards this land purchase.
- Changes in interest rates has resulted in unrealised valuation losses on financial instruments of \$4.6 million above budget
- High log prices at year end has resulted in a significant unrealised increase in the value of the forestry investment of \$6.0 million, which is \$4.1 million over budget

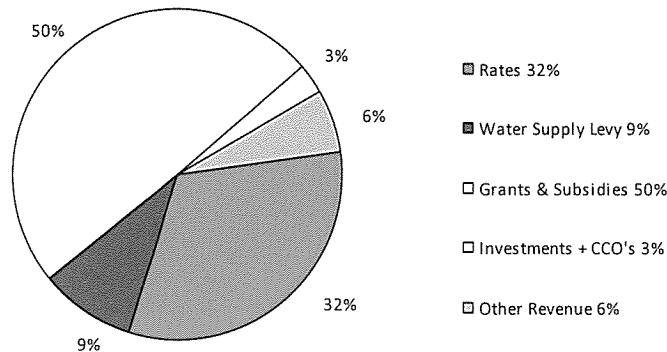
	Greater Wellington Group		Greater Wellington		
	2010 Actual \$000s	2009 Actual \$000s	2010 Actual \$000s	2010 Budget \$000s	2009 Actual \$000s
Summary Statement of comprehensive income for the year ended 30 June 2010					
Operating revenue	224,011	221,408	171,378	168,868	168,093
Finance costs	10,019	13,354	5,158	5,999	4,908
Operating Expenditure	201,825	192,445	157,834	161,841	154,806
Operating surplus	12,167	15,609	8,386	1,028	8,379
External funding for Baring Head	1,100	-	1,100	-	-
Unrealised gains and (losses) on financial instruments	(1,344)	(789)	(5,189)	(570)	7,260
Forestry gain (loss) from revaluation/cost of goods sold	4,885	(924)	4,885	1,248	(924)
Net revenue/(expenditure) for transport improvements	7,584	2,008	(4,778)	(602)	(15,030)
Net Surplus (deficit) for the year before tax	24,392	15,904	4,404	1,104	(315)
Tax	(7,982)	(2,412)	-	-	-
Surplus/(deficit) for the year	16,410	13,492	4,404	1,104	(315)
Other comprehensive income					
Unrealised increases / (decreases) in asset revaluations	1,907	42,139	-	-	45,310
Profit for the year from discontinued operations	6,310	-	-	-	-
Total comprehensive income	24,627	55,631	4,404	1,104	44,995
Attributed to:					
Minority interest	4,295	(303)	-	-	-
Equity holders of the parent	20,332	55,934	4,404	1,104	44,995
Total comprehensive income surplus/(deficit) for the year	24,627	55,631	4,404	1,104	44,995

Financial Overview for the year ending 30 June 2010

This pie chart illustrates Greater Wellington's source of revenue. Rates made up 32% of our revenue in 2010

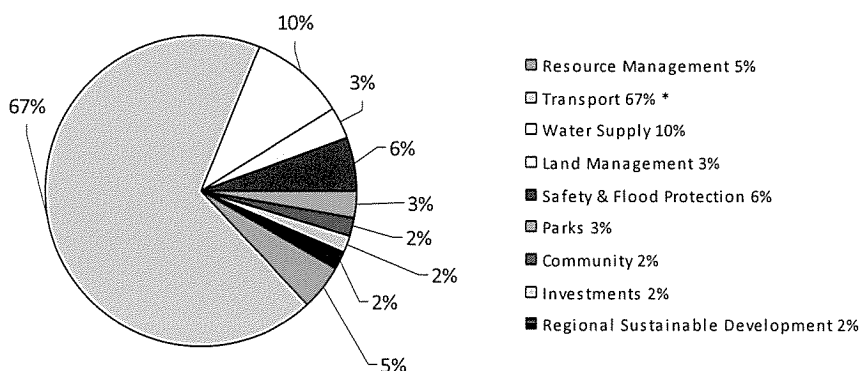
Grant and subsidies, predominately from Central Government makes up the largest share.

Council Revenue



This pie chart illustrates Greater Wellington's operational expenditure by outcome. The largest portion is for public transport, which includes \$83.0 million being invested in the rail network improvements during 2010.

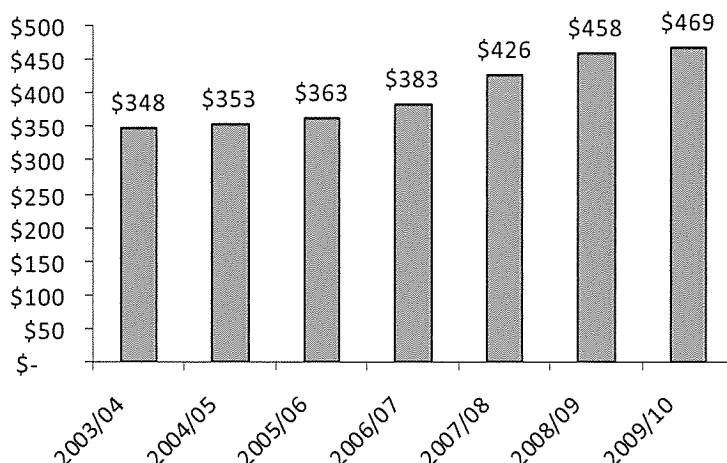
Council Operational Expenditure



*includes \$83.0m of transport improvements

Over the past seven years, rates per property have increased by an average of 5.8%. This increase includes the change for Greater Wellington taken on rating for economic development of the entire region and the current investment in improving the rail network.

Average rates including GST collected per property



**Summary statement of changes in equity
for the year ended 30 June 2010**

Equity - opening balance as at 1 July	827,968	773,529	655,376	633,739	610,381
Total comprehensive income surplus/(deficit) for the year	24,627	55,631	4,404	1,104	44,995
Dividend to minority interest	(1,192)	(1,192)	-	-	-
Total closing equity at 30 June	<u>851,403</u>	<u>827,968</u>	<u>659,780</u>	<u>634,843</u>	<u>655,376</u>
Equity attributed to:					
Equity holders of the parent	805,162	784,830	659,780	634,843	655,376
Minority interests	46,241	43,138	-	-	-
Total closing equity at 30 June	<u>851,403</u>	<u>827,968</u>	<u>659,780</u>	<u>634,843</u>	<u>655,376</u>

**Summary balance sheet
as at 30 June 2010**

Current assets	255,080	76,651	101,879	78,405	69,634
Non-current assets	982,966	1,108,053	697,599	707,996	698,600
Total assets	<u>1,238,046</u>	<u>1,184,704</u>	<u>799,478</u>	<u>786,401</u>	<u>768,234</u>
Current liabilities	161,314	111,686	44,334	71,865	42,766
Non-current liabilities	225,329	245,050	95,364	79,693	70,092
Total liabilities	<u>386,643</u>	<u>356,736</u>	<u>139,698</u>	<u>151,558</u>	<u>112,858</u>
Total equity	<u>851,403</u>	<u>827,968</u>	<u>659,780</u>	<u>634,843</u>	<u>655,376</u>

- Current assets are higher than budget and last year as some deposits have been reclassified as current assets
- Equity is higher than budget due to the 2008/09 water revaluation being finalised after the 2009/10 budget was finalised.
- Longer maturity debt at balance date has reclassified debt from current to non-current liabilities
- Overall term debt was lower than budget due to the lower level of capital expenditure and transport improvements compared to budget.

**Summary cash flow
for the year ended 30 June 2010**

Cash flows from operating activities	36,728	10,860	17,995	11,035	12
Cash flows from investing activities	(55,701)	(86,499)	(27,324)	(37,997)	(34,110)
Cash flows from financing activities	37,615	59,412	28,003	29,011	18,246
Net increase (decrease) in cash, cash equivalents and bank	<u>18,642</u>	<u>(16,227)</u>	<u>18,674</u>	<u>2,049</u>	<u>(15,852)</u>
Opening cash equivalents	17,869	34,096	17,313	35,281	33,165
Closing cash equivalents	<u>36,511</u>	<u>17,869</u>	<u>35,987</u>	<u>37,330</u>	<u>17,313</u>

- Actual cashflow from operations is higher than budget due to lower expenditure on transport improvements. This is further explained in note 30.
- The lower level of capital expenditure and transport expenditure reduced the cash outflow for investing activities.

This is a summary of Greater Wellington's activities for the year 1 July 2009 to 30 June 2010. The information has been extracted from our Annual Report 2010, which was authorised for issue by the Chair, Chief Executive and Chief Financial Officer on 28 September 2010. It has been prepared in accordance with FRS-43: Summary Financial Statements. The annual report contains detailed information about our finances and service performance. Audit NZ has audited the full financial statements and issued an unqualified report. This summary has been examined by Audit NZ for consistency with the full annual report.

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

A summary report cannot be expected to provide as complete an understanding of Greater Wellington's activities as provided by the full annual report. For the full

Annual Report 2010, please see www.gw.govt.nz or phone 0800 496 734.

For more information, contact:

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