



If calling, please ask for Democratic Services

Council

Thursday 17 December 2020, 9.30am

Council Chamber, Greater Wellington Regional Council
100 Cuba St, Te Aro, Wellington

Members

Cr Ponter (Chair)

Cr Staples (Deputy Chair)

Cr Blakeley

Cr Brash

Cr Connelly

Cr Gaylor

Cr Hughes

Cr Kirk-Burnnand

Cr Laban

Cr Lamason

Cr Lee

Cr Nash

Cr van Lier

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

Council

Thursday 17 December 2020, 9.30am

Council Chamber, Greater Wellington Regional Council
100 Cuba St, Te Aro, Wellington

Public Business

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Council
17 December 2020
Report 20.498



For Decision

GREATER WELLINGTON REGIONAL COUNCIL'S 2019/20 ANNUAL REPORT

Te take mō te pūrongo

Purpose

1. To advise Council on the adoption of Greater Wellington Regional Council's Annual Report for the year ended 30 June 2020.

He tūtohu

Recommendations

That Council:

- 1 **Adopts** Greater Wellington Regional Council's Annual Report (Attachment 1), and Summary of the Annual Report (Attachment 2), for the year ended 30 June 2020.
- 2 **Authorises** the Chief Executive to make minor changes that may arise as part of finalising the audited Annual Report and Summary of the Annual Report for the year ended 30 June 2020.

Consideration by Committee

2. The matters contained in this report were considered by the Finance, Risk and Assurance Committee (the Committee) at its meeting on 26 November 2020 (Draft 2019/20 Annual Report – Report 20.461).
3. The Committee noted that the audit process had not been completed at the time of the meeting but was satisfied with the verbal update provided by Audit New Zealand (Audit NZ) at the meeting.
4. The Committee recommended, after considering all relevant information from Audit NZ, that Council adopts the Annual Report subject to any changes required once the audit process has been completed.
5. Minor changes were made to the reporting of the non-financial performance measures following the Committee meeting. The public transport measures that were previously reported as "not measured" due to the annual satisfaction survey not being carried out, have now been updated to provide interim results based on the mid-year satisfaction survey.

Te tāhū kōrero

Background

6. Under section 98 of the Local Government Act 2002 (LGA), Council must prepare and adopt, in respect of each financial year, an annual report within four months after the end of the financial year to which it relates.
7. In response to the impact of the COVID-19 pandemic, the COVID-19 Response (Further Management Measures) Legislation Act (No 2) 2020 added a new section 98A to the LGA to extend the statutory reporting timeframe for adoption of local authority annual reports from 31 October 2020 to 31 December 2020.
8. The 2019/20 Annual Report for Greater Wellington Regional Council (Greater Wellington) ([Attachment 1](#)) reports against Year Two of the 2018-28 Long Term Plan (the 2019/20 Annual Plan) on the achievement of financial and non-financial performance measures, and includes the audited financial statements for Greater Wellington and its subsidiaries, reported as a group.
9. The 2019/20 Summary of the Annual Report for Greater Wellington ([Attachment 2](#)) provides a summary of the key information contained with the 2019/20 Annual Report.
10. The Audit Director, Clint Ramoo, will attend the meeting and is expected to provide the audit opinion.

Te tātaritanga

Analysis

Non-financial performance

11. Greater Wellington achieved 59 percent of its non-financial performance measures, and exceeded a number of its targets, even amongst the pressures of the Government's Alert Level restrictions. For example, we planted almost twice as many native trees in our regional parks than the target (63,367 against a target of 35,000); planted 755 hectares of erosion-prone hill country against a target of 550 hectares; and increased the number of adults participating in sustainable transport initiatives and promotions when compared to 2018/19.
12. We did not achieve targets for 41 percent, or 26, of our measures. Many of the results for these measures were very close to their target. For example, bus punctuality at origin was 94.2 percent against a target of 95 percent; our rate of detection and associated action taken on non-complying resource management incidents was 31.7 percent against a target of 32.8 percent; and two of our harbour navigation aids experienced failures during the year meaning we did not achieve our target of having all navigation aids working 24 hours a day, seven days a week.
13. The response to COVID-19 directly impacted our achievement of seven (out of the 26) targets not achieved. For example, public transport passenger boardings per capita dropped from 75.3 in February 2020 to 62.4 by 30 June 2020. We were also only able to deliver possum predator control across 76 percent of the planned Regional Possum Predator Control Programme area during 2019/20.

14. We rely on the delivery of an annual on-transport passenger satisfaction survey to measure the four Metlink public transport satisfaction performance measures. This annual survey was unable to be carried out in May 2020 as the Government's Alert Level restrictions reduced patronage and we did not have a comparable sample size to 2018/19. The physical distancing restrictions also meant that carrying out an on-transport survey was not appropriate. We carried out an interim survey in November 2019 using the same methodology as the annual survey, but only covering the rail network and the Wellington City services on the bus network. We have used this interim survey to provide indicative results for these performance measures.
15. The material measures selected by Audit NZ for review for 2019/20 included the Water Supply activity non-financial performance measure of "Attendance for urgent call-outs: time from local authority receiving notification to service personnel confirming resolution". This is one of the performance measures that Wellington Water's auditors have indicated they might qualify in their Wellington Water audit report. This may have a flow-on effect to the audit opinion for Greater Wellington.

Financial performance

16. The 2019/20 financial year had many challenges, particularly those resulting from the Government's Alert Level restrictions in response to the COVID-19 pandemic. Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.
17. The annual operating deficit was \$0.98 million compared to the forecast surplus of \$12.7 million set in the 2019/20 Annual Plan. This change is mainly due to lower transport improvement grants from Waka Kotahi/New Zealand Transport Agency due to delayed capital projects. Some of the major delays related to Project NEXT (still in the procurement phase) and delays in bus shelter, signage and station renewals and upgrades.
18. Net capital expenditure was 46.28 percent, or \$43.3 million, less than budget. This is mainly a result of delays in project completion, particularly as Alert Level restrictions impacted our ability to meet planned delivery schedules. Some of these delays were also deliberately planned to reduce the borrowings until the impact of the Alert Level restrictions was known.
19. Note 34 in the *Notes to the Financial Statements* of the 2019/20 Annual Report (**Attachment 1**) provides further explanations to major variances between the actual and budget numbers.
20. The actual reserve balance as at 30 June 2020 is \$34.5 million (see **Attachment 3**), compared to the 2018-28 Long Term Plan figure of \$26.8 million. This is mainly due to the re-budget reserves and corporate systems and Masterton building reserve not known at the time of the 2018-28 Long Term Plan preparation.

Audit opinion

21. Under the timeline agreed with Audit NZ for the extended statutory reporting timeframe (see paragraph 7 above), Council would have adopted Greater Wellington's 2019/20 Annual Report at Council's 10 December 2020 meeting. However, Audit NZ,

citing significant resource constraints, has delayed its audit opinion to 17 December 2020.

22. At the time of writing this report Audit NZ has not completed its audit, but has assured officers that Audit NZ will meet the 17 December 2020 timeframe.
23. Audit NZ has also informed officers that the audit opinion will carry an emphasis of matter on the uncertainties arising from the impact of the Kaikoura earthquake & the impact of Covid-19 on certain asset valuations related to Centreport and non-financial performance measure related to Wellington Water (see paragraph 15).

Ngā hua ahumoni Financial implications

24. There are no financial implications arising from this report.

Ngā tikanga whakatau Decision-making process

25. The matters requiring decision in this report were considered by officers against the requirements of Part 6 of the LGA (including sections 98 and 98A).

Te hiranga Significance

26. Officers considered the significance (as defined by Part 6 of the LGA) of these matters, taking into account Council's *Significance and Engagement Policy* and Greater Wellington's *Decision-making Guidelines* into account. Officers recommend that these matters are of low significance given their administrative nature.

Te whakatūtakitaki Engagement

27. Due to the low significance of these matters, no engagement was needed.

Ngā tūāoma e whai ake nei Next steps

28. Greater Wellington is required, within one month of Council's adoption of the Annual Report, to make the Annual Report and Summary Report available to the public. Both documents will be published on Greater Wellington's website and limited hard copies will be produced.

**Ngā āpitihanga
Attachments**

| Number | Title |
|---------------|---|
| 1 | Greater Wellington's 2019/20 Annual Report |
| 2 | Greater Wellington's 2019/20 Summary of the Annual Report |
| 3 | Reserve balance as at 30 June 2020 |

**Ngā kaiwaitohu
Signatories**

| | |
|-----------|--|
| Writers | Ashwin Pai, Financial Controller Zofia Miliszewska, Team Leader, Corporate Planning and Reporting |
| Approvers | Alison Trustrum-Rainey, Chief Financial Officer Tracy Plane, Manager Strategic & Corporate Planning Samantha Gain, General Manager Corporate Services Luke Troy, General Manager Strategy |

| He whakarāpopoto i ngā huritaonga Summary of considerations |
|---|
| <i>Fit with Council's roles or with Committee's terms of reference</i> Council is responsible, under section 98 of the LGA, for preparing and adopting an annual report for each financial year. Section 98A of the LGA grants local authorities an time extension to adopt the 2019/20 Annual Plan by 31 December 2020. |
| <i>Implications for Māori</i> There are no known impacts for Māori relating to the content or recommendations of this report. |
| <i>Contribution to Annual Plan / Long Term Plan / Other key strategies and policies</i> The 2019/20 Annual Report covers Greater Wellington's performance in delivering on Year Two of the 2018-28 Long Term Plan (and the corresponding 2019/20 Annual Plan). |
| <i>Internal consultation</i> There was consultation with the Strategy Group and with the Finance and Communications and Engagement departments. |
| <i>Risks and impacts - legal / health and safety etc.</i> There are no identified risks relating to the content or recommendations of this report. |

**Te Pane Matua Taiao
Greater Wellington Regional Council**

**2019/20 Pūrongo ā Tau
2019/20 Annual Report**

DRAFT

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He karere nā te Heamana me Te Tumu Whakarae | Message from the Chair and Chief Executive

Kia ora koutou

2019/20 has been a year like no other.

We reflect with a sense of pride on the way we have persevered through, and successfully managed, the challenges faced across our region in the closing months of 2019/20 with the emergence of the COVID-19 pandemic and the subsequent Alert Level restrictions.

Regular operations were somewhat overshadowed in the last quarter by the activation of Greater Wellington's crisis management processes in response to Alert Level restrictions. In addition to maintaining core business functions, we successfully redeployed staff to resource our emergency management functions in the Emergency Coordination Centre. Every day, Greater Wellington people left the security of their 'bubbles' to perform this critical work.

Pre-COVID-19, in October 2019, the triennial local government elections took place and we welcomed in a new Council – including six new Councillors – and elected a new Chair. The new Council has shown commitment to the things that really matter – refocusing as an environmental agency, committing to climate change mitigation and adaption, and partnering with mana whenua.

As well as focusing on community resilience in 2019/20, we've also taken steps to ensure regional resilience in the future.

In collaboration with local councils and central government agencies, we have led breakthrough work on a regional spatial plan, the Wellington Regional Growth Framework.

In September 2019 Council voted to declare a climate emergency, signalling the urgency of the action we need to take to mitigate and adapt to the effects of climate change and extreme weather events. We confirmed a goal of becoming carbon-neutral by 2030, with an aim of a 40 percent reduction in emissions by 2025 - and agreed key interventions and pathways to achieve this goal.

We continued to work hard to improve the performance of our public transport network across the region, working with KiwiRail to support their rail infrastructure renewal programme. This will ensure the network is fit for purpose and will improve the resiliency of rail across the region.

The Bus Network Review was completed, with over 2,000 people participating in community engagement through an intensive programme of focus groups, community drop-ins and online surveys. Response to the engagement from participants was positive, as was the response to the improvements that have been delivered to respond to the feedback.

We continued to accelerate decarbonisation of Metlink buses, with contracts with NZ Bus and Tranzurban for 98 electric buses signed in June 2020. These will start to arrive in the first half of 2021 and will be fully in place by early 2023.

During the COVID-19 Alert Level 4 lockdown the Metlink team did a huge amount of work to ensure the provision of public transport as an essential service in a way that responded to government directives, customer needs, and the safety of passengers and Metlink staff.

In the first three quarters of the year patronage across our public transport network rose steadily. As we emerge from the COVID-19 Alert Level 4 lockdown, patronage in the Wellington Region has increased at

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a rate higher than anticipated. In fact, Wellington's recovery in terms of public transport patronage is the strongest in the country.

We publicly notified decisions on the proposed Natural Resources Plan, which provides a very comprehensive blueprint for the positive management of the region's natural resources. Parts of the decision have been appealed to the Environment Court, and resolution of appeals continues. The Plan will become fully operative once all appeals are resolved.

We continued to protect our environment by responding to incidents and following them through with appropriate enforcement actions.

Building on whitua success in prior years we continued our mahi to improve the health of our land and waterways through the Whaitua te Whanganui-a-Tara committee. This committee works with stakeholder organisations, mana whenua and local communities to improve the health of the waterways in the Te Whanganui-a-Tara catchment, which extends from Upper Hutt in the north to Wellington City in the south, Wainuiomata in the east and Makara in the west.

Across all our activities effective partnering with mana whenua is a crucial focus for Greater Wellington. This year our Councillors and mana whenua embarked on a co-designed process to reset the partnership for the future.

The last financial year has been very challenging, particularly as a result of COVID-19 Alert Level restrictions. We've achieved an operating deficit of \$0.98 million for the year, compared to the forecast surplus of \$12.7 million set in the 2019/20 Annual Plan. This is mainly due to lower transport improvement grants from Waka Kotahi/NZ Transport Agency relating to delayed capital projects. While some of the delays impacted our ability to meet planned delivery schedules, other delays were deliberately planned to reduce the borrowings until the impacts of the COVID-19 Alert Level restrictions were known.

Please take the time to read our 2019/20 Annual Report. We are proud of the work we've done this year, but our achievements would not have been possible without our collaborative partnerships and the support of our communities. Thank you.

Nāku noa, nā

Greg Campbell
Chief Executive

Daran Ponter
Council Chair

He tiro whānui i ngā mahi i tutuki i a mātou | Overview of our performance

Ko te wāhi ki a mātou | Our Place in your world

This Annual Report describes the work that Greater Wellington Regional Council (Greater Wellington) has undertaken between 1 July 2019 and 30 June 2020. It focuses on actual performance against what was planned in the second year of the 2018-28 Long Term Plan and covers both financial and non-financial performance against targets.

The 2019/20 Annual Report has been prepared in accordance with Section 98 of the Local Government Act 2002.

Strength, Resilience, and Adaptability

2019/20 has been a year like no other in Greater Wellington's history. Throughout the year we continued to lead and deliver on collaborative work programmes focused on developing an extraordinary region – thriving, connected and resilient.

This year we:

- set targets to be carbon neutral by 2030 and carbon positive by 2035
- welcomed in a new Council with six new councillors and elected a new Chair, as result of the triennial local government elections
- completed the Wellington City Bus Network Review and began implementing the action plan
- gained Government agreement and funding for a detailed business case and tender process for new regional commuter trains
- accelerated our decarbonisation of the Metlink bus fleet by signing contracts for an additional 98 electric buses to be added over the next two years.
- released the decisions on the proposed Natural Resources Plan and completed the submission and hearing processes
- built on whitua success from previous years and continued our mahi to improve the health of our land and waterways through the Whitua te Whanganui-a-Tara committee
- delivered our Key Native Ecosystems programme, including operational support and advice to site partners, most notably at East Harbour, Northern Forest, Parangarahu Lakes Area, Baring Head/Ōrua-pouanui, Waitohu and Ōtaki Coast
- reached a significant milestone for the Predator Free Wellington – Miramar project with most of the Miramar Peninsula now free of Norway rats and mustelids
- connected with communities by delivering workshops to provide advice on improving stream quality to over 15 different community groups; supporting 62 landowners to help them restore 95 wetlands across the Wellington Region; and supporting three community groups in Wairarapa Moana to undertake restoration projects
- commenced the development of the Wellington Regional Growth Framework (regional spatial plan)

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- progressed our contributions to a number of major projects, including RiverLink, Let's Get Wellington Moving, and the Multi-User Ferry Terminal
- supported the development of a strategy for the region's Māori economy.

In the last three months of the financial year (April – June 2020), we found ourselves, like councils across New Zealand, grappling with extreme levels of uncertainty surrounding the COVID-19 pandemic, and what this meant not just for our immediate lives but for our shared future. During this time we maintained core business functions, while supporting our region by deploying Greater Wellington staff to resource the region's Emergency Coordination Centre and continuing to deliver our public transport network. We also supported Māori communities in their response to the pandemic.

More details on Greater Wellington's response to COVID-19 can be read on pages XX-YY (*Ko tā Te Pane Matua Taiao whakahoki ki te mate urutā KOWHEORI-19 | How Greater Wellington is responding to the COVID-19 pandemic*).

You can read more about the performance of Greater Wellington's activities on pages XX-YY (*Ngā Mahi a Te Pane Matua Taiao | Activities of Greater Wellington Regional Council*).

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Ko ngā hua mō te hāpori | Community outcomes

Greater Wellington aims to improve the quality of life of the people who live in the Wellington Region. We aspire to improve the overall wellbeing of the region and we do this by aligning the work we do through five Community Outcomes. These outcomes underpin the activities we do, and flow through to our vision.

Our Vision:

He rohe taurikura – ka tōnui, ka honohono, ka pakari hoki

An extraordinary region – thriving, connected and resilient

Our Community Outcomes:

| Outcome | What it means | Contributing Groups of Activities |
|---------------------|--|--|
| Strong Economy | A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment | Environment (page XX) Regional Parks and Forests (page XX) Flood Protection and Control Works (page XX) Regional Leadership (page XX) Water Supply (page XX) Metlink Public Transport (page XX) |
| Connected community | People are able to move around the region efficiently, and our communications networks are effective and accessible | Regional Leadership (page XX) Metlink Public Transport (page XX) |
| Resilient community | A community that plans for the future, adapts to change and is prepared for emergencies | Environment (page XX) Flood Protection and Control Works (page XX) Regional Leadership (page XX) Water Supply (page XX) |
| Healthy community | An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs | Environment (page XX) Regional Parks and Forests (page XX) Flood Protection and Control Works (page XX) Regional Leadership (page XX) Water Supply (page XX) Metlink Public Transport (page XX) |
| Engaged community | An engaged community that takes pride in our region, values and rural landscapes, and enjoys our amenities and choice of lifestyles. | Environment (page XX) Regional Parks and Forests (page XX) Regional Leadership (page XX) |

Ko te Mahi Tahī ki te Mana Whenua | Partnering with mana whenua

Greater Wellington has enjoyed strong and productive partnerships with mana whenua collectively and with each mana whenua entity directly since 1993. Enabling partnerships with mana whenua in the region honours our commitment and obligations to Te Tiriti o Waitangi. This partnership creates opportunities to advance aspirations and priorities. Greater Wellington is committed to:

- supporting rangatira ki te rangatira relationships;
- ensuring mana whenua are central to decision making on Council's committees;
- strengthening mana whenua and Māori outcomes in the region;
- protecting and enhancing natural resources and taonga tuku iho, with a particular focus on freshwater; and
- advancing Māori economic development.

There are six iwi which are mana whenua in our region and that have kaitiaki roles and responsibilities over the land, waterways, animals and birds in their respective rohe. Greater Wellington has established and maintains relationships with each iwi, who are:

- Ngāti Kahungunu ki Wairarapa (represented by Ngāti Kahungunu ki Wairarapa Charitable Trust)
- Taranaki Whānui ki Te Upoko o Te Ika (represented by the Port Nicholson Block Settlement Trust)
- Ngāti Toa Rangatira (represented by Te Rūnanga o Toa Rangatira Inc)
- Te Ātiawa ki Whakarongotai (represented by Ātiawa ki Whakarongotai Charitable Trust)
- Ngāti Raukawa ki te Tonga (represented by Ngā Hapū o Ōtāki)
- Rangitāne o Wairarapa (represented by Rangitāne o Wairarapa Inc).

A strong partnership enables us to work together to achieve our dual roles of sustainably managing and protecting natural resources for the benefit of current and future generations. To ensure that our partnerships with mana whenua are focused on the future, Council and mana whenua agreed to review the collective relationship that was established in 1993 through the partnership forum, Ara Tahī. Our collective discussions continue with all parties committed to a strong and enabling collective relationship.

Ko te Mahi mō te Āhuarangi | Climate Action

Our communities, infrastructure, economy and natural environment are all affected by the changing climate. Conversations about climate change have matured significantly over the past few years as community concerns grow about climate change and its impacts on where we live.

A special report prepared by the Intergovernmental Panel on Climate Change says we only have until 2030 to reduce carbon emissions by half if we are to limit temperature rises to 1.5 degrees above pre-industrial times. This is considered the danger line for global warming.

The New Zealand Government's response this year included passing the landmark Climate Change Response (Zero Carbon) Amendment Act 2019. This provides a framework to support New Zealanders to prepare for and adapt to, the effects of climate change. It is a key part of the Government's plan to tackle the collective and long-term challenges ahead.

In August 2019 Greater Wellington joined the global movement with Council declaring a climate emergency. This declaration signals a step change in how Greater Wellington addresses its response to the climate crisis. Our leadership is crucial with the closing window of opportunity to prevent the worst effects of climate change demanding an extraordinary response.

We have two key roles in mitigating and adapting to climate change. Firstly, we believe it is important to ensure that we are minimising our impact on climate change by reducing our corporate carbon emissions, as this is something that is largely within our control. To support this approach we have adopted the ambitious goal of being carbon neutral by 2030. This means we are aiming to remove more carbon emissions from the atmosphere than we emit.

Greater Wellington also has a role to work with territorial authorities, mana whenua and the regional sector on regional climate change mitigation and adaptation approaches. One key way we do this is by convening the Wellington Regional Climate Change Working Group, which provides a forum to advance regional climate action.

To ensure our efforts on climate action are put to best effect, we interpret the latest climate science and evidence to understand what it means for our region and communities. This information informs our policies and actions on climate change to create a more resilient future. We know that extreme weather events are predicted to become more severe and frequent in our region and we are already seeing some of these impacts - such as increasing extreme rainfall events occurring on our west coast¹. To support our rural communities with forecasting weather patterns we also provide a dedicated seasonal climate hub² for the farming community.

Some of the key new initiatives Council signed up for and have been actioned during this financial year include:

- establishment of a Climate Committee to place climate action front and centre of Greater Wellington's governance and activities
- setting ambitious carbon neutral and carbon positive goals, alongside two ten point action plans for corporate and regional climate action
- committing to increase the number of electric buses in the Metlink public transport fleet from the current 10 vehicles to 108 vehicles by December 2023, to substantially reduce the bus related emissions in central Wellington

¹ <https://www.gw.govt.nz/assets/Climate-change/GWRC-NIWA-climate-extremes-FINAL3.pdf>

² <http://www.gw.govt.nz/seasonal-climate-hub/>

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- advocating to central government to ensure legislation enables Greater Wellington to expedite climate action. This year we advocated for Resource Management Act reform to give local government the ability to consider carbon emissions when reviewing consent applications. Greater Wellington’s recommendation was adopted
- submitting on the establishment of the Climate Change Response (Zero Carbon) Amendment Act 2019, to strongly advocate for this legislation that empowers local government to have a greater role in taking climate action. We were successful in changing the purpose of the Act to include climate change adaptation, which was a significant omission given addressing the impacts of climate change is equally important as transitioning to a low carbon society.

Our Carbon Footprint

Greater Wellington owns responsibility for reducing the carbon footprint that comes from all our public services and contracts delivered on behalf of the public. Measuring our carbon footprint each year is essential to ensure we meet our ambitious carbon neutral and carbon positive goals.

This year Greater Wellington received an independent certification of our carbon footprint by auditors Toitu-Envirocare³. The audit provides confidence in our estimates of carbon emissions that we produce across the organisation, including Council Controlled Organisations and service contracts⁴.

Greater Wellington’s corporate carbon emissions have increased by an average of 9.3 percent each year for the past three years. Our emissions for the last financial year were estimated at 42,745 tonnes of carbon dioxide equivalents (Figure 1).

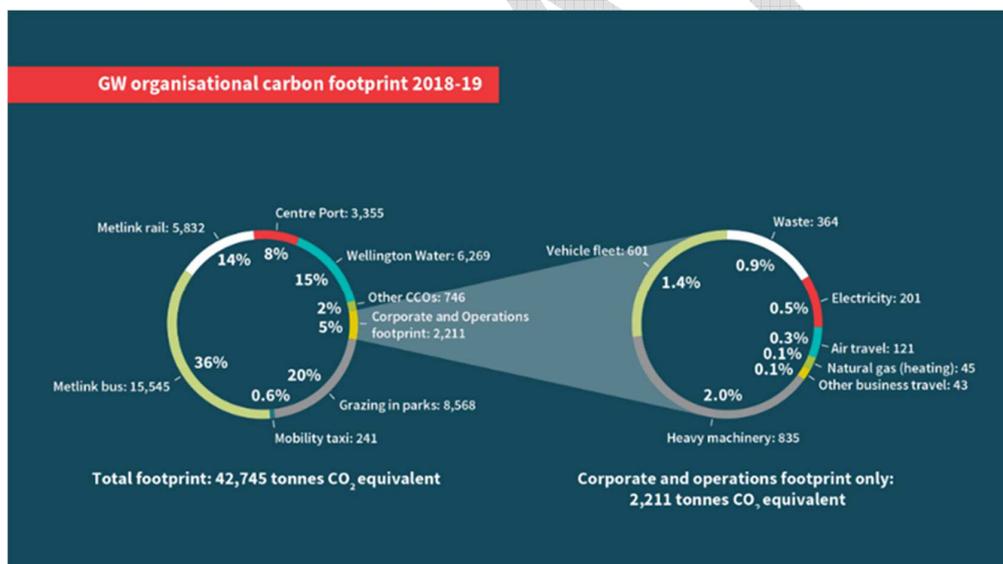


Figure 1: Greater Wellington corporate carbon footprint is compiled from the most recent emissions data, for the 2018-19 financial year.

With our ambitious carbon neutral and carbon positive goals in mind, we need to see our carbon footprint decreasing year on year, rather than increasing. There is a lot of work to do to ensure we achieve our future goals, but we are committed to minimising our impact on the environment and demonstrating leadership in addressing the climate crisis.

³ <https://www.toitu.co.nz/our-members/members/greater-wellington-regional-council>

⁴ The scale of this footprint is a significant departure from the scope of previous year carbon footprints and represents a 'base year'. It is not comparable to previous years.

Ko tā Te Pane Matua Taiao i whakahoki ai i te mate urutā KOWHEORI-19 | How Greater Wellington responded to the COVID-19 pandemic

Timeline

| NZ and the World | Greater Wellington |
|--|--|
| <p>27 January 2020: New Zealand Ministry of Health (MoH) issued its first notification of a novel coronavirus, with 2,000 cases in China with 56 deaths. There were also 46 cases reported outside of China. The novel coronavirus became a notifiable disease under the Health Act in New Zealand.</p> | <p>Greater Wellington had a listening watch on the evolving event with a daily update provided to the Executive Leadership Team (ELT).</p> |
| <p>28 January 2020: the MoH activated its National Health Coordination Centre for this developing event. The New Zealand Pandemic Framework was initiated and the prearranged stages were being planned for.</p> | <p>30 January 2020: The staff at Greater Wellington received their first of many updates of the situation and the response, including health and hygiene messaging.</p> |
| <p>30 January 2020: The World Health Organisation (WHO) declared the novel coronavirus a Public Health Emergency of International Concern (PHEIC). At this time there had been 98 cases in 18 countries outside of China, with no deaths reported.</p> | <p>17 February 2020: Greater Wellington's ELT approved the new updated version of the Greater Wellington Pandemic Plan.</p> |
| <p>11 February 2020: WHO named the novel coronavirus 'COVID-19.'</p> | <p>5 March 2020: Greater Wellington's Crisis Management Team (CMT) was activated and first meeting was held.</p> |
| <p>7 March 2020: there were 100,000 cases of COVID-19 reported globally.</p> | <p>22 March 2020: Greater Wellington prepared staff to enable them to work from home.</p> |
| <p>11 March 2020: the WHO characterised COVID-19 as a Pandemic, taking it beyond the PHEIC.</p> | <p>26 March 2020 (Alert Level 4 commenced):</p> <ul style="list-style-type: none"> - Greater Wellington closed all office sites and the majority of our staff worked from home. - Council meetings and workshops were moved to be delivered virtually. - Council Committee meetings were suspended. - A large number of staff were deployed to work in the Emergency Coordination Centre (ECC). - Field work (e.g. pest control) was suspended. - Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain. - Public Transport operated a reduced service with reduced capacity, in line with government guidelines - Regional Parks remained open for visitors - Public communications focussed on how to stay safe on Public Transport and when visiting Regional |
| <p>22 March 2020: The New Zealand Government drew up and initiated the new 'COVID-19 Alert Level' system for management of the COVID-19 pandemic (Levels 1 – 4). New Zealand was placed in Level 2 immediately.</p> | |
| <p>25 March 2020: New Zealand was placed in Alert Level 3 as we hit 200 cases of COVID-19.</p> | |
| <p>26 March 2020: New Zealand was placed in Alert Level 4 – Lockdown – at this time we had 280 cases.</p> <p>To enable the powers to manage Alert Level 4, a State of National Emergency was declared by the Minister of Civil Defence along with the notification of an Epidemic Notice by the government.</p> | |

Attachment 1 to report 20.498

28 April 2020: New Zealand moved from Alert Level 4 to Alert Level 3.

- 28 April 2020 (Alert Level 3 commenced):**
- All Greater Wellington offices remained closed with the exception of depots and park ranger facilities for authorised staff.
 - Council Meetings and Workshops continued to be delivered virtually.
 - Council Committee meetings remained suspended.
 - A large number of staff continued to work in the ECC.
 - Field work resumed in a limited capacity.
 - Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain
 - Public Transport operated a reduced service and capacity in line with government guidelines
 - Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 3.

14 May 2020: New Zealand moved from Alert Level 3 to Alert Level 2.

- 14 May 2020 (Alert Level 2 commenced):**
- Greater Wellington re-opened office sites for staff, with rules and restrictions around the number of staff allowed within the office on any given day (50%). Additional office cleaning was undertaken, and QR codes, contact tracing lists and sanitising stations were set up at all entry points in our offices.
 - Council Meetings and Workshops continued to be delivered virtually.
 - Council Committee meetings remained suspended.
 - A large number of staff continued to work in the ECC.
 - Field work continued in a limited capacity.
 - Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
 - Public Transport resumed normal service levels while maintaining reduced capacity, in line with government guidelines.
 - Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 2

25 May 2020: New Zealand moved to Alert Level 1.

The State of National Emergency was lifted and a Transition Notice was put in place to enable the recovery for this stage.

- 25 May 2020 (Alert Level 1 commenced):**
- Greater Wellington offices were re-opened to the public and staff number restrictions were removed.
 - Council meetings and workshops returned to being held in-person.
 - Staff continued to work in the ECC.
 - Council Committee meetings resumed.
 - Field work resumed normal operations.
 - Harbour Management (in particular the 24/7 operation of Beacon Hill signal station) was an essential service we had to maintain.
 - Public Transport continued with normal service levels and returned to normal capacity.
 - Public communications focussed on how to stay safe on Public Transport and when visiting Regional Parks at Alert Level 1.

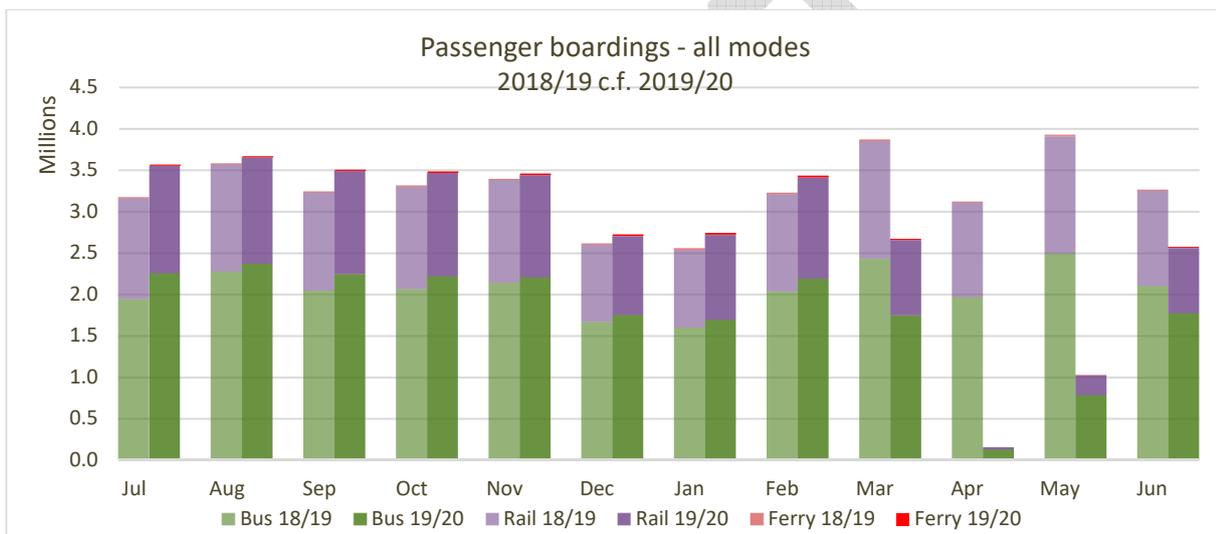
Financial Impact

The financial impact of COVID-19 touched on three main areas of Greater Wellington in the last three months of 2019/20:

- Consents revenue: there was a minor impact
- Public Transport revenue from patronage: while a major impact was experienced on public transport patronage numbers, the financial impact was mitigated by the Council securing additional funding from Waka Kotahi/NZ Transport Agency to cover the shortfall
- Capital expenditure: significantly lower mainly as a result of project completion delays and our ability to meet planned delivery schedules, as well as deliberate delays to reduce borrowings until the impacts of the COVID-19 Alert Level restrictions were known.

Full details on the financial impact of COVID-19 are provided later in the Notes to the Financial Statements (refer Note 2 on page XX).

Public Transport Impact



Bus and Ferry

Bus passenger boardings was showing steady upward growth prior to COVID-19 Alert Level restrictions. Between July 2019 and February 2020 bus boardings, to reach over 16.9 million boardings. This represented a 7.3 percent increase in passenger boardings year-to-date. Ferry boardings, however, declined by 1.4 percent during the same period.

As we have moved down the COVID-19 Alert Levels we have seen bus boardings increase at a higher rate than anticipated. By the end of June 2020 passenger numbers were at approximately 84 percent of June 2019 boardings.

Rail

Prior to COVID-19 Alert Level restrictions rail passenger boardings continued to grow strongly, particularly during peak periods. Between July 2019 and February 2020 rail passenger boardings grew by 318,500, to reach over 9.5 million boardings. This represented a 3.5 percent increase in boardings over the year-to-date (and a 5.4 percent increase at peak periods year-to-date).

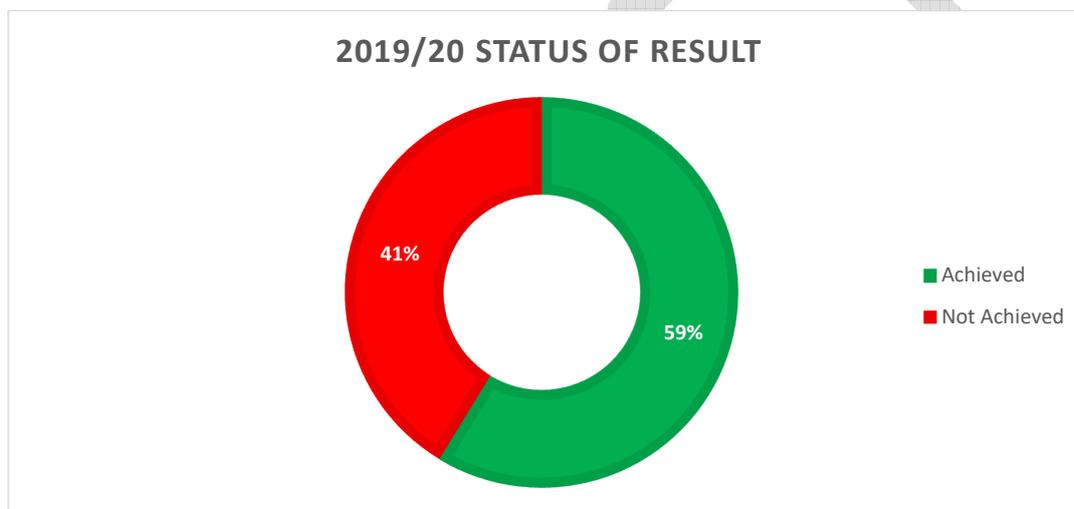
Since the move to COVID-19 Alert Level 1, boardings have continued to increase at a rate higher than anticipated, by the end of June 2020 boardings were at approximately 70 percent of June 2019 boardings.

He tiro whānui i te rawa | Non-financial performance

Greater Wellington reports against 63 non-financial performance measures in the Annual Report. These measures were set during the preparation of the 2018-28 Long Term Plan.

Greater Wellington achieved 59 percent (37) of the non-financial performance measures and did not achieve 41 percent (26) of our measures. Many of the measures that were not achieved were very close to their target.

We rely on the delivery of an annual on-transport passenger satisfaction survey to measure the four Metlink Public Transport satisfaction performance measures. This annual survey was unable to be carried out in May 2020 because of COVID-19 Alert Level restrictions reducing patronage and therefore not having a comparable sample size to the previous year. The physical distancing restrictions also meant that carrying out an on-transport survey was not appropriate. We did carry out an interim survey in November 2019 using the same methodology as the annual survey, but only covering the rail network and the Wellington City services on the bus network. We have used this interim survey to provide indicative results for these performance measures. You can read more about this in the Ngā Waka Tūmatanui | Metlink Public Transport section on page [XX](#).



The *achieved* status of our non-financial performance measures reflects the depth and breadth of the work Greater Wellington carried out over the year. We also exceeded a number of targets even amongst the pressures of the COVID-19 Alert Level restrictions:

- Regional Parks and Forests achieved five out of six performance measures including planting 63,367 native trees in regional parks, against the target of 35,000 (across Battle Hill, Belmont, Whitireia⁵, Queen Elizabeth, East Harbour, Wainuiomata, Kaitoke and Pakuratahi Parks).
- Land Management planted 755 hectares of erosion-prone hill country against a target of 550 hectares, supported by the One Billion Trees programme.
- Regional Transport Planning and Programmes increased the number of adults participating in sustainable transport initiatives and promotions to 4,418 (compared with 4,403 in 2018/19). This was in spite of a number of workshops and initiatives being cancelled due to the COVID-19 Alert Level restrictions in the last quarter of the year.

⁵ Whitireia Park is administered by the Whitireia Park Board.

Attachment 1 to report 20.498

- The Wellington Regional Emergency Management Office (WREMO) continued to work with regional communities, with 31.2 percent of households in the region confirming they have emergency supplies for seven days, exceeding the annual target by almost 20 percent.
- We kept the Beacon Hill Harbour Communications station fully staffed and operational 24 hours a day, seven days a week through the whole year, ensuring safety of marine activities in and around Wellington Harbour (Port Nicholson).
- We delivered the Key Native Ecosystem (KNE) programme in full, to ensure we continue to have a full range of naturally occurring habitats that are healthy and functioning and supporting diverse native plants and animals.

Only seven of the 26 targets *not achieved* in 2019/20 can be directly linked to the COVID-19 Alert Level restrictions impacting our ability to deliver our services to the level anticipated. Most significantly impacted were:

- Public Transport passenger boarding per capita, for year to date February 2020 our annual passenger boardings per capita were sitting at 75.3, but by 30 June 2020 this figure had dropped to 62.4.
- Regional Park Volunteer Hours: during COVID-19 Alert Level 4 and 3 volunteer hours in our regional parks were suspended. We also moved our usual volunteer planting days in autumn/winter to be carried out by contractors, due to the uncertainty of the COVID-19 pandemic. This meant our total volunteer hours were only 10,720 against a target of 15,000.
- Pest Control: We were only able to deliver possum predator control across 76 percent of the planned Regional Possum Predator Control Programme area during 2019/20. The COVID-19 Alert Level 4 and 3 restrictions prevented the total area from receiving pest control. However, for the area that was covered during the year the residual trap catch was within the target.

Of our other *not achieved* targets:

- The total hectares of erosion prone hill-country covered by an active Farm Plan missed its target of 62 percent by 1.6 percent.
- The survival rate of poles planted under the Wellington Regional Erosion Control programme (WRECI) was 56 percent against a target of 85 percent. This is attributed to the significant summer drought causing greater tree mortality than in typical years.
- Our Harbour Management team issued an increased number of infringements during the year, when the target was to decrease the number from last year. The increase in infringements is due to an increased focus on marine safety, resulting in increased enforcement activities.
- We did not achieve our Water Supply target to ensure sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years, due to throughput capacity limitations at the Te Marua Water Treatment Plant.
- Bus punctuality at both origin and destination continued to be challenged by traffic congestion, operator scheduling, and timetabled run times. While not achieved against the 95 percent target, the 2019/20 bus punctuality at origin result of 94.2 percent was an improvement on the result reported for 2018/19 (92.5 percent).

He tiro whānui i te pūtea | Financial performance

The financial overview provides a summary of the major aspects of our financial management and results for the 2019/20 year.

This overview gives Wellington Region residents a snapshot of our finances. Full details are provided later in the report, including financial statements and the costs of providing services for each activity, comparing what was spent with what was budgeted.

Our last financial year had many challenges, particularly those resulting from COVID-19 Alert Level restrictions. Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.

We achieved an operating deficit of \$0.98 million for the year. The differences within revenue and costs are primarily due to additional externally funded costs which offset each other. Notable items are the revenue and expenses relating to the National Land Transport Fund (NLTF) “transitional rail” funding for improvements to the Wellington rail network from Waka Kotahi/NZ Transport Agency.

Our net capital expenditure was \$43.3 million less than budget. This is mainly a result of delays in project completion, particularly as COVID-19 Alert Level restrictions impacted our ability to meet planned delivery schedules. The largest impacts relate to:

- Lower than budgeted RiverLink project expenditure for the purchase of land and the planned demolition and removal of unused buildings to make way for the Te Awa Kairangi/Hutt River project
- Delays in the planned investments on the Project NEXT public transport payment system
- Delays in the bus shelter and station renewals, upgrades, and signage.

Finances at a glance

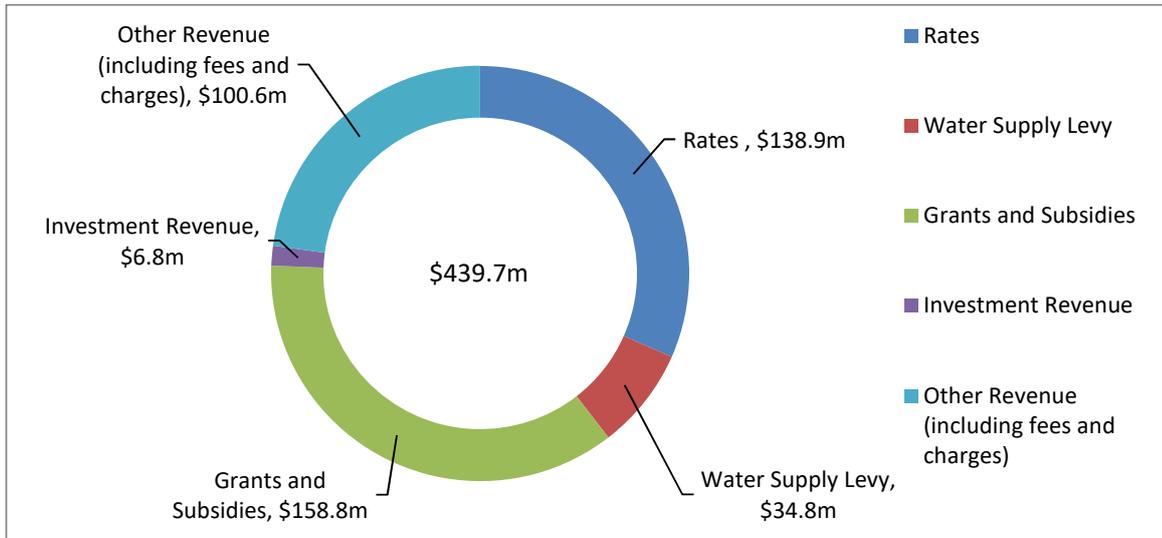
| Annual revenue | | |
|--|--|---|
| 2018/19 Actual \$388.6 million | 2019/20 Annual Plan \$408.5 million | 2019/20 Actual \$439.7 million |
| \$173.6 million from rates and levies | \$264.2 million from grants and other sources | |
| Annual Expenditure | | |
| 2018/19 Actual \$388.7 million | 2019/20 Annual Plan \$395.8 million | 2019/20 Actual \$438.0 million |
| Capital Expenditure | | |
| 2018/19 Actual \$81.9 million | 2019/20 Annual Plan \$98.8 million | 2019/20 Actual \$45.8 million |
| Debt | | |
| 2018/19 Actual \$467.5 million | 2019/20 Annual Plan \$568.1 million | 2019/20 Actual \$519.7 million |

Financial overview for the year ended 30 June 2020

| | |
|---|---|
| \$18.7 million net deficit after tax for 2019/20 | \$5.90 costs of delivering all Greater Wellington services per rating unit per day |
| \$1.7 billion of total assets managed by Greater Wellington | AA credit rating with Standard & Poor's indicating good financial health |

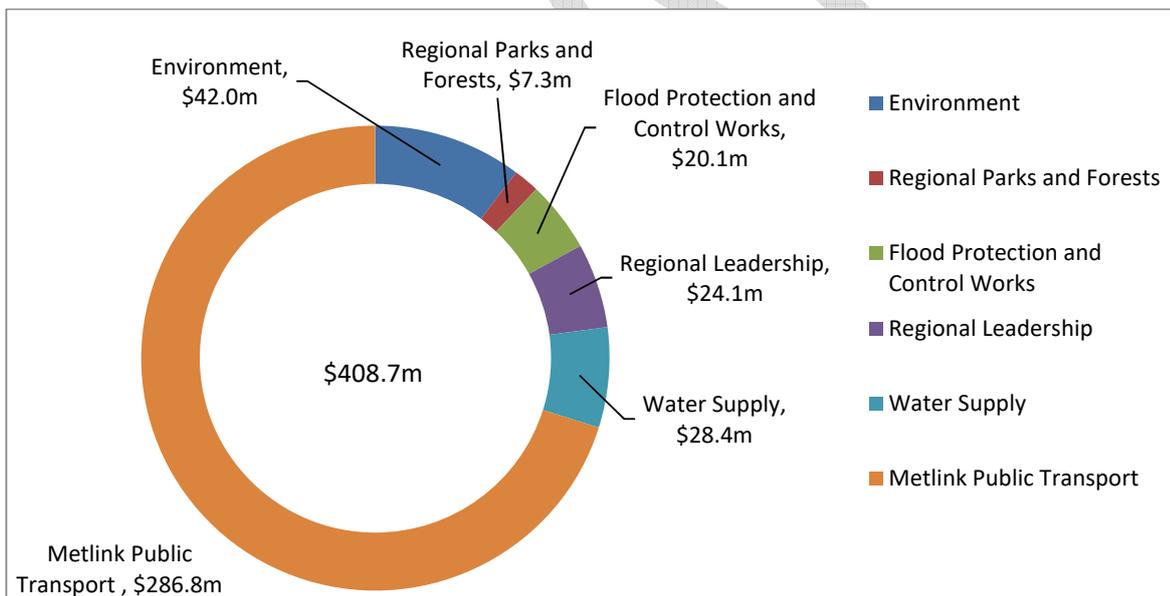
Revenue

Greater Wellington's revenue is sourced primarily through rates, and grants from central government. Other revenue sources include the water supply levy (paid by metropolitan city councils in the region), and fees, charges and investment income.



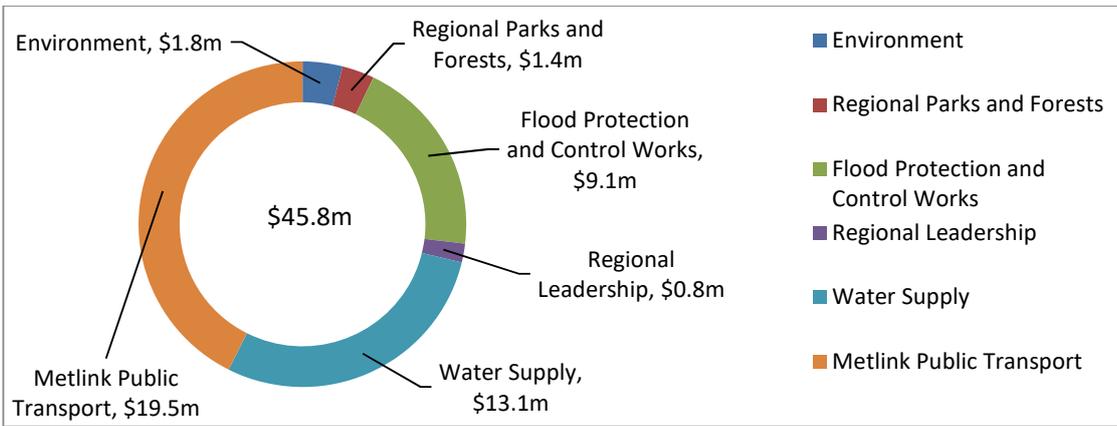
Operational Expenditure

The pie chart below illustrates Greater Wellington's operational expenditure by Activity Group.



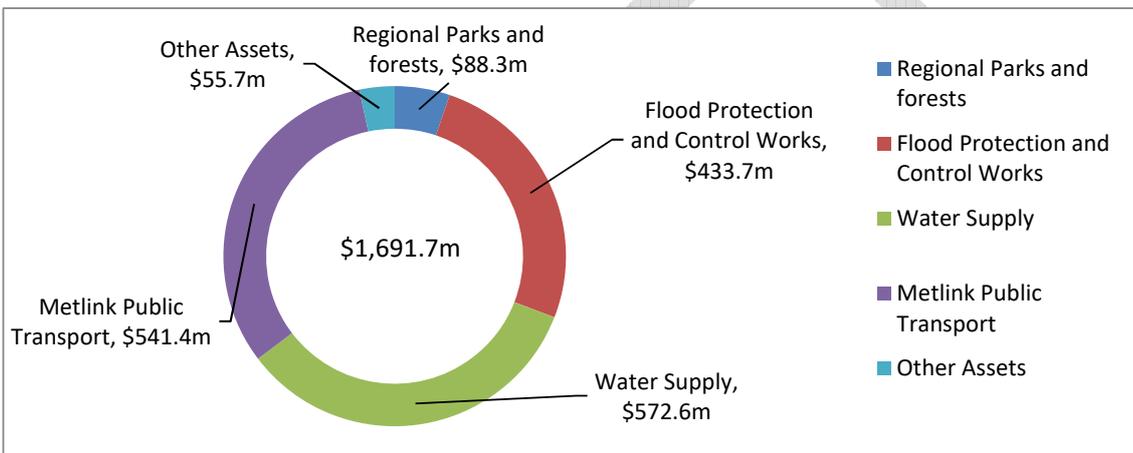
Capital Expenditure

Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection and control works, water supply, and regional parks and forests.



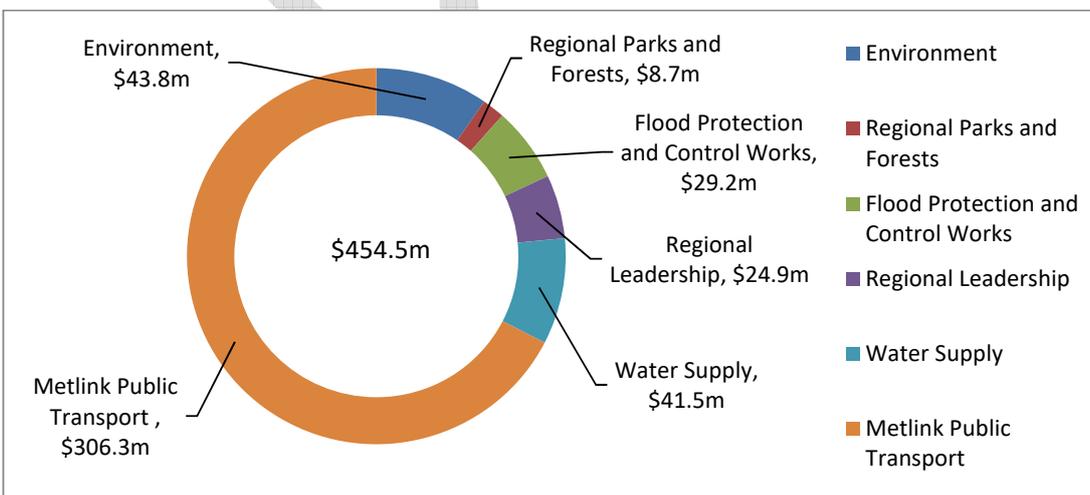
Asset Base

The pie chart below illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes \$456.9m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council Controlled Organisation.



Total Expenditure

The pie chart below illustrates Greater Wellington's total expenditure i.e. operational expenditure plus capital expenditure, by strategic area outcomes.



Ngā Mahi a Te Pane Matua Taiao | Activities of Greater Wellington Regional Council

How to read this section:

For each Activity Group we report:

1. An overall summary of the year's performance
2. Results of the non-financial performance measures, with narrative on the results
3. Funding Impact Statement

| Activity Group | Pages |
|---|-------|
| Te Taiao Environment | X-Y |
| Ngā Papa Whenua Regional Parks and Forests | X-Y |
| Te Tiaki Me Te Arahi Waipuke Flood Protection and Control Works | X-Y |
| Ngā Kaihautū o te Rohe Regional Leadership | X-Y |
| Ngā Puna Wai Water Supply | X-Y |
| Ngā Waka Tūmatanui Metlink Public Transport | X-Y |

Te Taiao | Environment

| | |
|--------------------|--|
| Priority Area | Fresh-water quality and biodiversity |
| Community Outcomes | Healthy environment Resilient community Strong economy Engaged community |
| Activities | Resource management Land management Biodiversity management Pest management Harbour management |

Overall Summary of the year's performance

Greater Wellington's Environment activities achieved 47 percent of their 17 performance measures this year.

Greater Wellington is responsible for the regulation, protection and enhancement of the region's natural resources. We do this through the regulation and development of regional policies and helping the community to manage land sustainably and restore ecosystems. We also look after the region's harbours and manage environmental threats such as plant and animal pests.

We made considerable progress with our work programmes and activities to collectively enhance and protect the environmental health of the region. We continued investment in significant science monitoring and policy development, particularly in the management of natural resources (land, water, air and coast) through the proposed Natural Resources Plan (pNRP) and Whaitua Te Whanganui-a-Tara Committee processes. These activities allow us to continue to lay the foundation for the way catchment communities and businesses can live sustainably within our environmental means. The work of Mauri Tūhono (formally known as the Collaborative Working Group for the Biodiversity Framework) developed a set of priorities to improve how indigenous habitats and species can be better protected and restored throughout the region.

Our diversity work included planning and managing the Key Native Ecosystems (KNE) programme to protect the highest value biodiversity areas in the region. We delivered the programme in full, including operational support and advice to site partners, most notably at East Harbour, Northern Forest, Parangarahu Lakes Area, Baring Head/Orua pouanui, Waitohu and Ōtaki Coast KNE sites.

The Wellington Regional Erosion Control Initiative (WRECI) provides funding and valuable support for planting erosion prone land. This year, we received a funding boost from the One Billion Trees project in a partnership grant with Te Uru Rākau Forestry New Zealand worth \$4 million over three years. This contribution helped us plant out over 755 hectares of erosion prone land – exceeding our annual target by 37 percent.

We continued pest eradication under the Greater Wellington Region Pest Management Plan 2019-2039 by delivering a further 74,000 ha of possum and 4,300 ha of mustelid control throughout the year. The Predator Free Wellington – Miramar project also reached a significant milestone with most of the Miramar Peninsula now free of Norway rats and mustelids. Plant pests were also a focus of our pest management programme, with 1,438 ha of the region being surveyed or inspected for pest plants.

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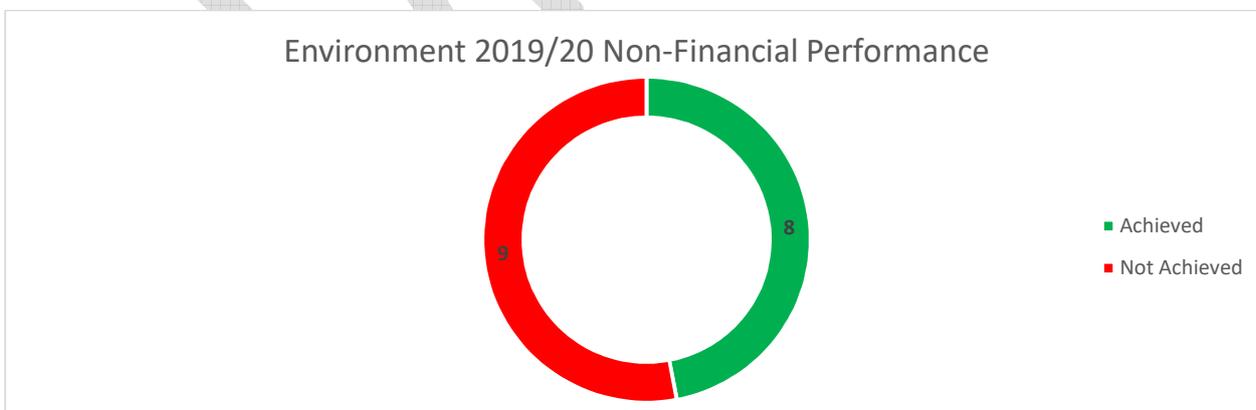
We connected with communities by delivering workshops to provide advice on improving stream quality to over 40 individuals, representing 15 different community groups. Our popular citizen science programme produced a series of short instructional videos focussing on stream health, monitoring and assessment. Work to restore and protect our precious wetlands continued, with the Wetland Programme by supporting 62 landowners to help them restore 95 wetlands across the Wellington Region. We also supported three community groups in Wairarapa Moana to undertake restoration projects.

Greater Wellington supported a number of public events across the region to celebrate the 50th year of Conservation week. To celebrate the milestone, a community activity day in Lower Hutt attracted 250 people, and 500 plants were planted by volunteers at a planting day at Pou Aruhe on the western shore of Lake Ōnoke. The ever popular Seaweek was held again and attracted over 160 participants for the snorkelling day.

The emergence of the COVID-19 pandemic and movement between Alert Levels during the final quarter of the year provided us with an opportunity to adapt and make adjustments in the way we managed our programmes and interacted with communities.

We continued to invest in harbour navigation safety monitoring systems and navigational aids with the navigation system at Wellington Harbour (Port Nicholson) radio being upgraded, providing greater reliability and resilience. This upgrade assisted the thousands of commercial shipping and private vessel movements in and out of the two major harbours and near-coast environments. The Hinds Point Navigation Tower was also installed (complete with a solar-powered LED light), providing the new leading light along the Eastbourne coast. We had more focus this year on working with recreational groups to promote on-water safety, and to implement an effective education and positive enforcement programme.

All 511 non-notifiable resource consents were processed within statutory timeframes, despite the challenges of the COVID-19 Alert Level restrictions. We received a total of 1,399 notifications to the Environment Hotline relating to 1,259 incidents, of which 220 were determined to be non-compliant. Our enforcement actions included issuing 70 Infringement Notices, 23 Abatement Notices and 42 Formal Warnings. In addition to this we have filed 30 individual charges in court against eight different parties relating to offences against the Resource Management Act (RMA). Of the eight parties, five have been convicted and fined, while three have pleaded guilty and discharged without conviction.



Resource Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|---|---|--|---|---------------------------|--|---|--------------------------|-------------------------------|
| Customer satisfaction | Level of overall satisfaction with consent processing services ⁶ | >4 when measured on a scale of 1 to 5 | >4 | 4.23 | Achieved | >4 | 4.33 | Achieved | |
| Process resource consents in a timely manner | Percentage of non-notified resourced consents processed within statutory timeframes | 100% | 100% | 100% | Achieved | 100% | 100% | Achieved | |
| Monitor compliance with resource consents | Rates of compliance for high risk activities ⁷ where historical compliance rates are below 80% | High risk activities <80% · Water takes · Earthworks · Municipal wastewater, water supply, water races | >80% | Water Takes: 76% Earthworks: 75% Municipal Wastewater: 77% Municipal water supplies and water races: 77% | Not Achieved ⁸ | >80% | Water takes 70.8% Earthworks 67.9% Municipal wastewater 59.5% Municipal water supplies and water races 87.5% | Not Achieved | A |
| Effective response to environmental incidents | Rate of detection ⁹ and associated action taken on non-complying incidents ¹⁰ | Establish baseline (28.7% in 2017/18) | Maintain or increase against previous year | 32.8% | Achieved | Maintain or increase against previous year | 31.7% | Not Achieved | B |

Narrative on performance

A – Compliance rates are solely determined by consent holder performance. Three out of four of our high risk activities (water takes, earthworks, and municipal wastewater) reported compliance rates of less than 80 percent over the past year. These were lower compliance rates than reported for 2018/19. The rate of compliance for municipal water supplies and water races increased to a level above 80 percent.

B – The result for 2019/20 is lower than the 2018/19 result; however, it is still above the baseline set in 2017/18. This result is accurate as at 30 June 2020, noting that as an incident could take up to six months to close the result will change depending on what incidents have been closed since the last time the data was run.

⁶ On a scale of 1 (very dissatisfied) to 5 (very satisfied).

⁷ The activities defined as high risk are potentially subject to change if risk profile changes.

⁸ Historically, we reached 60 percent to 70 percent and set a more aspirational target for 2018/19 as a result. While seeing improvement we did not reach the target for 2018/19.

⁹ 'Detection' – a discharge or activity is attributed to a specific source (i.e. non-compliance by a specific person(s) is confirmed).

¹⁰ This is only measured against those incidents in which environmental effects are rated minor or higher.

Land Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|---|-----------------|----------------|--------------------------|--------------------------|----------------|------------------------|--------------------------|-------------------------------|
| Implement farm plans to reduce nutrient and sediment discharges from erosion-prone land | Erosion prone hill-country covered by an active ¹¹ farm plan | 60% | 61% | 61% | Achieved | 62% | 60.4% | Not Achieved | C |
| Deliver planting programme on identified erosion-prone land | Erosion-prone hill country planted | 446.1 hectares | 500 hectares | 718 hectares | Achieved | 550 hectares | 755 hectares | Achieved | D |
| Deliver farm environment plans to reduce nutrient and sediment loss | Over 50% of all contestable funding is allocated to priority catchments identified in the proposed Natural Resources Plan ¹² | New measure | Achieved | Achieved ¹³ | Achieved | Achieved | Achieved ¹⁴ | Achieved | |
| Provide high quality goods and services to landowners from the Akura nursery | Survival of poles planted under the Wellington Regional Erosion Control Initiative (WRECI) | New measure | 85% | 94% | Achieved | 85% | 56% | Not Achieved | E |

Narrative on performance

C – This result represents the total area of properties that have engaged in erosion mitigation work in the past three years, and have a Greater Wellington-produced farm plan.

D – Due to programme growth enabled by One Billion Trees funding support, we have exceeded this measure by over 37 percent, with more hectares treated than planned.

E – Significant summer drought caused greater tree mortality than typical years.

¹¹ "Active" is assessed by whether a farm plan has led to some delivery of erosion mitigation work in the past three years.

¹² The "contestable fund" provides assistance to landowners for implementing remediation works to farm system environmental risks. These grants are coordinated through farm environment plans and incentivise farm system improvements that will result in a water quality or biodiversity enhancement. Works are prioritised by priority catchments identified in the proposed Natural Resources Plan, and any unallocated funding is accessible to non-priority catchments after February in any plan year.

¹³ In 2018/19, \$286,398 of grants was provided in priority catchments, and \$90,389 was provided in non-priority catchments.

¹⁴ In 2019/20 86 percent of all contestable funding was allocated to priority catchments identified in the proposed Natural Resources Plan.

Biodiversity Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|--|-----------------|----------------|--------------------------|----------------------------|----------------|----------------|--------------------------|-------------------------------|
| Plan and deliver a programme to maintain or improve the ecological condition of identified high biodiversity value sites ¹⁵ | Percentage of management actions ¹⁶ achieved to improve the habitat for native plants and animals | 97.5% | 95% | 93% | Not Achieved ¹⁷ | 95% | 95% | Achieved | |

Pest Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|--|-------------------------------|-------------------------------|--------------------------|--------------------------|-------------------------------|---|--------------------------|-------------------------------|
| Provide possum control services in bovine TB free areas | Number of possums in the Regional Possum Predator Control Programme area | Low (<5% Residual Trap Catch) | Low (<5% Residual Trap Catch) | Residual Trap Catch 4.3% | Achieved | Low (<5% Residual Trap Catch) | Residual Trap Catch 1.4% in the areas that did receive pest control | Not Achieved | F |
| Provide pest species control services in Greater Wellington Key Native Ecosystems (KNE) | Deliver in accordance with KNE plans ¹⁸ | New measure | Achieved | Achieved | Achieved | Achieved | Achieved | Achieved | |
| Provide pest control services across the region | Deliver in accordance with the Regional Pest Management Plan ¹⁹ | New measure | Achieved | Achieved | Achieved | Achieved | Not Achieved | Not Achieved | G |

¹⁵ High biodiversity value sites are those managed under the Key Native Ecosystem programme and within collaborative biodiversity projects carried out within Te Awarua-o-Porirua Harbour and Wairarapa Moana catchments.

¹⁶ Management actions can include improving legal protection, fencing and undertaking the control of pest plants and animals.

¹⁷ 2018/19 'not achieved' actions were due to external parties not undertaking planned work at three Key Native Ecosystem sites.

¹⁸ These plans describe the work that will be done to protect plants and animals over a three year period.

¹⁹ Refer to operational plan: <http://www.gw.govt.nz/assets/Biosecurity/RPMSPLAN-2016-17.pdf>

Narrative on performance

F – We were only able to deliver possum predator control across 76 percent of the planned Regional Possum Predator Control Programme area during 2019/20. The main reason for this was that the COVID-19 Alert Level 4 and 3 restrictions prevented the total area from receiving pest control. However, for the area that was covered during the year the residual trap catch was within the target.

G – Although the majority of the Regional Pest Management Plan programme has been delivered, the COVID-19 Alert Level restrictions caused delays and we missed the opportunity to complete some pest plant and animal control operations.

Harbour Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|---|--|--|---|----------------------------|-------------------------|---------------------------------|--------------------------|-------------------------------|
| Manage the safety of marine activities in the region's waters | Beacon Hill Communications station is staffed and operational 24 hours a day, seven days a week | 100% | 100% | 99.9% | Not Achieved ²⁰ | 100% | 100% | Achieved | |
| | All navigation aids are working 24 hours a day, seven days a week | 99.9% | Cat 1: 99.8% Cat 2: 99% Cat 3: 97% | Cat 1: 99.7% Cat 2: 99.5% Cat 3: 98.53% | Not Achieved ²¹ | 100% | 99.9% | Not Achieved | H |
| | Operate in accordance with the current Port and Harbour Marine Safety Code | Compliant with standard | Compliant with Standard | Compliant with Standard | Achieved | Compliant with standard | Compliant with standard | Achieved | |
| | Warnings and infringements issued | New measure 7 infringements 32 warnings (2017/18) | Increase | 11 infringements 32 warnings | Achieved | Decrease | 15 infringements 19 warnings | Not Achieved | I |

²⁰ 2018/19: while working towards our system upgrade, several equipment failures led to the upgrade being implemented before it was entirely ready. The station remained operational; however there was slightly decreased efficiency and capacity for a short time.

²¹ 2018/19: Outages were rear lead (cat 1) faulty daylight switch, which required several visits to diagnose, and some unexpected battery faults, compounded by weather restricting access. Rear Island Bay leads (cat 3) were out for longer due to the power supply (street lighting) being out.

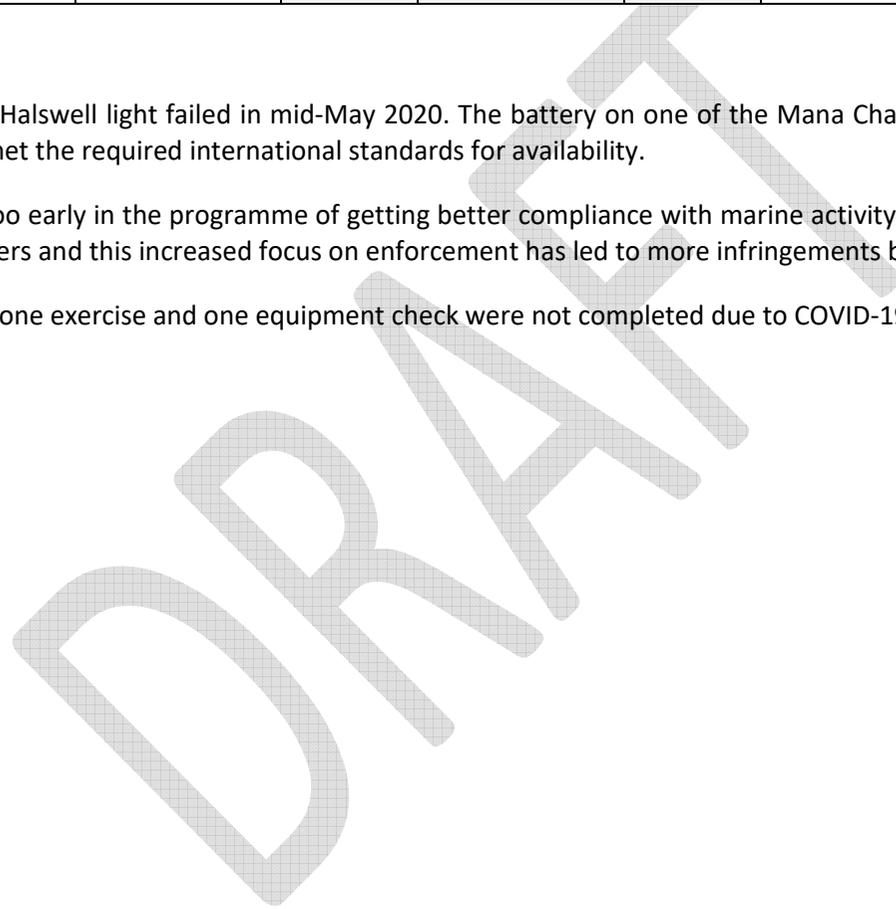
| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|------------------|--|-----------------|-----------------------------------|---|--------------------------|-----------------------------------|----------------------------------|--------------------------|-------------------------------|
| | Meet obligations to Maritime NZ for oil spill response equipment maintenance and exercises | New measure | 4 equipment checks 2 exercises | 4 equipment checks 2 exercises ²² | Achieved | 4 equipment checks 2 exercises | 3 equipment checks 1 exercise | Not Achieved | J |

Narrative on performance

H – The solar switch on the Point Halswell light failed in mid-May 2020. The battery on one of the Mana Channel markers failed in August 2019 and was replaced. All the individual lights met the required international standards for availability.

I – The 'decrease' target was set too early in the programme of getting better compliance with marine activity safety. We are increasing the time spent on the water connecting with customers and this increased focus on enforcement has led to more infringements being issued.

J – In discussion with Maritime NZ one exercise and one equipment check were not completed due to COVID-19 Alert Level restrictions.



²² 2018/19: All checks and exercises successfully completed, including Maritime NZ equipment audit and staff revalidation via exercises.

Funding Impact Statement**Environment****For the year ending 30 June 2020**

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | 30,053 | 30,761 | 28,751 | 29,549 |
| Targeted rates | 73 | 676 | 73 | 605 |
| Subsidies and grants for operating purposes | 922 | - | 723 | 340 |
| Fees and charges | 5,990 | 6,634 | 5,689 | 6,368 |
| Fines, infringement fees, and other receipts ¹ | 6,107 | 4,009 | 5,152 | 3,813 |
| Total operating funding | 43,145 | 42,080 | 40,388 | 40,675 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (34,058) | (33,402) | (32,079) | (33,141) |
| Finance costs | (262) | (366) | (237) | (281) |
| Internal charges and overheads applied | (7,689) | (7,485) | (7,128) | (7,198) |
| Total applications of operating funding | (42,009) | (41,253) | (39,444) | (40,620) |
| Surplus / (deficit) of operating funding | 1,136 | 827 | 944 | 55 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Increase / (decrease) in debt | 834 | 2,050 | 797 | 2,016 |
| Gross proceeds from asset sales | 40 | 117 | 25 | 205 |
| Total sources of capital funding | 874 | 2,167 | 822 | 2,221 |
| Applications of capital funding | | | | |
| - to meet additional demand | (977) | - | - | - |
| - to improve the level of service | (227) | - | - | - |
| - to replace existing assets | (607) | (2,922) | (1,422) | (3,056) |
| (Increase) / decrease in investments | - | - | - | - |
| (Increase) / decrease in reserves | (199) | (72) | (344) | 780 |
| Total applications of capital funding | (2,010) | (2,994) | (1,766) | (2,276) |
| Surplus / (deficit) of funding | - | - | - | - |
| Depreciation on Environment assets | 1,169 | 1,165 | 888 | 926 |

¹This includes revenue from sales of trees and rental income.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement**Environment****For the year ending 30 June 2020**

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Resource management | 21,790 | 22,310 | 21,306 | 21,839 |
| Land management | 6,990 | 5,959 | 5,937 | 5,402 |
| Biodiversity management | 4,982 | 4,843 | 4,918 | 4,737 |
| Pest management | 7,005 | 6,655 | 5,827 | 6,311 |
| Harbour management | 2,378 | 2,313 | 2,400 | 2,386 |
| Total operating funding | 43,145 | 42,080 | 40,388 | 40,675 |
| Applications of operating funding | | | | |
| Resource management | (21,405) | (21,864) | (21,244) | (21,670) |
| Land management | (6,807) | (5,790) | (5,956) | (5,703) |
| Biodiversity management | (4,781) | (4,790) | (4,617) | (4,685) |
| Pest management | (6,630) | (6,568) | (5,433) | (6,369) |
| Harbour management | (2,386) | (2,241) | (2,194) | (2,193) |
| Total applications of operating funding | (42,009) | (41,253) | (39,444) | (40,620) |
| Capital expenditure | | | | |
| Capital project expenditure | (729) | (2,457) | (481) | (2,370) |
| Land and buildings | (6) | - | (18) | - |
| Plant and equipment | (721) | (46) | (495) | (190) |
| Vehicles | (355) | (419) | (428) | (496) |
| Total capital expenditure | (1,811) | (2,922) | (1,422) | (3,056) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Ngā Papa Whenua | Regional Parks and Forests

| | |
|--------------------|--|
| Priority Area | Fresh-water quality and biodiversity |
| Community Outcomes | Healthy environment Strong economy Engaged community |

Overall Summary of the year's performance

Greater Wellington's Regional Parks and Forests activities achieved 83 percent of their six performance measures this year.

Greater Wellington manages eight regional parks and forests for the community's use and enjoyment. An important part of what we do is to undertake planning and policy development for regional parks in accordance with the Reserves Act 1977 and other statutory requirements. A highlight of the year was completing the draft Parks Network Plan (PNP). The draft PNP considered previous feedback gathered from stakeholders and the community over a number of months on key issues and opportunities for eight regional parks and forests – Battle Hill Farm Forest Park; Belmont Regional Park; East Harbour Regional Park (including Baring Head and Parangarahu Lakes); Queen Elizabeth Park; Akatarawa Forest; Pakuratahi Forest and Kaitoke Regional Park. The PNP is a combined plan to provide direction for the use and management of these parks and forests.

Regional parks remain popular and enjoyed another year of increased visitation levels. Our annual community survey supported this trend with 74 percent of the regional population having visited a regional park in the past 12 months. That's a total of 1.76 million visits, and 98 percent of people surveyed were satisfied with their experience.

Another highlight of the year was a new record set for the number of native trees planted in parks, enhancing the environment for generations to come. In the western sector of the region, 50,467 plants were planted across Battle Hill, Belmont, Whitireia²³ and Queen Elizabeth Parks. In the eastern sector, 12,900 plants were planted across East Harbour, Wainuiomata, Kaitoke and Pakuratahi.

Early in the financial year work focussed on finalising plans and completing construction of the Top Terrace camping facility building at Kaitoke Regional Park. Two further powered sites were also established at the park, reinforcing its appeal for short stay camping holidays. At the popular Queen Elizabeth Park we completed the revegetation programme and progressed with planning and design for a planned retreat of road, track and other visitor facilities from the shoreline between Raumati and Paekakariki.

Greater Wellington's response to regional parks and forest management during the COVID-19 Alert Level lockdowns was balanced and guided by central government's restrictions around staying local to recreate. We experienced increased visitation to peri-urban parks during COVID-19 lockdown period, and found that our proactive maintenance programme contributed to park tracks and facilities standing up well to this higher usage. As lockdown restrictions eased, we opened public toilets and increased commercial cleaning and sanitising to ensure visitor confidence in our service. Overall, patronage has bounced back since restrictions have been lifted, with visitor satisfaction once again reaching very high levels.

²³ Whitireia Park is administered by the Whitireia Park Board.

Regional Parks and Forests 2019/20 Non-Financial Performance



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Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|---|------------------------------------|----------------------|--|--------------------------|----------------------|--|--------------------------|-------------------------------|
| Provide facilities and services that support the community enjoying, valuing and participating in regional parks | Percentage of regional population that has visited a regional park in last 12 months | 68% | ≥70% | 74% | Achieved | ≥70% | 74% | Achieved | |
| | Number of visits to a regional park in the last 12 months | 1.7 million | Increase on baseline | 1.84 million | Achieved | Increase on baseline | 1.76m | Achieved | |
| | Percentage of regional park visitors that are satisfied with their experience ²⁴ | 95% | 95% | 97% | Achieved | 95% | 98% | Achieved | |
| | On-park volunteer hours ²⁵ | 15,503 hours | 15,000 | 15,623 | Achieved | 15,000 | 10,720 | Not Achieved | K |
| | Average asset condition (1 = excellent; 5 = very poor) | 2.33 (structures) 2.25 (tracks) | ≤3 | 2.26 (structures) 1.59 (tracks) 2.06 (Overall) | Achieved | ≤3 | 2.13 (structures) 1.57 (tracks) 2.07 (overall) | Achieved | |
| Protect and care for the environment, landscape and heritage | Restore significant degraded environments | 22,000 native trees planted pa | 35,000 | 52,000 | Achieved | 35,000 | 63,367 | Achieved | L |

Narrative on performance

K – Volunteer hours at the end of the second quarter were 6,562 and at the end of the third quarter were 9,172. All our usual volunteer planting days in autumn/winter were instead carried out by contractors, due to the uncertainty of the COVID-19 pandemic. This meant our volunteer hours were lower than usual. We also suspended all volunteer activity in our parks during COVID-19 Alert Levels 4 and 3 (March – May 2020) which resulted in volunteer hours being significantly below target. Volunteers re-started park-based work at Alert Level 2 in May 2020.

L – We set a new record for trees planted in our regional parks and forests during 2019/20. We planted 50,467 plants in our Western Sector: across Battle Hill, Belmont, Whitireia²⁶ and Queen Elizabeth Parks. We planted 12,900 plants in our Eastern Sector: across East Harbour, Wainuiomata, Kaitoke and Pakuratahi.

²⁴ Randomly selected sample of 500 residents 16+yr in the Wellington Region, telephone interviewing and face to face interviews with questionnaire, 90% confidence interval.

²⁵ This is a measure of time spent by volunteers carrying out on-park work, e.g. tree planting, nursery work, track building, pest trapping. Rangers on-site collect the number of volunteer hours.

²⁶ Whitireia Park is administered by the Whitireia Park Board.

Funding Impact Statement

Regional Parks and Forests

For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | 6,422 | 6,515 | 6,069 | 6,069 |
| Targeted rates | - | - | - | - |
| Subsidies and grants for operating purposes | - | - | - | - |
| Fees and charges | 224 | 254 | 287 | 238 |
| Fines, infringement fees, and other receipts ¹ | 1,529 | 708 | 1,049 | 707 |
| Total operating funding | 8,175 | 7,477 | 7,405 | 7,014 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (4,623) | (3,824) | (4,143) | (3,822) |
| Finance costs | (466) | (580) | (447) | (499) |
| Internal charges and overheads applied | (2,187) | (2,035) | (2,027) | (1,957) |
| Total applications of operating funding | (7,276) | (6,439) | (6,617) | (6,278) |
| Surplus / (deficit) of operating funding | 899 | 1,038 | 788 | 736 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Increase / (decrease) in debt | 604 | 1,572 | 1,432 | 2,804 |
| Gross proceeds from asset sales | 299 | 92 | (64) | 832 |
| Total sources of capital funding | 903 | 1,664 | 1,368 | 3,636 |
| Applications of capital funding | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | - | - | - | - |
| - to replace existing assets | (1,449) | (2,691) | (2,496) | (3,980) |
| (Increase) / decrease in investments | - | - | - | - |
| (Increase) / decrease in reserves | (353) | (11) | 340 | (392) |
| Total applications of capital funding | (1,802) | (2,702) | (2,156) | (4,372) |
| Surplus / (deficit) of funding | - | - | - | - |
| Depreciation on Parks assets | 2,413 | 2,251 | 2,232 | 2,298 |

¹This includes rental income and park activity fees.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement
Regional Parks and Forests
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Parks Planning | 247 | - | 286 | - |
| Visitor Services | 7,928 | 7,477 | 7,119 | 7,014 |
| Protecting the environment of regional parks | - | - | - | - |
| Total operating funding | 8,175 | 7,477 | 7,405 | 7,014 |
| Applications of operating funding | | | | |
| Parks Planning | (253) | - | (300) | - |
| Visitor Services | (6,974) | (6,439) | (6,186) | (6,278) |
| Protecting the environment of regional parks | (49) | - | (131) | - |
| Total applications of operating funding | (7,276) | (6,439) | (6,617) | (6,278) |
| Capital expenditure | | | | |
| Battle Hill Farm Forest Park | (37) | (110) | (48) | (260) |
| Belmont Regional Park | (73) | (1,023) | (330) | (613) |
| Queen Elizabeth Park | (221) | (346) | (107) | (900) |
| Whitireia Park ²⁷ | (28) | - | (114) | (107) |
| Pakuratahi Forest | (386) | (164) | (239) | (237) |
| Akatarawa Forest | (73) | (284) | (59) | (200) |
| Wainuiomata Recreation Area | (3) | (33) | - | (4) |
| Kaitoke Regional Park | (260) | (358) | (40) | (436) |
| East Harbour Regional Park | 1 | (13) | (1,089) | (780) |
| Other | (51) | (54) | (173) | (130) |
| Capital project expenditure | (1,131) | (2,385) | (2,198) | (3,667) |
| Land and buildings | - | - | - | - |
| Plant and equipment | (150) | - | (10) | - |
| Vehicles | (168) | (306) | (288) | (313) |
| Total capital expenditure | (1,449) | (2,691) | (2,496) | (3,980) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

²⁷ Whitireia Park is administered by the Whitireia Park Board

Te Tiaki Me Te Arahi Waipuke | Flood Protection and Control Works

| | |
|--------------------|---|
| Priority Area | Regional resilience Freshwater quality and biodiversity |
| Community Outcomes | Resilient community Healthy environment Strong economy Engaged community |

Overall Summary of the year's performance

Greater Wellington's Flood Protection and Control Works activities achieved 40 percent of their five performance measures this year.

Greater Wellington is responsible for managing flood risk across the region. We identify the likelihood and location of river flooding, develop flood management plans to manage risk, provide free advice to landowners and maintain and build flood protection infrastructure.

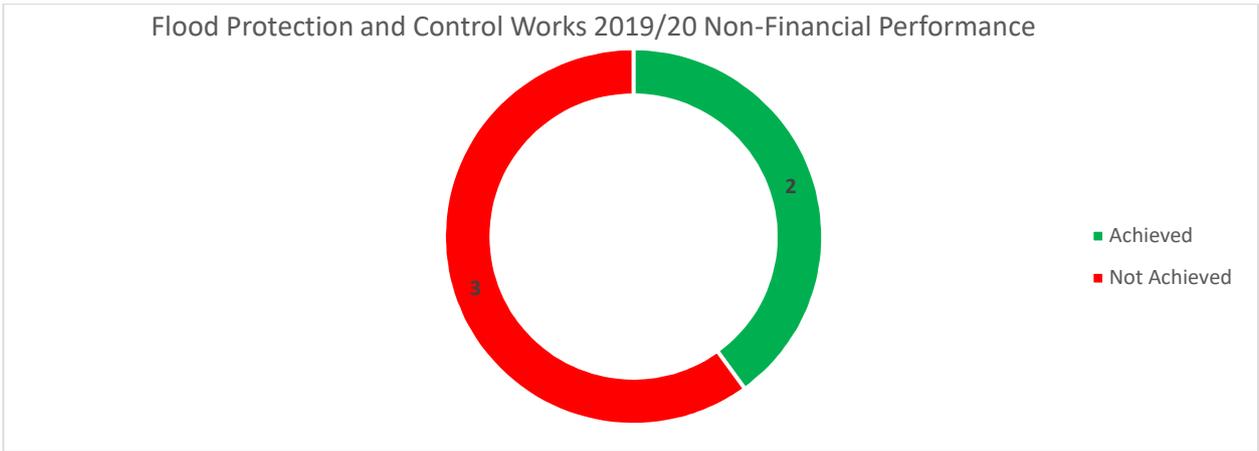
Our programme of upgrade work progressed well during the year, with approximately 11,500 willow poles and 23,500 native units being planted within river corridors around the region. Rock riprap²⁸ structures were maintained, with 2,300 tonnes of additional rock being placed to strengthen the work. Other flood protection structural work included completing structural repairs on the Barrage Gates as part of the implementation and maintenance of the Lower Wairarapa Valley Scheme. Gravel extraction was also carried out, with 218,000m³ of material extracted to reduce the risk of flooding and erosion. Fortunately there were no significant flood events during the year.

RiverLink is a partnership project involving Waka Kotahi/NZ Transport Agency, Hutt City Council and Greater Wellington working together with mana whenua to improve transport connections and flood protection, and support urban revitalisation of Lower Hutt's central city. The plan includes improved walking, cycling, and public transport options – critical elements to enable urban development without increasing road congestion greenhouse gas emissions. Progress this year included developing consent-level design with more than 75 percent of the properties required for the project now purchased.

We continued to work with the community as part of floodplain management by supporting the Friends of the Rivers and Streams Groups to continue further environmental enhancement work. They also participated in the review of the Ōtaki Floodplain Management Plan and Greater Wellington established the Upper Ruamāhanga River Management Advisory Committee.

The COVID-19 Alert Level restrictions added pressure on river environments – the restrictions prevented us from being able to carry out on-site work; however, the public were still able to access river areas for restricted recreation activity. The lockdown also affected our ability to engage with the community, with deferment of some community meetings and workshops. This impacted our ability to complete the Waiohine River Floodplain Management Plan, which in turn meant that we have been delayed in including the Waiohine River Floodplain in our flood hazard mapping online portal, which had originally been planned to be achieved this year.

²⁸ Riprap is a permanent layer of large, angular stone, cobbles, or boulders typically used to armour, stabilize, and protect the soil surface against erosion and scour in areas of concentrated flow or wave energy



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Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|--|---|---|---|----------------------------|--|--|--------------------------|-------------------------------|
| Provide the standard of flood protection agreed with communities | Major flood protection and control works are maintained, repaired and renewed to the key standards defined in relevant planning documents ^{29 30} | Yes | Yes | Completed | Achieved | Yes | Completed | Achieved | |
| | Percentage of Floodplain Management Plans (FMP) recommended structural improvements implemented | Hutt – 33% Ōtaki – 47% Waikanae – 45% Pinehaven – 0% | Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 0% | Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 0% | Achieved | Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 33% | Hutt – 33% Ōtaki – 47% Waikanae – 56% Pinehaven – 33% | Achieved | |
| | Percentage completion of Lower Wairarapa Valley Development Scheme work programme (2007/2021) | 88% | 94% | 90% | Not Achieved ³¹ | 99% | 94% | Not Achieved | M |
| Provide information and understanding of flood risk in the community ³² | Percentage of identified vulnerable floodplains with a FMP in place | 24% | 29% | 29% | Achieved | 35% | 30% | Not Achieved | N |
| | Percentage of identified vulnerable floodplains with flood hazard mapping available via online portal | 72% | 78% | 78% | Achieved | 83% | 80% | Not Achieved | O |

Narrative on performance

M – Remaining work at Pukio East stopbank, to remove the old stopbank and plant an area of the berm, was delayed due to COVID-19 Alert Level restrictions preventing site-work from being able to be carried out. Whakawhiriwhiri Stream project works were unable to be completed due to landowner access issues.

N – Waiohine River Plan was delayed due to COVID-19 Alert Level restrictions which delayed engagement with the community.

O – Waiohine model is complete but is awaiting adoption of the Waiohine River Plan to be publicised. The Waiohine River Plan is expected to be released for consultation in late 2021; however, it is uncertain around timeframes involved with the community-led process involving wider consultation.

²⁹ Non-Financial Performance Measures Rules 2013, Flood protection and control works measure [1].

³⁰ Detailed reporting of maintenance, repair and renewal or upgrade works is included in annual asset management and implementation reports to Greater Wellington Environment Committee.

³¹ Lower Wairarapa Valley Development Scheme not achieved in 2018/19 due to land entry agreement delays for some projects.

³² These measures are based on a list of vulnerable floodplains, and targets for Floodplain Management Plans/mapping.

Funding Impact Statement
Flood Protection and Control Works
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | 11,801 | 12,031 | 11,512 | 11,512 |
| Targeted rates | 8,478 | 8,476 | 7,969 | 7,969 |
| Subsidies and grants for operating purposes | (3) | - | - | - |
| Fees and charges | - | - | 3 | - |
| Fines, infringement fees, and other receipts ¹ | 4,748 | 4,954 | 4,600 | 4,564 |
| Total operating funding | 25,024 | 25,461 | 24,084 | 24,045 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (11,313) | (10,249) | (10,523) | (9,974) |
| Finance costs | (5,275) | (5,760) | (5,183) | (5,342) |
| Internal charges and overheads applied | (3,561) | (3,432) | (3,301) | (3,301) |
| Total applications of operating funding | (20,149) | (19,441) | (19,007) | (18,617) |
| Surplus / (deficit) of operating funding | 4,875 | 6,020 | 5,077 | 5,428 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Increase / (decrease) in debt | 5,525 | 15,690 | 9,742 | 13,163 |
| Gross proceeds from asset sales | 64 | 76 | 113 | 117 |
| Total sources of capital funding | 5,589 | 15,766 | 9,855 | 13,280 |
| Applications of capital funding | | | | |
| - to meet additional demand | (8,799) | (20,740) | (13,636) | (17,570) |
| - to improve the level of service | (262) | (266) | (411) | (393) |
| - to replace existing assets | (420) | (386) | (417) | (359) |
| (Increase) / decrease in investments | (983) | (394) | (468) | (386) |
| (Increase) / decrease in reserves | (8,799) | (20,740) | (13,636) | (17,570) |
| Total applications of capital funding | (10,464) | (21,786) | (14,932) | (18,708) |
| Surplus / (deficit) of funding | - | - | - | - |
| Depreciation on Flood Protection and Control assets | 1,654 | 1,526 | 1,326 | 1,328 |

¹This includes revenue from the sales of shingle, rental income and direct contributions from territorial authorities for flood protection work.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in in 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement
Flood Protection and Control Works
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Understanding flood risk | 2,507 | 2,746 | 2,933 | 2,846 |
| Maintaining flood protection and control works and Improving flood security | 22,517 | 22,715 | 21,151 | 21,199 |
| Total operating funding | 25,024 | 25,461 | 24,084 | 24,045 |
| Applications of operating funding | | | | |
| Understanding flood risk | (2,118) | (2,226) | (2,133) | (2,438) |
| Maintaining flood protection and control works and Improving flood security | (18,031) | (17,215) | (16,874) | (16,179) |
| Total applications of operating funding | (20,149) | (19,441) | (19,007) | (18,617) |
| Capital expenditure | | | | |
| Te Awa Kairangi/Hutt River improvements | (6,635) | (14,662) | (12,159) | (12,566) |
| Ōtaki River improvements | (302) | (2,195) | (360) | (1,687) |
| Wairarapa scheme | (769) | (2,507) | 2 | (1,483) |
| Other flood protection | (1,075) | (1,376) | (1,119) | (1,834) |
| Land and buildings | - | - | - | - |
| Plant and equipment | (34) | (12) | (164) | (133) |
| Vehicles | (247) | (254) | (247) | (260) |
| Total capital expenditure | (9,062) | (21,006) | (14,047) | (17,963) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Ngā Kaihautū o te Rohe | Regional Leadership

| | |
|--------------------|---|
| Priority Area | Water Supply Public Transport Resilient region Freshwater quality and biodiversity |
| Community Outcomes | Healthy environment Resilient community Strong economy Engaged community Connected community |
| Activities | Wellington Regional Strategy Emergency management Democratic services Regional transport planning and programmes Regional initiatives |

Overall Summary of the year's performance

Greater Wellington's Regional Leadership activities achieved 75 percent of their four performance measures this year.

Greater Wellington co-ordinates a range of activities in partnership with local authorities, mana whenua and other partners across the region. Having a regional voice is essential for our region to build on our collective strengths and to collaborate on joint issues. Many issues facing our communities are complex and require a whole-of-region approach to find successful solutions. A collaborative approach to the response to the COVID-19 pandemic and Alert Level lockdowns was essential and this collaborative approach will remain important as we move to a phase of recovery for the region.

A significant outcome for the year was the successful management of Greater Wellington's Council elections and induction process for the new Council. A record number of 45 candidates stood for Council election in October 2019, resulting in six newly elected Councillors. The newly elected Council elected a new Council Chair.

The disruption to Council meetings and workshops caused by COVID-19 Alert Level restrictions was successfully managed through migration to online platforms, enabling Council processes and decision making to continue. The Crisis Management Team (CMT) managed business continuity across the organisation. Greater Wellington also provided staff to the Emergency Coordination Centre (ECC) function.

Milestones were achieved during the year for a number of our major strategic plans. The Regional Land Transport Plan (RLTP) is a blueprint plan that sets out the strategic direction for land transport in the Wellington Region over the next 10-30 years. The RLTP's strategic framework was completed with an agreed vision, objectives, targets and 10 year investment priorities. Let's Get Wellington Moving (LGWM), a joint initiative between Wellington City Council, Greater Wellington and Waka Kotahi/NZ Transport Agency, progressed the early delivery projects and the development of Indicative Business Cases for Mass Rapid Transit and Strategic Highways packages. The Council also confirmed the funding and partnership arrangements for the first two years of the programme. The Multi-User Ferry Terminal Project worked through a complex multi-criteria assessment process for options for alternative locations, and continued negotiations with key partners over the way forward.

Attachment 1 to report 20.498

The Māori Economic Development Strategy was completed after a series of hui across the region. The plan focusses on embracing the interconnection between economic, social and cultural development as a basis for improving Māori wellbeing. We also completed and approved the 2019/20 Annual Plan.

Greater Wellington is one of ten councils participating in the Wellington Regional Growth Framework, a 30 year spatial plan for the Wellington Region and Horowhenua District. Work progressed well during the year with councils, iwi and central government, including workshops with stakeholders, partners and councillors from around the region. The draft framework is on track to be completed by early September 2020.

The business case for the Lifelines Resilience project was also completed with key projects incorporated into the Wellington Regional Investment Plan and subsequently into the draft Wellington Regional Growth Framework.

Despite the restrictions imposed by the COVID-19 Alert Level lockdowns affecting some of our community-facing sustainable transport programmes, we still exceeded our target for the number of adults participating in sustainable transport initiatives and promotions. We supported community preparedness in an emergency through the delivery of published Community Response Plans and worked with households to increase the number that have sufficient stocks of emergency supplies.

Stocktake of obligations to Māori

In the past 12 months Greater Wellington has developed a methodology to review our performance in delivering our statutory obligations to Māori since our first assessment was completed in 2015. This process included researching any new statutes following that review period which have specific provisions that target Māori. This review is due for completion in 2020/21.

Marine and Coastal Area (Takutai Moana) Act 2011 (MACA)

Under MACA applications for recognition of protected customary rights and customary marine title had to be made by 3 April 2017. Twenty applicants sought recognition of their rights in the Wellington Region:

- 4 elected to use the Crown direct approach only
- 5 elected dual pathways via both the High Court & Crown direct
- 11 elected High Court only.

Greater Wellington continues to analyse the progress of 16 applicants who have sought recognition through the High Court. In 2019/20 this progress has been determined by the High Court process as the Court has repeatedly directed applicants to provide more specific detail on who the applicants are, the areas affected, and what is being applied for.

Similarly, the nine applicants who sought recognition through the Crown have experienced very slow progress. Te Arawhiti has been trying to engage with MACA applicants to encourage them to signal any funding assistance needs so they can increase their engagement in the process.

Submission on National Policy Statement for Indigenous Biodiversity

Council also provided submissions to external agencies on a number of consultation documents that impact on Māori in the past 12 months. One example included in Council's submission on the National Policy Statement for Indigenous Biodiversity included specific feedback on the recognition of tangata whenua as kaitiaki.

Our feedback included:

- supporting the central concept of Hutia Te Rito, which has a holistic focus on the interlink between the health of people, indigenous biodiversity (including taonga species), and the wider environment
- proposing new provisions to enable genuine leadership roles for mana whenua by reframing, strengthening and giving new direction that local authorities must give effect to the role of iwi/Māori as kaitiaki in council activities that protect and manage indigenous biodiversity (e.g., through te ao Māori, mātauranga Māori, tikanga Māori).

Training to support organisational cultural understanding

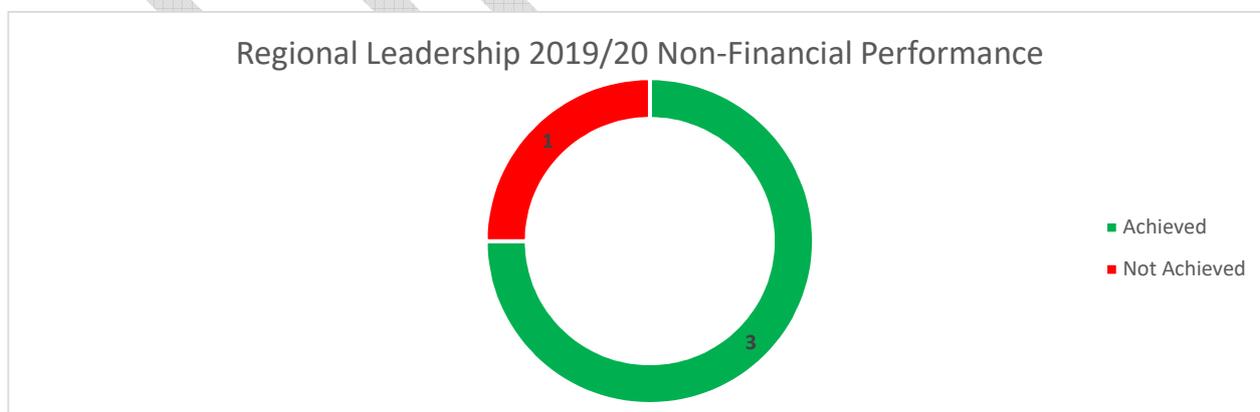
Greater Wellington has two training targets under our Te Reo and Tikanga policy approved in 2019, that by 30 June 2022: 60 percent of ELT, third tier Managers and Team Leaders; and 60 percent of staff; must have achieved at least the Pakiaka Level One learning outcomes.

We made good progress toward these targets in the last 12 months. As at 30 June 2020, 36 percent of ELT, third tier managers and Team Leaders; and 26 percent of staff; had achieved at least Pakiaka Level One learning outcomes.

We also piloted a new Treaty of Waitangi training course that received very positive feedback from the staff participants. This training is to be made available to staff in the 2020/21 year.

Position Ara Tahi for the future

In 2019/20 Ara Tahi and Councillors proposed a new Ara Tahi Council Committee arrangement for consideration by the then incoming Council. This model was the preferred approach of Councillors and five of six mana whenua partners following a series of separate and combined workshops in 2018/19. While mana whenua partners acknowledged the importance of the collective relationship which began in 1991, they also identified the need to re-position the partnership for the future. In June 2020, Council and mana whenua partners agreed to pause this development work and re-think potential options for the future.



Emergency Management

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|---|-----------------|----------------|--------------------------|--------------------------|----------------|---------------------|--------------------------|-------------------------------|
| Work with the regional community to improve resilience to, and preparedness for, major emergency events | Percentage of households with sufficient emergency food and water to last at least seven days | 10% | 11% | 23% | Achieved | 12% | 31.2% ³³ | Achieved | |
| | Annual activation test for each Emergency Operations Centre (EOC) and Emergency Coordination Centre (ECC) | 100% | 100% | 100% | Achieved | 100% | 100% | Achieved | P |
| | Number of published Community Response Plans | 75% | 85% | 84% | Not Achieved | 95% | 91% | Not Achieved | Q |

Narrative on performance

P – The regional Emergency Coordination Centre and all six of the Emergency Operations Centres were activated to respond to COVID-19, providing an opportunity to test processes, procedures and equipment and taking the place of the annual activation exercise. Most of these facilities operated on-site at their designated location, while some activated in a remote capacity with staff working from home, each working successfully to disseminate public information and support community wellbeing during the COVID-19 lockdown and Alert Level progression.

Q – There were 16 Community Response Plans completed in 2019/20. The total percentage of completed plans is at 91% due to the identification of additional Community Response Plan areas at the request of local communities.

³³ This figure reflects people who have 7 days of 'emergency supplies' which, in addition to emergency food and water, includes medications, pet supplies, alternative means of cooking, and so on.

Regional Transport Planning and Programmes

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|--|---------------------------------------|----------------|--------------------------|--------------------------|----------------|----------------|--------------------------|-------------------------------|
| Coordinate and deliver programmes which promote and encourage sustainable and safe transport choices | Number of adults participating in Sustainable Transport initiatives and promotions ³⁴ | Establish Baseline 2,919 (2017/18) | Increase | 4,403 | Achieved | Increase | 4,418 | Achieved | R |

Narrative on performance

R – In spite of a number of workshops and initiatives being cancelled due to the COVID-19 Alert Level restrictions in the last quarter of the year, Regional Transport Planning and Programmes increased the number of adults participating in sustainable transport initiatives and promotions compared with the previous year.

³⁴ Aotearoa Bike Challenge – Wellington, national cycle skills courses, Smart Travel Challenge, Smart Travel registrations, and bus/bike workshops.

Funding Impact Statement
Regional Leadership
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | 8,829 | 10,235 | 8,752 | 9,293 |
| Targeted rates | 7,224 | 8,577 | 7,479 | 8,145 |
| Subsidies and grants for operating purposes | 1,444 | 1,369 | 1,224 | 1,359 |
| Fees and charges | 18 | 18 | 18 | 18 |
| Fines, infringement fees, and other receipts | 4,657 | 2,817 | 3,943 | 2,790 |
| Total operating funding | 22,172 | 23,016 | 21,416 | 21,605 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (23,109) | (22,587) | (18,561) | (21,517) |
| Finance costs | (703) | (1,040) | (776) | (1,047) |
| Internal charges and overheads applied | (251) | (655) | (574) | (574) |
| Total applications of operating funding | (24,063) | (24,282) | (19,911) | (23,138) |
| Surplus / (deficit) of operating funding | (1,891) | (1,266) | 1,505 | (1,533) |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 504 | 266 | 115 | 459 |
| Increase / (decrease) in debt | 891 | 717 | (2,790) | 1,273 |
| Gross proceeds from asset sales | 14 | 77 | - | - |
| Total sources of capital funding | 1,409 | 1,060 | (2,675) | 1,732 |
| Applications of capital funding | | | | |
| - to meet additional demand | - | - | - | - |
| - to improve the level of service | - | - | (22) | - |
| - to replace existing assets | (847) | (787) | (183) | (995) |
| (Increase) / decrease in investments | 1,818 | 553 | 1,211 | 609 |
| (Increase) / decrease in reserves | (489) | 440 | 164 | 187 |
| | - | - | - | - |
| Total applications of capital funding | 482 | 206 | 1,170 | (199) |
| Surplus / (deficit) of funding | - | - | - | - |
| Depreciation on Regional Leadership assets | 182 | 410 | 178 | 184 |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement
Regional Leadership
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Wellington Regional Strategy | 4,706 | 5,012 | 4,943 | 4,905 |
| Emergency Management | 4,316 | 4,123 | 4,159 | 3,999 |
| Democratic Services | 2,680 | 2,484 | 2,462 | 2,247 |
| Relationships with Maori | 1,488 | 1,469 | 1,334 | 1,330 |
| Regional transport planning and programmes | 5,050 | 4,576 | 3,942 | 4,092 |
| Regional initiatives | 3,931 | 5,352 | 4,576 | 5,032 |
| Total operating funding | 22,171 | 23,016 | 21,416 | 21,605 |
| Applications of operating funding | | | | |
| Wellington Regional Strategy | (5,044) | (5,222) | (5,194) | (5,108) |
| Emergency Management | (4,636) | (3,981) | (4,129) | (3,954) |
| Democratic Services | (2,687) | (2,698) | (2,317) | (2,170) |
| Relationships with Maori | (1,188) | (1,462) | (1,009) | (1,322) |
| Regional transport planning and programmes | (6,380) | (5,576) | (3,192) | (5,352) |
| Regional initiatives | (4,127) | (5,343) | (4,070) | (5,232) |
| Total applications of operating funding | (24,062) | (24,282) | (19,911) | (23,138) |
| Capital expenditure | | | | |
| Capital project expenditure | (716) | (521) | (183) | (900) |
| | | | | |
| Land and buildings | - | - | - | - |
| Plant and equipment | - | (14) | - | (15) |
| Vehicles | (131) | (252) | (22) | (80) |
| Total capital expenditure | (847) | (787) | (205) | (995) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Ngā Puna Wai | Water Supply

| | |
|--------------------|--|
| Priority Area | Water supply Regional reliance |
| Community Outcomes | Strong economy Resilient community Healthy environment |

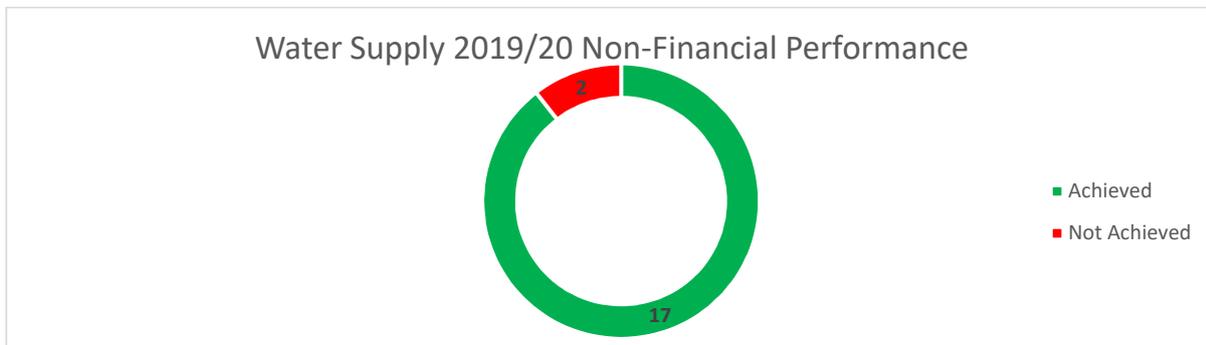
Overall Summary of the year's performance

Greater Wellington's Water Supply activities achieved 89 percent of their 19 performance measures this year.

Providing safe drinking water and future proofing bulk water supply to Wellington, Lower Hutt, Upper Hutt and Porirua cities is a priority for Greater Wellington. These services are delivered by Wellington Water Limited³⁵, a jointly-owned council controlled organisation. Wellington Water's work programme includes the collection, treatment and distribution of safe and healthy drinking water and ensures the water supply is able to meet changing demands to cope with stresses and emergencies.

Wellington Water experienced significant challenges during the year with some high profile and disruptive issues to the reliability of the three waters network, but not relating to Greater Wellington's assets or bulk water function. The impacts of the COVID-19 pandemic and Alert Level restrictions also put pressure on the ability to deliver efficient essential services.

Despite these challenges Wellington Water met all performance measures with the exception of two. The first measure is for Hazardous Substances and New Organisms Act (2001) location and stationary container test certificates to be current. The most recent compliance certificate expired on 26 June 2020 and is yet to be validated following regulation change. The second measure that wasn't achieved is for the requirement that sufficient water is available to meet normal demand, except in a drought with a severity of greater than or equal to 1 in 50 years. Capacity limitations at Te Marua Water Treatment Plant remain a challenge to achieving this level of drought resilience. An option for an upgrade has been identified with consideration for funding being the next step in the process. Meanwhile Wellington Water and Greater Wellington continue to work on ways to encourage reducing consumer demand and water consumption throughout the region.



³⁵ Wellington Water Limited is jointly owned by Greater Wellington and the Hutt, Porirua, Upper Hutt and Wellington city councils, and South Wairarapa District Council

Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|---|-----------------|----------------|--------------------------|--------------------------|----------------|----------------|--------------------------|-------------------------------|
| Provide water that is safe and pleasant to drink | Number of waterborne disease outbreaks ³⁶ | 0 | 0 | 0 | Achieved | 0 | 0 | Achieved | |
| | Customer satisfaction: | | | | | | | | |
| | Number of taste complaints related to bulk water supply | 5 | <5 | 0 | Achieved | <5 | 0 | Achieved | |
| | Number of complaints from territorial authorities (TAs) on drinking water clarity | 0 | <5 | 0 | Achieved | <5 | 0 | Achieved | |
| | Number of complaints from TAs on drinking water odour | 0 | <5 | 0 | Achieved | <5 | 0 | Achieved | |
| | Number of complaints from TAs on drinking water pressure or flow | 1 | <5 | 0 | Achieved | <5 | 0 | Achieved | |
| | Number of complaints per 1,000 connections (end consumers) to the bulk water supply system ^{37 38} | 0.04 | <0.2 | 0 | Achieved | <0.2 | 0 | Achieved | |
| | Safety of drinking water ³⁹ : | | | | | | | | |
| Compliance with part 4 of the drinking-water standards (bacteria compliance criteria) | Yes | Yes | Yes | Achieved | Yes | 100% | Achieved | | |
| Compliance with part 5 of the drinking-water standards (protozoal compliance criteria) | Yes | Yes | Yes | Achieved | Yes | 100% | Achieved | | |
| Provide a continuous and secure bulk water supply | Number of events in the bulk water supply preventing the continuous supply of drinking water to consumers | 0 | 0 | 0 | Achieved | 0 | 0 | Achieved | |

³⁶ The outcome of the Havelock North Inquiry into water supply and safety is likely to result in changes to reporting requirements.

³⁷ Non-Financial Performance Measures Rules 2013, Water supply measure [4(a-e)].

³⁸ Using the Water NZ survey data for the number of end consumers provided with drinking water (145,224).

³⁹ Non-financial Performance Measures Rules 2013, Water supply measure [1(a)-(b)].

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|------------------|--|--------------------|----------------|--------------------------|----------------------------|----------------|-------------------------|--------------------------|-------------------------------|
| | Sufficient water is available to meet normal demand except in a drought with a severity of greater than or equal to 1 in 50 years ^{40 41} | 0.4% | <2% | 6.90% | Not Achieved ⁴² | <2% | 6.9% | Not Achieved | S |
| | Attendance for urgent call-outs ⁴³ : | | | | | | | | |
| | Time from local authority receiving notification to service personnel reaching site | No events occurred | <60 minutes | 0 | Achieved | <60 minutes | 0 | Achieved | |
| | Time from local authority receiving notification to service personnel confirming resolution | No events occurred | <4 hours | 0 | Achieved | <4 hours | 0 | Achieved | |
| | Attendance for non-urgent call-outs ⁴⁴ : | | | | | | | | |
| | Time from local authority receiving notification to service personnel reaching site | 35 minutes | <36 hours | 0.5 hours | Achieved | <36 hours | 0.9 hours ⁴⁵ | Achieved | |
| | Time from local authority receiving notification to service personnel confirming resolution | 30 minutes | <15 days | 0.5 hours | Achieved | <15days | 1.25 days | Achieved | |
| | Average drinking water consumption per resident per day within the TA districts supplied by the bulk water system ⁴⁶ | 351 L/p/d | <374 L/p/d | 359 L/p/d | Achieved | <374 L/p/d | 369.8 L/p/d | Achieved | |

⁴⁰ Normal demand includes routine hosing restrictions.

⁴¹ Assessed using a probability model of annual water supply shortfall.

⁴² A capacity limitation at Te Marua Water Treatment Plant is affecting the drought resilience of the bulk water network. A preferred upgrade option has been identified. Investigations will continue into 2019/20 to improve the cost estimate of the preferred option. This will be used to inform Smart Investment and the next Long Term Plan consultation process.

⁴³ Non-Financial Performance Measures Rules 2013, Water supply measure [3(a)-(b)].

⁴⁴ Non-Financial Performance Measures Rules 2013, Water supply measure [3(c)-(d)].

⁴⁵ This result represents the median response time from 1 July 2019 through to 30 June 2020 for non-urgent callouts related to the bulk water network.

⁴⁶ Non-Financial Performance Measures Rules 2013, [5] Greater Wellington cannot technically report due to the wording of the measure, but will report the average of all residents' consumption for the district it supplies with bulk water.

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|--|-----------------|----------------|--------------------------|--------------------------|----------------|---------------------|--------------------------|-------------------------------|
| | Maintenance of the reticulation network: Percentage of real water loss from the networked reticulation system ^{47 48} | 0.7% | +/- 2% | 0.1% | Achieved | +/- 2% | 0.07% ⁴⁹ | Achieved | |
| Provide bulk water in compliance with all resource consents and environmental regulations | Full compliance with resource consents ⁵⁰ | New measure | Yes | Yes ⁵¹ | Achieved | Yes | 100% | Achieved | |
| | Annual review of relevant environmental legislation | New measure | Yes | Yes | Achieved | Yes | 100% | Achieved | |
| Provide bulk water in compliance with all resource consents and environmental regulations | HSNO location and stationary container test certificates are current | New measure | Yes | Yes | Achieved | Yes | 0% | Not Achieved | T |

Narrative on performance

S – Capacity limitations at the Te Marua Water Treatment Plant are a constraint on achieving the required level of drought resilience. A preferred upgrade option has been identified and investigations will continue into 2020/21 to improve the cost estimate. The proposed upgrade forms part of our Sustainable Water Supply programme, and Wellington Water Limited has recommended to Greater Wellington that the investment be included in their 2021-31 Long Term Plan. Wellington Water Limited's Sustainable Water Supply programme will also examine other interventions that aim to reduce water consumption per capita.

T – Wellington Water Limited had a Location Compliance Certificate (LCC) for Waterloo through to 26 June 2020 but this is yet to be validated following regulation change. Gear Island hydrofluorosilicic acid (HFA) is not certified, with a HSNO conditional variation in place until November 2021. This has meant that we are not compliant for this measure.

⁴⁷ Non-Financial Performance Measures Rules 2013, Water supply measure [2].

⁴⁸ All connections are metered, production flows are subtracted from supply flows and weekly mass balance checks carried out to identify losses. Differences in metering accuracy account for the loss or gain of water supplied rather than leakage or unauthorised use.

⁴⁹ This is the non-revenue bulk water as a percentage of the annual production volume. Non-revenue bulk water is the total amount of bulk supplied water that has been used for scouring plus the amount of main leakage from the bulk mass balance.

⁵⁰ Full compliance means no notices/convictions (abatement notices, infringement notices, enforcement orders, or convictions).

⁵¹ 2018/19: There were two instances of non-conformance with consent conditions, there were not any instances of non-compliance. Non-conformances are those cases where the consenting authority is aware of an issue but has determined a formal notice or enforce.

Funding Impact Statement
Water Supply
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | - | | | - |
| Targeted rates | - | | | - |
| Subsidies and grants for operating purposes | - | | | - |
| Fees and charges | - | | | - |
| Fines, infringement fees, and other receipts | 36,159 | 35,572 | 34,534 | 34,308 |
| Total operating funding | 36,159 | 35,572 | 34,534 | 34,308 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (21,435) | (20,293) | (20,829) | (19,985) |
| Finance costs | (4,789) | (5,194) | (4,706) | (4,957) |
| Internal charges and overheads applied | (2,166) | (2,088) | (2,008) | (2,008) |
| Total applications of operating funding | (28,390) | (27,575) | (27,543) | (26,950) |
| Surplus / (deficit) of operating funding | 7,769 | 7,997 | 6,991 | 7,358 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | - | - | - | - |
| Increase / (decrease) in debt | 8,951 | 10,294 | 3,934 | 10,535 |
| Gross proceeds from asset sales | 1 | - | - | - |
| Total sources of capital funding | 8,952 | 10,294 | 3,934 | 10,535 |
| Applications of capital funding | | | | |
| - to meet additional demand | (1,691) | (1,533) | (1,049) | (150) |
| - to improve the level of service | (8,999) | (7,900) | (4,533) | (11,183) |
| - to replace existing assets | (2,438) | (5,299) | (1,907) | (3,312) |
| (Increase) / decrease in investments | (3,487) | (3,559) | (3,276) | (3,257) |
| (Increase) / decrease in reserves | (106) | - | (160) | 9 |
| Total applications of capital funding | (16,721) | (18,291) | (10,925) | (17,893) |
| Surplus / (deficit) of funding | - | - | - | - |
| Bulk Water Levy¹ | 34,788 | 34,230 | 33,069 | 33,069 |
| Depreciation on Water assets | 15,768 | 15,951 | 15,596 | 15,675 |

¹This includes revenue from the bulk water supply levy charged to the Wellington, Upper Hutt, Porirua and Lower Hutt City councils and interest income.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement**Water Supply****For the year ending 30 June 2020**

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|--|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Water Supply | 36,159 | 35,572 | 34,534 | 34,308 |
| Total operating funding | 36,159 | 35,572 | 34,534 | 34,308 |
| Applications of operating funding | | | | |
| Water Supply | (28,390) | (27,575) | (27,543) | (26,950) |
| Total applications of operating funding | (28,390) | (27,575) | (27,543) | (26,950) |
| Capital expenditure | | | | |
| Water sources | (625) | (20) | | (130) |
| Water treatment plants | (1,422) | (1,492) | (3,317) | (3,475) |
| Pipelines | (3,167) | (4,865) | (1,272) | (1,365) |
| Pump stations | (829) | (245) | (703) | (40) |
| Reservoirs | | - | | - |
| Monitoring and control | (62) | (184) | (148) | (137) |
| Seismic protection | | - | | - |
| Energy | - | - | | - |
| Other | (6,972) | (7,869) | (2,016) | (9,443) |
| Land and buildings | - | | - | |
| Plant and equipment | (51) | (57) | (33) | (55) |
| Vehicles | - | | - | |
| Total capital expenditure | (13,128) | (14,732) | (7,489) | (14,645) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Ngā Waka Tūmatanui | Metlink Public Transport

| | |
|--------------------|---|
| Priority Area | Public transport |
| Community Outcomes | Connected community Strong economy Healthy environment |
| Activities | Metlink network planning and operations – an integrated and accessible network Bus and ferry operations – frequent, reliable bus and ferry services Rail operations – a high capacity rail system |

Overall Summary of the year's performance

Greater Wellington's Metlink Public Transport activities achieved 16.7 percent of their 12 performance measures this year.

Greater Wellington manages the Metlink public transport network and delivers public transport services to the region. We deliver services across an integrated network of bus and rail, and the harbour ferry service. Our responsibilities extend to maintaining public transport infrastructure, including railway stations, the train maintenance depot, bus and ferry shelters, signs and Park and Ride facilities. Prior to the emergence of the COVID-19 pandemic, we were tracking towards record patronage growth on the network. By the end of March 2020 New Zealand had entered Alert Level 4 lockdown and public transport was deemed by central government to be an essential service which was required to keep operating. Under Alert Level 4 patronage dramatically decreased, services were reduced, cleaning services increased substantially, driver safety measures were implemented, and it became free to travel on public transport until 30 June 2020. Encouragingly, as we have emerged from the more severe Alert Level restrictions, we have seen sustained patronage growth across the Wellington Region at an increased rate higher than anticipated. In fact, we are seeing far stronger patronage recovery than anywhere else in New Zealand and most international jurisdictions.

Metlink network planning and operations – an integrated and accessible network

A priority for Metlink during the year was to continue to increase stability of the Wellington bus network following the co-ordinated rollout of changes to the public transport network to the region in 2018/19. The upgrade introduced new bus contracts, new operators, bus network changes and changes to ticketing, fares and timetabling across the region.

During the year, we instigated a Wellington City Bus Network Review to address operational and performance challenges arising from these changes. We engaged with over 1,400 customers and bus drivers with an intensive programme of focus groups, community drop-in sessions and online surveys. An action plan was developed to implement key themes from this engagement, including the removal of forced transfers, increasing all-day direct services, increasing capacity and improving reliability and real-time passenger information. Changes recommended in the action plan have been implemented from January 2020 including significant strengthening of the services in the Eastern and Western suburbs.

The focus for improving Metlink's brand awareness and reputation this year has been on customer and community based activities. This included the promotion of customer driven network improvements (through the 'You asked, We listened' campaign), promotion of the Bus Network Review community engagement, Metlink's bus driver recruitment campaign on behalf of operators and sponsorship of community events. An interim customer satisfaction survey in October 2019 indicated an improvement

Attachment 1 to report 20.498

in customer satisfaction with Metlink (bus and rail) when compared with the same survey five months prior. The restrictions imposed during the COVID-19 Alert Level 4 lockdown resulted in the annual bus, rail, and ferry passenger satisfaction surveys not being able to be carried out. As a result we looked to our November 2019 customer satisfaction survey as an interim indicator of performance for our customer satisfaction performance measures for 2019/20.

Public transport was deemed an essential service during the COVID-19 pandemic response on 26 March 2020. Metlink undertook large amounts of work within a short period of time to ensure the provision of public transport complied with Government directives. Metlink responded swiftly with the early removal of cash payments, and implemented a range of proactive community messaging to ensure the requirements, such as social distancing, were promoted and delivered across communication channels. We continued to operate a customer-centric service with the safety of passengers and Metlink staff taken very seriously and accorded a top priority throughout all Alert Levels. We also worked closely with the Capital and Coast District Health Board (DHB) to ensure the reduced timetable enabled DHB workers to get to and from their places of work.

A significant amount of ground-work was undertaken to improve the delivery of digital information. A live prototype of the on-bus next stop announcement system was completed to test customer requirements for the system. We also developed an open-data Application Programming Interface (API) to enable the public and developer communities to access and consume real-time information data. We began work to upgrade the Metlink website, and launched new digital passenger information displays at Wellington Railway Station. We have continued to work towards providing a fully integrated fares and ticketing system for the network, which will enable the introduction of integrated fares, with Waka Kotahi/NZ Transport Agency.

Bus and ferry operations

Metlink continued to work with our operators to ensure that the Wellington City bus network remains stable and operating to a level that customers can expect from a world-class public transport system.

Metlink worked with bus operators throughout the year to implement measures to address operating issues. Timetable changes were developed to better match capacity with demand and improve reliability and punctuality within current vehicle and driver resource constraints. In response to a national shortage of bus drivers, we supported operators with driver recruitment campaigns and arranged a workforce strategy workshop with representatives from operators, unions, industry advocates, Waka Kotahi/NZ Transport Agency and the Ministry of Transport. We also provided national and regional leadership to prepare for the implementation of rest and meal breaks requirements as set out in the Employment Relations Amendment Act 2018.

Bus reliability and punctuality showed sustained improvement over the year. Prior to COVID-19 Alert Level 4 bus reliability was 99.1 percent (0.8 percent increase over last year) and punctuality was at 94.1 percent (1.7 percent increase over last year).

Although the end of year targets for bus punctuality and reliability have not been met this year, we continue to make refinements to the bus network following recommendations from an action plan for implementation of matters arising from the Wellington City Bus Network Review. Our ability to deliver the review's short term improvements were affected by the COVID-19 Alert level lockdowns and are now scheduled to be delivered in October 2020. These changes are significant and include: the introduction of direct hourly all-day services between the Wellington CBD and Strathmore Park, Houghton Bay, Southgate, Owhiro Bay, Kowhai Park and Vogeltown; and the addition of Route 2 into northern Miramar to provide all day high frequency services into Wellington CBD; as well as a number of added services to timetables across the network.

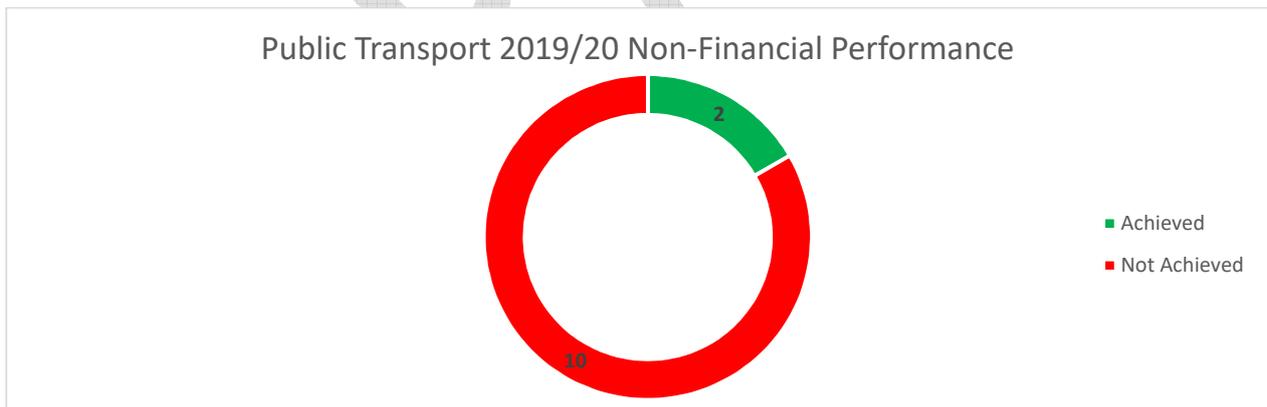
Rail operations – a high capacity rail system

Prior to the COVID-19 Alert level lockdowns, rail patronage continued to grow strongly, particularly during the peak. Between July 2019 and February 2020 rail passenger boardings grew by 318,500 to reach over 9.5 million boardings. This represented a 3.5 percent increase in boardings over the year-to-date (and 5.4 percent increase at peak periods year-to-date). Since the move back to Alert Level 1, passenger boardings have continued to increase at a rate higher than anticipated.

We worked with KiwiRail to support their rail infrastructure renewal programme to ensure the rail network is fit for purpose and to improve the resiliency of the rail corridor. We have also continued a programme to upgrade our railway stations to remove key network constraints. All upgrade and maintenance work across the network was halted during the COVID-19 lockdown period. The traction pole renewal project has been affected by restrictions in international travel as some contractors are based in Australia. All upgrade and maintenance work across the network was halted during the COVID-19 lockdown period. The traction pole renewal project has been affected by restrictions in international travel as some contractors are based in Australia.

We have submitted an interim business case for new trains on the Wairarapa and Manawatū lines to Waka Kotahi/NZ Transport Agency, which will also help alleviate capacity issues on the Kapiti and Hutt Lines. Waka Kotahi/NZ Transport Agency approved funding to carry out a number of investigations, enable the preparation of a detailed business case, and undertake the procurement process for the new trains (subject to long term funding being secured).

Improvements to our rail assets (which are maintained through Greater Wellington Rail Limited) continued throughout the year. Highlights include installing expanded Park and Ride at Paremata and Waterloo stations, seismically strengthening works on rail footbridges at Linden, Woburn and Wingate and the introduction of new cycle storage facilities and a number of additional shelters.



Measuring our performance

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|--|-------------------------|----------------|--------------------------|---|----------------|---------------------|--------------------------|-------------------------------|
| Transform and elevate customer experience and use of Metlink passenger services | Percentage of rail users who are satisfied with their trip overall ⁵² | 93% | >92% | 89% | Not Achieved | >92.0% | 93% | Achieved | U |
| | Percentage of bus users who are satisfied with their trip overall ⁵³ | 92.00% | >92% | 87% | Not Achieved | >92.0% | 90% ⁵⁴ | Not Achieved | U |
| | | | | | | | .55 | Not Measured | |
| Annual public transport boardings per capita | 74.5 Rebased to exclude commercial boardings: 71.8 ⁵⁶ | 75.6 | 75.2 | Not Achieved | 75.7 Rebased to exclude commercial boardings: 73.0 | 62.4 | Not Achieved | V | |
| Deliver services in accordance with the published timetable | Percentage of scheduled services delivered (reliability) | Bus 99.1% ⁵⁷ | 99.5% | 98.4% ⁵⁸ | Not Achieved | Bus 99.5% | 98.9% | Not Achieved | W |
| | Percentage of scheduled services delivered (reliability) | Rail 97.2 % | 99.5% | 95.3% | Not Achieved | Rail 99.5% | 95.7% | Not Achieved | X |
| | Percentage of scheduled bus services on-time at origin (punctuality) – to 5 | Bus N/A ⁶⁰ | 90% | 92.5% ⁶¹ | Achieved | Bus 95% | 94.2% ⁶² | Not Achieved | Y |

⁵² Satisfied = score of 6-10 on a scale of 0-10.

⁵³ Satisfied = score of 6-10 on a scale of 0-10.

⁵⁴ This interim survey result (from the Customer Satisfaction survey run in November 2019) does not represent the whole bus network, only the Wellington City bus service.

⁵⁵ The bus network (excluding Wellington City bus services) was not included in the Customer Satisfaction survey run in November 2019 so no interim result can be reported.

⁵⁶ Performance prior to 2018/19 included boardings for commercial trips, which are no longer reported to Greater Wellington as these services are now defined as exempt services under the Land Transport Management Act 2003. The baseline (2017) excluding these exempt services is 71.8.

⁵⁷ Reliability for the 2018/19 year is based on services that are actually tracked by our Real Time Indicator (RTI) and Snapper systems, and therefore results cannot be compared with prior years. In prior years operators self-reported reliability.

⁵⁸ 2018/19: Cancelled services are factored into the Reliability measure; the Reliability measure checks whether a trip ran (ie, was tracked/sighted in service on its scheduled route). Cancellations are the primary reason why a scheduled trip does not run.

⁶⁰ This measure has changed from the previous Long Term Plan, moving from 10 to 5 minutes punctuality with the new bus contracting environment.

⁶¹ 2018/19 result: Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 15% of total trips.

⁶² 2019/20 result: Measure excludes trips where the start time of the trip was not recorded. Trips where there is no origin data represents 11.5% of total trips.

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| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|---|--|-----------------------|------------------------------|--------------------------|--------------------------|--|---------------------|--------------------------|-------------------------------|
| | minutes ⁵⁹ | | | 80% ⁶³ | Not Achieved | | | | |
| | Percentage of scheduled bus services on-time at destination (punctuality) – to 5 minutes ⁶⁴ | Bus N/A ⁶⁵ | 90% | 59% ⁶⁶ | Not Achieved | Bus – Improvement on previous year (59%) ⁶⁷ | 53.8% ⁶⁸ | Not Achieved | Y |
| | Percentage of scheduled rail services on-time (punctuality) – to 5 minutes ⁷⁰ | Rail 88% | 90% | 52% ⁶⁹ | Not Achieved | | | | |
| Provide accessible and accurate information on Metlink services to the public | Percentage of users who are satisfied with the provision of Metlink information - about delays and disruptions | 67% | ≥70% | 52% | Not Achieved | ≥71% | 57% ⁷¹ | Not Achieved | U |
| Maintain and improve the performance and condition of Metlink assets | Percentage of passengers who are satisfied with overall station/stop/wharf ⁷² | 91% | ≥91% | 91% | Achieved | ≥92% | 93% ⁷³ | Achieved | U |
| | Average condition rating of all bus shelters maintained by Metlink (1 = very good and 5 = very poor) | 1.8 | Improvement on previous year | 1.6 | Not Achieved | Improvement on previous year (1.6) | 1.6 | Achieved | |

⁵⁹ This measure is based on services that depart from origin, departing between one minute early and five minutes late.

⁶³ 2018/19 result: Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

⁶⁴ This measure is based on bus services that arrive at destination, arriving between one minute early and five minutes late (with a 30-second leeway). For 2019/20: 91.4% of services arrived at their destinations on time or early (53.8% arrived at their destination on time, 37.6% arrived more than one minute early) and 8.6% arrived more than five minutes late.

⁶⁵ Bus punctuality at destination has not been reported on in prior years; therefore results cannot be compared with prior years.

⁶⁶ 2018/19 result: Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 14% of total trips.

⁶⁷ No target was provided in the 2018-28 Long Term Plan for bus punctuality at destination. In 2018/19 is the first year where there is comparable data so the target for 2019/20 is to improve on the previous year result.

⁶⁸ 2019/20 result: Measure excludes trips where the end time of the trip was not recorded. Trips where there is no destination data represents 12.1% of total trips.

⁶⁹ 2018/19 result: Measure includes all trips where there is a record of the trip having been run, whether there was an origin or destination record or not.

⁷⁰ The rail punctuality measure is based on rail services arriving at key interchange stations and final destination, within five minutes of the scheduled time.

⁷¹ This interim survey result (from the Customer Satisfaction survey run in November 2019) covers the full rail network but not the whole bus network (only the Wellington City bus services). It also excludes ferry services.

⁷² Technical details relating to survey: On board survey, systematic random sampling. Sample size 4,042. Response rate 61% (ferry 69%, train 65%, bus 55%). Max margin of error at 95% confidence interval. Total results weighted by mode: 63.5% bus, 36.1% train, 0.4% ferry.

⁷³ This interim survey result (from the Customer Satisfaction survey run in November 2019) covers the full rail network but not the whole bus network (only the Wellington City bus services). It also excludes ferry services.

⁷⁴ The bus network (excluding Wellington City bus services) and ferry services were not included in the Customer Satisfaction survey run in November 2019 so no interim result can be reported.

| Level of Service | Performance Measures | Baseline (2017) | 2018/19 Target | 2018/19 Result (Audited) | 2018/19 Status of Result | 2019/20 Target | 2019/20 Result | 2019/20 Status of Result | Commentary on 2019/20 Results |
|--|--|-----------------|----------------|--------------------------|--------------------------|----------------|----------------|--------------------------|-------------------------------|
| Provide a subsidised taxi service to customers unable to use buses or trains | Percentage of users who are satisfied with the overall service of the scheme ⁷⁵ | 99% | ≥99% | 96% | Not Achieved | ≥99% | 98% | Not Achieved | AA |

Narrative on performance

U – The annual passenger satisfaction survey is normally undertaken in May each year across the regional public transport network (rail, bus and ferry services). For 2019/20 this survey could not be satisfactorily undertaken due to the COVID-19 Alert Level 3 and 2 restrictions which were in place during May 2020. The physical distancing requirements for public transport during this time meant that it was not possible for surveyors to carry out the in-person engagement required for the survey. Also, due to significantly lower passenger numbers there would not have been a comparative sample size for this period against previous years. An interim survey, using the same methodology as the annual survey, was carried out in November 2019 (pre-COVID-19 disruptions). Unlike the annual survey, this survey did not cover all parts of the public transport network. All rail services were surveyed but only the Wellington City bus service was surveyed. Bus services for the rest of the Wellington Region (excluding Wellington City) and our ferry services were excluded from this interim survey. Consequently, the results reported are an accurate reflection of customer satisfaction for the rail network, but only indicate a likely trend for the rest of the public transport network.

V – COVID-19 Alert Level restrictions affected passenger boardings from the end of March 2020. The year-to-date result at 29 February 2020 was 75.3 and by 31 March had dropped to 74.7, already reflecting the impact of COVID-19 Alert Level 4, which commenced only a few days earlier, on 26 March 2020. The year-end result of 62.4 reflects the continuation of passenger boarding restrictions on public transport through until COVID-19 Alert Level 1 came into effect on 25 May 2020. However, many people were weary of returning quickly back to regular public transport use and continued to work from home or use alternative modes of transport such as private cars and thus the return to typical passenger boarding levels has been slow.

W – Driver shortages faced by some operators throughout the year reduced capacity for the management of driver absenteeism. This has been a key contributor to service cancellation and resultant reliability failures. In spite of these challenges, bus reliability was still within 0.6 percent of target.

X – Worksites to renew infrastructure on the Wairarapa Line affected rail reliability. Also affecting rail reliability was a faulty GPS tracking unit, which led to a large number of reporting system defects.

Y – Inconsistent travel times due to traffic congestion, operator scheduling, and timetabled run times are all contributors to poor bus punctuality (travel time consistency and bus priority are improvement areas identified in the *Let's Get Wellington Moving* project). Timetables continue to be reviewed in

⁷⁵ Satisfied = score of 3-5 on a scale of 1-5. In 2017/18 the satisfaction scale changed from 1 -10 points to 1-5 points.

response to customer and bus operator feedback. We work with operators to progress timetable adjustments to mutually agreed commencement dates that bus operators are able to accommodate within their available resources and business processes. Operator scheduling issues continue to be raised with operators as required. While not achieved against target, the 2019/20 bus punctuality at origin result of 94.2 percent was an improvement on the result reported for 2018/19 (92.5 percent). The bus punctuality results do not include trips where the start or end time was not recorded. The main reasons for unrecorded trips are due to driver behaviour⁷⁶, the trip is cancelled partway through; equipment failures; mobile network dead spots; and swapping of drivers during a trip.

Z – Rail punctuality was impacted by worksites to renew infrastructure on the Wairarapa Line. The result for Rail (89.4 percent) was only 1.6 percent behind the target of 91 percent.

AA – The annual Total Mobility satisfaction survey was postponed until October 2020 due to the impact of COVID-19 Alert Level restrictions. From 14 April – 1 July 2020 Total Mobility trips were fully subsidised up to \$80 per trip. Travel restrictions were also in place during Alert Level 4 and 3 and only limited number of Total Mobility users used services during this time. Also there was limited care support provided during this time (Total Mobility users may use care support workers to help complete their surveys).

⁷⁶ Driver behaviour includes: Driver trips on outside of the origin start/stop geo-fence; Driver trips on to the trip after the origin start stop; Driver trips off before the destination stop; Driver finishes the trip before the destination stop.

Funding Impact Statement
Metlink Public Transport
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Sources of operating funding | | | | |
| General rate | - | - | - | - |
| Targeted rates | 69,788 | 70,193 | 67,736 | 68,110 |
| Subsidies and grants for operating purposes | 145,288 | 75,095 | 81,734 | 79,575 |
| Fees and charges | 72,819 | 97,447 | 95,422 | 94,120 |
| Fines, infringement fees, and other receipts ¹ | 8,532 | 6,194 | 9,248 | 7,613 |
| Total operating funding | 296,427 | 248,929 | 254,140 | 249,418 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (273,621) | (214,601) | (228,167) | (221,826) |
| Finance costs | (13,224) | (14,323) | (13,693) | (14,265) |
| Internal charges and overheads applied | - | (9,949) | (9,352) | (9,567) |
| Total applications of operating funding | (286,845) | (238,873) | (251,212) | (245,658) |
| Surplus / (deficit) of operating funding | 9,582 | 10,056 | 2,928 | 3,760 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 8,082 | 29,782 | 11,308 | 23,980 |
| Increase / (decrease) in debt | (707) | 14,587 | 40,050 | 46,650 |
| Gross proceeds from asset sales | - | - | 4 | 10 |
| Total sources of capital funding | 7,375 | 44,369 | 51,362 | 70,640 |
| Applications of capital funding | | | | |
| - to meet additional demand | (1,113) | - | (97) | (4,117) |
| - to improve the level of service | (556) | (32,885) | (1,700) | (7,398) |
| - to replace existing assets | (1,355) | (3,100) | (41,002) | (34,522) |
| (Increase) / decrease in investments ² | (16,461) | (20,660) | (13,536) | (30,748) |
| (Increase) / decrease in reserves | 2,528 | 2,220 | 2,045 | 2,385 |
| Total applications of capital funding | (16,957) | (54,425) | (54,290) | (74,400) |
| Surplus / (deficit) of funding | - | - | - | - |
| Depreciation on Public Transport assets | 5,084 | 6,064 | 3,361 | 4,615 |

¹This includes revenue from Greater Wellington Rail Limited for services provided to manage the rail assets.

²Greater Wellington fully funds some public transport improvement expenditure at the time the expense is incurred, and recovers a share of the debt servicing costs from the Waka Kotahi/NZ Transport Agency. This expenditure is treated as operational expenditure in Greater Wellington's accounts as the underlying assets will mostly be owned by the Greater Wellington subsidiary Greater Wellington Rail Limited. This has the effect of creating an operational deficit which is funded by debt in accordance with Greater Wellington's Revenue and Financing policy.

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Funding Impact Statement
Metlink Public Transport
For the year ending 30 June 2020

| | 2019/20 Actual \$000s | 2019/20 Long Term Plan \$000s | 2018/19 Long Term Plan \$000s | 2018/19 Actual \$000s |
|---|-----------------------------|--|--|-----------------------------|
| Operating funding | | | | |
| Metlink public transport network planning | 20,279 | 24,940 | 23,839 | 25,542 |
| Rail operations and asset management | 164,256 | 128,635 | 131,238 | 127,275 |
| Bus and ferry operations and asset management | 111,892 | 95,354 | 99,063 | 96,601 |
| Total operating funding | 296,427 | 248,929 | 254,140 | 249,418 |
| Applications of operating funding | | | | |
| Metlink public transport network planning | (20,423) | (24,525) | (22,387) | (26,591) |
| Rail operations and asset management | (154,851) | (119,703) | (121,530) | (120,479) |
| Bus and ferry operations and asset management | (111,571) | (94,645) | (107,295) | (98,588) |
| Total applications of operating funding (excluding improvements) | (286,845) | (238,873) | (251,212) | (245,658) |
| Improvement Expenditure | | | | |
| Bus and ferry operations and asset management | - | - | - | - |
| Total improvement expenditure | - | - | - | - |
| Total applications of operating funding (including improvements) | (286,845) | (238,873) | (251,212) | (245,658) |
| Net surplus / (deficit) of operating funding | 9,582 | 10,056 | 2,928 | 3,760 |
| Investment in Greater Wellington Rail Ltd | | | | |
| Rail Operations and asset management | (16,461) | (20,660) | (13,536) | (30,748) |
| Capital project expenditure | | | | |
| New public transport shelters, signage, pedestrian facilities and systems | (2,164) | (35,985) | (1,059) | (45,997) |
| Land and buildings | (836) | - | (1,129) | - |
| Plant and equipment | (24) | - | (9,689) | - |
| Vehicles | - | - | (30,922) | (40) |
| Total capital expenditure | (3,024) | (35,985) | (42,799) | (46,037) |
| Total investment in Public transport Infrastructure | (19,485) | (56,645) | (56,335) | (76,785) |

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

For more information on the revenue and financing mechanisms applicable to this group of activities, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

Tā te Kaunihera Rōpū me ngā Mahi Haumi | Council Controlled Organisations and Investments

Overview

Greater Wellington has a significant portfolio of investments, comprising:

- liquid financial deposits
- administrative properties (e.g. depots)
- forestry
- equity investments in the WRC Holdings Group (including CentrePort Limited)
- rail rolling stock and related assets

Greater Wellington's approach in managing investments is to balance risk against maximising returns. We recognise that as a responsible public authority, investments should be held for the long-term benefit of the community, with any risk being managed appropriately. We also recognise that lower risk generally means lower returns.

From a risk management point of view, Greater Wellington is well aware that investment returns to the rate line are exposed to the success or otherwise of two main investments – the WRC Holdings Group (including CentrePort Limited) and our liquid financial deposits.

Investments offset the need for rates revenue. Regional rates would need to be higher without the revenue from Greater Wellington's investments.

Treasury management

Greater Wellington's treasury management is carried out centrally to maximise our ability to negotiate with financial institutions.

We then on-lend these funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. The surplus is used to offset regional rates.

Local Government Funding Agency

Greater Wellington is a founding shareholder in the Local Government Funding Agency (LGFA). The LGFA was established by statute in December 2011 and Greater Wellington has subscribed to \$1,866,000 of shares in the LGFA. The LGFA assists local authorities with their wholesale debt requirements by providing funds at better rates than are available directly in the marketplace. Greater Wellington sources term debt requirements from the LGFA and receives an annual dividend.

As part of the arrangement, Greater Wellington has guaranteed the debt obligations of the LGFA, along with the other shareholders of the LGFA, in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from all councils' borrowers.

Liquid financial deposits

Greater Wellington holds \$33 million in liquid financial deposits as a result of selling our interest in CentrePort Limited to our wholly owned subsidiary (WRC Holdings Limited). We regularly review the rationale for holding these liquid financial deposits, taking into account the general provisions of our Treasury Management Policy, including our attitude to risk, creditworthy counterparties, and need to hold liquidity to meet liquidity covenants to maintain our high credit rating.

Administrative properties

Our interests in the Upper Hutt and Mabey Road depots are grouped to form an investment category, Administrative Properties.

Forestry

Greater Wellington and our predecessor organisations have been involved in forestry for many years, primarily for soil conservation and water quality purposes.

The organisation holds 6,000ha of forested land, of which about 4,000ha is in the western or metropolitan part of the region, with the remaining 2,000ha in Wairarapa.

The cutting rights to these forests were sold for a period of up to 60 years in the 2013/14 year.

Our overall investment policy with regard to forestry is to maximise long-term returns while meeting soil conservation, water quality and recreational needs.

Civic Financial Services Limited

Greater Wellington has a minor equity interest in Civic Financial Services Limited. This investment is owned directly by Greater Wellington rather than via the WRC Holdings Group.

Wellington Regional Economic Development Agency (WellingtonNZ)

WellingtonNZ is the key provider for economic development in the region, combined with tourism, venues and major events management for Wellington City. Under an agreement between all the councils in the region, WellingtonNZ was established in late 2014. It is owned jointly by Wellington City Council (80 percent shareholding) and Greater Wellington (20 percent shareholding). The ownership reflects the proportion of funding by the two shareholding councils. It is run by an independent board of directors and is accountable to the Wellington Regional Strategy (WRS) Committee – a standing committee of Greater Wellington, with membership from the councils in the region. WellingtonNZ implements the majority of the Wellington Regional Strategy and will support other plans that are currently being developed.

Performance targets

The performance targets for Wellington NZ are set through their 2019/20 Statement Of Intent⁷⁷ that was signed off by both the WRS Committee and shareholders. Results against the 2019/20 year will be published in their Annual Report by the end of December 2020.

Wellington Water Limited

Wellington Water manages Greater Wellington's bulk water supply function. Wellington Water also manages local water supply, stormwater and wastewater service delivery in the four cities of the Wellington Region. During the year, South Wairarapa District Council joined as a shareholder. Wellington Water is jointly owned by Greater Wellington, Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council and South Wairarapa District Council. Greater Wellington holds a 19% equity stake. It is run by an independent board of directors and is accountable to the Wellington Water Committee – a joint committee of elected representatives from each of the shareholding councils.

⁷⁷ https://www.wellingtonnz.com/assets/Uploads/resources/29c445432f/WREDA_SOI-20178_V4.pdf

Performance targets

Wellington Water's performance measures are set out in the Water Supply section of the 2018-28 Long Term Plan⁷⁸ and performance targets for the 2019/20 year are set through Wellington Water's 2019/20 Statement of Intent.

Wellington Regional Stadium Trust (Sky Stadium)

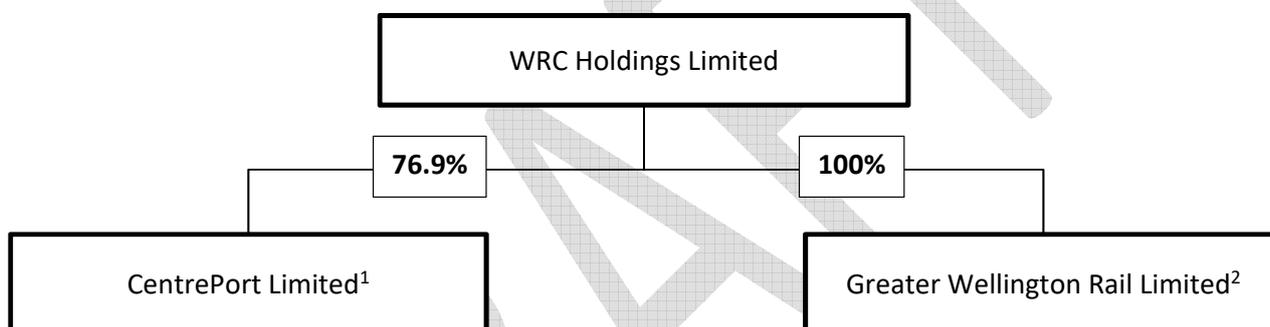
Sky Stadium is a regional facility which provides a high quality, multi-purpose venue for sporting and cultural events.

Greater Wellington provided a \$25 million loan to the Wellington Regional Stadium Trust to plan and build the stadium. It is the trust's principal funder.

Greater Wellington appoints one of its Councillors to the Wellington Regional Stadium Trust and jointly with Wellington City Council appoints other trustees. Greater Wellington also monitors the trust's performance against its Statement of Trustees Intent.

WRC Holdings Group

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



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

²Council Controlled Trading Organisation in accordance with the Local Government Act 2002

WRC Holdings Limited is an investment holding company. On 31 March 2020 Port Investments Limited was merged with WRC Holdings Limited, to simplify the company structure. The main operating companies in the group are CentrePort Limited and Greater Wellington Rail Limited. Every year, WRC Holdings Limited provides to Greater Wellington, as 100 percent shareholder, a Statement of Intent for the WRC Holdings Group.

The WRC Holdings Group is Greater Wellington's prime investment vehicle and the main mechanism by which it will own and manage any additional equity investments should they be acquired in the future. Periodically, Greater Wellington reviews the structure to determine if it is still an appropriate vehicle for holding its investments.

The primary objectives of WRC Holdings Limited are to support Greater Wellington's strategic vision and operate successful, sustainable and responsible businesses, manage its assets prudently and, where appropriate, provide a commercial return. It has adopted policies that prudently manage risks and protect the investment.

⁷⁸ Pages 66-68 of the 2018-28 Long Term Plan sets out the Water Supply non-financial performance measures, as included in the Wellington Water Annual Report.

Attachment 1 to report 20.498

WRC Holdings parent financial performance targets are:

| | Actual 2020 | Target 2020 | Actual 2019 |
|-------------------------------------|-------------|-------------|-------------|
| Dividend distribution \$000s | 2,800 | 2,523 | \$1,800 |
| Dividend distribution % | 98.0% | 100% | 100% |
| Return on equity ⁷⁹ | 1.00% | 1.00% | 0.78% |
| Return on assets ⁸⁰ | 1.24% | 1.20% | 1.00% |
| Shareholders' funds to total assets | 96.0% | 84.7% | 84.0% |

WRC Holdings group financial performance targets are:

| | Actual 2020 | Target 2020 | Actual 2019 |
|--|-----------------|-----------------|----------------|
| Net profit/(deficit) before tax | \$147 million | \$184.3 million | \$53.9 million |
| Net profit/(deficit) after tax ⁸¹ | \$143.3 million | \$190.1 million | \$53.7 million |
| Earnings before interest, tax and depreciation | \$171.1 million | \$218.7 million | \$80.1 million |
| Return on total assets ⁸² | 15.70% | 23.60% | 7.1% |
| Return on shareholders' funds ⁸³ | 22.90% | 33.90% | 10.1% |
| Stakeholders' funds to total assets | 68.90% | 69.50% | 67.5% |
| Dividends ⁸⁴ | \$2.8 million | \$2.5 million | 1.8 million |

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

Directors of WRC Holdings and its subsidiaries as at 30 June 2020 (excluding CentrePort Limited) are:

- Prue Lamason (Chair)
- Roger Blakeley
- Glenda Hughes
- Chris Kirk-Burnand
- Nick Leggett
- Helen Mexted
- Nancy Ward

Greater Wellington Rail Limited

Greater Wellington Rail Limited owns Greater Wellington's investments in rail rolling stock and other assets, which includes the following:

- 18 SW Carriages
- 6 SE Carriages
- 1 AG Luggage van
- 83 Matangi units
- 1 Matangi Driving Simulator
- 2 remote controlled shunt crabs

⁷⁹ Based on net surplus before tax divided by average equity, but excluding revaluation gains and losses.

⁸⁰ Based on earnings before interest and tax divided by average assets.

⁸¹ Net profit after tax, but before deduction of minority interest.

⁸² Earnings before interest and tax as a percentage of average total assets.

⁸³ Net profit after tax (and after deduction of minority interest) as a percentage of average shareholder equity (excluding minority interest).

⁸⁴ Dividends (interim and final) paid or payable to the shareholder.

Attachment 1 to report 20.498

- Rail infrastructure – EMU depot, rail stations, overbridges/underpasses, car parks

Performance targets

| | Actual 2020 | Target 2020 | Actual 2019 |
|-------------------------------------|-------------|-------------|----------------|
| Shareholders' funds to total assets | 80.7% | 83.0% | 79.6% |
| Operating expenditure (\$ million) | \$40.5 | \$39.7 | \$37.5 million |
| Capital expenditure (\$ million) | \$16.5 | \$20.6 | \$13.5 million |

CentrePort Limited

| | Actual 2020 | Target 2020 | Actual 2019 |
|---|-------------|-------------|-----------------|
| Net profit before tax | 19.7 | 17.4 | \$ 18.6 million |
| Net profit after tax | 14.7 | 12.6 | \$ 16.6 million |
| Return on total assets ⁸⁵ | 3.8% | 3.4% | 8.8% |
| Return on shareholders' funds ⁸⁶ | 3.9% | 3.6% | 6.2% |
| Dividends distribution as a percentage of NPAT ⁸⁷ | 34.1% | 39.8% | 24.1% |
| Dividend ⁸⁸ | \$5 million | \$5 million | \$4 million |
| Interest cover ratio ⁸⁹ | 0 | 0 | 0 |
| Underlying NPAT before earthquake impacts and changes in fair value per share | \$0.63 | \$0.54 | \$0.71 |
| Dividend per share | \$0.21 | \$0.21 | \$0.17 |
| Net assets per share | \$19.44 | \$19.18 | \$12.95 |

CentrePort Limited Safety and Security Performance Targets

| Objective | Performance measure | Performance target FY20 | Performance target Q4 and FY20 |
|---|--|-----------------------------|---|
| Year-on-year improvement towards zero harm | Lost Time Injury Frequency Rate (per 200,000 hours worked) (LTIFR) | 3.5 | 12 month rolling LTIFR = 2.69 |
| | Lost Time Injury Severity Rate (LTISR) | 10 | 12 month rolling LTISR = 8.0 |
| | Site Inspections | >120 | Q4 = 87 FY20 = 261 |
| | Safety Interactions | >120 | Q4 = 103 FY20 = 302 |
| | Random Drug and Alcohol Testing (as a percentage of total employees) | >40% | COVID-19 prevented our drug testing agency from testing during Alert Level 4 lockdown. Outside of Alert Level 4 lockdown testing was carried out every month above the target level |
| | bSafe Reports (incident and near miss reports) | >900 | Q4 = 171 FY20 = 1,059 |
| Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems | AS/NZS 4801 audit completed in alternate years to WSMP | Compliance with AS/NZS 4801 | Health & Safety systems are all fit for purpose and comply with AS/NZS 4801 |
| Maintain a Health and Safety Policy that leads our zero harm aspiration and actions | Policy reviewed annually against CentrePort's objectives and external benchmarks | Compliance with Policy | Health & Safety policy documents have been reviewed and strategy aligns with CentrePort values and vision |

⁸⁵ Net profit before interest and tax as a percentage of average total assets.

⁸⁶ Net profit after tax as a percentage of average shareholders' funds.

⁸⁷ Underlying net profit after tax excludes (i) fair value movements from cash flow hedges and investment property valuations, and (i) earthquake items.

⁸⁸ For forecasting purposes the base of 40% (rounded to the nearest \$100k) has been used for out-year reporting.

⁸⁹ The company has set medium and long-term financial performance and financial health targets. Earnings before interest, tax and depreciation, divided by interest expense.

Attachment 1 to report 20.498

| Objective | Performance measure | Performance target FY20 | Performance target Q4 and FY20 |
|--|--|--|---|
| Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC) | The requirements of the PHSC continue to be met | No breaches of the PHSC | No breaches of the PHSC |
| | Risk assessments of new tasks or reviews post incident completed | All new task risk assessments and post incident reviews complete | All new tasks and any changes to current workflows have adequate risk assessment prior to any changes |
| Maintain compliance with the International Ship & Port Security (ISPS) Code | Compliance is maintained, all incidents are reported to Maritime New Zealand and NZ Customs Service, and learning reviews are undertaken and recommendations implemented | Compliance maintained as per annual audit | Compliance with the ISPS maintained. All reportable incidents reported to the correct regulatory body |

CentrePort Limited Environmental Performance Targets

| Objective | Performance measure | Performance target FY20 | Performance target Q4 and FY20 Outcome |
|----------------------------------|--|--|--|
| Ensure regulatory compliance | Compliance breaches | Zero | Q4 = Zero. Significant improvement in identification of compliance requirements achieved under a certified Environmental Management System. Engagement with regulatory authorities continues, as does close monitoring of contractors on port. |
| Minimise risk to the environment | System: consistency with ISO14001 | Audit and completion of first stage certification (Note 1 below) | EnviroMark (Toitu) 'Gold' level maintained. Development of EMS to next stage underway. |
| | Incidents: number of registered environmental incidents (FY2015 baseline – 32) | Minimum 20% decrease from baseline | 2 incidents. Hydraulic oil spill in log yard. Diesel spill in Bluebridge marshalling area. FY20 = 9. All incidents were investigated, and corrective / improvement actions taken where necessary. |
| | Complaints: number of complaints from external stakeholders about environmental performance | Zero | Q4 = 1 complaint relating to vessel exhaust emission. FY20 = 5 complaints. 3 complaints relating to vessel emissions and 2 complaints relating to dust discharges. |
| Operate in a sustainable manner | Greenhouse gas emissions (quantity CO2 equivalent) emissions measured in accordance with ISO 14064 – 1:2006 and the Greenhouse Gas Protocol. | Meet targets identified in Emissions Management Plan | Emission reduction opportunities are progressing (Electric Vehicles, electric bomb carts, electrical upgrades including diesel generator replacement). Longer term emissions reduction strategy development well advanced (to be finalised Q1 FY21). |
| | Ozone depleting substances used (quantity methyl bromide released to atmosphere) | 100% recapture | 100% recapture for the period. |
| | Solid waste to landfill (quantity) including the potential for third party waste | Waste minimisation integrated into Earthquake recovery projects | Q4. Demolition waste reduction programme continuing (e.g. former BNZ building), including receipt of waste from external sites. FY20. Significant quantities of construction and demolition waste diverted from landfill to be reused or recycled. Waste management practices (e.g. office waste) improving. |

Attachment 1 to report 20.498

| Objective | Performance measure | Performance target FY20 | Performance target Q4 and FY20 Outcome |
|---|---|---|---|
| Engage with stakeholders on environmental matters | Environmental Consultative Committee meeting frequency | At least three per annum | Two meetings held. Third meeting postponed due to COVID-19. Next meeting planned for October. |
| | Iwi engagement | Pre lodgement consultation undertaken for 100% of resource consent applications | Q4. Two meetings with Port Nicholson Block Settlement Trust (PNBST) Chairperson occurred in April, and ongoing engagement planned including a port tour. FY20. Engagement with mana whenua iwi leadership, particularly regarding port regeneration and major projects. Engagement on resource consent applications is ongoing. |
| | Transparency | Performance against targets reported in Annual Report | Port regeneration planning includes environmental performance and will be included in company reporting and communications. |
| Develop a culture of awareness and responsibility | Board sub-committee (Health Safety and Environment) meeting frequency | At least four per annum | Q4. Meeting held in May 2020. FY20. 4 HSE sub-committee meetings held. |
| | Internal "sustainability subcommittee" meeting frequency | Monthly | Q4. Monthly HSE rep meetings held. FY20. Internal engagement on environmental issues is ongoing and is a key cultural element of port regeneration. |

Note 1: Based on a three stage certification process to achieve ISO 14001 (using EnviroMark or similar)

CentrePort Limited Social performance targets

| Objective | Performance measure | Performance target FY20 | Q4 & FY20 |
|--|---|--|---|
| Being a respected and responsible employer | Conduct annual staff engagement survey and follow up actions. | Engagement survey conducted. | The CEO has held regular meetings with a range of stakeholders including central/local government representatives, customers. |
| Building awareness of the value and contribution of CentrePort's activities to the regional economy. | Targeted engagement with key stakeholders directly and via channels. | Face-to-face meetings with key stakeholders/influencers | Stakeholder updates provided via direct email, LinkedIn, website. |
| | | Quarterly stakeholder update published | Stakeholder updates provided via direct email, LinkedIn, website. |
| Participating in and encouraging selected community activities. | Community engagement strategy and policy developed to guide appropriate and effective investment in community activities. | Community engagement strategy and policy completed, adopted and implemented. | Community/commercial events supported via sponsorship |
| Consulting employees, stakeholders and the community, as appropriate. | Engage stakeholders / community on Regeneration Plan. | Regeneration Plan engagement plan finalised and implemented. | Stakeholder engagement on individual Medium Term Operating Plan projects. Wider, longer term Regeneration engagement plan formed. |

CentrePort Limited General performance targets

| | Progress Update |
|---|--|
| The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas. | Performance targets are reviewed and agreed in the development of the Statement of Intent. |
| CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate. | Quarterly reporting has been scheduled with the shareholders. |
| CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy. | Quarterly reporting has been scheduled with the shareholders. |

CentrePort Limited Regeneration Measures

| Objective | Performance measure | Performance target FY20 | Performance Outcome Q4 and FY20 |
|---|--|--|---|
| Planning supports the appropriate regeneration and growth of the port | Planning completed on time and with input from key stakeholders | Port Regeneration Plan updated | <p>Q4. Further development of Portfolio Investment Plan, including response to specific questions from Shareholder(s). In addition to the above the following has been undertaken:</p> <ol style="list-style-type: none"> 1) Finalisation and approval of preferred spatial and operating plan report from Hamburg Port Consulting. 2) Re-engagement with KiwiRail and Greater Wellington representatives on potential for co-located terminals located around Kings Wharf and the Inner Harbour. 3) Continued resolution of matters related to the proposed Natural Resources Plan. 4) Development and finalisation of draft Emission Reduction Plan. 5) Development of draft business cases for engagement with Shareholder(s) on Container Berth Reinstatement, and Seaview Wharf. 6) Finalisation of documentation and reports related to Ground Resilience Strategy. <p>FY20. Completed all necessary Regeneration Planning works, including Portfolio Investment Plan, Operating and Spatial Plan, economic assessment. Engagement commenced with Shareholder(s).</p> |
| Infrastructure restoration and challenge | Demolition programme on target as contained in Medium Term Operating Plan | On target | <p>Q4. Demolition Programme delayed due to disruptions associated with COVID-19 Alert Level 3 and 4 lockdowns. Specific Updates:</p> <ol style="list-style-type: none"> 1) Former BNZ – hard demolition to be completed end of Q1 FY21. Progressing well since post COVID-19 resumption. 2) CentrePort House – enabling works and hard demolition approved. Enabling works for hard demolition to commence post CentrePort Limited occupation of Shed 39 ground floor. 3) Shed 53 Planning to resume once priority focus areas have been complete. <p>FY20. Demolition Programme proceeding in accordance with programme / sequence. Delays attributed to COVID-19.</p> |
| | Natural hazard resilience programme developed | Commence works to Seaview Works and first ground resilience projects commenced | <p>The following represents and update on the Medium-Term Operating Plan resilience works:</p> <ol style="list-style-type: none"> 1) Seaview Wharf – detailed business case developed for base case scope of work and ready for engagement with Shareholder(s). Progressing detailed engagement with industry and integration with their pipeline upgrade. Detailed design commenced on base case scope. 2) Aotea Quay – operational renewals on-going. Ground resilience works to progress in FY21 due to space constraints affecting operations due to other priority regeneration works. 3) Container Services Bomb Carts – in manufacture and delayed due to COVID-19 affects in Europe. 4) Container Berth – ground resilience works commenced behind non-secured sections of TCW2 in June 2020. Business case awaiting submission to Shareholder(s) following engagement on Portfolio Investment Strategy. 5) Sub-Station B Switchboard – progressing. 6) RFT2 and RFT3 Gangway Works – seismic improvement works completed in June 2020 ready for KiwiRail re-occupation (RFT2 only). Seismic assessments completed on all structures. |
| | Restoration of buildings on target as contained in Medium Term Operating Plan | On target | <p>Q4. Fitout of Shed 39 delayed due to COVID-19 lockdown, and now likely to be complete in late July 2020, which will allow commencement of transition of CentrePort Limited staff from CentrePort House and Pipitea Village. No feedback to date from KiwiRail on Interislander Arrivals Building. Seismic Improvement Works complete in late June 2020 on RFT2 Gangway to remove Earthquake Prone Status.</p> <p>FY20. Restoration of Buildings on track but various delays as a result of COVID-19.</p> |
| | Traffic and pedestrian management solutions on target as contained in Medium Term Operating Plan | Medium Term solutions commenced | <p>Q4. Realignment of main port entrance / exit via Hinemoa Street works ongoing. Completion of first phase of works likely in August 2020 which will enable realignment of Bluebridge discharge and then demolition of CentrePort Limited House.</p> <p>FY20. On target but delayed as a result of COVID-19 impact.</p> |

He tauākī pūtea | Financial Statements

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He tauākī whakamahuki Whiwhinga me Utu | Statement of Comprehensive Revenue and Expense

Greater Wellington Regional Council For the year ended 30 June 2020

| | Note | Council | | | Group | |
|--|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Operating revenue | | | | | | |
| Rates and levies | 3 | 173,640 | 174,471 | 164,741 | 173,640 | 164,741 |
| Transport operational grants and subsidies | 3 | 150,204 | 80,759 | 85,122 | 150,204 | 85,122 |
| Transport Improvement grants and subsidies | 3 | 8,586 | 22,371 | 11,423 | 8,586 | 11,423 |
| Other revenue | 3 | 107,304 | 130,916 | 127,355 | 198,650 | 212,526 |
| | 3 | 439,734 | 408,517 | 388,641 | 531,080 | 473,812 |
| Other gains / (losses) - net | | (2,707) | - | (2,915) | (2,707) | (5,252) |
| Total operating revenue and gains | | 437,027 | 408,517 | 385,726 | 528,373 | 468,560 |
| Operating expenditure | | | | | | |
| Employee benefits | 4 | (55,884) | (52,263) | (48,556) | (86,088) | (75,773) |
| Grants and subsidies | | (206,189) | (203,883) | (196,247) | (193,524) | (185,050) |
| Depreciation and amortisation | 5 | (28,431) | (28,574) | (25,267) | (56,826) | (51,131) |
| Finance expenses | | (22,369) | (24,382) | (23,341) | (22,388) | (23,391) |
| Other operating expenses | 6 | (123,035) | (86,700) | (93,479) | (191,544) | (154,264) |
| Transport improvement expenditure | | (2,098) | - | (1,826) | (2,098) | (1,826) |
| Total operating expenditure | | (438,006) | (395,802) | (388,716) | (552,468) | (491,435) |
| Operating surplus/(deficit) before other items and tax | | (979) | 12,715 | (2,990) | (24,095) | (22,875) |
| Share of associate's surplus/(deficit) | | - | - | - | 14 | 10,311 |
| Earthquake related items: | | | | | | |
| Insurance deductible expenses | 8 | - | - | - | (3,456) | (24,220) |
| Impairment of assets | 8 | - | - | - | (818) | (3,271) |
| Earthquake costs | 8 | - | - | - | (975) | (2,174) |
| Net insurance recovery - associates | 8 | - | - | - | 172,500 | 90,382 |
| Other fair value changes | | | | | | |
| Gain / (loss) on financial instruments | 7 | (17,711) | 8,800 | (25,725) | (17,711) | (25,725) |
| Fair value gain/(loss) on investment property | 20 | - | - | - | 747 | 1,021 |
| Total fair value movements and earthquake related items | | (17,711) | 8,800 | (25,725) | 150,287 | 36,013 |
| Surplus/(deficit) before tax | | (18,690) | 21,515 | (28,715) | 126,206 | 23,449 |
| Tax (expense)/benefit | 9 | - | - | - | (2,185) | 1,818 |
| Surplus from continuing operations | | (18,690) | 21,515 | (28,715) | 124,021 | 25,267 |
| Operating surplus / (deficit) after tax | | (18,690) | 21,515 | (28,715) | 124,021 | 25,267 |
| Other comprehensive revenue and expenses | | | | | | |
| Share of associates' other comprehensive income | | - | - | - | - | - |
| Revaluation gain/(loss) on infrastructure assets after tax | 17 | 27,229 | - | 8,056 | 26,030 | 68,318 |
| Deferred Tax recognised in Reserves | | - | - | - | - | (16,874) |
| Increases/ (Decreases in valuations of other financial assets) | | 3,720 | - | 4,126 | 3,720 | 4,126 |
| Total other comprehensive income | | 30,949 | - | 12,182 | 29,750 | 55,570 |
| Total comprehensive income | | 12,259 | 21,515 | (16,533) | 153,771 | 80,837 |
| Surplus is attributable to: | | | | | | |
| Attributed to: | | | | | | |

Attachment 1 to report 20.498

| | Council | | | Group | |
|------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Note | | | | | |
| Equity holders of the Parent | 12,259 | 21,515 | (16,533) | 117,483 | 63,989 |
| Non-controlling interest | - | - | - | 36,288 | 16,848 |
| | 12,259 | 21,515 | (16,533) | 153,771 | 80,837 |

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He tauākī Ahumoni | Statement of Financial Position**Greater Wellington Regional Council
For the year ended 30 June 2020**

| | Note | Council | | Actual 2019 \$'000 | Group | |
|---|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2020 \$'000 | Budget 2020 \$'000 | | Actual 2020 \$'000 | Actual 2019 \$'000 |
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 11 | 9,338 | 26,254 | 16,857 | 259,392 | 108,585 |
| Trade and other receivables | 12 | 89,711 | 25,651 | 38,452 | 106,069 | 49,498 |
| Other financial assets | 14 | 83,114 | 33,488 | 79,382 | 83,114 | 79,382 |
| Inventories | 13 | 3,134 | - | 3,058 | 5,860 | 4,898 |
| Other current assets | 8 | - | - | - | - | 50,000 |
| Total current assets | | 185,297 | 85,393 | 137,749 | 454,435 | 292,363 |
| Non-current assets | | | | | | |
| Other financial assets | 14 | 69,723 | 103,890 | 69,557 | 25,723 | 25,557 |
| Property, plant and equipment | 17 | 1,251,469 | 1,288,017 | 1,217,791 | 1,861,478 | 1,813,479 |
| Intangible assets | 18 | 12,710 | - | 10,419 | 16,173 | 13,513 |
| Investment in subsidiaries | 21 | 286,295 | 295,632 | 269,295 | - | - |
| Investment properties | 20 | - | - | - | 59,903 | 54,904 |
| Derivatives | 22 | 1,293 | - | 1,056 | 1,293 | 1,056 |
| Investments accounted for under the equity method | | - | - | - | 592 | 578 |
| Deferred tax assets | 10 | - | - | - | 27,662 | 24,919 |
| Investments in joint ventures | 15 | - | - | - | - | (190) |
| Total non-current assets | | 1,621,490 | 1,687,539 | 1,568,118 | 1,992,824 | 1,933,816 |
| Total assets | | 1,806,787 | 1,772,932 | 1,705,867 | 2,447,259 | 2,226,179 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Derivatives | 22 | 871 | - | 1,247 | 871 | 1,247 |
| Trade and other payables | 23 | 65,882 | 43,281 | 47,171 | 74,009 | 59,069 |
| Interest bearing liabilities | 24 | 119,655 | 126,800 | 64,713 | 99,929 | 64,713 |
| Employee benefits liabilities and provisions | 25 | 4,700 | - | 3,324 | 10,208 | 7,019 |
| Income tax payable | | - | - | - | 526 | 2,821 |
| Total current liabilities | | 191,108 | 170,081 | 116,455 | 185,543 | 134,869 |
| Non-current liabilities | | | | | | |
| Interest bearing liabilities | 24 | 400,000 | 441,343 | 402,800 | 400,000 | 402,800 |
| Derivatives | 22 | 84,496 | - | 66,173 | 84,496 | 66,173 |
| Deferred tax liabilities | 10 | - | - | - | 129,052 | 125,347 |
| Employee benefits liabilities and provisions | 25 | 152 | - | 137 | 509 | 419 |
| Service concession liability | 17 | 27,893 | - | 29,425 | 27,893 | 29,425 |
| Total non-current liabilities | | 512,541 | 441,343 | 498,535 | 641,950 | 624,164 |
| Total liabilities | | 703,649 | 611,424 | 614,990 | 827,493 | 759,033 |
| Net assets | | 1,103,138 | 1,161,508 | 1,090,877 | 1,619,766 | 1,467,146 |
| EQUITY | | | | | | |
| Retained earnings | | 283,071 | 393,183 | 302,966 | 653,591 | 565,718 |
| Other reserves | | 820,067 | 768,325 | 787,911 | 861,006 | 831,394 |
| Minority interest | | - | - | - | 105,169 | 70,034 |
| Total equity | | 1,103,138 | 1,161,508 | 1,090,877 | 1,619,766 | 1,467,146 |

Daran Ponter
Chair
17 December 2020

Greg Campbell
Chief Executive
17 December 2020

Alison Trustrum-Rainey
Chief Financial Officer
17 December 2020

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He tauākī whakamārama Moni Taurite | Statement of Changes in Equity

Greater Wellington Regional Council For the year ended 30 June 2020

| | Council | | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| | Note | | | | |
| Opening equity | | | | | |
| Operating surplus /(deficit) after tax | | | | | |
| Dividend to non-controlling interest | | | | | |
| Asset revaluation movements | | | | | |
| Revaluation movement of other financial assets | | | | | |
| Total closing equity at 30 June | | | | | |
| Non-controlling interest | | | | | |
| Opening non-controlling interest | | | | | |
| Share of operating surplus/(deficit) | | | | | |
| Share of reserves movements | | | | | |
| Dividends paid | | | | | |
| Non-controlling interest at end of year | | | | | |
| Asset revaluation reserves | | | | | |
| Opening asset revaluation reserves | | | | | |
| Increase (Decrease) in Asset Revaluation Reserves | | | | | |
| Deferred Tax on other comprehensive revenue | | | | | |
| Share of non-controlling interest | | | | | |
| Transfers from/(to) accumulated funds | | | | | |
| Closing asset revaluation reserve | | | | | |
| Fair value reserve | | | | | |
| Opening fair value reserve | | | | | |
| Current year movement | | | | | |
| Transfers to accumulated funds | | | | | |
| Closing fair value reserve | | | | | |
| Other reserves | | | | | |
| Opening other reserves | | | | | |
| Transfers to accumulated funds | | | | | |
| Transfers from accumulated funds | | | | | |
| Interest earned | | | | | |
| Closing other reserves | | | | | |
| Retained earnings | | | | | |
| Opening accumulated funds | | | | | |
| Operating surplus / (deficit) after tax | | | | | |
| Interest allocated to reserves | | | | | |
| Other transfers to reserves | | | | | |
| Transfers from reserves | | | | | |
| Share of non-controlling interest | | | | | |
| Other transfers from/(to) reserves | | | | | |
| Closing accumulated funds | | | | | |
| Total closing equity at 30 June | | | | | |

He tauākī Kapewhiti | Statement of Cash-Flow

Greater Wellington Regional Council For the year ended 30 June 2020

| | Note | Council | | | Group | |
|---|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Receipts from customers | | - | - | - | 83,300 | 83,751 |
| Rates revenue received | | 136,855 | 139,683 | 133,614 | 136,855 | 133,614 |
| Water supply levy received | | 34,788 | 34,788 | 33,069 | 34,788 | 33,069 |
| Government subsidies received | | 112,249 | 103,130 | 95,495 | 112,249 | 95,494 |
| Interest received | | 4,568 | 5,874 | 4,908 | 7,400 | 5,547 |
| Dividends received | | 2,886 | - | 1,973 | 86 | 173 |
| Rent income | | - | - | - | 6,439 | 6,390 |
| Fees, charges and other revenue | | 96,459 | 125,042 | 120,173 | 111,502 | 119,339 |
| Payments to suppliers and employees | | (157,283) | - | (139,718) | (258,469) | (231,374) |
| Payment of grants and subsidies | | (208,287) | (342,845) | (196,248) | (195,333) | (160,427) |
| Interest paid | | (23,472) | (24,382) | (23,157) | (23,443) | (24,410) |
| Income tax paid / (refund) | | - | - | - | (3,518) | (1,089) |
| Business loss of rents | 8 | - | - | - | (5,843) | 6,622 |
| Business Interruption Temporary works | 8 | - | - | - | - | (22,740) |
| Net cash from (used in) operating activities | 26 | (1,237) | 41,290 | 30,109 | 6,013 | 43,959 |
| Cash flows from investing activities | | | | | | |
| Receipts from sale of property, plant, and equipment | | 2,004 | 669 | 207 | 2,004 | 666 |
| Earthquake insurance payments received | | - | - | - | 206,998 | 68,808 |
| Sale of investments (bonds & term deposits) | | - | - | 22 | - | 22 |
| Cash balance from acquired joint venture | | - | - | - | - | 47,944 |
| | | 2,004 | 669 | 229 | 209,002 | 117,440 |
| Purchase of property, plant and equipment | | (38,723) | (81,250) | (41,493) | (85,380) | (62,785) |
| Purchase of intangible assets | | (30) | - | (106) | (30) | (2,743) |
| Development of investment properties | | - | - | - | (5,239) | - |
| Acquisition of investments | | (21,675) | (20,590) | (65,081) | (4,675) | (8,381) |
| Earthquake capital expenditure | | - | - | - | - | (8,263) |
| Other transfer | | - | - | - | (147) | 885 |
| Net cash flow from investing activities | | (58,424) | (101,171) | (106,451) | 113,531 | 36,153 |
| Cash flows from financing activities | | | | | | |
| Loan funding | | 52,142 | 87,433 | 87,891 | 32,417 | 87,891 |
| Debt repayment | | - | (23,336) | - | - | (62,080) |
| Dividends paid to non-controlling interests | | - | - | - | (1,154) | (923) |
| Net cash from financing activities | | 52,142 | 64,097 | 87,891 | 31,263 | 24,888 |
| Net increase / (decrease) in cash and cash equivalents | | (7,519) | 4,216 | 11,549 | 150,807 | 105,000 |
| Cash and cash equivalents at the beginning of year | | 16,857 | 22,038 | 5,308 | 108,585 | 3,585 |
| Cash, cash equivalents, and bank overdrafts at the end of the year | 11 | 9,338 | 26,254 | 16,857 | 259,392 | 108,585 |

He tauākī Pūtea Kawekawe | Funding Impact Statement

Greater Wellington Regional Council For the year ended 30 June 2020

| | Council | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Budget 2019 \$'000 |
| Sources of operating funding | | | | |
| General rate | 52,711 | 52,132 | 47,510 | 47,283 |
| Targeted rates | 86,140 | 87,923 | 84,163 | 84,828 |
| Subsidies and grants for operating purposes | 150,204 | 76,464 | 85,122 | 81,274 |
| Interest and dividends from investments | 7,202 | 5,006 | 7,307 | 4,282 |
| Fees and charges | 75,023 | 104,544 | 97,385 | 100,931 |
| Fines, infringement fees, and other receipts | 59,865 | 52,807 | 55,632 | 51,037 |
| Total operating funding | 431,145 | 378,876 | 377,119 | 369,635 |
| Applications of operating funding | | | | |
| Payments to staff and suppliers | (386,708) | (327,259) | (340,108) | (332,591) |
| Finance costs | (22,369) | (23,712) | (23,288) | (22,528) |
| Total applications of operating funding | (409,077) | (350,971) | (363,396) | (355,119) |
| Surplus / (deficit) of operating funding | 22,068 | 27,905 | 13,723 | 14,516 |
| Sources of capital funding | | | | |
| Subsidies and grants for capital expenditure | 8,586 | 30,048 | 11,423 | 24,439 |
| Increase / (decrease) in debt | 18,624 | 47,763 | 113,319 | 88,064 |
| Gross proceeds from asset sales | 1,944 | 426 | 107 | 1,214 |
| Total sources of capital funding | 29,154 | 78,237 | 124,849 | 113,717 |
| Applications of capital funding | | | | |
| - to meet additional demand | (4,136) | (1,533) | (2,404) | (4,267) |
| - to improve the level of service | (19,224) | (61,525) | (23,595) | (36,151) |
| - to replace existing assets | (15,393) | (21,315) | (45,917) | (57,604) |
| Increase / (decrease) in investments | (12,858) | (24,343) | (68,125) | (34,098) |
| Increase / (decrease) in reserves | 389 | 2,574 | 1,469 | 3,887 |
| Total applications of capital funding | (51,222) | (106,142) | (138,572) | (128,233) |
| Surplus / (deficit) of capital funding | (22,068) | (27,905) | (13,723) | (14,516) |
| Funding balance | 0 | 0 | 0 | 0 |
| Depreciation on council assets | 28,431 | 30,239 | 25,267 | 26,434 |
| Water supply levy | 34,788 | 34,230 | 33,069 | 33,069 |

¹This includes the water supply levy charged to Wellington, Upper Hutt, Hutt and Porirua city councils.

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

For more information on the revenue and financing mechanisms, please refer to the "Revenue and Financing Policy" in the 2018-28 Long Term Plan.

All figures on this page exclude GST.

He Pūtea Penapena | Financial Reserves

Greater Wellington Regional Council

30 June 2020

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

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

Other reserves are split into four categories:

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

| Council created reserves | Purpose of the fund | Opening balance Jul-19 \$'000 | Deposits \$'000 | Withdrawals \$'000 | Closing balance Jun-20 \$'000 |
|---------------------------------|---|-------------------------------------|--------------------|-----------------------|-------------------------------------|
| Area of benefit reserves | | | | | |
| Regional parks reserve | Any funding surplus or deficit relating to the provision of regional parks is used only on subsequent regional parks expenditure. | 54 | 2 | - | 56 |
| Public transport reserve | Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure. | 12,774 | 321 | (2,841) | 10,254 |
| Transport planning reserve | Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure. | 991 | 29 | - | 1,020 |
| WRS reserve | Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure. | 978 | - | (338) | 640 |
| Iwi reserve | Any funding surplus or deficit relating to the provision of iwi project fund is used only on subsequent iwi project funding expenditure | 365 | 11 | - | 376 |
| WREMO reserve | Contributions by other local authorities to run the WREMO. | 24 | 110 | - | 134 |
| Catchment scheme reserves | Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure. | 8,088 | 881 | (646) | 8,323 |
| Land management reserves | Any funding surplus or deficit relating to the provision of targeted land management schemes is used only on subsequent land management expenditure. | 2,742 | 1,246 | (806) | 3,182 |
| Contingency reserves | | | | | |
| Environmental legal reserve | To manage the variation in legal costs associated with resource consents and enforcement. | 239 | 7 | - | 246 |
| Flood contingency reserves | To help manage the costs for the repair of storm damage throughout the region. | 2,818 | 286 | - | 3,104 |

Attachment 1 to report 20.498

| Council created reserves | Purpose of the fund | Opening balance Jul-19 \$'000 | Deposits \$'000 | Withdrawals \$'000 | Closing balance Jun-20 \$'000 |
|---------------------------------|--|--|----------------------------|-------------------------------|--|
| Rural fire reserve | To help manage the costs of rural fire equipment. | 76 | 2 | - | 78 |
| Special reserves | | | | | |
| Election reserve | To manage the variation in costs associated with the election cycle. | 316 | 58 | (101) | 273 |
| Corporate systems reserve | To manage the variation in costs associated with key IT infrastructure and software. | 1,524 | 446 | - | 1,970 |
| Long Term Plan reserve | To manage variation in costs associated with Long term plan process. | 423 | 175 | - | 598 |
| Masterton Building Reserve | To manage future fitout cost of the new Masterton Building. | - | 493 | - | 493 |
| Wellington Analytics Reserve | Contribution by other local authorities for set up costs. | - | 117 | - | 117 |
| Re-budget reserve | | | | | |
| Re-budgeted reserve | Expenditure that has been rated for in 2019/20 when the project will not be completed until 2020/21. | 2,953 | 3,096 | (2,953) | 3,096 |
| Earthquake proceeds reserve | To manage future repair and maintenance due to the Kaikoura earthquake | 562 | 17 | - | 579 |
| | | 34,926 | 7,297 | (7,685) | 34,538 |

All figures on this page exclude GST.

Ko te Moni Tārewa | Debt**Greater Wellington Regional Council
As at 30 June 2020**

| | Opening balance 2019 \$'000 | Additions \$'000 | Repayments \$'000 | Closing balance 2020 \$'000 | Finance costs \$'000 |
|---|-----------------------------------|---------------------|----------------------|-----------------------------------|---|
| Regional leadership | | | | | |
| Strategic planning | 168 | 3,272 | (130) | 3,310 | 64 |
| Wairarapa water use project | 3,457 | - | - | 3,457 | 171 |
| Warm Wellington | 9,725 | 897 | (2,715) | 7,907 | 472 |
| Public transport | | | | | |
| Public transport | 237,892 | 12,960 | (11,458) | 239,394 | 13,224 |
| Water supply | | | | | |
| Water supply | 90,934 | 13,099 | (4,149) | 99,884 | 4,789 |
| Environment | | | | | |
| Environment | 4,986 | 1,569 | (464) | 6,091 | 262 |
| Flood protection and control works | | | | | |
| Flood protection and control works | 102,657 | 10,055 | (4,804) | 107,908 | 5,275 |
| Parks | | | | | |
| Parks | 8,979 | 1,346 | (770) | 9,555 | 466 |
| Investments | | | | | |
| Stadium | - | - | - | - | - |
| Property and other | 34,910 | 10,407 | (4,153) | 41,164 | 1,926 |
| | 493,708 | 53,605 | (28,643) | 518,670 | 26,649 |
| | | | | | Council Actual 2020 \$'000 |
| Total activities debt | | | | | 518,670 |
| Treasury internal funding ¹ | | | | | 985 |
| | | | | | 519,655 |
| | | | | | 519,655 |
| External debt (current) | | | | | 119,655 |
| External debt (non-current) | | | | | 400,000 |
| | | | | | 519,655 |

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

All figures on this page exclude GST.

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

He whakamārama mō ngā Tauākī Pūtea | Notes to the Financial Statements

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| 2 Accounting policies | x |
| 3 Revenue from exchange and non-exchange transactions | x |
| 4 Employee benefits | x |
| 5 Depreciation and amortisation | x |
| 6 Other operating expenditure | x |
| 7 Fair value movements | x |
| 8 Earthquake Related Costs | x |
| 9 Taxation | x |
| 10 Deferred tax | x |
| 11 Cash and cash equivalents | x |
| 12 Trade and other receivables | x |
| 13 Inventories | x |
| 14 Other financial assets | x |
| 15 Aggregated joint venture information | x |
| 16 Redemption of mandatory convertible notes | x |
| 17 Property, plant and equipment | x |
| 18 Intangible assets | x |
| 19 Insurance coverage, asset values and contingency funds | x |
| 20 Investment properties | x |
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| 22 Derivative financial instruments | x |
| 23 Trade and other payables | x |
| 24 Debt | x |
| 25 Employee entitlements and provisions | x |
| 26 Reconciliation of operating surplus/(deficit) with cashflow from operating activities | x |
| 27 Financial instruments | x |
| 28 Contingencies | x |
| 29 Related party transactions | x |
| 30 Remuneration | x |
| 31 Capital commitments and operating leases | x |
| 32 Severance payments | x |
| 33 Rating base information | x |
| 34 Major variances between actual and budget | x |
| 35 Events occurring after the balance date | x |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**1. Reporting entity****1.1. Reporting entity**

Greater Wellington Regional Council (Greater Wellington) is a regional local authority governed by the Local Government Act 2002. Greater Wellington's principal address is 2 Fryatt Quay, Wellington, New Zealand. The Group consists of Greater Wellington and its subsidiaries as disclosed below.

Greater Wellington provides bulk water, parks, transport, infrastructure, environmental regulation and monitoring to the Greater Wellington region for community and social benefit, rather than to make a financial return. Accordingly Greater Wellington has designated itself and the Group as public benefit entities (PBEs) and applies New Zealand Tier 1 Public Sector Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Greater Wellington are for the year ended 30 June 2020. The financial statements were authorised for issue by Greater Wellington on 10 December 2020.

Accounting judgements and estimations

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Property, Plant and Equipment and Investment Property

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2020.

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

(ii) Capital Work in Progress

This includes capital projects requiring resource consent to proceed. Management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Works in Progress balance is carried forward on the basis the project has been determined to proceed.

(iii) Joint Control of Harbour Quays Special Purpose Vehicles (SPVs)

Note 15 describes Harbour Quay A1 Limited, Harbour Quays D4 Limited and Harbour Quays F1F2 Limited (the SPVs) as joint ventures of the Group although the SPVs are owned by CentrePort Properties Limited, a subsidiary of CentrePort. The SPVs have issued Mandatory Convertible Notes (MCNs) to the Accident Compensation Corporation (ACC) which provided ACC with joint control over the SPVs. During the year ended 30 June 2019, the Group redeemed the Mandatory Convertible Notes (MCNs) issued by the SPVs to ACC, and as a result the Group obtained full control of the SPVs from 31 May 2019.

In addition, management has made the estimations and judgements on the useful life of assets as stated per Note 2 – Depreciation and Financial Instruments categories in note 27 (e).

(iv) Revenue recognition relating to insurance revenue from the port insurance claim

See Note 8 for details.

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

See Note 15 for details.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

(vi) Income tax calculations

See Note 9 for details.

2. Accounting policies

2.1. Basis of preparation

Statement of compliance

The financial statements of Greater Wellington and the Group have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

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

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

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

2.2. COVID-19 Pandemic Impact

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. On 21 March 2020, Prime Minister Jacinda Ardern introduced a country wide Alert Level system to deal with the coronavirus outbreak. There are four Alert Levels, with Level 1 being the least risk of infection and 4 the highest. On Wednesday 25 March 2020 the New Zealand Government raised its Alert Level to 4 which is a full lockdown of non-essential services. The country moved down to Alert Level 3 on 28 April 2020.

The impact of Council activities was as follows:

- Public Transport patronage decreased significantly, with reduced passenger boarding compared to what was expected pre COVID-19. Metlink bus and train services continued to run based on reduced weekend timetables across the region and as part of the national response to COVID-19 Alert Level 4, these were free until 31 May 2020.

However Greater Wellington secured funding from Waka Kotahi/NZ Transport Agency to cover lost revenue during lockdown and the decreased in patronage levels – refer to Note 34.

- Consents revenue was reduced as clients were subject to lockdown restrictions.

CentrePort experienced lower overall ship calls during the lockdown. CentrePort’s main activities were impacted as follows:

- Containers continued to move throughout the lockdown period, with volumes slightly lower due to the pandemic.
- The cruise season finished 18 March 2020, with 8 cruise visits cancelled due to the lockdown.
- Log exports were classified as a non-essential cargo during Alert Level 4. Volumes were significantly impacted until restrictions were lifted when the country moved to Alert Level 3.
- Petroleum imports significantly reduced during and after the lockdown due to low demand and high stock levels.

Greater Wellington Rail is classified as an essential service provider and continued to operate during this period. As the entity's operations are not customer facing the impact of the lockdown was limited. There were also no variations to leasing agreements with third parties.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**COVID-19 Provisions***Impairment of debtor balances*

Greater Wellington and the Group's bad debts have historically been very low. However, within CentrePort invoices relating to the 2019/20 cruise season remain outstanding. The cruise industry is facing significant challenges with border closures and uncertainty on the timing of reopening of borders. The recovery of the outstanding balances is less certain with the cruise industry significantly impacted by the COVID-19 pandemic.

CentrePort has provided for impairment of debtor balances as a result of the COVID-19 pandemic. CentrePort's assessment is based on objective evidence regarding the recoverability of outstanding debtor balances at balance date.

Redundancy Provision

CentrePort needs to ensure the continuation of a flexible, sustainable business, operating efficiently and safely while maintaining quality service levels to our customers. To achieve this, management is undergoing a change process.

As a result, certain redundancies were announced before balance date and provided for as appropriate.

CentrePort Material Valuation Uncertainty

The Group's accounting policy is to revalue CentrePort's operational port land every three to five years. The land was last revalued at 30 June 2017. Colliers International has valued operational port land as at 30 June 2020. Investment Property is revalued each year, and Colliers International has valued all investment properties as at 30 June 2020.

Market activity is being impacted in almost every sector and there has been a reduction in liquidity across many investment markets. In terms of the property markets it is difficult at the current time to determine if this is a short term liquidity issue or a longer term concern. The illiquidity in some property markets means there will be a time delay in establishing a sufficient body of transactional evidence to demonstrate actual pricing, of some property types and locations, and therefore what the adjustment from pre-pandemic values is with certainty.

Valuations are therefore based on material uncertainty. Consequently, a higher degree of caution should be attached to the valuations than would normally be the case. This does not reduce the accuracy or suitability of the valuations at balance date.

This valuation uncertainty is in addition to the material valuation uncertainty as to the final operational port land resilience costs

The impact of COVID-19 on the Group's balance sheet is set out below:

| Balance Sheet Item | COVID-19 Assessment | Note |
|--|--|-------------|
| Cash and Cash Equivalents | No impact to the carrying value of cash on hand. | 11 |
| Trade and Other Receivables | Greater Wellington has reviewed the collectability of debtor balances outstanding and concluded that no additional impairment provision is necessary. CentrePort has updated the provision for the credit losses. As at 30 June 2020 the group has provided for impairment of debtor balances of \$100k. | 12 |
| Inventories | No impact. | |
| Property, Plant and Equipment, and Investment Properties | Greater Wellington's assets are subject to revaluations based on three to five year cycles. In the current year the Flood Protection assets were subject to revaluation. The valuers engaged have provided representations which Greater Wellington has accepted, that no objective evidence exists that suggests that the values arrived at would be impacted by the COVID-19 lockdown. Greater Wellington is satisfied that the revalued amounts fair approximate their fair values. Greater Wellington has also conducted an assessment of assets carried at revalued cost that are out of their revaluation cycles. The assessments involved reviewing the values against market indices and other specific inherent factors. Management has concluded that no evidence exists that suggests that the carrying amounts materially differ from their fair values due to the impact of the COVID-19 lockdown. CentrePort's land and investment properties are held at fair value. With lower property transactions post lockdown to assess the impact of COVID-19 material | 17, 20 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

| Balance Sheet Item | COVID-19 Assessment | Note |
|-------------------------------------|--|------|
| | valuation uncertainty is present in the valuations. However, CentrePort does not expect any significant change in the medium to long term values. The plant and equipment is held at cost less accumulated depreciation. CentrePort has not identified indicators that there has been a decline in the value of plant and equipment due to COVID-19 as the assets remain critical to providing essential services. | |
| Intangible Assets | Greater Wellington's and the Group's intangible assets have been tested for impairment as required under PBE IPSAS 26. A fair value less costs of disposal approach has been used to estimate an Enterprise value for CentrePort's single cash generating unit. The impairment analysis supports the \$2.7m carrying value of goodwill. No objective evidence has been identified that would indicate that the value of intangible assets may be impaired. | 18 |
| Provision for Employee Entitlements | CentrePort has accrued for restructuring costs as a result of a staffing review and change process. | 25 |
| Tax Liabilities | The reintroduction of tax depreciation on commercial buildings as part of the Government's COVID-19 measures provides a deferred tax benefit. | |
| Derivative financial instruments | Greater Wellington enters into derivative contracts to manage the risk on external debt. These instruments are impacted by interest rate movements. In response to the negative economic implications of the COVID-19 virus the Reserve Bank reduced the Official Cash rate (OCR) by 75 basis points. This resulted in the increase in the fair values of derivative liabilities. The impact is shown in the relevant note to the financial statements | 7 |

2.3. Significant event – Kaikoura earthquake 14 November 2016

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

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed.

During the period ended 30 June 2020, CentrePort Limited and CentrePort Properties reached a full and final settlement on the respective insurance claims. All insurance proceeds have been received by the entities and are further explained in Note 8.

2.4. Basis of consolidation

The consolidated financial statements include Greater Wellington and its subsidiaries. Subsidiaries are those entities controlled directly or indirectly by the Parent. The financial statements of subsidiaries are included in the consolidated financial statements using the purchase method. A list of subsidiaries appears in Note 20.

The minority interest represents Manawatu – Wanganui (Horizons) Regional Council's 23.1 percent share of CentrePort Limited. Greater Wellington's investment in subsidiaries is held at cost in its own "Parent entity" accounts.

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

All significant intercompany transactions are eliminated on consolidation.

Interests in joint ventures

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

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

An investment is accounted for using the equity method from the date on which the investee becomes a joint venture.

The requirements of PBE IPSAS 26 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with PBE IPSAS 26 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) to its carrying amount. Any accumulated impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with PBE IPSAS 26 to the extent that the recoverable amount of the investment subsequently increases.

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

2.5. Revenue

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

(i) Rates and levies

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

(ii) Government grants and subsidies

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

(iii) User charges

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

(iv) Dividends

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

(v) Interest

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

(vi) Sales of goods

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

2.6. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

2.7. Property, plant and equipment

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

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

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

- Operational land and buildings
- Operational plant and equipment
- Operational vehicles
- Flood protection infrastructural assets
- Parks and forests infrastructural assets
- Capital work in progress
- Port wharves and paving
- Navigational aids
- Transport infrastructural assets
- Water supply infrastructural assets
- Right of use assets.

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Greater Wellington and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Revaluation

Infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every five years, except operational port freehold land which is valued every three years.

Revaluation movements are accounted for on a class of asset basis. The fair value of revalued assets is recognised in the financial statements of the Group and reviewed at the end of each reporting period to ensure that the carrying value is not materially different from its fair value. Any revaluation increase in the class of asset is recognised in other comprehensive revenue and expenses and accumulated as a separate component of equity in the asset revaluation reserve, except to the extent it reverses a previous revaluation decrease for the same asset previously recognised in the surplus or deficit, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged to other comprehensive revenue and expenses to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

The following assets are revalued every five years:

Flood protection

The flood protection infrastructure assets were valued at 30 June 2020 using Optimised Depreciated Replacement Cost (ODRC) methodology in accordance with the guidelines published by the National Asset Management Steering (NAMS) Group.

The valuations were carried out by a team of qualified and experienced flood protection engineers from within the Flood Protection department. The asset valuation was reviewed by John Vessey, Principal Engineering

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

Economist, and WSP International Consultants. He concluded that the 2020 valuation of Greater Wellington's flood protection assets is deemed acceptable and appropriate for financial reporting purposes.

Western flood protection land was valued as at 30 June 2020 by Martin Veale ANZIV, SPINZ, and Brian Whitaker ANZIV, SPINZ, using a derived value rate per hectare, based on sales data of rural and reserve land from recognised valuation sources which reflects fair value. Baker & Associates valued Wairarapa flood protection land as at 30 June 2020. Land valuation was completed by Stuart McCoshim MRICS, MPINZ, using comparison to market sales of comparable type land in similar locations to each parcel, which reflects fair value.

Parks and forests

The parks and forests land and buildings were valued at 30 June 2018. Land and improvements have been valued using the market value methodology by Fergus Rutherford, Registered Valuer of Baker and Associates Limited. Roads, fences, bridges, tracks and other park infrastructure were valued at 30 June 2018, and have been valued using ODRC methodology by Broniek Kazmierow, Parks Principal Ranger – Assets and Maintenance. Peter Ollivier, Senior Project Director of Calibre Consulting Limited, reviewed the unit rate methodology.

Public transport

Operational assets and rail infrastructural and rolling stock are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. They are revalued every five years.

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

Regional water supply

Regional water supply infrastructure assets were valued by John Freeman as at 30 June 2018, using ODRC methodology. Water supply buildings were revalued by Paul Butcher, BBS, FPINZ, Registered Valuer, and a Director of Bayleys Valuations Limited, as at 1 July 2018 using ODRC methodology.

Water urban based land assets were valued by Telfer Young (Martin J Veale, Registered Valuer, ANZIV, SPINZ), as at 30 June 2018 using current market value methodology in compliance with PINZ professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Water catchment and rural based assets were valued by Baker & Associates (Fergus T Rutherford, Registered Valuer, BBS (VPM), ANZIV), as at 30 June 2018 using current market value methodology in compliance with PINZ Professional Practice (Edition 5) Valuation for Financial Reporting and NZ PBE IPSAS 17 Property Plant and Equipment.

Greater Wellington Regional Council Group (including CentrePort Limited)

Operational Port Land is stated at fair value at the date of revaluation less any subsequent impairment losses. Fair value is determined by reference to the highest and best use of land as determined by the independent valuer. Operational Port Land was last independently valued by Bayleys, a registered valuer, on 30 June 2020.

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

At 30 June 2011 the Group purchased the Metropolitan rail assets from KiwiRail, which is owned by the New Zealand Government.

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

The assets were recognised in the Group accounts via the statement of revenue and expense. Greater Wellington Rail public transport rail station infrastructural assets and its rolling stock were valued by Bayleys using ODRC methodology at 30 June 2019.

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

Property, Plant and Equipment is recorded at cost less accumulated depreciation and impairment. Cost represents the value of the consideration to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service. All Property, Plant and Equipment is depreciated, excluding land.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition. Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Greater Wellington and the Group and the cost of the item can be measured reliably. The costs of day to day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds to the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

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

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

| | |
|--|-----------------------|
| Port, wharves and paving | 10 to 50 years |
| Operational port freehold land | Indefinite |
| Operational land | Indefinite |
| Operational buildings | 10 to 75 years |
| Operational plant and equipment | 2 to 40 years |
| Operational vehicles | 2 to 37 years |
| Flood protection infrastructural assets | 2 years to indefinite |
| Transport infrastructural assets | 3 to 50 years |
| Rail rolling stock | 5 to 35 years |
| Navigational aids infrastructural assets | 1 to 80 years |
| Parks and forests infrastructural assets | 2 to 155 years |
| Regional water supply infrastructural assets | 3 to 156 years |
| Right to use | 20 years |

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**Impairment of property, plant, and equipment**

Property, plant, and equipment that has a finite useful life is reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash generating assets and cash generating units is the present value of expected future cash flows.

2.8. Intangible assets

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

New Zealand Emission Trading Scheme

New Zealand Units (NZUs) received for pre-1990 forests are recognised at fair value on the date received. They are recognised as an asset in the statement of financial position and income in the statement of revenue and expense. The deforestation contingency is not recognised as a liability as there is no current intention of changing the land use. The estimated liability that would arise should deforestation occur has been estimated in the notes to the accounts.

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

Subsequently to initial recognition NZUs are revalued annually through the revaluation reserve.

2.9. Investment properties

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

The Group has the following classes of Investment Property:

1. Developed investment properties
2. Land available for development

2.10. Other financial assets

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

The Group's financial assets are categorised as follows:

- Financial assets at fair value accounted through operating surplus or deficit
Financial assets are classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains or losses on re measurement are recognised in operating surplus or deficit. Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current / non-current classification of derivatives is explained in the derivatives accounting policy below.
- Financial assets at fair value accounted through other comprehensive revenue and expenses
Financial assets are classified in this category if they were not acquired principally for selling in the short term. After initial recognition, these assets are measured at their fair value. Any gains and losses are recognised directly to equity, except for impairment losses which are recognised in other comprehensive revenue and expenses.
- Financial assets available for sale
Financial assets are either designated in this category or not classified in any of the other categories. Available for sale financial assets are initially recorded at fair value plus transaction costs when it can be reliably estimated. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly through equity. If there is no active market, no intention to sell the asset and fair value cannot be reliably measured, the item is measured at cost. Where the investment is determined to be impaired, the cumulative loss is reclassified from reserves to the surplus or deficit.
- Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After initial recognition they are measured at amortised costs using the effective interest method. Gains and losses when the asset is impaired or sold are accounted for in the surplus or deficit.
- Held to maturity investments
These are assets with fixed or determinable payments with fixed maturities that the Group has the intention and ability to hold to maturity.
After initial recognition they are recorded at amortised cost using the effective interest method. Gains and losses when the asset is impaired or settled are recognised in the surplus or deficit.

Impairment of financial assets

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

Impairment is established when there is objective evidence that the Group will not be able to collect amounts according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default payments are considered indicators that an asset is impaired. The amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables the carrying amount of the asset is reduced through the use of an allowance account, and the amount of loss is

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

recognised as a surplus or deficit. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, and government stock, are recognised directly against the instrument's carrying amount.

(ii) Financial assets at fair value through other comprehensive revenue and expense

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

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

Equity investment impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

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

Other financial assets

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

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

Financial liabilities

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

2.11. New Zealand Local Government Funding Agency

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

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

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

2.12. Inventory

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

2.13. Income tax

Recognition and measurement

Income tax expense includes components relating to current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2.14. Foreign currency

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

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

2.15. Employee entitlements

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

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred. Greater Wellington Regional Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

2.16. Provisions

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

2.17. Goods and services tax

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

2.18. Leases

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

Consolidated entity as lessee:

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

Consolidated entity as lessor:

Operating leases relate to subleases of properties (excluding land) leased with lease terms between 1 and 12 years, with an option to extend for a further period between 1 and 6 years. All operating lease contracts (excluding land) contain market review clauses. An operating lease relating to land has a term of 125 years. The lessee does not have an option to purchase the property or land at expiry of the lease period.

Lease incentive

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

2.19. Service concession asset and liability

Greater Wellington (as guarantor) has entered into a service concession arrangement with Transit, NZ Bus, and Mana (the Operators) to provide bus services with double decker buses. These buses meet the definition of service concession asset and are initially recognised at fair value and subsequently measured in accordance with PBE IPSAS 32 *Service Concession Arrangements*. They are depreciated over a useful life of 30 years on a straight line basis. An initial financial liability is also recognised which is accounted for using the amortised cost model leading to finance expenses over 15 years.

2.20. Overhead allocation and internal transactions

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

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

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

2.21. Equity

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

2.22. Statement of cash flow

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

- a) Operating activities comprise the principal revenue producing activities of the Group and other activities that are not considered to be investing or financing activities.
- b) Investing activities are those activities relating to the acquisition and disposal of Property, Plant and Equipment, Investment Property, Intangible Assets and Joint Ventures. Investments include securities not falling within the definition of cash.
- c) Financing activities are those activities that result in the changes in size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to capital structure are included in financing activities.

2.23. Budget figures

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

2.24. Standards, amendments, and interpretations issued but not yet effective

The following are the significant new or revised standards or interpretations in issue that are not yet required to be adopted by entities preparing financial statements for periods ending 30 June 2020.

PBE IPSAS 40 PBE Combinations – effective 1 January 2021

PBE IPSAS 40 provides guidance on accounting for acquisitions and amalgamations. The Standard requires a combination to be classified as either an acquisition or an amalgamation based on control and the economic substance of the combination.

PBE IPSAS 41 Financial instruments – effective 1 January 2022

PBE IPSAS 41 will replace both PBE IPSAS 29 and PBE IFRS 9. Simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. Applies a single forward looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.

Greater Wellington Regional Council has not yet completed the assessment of the above standards and the impact is not known.

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

3. Revenue from exchange and non-exchange transactions

| | Council | | | Group | |
|--|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2020 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue from exchange transactions: | | | | | |
| Water supply | 34,788 | 34,788 | 33,069 | 34,788 | 33,069 |
| Subsidiaries revenue | - | - | - | 66,077 | 64,713 |
| Dividends | 2,886 | 2,132 | 1,973 | 86 | 173 |
| Interest received | 3,864 | 3,498 | 5,355 | 8,161 | 4,858 |
| Rental income | 4,410 | 4,425 | 4,392 | 29,118 | 27,136 |
| Total exchange | 45,948 | 44,843 | 44,789 | 138,230 | 129,949 |
| Revenue from non-exchange transactions: | | | | | |
| General rates | 52,711 | 52,851 | 47,510 | 52,711 | 47,510 |
| Targeted rates | 86,141 | 86,832 | 84,162 | 86,141 | 84,162 |
| Rates, penalties, remissions & rebates | 758 | - | 726 | 758 | 726 |
| Grants & subsidises | 150,204 | 80,759 | 85,122 | 150,204 | 85,122 |
| Transport improvement grants | 8,586 | 22,371 | 11,423 | 8,586 | 11,434 |
| Provision of goods & services | 95,386 | 120,861 | 114,909 | 94,450 | 114,909 |
| Total non-exchange | 393,786 | 363,674 | 343,852 | 392,850 | 343,863 |
| Total exchange and non-exchange | 439,734 | 408,517 | 388,641 | 531,080 | 473,812 |

4. Employee benefits

| | Council | | | Group | |
|--|---------------|---------------|---------------|---------------|---------------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2020 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Salaries, wages and other employee benefits | 51,586 | 49,320 | 45,491 | 81,790 | 72,708 |
| Defined contribution plan employer contributions | 4,298 | 2,943 | 3,065 | 4,298 | 3,065 |
| Total personnel costs | 55,884 | 52,263 | 48,556 | 86,088 | 75,773 |

5. Depreciation and amortisation

| | Council | | | Group | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| | Actual | Actual | Actual | Actual | Actual |
| | 2020 | 2019 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Port wharves and paving | - | - | - | 1,207 | 1,026 |
| Land and buildings | 650 | 597 | 597 | 1,939 | 942 |
| Plant and equipment | 2,157 | 1,559 | 1,559 | 7,231 | 6,928 |
| Rail rolling stock | - | - | - | 16,645 | 14,619 |
| Motor vehicles | 999 | 896 | 896 | 999 | 892 |
| Flood protection | 1,122 | 855 | 855 | 1,122 | 855 |
| Water infrastructure | 15,731 | 15,559 | 15,559 | 15,731 | 15,559 |
| Transport infrastructure | 3,041 | 1,219 | 1,219 | 7,225 | 5,561 |
| Navigational aids | 135 | 70 | 70 | 131 | 70 |
| Parks and forests | 2,182 | 2,035 | 2,035 | 2,182 | 2,035 |
| Right to use | 1,544 | 1,544 | 1,544 | 1,544 | 1,544 |
| Amortisation-Computer software | 870 | 933 | 933 | 870 | 1,100 |
| | 28,431 | 25,267 | 25,267 | 56,826 | 51,131 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

6. Other operating expenditure

| | Council | | | Group | |
|--|----------------|---------------|---------------|----------------|----------------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2020 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Other operating expenses | | | | | |
| Fees to principal auditor for financial statements audit | 229 | 226 | 240 | 229 | 284 |
| Fees to Audit New Zealand for Long Term Plan audit | - | - | 20 | - | 20 |
| Fees to Audit New Zealand other services | - | - | 138 | - | 138 |
| Fees to Deloitte for CentrePort Group audit services | - | - | - | 243 | 358 |
| Impairment of trade receivables | (122) | - | (170) | (22) | (170) |
| Rates and insurance | 3,312 | 2,746 | 2,097 | 13,384 | 11,403 |
| Directors' fees | - | - | - | 553 | 523 |
| Subscriptions LGNZ | 457 | 832 | 490 | 457 | 490 |
| Operating lease rentals | 2,664 | 3,808 | 2,639 | 3,981 | 3,066 |
| Energy and utilities | 3,542 | 2,918 | 3,118 | 3,542 | 3,118 |
| Councillor fees and costs | 1,304 | 1,157 | 1,592 | 1,304 | 1,592 |
| Repairs and maintenance expenses | 6,074 | 5,500 | 5,959 | 25,022 | 24,993 |
| Materials and supplies | 45,721 | 16,281 | 18,819 | 45,721 | 18,819 |
| Contractors and consultants | 52,667 | 47,501 | 53,775 | 52,750 | 53,944 |
| Other operating expenses | 7,187 | 5,731 | 4,762 | 44,380 | 35,686 |
| Total other expenditure | 123,035 | 86,700 | 93,479 | 191,544 | 154,264 |

7. Fair value movements

| | Council | | | Group | |
|--|----------|--------|----------|----------|----------|
| | Actual | Budget | Actual | Actual | Actual |
| | 2020 | 2020 | 2019 | 2020 | 2019 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Fair value movements in financial instruments | | | | | |
| Stadium advance | - | 36 | (423) | - | (423) |
| Interest rate swaps | (17,711) | 8,764 | (25,302) | (17,711) | (25,302) |
| | (17,711) | 8,800 | (25,725) | (17,711) | (25,725) |
| Fair value movements of investment properties | | | | | |
| Investment properties | - | - | - | 747 | 1,021 |
| | (17,711) | 8,800 | (25,725) | (16,964) | (24,704) |

8. Earthquake Related Costs**Kaikoura earthquake**

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

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**CentrePort Ltd Claim**

During the period ended 30 June 2020, CentrePort Limited reached a full and final settlement on its insurance claim of \$472.5m. All insurance proceeds have been received by CentrePort Limited.

CentrePort Properties Ltd Claim

During the year ended 30 June 2019, CentrePort Properties Limited, including its associate property entities (SPVs), reached a full and final settlement on its insurance claim of \$175m. Of this, \$163m related to the SPVs and \$12m related to CentrePort Properties Limited. All insurance proceeds have been received by CentrePort Properties Limited and allocated to the SPVs as set out in the settlement agreement.

As the SPVs were equity accounted until 31 May 2019, the impact of the earthquake in relation to the SPVs is accounted for separately.

The following table shows the net proceeds applied in the financial statements for the year ended 30 June 2020:

| | Material Damage 2017 to 2020 \$'000 | Business Interruption 2017 to 2020 \$'000 | Total Settlement 2017 to 2020 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
|--|--|--|---|--------------------------|--------------------------|
| Loss of gross profits and rents | - | 39,586 | 39,586 | 15,502 | 6,622 |
| Temporary works expenditure incurred to date | 9,958 | 67,195 | 77,153 | - | 24,220 |
| Material damage - preliminary estimates | 394,349 | - | 394,349 | 183,580 | 59,540 |
| Discount for Early Settlement | - | (13,082) | (13,082) | (13,082) | - |
| Deductible buydown | (10,944) | (2,556) | (13,500) | (13,500) | - |
| Total insurance income | 393,363 | 91,143 | 484,506 | 172,500 | 90,382 |
| Total insurance income | 393,363 | 91,143 | 484,506 | 484,506 | 312,005 |
| Less progress payments received | (393,363) | (91,143) | (484,506) | (484,506) | (262,005) |
| Receivable as at 30 June 2020 | - | - | - | - | 50,000 |

Impairment of Assets

CentrePort's key infrastructural assets, such as wharves and pavements, are held at cost less accumulated depreciation and impairments. These assets were subject to technical and engineering assessments following the earthquake to assess whether they were partly damaged or completely destroyed and need to be derecognised. Those assets considered to be destroyed have been completely impaired. CentrePort continues to assess the carrying value of the partially damaged assets for impairment. However, as engineering estimates are not yet finalised the estimates for impairment may be subject to change in future periods.

| | Group | |
|--|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Asset impairment arising out of the earthquake: | | |
| - Estimated asset impairments relating to damaged assets (Note 17) | 1,199 | 2,621 |
| - Reversal of Wellington Port Coldstore over-impairment | (381) | - |
| - Impairment and fair value write-down on investment properties owned by CenterPort Properties Limited (Note 20) | - | 650 |
| | 818 | 3,271 |

Port land

An adjustment of \$60.0m (2019: \$63.0m) to the fair value of land has been made to recognise the resilience work that needs to be undertaken to support the land. This adjustment is discussed in Note 17.

Tax impact

Refer to Note 9 for information on the material assumptions and sensitivities related to the impact of the earthquake on income tax.

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

9. Taxation**a) Income tax recognised in profit or loss Tax expense / (benefit) comprises:**

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Current tax expense / (benefit) | | | | |
| Adjustments recognised in the current period in relation to the deferred tax of prior periods (Note 10) | - | - | 1,223 | 2,861 |
| Deferred tax expense/(income) relating to the origination and reversal of temporary differences (Note 10) | (179) | - | (3,403) | 80 |
| Tax expense | 179 | - | 4,365 | (4,759) |
| The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows: | | | | |
| Surplus / (deficit) from operations | (18,691) | (28,715) | 126,205 | 23,449 |
| Income tax expense / (benefit) calculated at 28% | (5,233) | (8,040) | 35,338 | 6,566 |
| Surplus / (deficit) not subject to taxation | | | | |
| Non-deductible expenses | 121,567 | 110,258 | 125,641 | 114,503 |
| Non-assessable income | (116,885) | (103,385) | (150,959) | (125,778) |
| Land and buildings reclassification | - | - | 501 | (286) |
| Tax loss offsets from or subventions paid to Group companies | - | - | - | - |
| Unused tax losses and temporary differences not recognised as deferred tax assets | 1,845 | 1,867 | 12 | (376) |
| Tax effect of imputation credits | (1,115) | (700) | (331) | (700) |
| Temporary differences | - | - | 835 | 4,280 |
| Permanent differences | - | - | (5,449) | - |
| (Under) / over provision of income tax in previous year | (179) | - | (3,403) | (27) |
| Tax expense | - | - | 2,185 | (1,818) |

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

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Tax expense / (benefit) is attributable to: | | | | |
| Continuing operations | - | - | 2,185 | (1,818) |
| | - | - | 2,185 | (1,818) |

b) Tax loss sharing

On 22 September 1998 WRC Holdings Limited, its wholly owned subsidiaries and CentrePort Limited entered into a Tax Loss Sharing Agreement under which the WRC Holdings Group will receive subvention payments from CentrePort Limited equivalent to 33 percent of its available losses (now 28 percent), with the balance of losses offset, where the companies elect to do so. During the 2020 year, no subvention payments were made (2019: Nil) and no loss offsets occurred (2019: Nil).

The 2020 financial statements for the parent do not include any subvention payments to be received (2019: Nil) for utilisation of the Greater Wellington's net losses.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**c) Key assumptions**

A number of assumptions have been applied in the tax calculation as a result of the different tax rules that apply to insurance proceeds and asset repairs or reinstatement. The most material assumption is an allocation of \$268.2m of the insurance proceeds to assets that are likely to be deemed to be disposed for tax purposes. All insurance proceeds have now been received and allocated.

The allocation is based on the indemnity value of the key assets considered to be irreparable as a result of the earthquake. This assumption results in non-taxable capital gains in the current year of \$108.3m with a tax effect of \$30.3m (in the prior year non-taxable capital gains were \$59.5m with a tax effect of \$16.7m), being the proceeds over and above original cost.

The recovery of historic tax depreciation claimed on the assets deemed to be destroyed has been included in the current tax liability charge. However, amounts in relation to earthquake damaged wharves eligible for roll over relief have been included as a deferred tax liability (which will reduce the tax base on replacement wharves once completed). The remainder of the proceeds are deemed to be taxable in future years as the related expenditure on repairs will be deductible. A ruling and a factual review are being sought from Inland Revenue on these assumptions.

10. Deferred tax

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| The balance comprises temporary differences attributable to: | | | | |
| Tax losses | - | - | 26,853 | 23,098 |
| Temporary differences | - | - | 809 | 1,821 |
| | - | - | 27,662 | 24,919 |
| <i>Other</i> | | | | |
| Temporary differences | - | - | (129,052) | (125,347) |
| Sub-total other | - | - | (129,052) | (125,347) |
| Total deferred tax liabilities | - | - | (101,391) | (100,428) |

| Movements-Group | Investment properties \$'000 | Property, plant and equipment \$'000 | Trade and other payables \$'000 | Other financial liabilities \$'000 | Tax losses \$'000 | Insurance Recoverable \$'000 | Total \$'000 |
|--------------------------------|------------------------------------|---|--|---|-------------------------|------------------------------------|-----------------|
| Balance at 1 July 2018 | 592 | (77,257) | 2,394 | 80 | 18,266 | (32,309) | (88,234) |
| Charged to income | (705) | (566) | (818) | (80) | 4,832 | 2,017 | 4,680 |
| Charged to equity | - | (16,874) | - | - | - | - | (16,874) |
| Balance at 30 June 2019 | (113) | (94,697) | 1,576 | - | 23,098 | (30,293) | (100,428) |

| Movements-Group | Investment properties \$'000 | Property, plant and equipment \$'000 | Trade and other payables \$'000 | Other financial liabilities \$'000 | Tax losses \$'000 | Insurance Recoverable \$'000 | Total \$'000 |
|--------------------------------|------------------------------------|---|--|---|-------------------------|------------------------------------|-----------------|
| Group | | | | | | | |
| Balance at 1 July 2019 | (113) | (94,697) | 1,576 | - | 23,098 | (30,293) | (100,429) |
| Charged to income | 113 | 2,120 | (767) | - | 3,754 | (6,182) | (962) |
| Balance at 30 June 2020 | - | (92,577) | 809 | - | 26,852 | (36,475) | (101,391) |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

| | Council | | Group | |
|-----------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Tax losses | 10,774 | 8,929 | - | - |
| Temporary differences | - | - | - | - |
| | 10,774 | 8,929 | - | - |

Tax losses not recognised

Greater Wellington has \$38.480 million of unrecognised tax losses at Parent level (2019: \$31.889 million) available to be carried forward and to be offset against taxable income in the future. The tax effect of losses at 28 percent was \$10.774 million (2019: \$8.979 million).

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

11. Cash and cash equivalents

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Cash at bank and in hand | 9,338 | 9,857 | 259,392 | 101,585 |
| Money market | - | 7,000 | - | 7,000 |
| Total cash and cash equivalents | 9,338 | 16,857 | 259,392 | 108,585 |

Cash at bank and on hand earns interest at the official cash rate. Short term deposits are made for varying terms of between one day and three months depending on the immediate cash requirements of Greater Wellington and the Group. They earn interest at the respective short term deposit rates and the fair value of cash and cash equivalents is the stated value. As at 30 June 2020 there are no funds invested in a money market term deposit (2019: \$7,000,000 at 1.88 percent).

Cash and cash equivalents includes cash in hand, deposits held on call with banks, and other short term, highly liquid investments with original maturities of three months or less.

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

12. Trade and other receivables

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Rates outstanding* | 14,000 | 12,126 | 14,000 | 12,126 |
| Trade customers** | 41,707 | 8,633 | 51,662 | 17,985 |
| Accrued revenue | 27,323 | 12,759 | 29,718 | 13,796 |
| Less provision for impairment of receivables*** | (859) | (981) | (959) | (981) |
| Other receivable | 42 | - | 42 | 268 |
| Prepayments | 4,412 | 2,253 | 8,215 | 2,642 |
| Water levies receivables | 1,619 | 1,491 | 1,619 | 1,491 |
| Other receivable | 1,467 | 2,171 | 1,772 | 2,171 |
| Total debtors and other receivables | 89,711 | 38,452 | 106,069 | 49,498 |

* Greater Wellington uses the region's territorial authorities to collect its rates. Payment of the final instalment of rates is not received until after year end.

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

*** Greater Wellington reduced its impairment provision as its debtor portfolio was largely unaffected by the effects of the COVID-19 Alert Level restrictions.

Provision for impairment of receivables

| | Council | | Group | |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Opening balance | (981) | (1,151) | (981) | (1,436) |
| Movement | 122 | 170 | 22 | 455 |
| Closing balance | (859) | (981) | (959) | (981) |

The impairment provision has been determined based on a review of outstanding balances as at 30 June 2020.

| | Council | | Group | |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Not past due | 37,794 | 6,828 | 43,443 | 14,008 |
| Past due 31-60 days | 626 | 56 | 3,154 | 1,599 |
| Past due 61-90 days | 208 | 244 | 340 | 489 |
| Past due > 90 days | 3,079 | 1,505 | 3,368 | 1,889 |
| Total gross trade receivables | 41,707 | 8,633 | 50,305 | 17,985 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

13. Inventories

| | Council | | Group | |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Harbours | - | - | 1,225 | 781 |
| Water supply pipelines and chemicals | 2,750 | 2,669 | 2,750 | 2,677 |
| Wairarapa nursery stock | 384 | 350 | 384 | 350 |
| Emergency management | - | 39 | - | 39 |
| CentrePort spare stock | - | - | 1,419 | 933 |
| CentrePort fuel and stock | - | - | 82 | 118 |
| Total inventory | 3,134 | 3,058 | 5,860 | 4,898 |

No inventories are pledged as securities for liabilities (2019: Nil)

14. Other financial assets

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Stadium advance | - | - | - | - |
| Civic Financial Services Limited shares | 80 | 128 | 80 | 128 |
| New Zealand Local Government Funding Agency Limited shares | 6,241 | 5,153 | 6,241 | 5,153 |
| New Zealand Local Government Funding Agency Limited borrower notes | 6,800 | 6,400 | 6,800 | 6,400 |
| Warm Wellington funding | 8,169 | 9,985 | 8,169 | 9,985 |
| Bank deposits with maturity terms more than three months | 33,000 | 33,000 | 33,000 | 33,000 |
| Bulk water supply contingency fund | 37,337 | 34,151 | 37,337 | 34,151 |
| Material damage property insurance contingency fund | 10,097 | 9,428 | 10,097 | 9,428 |
| Major flood contingency fund | 7,113 | 6,694 | 7,113 | 6,694 |
| Loan to WRC Holdings Limited | 44,000 | 44,000 | - | - |
| | 152,837 | 148,939 | 108,837 | 104,939 |
| Current financial assets | 83,114 | 79,382 | 83,114 | 79,382 |
| Non-current financial assets | 69,723 | 69,557 | 25,723 | 25,557 |
| Total financial assets | 152,837 | 148,939 | 108,837 | 104,939 |

Advance to Wellington Regional Stadium Trust

Greater Wellington advanced \$25 million to the Wellington Regional Stadium Trust in August 1998. The advance is on an interest free basis with limited rights of recourse. The obligations of Greater Wellington to fund the Trust are defined under a Funding Deed dated 30 January 1998. Under the terms of this deed, any interest charged on the limited recourse loan is accrued and added to the loan. The advance is not repayable until all non-settlor debts of the Trust are extinguished and is subject to the Trust's financial ability to repay debt at that time. Greater Wellington without prejudice expects that the Stadium Trust will not repay the advance and consequently the asset is fully impaired.

Civic Financial Services Limited

Greater Wellington holds 80,127 shares (2019: 80,127 shares) in the New Zealand Local Government Insurance Corporation, trading as Civic Financial Services Limited.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**New Zealand Local Government Funding Agency Limited**

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA) and holds 1,866,000 fully paid \$1 shares (2019: 1,866,000). It has also invested \$6,800,000 (2019: \$6,400,000) in LGFA borrower notes, which return on average 1.10 percent as at 30 June 2020 (2019: 2.40 percent). The LGFA has the right to elect to convert the borrower notes into redeemable shares. This can only occur after it has fully called on its unpaid capital and only in the situation of their being at risk of imminent default.

Warm Wellington

The Warm Wellington programme provides funding to ratepayers for home insulation and clean heating in association with the Energy Efficiency and Conservation Authority. Under this programme Greater Wellington provides up to \$5,000 assistance to ratepayers. The assistance is fully recovered by way of a targeted rate on those ratepayers that participate in the programme.

The Warm Wellington balance is classified as loans and receivable. As it is not feasible to determine the future cash flows, we are carrying the actual balance at fair value rather than amortised cost. We consider the outstanding amount of the loan (principal plus interest) as the fair value.

Bank deposits with maturity terms more than three months

Greater Wellington has invested \$33,000,000 (2019: \$33,000,000) of its funds in short term deposits with an average rate of 2.27 percent (2019: 3.17 percent). They are recorded at fair value.

Bulk water supply contingency fund

Greater Wellington is holding \$37,337,000 (2019: \$34,151,000) in bulk water supply contingency funds. These are invested as follows: \$32,337,000 (2019: \$29,151,000) in term deposits and \$5,000,000 (2019: \$5,000,000) in bank bonds. The weighted average rate is 2.50 percent (2019: 3.20 percent). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Material damage property insurance contingency fund

Greater Wellington has invested \$10,097,000 (2019: \$9,428,000) of its material damage property insurance contingency fund in short term deposits with an average rate of 2.13 percent (2019: 3.37 percent). The investments are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Major flood contingency fund

Greater Wellington has invested \$7,113,000 (2019: \$6,694,000) of its major flood contingency fund in a short term deposit with a rate of 2.00 percent (2019: 3.21 percent). The deposit is recorded at fair value.

Loan to WRC Holdings Limited

Greater Wellington loaned \$44,000,000 (2019: \$44,000,000) to its wholly owned subsidiary WRC Holdings Limited. The rate at 30 June 2020 is 1.0175 percent (2019: 2.4175 percent) and is reset quarterly.

15. Aggregated joint venture information

| Name of joint venture | Principal activity | 2020 | 2019 |
|--|---------------------------------|------------------------|------------------------|
| | | Percentage ownership % | Percentage ownership % |
| Harbour Quays A1 Limited* | Commercial rental property | 76.9% | 76.9% |
| Harbour Quays D4 Limited* | Commercial rental property | 76.9% | 76.9% |
| Harbour Quays F1F2 Limited* | Commercial rental property | 76.9% | 76.9% |
| Direct Connect Container Services Limited* | Transport hubbing and logistics | 38.5% | 38.5% |

*The Special Purpose Vehicles Harbour Quays A1, Harbour Quays D4, and Harbour Quays F1F2 redeemed the Mandatory Convertible Notes issued to ACC on 31 May 2019. As a result the Group obtained full control and the Special Purpose Vehicles have been consolidated from that date. Refer to Note 16 for further information on this.

* All companies are incorporated and operate in New Zealand

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

| | Council and Group | |
|---|-----------------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Group | | |
| Carrying amount at beginning of year | (190) | 74,584 |
| Consolidation of net assets of SPV's on acquisition | - | (84,992) |
| Equity accounted earnings of joint ventures* | (138) | 10,218 |
| Applied against loan balances | 328 | - |
| Carrying amount at end of year | - | (190) |
| Represented by: | | |
| Individually immaterial associates | - | (190) |
| | - | (190) |

16. Redemption of mandatory convertible notes**Summary of acquisition**

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

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

As at the acquisition date the fair value of the equity interest in the SPVs held immediately before the acquisition amounted to \$85 million, which includes the loss recognised as a result of redeeming the MCNs of \$9.7m. This loss on re-measurement of the previously held equity interest in SPVs is recognised within the share of profit/(loss) of Investments using the Equity Method in the statement of comprehensive income.

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

a) Assets and liabilities acquired

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

| | Fair value \$'000 |
|--|------------------------------|
| Fair value as at 31 May 2019 | |
| Cash and cash equivalents | 47,944 |
| Trade receivables | 845 |
| Investment properties | 36,873 |
| Trade payables | (312) |
| Income tax payable | (84) |
| Income in advance | (274) |
| Total consideration transferred | 84,992 |

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**b) Purchase consideration – cash outflow**

| | \$'000 |
|--|---------------|
| Outflow of cash to acquire subsidiary, net of cash acquired | |
| Cash consideration | - |
| Less: Balances acquired | |
| Cash | 47,944 |
| Bank overdraft | - |
| Total consideration | 47,944 |

c) Acquired receivables

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

d) Revenue and profit contribution

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

If the acquisition had occurred on 1 July 2018, consolidated pro forma revenue and profit for the period ended 31 December 2018 would have been \$4.7 million and \$11.4 million respectively.

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

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

e) Acquisition related costs

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

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

17. Property, plant and equipment

| Council 2020 | Cost / revaluation 1 Jul 2019 \$'000 | Accumulated depreciation \$'000 | Carrying amount 1 Jul 2019 \$'000 | Current year additions \$'000 | Current year disposals \$'000 | Net depreciation \$'000 | Transfers \$'000 | Current year Impairment charges \$'000 | Revaluation surplus \$'000 | Cost / revaluation 30 Jun 2020 \$'000 | Accumulated depreciation \$'000 | Carrying amount 30 Jun 2020 \$'000 |
|----------------------------------|---|--|--|--|--|--|-----------------------------|---|---|--|--|---|
| Operating assets | | | | | | | | | | | | |
| <u>At cost & valuation</u> | | | | | | | | | | | | |
| Land and buildings | 33,334 | (2,923) | 30,411 | 1,799 | (1,506) | 222 | 205 | (3,715) | - | 30,117 | (2,701) | 27,416 |
| Plant and equipment | 12,617 | (5,508) | 7,109 | 695 | (283) | (1,944) | 261 | - | - | 13,290 | (7,452) | 5,838 |
| Motor vehicles | 8,293 | (4,969) | 3,324 | 1,053 | (583) | (468) | - | - | - | 8,763 | (5,437) | 3,326 |
| Total | 54,244 | (13,400) | 40,844 | 3,547 | (2,372) | (2,190) | 466 | (3,715) | - | 52,170 | (15,590) | 36,580 |
| Infrastructural assets | | | | | | | | | | | | |
| <u>At cost & revaluation</u> | | | | | | | | | | | | |
| Flood protection | 404,713 | (2,560) | 402,153 | 3,772 | - | 303 | 1,658 | - | 25,805 | 435,948 | (2,257) | 433,691 |
| Navigational aids | 2,254 | - | 2,254 | - | - | (131) | - | - | - | 2,254 | (131) | 2,123 |
| Parks and forests | 91,959 | (2,034) | 89,925 | 188 | (240) | (2,169) | 610 | - | - | 92,517 | (4,203) | 88,314 |
| Transport infrastructure | 32,245 | - | 32,245 | 421 | - | (3,041) | 7,136 | - | - | 39,802 | (3,041) | 36,761 |
| Water infrastructure | 603,585 | (15,538) | 588,047 | 114 | (19) | (15,729) | 175 | - | - | 603,855 | (31,267) | 572,589 |
| Capital work in progress | 32,977 | - | 32,977 | 30,934 | - | - | (10,300) | - | - | 53,611 | - | 53,611 |
| Right to use | 30,889 | (1,544) | 29,345 | - | - | (1,544) | - | - | - | 30,889 | (3,088) | 27,801 |
| Total | 1,198,622 | (21,676) | 1,176,946 | 35,429 | (259) | (22,311) | (721) | - | 25,805 | 1,258,876 | (43,987) | 1,214,889 |
| Total Council | 1,252,866 | (35,076) | 1,217,790 | 38,976 | (2,631) | (24,501) | (255) | (3,715) | 25,805 | 1,311,046 | (59,577) | 1,251,469 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Council 2019 | Cost / revaluation 1 Jul 2018 \$'000 | Accumulated depreciation \$'000 | Carrying amount 1 Jul 2018 \$'000 | Current year additions \$'000 | Current year disposals \$'000 | Net depreciation \$'000 | Transfers \$'000 | Current year Impairment charges \$'000 | Revaluation surplus \$'000 | Cost / revaluation 30 Jun 2019 \$'000 | Accumulated depreciation \$'000 | Carrying amount 30 Jun 2019 \$'000 |
|-------------------------------|---|---------------------------------------|--|--|--|-------------------------------|---------------------|---|----------------------------------|--|---------------------------------------|---|
| Operating assets | | | | | | | | | | | | |
| <u>At cost and valuation</u> | | | | | | | | | | | | |
| Land and buildings | 29,226 | (2,401) | 26,825 | 6,236 | (2,128) | (522) | - | - | - | 33,334 | (2,923) | 30,411 |
| Plant and equipment | 15,660 | (9,111) | 6,549 | 2,159 | (5,202) | 3,603 | - | - | - | 12,617 | (5,508) | 7,109 |
| Motor vehicles | 7,599 | (4,657) | 2,942 | 1,311 | (617) | (312) | - | - | - | 8,293 | (4,969) | 3,324 |
| Total | 52,485 | (16,169) | 36,316 | 9,706 | (7,947) | 2,769 | - | - | - | 54,244 | (13,400) | 40,844 |
| Infrastructural assets | | | | | | | | | | | | |
| <u>At cost and valuation</u> | | | | | | | | | | | | |
| Flood protection | 400,021 | (8,428) | 391,593 | 12,648 | (6,724) | 5,869 | - | (1,232) | - | 404,713 | (2,559) | 402,154 |
| Navigational aids | 2,172 | (393) | 1,779 | - | - | (70) | - | - | 545 | 2,254 | - | 2,254 |
| Parks and forests | 90,041 | - | 90,041 | 1,919 | (1) | (2,034) | - | - | - | 91,959 | (2,034) | 89,925 |
| Transport infrastructure | 18,153 | (3,615) | 14,538 | 10,803 | (2,810) | 761 | - | - | 8,953 | 32,245 | - | 32,245 |
| Water infrastructure | 603,622 | - | 603,622 | 12,781 | (178) | (15,538) | - | - | - | 616,225 | (15,538) | 600,687 |
| Capital work in progress | 26,910 | - | 26,910 | (6,573) | - | - | - | - | - | 20,337 | - | 20,337 |
| Right to use | - | - | - | 30,889 | - | (1,544) | - | - | - | 30,889 | (1,544) | 29,345 |
| Total | 1,140,919 | (12,436) | 1,128,483 | 62,467 | (9,713) | (12,556) | - | (1,232) | 9,498 | 1,198,622 | (21,675) | 1,176,947 |
| Total Council | 1,193,404 | (28,605) | 1,164,799 | 72,173 | (17,660) | (9,787) | - | (1,232) | 9,498 | 1,252,866 | (35,075) | 1,217,791 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Group 2020 | Cost / revaluation 1 Jul 2019 \$'000 | Accumulated depreciation \$'000 | Carrying amount 1 Jul 2019 \$'000 | Current year additions \$'000 | Current year disposals \$'000 | Net depreciation \$'000 | Transfers \$'000 | Current year Impairment charges \$'000 | Revaluation surplus \$'000 | Cost / revaluation 30 Jun 2020 \$'000 | Accumulated depreciation and impairment \$'000 | Carrying amount 30 Jun 2020 \$'000 |
|-------------------------------|---|---------------------------------------|--|--|--|-------------------------------|---------------------|---|----------------------------------|--|--|---|
| Operating assets | | | | | | | | | | | | |
| Land and buildings | 116,825 | (18,659) | 98,166 | 8,509 | (1,507) | (1,064) | 3,054 | (12,033) | 5,918 | 132,799 | (31,756) | 101,043 |
| Plant & Equipment | 88,487 | (43,035) | 45,452 | 695 | (288) | (7,112) | 3,689 | - | - | 92,583 | (50,147) | 42,436 |
| Motor vehicles | 8,293 | (4,969) | 3,324 | 1,053 | (583) | (468) | - | - | - | 8,763 | (5,437) | 3,326 |
| Total | 213,605 | (66,663) | 146,942 | 10,257 | (2,378) | (8,644) | 6,743 | (12,033) | 5,918 | 234,145 | (87,340) | 146,805 |
| Infrastructural assets | | | | | | | | | | | | |
| <u>At cost and valuation</u> | | | | | | | | | | | | |
| Flood protection | 404,713 | (2,560) | 402,153 | 3,772 | - | 302 | 1,658 | - | 25,805 | 435,948 | (2,258) | 433,690 |
| Parks and forests | 91,959 | (2,034) | 89,925 | 187 | (240) | (2,168) | 610 | - | - | 92,517 | (4,203) | 88,314 |
| Capital works in progress | 47,343 | - | 47,343 | 65,764 | - | - | (17,779) | - | - | 95,328 | - | 95,328 |
| Port wharves and paving | 69,275 | (51,253) | 18,022 | - | (19) | (1,204) | 1,204 | - | - | 70,461 | (52,458) | 18,003 |
| Navigational aids | 2,254 | - | 2,254 | - | - | (131) | - | - | - | 2,254 | (131) | 2,123 |
| Transport infrastructure | 489,448 | - | 489,448 | 4,108 | - | (23,866) | 7,136 | - | - | 500,692 | (23,866) | 476,826 |
| Water infrastructure | 603,585 | (15,538) | 588,047 | 114 | (19) | (15,728) | 175 | - | - | 603,855 | (31,266) | 572,589 |
| Right to use | 30,889 | (1,544) | 29,345 | - | - | (1,545) | - | - | - | 30,889 | (3,089) | 27,800 |
| Total | 1,739,466 | (72,929) | 1,666,537 | 73,945 | (278) | (44,340) | (6,996) | - | 25,805 | 1,831,942 | (117,269) | 1,714,673 |
| Total Group | 1,953,071 | (139,592) | 1,813,479 | 84,202 | (2,656) | (52,984) | (253) | (12,033) | 31,723 | 2,054,054 | (192,576) | 1,861,478 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Group 2019 | Cost / revaluation 1 Jul 2018 \$'000 | Accumulated depreciation \$'000 | Carrying amount 1 Jul 2018 \$'000 | Current year additions \$'000 | Current year disposals \$'000 | Net depreciation \$'000 | Transfers \$'000 | Current year Impairment charges \$'000 | Revaluation surplus \$'000 | Cost / revaluation 30 Jun 2019 \$'000 | Accumulated depreciation \$'000 | Carrying amount 30 Jun 2019 \$'000 |
|--|---|---------------------------------------|--|--|--|-------------------------------|---------------------|---|----------------------------------|--|---------------------------------------|---|
| Operating assets | | | | | | | | | | | | |
| Land and buildings | 108,018 | (17,847) | 91,171 | 10,814 | (2,250) | (812) | - | (757) | - | 116,825 | (18,659) | 98,166 |
| Plant and Equipment | 97,546 | (45,473) | 52,073 | 5,587 | (14,656) | 2,448 | - | - | - | 88,487 | (43,035) | 45,452 |
| Motor vehicles | 7,599 | (4,657) | 2,942 | 1,311 | (617) | (312) | - | - | - | 8,293 | (4,969) | 3,324 |
| Total Group's property, plant and equipment | 214,029 | (67,977) | 146,186 | 17,712 | (17,523) | 1,324 | - | (757) | - | 213,605 | (66,663) | 146,942 |
| Infrastructural assets | | | | | | | | | | | | |
| Flood protection | 400,021 | (8,429) | 391,592 | 12,648 | (6,724) | 5,869 | - | (1,232) | - | 404,713 | (2,559) | 402,154 |
| Parks and forests | 90,041 | - | 90,041 | 1,919 | (1) | (2,034) | - | - | - | 91,959 | (2,034) | 89,925 |
| Capital work in progress | 38,337 | - | 38,337 | (3,634) | - | - | - | - | - | 34,702 | - | 34,702 |
| Port wharves and paving | 68,219 | (50,228) | 17,991 | 1,056 | - | (1,025) | - | - | - | 69,275 | (51,253) | 18,022 |
| Navigational aids | 2,172 | (393) | 1,779 | - | - | (70) | - | - | 545 | 2,254 | - | 2,254 |
| Transport infrastructure | 480,501 | (67,624) | 412,877 | 28,888 | (5,854) | (15,680) | - | - | 69,216 | 489,449 | - | 489,449 |
| Water infrastructure | 603,622 | - | 603,622 | 12,781 | (178) | (15,538) | - | - | - | 616,225 | (15,538) | 600,687 |
| Right to use | - | - | - | 30,888 | - | (1,544) | - | - | - | 30,888 | (1,544) | 29,344 |
| Total infrastructural assets | 1,682,913 | (126,674) | 1,556,239 | 84,546 | (12,757) | (30,022) | - | (1,232) | 69,761 | 1,739,465 | (72,928) | 1,666,537 |
| Total Group's property, plant and equipment | 1,897,076 | (194,651) | 1,702,425 | 102,258 | (30,280) | (28,698) | - | (1,989) | 69,761 | 1,953,070 | (139,591) | 1,813,479 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**Infrastructural assets – further disclosures**

| Council 2020 | Closing book value \$'000 | Additions | | Estimated replacement cost \$'000 |
|---------------------------------------|------------------------------|----------------------------------|---|--------------------------------------|
| | | Constructed by Council \$'000 | Assets transferred to Council \$'000 | |
| Infrastructural assets | | | | |
| Water treatment plants and facilities | 257,986 | 51 | - | 283,371 |
| Other water assets | 314,604 | 238 | - | 338,327 |
| Flood protection and control works | 433,690 | 5,430 | - | 433,690 |
| Total infrastructural assets | 1,006,280 | 5,719 | - | 1,055,388 |

| Council 2019 | Closing book value \$'000 | Additions | | Estimated replacement cost \$'000 |
|---------------------------------------|------------------------------|----------------------------------|---|--------------------------------------|
| | | Constructed by Council \$'000 | Assets transferred to Council \$'000 | |
| Infrastructural assets | | | | |
| Water treatment plants and facilities | 265,363 | 90 | - | 273,324 |
| Other water assets | 322,684 | 51 | - | 332,364 |
| Flood protection and control works | 402,154 | 12,648 | - | 425,477 |
| Total infrastructural assets | 990,201 | 12,789 | - | 1,031,165 |

Capital Work in Progress

Capital work in progress includes capital projects requiring resource consent to proceed. The Council and management regularly review these projects to determine whether the assumptions supporting the project proceeding continue to be valid. The Capital Work in Progress balance is carried forward on the basis the projects have been determined they will proceed.

Service Concession Arrangement*Background:*

Greater Wellington (as grantor) has entered into an arrangement with Tranzit, NZ Bus, and Mana (the Operators) to provide bus services. The arrangement requires Operators to provide timetable services using double decker buses under contracts terms of 15 years.

During this period, the operator will earn revenues from operating the buses while Greater Wellington pays the service fees and substantively controls the use of the double decker buses as specified in the agreement. At the end of the contract term, the ownership of those buses will transfer to Greater Wellington with the price determined using a contracted formula.

Service concession asset

The double decker buses were initially recognised at fair value of \$31 million in 2018/19 and have been subsequently measured in accordance with PBE IPSAS 32. They have an estimated useful life of 20 years and are depreciated on a straight line basis.

Service concession liability

\$31 million of financial liability in relation to the service concession arrangement has also been initially recognised in 2018/19. This financial liability has been subsequently accounted for using the amortised cost model leading to finance expenses over 15 years.

Operational Port Land

Operational Port Land is measured at fair value less any allowance for impairment.

Operational Port Land was independently valued by Colliers International, a registered valuer, on 30 June 2020. The assessed value at that time was \$122.4m which was adjusted by \$60.0m for estimated Operational Port Land

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

resilience costs, to arrive at fair value for financial reporting purposes. \$12.1m of Operational Port Land was reclassified from Commercial Zoned and Other Port Land to Industrial Zoned Land in line with Collier's valuation.

Due to the outbreak of the Coronavirus (COVID 19) there is a material valuation uncertainty regarding the assessed value of the Operational Port Land. Please see the Summary of Significant Accounting Policies for more detail.

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Industrial Zoned Land | - | - | 94,725 | 79,590 |
| Commercial Zoned | - | - | 2,200 | 8,832 |
| Other Port Land | - | - | 25,495 | 25,231 |
| | - | - | 122,420 | 113,653 |
| Less Provisions for Land Resilience | - | - | (60,000) | (63,000) |
| Additions, Transfers, and Disposals of Port Land since valuation | - | - | - | 2,738 |
| Total Operational Port Land | - | - | 62,420 | 53,391 |

Industrial Zoned Land

| | | | | |
|-------------------------------------|---|---|--------|--------|
| Industrial Zoned Land as at 1 July | - | - | 79,590 | 79,590 |
| Additions | - | - | - | - |
| Transfers/Reclassifications | - | - | 12,145 | - |
| Increase / (decrease) in fair value | - | - | 2,990 | - |
| | - | - | 94,725 | 79,590 |

Commercial Zoned Land

| | | | | |
|-------------------------------------|---|---|---------|-------|
| Commercial Zoned Land as at 1 July | - | - | 8,832 | 8,832 |
| Additions | - | - | - | - |
| Transfers/Reclassifications | - | - | (6,548) | - |
| Increase / (decrease) in fair value | - | - | (83) | - |
| | - | - | 2,201 | 8,832 |

Other Port Land

| | | | | |
|-------------------------------------|---|---|---------|--------|
| Other Port Land as at 1 July | - | - | 25,231 | 25,231 |
| Additions | - | - | - | - |
| Transfers/Reclassifications | - | - | (2,716) | - |
| Increase / (decrease) in fair value | - | - | 2,980 | - |
| | - | - | 25,495 | 25,231 |

Provision for Land Resilience

| | | | | |
|--|---|---|----------|----------|
| Provision for Land Resilience as at 1 July | - | - | (63,000) | (63,000) |
| Additions | - | - | 5,318 | - |
| Transfers/Reclassifications | - | - | 4,801 | - |
| Change in Provision for Land Resilience charged to Revaluation Reserve | - | - | (7,119) | - |
| | - | - | (60,000) | (63,000) |

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

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

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

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

- Sales of land or development sites within the wider Wellington Region
- Size, shape, location and access to services
- Road frontage, exposure to vehicles
- Allowable height and density of use.

Key assumptions underlying the valuation are set out below:

- (i) It is assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are to be borne by CentrePort and have been excluded from the valuer's assessed value. This has been taken into account in the fair value as noted in the "Operational Port Land Resilience" adjustment on page 114.
- (ii) Parts of the port incurred significant settlement resulting in undulations and sharp height variations to some sealed areas. The valuation was completed on the basis that all remediation work was complete, including re levelling and laying new seal.

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

| Industrial Zoned Land | Assessed value \$'000 | Valuation approach | Key valuation assumptions | Valuation impact |
|-----------------------|--------------------------|----------------------------------|---|------------------|
| Freehold Land | \$88,100 | Direct Sales Comparison approach | Weighted average land value - the rate per sqm applied to the subject property. This ranges from \$180psqm to \$1,500psqm | +/- 5% (\$4.4m) |
| Leasehold Land | \$6,600 | Capitalised Net Rental approach | Weighted average land value - the rate per sqm applied to the subject property. This ranges from \$50psqm to \$1,350psqm | +/- 5% (\$0.3m) |

Operational Port Land resilience

An adjustment of \$60.0m (2019: \$63.0m) has been made to the fair value of Operational Port Land at 30 June 2020 to recognise the resilience work that needed to be undertaken to support the land and achieve the assessed value determined by Colliers International in their independent valuation. The resilience works costs are estimated with reference to the expected costs for remediation works undertaken for part of the operational port land. \$7.2m of remediation works were completed during the year. The land resilience provision was increased by \$7.1m for the revised estimate of the cost to complete the remediation works.

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

The adjustment to the fair value of Operational Port Land is a critical accounting estimate as the actual costs of resilience works may differ significantly from the estimate. A 15% increase/decrease in the estimate of the cost of the works would result in a movement in the fair value of Operational Port Land of \$9.0m.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**Valuation approach – other port land**

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

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

Market rental is assessed using both the:

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

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

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

| Other Port Land | Assessed value \$'000 | Valuation approach | Key valuation assumptions | Valuation impact |
|-----------------|--------------------------|----------------------------|--|---|
| Leasehold Land | \$22,500 | Capitalised Net Market Ren | Weighted average land value - the rate per sqm applied to the subject property. This ranges from \$125psqm to \$600psqm | +5% \$1.1m |
| | | | Lessors interest yield - A rental percentage applied to the land value to arrive at current market ground rent. This ranges from 5.5% to 6.0% | - 0.5% \$2.1m + 0.5% -\$1.7m |
| Leasehold Land | \$3,000 | Market Capitalisation | Market capitalisation rate - the rate of return determined through analysis of comparable, market related sales transactions, which is applied to a property's sustainable net income to derive value. This is set at 9.0% | - 0.5% \$0.2m + 0.5% -\$0.2m |
| | | | Discounted Cashflow | Discount rate - the rate of return used to determine the present value of future cash flows. The rate used was 9.5% |

Greater Wellington Rail Limited (GWRL)

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

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

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

18. Intangible assets

| Council | Software \$'000 | *Emission units \$'000 | Total \$'000 | |
|---|--------------------|---------------------------|---------------------------|-----------------|
| Year ended 30 June 2019 | | | | |
| Opening net book amount | 3,610 | 6,877 | 10,487 | |
| Additions | 106 | - | 106 | |
| Disposals | (32) | - | (32) | |
| Revaluation | - | 791 | 791 | |
| Amortisation charge | (933) | - | (933) | |
| Closing net book amount | 2,751 | 7,668 | 10,419 | |
| At 30 June 2019 | | | | |
| Cost and valuation | 10,684 | 7,668 | 18,352 | |
| Accumulated amortisation and impairment | (7,933) | - | (7,933) | |
| Net book amount | 2,751 | 7,668 | 10,419 | |
| Council | Software | Emission Units | Total | |
| Year ended 30 June 2020 | | | | |
| Opening net book amount | 2,751 | 7,668 | 10,419 | |
| Additions | 30 | 451 | 481 | |
| Revaluation | - | 2,680 | 2,680 | |
| Net amortisation charge | (870) | - | (870) | |
| Opening net book amount | 1,911 | 10,799 | 12,710 | |
| At 30 June 2020 | | | | |
| Cost and valuation | 10,714 | 10,799 | 21,513 | |
| Accumulated amortisation and impairment | (8,803) | - | (8,803) | |
| Net book amount | 1,911 | 10,799 | 12,710 | |
| Group | Goodwill \$'000 | Software \$'000 | *Emission units \$'000 | Total \$'000 |
| Year ended 30 June 2019 | | | | |
| Opening net book amount | 2,674 | 4,147 | 6,877 | 13,698 |
| Additions | - | 156 | - | 156 |
| Disposal | - | (35) | - | (35) |
| Revaluation | - | - | 791 | 791 |
| Amortisation charge ** | - | (1,097) | - | (1,097) |
| Closing net book amount | 2,674 | 3,171 | 7,668 | 13,513 |
| At 30 June 2019 | | | | |
| Cost | 2,674 | 14,955 | 7,668 | 25,297 |
| Accumulated amortisation and impairment | - | (11,784) | - | (11,784) |
| Net book amount | 2,674 | 3,171 | 7,668 | 13,513 |
| Group | Goodwill \$'000 | Software \$'000 | Emission Units \$'000 | Total \$'000 |
| Year ended 30 June 2020 | | | | |
| Opening net book amount | 2,674 | 3,171 | 7,668 | 13,513 |
| Additions | - | 674 | 451 | 1,125 |
| Revaluation | - | - | 2,680 | 2,680 |
| Disposal | - | - | - | - |
| Amortisation charge | - | (1,145) | - | (1,145) |
| Closing net book amount | 2,674 | 2,700 | 10,799 | 16,173 |
| At 30 June 2020 | | | | |
| Cost and valuation | 2,674 | 15,629 | 10,799 | 29,102 |
| Accumulated amortisation and impairment | - | (12,929) | - | (12,929) |
| Net book amount | 2,674 | 2,700 | 10,799 | 16,173 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

No intangible assets are pledged as security for liabilities.

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

**The amortisation expense is included in operating expenses in the statement of comprehensive income.

19. Insurance coverage, asset values and contingency funds

Section 31 A (a) LG Act Amendment Act No 3

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

| | Value of assets covered by insurance \$'000 | Maximum level of insurance coverage \$'000 |
|----------------|--|---|
| Council assets | 1,586,210 | 648,154 |
| Rolling stock | 509,900 | 175,000 |
| Total | 2,096,110 | 823,154 |

- b) The total value of all assets of the local authority that are self-insured, and the value of any fund maintained by the local authority

| | Value of fund maintained \$'000 | Total value of assets self-insured \$'000 |
|----------------|--|--|
| Council assets | 98,971 | 1,091,321 |
| Rolling stock | - | 334,900 |
| Total | 98,971 | 1,426,221 |

Mean Damage Estimates are used based on a 1,000 year average return interval (ARI), targeting the Wellington Fault based on a magnitude 7.3 rupture to understand the risk and level of funds required to meet a catastrophic event. The combined mean damage estimate for the Water underground assets and Flood Protection assets has been calculated at \$135 million and \$71 million respectively by Tonkin & Taylor and Aon.

The Government will provide up to 60% of the loss of Infrastructure assets such as stopbanks, flood protection structures and below ground water infrastructure assets. This support is laid down in section 26 of the Guide to the National Civil Defence Plan Emergency Management Plan.

The total value of all assets of the local authority that are covered by financial risk sharing arrangements, and the maximum amount available to the local authority under those arrangements

Greater Wellington's insurance cover is shared with Hutt City Council, Upper Hutt City Council, Kāpiti Coast District Council and Porirua City Council. Greater Wellington shares its building and equipment insurance with these four councils to the value of \$600 million, based on Greater Wellington's assets of \$671 million and sharing group assets of \$1.631 billion.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**20. Investment properties**

Greater Wellington holds no investment in properties.

The Group's investment properties comprise of CentrePort Limited Group developed and undeveloped investment properties.

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

The Group has the following classes of Investment Property:

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

Valuation approach

The fair value of Freehold Investment Property is based on the highest and best use for commercial property.

Investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the reporting date.

Due to the outbreak of the Coronavirus (COVID-19) there is a material valuation uncertainty regarding the assessed value of Investment Property. Please see the Summary of Significant Accounting Policies for more detail.

Developed Investment Property – Valuation

Developed Investment Property consists of the building and a leasehold interest in the land for the Customhouse. The property is leased to a third party.

The Developed Investment Property was valued on 30 June 2020 by independent registered valuers of the firm Colliers International. The property is valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note ANZVGN 9 – Assessing rental value and PBE IPSAS 16 – Investment Property.

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

- Market capitalisation approach – This is where the fair value is determined by capitalising the property's market ground rental with reference to sales of lessors' interests, and then an allowance is made for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term
- Discounted cashflow approach – This is where fair value is determined by a present value of the projected cashflow of the property over a period, making allowances for such variables as discount rates, growth rates, rental levels, vacancy allowances, capital expenditure and outgoings, and terminal yields.
- Contract Income approach – This is where fair value is determined by directly capitalising the passing income. This method is effective where income is receivable from a secure tenant; however, this is less effective where the current contract rent varies from the assessed market rent due to various factors.

Land Available for Development – Valuation

Land Available for Development consists of the Harbour Quays Development Land and the sites of the former BNZ Building and the former Statistics House (2019: Harbour Quays Development Land). These were valued on 30 June 2020 by independent registered valuers of the firm Colliers International. The sites were valued in accordance with Australia and New Zealand Valuation and Property Standards for assessing the market value of the property, in particular Valuation Guidance Note NZVGN 1 – Valuations for Use in New Zealand Financial Reports and IVS 101 105 and 400.

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

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

Other key assumptions underlying the valuation are set out below:

- It is assumed that all 'normal' site services are fully reinstated, and no allowance has been made for any remedial or repair work required to the site or surrounding land and infrastructure.
- The valuation is based on the current Masterplan and the provision of several development sites across the precinct. Any alteration to the Masterplan or development sites may have an impact on the valuation.
- There are limitations to the soil along the reclamation edge and ground improvements are needed across the sites to mitigate the risk of lateral spread. This was factored into the valuation and the adopted values reflect the requirement for additional sub terrain site strengthening costs likely to be incurred as part of any new development.
- The valuation assumed that CentrePort will erect a structural sea wall along the reclamation edge to ensure that all sites offer appropriate stability for commercial development. All costs associated with the sea wall are assumed to be borne by CentrePort and have been excluded from Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value in these financial statements.
- Due to low market confidence in the precinct (particularly for office uses); market assurance needs to be regained. This is perceived to be difficult should CentrePort decide against a strengthened seawall and elect for a compromised alternative solution.
- All interim income generated from the vacant sites has been disregarded. This income does help offset operating expenses and holding costs; however, many of the 'vacant' land sales referenced to value the subject land, also similarly have existing income pending redevelopment.
- The former BNZ Building is in the process of being deconstructed. It is assumed that this work is complete and the land is vacant. No allowances for the cost of this were included in Collier's valuation. This has been estimated and deducted from the assessed value to measure the fair value recognised in these financial statements.

After allowing for impairment based on the expected costs to repair or demolish the properties, the fair value of Land Available for Development is \$30.0m (2019: \$25.1m).

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

| | Assessed value \$'000 | Valuation approach | Key valuation assumptions | Valuation impact |
|--------------------------------|--------------------------|-------------------------|---|-------------------|
| Developed Investment Property | | Market Capitalisation | Market capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value | +/- 0.125% \$0.5m |
| Developed Investment Property | | Contract income | Capitalisation rate - the rate of return determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value. The rate selected was 8.75% | +/- 0.125% \$0.5m |
| Developed Investment Property | | Discounted Cashflow | Discount rate - the rate of return used to determine the present value of future cash flows. The rate selected was 8.5% | +/-0.25% \$0.5m |
| Land Available for Development | | Direct Sales comparison | Weighted average land value - the rate per sqm applied to the subject property. The rates applied ranged from \$100 - \$2,500 per sqm | +5% \$2.0m |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Investment properties | | | | |
| Developed investment properties brought forward | - | - | 29,822 | - |
| Additions / (disposals) | - | - | 59 | 29,822 |
| Increase / (decrease) in fair value | - | - | 19 | - |
| Developed investment properties carried forward | - | - | 29,900 | 29,822 |
| Land available for development brought forward | - | - | 25,082 | 13,515 |
| Additions / (disposals) | - | - | 4,192 | 3,224 |
| Consolidated from Special Purpose Vehicles | - | - | - | 7,801 |
| Impairment and change in the value of developed investment property | - | - | - | 107 |
| Increase / (decrease) in fair value | - | - | 729 | 435 |
| Land available for development carried forward | - | - | 30,003 | 25,082 |
| Total investment properties | - | - | 59,903 | 54,904 |

21. Investments in subsidiaries and associates

| | | Equity Holding | |
|---|------------------------------------|----------------|-----------|
| | | 2020 % | 2019 % |
| WRC Holdings Limited | Subsidiary of Greater Wellington | 100 | 100 |
| Port Investments Limited* | Subsidiary of WRC Holdings Limited | - | 100 |
| CentrePort Limited | Subsidiary of WRC Holdings Limited | 76.9 | 76.9 |
| Greater Wellington Rail Limited | Subsidiary of WRC Holdings Limited | 100 | 100 |
| Wellington Regional Economic Development Agency | Minority Interest | 20 | 20 |
| Wellington Water Limited | Council Controlled Organisation | 15 | 20 |

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

*On 1 April 2020 Port Investments Limited was amalgamated into the Parent using the short form amalgamation process under the Companies Act 1993. Until the date of amalgamation, Port Investments Limited has been a wholly owned subsidiary of WRC Holdings. Port Investments Limited has been removed from the New Zealand register of companies.

All significant intra group transactions have been eliminated on consolidation.

| | Actual 2020 \$'000 | Actual 2019 \$'000 |
|---|--------------------------|--------------------------|
| WRC Holdings Limited shares | 286,145 | 269,145 |
| Wellington Water Limited | 150 | 150 |
| Total investment in subsidiaries | 286,295 | 269,295 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**22. Derivative financial instruments**

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Current asset portion | | | | |
| Interest rate swap | - | - | - | - |
| Total current asset portion | - | - | - | - |
| Non-current asset portion | | | | |
| Interest rate swaps | 1,293 | 1,056 | 1,293 | 1,056 |
| Total non-current asset portion | 1,293 | 1,056 | 1,293 | 1,056 |
| Total derivative financial instruments - assets | 1,293 | 1,056 | 1,293 | 1,056 |
| Current liability portion | | | | |
| Interest rate swaps | 871 | 1,247 | 871 | 1,247 |
| Total current liability portion | 871 | 1,247 | 871 | 1,247 |
| Non-current liability portion | | | | |
| Interest rate swaps | 84,496 | 66,173 | 84,496 | 66,173 |
| Total non-current liability portion | 84,496 | 66,173 | 84,496 | 66,173 |
| Total derivative financial instruments - liabilities | 85,367 | 67,420 | 85,367 | 67,420 |
| Total net derivative financial instruments | (84,074) | (66,364) | (84,074) | (66,364) |

For more information on interest rate swaps and foreign exchange contracts, please refer to note 27 Financial Instruments. The fair values of the derivative financial instruments have been determined using a discounted cashflow technique based on market prices at balance date.

23. Trade and other payables

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Trade payables | 53,539 | 36,486 | 69,228 | 53,518 |
| Deposits and bonds | - | - | 6 | 6 |
| Revenue in advance | 2,477 | 2,144 | 2,477 | 2,144 |
| Accrued interest on borrowings | 2,298 | 3,401 | 2,298 | 3,401 |
| Amounts due to related parties | 7,568 | 5,140 | - | - |
| Total current creditors and other payables | 65,882 | 47,171 | 74,009 | 59,069 |

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

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

24. Debt

| | Note | Council | | Group | |
|---|-------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Current debt liabilities | | | | | |
| Secured | | | | | |
| Commercial paper | (ii) | 94,655 | 64,713 | 74,929 | 64,713 |
| Floating rate notes | (v) | 25,000 | - | 25,000 | - |
| Bank loans | (iii) | - | - | - | - |
| Total current debt liabilities | | 119,655 | 64,713 | 99,929 | 64,713 |
| Total current debt liabilities | | | | | |
| | | 119,655 | 64,713 | 99,929 | 64,713 |
| Non-current debt liabilities | | | | | |
| Committed lines | (i) | - | 2,800 | - | 2,800 |
| Bank loans | (iv) | - | - | - | - |
| Fixed rate bond | (vi) | 25,000 | 25,000 | 25,000 | 25,000 |
| Floating rate notes | (v) | 375,000 | 375,000 | 375,000 | 375,000 |
| Total non-current debt liabilities | | 400,000 | 402,800 | 400,000 | 402,800 |
| Total debt liabilities | | | | | |
| | | 519,655 | 467,513 | 499,929 | 467,513 |

Terms and conditions

Greater Wellington provides security to lenders as required in the form of debenture stock which provides a charge over rates and rates income.

- (i) Greater Wellington has no overdraft facility. As at 30 June 2020 Greater Wellington has \$105,000,000 (2019: \$105,000,000) of credit lines of which \$105,000,000 (2019: \$102,200,000) is undrawn. The three credit lines are for \$35,000,000 each, of which \$70,000,000 mature in 2022 and \$35,000,000 mature in 2024. All three facilities can be repaid or drawn down until expiry and have the ability to be extended annually at the discretion of the bank. These borrowings are subject to a charge over rates.

As at 30 June 2020 the Group had no bank overdraft balance (2019: \$2,800,000).

- (ii) Greater Wellington has issued five (2019: three) commercial paper securities as at 30 June 2020. Four mature within three months from balance date and one matures between 3 months and 1 year. Their weighted average interest rate is 0.59 percent (2019: 1.77 percent).
- (iii) CentrePort has terminated its banking facilities during the year (2019: \$50,000,000). Greater Wellington Regional Council had guaranteed CentrePort's borrowings up to the full limit of their facility until they were cancelled in November 2019. CentrePort paid a guarantee fee to Greater Wellington Regional Council.
- (iv) WRC Holdings Limited has received a \$44,000,000 loan from Greater Wellington which matures on 15 October 2021 and is repriced quarterly. The loan has an interest rate of 1.1075 percent. (2019: 2.4175 percent) and is reset quarterly.
- (v) As at 30 June 2020 Greater Wellington has issued 13 (2019: 12) Floating Rate Notes (FRN) of \$25,000,000 each. They mature in between May 2021, April 2022, October 2023, June 2024, April 2025, June 2025, November 2025, June 2026, April 2027, April 2028, April 2029, April 2030 and April 2033 (2019: May 2021, April 2022, October 2023, June 2024, April 2025, June 2025, November 2025, June 2026, April 2027, April 2028, April 2029 and April 2033). The interest rates are ranging between 0.7925 percent and 1.2425 percent (2019: 2.1025 percent and 2.6425 percent). Greater Wellington has issued one \$30,000,000 (2019: one, \$30,000,000) FRN with a maturity of April 2023. The interest rate is 1.03 percent (2019: 2.43 percent). GWRC has also issued one \$45,000,000 (2019: one, \$45,000,000) FRN with a maturity of October 2021. The interest rate is 0.7675 percent (2019: 2.1675 percent). The Interest rate of the Floating Rate Notes is reset quarterly based on the 90 day bank bill rate plus a margin.
- (vi) The \$25,000,000 fixed rate bond has a 4.31 percent coupon and is due for repayment in April 2031.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**25. Employee entitlements and provisions**

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Current liability | | | | |
| Employee benefits | 3,632 | 2,799 | 9,140 | 6,494 |
| Other Provisions | 1,068 | 525 | 1,068 | 525 |
| | 4,700 | 3,324 | 10,208 | 7,019 |
| Non-current portion | | | | |
| Employee benefits | 152 | 137 | 509 | 419 |
| Total employee benefit liabilities and other provisions | 4,852 | 3,461 | 10,717 | 7,438 |

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

The rate used for discounting the provision for future payments is 1.4 percent (2019: 2.5 percent).

| | Annual leave \$'000 | Long service leave \$'000 | Earthquake repair works \$'000 | ESCT \$'000 | Total \$'000 |
|---------------------------------------|------------------------|---------------------------------|--------------------------------------|----------------|-----------------|
| Council | | | | | |
| 2020 | | | | | |
| Opening carrying value | 2,799 | 137 | 525 | - | 3,461 |
| Addition | 834 | 15 | - | 950 | 1,799 |
| Amounts used | - | - | (408) | - | (408) |
| Carrying amount at end of year | 3,633 | 152 | 117 | 950 | 4,852 |

| | Annual leave \$'000 | Long service leave \$'000 | Earthquake repair works \$'000 | ESCT \$'000 | Total \$'000 |
|---------------------------------------|------------------------|---------------------------------|--------------------------------------|----------------|-----------------|
| Council | | | | | |
| 2019 | | | | | |
| Opening carrying value | 2,790 | 194 | - | - | 2,984 |
| Addition | 9 | - | 525 | - | 534 |
| Amounts used | - | (57) | - | - | (57) |
| Carrying amount at end of year | 2,799 | 137 | 525 | - | 3,461 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

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

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Surplus / (deficit) after tax | (18,690) | (28,715) | 124,021 | 25,267 |
| Add / (less) non-cash items | | | | |
| Depreciation and amortisation | 28,431 | 25,266 | 57,191 | 51,507 |
| Impairment of property, plant and equipment | - | - | - | (1,021) |
| Sale of fixed assets | 2,707 | 3,112 | 3,905 | 5,449 |
| Borrowings | - | - | (108) | - |
| Equity accounted earnings from associate companies | - | - | - | (10,311) |
| Change in value of future tax benefit | - | - | 1,117 | (2,377) |
| EQ related cost | - | - | - | 3,271 |
| Emission units allocated for no value | (451) | - | (451) | - |
| Changes in fair value of derivative financial instruments | 17,711 | 25,302 | 17,711 | 25,302 |
| Changes in fair value of stadium advance | - | 423 | - | 423 |
| Movement in provision for impairment of doubtful debts | (122) | (170) | (122) | (170) |
| Add / (less) movements in working capital | | | | |
| Accounts receivable | (51,136) | (322) | (53,838) | 295 |
| Warm Wellington receivable | 1,818 | 1,211 | 1,818 | 1,211 |
| Inventory | (79) | 37 | (973) | (444) |
| Borrowings | - | - | - | - |
| Accounts payable | 16,775 | 4,210 | 9,402 | 7,249 |
| Employee provisions | 1799 | (49) | 3,687 | (240) |
| Insurance receivable | - | - | 50,000 | 9,268 |
| Tax | - | - | (2,295) | 436 |
| Other | - | - | 145 | 38 |
| Add / (less) items classified as investing or financing | | | | |
| Accounts payable related to fixed assets | - | - | (1,782) | (1,052) |
| Prepayments related to property plant and equipment | - | - | 3,583 | - |
| Inc / (Dec) Gain/Loss on disposal of property, plant and equipment | - | (174) | - | (175) |
| Inc / (Dec) Gain/Loss on disposal of investment | - | (22) | - | (22) |
| Inc / (Dec) in insurance progress payment schedule | - | - | (206,998) | (68,804) |
| Other | - | - | - | (1,141) |
| Net cash inflow / (outflow) from operating activities | (1,237) | 30,109 | 6,013 | 43,959 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**27. Financial instruments**

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

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

(a) Market risk**Currency risk**

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

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

As at 30 June 2020 Greater Wellington does not any material foreign exchange contracts (2019: Nil). In the Group there are no material FX contracts as at 30 June 2020 (2019: no contract).

Fair value interest rate risk

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

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

To minimise the risk on external debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements as well as interest rate collars (options) to manage interest rate exposures for future periods. At 30 June 2020 the Group had entered into the following interest rate swap agreements:

| Interest rate swaps maturities: | Council | | Group | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Less than one year | 30,000 | 45,000 | 30,000 | 45,000 |
| One to two years | 55,000 | 30,000 | 55,000 | 30,000 |
| Two to five years | 95,000 | 95,000 | 95,000 | 95,000 |
| Greater than five years | 240,000 | 285,000 | 240,000 | 285,000 |
| Total fair value interest rate risk | 420,000 | 455,000 | 420,000 | 455,000 |

At 30 June 2020, the fixed interest rates of swaps of the Council and Group vary from 1.20 percent to 5.40 percent (2019: 2.8175 percent to 5.40 percent).

Cashflow interest rate risk

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

Generally, the Group raises long term borrowings at floating rate and swaps this back into fixed rates using interest rate swaps to manage the cashflow interest rate risk. Under the interest rate swaps the Group agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

Sensitivity analysis

The tables below illustrate the potential profit and (loss) impact for reasonably possible market movements, with all other variables held constant, based on the Group's financial instrument exposures at balance date.

| 30 June 2020 | Council | Council | Council | Council | Group | Group | Group | Group |
|--|---|------------------------------------|---|------------------------------------|---|----------------------------------|---|----------------------------------|
| Interest rate risk | +1% Surplus/ (deficit) \$'000 | +1% Equity \$'000 | -1% Surplus/ (deficit) \$'000 | -1% Equity \$'000 | +1% Surplus/ (deficit) \$'000 | +1% Equity \$'000 | -1% Surplus/ (deficit) \$'000 | -1% Equity \$'000 |
| Financial assets | | | | | | | | |
| Cash at bank and term deposits | 93 | - | (93) | - | 2,594 | - | (2,594) | - |
| New Zealand Local Government Funding Agency Limited borrower notes | 64 | - | (64) | - | 64 | - | (64) | - |
| Bank deposits with maturity terms more than 3 months | 330 | - | (330) | - | 330 | - | (330) | - |
| Bulk water supply contingency fund | 323 | - | (323) | - | 323 | - | (323) | - |
| Material damage property insurance contingency fund | 101 | - | (101) | - | 101 | - | (101) | - |
| Major flood contingency fund | 71 | - | (71) | - | 71 | - | (71) | - |
| Bank bonds/Floating rate notes | - | - | - | - | - | - | - | - |
| Loan to WRC Holdings Limited | 440 | - | (440) | - | - | - | - | - |
| Derivatives | (446) | - | 459 | - | (446) | - | 459 | - |
| Financial liabilities | | | | | | | | |
| Committed and uncommitted lines | - | - | - | - | - | - | - | - |
| Commercial paper | (946) | - | 946 | - | (749) | - | 749 | - |
| Floating rate notes | (4,000) | - | 4,000 | - | (4,000) | - | 4,000 | - |
| Derivatives | 23,658 | - | (25,756) | - | 23,658 | - | (25,756) | - |
| Total sensitivity to interest rate risk | 19,688 | - | (21,773) | - | 21,946 | - | (24,044) | - |
| 30 June 2019 | | | | | | | | |
| Interest rate risk | Council +1% Surplus/ (deficit) \$'000 | Council +1% Equity \$'000 | Council -1% Surplus/ (deficit) \$'000 | Council -1% Equity \$'000 | Group +1% Surplus/ (deficit) \$'000 | Group +1% Equity \$'000 | Group -1% Surplus/ (deficit) \$'000 | Group -1% Equity \$'000 |
| Financial assets | | | | | | | | |
| Cash at bank and term deposits | 169 | - | (169) | - | 1,086 | - | (1,086) | - |
| New Zealand Local Government Funding Agency Limited borrower notes | 60 | - | (60) | - | 60 | - | (60) | - |
| Bank deposits with maturity terms more than 3 months | 330 | - | (330) | - | 330 | - | (330) | - |
| Bulk water supply contingency fund | 292 | - | (292) | - | 292 | - | (292) | - |
| Material damage property insurance contingency fund | 94 | - | (94) | - | 94 | - | (94) | - |
| Major flood contingency fund | 67 | - | (67) | - | 67 | - | (67) | - |
| Bank bonds/Floating rate notes | - | - | - | - | - | - | - | - |
| Loan to WRC Holdings Limited | 440 | - | (440) | - | 440 | - | (440) | - |
| Derivatives | (674) | - | 702 | - | (674) | - | 702 | - |
| Financial liabilities | | | | | | | | |
| Committed and uncommitted lines | (28) | - | 28 | - | (28) | - | 28 | - |
| Commercial paper | (647) | - | 647 | - | (647) | - | 647 | - |
| Floating rate notes | (3,750) | - | 3,750 | - | (3,750) | - | 3,750 | - |
| Derivatives | 24,462 | - | (26,729) | - | 24,462 | - | (26,729) | - |
| Total sensitivity to interest rate risk | 20,815 | - | (23,054) | - | 21,732 | - | (23,971) | - |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**(b) Credit risk**

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

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

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

The Stadium advance is reliant on the Stadium Trust repaying all its external debt prior to making repayments to the settling trustees. The repayment of the stadium advance is not expected to be realised.

Concentration of credit risk

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

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

| | Council | | Group | |
|--|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| Cash at bank and term deposits | 42,338 | 49,857 | 292,392 | 141,581 |
| Trade and other receivables | 89,711 | 38,452 | 106,069 | 49,498 |
| Bank bonds/Floating rate note | 5,000 | 5,000 | 5,000 | 5,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | 6,800 | 6,400 | 6,800 | 6,400 |
| Stadium advance | - | - | - | - |
| Derivative financial instrument assets | 1,293 | 1,056 | 1,293 | 1,056 |
| Bulk water supply contingency fund | 32,337 | 29,151 | 32,337 | 29,151 |
| Material damage property insurance contingency fund | 10,097 | 9,428 | 10,097 | 9,428 |
| Major flood contingency fund | 7,113 | 6,694 | 7,113 | 6,694 |
| Loan to WRC Holdings Limited | 44,000 | 44,000 | - | - |
| Insurance receivable | - | - | - | 50,000 |
| Total credit risk | 238,689 | 190,038 | 461,101 | 298,808 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**Credit quality of financial assets**

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

| Counterparties with credit ratings | Council | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 2020 \$'000 | 2019 \$'000 | 2020 \$'000 | 2019 \$'000 |
| New Zealand Local Government Funding Agency Limited borrower notes | | | | |
| AA+ | 6,800 | 6,400 | 6,800 | 6,400 |
| Cash at Bank and term deposits | | | | |
| AA- | 84,421 | 76,658 | 297,471 | 149,887 |
| A | 7,459 | 18,472 | 44,459 | 36,972 |
| Bank bonds/Floating rate note | | | | |
| AA- | 5,000 | 5,000 | 5,000 | 5,000 |
| Derivative financial instruments | | | | |
| AA- | 1,293 | 1,056 | 1,293 | 1,056 |

(c) Liquidity risk

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

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

Contractual maturity analysis of financial liabilities

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

| 30 June 2020 | Less than 3 months \$'000 | Less than 1 year \$'000 | 1-2 years \$'000 | 2-5 years \$'000 | More than 5 years \$'000 | Contractual cashflows \$'000 | Carrying amount \$'000 |
|------------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|--------------------------------|------------------------------------|------------------------------|
| Council 2020 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | 65,882 | - | - | - | 65,882 | 65,882 |
| Commercial paper | 75,000 | 20,000 | - | - | - | 95,000 | 94,655 |
| Derivatives | 2,061 | 12,108 | 14,073 | 35,588 | 21,428 | 85,258 | 85,367 |
| Lines of credit | - | - | - | - | - | - | - |
| Floating rate notes | 980 | 28,076 | 73,630 | 138,294 | 181,738 | 422,718 | 400,000 |
| Fixed rate bond | - | 1,078 | 1,078 | 3,234 | 31,464 | 36,854 | 25,000 |
| Total financial liabilities | 78,041 | 127,144 | 88,781 | 177,116 | 234,630 | 705,712 | 670,904 |
| Council 2019 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | 47,171 | - | - | - | 47,171 | 47,171 |
| Commercial paper | 65,000 | - | - | - | - | 65,000 | 64,713 |
| Derivatives | 2,699 | 8,068 | 10,905 | 28,205 | 20,288 | 70,165 | 67,420 |
| Lines of credit | - | - | - | 2,801 | - | 2,801 | 2,800 |
| Floating rate notes | 2,278 | 7,001 | 34,312 | 171,276 | 216,900 | 431,767 | 375,000 |
| Fixed rate bonds | - | 1,078 | 1,078 | 3,234 | 32,540 | 37,930 | 25,000 |
| Total financial liabilities | 69,977 | 63,318 | 46,295 | 205,516 | 269,728 | 654,834 | 582,104 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| 30 June 2020 | Less than 3 months \$'000 | Less than 1 year \$'000 | 1-2 years \$'000 | 2-5 years \$'000 | More than 5 years \$'000 | Contractual cashflows \$'000 | Carrying amount \$'000 |
|------------------------------------|---------------------------------|-------------------------------|------------------------|------------------------|--------------------------------|------------------------------------|------------------------------|
| Group 2020 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | 74,009 | - | - | - | 74,009 | 74,009 |
| Commercial paper | 75,000 | - | - | - | - | 75,000 | 74,930 |
| Derivatives | 2,061 | 12,108 | 14,073 | 35,588 | 21,428 | 85,258 | 85,367 |
| Floating rate notes | 980 | 28,076 | 73,630 | 138,294 | 181,738 | 422,718 | 400,000 |
| Fixed rate bond | - | 1,078 | 1,078 | 3,234 | 31,464 | 36,854 | 25,000 |
| Total financial liabilities | 78,041 | 115,271 | 88,781 | 177,116 | 234,630 | 693,839 | 659,306 |
| Group 2019 | | | | | | | |
| Financial liabilities | | | | | | | |
| Trade and other payables | - | 59,069 | - | - | - | 59,069 | 59,069 |
| Commercial paper | 65,000 | - | - | - | - | 65,000 | 64,713 |
| Derivatives | 2,699 | 8,068 | 10,905 | 28,205 | 20,288 | 70,165 | 67,420 |
| Lines of credit | - | - | - | 2,801 | - | 2,801 | 2,800 |
| Floating rate notes | 2,278 | 7,001 | 34,312 | 171,276 | 216,900 | 431,767 | 375,000 |
| Crown loans | - | 1,078 | 1,078 | 3,234 | 33,618 | 39,008 | 25,000 |
| Total financial liabilities | 69,977 | 75,216 | 46,295 | 205,516 | 270,806 | 667,810 | 594,002 |

(d) Fair value hierarchy disclosures

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

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

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

| Council 30 June 2020 | Significant non observable inputs \$'000 | Observable inputs \$'000 | Quoted market price \$'000 | Total \$'000 |
|---|---|--------------------------------|----------------------------------|-----------------|
| Financial assets | | | | |
| Bank bonds / notes | - | 5,000 | - | 5,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 6,800 | - | 6,800 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 6,241 | - | - | 6,241 |
| Derivative financial instrument assets | - | 1,293 | - | 1,293 |
| Total assets | 6,321 | 13,093 | - | 19,414 |
| Financial liabilities | | | | |
| Derivative financial instrument liabilities | - | 85,367 | - | 85,367 |
| Fixed rate bonds | - | 25,000 | - | 25,000 |
| Floating rate notes | - | 400,000 | - | 400,000 |
| Total liabilities | - | 510,367 | - | 510,367 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Council 30 June 2019 | Significant non observable inputs \$'000 | Observable inputs \$'000 | Quoted market price \$'000 | Total \$'000 |
|---|---|--------------------------------|----------------------------------|-----------------|
| Financial assets | | | | |
| Bank bonds / notes | - | 5,000 | - | 5,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 6,400 | - | 6,400 |
| Civic Financial Services Limited shares | 128 | - | - | 128 |
| New Zealand Local Government Funding Agency Limited shares | 5,153 | - | - | 5,153 |
| Derivative financial instrument assets | - | 1,056 | - | 1,056 |
| Total assets | 5,281 | 12,456 | - | 17,737 |
| Financial liabilities | | | | |
| Derivative financial instrument liabilities | - | 67,420 | - | 67,420 |
| Fixed rate bonds | - | 25,000 | - | 25,000 |
| Floating rate notes | - | 375,000 | - | 375,000 |
| Total liabilities | - | 467,420 | - | 467,420 |

| Group 30 June 2020 | Significant non observable inputs \$'000 | Observable inputs \$'000 | Quoted market value \$'000 | Total \$'000 |
|---|---|--------------------------------|----------------------------------|-----------------|
| Financial assets | | | | |
| Bank bonds / notes | - | 5,000 | - | 5,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 6,800 | - | 6,800 |
| Civic Financial Services Limited shares | 80 | - | - | 80 |
| New Zealand Local Government Funding Agency Limited shares | 6,241 | - | - | 6,241 |
| Derivative financial instrument assets | - | 1,293 | - | 1,293 |
| Total assets | 6,321 | 13,093 | - | 19,414 |
| Liabilities | | | | |
| Derivative financial instrument liabilities | - | 85,367 | - | 85,367 |
| Fixed rate bonds | - | 25,000 | - | 25,000 |
| Floating rate notes | - | 400,000 | - | 400,000 |
| Total liabilities | - | 510,367 | - | 510,367 |

| Group 30 June 2019 | Significant non observable inputs \$'000 | Observable inputs \$'000 | Quoted market value \$'000 | Total \$'000 |
|---|---|--------------------------------|----------------------------------|-----------------|
| Financial assets | | | | |
| Bank bonds/notes | - | 5,000 | - | 5,000 |
| New Zealand Local Government Funding Agency Limited borrower notes | - | 6,400 | - | 6,400 |
| Civic Financial Services Limited shares | 128 | - | - | 128 |
| New Zealand Local Government Funding Agency Limited shares | 5,153 | - | - | 5,153 |
| Derivative financial instrument assets | - | 1,056 | - | 1,056 |
| Total assets | 5,281 | 12,456 | - | 17,737 |
| Financial liabilities | | | | |
| Derivative financial instrument liabilities | - | 67,420 | - | 67,420 |
| Fixed rate bonds | - | 25,000 | - | 25,000 |
| Floating rate notes | - | 375,000 | - | 375,000 |
| Total liabilities | - | 467,420 | - | 467,420 |

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

Valuation techniques with significant non observable inputs (level 3)

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

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

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

| Council | Level 3 \$'000 |
|--|---------------------------|
| Balance at 1 July 2019 | 5,281 |
| Gain and losses recognised in the operating surplus or deficit | - |
| Gain and losses recognised in other comprehensive revenue and expense | 1,040 |
| Maturing debt / Transfer out | - |
| Balance at 30 June 2020 | 6,321 |
| Balance at 1 July 2018 | 2,369 |
| Gain and losses recognised in the operating surplus or deficit | - |
| Gain and losses recognised in other comprehensive revenue and expenses | 2,912 |
| Maturing debt / transfer out | - |
| Balance at 30 June 2019 | 5,281 |
| <hr/> | |
| Group | Level 3 \$'000 |
| Balance at 1 July 2019 | 5,281 |
| Gain and losses recognised in the operating surplus or deficit | - |
| Gain and losses recognised in other comprehensive revenue and expense | 1,040 |
| Maturing debt / Transfer out | - |
| Balance at 30 June 2020 | 6,321 |
| Balance at 1 July 2018 | 2,369 |
| Gain and losses recognised in the operating surplus or deficit | - |
| Gain and losses recognised in other comprehensive revenue and expense | 2,912 |
| Maturing debt / Transfer out | - |
| Balance at 30 June 2019 | 5,281 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

(e) Financial instrument categories

| Council 30 June 2020 | Assets at fair value through surplus or deficit \$'000 | Assets at fair value through other comprehensive revenue and expense \$'000 | Shares, loans and receivables \$'000 | Held to maturity investments \$'000 | Total \$'000 |
|--|--|---|---|--|-----------------|
| Assets | | | | | |
| Cash and cash equivalents | - | - | 9,338 | - | 9,338 |
| Receivables and pre-payments | - | - | 89,711 | - | 89,711 |
| NZ Local Government Funding Agency shares | - | 6,241 | - | - | 6,241 |
| Civic Financial Services Limited shares | - | 80 | - | - | 80 |
| Wellington Water Limited shares | - | - | 150 | - | 150 |
| NZ Local Government Funding Agency Borrowers Notes | - | - | - | 6,800 | 6,800 |
| Warm Wellington Funding | - | - | 8,169 | - | 8,169 |
| Bank Deposits with maturity terms more than 3 months | - | - | - | 33,000 | 33,000 |
| Bulk Water Supply Contingency Fund | - | - | - | 37,337 | 37,337 |
| Material Damage Property Insurance Contingency Fund | - | - | - | 10,097 | 10,097 |
| Major Flood Contingency Fund | - | - | - | 7,113 | 7,113 |
| Derivative financial instruments | 1,293 | - | - | - | 1,293 |
| Loan to WRC Holdings Limited | - | - | - | 44,000 | 44,000 |
| Total assets | 1,293 | 6,321 | 107,368 | 138,347 | 253,329 |
| 30 June 2019 | | | | | |
| Cash and cash equivalents | - | - | 9,857 | 7,000 | 16,857 |
| Receivables and pre-payments | - | - | 38,452 | - | 38,452 |
| NZ Local Government Funding Agency shares | - | 5,153 | - | - | 5,153 |
| Civic Financial Services Limited shares | - | 128 | - | - | 128 |
| Wellington Water Limited shares | - | - | 150 | - | 150 |
| NZ Local Government Funding Agency Borrowers Notes | - | - | - | 6,400 | 6,400 |
| Warm Wellington Funding | - | - | 9,985 | - | 9,985 |
| Bank Deposits with maturity terms more than 3 months | - | - | - | 33,000 | 33,000 |
| Bulk Water Supply Contingency Fund | - | - | - | 34,151 | 34,151 |
| Material Damage Property Insurance Contingency Fund | - | - | - | 9,428 | 9,428 |
| Major Flood Contingency Fund | - | - | - | 6,694 | 6,694 |
| Derivative financial instruments | 1,056 | - | - | - | 1,056 |
| Loan to WRC Holdings Limited | - | - | - | 44,000 | 44,000 |
| Total assets | 1,056 | 5,281 | 58,444 | 140,673 | 205,454 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Group | Assets at fair value through surplus or deficit \$'000 | Assets at fair value through other comprehensive revenue and expense \$'000 | Shares, Loans and receivables \$'000 | Held to maturity investments \$'000 | Total \$'000 |
|--|--|---|--------------------------------------|-------------------------------------|----------------|
| 30 June 2020 | | | | | |
| Assets | | | | | |
| Cash and cash equivalents | - | - | 259,392 | - | 259,392 |
| Receivables and pre-payments | - | - | 106,069 | - | 106,069 |
| NZ Local Government Funding Agency shares | - | 6,241 | - | - | 6,241 |
| Civic Financial Services Limited shares | - | 80 | - | - | 80 |
| Wellington Water Limited Shares | - | - | 150 | - | 150 |
| NZ Local Government Funding Agency Borrowers Notes | - | - | - | 6,800 | 6,800 |
| Warm Wellington Funding | - | - | 8,169 | - | 8,169 |
| Bank Deposits with maturity terms more than 3 months | - | - | - | 33,000 | 33,000 |
| Bulk Water Supply Contingency Fund | - | - | - | 37,337 | 37,337 |
| Material Damage Property Insurance Contingency Fund | - | - | - | 10,097 | 10,097 |
| Major Flood Contingency Fund | - | - | - | 7,113 | 7,113 |
| Derivative financial instruments | 1,293 | - | - | - | 1,293 |
| Total assets | 1,293 | 6,321 | 373,780 | 94,347 | 475,741 |
| 30 June 2019 | | | | | |
| Cash and cash equivalent | - | - | 101,585 | 7,000 | 108,585 |
| Receivables and prepayments | - | - | 49,498 | - | 49,498 |
| NZ Local Government Funding Agency shares | - | 5,153 | - | - | 5,153 |
| Civic Financial Services Limited shares | - | 128 | - | - | 128 |
| Wellington Water Limited shares | - | - | 150 | - | 150 |
| NZ Local Government Funding Agency borrowers notes | - | - | - | 6,400 | 6,400 |
| Warm Wellington Funding | - | - | 9,985 | - | 9,985 |
| Bank Deposits with maturity terms more than 3 months | - | - | - | 33,000 | 33,000 |
| Water Supply Contingency Investment | - | - | - | 34,151 | 34,151 |
| Material Damage Property Insurance Contingency Fund | - | - | - | 9,428 | 9,428 |
| Major Flood Contingency Fund | - | - | - | 6,694 | 6,694 |
| Derivative financial instruments | 1,056 | - | - | - | 1,056 |
| Total assets | 1,056 | 5,281 | 161,218 | 96,673 | 264,228 |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

| Liabilities | Liabilities at fair value through surplus or deficit \$'000 | Measured at amortised cost \$'000 | Total \$'000 |
|--|--|---|-----------------|
| Council | | | |
| 30 June 2020 | | | |
| Trade and other payables | - | 65,882 | 65,882 |
| Committed lines | - | - | - |
| Commercial paper | - | 94,655 | 94,655 |
| Floating rate notes | - | 400,000 | 400,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial instruments | 85,366 | - | 85,366 |
| Total liabilities | 85,366 | 585,537 | 670,903 |
| 30 June 2019 | | | |
| Trade and other payables | - | 47,171 | 47,171 |
| Committed lines | - | 2,800 | 2,800 |
| Commercial paper | - | 64,713 | 64,713 |
| Floating rate notes | - | 375,000 | 375,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial instruments | 67,420 | - | 67,420 |
| Total liabilities | 67,420 | 514,684 | 582,104 |
| Liabilities at fair value through surplus or deficit \$'000 | | | |
| Liabilities at fair value through surplus or deficit \$'000 | | | |
| Measured at amortised cost \$'000 | | | |
| Total \$'000 | | | |
| Liabilities Group | | | |
| 30 June 2020 | | | |
| Trade and other payables | - | 74,009 | 74,009 |
| Committed lines | - | - | - |
| Commercial paper | - | 74,929 | 74,929 |
| Floating rate notes | - | 400,000 | 400,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial instruments | 85,366 | - | 85,366 |
| Total liabilities | 85,366 | 573,938 | 659,304 |
| 30 June 2019 | | | |
| Trade and other payables | - | 64,206 | 64,206 |
| Committed lines | - | 2,800 | 2,800 |
| Commercial paper | - | 64,713 | 64,713 |
| Floating rate notes | - | 375,000 | 375,000 |
| Fixed rate bond | - | 25,000 | 25,000 |
| Derivative financial instruments | 67,420 | - | 67,420 |
| Total liabilities | 67,420 | 531,719 | 599,139 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**28. Contingencies**

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Legal proceedings and obligations | - | - | - | - |
| Uncalled capital – WRC Holdings Limited | | | | |
| 50,000,000 \$1 shares uncalled and unpaid | 50,000 | 50,000 | - | - |
| 19,000,000 \$1 shares, 17,874,024 shares called and paid | 1,126 | 18,126 | - | - |
| 3,500,000 \$1 shares uncalled and unpaid | 3,500 | - | - | - |
| Guarantee for CentrePort debt obligations | - | 50,000 | - | - |
| New Zealand Local Government Funding Agency Limited | | | | |
| 1,866,000 \$1 shares uncalled and unpaid | 1,866 | 1,866 | 1,866 | 1,866 |
| Total contingencies | 56,492 | 119,992 | 1,866 | 1,866 |

Greater Wellington is a founding shareholder of the New Zealand Local Government Funding Agency Limited (LGFA). As part of the arrangement Greater Wellington has guaranteed the debt obligations of the LGFA along with other shareholders of the LGFA in proportion to its level of rates revenue. Greater Wellington believes the risk of this guarantee being called on is extremely low, given the internal liquidity arrangements of the LGFA, the lending covenants of the LGFA and the charge over rates the LGFA has from councils. Total security stock certificates on issue are \$12,437,500,000 (2019: \$9,840,000,000).

The Group has no contingent assets as at reporting date (2019: The Group made a claim with its insurers for damages incurred to its port assets and infrastructure from the November 2016 earthquake. The insurers have accepted that the damage is covered under the Group insurance policies, however, the final settlement amount has not yet been agreed).

29. Related party transactions

Related party disclosures have not been made for transactions with related parties that are on terms equivalent to arm's length transactions and balances.

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

Related party transactions required to be disclosed

Greater Wellington has paid Wellington Regional Economic Development Agency (WREDA) totals grants of \$4.4m during the year (2019: \$4.4m). This grant partly funds WREDA activities, of supporting the development of economic development strategies and initiatives for the Wellington Region. Greater Wellington has collected these funds for the grant via the targeted WRS rate from all ratepayers.

During the year Greater Wellington issued commercial paper of \$19.725 million to its subsidiary CentrePort Limited through a private placement transaction. All terms and conditions were consistent with those prevailing in the market at the time.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020**Key management personnel**

| | Parent Actual 2020 \$'000 | Parent Actual 2019 \$'000 |
|--|------------------------------------|------------------------------------|
| Council | | |
| Remuneration | 1,023 | 1,095 |
| Full-time equivalent members | 13 | 13 |
| Executive Leadership Team including the Chief Executive | | |
| Remuneration | 2,797 | 2,595 |
| Full-time equivalent members | 11 | 10 |
| Total key management personnel remuneration | 3,820 | 3,690 |
| Total full-time equivalent personnel | 24 | 22 |

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors.

30. Remuneration**Chief Executive Remuneration**

For the year ending 30 June 2020, Greater Wellington's Chief Executive, appointed under section 42(1) of the Local Government Act 2002, received a total remuneration from Greater Wellington of \$444,495 (2019: \$440,522).

Councillor remuneration

| | Actual 2020 \$ | Actual 2019 \$ |
|--|----------------------|----------------------|
| Councillor R Blakeley | 81,031 | 78,110 |
| Councillor J Brash | 66,790 | 66,415 |
| Councillor I McKinnon (until 21 October 2019) | 26,385 | 78,110 |
| Councillor A Staples | 92,821 | 80,492 |
| Councillor B Donaldson (until 21 October 2019) | 32,631 | 97,838 |
| Councillor P Gaylor | 81,519 | 69,661 |
| Councillor S Kedgley (until 21 October 2019) | 27,521 | 81,511 |
| Councillor K Laban | 66,338 | 65,403 |
| Chair C Laidlaw (until 21 October 2019) | 57,168 | 168,000 |
| Councillor P Lamason | 84,577 | 81,508 |
| Councillor and Chair D Ponter | 142,478 | 81,473 |
| Councillor P Swain (until 21 October 2019) | 27,521 | 81,473 |
| Councillor D Ogden (until 21 October 2019) | 22,245 | 65,403 |
| Councillor C Kirk-Burnnand | 46,302 | - |
| Councillor D Lee | 51,544 | - |
| Councillor G Hughes | 53,323 | - |
| Councillor J van Lier | 45,459 | - |
| Councillor R Connelly | 44,291 | - |
| Councillor T Nash | 53,323 | - |
| Total Councillors remuneration | 1,103,267 | 1,095,397 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

The following table identifies the number of full-time employees, including employees on maternity leave and their fixed term replacements, and the full time equivalent number of all other part-time, fixed term and casual employees as at the end of the reporting period, 30 June 2020.

| | Number of employees | |
|--|---------------------|------------|
| | 2020 | 2019 |
| \$60,000 and below | 62 | 80 |
| \$60,001 - \$79,999 | 151 | 142 |
| \$80,000 - \$99,999 | 146 | 129 |
| \$100,000 - \$119,999 | 74 | 77 |
| \$120,000 - \$139,999 | 51 | 47 |
| \$140,000 - \$159,999 | 15 | 13 |
| \$160,000 - \$179,999 | 19 | 22 |
| \$180,000 - \$199,999 | 10 | 6 |
| \$200,000 - \$239,999 | 9 | 8 |
| \$240,000 - \$459,999 | 7 | 7 |
| Total employees | 544 | 531 |
| The number of full time employees as at 30 June | 525 | 467 |
| The full time equivalent number of all other non-full time employees | 57 | 64 |
| The number of employees receiving total remuneration of less than \$60,000 | 62 | 80 |

A full time employee or full time equivalent is based on a 40 hour week.

Total annual remuneration has been calculated to include any non-financial benefits and other payments in excess of normal remuneration such as employer KiwiSaver contribution.

If the number of employees for any band was 5 or less then it has been combined with the next highest band. Including the Chief Executive, the top band range is \$240,000 – \$440,000.

31. Capital commitments and operating leases

| | Council | | Group | |
|-------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Capital commitments | | | | |
| Property, plant and equipment | 4,105 | 606 | 77,575 | 80,153 |

WRC Holdings Limited has no capital or operating commitments as at 30 June 2020 (2019: Nil).

At balance date CentrePort had entered into commitments for the acquisition of property, plant, and equipment amounting to of \$10.1m for the Group (2019: \$11.7m).

Greater Wellington Rail at balance date had commitments in respect of contracts for capital expenditure of \$63.3 million (2019: \$68 million). This relates to the heavy maintenance the rolling stock.

Operating leases as lessee

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

| | Council | | Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Within one year | 16,834 | 13,597 | 17,060 | 13,929 |
| After one year but no more than five years | 67,561 | 66,670 | 68,176 | 67,622 |
| More than five years | 78,303 | 101,961 | 78,636 | 102,437 |
| Total non-cancellable operating leases | 162,698 | 182,228 | 163,872 | 183,988 |

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

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

During the year \$2,664,059 was recognised as an expense in the statement of comprehensive income (2019: \$2,143,395). Contingent rent was not paid (2018: Nil).

Operating leases as lessor

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

| | Council | | Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Within one year | 3,443 | 3,328 | 21,581 | 21,384 |
| After one year but no more than five years | 7,680 | 8,208 | 60,921 | 64,902 |
| More than five years | 25,828 | 26,301 | 33,961 | 45,592 |
| Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements | 36,951 | 37,837 | 116,463 | 131,878 |

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

Electric vehicle commitments

Greater Wellington agreed to a series of greenhouse gas (carbon) reduction targets for its corporate operations and areas of direct influence. As a result, Council has endorsed an action plan which puts forward a preference to accelerate the implementation of an electric bus fleet in the region by 2030.

Council has resolved to add 98 more electric buses to the current fleet of 10 electric buses in the Metlink fleet and has entered into contracts with operators for the supply of these. However the amounts payable are still commercially sensitive and have not been disclosed.

32. Severance payments

There were four employees (2019: two) who received severance payments of \$353,965 (2019: \$22,910). This disclosure has been made in accordance with section 33 of Schedule 10 of the Local Government Act 2002.

33. Rating base information

| | Total |
|--|--------------|
| (a) the number of rating units within the district or region of the local authority at the end of the preceding financial year: | 204,711 |
| (b) the total capital value of rating units within the district or region of the local authority at the end of the preceding financial year: | \$148.307bn |
| (c) the total land value of rating units within the district or region of the local authority at the end of the preceding financial year: | \$73.3bn |

Greater Wellington Regional Council – Notes to the Financial Statements – As at 30 June 2020

34. Major variances between actual and budget

| Statement of comprehensive revenue and expenses | Council Actual 2020 \$'000 | Council Budget 2020 \$'000 |
|---|-------------------------------------|-------------------------------------|
| Revenue | | |
| Rates and levies | 173,640 | 174,471 |
| Grants and subsidies | 150,204 | 80,759 |
| Other revenue including gains and losses | 104,598 | 130,916 |
| Operational Revenue and gains and losses | 428,442 | 386,146 |
| Expenditure | | |
| Finance costs | (22,369) | (24,382) |
| Employee benefits | (55,884) | (52,263) |
| Grants and subsidies | (206,189) | (203,883) |
| Other operating expenses including depreciation | (151,467) | (115,274) |
| | (435,909) | (395,802) |
| Operational surplus/(deficit) for the year before transport improvements | (7,467) | (9,656) |
| Grants and subsidies revenue | 8,586 | 22,371 |
| Transport improvement expenditure | (2,098) | - |
| Net revenue/(expenditure) for transport improvements | 6,488 | 22,371 |
| Surplus/(deficit) for the year before tax and fair value gains / losses | (979) | 12,715 |
| Asset revaluation | - | - |
| Fair value gains/(losses) in revenue and expenditure statement | (17,711) | 8,800 |
| Total comprehensive income/(deficit) for the year | (18,690) | 21,515 |
| Balance sheet | | |
| Assets | - | - |
| - Current | 186,039 | 85,393 |
| - Non-current | 1,620,748 | 1,687,539 |
| Total assets | 1,806,787 | 1,772,932 |
| Liabilities | | |
| - Ratepayers equity | 1,103,138 | 1,161,508 |
| - Current liabilities | 192,402 | 170,081 |
| - Non-current liabilities | 511,247 | 441,343 |
| Total equity and liabilities | 1,806,787 | 1,772,932 |
| Statement of cash flow | | |
| Cashflows from operating activities | (1,237) | 41,290 |
| Cashflows from investing activities | (58,424) | (101,171) |
| Cashflows from financing activities | 52,142 | 64,097 |
| | - | - |
| Net increase / (decrease) in cash, cash equivalents and bank overdraft | (7,519) | 4,216 |
| Cash and cash equivalents at the beginning of the year | - | 22,038 |
| Cash and cash equivalents at the end of the year | 9,338 | 26,254 |

Greater Wellington's 2019/20 net operating deficit before fair value gains and losses is \$979,000, compared to a budgeted surplus of \$12.7 million. Total comprehensive income is \$13.2 million including asset revaluation (\$27.3 million), fair value movements (negative \$17.7 million) which is \$8.3 million below budget.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

Significant components of this variance are:

1. Grants and subsidies revenue

Transport grants and subsidies revenue was higher than budget by \$69.4m. This mainly reflects the unbudgeted \$30.9m COVID-19 support revenue and \$32.2m National Land Transport Fund (NLTF) transitional rail funding for improvements to the Wellington rail network both received from Waka Kotahi/NZ Transport Agency.

2. Other revenue

Greater Wellington receives revenue from external fees and charges, interest, dividend revenue and any gains or losses on the disposal of assets. Other revenue was lower than budget by \$23.6m mainly due to fare revenue being \$24m lower than budget due to COVID-19 lockdown which resulted in no fare revenue from late March 2020 to 1 June 2020.

Transport improvement grants were \$13.8m lower due to delayed CAPEX mainly on Project NEXT which is still in procurement phase.

Reduced Public Transport costs were incurred of \$4.5 million due to lower expenditure on the Public Transport Operating Model project, Fares and Ticketing project, operator payments, trolley overhead wire maintenance and diesel costs.

3. Other operating expenses

Other operating expenses are \$36m above budget mainly due to:

- National Land Transport Fund (NLTF) transitional rail funding for improvement payments to KiwiRail (\$32m).
- Increased costs within public transport due to Snapper contract extension renegotiation (\$2m).

4. Finance Costs

Greater Wellington incurs finance costs on the debt it uses to fund capital expenditure. Finance costs are \$2m lower than budgeted due lower prevailing rates of interest during the second half of the year. This is reflected in the lower average interest rate of 0.59 percent compared to 1.77 percent for 2019.

5. Asset Revaluations

Greater Wellington re-values its assets on a regular basis. The revaluation of flood protection assets in the current year resulted in a higher value of these assets than anticipated.

6. Fair value adjustment

Fair value adjustments is unfavourable to budget by \$17.7m reflecting the decrease of the fair value of the interest rate swaps held by Greater Wellington due to the continuing decrease in market interest rates.

7. Current assets

Current assets are \$100.6m higher than budget mainly due to the following:

- Higher debtors balances due to Waka Kotahi/NZ Transport Agency outstanding balance at year end \$32m which is mainly a timing issue.
- Higher accrued revenue due to Waka Kotahi/NZ Transport Agency grants accrued at year end relating to the public transport costs reimbursements (\$26m).
- Other financial instruments balances being \$50m higher than budget due to investment of available funds acquired a favourable rates.
- Offsetting lower cash and cash equivalent balances due to above.

The key driver of the lower than budget ratepayer equity is the unfavourable variance to budget re the fair value adjustments referred to above.

8. Current and non-current liabilities

The key drivers of the higher level of liabilities compared to budget relate to the derivatives and non-interest bearing liabilities not being included in the budget position.

Greater Wellington Regional Council – **Notes to the Financial Statements** – As at 30 June 2020

9. Cashflows

The overall cash position (including cash equivalents) is \$17m lower than budget mainly as a result of a lower operating cash inflows (\$42m) due to timing issues on receipt of grant and subsidy revenues from Waka Kotahi/NZ Transport Agency and reduced debt funding raised compared to budget (\$12m) which is offset by lower capex expenditure than budget (42m).

35. Compliance with the Holidays Act 2003

Many public and private sector entities, including Greater Wellington Regional Council, are continuing to investigate historic underpayment of holiday entitlements. For such employers that have workforces that include differential occupational groups with complex entitlements, non-standard hours, allowances and/or overtime, the process of assessing compliance with the Holidays Act 2003 and determining the underpayment is time consuming and complicated.

Greater Wellington has commenced a process to determine the extent of associated liability. As at year end considerable progress has been made in this respect however the extent of Greater Wellington's exposure is still unknown.

36. Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2019: Nil).

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August to 1.0 percent and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rates swaps.

Financials statements will be authorised for issue by Council on 10 December 2020.

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

He tauākī whākinga a te Pūrongo ā-Tau mō te tau ka oti i te 30 o Hune 2020 | Annual Report disclosure statement for the year ended 30 June 2020

What is the purpose of this statement?

The purpose of this statement is to disclose Greater Wellington's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Greater Wellington is required to include this statement in its Annual Report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

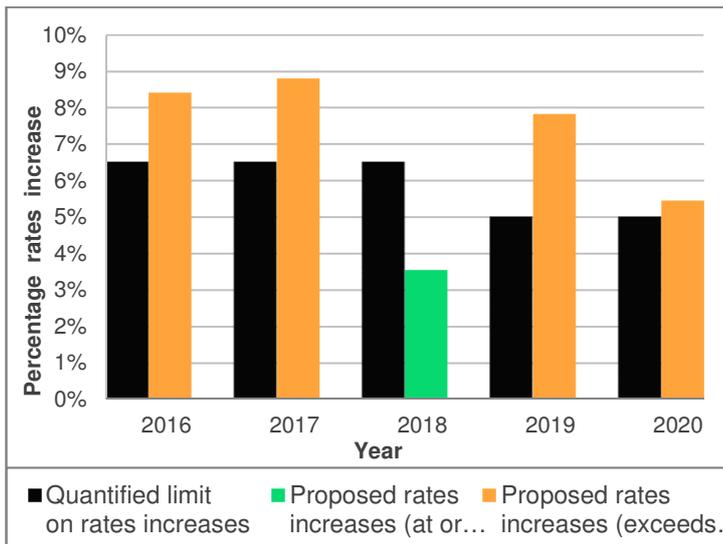
Refer to the regulations for more information, including definitions of some of the terms used in this statement.

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

It is also important to keep in mind the overall strategy and policies the Council has also adopted when reading these graphs. These are included within the 2018-28 Long Term Plan.

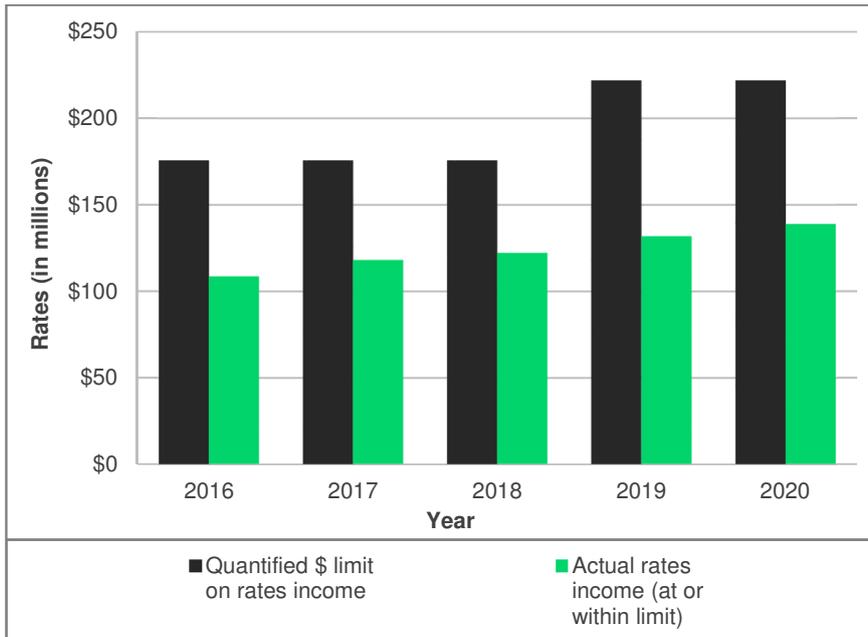
Rates (increases) affordability

Greater Wellington adopted an average increase of 5.0 percent per annum (around \$30, GST inclusive, per year for the average residential ratepayer) in its 2018-28 Long Term Plan as it continues to significantly invest in improving the public transport network and the on-going flood protection programme.



Rates income affordability

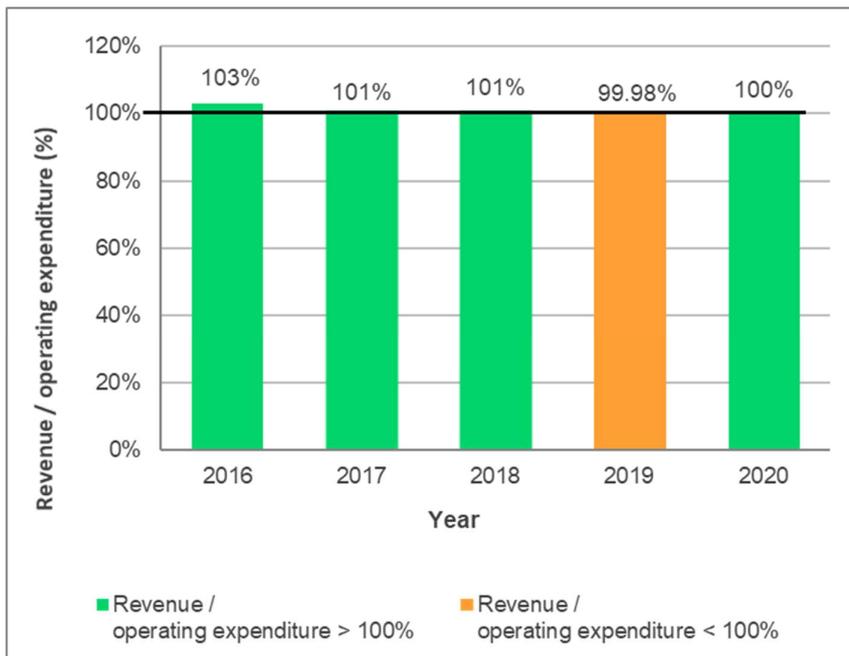
This graph shows the total rates.



Balanced Budget

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

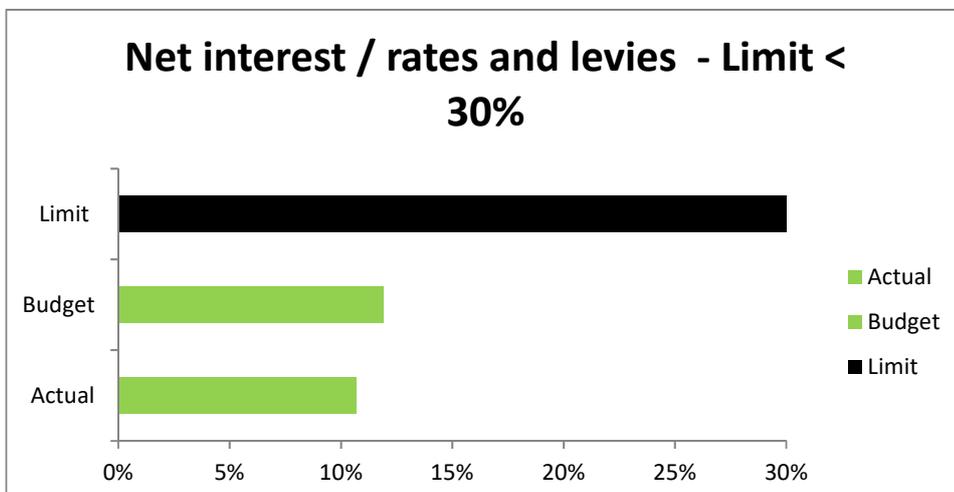
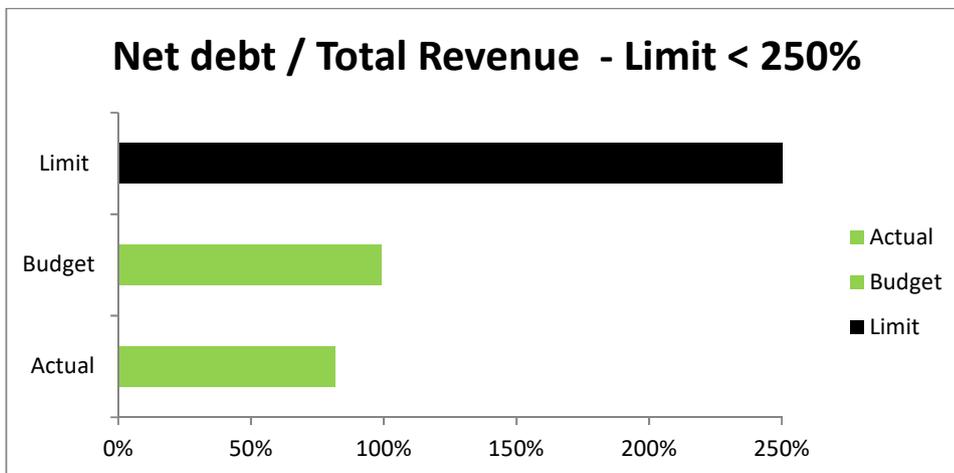
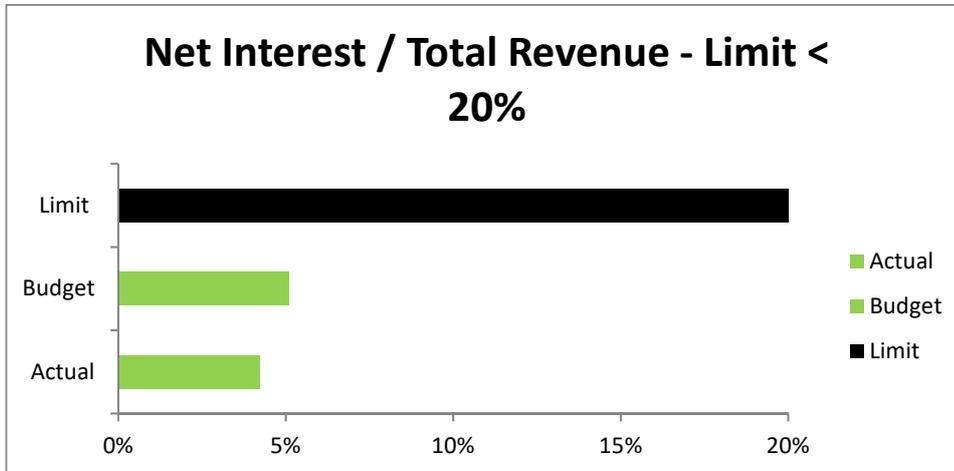
Over recent years Greater Wellington has been exceeding this benchmark.



Financial Strategy Financial Limits

The goal of Greater Wellington’s Financial Strategy is to ensure Greater Wellington delivers good value for ratepayers’ investment by delivering the right services at the best cost. The Strategy encompasses three key financial limits that Greater Wellington adopted in its 2018-28 Long Term Plan.

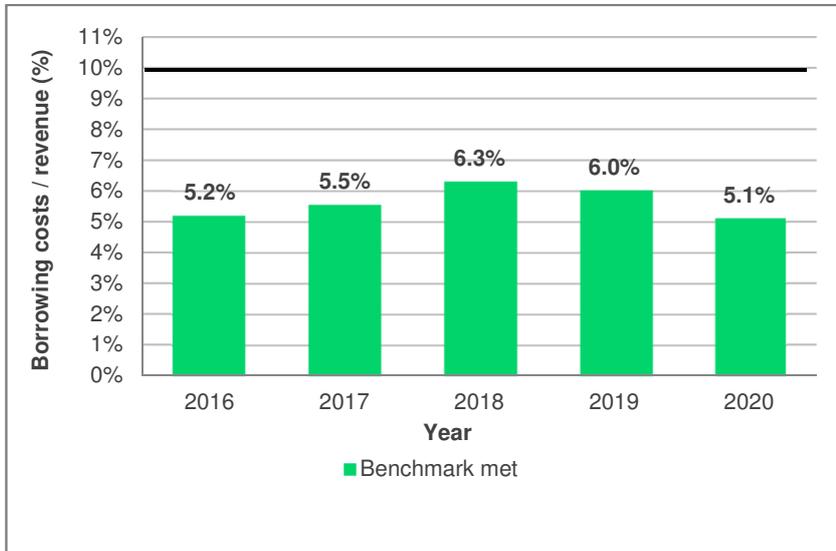
These graphs show that Greater Wellington is being managed within these financial prudential limits.



Debt affordability graphs – Debt Servicing

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

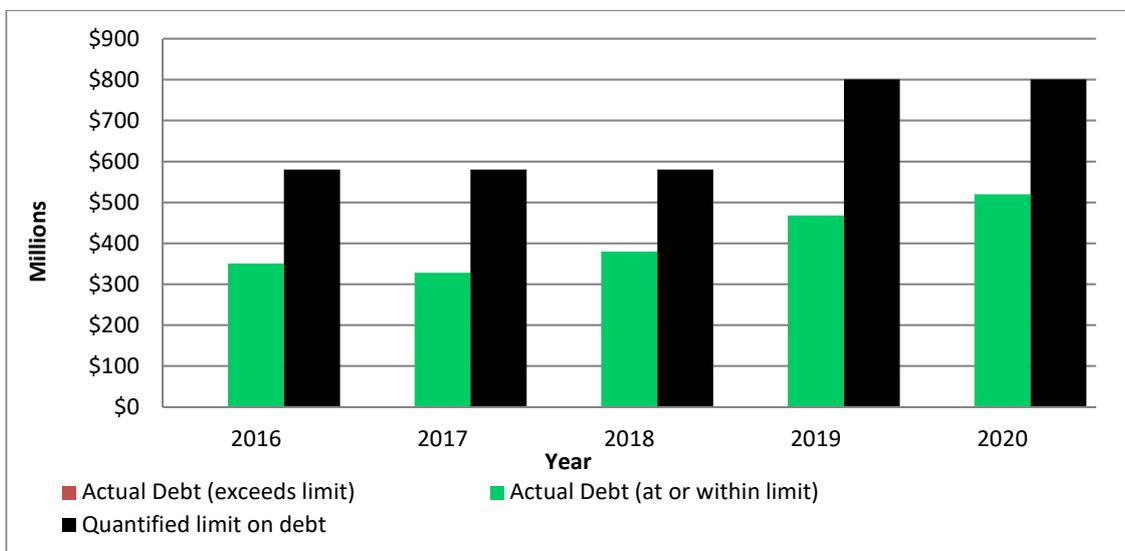
Greater Wellington continues to satisfy this benchmark test.



Debt affordability graphs – Debt balance

This graph shows the actual debt compared to the debt limit adopted in the 2018-28 Long Term Plan. In the 2018-28 Long Term Plan the debt projection was for debt to peak at \$763 million in 2024/25 as the full impact of the investment in upgrading the public transport network, the substantial flood protection work in the Hutt valley and the significant bulk water resilience projects are completed.

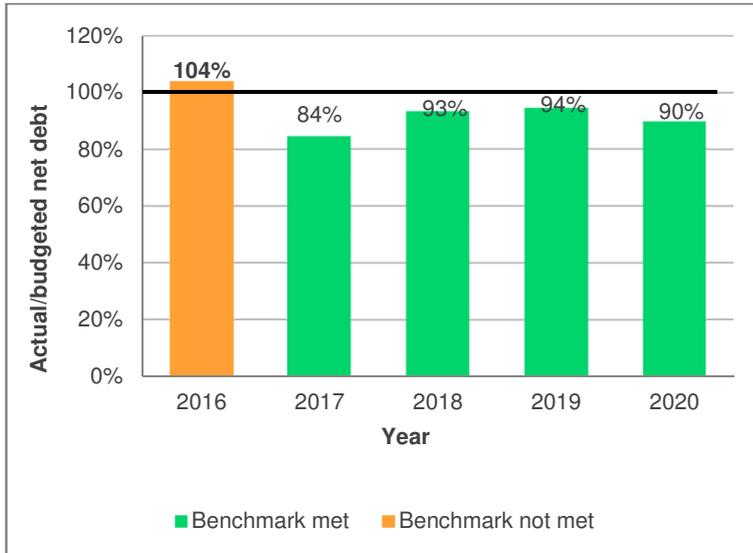
Greater Wellington continues to satisfy this benchmark test.



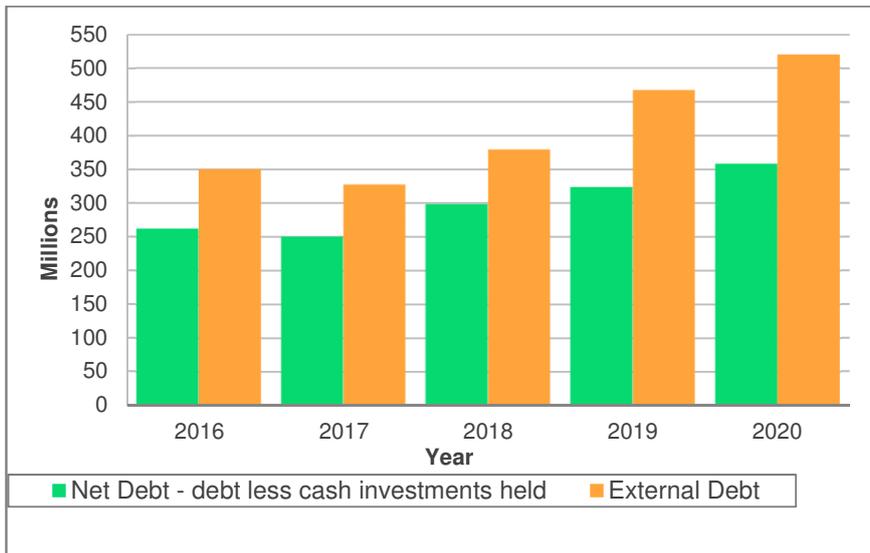
Debt affordability graphs – Debt benchmark

This graph indicates whether actual net debt is less than the budgeted net debt position. Percentages close to 100 percent indicate that our actual result is close to what we planned.

Greater Wellington meets this benchmark.



This graph shows that cash investments significantly lower the overall outstanding debt position.

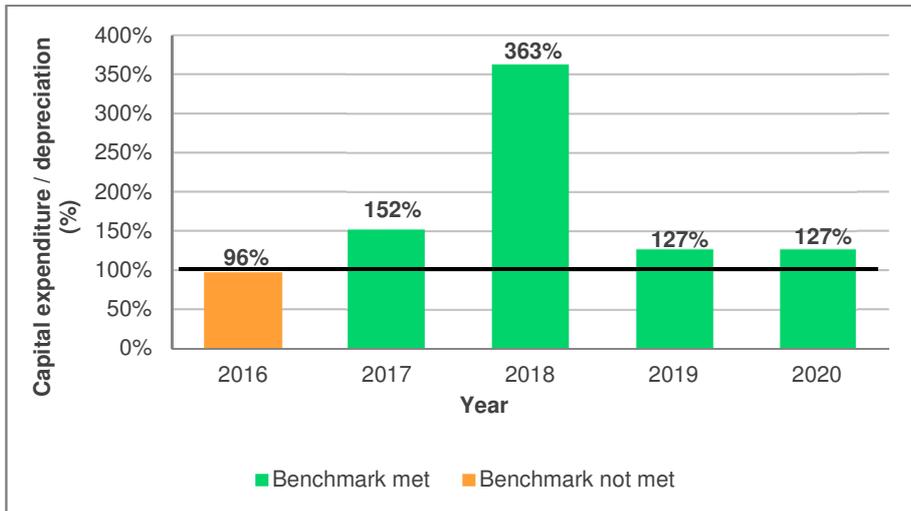


Essential Services

This graph compares actual capital expenditure with depreciation. The general concept is that over time capital expenditure will be similar to depreciation indicating that assets are being replaced in an appropriate and timely manner. As a requirement of the legislation this only includes flood protection and water assets.

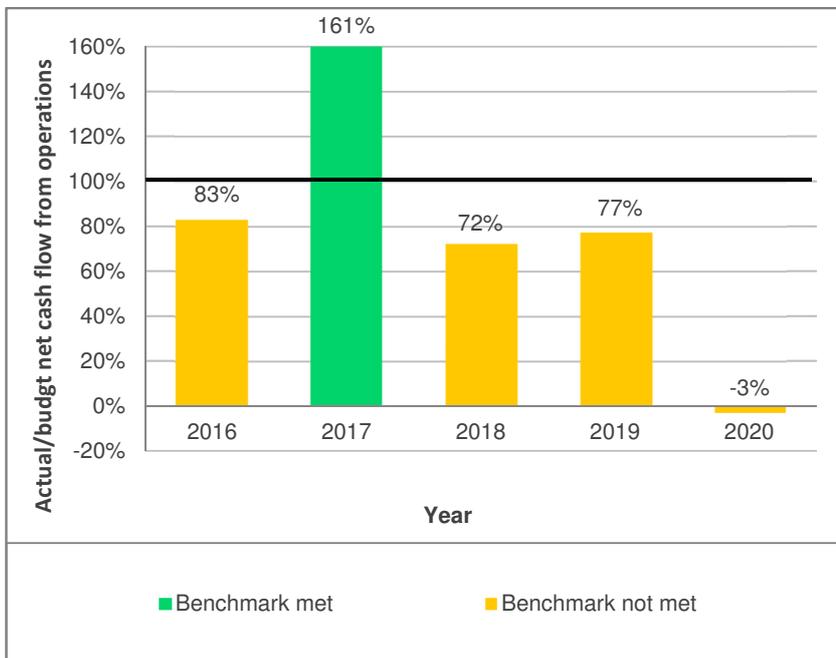
Over time we are meeting this benchmark due to the ongoing new flood protection works being built around the region.

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



Operational cash control

This graph shows whether our actual cashflow from operations was close to our budgeted position. With infrastructure projects, there are often variations in timing that cause large differences between budget and actual in a given period.



He tauākī mō te tutukinga o ngā tūtohu me ngā haepapa | Statement of compliance and responsibility

Compliance

The Council and Greater Wellington's management confirm that all the statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

Responsibility

The Council and Greater Wellington management accept responsibility for preparing the annual financial statements and judgements used in them. The Council and Greater Wellington management accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and Greater Wellington management, the annual financial statements for the year ended 30 June 2020 fairly reflect the financial position and operations of the Greater Wellington Regional Council.

Daran Ponter
Chair
17 December 2020

Greg Campbell
Chief Executive
17 December 2020

Alison Trustrum-Rainey
Chief Financial Officer
17 December 2020

He Pūrongo Arotake Pūtea | Audit Report

STILL TO BE PROVIDED BY AUDIT

Ētahi atu taipitopito korero | Other Information

Ngā Māngai a Rohe | Regional Councillors

| KAPITI COAST | TE AWA KAIRANGI KI TAI/LOWER HUTT | PŌNEKE/WELLINGTON | PORIRUA-TAWA | TE AWA KAIRANGI KI UTA/UPPER HUTT | WAIRARAPA |
|---|--|--|--|---|---|
| Penny Gaylor M 027 664 8869 E penny.gaylor@gw.govt.nz | Ken Laban M 029 200 0044 E ken.laban@gw.govt.nz Prue Lamason M 021 858 964 E prue.lamason@gw.govt.nz Josh van Lier M 021 515 450 E josh.vanlier@gw.govt.nz | Roger Blakeley M 021 229 6928 E roger.blakeley@gw.govt.nz Glenda Hughes M 027 495 3673 E glenda.hughes@gw.govt.nz Daran Ponter T 04 830 4246 M 027 454 0689 E daran.ponter@gw.govt.nz David Lee M 021 220 2357 E david.lee@gw.govt.nz Thomas Nash M 029 123 1536 E thomas.nash@gw.govt.nz | Jenny Brash M 027 354 4233 E jenny.brash@gw.govt.nz Chris Kirk-Burnnand M 021 658 237 E chris.kb@gw.govt.nz | Ros Connelly M 027 733 5076 E ros.connelly@gw.govt.nz | Adrienne Staples M 027 446 8060 E adrienne.staples@gw.govt.nz |

Ko te Tū ā Komiti o te Kaunihera | Council committee structure

As at September 2020

(C) Chair

(D) Deputy Chair (if appointed)

(Co-C) Co-chair (if appointed)

| Council | | | | | | | | | |
|---|--|---------------------------------------|--|--|--|--|------------------------------------|--|--|
| Cr Ponter (C) Cr Staples (D) Crs Blakeley, Brash, Connelly, Gaylor, Hughes, Kirk-Burnnand, Laban, Lamason, Lee, Nash, and van Lier. | | | | | | | | | |
| Environment | Transport | Chief Executive Employment Review | Climate | Finance, Risk and Assurance | Regional Transport | Te Upoko Taiao – Natural Resources Plan | Wairarapa | Wellington Regional Strategy | Hutt Valley Flood Management |
| Cr Gaylor (C) Cr Connelly (D) | Cr Blakeley (C) Cr Lee (D) | Cr Hughes (C) Cr Gaylor (D) | Cr Nash (C) Cr Lee (D) | Mr Martin Matthews (C) Cr Kirk-Burnnand (D) | Cr Staples (C) Cr Ponter (D) | Cr Brash (Co-C) | Cr Staples (C) | Mayor Foster (C) Mayor Barry (D) | Cr Lamason (C) Cr van Lier (D) |
| Crs Blakeley, Brash, Hughes, Kirk-Burnnand, Laban, Lamason, Lee, Nash, Ponter, Staples, and van Lier. | Crs Brash, Connelly, Gaylor, Hughes, Kirk-Burnnand, Laban, Lamason, Nash, Ponter, Staples, and van Lier. | Crs Kirk-Burnnand, Laban, and Ponter. | Crs Brash, Connelly, Gaylor, Kirk-Burnnand, Laban, and van Lier. | Crs Blakeley, Connelly, Hughes, and Lamason. | | Crs Connelly, Gaylor, Nash, Staples, and van Lier. | Crs Gaylor, and van Lier | Cr Lee | Crs Connelly, and Laban |
| Ms Barbie Barton | | | Dr Maria Bargh | | Mayors Baker, Barry, Beijen, Foster, Guppy, Gurunathan, Lang and Patterson. Ms Speight (NZTA) Mr Gordon (KiwiRail) | Mr Carter Ms Ropata | Mayors Beijen, Lang and Patterson. | Mayors Baker, Guppy, Gurunathan and Patterson. Deputy Mayor Free. Crs Calvert and Condie | Mayor Guppy. Deputy Mayor Lewis. Crs Edwards and Wheeler |

Ko tā Te Pane Matua Taiao tū | Greater Wellington structure

| Greg Campbell Chief Executive | | | | | | | | |
|---|---|--|--------------------------------|---|---|---|---|-------------------------------|
| Wayne Hastie | Samantha Gain | Nigel Corry | Scott Gallacher | Alistair Cross | Wayne O'Donnell | Luke Troy | Monica Fraser | Jeremy Holmes |
| General Manager Strategic Programmes | General Manager Corporate Services | Deputy CEO. General Manager People and Customer | General Manager Metlink | General Manager Environment Management | General Manager Catchment Management | General Manager Strategy | Te Pou Wakarae Te Hunga Whiriwhiri | Regional Manager WREMO |
| | Finance | Human Resources | Strategy and Investments | Resource Management | Flood Protection | Strategic and Corporate Planning | | |
| | Information Communications and Technology | Customer Engagement | Assets and infrastructure | Environmental Regulation | Land Management | Democratic Services | | |
| | Legal and Procurement | Customer Contact | Operations | Environmental Science | Biodiversity | Regional Transport | | |
| | Programme Management Office | Health, Safety and Wellbeing | Network and Customer | Parks | Biosecurity | Business Continuity and Emergency Management | | |
| | Treasury | | Commercial Partnerships | Harbour Management | | Company Portfolio Management and Economic Development | | |

**Te Pane Matua Taiao
Greater Wellington Regional Council**

**He Whakarāpopoto i te 2019/20 Pūrongo ā-Tau
Summary of the 2019/20 Annual Report**

He Whakatakinga | Introduction

Every year we produce an Annual Report of our actual performance against our intended activities and levels of service. The 2019/20 Annual Report reports against year two of our 2018-28 Long Term Plan.

This Summary Report provides an overview of our full financial and service results contained in the full 2019/20 Annual Report. The disclosures and detailed financial information are in the full 2019/20 Annual Report.

The work we do is broken into eight Groups of Activities (GOA), and we have targeted levels of service for each GOA. We track and report against service level performance measures to help us understand how we are performing. There is a total of 63 service level performance measures we report on.

This year we achieved 59 percent (37) of the non-financial (service level) performance measures and did not achieve 41 percent (26). The results are broken down by GOA within this document.

Please refer to the full 2019/20 Annual Report at [\[insert link\]](#) to view all Levels of Service and measures of performance as well as the full financial report.

He karere nā te Heamana me Te Tumu Whakarae | Message from the Chair and Chief Executive

Kia ora koutou

The second year of the Greater Wellington Regional Council 2018-28 Long Term Plan was unprecedented and a year like no other.

We reflect with a sense of pride on the way we have persevered through the challenges and realities of the COVID-19 pandemic and Alert Level restrictions faced across our region. As well as maintaining our core business functions, we redeployed staff to resource our emergency management functions in the Emergency Coordination Centre. Our communities faced uncertainty at times this year and we acknowledge these challenges. Our achievements would not be possible without our partnerships and collaboration with communities.

While the COVID-19 pandemic played a significant role in the later part of the year, there are plenty of achievements not to be overshadowed that have made a difference to our region.

In October 2019 the triennial local government elections took place and we welcomed in a new Council – including six new Councillors – and elected a new Chair. The new Council has shown commitment to ensuring regional resilience in the future – refocussing as an environmental agency, committing to climate change mitigation and adaption, and prioritising the partnership with mana whenua.

Council declared a climate emergency and set a goal of becoming carbon-neutral by 2030 and in doing so cemented ourselves as a regional leader in addressing the climate crisis. In June 2020 we signed contracts with NZ Bus and Tranzurban to expand the electric bus fleet to add a further 98 electric buses between 2021 and 2023. This will see the total share of electric buses run by Metlink rise to 22 per cent of its 450-strong fleet.

Improving our regional public transport network remained a focus, and we continued to work hard to improve the performance of the bus and rail network across the region, ensuring it is fit-for-purpose. The Bus Network Review was completed and network improvements delivered with further improvements planned for 2020/21.

We publicly notified decisions on the proposed Natural Resources Plan, which provides a comprehensive blueprint for the positive management of the region's natural resources. We responded to incidents and followed them through with appropriate enforcement actions.

We continued our partnership mahi to improve the health of our land and waterways through the Whaitua te Whanganui-a-Tara committee.

The last financial year has been very challenging, particularly as a result of COVID-19 Alert Level restrictions. We've achieved an operating deficit of \$0.98 million for the year, compared to the forecast surplus of \$12.7 million set in the 2019/20 Annual Plan. This is mainly due to lower transport improvement grants from Waka Kotahi/NZ Transport Agency relating to delayed capital projects. Other delays were deliberately planned to reduce the borrowings until the impacts of the COVID-19 Alert Level restrictions were known.

Please take the time to read our 2019/20 Summary Report. We're proud of the work we've done under what were, at times, trying circumstances. Thank you for your support.

Nāku noa, nā

Daran Ponter
Council Chair

Greg Campbell
Chief Executive

He āta titiro ki ētahi o ā mātou mahi | Putting a spotlight on some of the things we do

INFOGRAPHICS **(present this more visually in the design copy):**

- Over 2,000 people engaged in the Wellington City Bus Network Review
- 11,500 willow poles and 23,500 native units were planted within river corridors around the region
- Over 755 hectares of erosion prone land was planted, with support from the One Billion Trees project
- Most of the Miramar Peninsula is now free of Norway rats and mustelids as a result of Predator Free Wellington - Miramar project.
- 1.76 million visits to our regional parks and forests
- 218,000m³ of gravel was extracted to reduce the risk of flooding and erosion
- 63,367 native trees were planted across our regional parks and forests
- 4,418 adults participated in sustainable transport initiatives and promotions
- 74,000 ha of possum and 4,300 ha of mustelid control was delivered
- 511 non-notifiable resource consents were processed within statutory timeframes
- 1,399 notifications to the Environment Hotline about 1,259 incidents, of which 220 were determined to be non-compliant
- 76 Greater Wellington staff were redeployed to support the region's Emergency Coordination Centre and Wairarapa Emergency Operations Centre in response to the COVID-19 pandemic.

Ko ngā hua mō te hapori | Community outcomes

Greater Wellington aims to improve the quality of life of the people who live in the Wellington Region. We aspire to improve the overall wellbeing of the region and we do this by aligning the work we do through five Community Outcomes. These outcomes underpin the activities we do, and flow through to our vision.

Our Vision:

He rohe taurikura – ka tōnui, ka honohono, ka pakari hoki

An extraordinary region – thriving, connected and resilient

Our Community Outcomes

| Outcome | What it means | Contributing Groups of Activities |
|---------------------|--|--|
| Strong Economy | A thriving and diverse economy supported by high quality infrastructure that retains and grows businesses and employment | Environment Regional Parks and Forests Flood Protection and Control Works Regional Leadership Water Supply Metlink Public Transport |
| Connected community | People are able to move around the region efficiently, and our communications networks are effective and accessible | Regional Leadership Metlink Public Transport |
| Resilient community | A community that plans for the future, adapts to change and is prepared for emergencies | Environment Flood Protection and Control Works Regional Leadership Water Supply |
| Healthy community | An environment with clean air, fresh water, healthy soils and diverse ecosystems that supports community needs | Environment Regional Parks and Forests Flood Protection and Control Works Regional Leadership Water Supply Metlink Public Transport |
| Engaged community | An engaged community that takes pride in our region, values and rural landscapes, and enjoys our amenities and choice of lifestyles. | Environment Regional Parks and Forests Regional Leadership |

Māiatanga, Manawaroatanga me Urutaunga | Strength, Resilience and Adaptability

Greater Wellington delivers a diverse range of activities around the region including managing natural resources and playing a core role in protection of the environment. We also provide regional public transport services, support emergency management and develop regional plans to create a resilient future to benefit the whole region.

During 2019/20 we continued to lead and deliver a comprehensive collaborative work programme as described in our 2018-28 Long Term Plan. Our role in regional leadership continued to be crucial to develop a clear and collective approach to address some of the opportunities and challenges our communities are facing. To strengthen this mahi, we work collaboratively with eight territorial authorities¹ (city and district councils) across the region.

This year, Greater Wellington welcomed in a new Council. Our strategic work continued with progression on major strategic plans – the Regional Transport Plan, Let's Get Wellington Moving and the Multi-User Ferry Terminal. We also supported the development of a strategy for the region's Māori economy.

Delivering through adversity

We protected the highest value biodiversity areas through delivery of our Key Native Ecosystems programme including operational support and advice to site partners. We publically notified decisions on the proposed Natural Resources Plan and the Predator Free Wellington – Miramar project achieved a significant milestone with most of Miramar Peninsula now free of Norway rats and mustelids. A new record was set for the number of native trees planted in our regional parks and forests and we exceeded the annual target for hectares planted of erosion prone land.

For the majority of the year our Public Transport activity was focussed on increasing stability of the Wellington bus network following the coordinated rollout of public transport network changes to the region in 2018/19. We completed the Wellington City Bus Network Review and began implementing the action plan. Prior to the COVID-19 Level Alert lockdowns we were on track for steady upwards patronage growth for both bus and rail. We also continued to focus on sustainable transport initiatives and attracted an increased number of adults participating in events such as the Aotearoa Bike Challenge – Wellington, national cycle skills courses, Smart Travel Challenge and bus/bike workshops this year.

However, we did not achieve some targets due to the COVID-19 Alert Level restrictions: we were unable to deliver the full planned coverage for our Regional Possum Predator Control Programme. The target for volunteer hours for regional parks and forests was unable to be met and development of the Waiohine River Plan was delayed. Our Public Transport annual bus, rail and ferry customer satisfaction surveys were also not able to be carried out this year, and we have looked to our mid-year public transport customer satisfaction survey for an indication of our performance.

Some targets not achieved were not as a result of the COVID-19 Alert Level restrictions: bus punctuality at both origin and destination did not meet target as the network continues to be refined. Wellington Water's target to ensure sufficient water is available to meet normal demand except in a drought with a severity greater than or equal to 1 in 50 years was not achieved as capacity limitations at the Te Marua Water Treatment Plant remain a challenge. The survival rate of poles planted as part of the Wellington Regional Erosion Control Initiative was less than target due to a significant summer drought causing

¹ Wellington City Council, Hutt City Council, Upper Hutt City Council, Porirua City Council, Kāpiti Coast District Council, South Wairarapa District Council, Carterton District Council, and Masterton District Council.

greater tree mortality than typical years. We also saw an increased number of infringements issued by our Harbour Management team due to an increased focus on enforcement.

Responding to the COVID-19 pandemic

As the COVID-19 pandemic spread around the world and eventually onto New Zealand shores we updated our Pandemic Plan to prepare for the inevitability of adjusting the way we delivered our services. We activated our Crisis Management Team in early March 2020 to manage business continuity across the organisation and we enabled staff to work from home.

Deployment of staff

As part of Greater Wellington's regional leadership role, we are responsible for providing a Wellington Regional Emergency Coordination Centre (WRECC) and staff to operate it. A total of 76 Greater Wellington employees were deployed to fill critical roles within the Emergency Coordination Centre.

The role of the WRECC was to coordinate the response to the COVID-19 pandemic with local authorities, government agencies and non-government organisations. Greater Wellington staff undertook roles in intelligence gathering, logistics, distribution of information, and provision of situational reports.

The activation of the WRECC was for an extended period of time as the COVID-19 pandemic developed within New Zealand. As the numbers of community transmission lessened and as New Zealand and Greater Wellington moved to lower Alert Levels, the majority of deployed staff returned to normal work duties.

Essential services

Public transport was deemed an essential service during all Alert Levels and we worked quickly in a short amount of time to adjust our services to support essential workers during the Alert Level 4 lockdown. Greater Wellington prioritised the safety of staff and public and focussed public communications on how to stay safe on public transport.

Across all Alert Levels we also continued to operate the management of our harbour, and our eight regional parks and forests remained open for local residents to safely enjoy.

Some of our field work such as pest control was suspended during the Alert Level 4 lockdown and community activities were put on hold. As we migrated back through the Alert Levels, we commenced field work in a limited capacity, resumed normal public transport service levels within government guidelines and gradually opened up our site offices to staff.

Taking Climate Action

Our communities, infrastructure, economy and natural environment are all affected by the changing climate. In August 2019 Greater Wellington joined the global movement with Council declaring a climate emergency. This declaration signalled a step change in how Greater Wellington addresses its response to the climate crisis. Our leadership is crucial, with the closing window of opportunity to prevent the worst effects of climate change demanding an extraordinary response.

We have two key roles in mitigating and adapting to climate change. Firstly, we believe it is important to ensure that we are minimising our impact on climate change by reducing our corporate carbon emissions, as this is something that is largely within our control. Measuring our carbon footprint each year is essential to ensure we meet our ambitious carbon neutral and carbon positive goals. We need to see our carbon footprint decreasing year on year, rather than increasing. To support this approach we have adopted the ambitious goal of being carbon neutral by 2030, with the ultimate goal of the organisation of being carbon

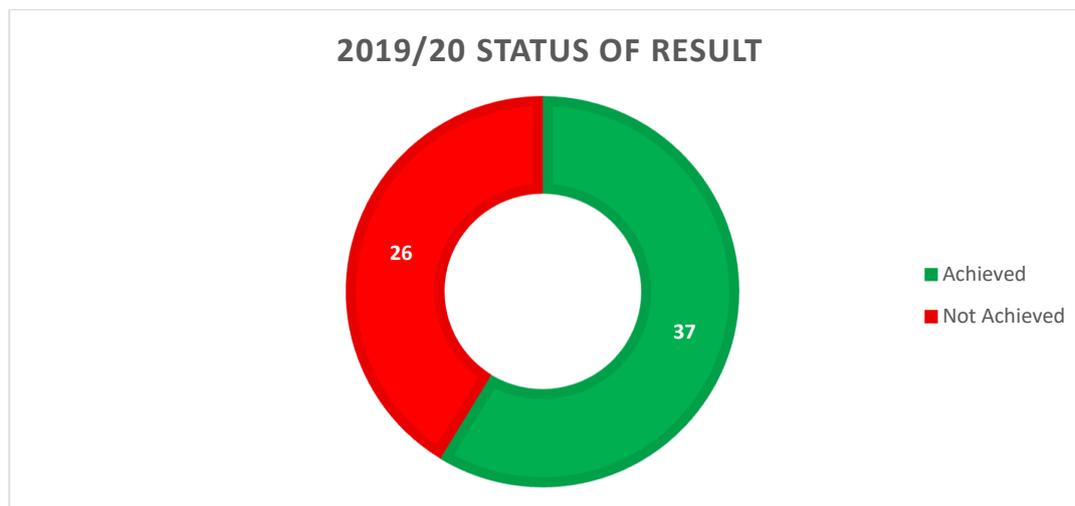
positive by 2035. This means we are aiming to remove more carbon emissions from the atmosphere than we emit.

Greater Wellington also has a role to work with territorial authorities, mana whenua and the regional sector on regional climate change mitigation and adaptation approaches. One key way we do this is by convening the Wellington Regional Climate Change Working Group which provides a forum to advance regional climate action. We also provide technical advice, climate science and evidence to understand what it means for our region and communities. This information informs our policies and actions on climate change to create a more resilient future.

Some of the key new initiatives Council signed up for and have been actioned during this financial year include:

- Establishment of a Climate Committee to place climate action front and centre of Greater Wellington's governance and activities
- Setting ambitious carbon neutral and carbon positive goals, alongside two ten point action plans for corporate and regional climate action
- Committing to increase the number of electric buses in the Metlink public transport fleet from the current 10 vehicles to 108 vehicles by December 2023
- Advocating to central government to ensure legislation enables Greater Wellington to expedite climate action, including Resource Management Act reform and the Climate Change Response (Zero Carbon) Amendment Act.

Ngā Mahi a Te Pane Matua Taiao | Activities of Greater Wellington Regional Council



Te Taiao | Environment

8 out of 17 performance measures achieved (47 percent)

Greater Wellington has an important role in the regulation, protection and enhancement of the region’s natural resources and environment. We also look after the region’s harbours and manage environmental threats such as plant and animal pests. We do this through regulation, development of regional policies, and investment in significant science monitoring. We also help communities manage land sustainably and restore ecosystems.

This year we delivered our biodiversity work through the Key Native Ecosystems programme, to protect the highest valued biodiversity areas in the region. The Predator Free Wellington Miramar project reached another milestone with most of the Miramar Peninsula now free of Norway rats and mustelids. We delivered 74,000 ha of possum and 4,300ha of mustelid control across the rest of the region throughout the year, although this only represents 76 percent of the planned area due to COVID-19 Alert Level restrictions.

The Wellington Regional Erosion Control Initiative (WRECI) was aided with a boost from the One Billion Trees fund and we exceeded our performance target by 37 percent by planting on 755 hectares of erosion prone land.

Despite the COVID-19 Alert Level restrictions we still achieved our targets for customer satisfaction with our consent processing services and processed 511 non-notified resource consents within the required timeframes. We also responded to 220 non-compliant environmental activities and took appropriate enforcement action.

We did not meet the target of 95 percent for survival rate of poles to be planted under the WRECI due to significant summer drought causing greater tree mortality than in typical years. We also narrowly missed our target of 61 percent by 1.6 percent for erosion prone hill-country covered by an active farm plan.

Ngā Papa Whenua | Regional Parks and Forests

5 out of 6 performance measures achieved (83 percent)

We manage eight regional parks and forests for the community's use and enjoyment. A milestone for the year was completion of the draft Parks Network Plan (PNP). The PNP is a combined plan to provide direction and management of these parks and forests.

Visitation to our regional parks continued its upward trend with 1.76 million visits during the year, and our annual visitor survey revealed that 74 percent of the regional population had visited a regional park over the past 12 months.

The target for planting 22,000 native trees across our regional parks was exceeded with 63,357 native trees being planted. Parks improvement works focussed on finalising plans and completing construction of the Top Terrace camping facility building at Kaitoke Regional Park. The revegetation programme was completed for Queen Elizabeth Park and we progressed with planning for a planned retreat of road, track and visitor facilities.

On-park volunteer hours were affected by restrictions imposed by the COVID-19 Alert Level restrictions and we missed the 15,000 hours target with 10,720 of volunteer hours being achieved. Regional parks remained open for local recreational use during all Alert Levels and we increased commercial cleaning and sanitising services of facilities.

Te Tiaki Me Te Arahi Waipuke | Flood Protection and Control Works

2 out of 5 performance measures achieved (40 percent)

Greater Wellington manages flood risk across the region. We do this by identifying the likelihood and location of river flooding, developing plans to manage risk, providing free advice to landowners and managing flood protection infrastructure.

Our programme of upgrade work progressed well during the year with approximately 11,500 willow poles and 23,500 native units being planted within river corridors around the region. Rock rip rap² structures were maintained with 2,300 tonnes of additional rock being placed to strengthen the work.

The RiverLink project to improve transport connections and flood protection in Lower Hutt's central city advanced during the year by making progress with developing consent-level design. More than 75 percent of the properties required for the project are now purchased.

The remaining on-site work to be carried out at Pukio East to remove the stop bank and carry out plantings as part of the Lower Wairarapa Valley Development Scheme was unable to be achieved due to the COVID-19 Alert Level restrictions. Likewise, engagement with the community for the Waiohine River Plan was also delayed and we were unable to meet our target for this activity.

² Riprap is a permanent layer of large, angular stone, cobbles, or boulders typically used to armour, stabilize, and protect the soil surface against erosion and scour in areas of concentrated flow or wave energy.

Ngā Kaihautū o te Rohe | Regional Leadership

3 out of 4 performance measures achieved (75 percent)

We coordinate a range of activities in partnership with local authorities, mana whenua and other partners across the region. This allows us to build on our collective strengths and to collaborate on developing successful solutions to complex issues.

A significant outcome for the year was the successful management of the Greater Wellington local government elections and induction process for the new Council, resulting in six new Councillors and the election of a new Council Chair. We stood up the Crisis Management Team to manage business continuity in response to the COVID-19 pandemic and 76 Greater Wellington staff were redeployed to assist in the emergency response.

We made progress with our major strategic plans – Regional Land Transport Plan, Let's Get Wellington Moving and the Multi-User Ferry Terminal Project. We led the development of Te Matarau a Maui, a Strategy for the region's Māori economy and commenced development of the Wellington Regional Growth Framework.

Greater Wellington continued to work with Ara Tahi on positioning the collective partnership with mana whenua for the future. The proposed new model for the Ara Tahi Council Committee arrangement has paused, with mana whenua partners agreeing to re-think options for the partnership's future with Council. Council continues to work with each mana whenua entity through this time.

Ngā Puna Wai | Water Supply

17 out of 19 performance measures achieved (89 percent)

Greater Wellington is responsible for providing safe drinking water and future proofing bulk water supply for Wellington, Lower Hutt, Upper Hutt and Porirua cities. These services are delivered by Wellington Water Limited,³ a jointly-owned council controlled organisation. Wellington Water collects, treats and distributes drinking water, and ensures the water supply is able to meet changing demands and emergencies. Wellington Water achieved all but two targets – one relating to capacity limitations of the Te Marua Water Treatment Plan, and the other relating to validation of a compliance certificate due to a change in regulation.

Ngā Waka Tūmatanui | Metlink Public Transport

2 out of 12 performance measures achieved (25 percent)

We manage the Metlink public transport network and deliver public transport services to the region across bus and rail, and the harbour ferry service. We also maintain public transport infrastructure including railway stations, the train maintenance depot, bus and ferry shelters, signs, and Park & Ride facilities.

A priority for Metlink during the year was to continue to increase stability of the Wellington bus network following the coordinated rollout of changes to the region's public transport network in 2018/19. We instigated a Wellington City Bus Network Review to address operational and performance challenges

³ Wellington Water Limited is jointly owned by Greater Wellington and the Hutt, Porirua, upper Hutt and Wellington city councils, and South Wairarapa District Council

arising from these changes. We engaged with over 1,400 customers and bus drivers with an intensive programme of focus groups, community drop-in sessions and online surveys. An action plan was developed following the review to implement key themes from this engagement.

Prior to the emergence of the COVID-19 pandemic, we were tracking towards record passenger boardings growth on the network. By the end of March 2020 New Zealand had entered Alert Level 4 lockdown and passenger boardings dramatically decreased. Public transport was deemed an essential service and we continued to operate a customer-centric service with the safety of passengers and Metlink staff a top priority throughout all Alert Levels.

Our annual bus, rail, and ferry customer satisfaction surveys were unable to be carried out this year because of the COVID-19 Alert Level restrictions. This resulted in us reporting our mid-year public transport customer satisfaction survey to provide an indication of how we were tracking in November 2019 against our customer satisfaction performance measures. Our end of year targets for bus punctuality and reliability were also not met, but we continue to make refinements to the bus network.

As we have moved down the COVID-19 Alert Levels bus and rail patronage steadily bounced back. By the end of June 2020 bus passenger numbers were at approximately 84 percent and rail passenger numbers 70 percent of June 2019 boardings.

He tiro whānui i te pūtea | Financial performance

The financial overview provides a summary of the major aspects of our financial management and results for the 2019/20 year (1 July 2019 – 30 June 2020).

This overview gives Wellington Region residents a snapshot of our finances. Full details are provided in the full 2019/20 Annual Report document, including financial statements and the costs of providing services for each activity, comparing what was spent with what was budgeted.

Our last financial year had many challenges, particularly those resulting from COVID-19 Alert Level restrictions. Greater Wellington continued to focus on enhancing its financial management and sound financial position, performing strongly in managing operating costs.

We achieved an operating deficit of \$0.98 million for the year. The differences within revenue and costs are primarily due to additional externally funded costs which offset each other. Notable items are the revenue and expenses relating to the National Land Transport Fund “transitional rail” funding for improvements to the Wellington rail network from Waka Kotahi/NZ Transport Agency.

Our net capital expenditure was \$43.3 million less than budget. This is mainly a result of delays in project completion, particularly as COVID-19 Alert Level restrictions impacted our ability to meet planned delivery schedules. The largest impacts relate to:

- Lower than budgeted RiverLink project expenditure for the purchase of land and the planned demolition and removal of unused buildings to make way for the Te Awa Kairangi/Hutt River project
- Delays in the planned investments on the Project NEXT public transport payment system
- Delays in the bus shelter and station renewals, upgrades, and signage.

Finances at a glance

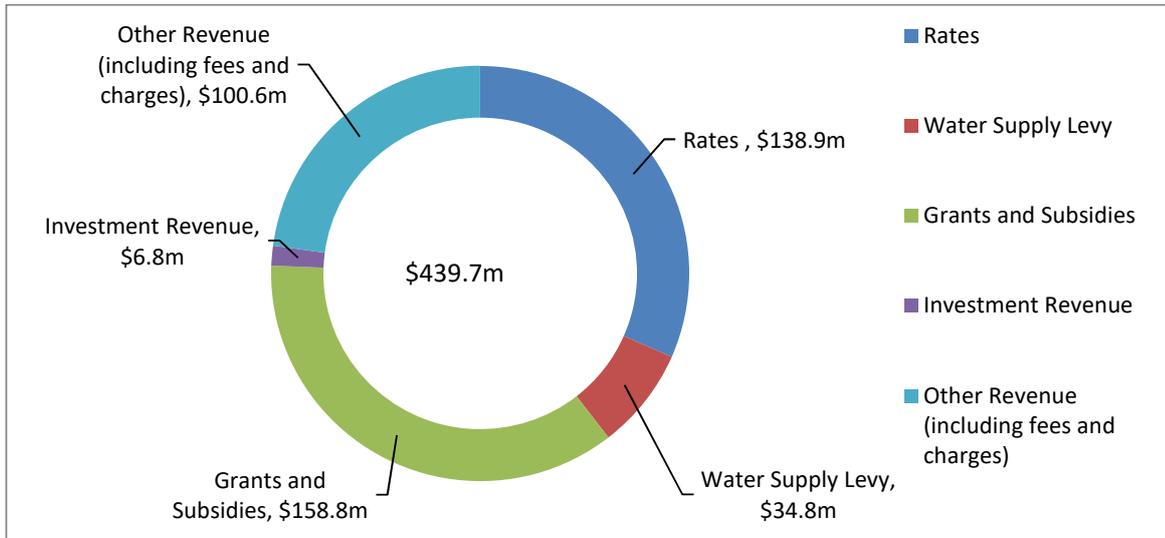
| Annual revenue | | |
|--|--|---|
| 2018/19 Actual \$388.6 million | 2019/20 Annual Plan \$408.5 million | 2019/20 Actual \$439.7 million |
| \$173.6 million from rates and levies | \$264.2 million from grants and other sources | |
| Annual Expenditure | | |
| 2018/19 Actual \$388.7 million | 2019/20 Annual Plan \$395.8 million | 2019/20 Actual \$438.0 million |
| Capital Expenditure | | |
| 2018/19 Actual \$81.9 million | 2019/20 Annual Plan \$98.8 million | 2019/20 Actual \$45.8 million |
| Debt | | |
| 2018/19 Actual \$467.5 million | 2019/20 Annual Plan \$568.1 million | 2019/20 Actual \$519.7 million |

Financial overview for the year ended 30 June 2020

| | |
|---|---|
| \$18.7 million net deficit after tax for 2019/20 | \$5.90 costs of delivering all Greater Wellington services per rating unit per day |
| \$1.7 billion of total assets managed by Greater Wellington | AA credit rating with Standard & Poor's indicating good financial health |

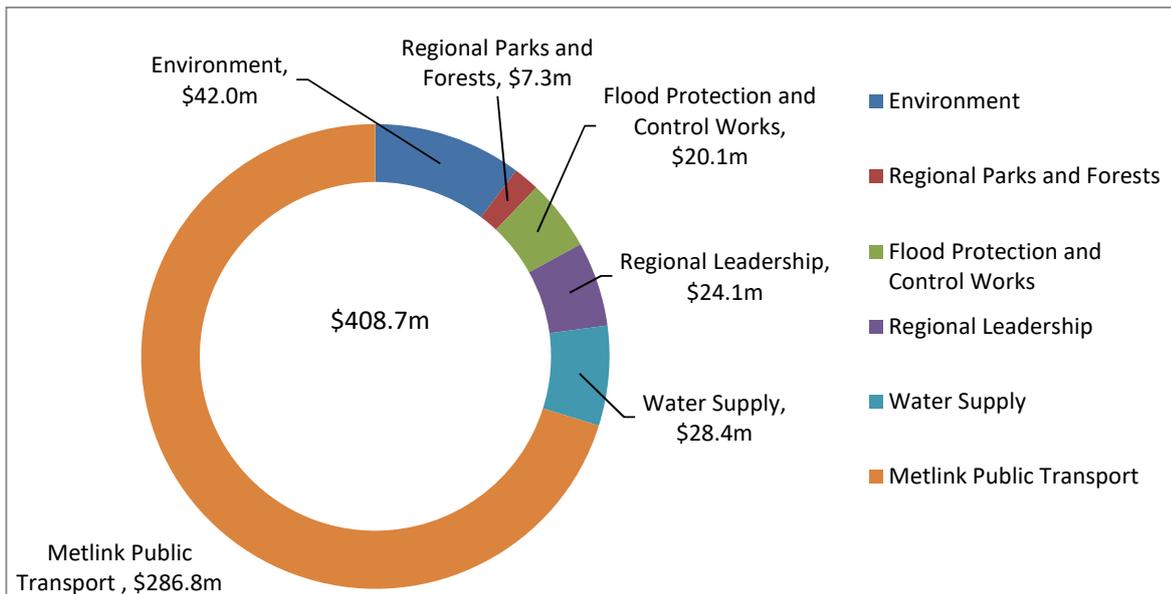
Revenue

Greater Wellington's revenue is sourced primarily through rates, and grants from central government. Other revenue sources include the water supply levy (paid by metropolitan city councils in the region), and fees, charges and investment income.



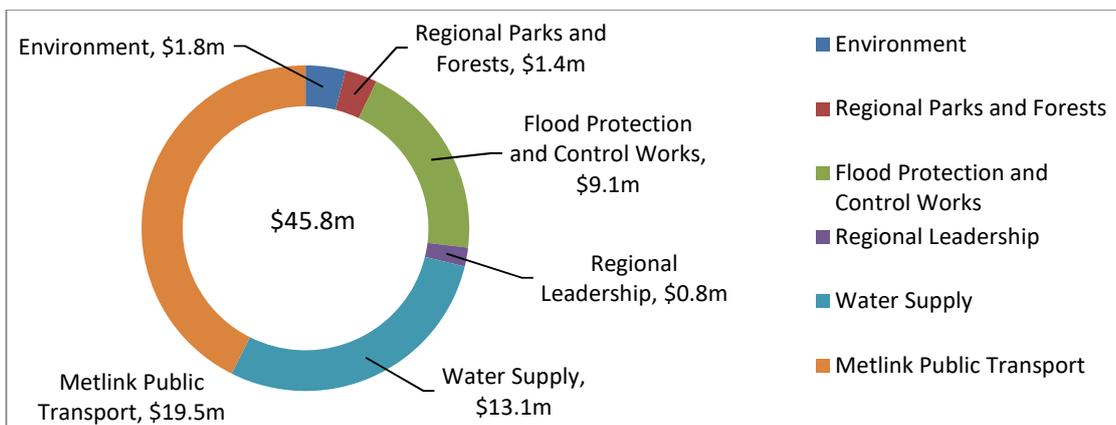
Operational Expenditure

The pie chart below illustrates Greater Wellington's operational expenditure by Activity Group.



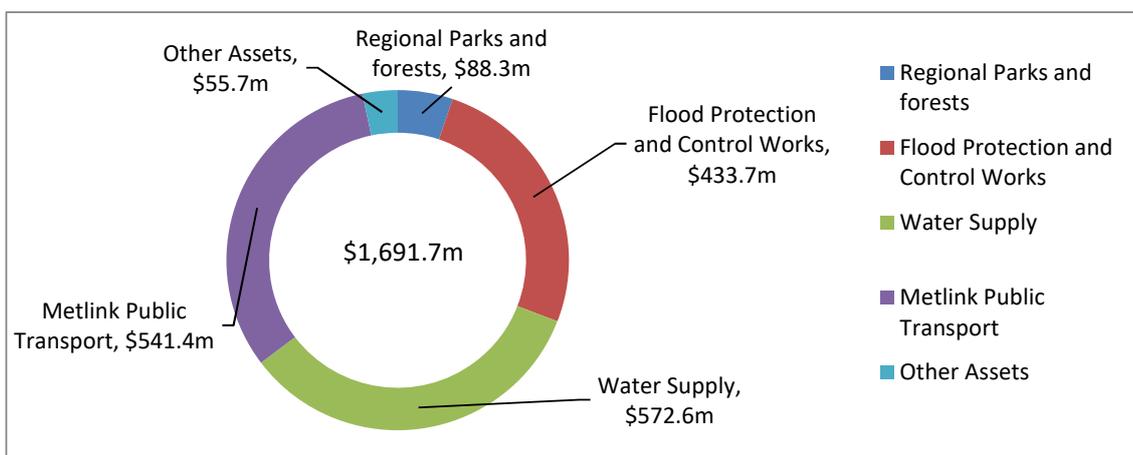
Capital Expenditure

Greater Wellington's capital expenditure highlights infrastructure investment in public transport, flood protection and control works, water supply, and regional parks and forests.



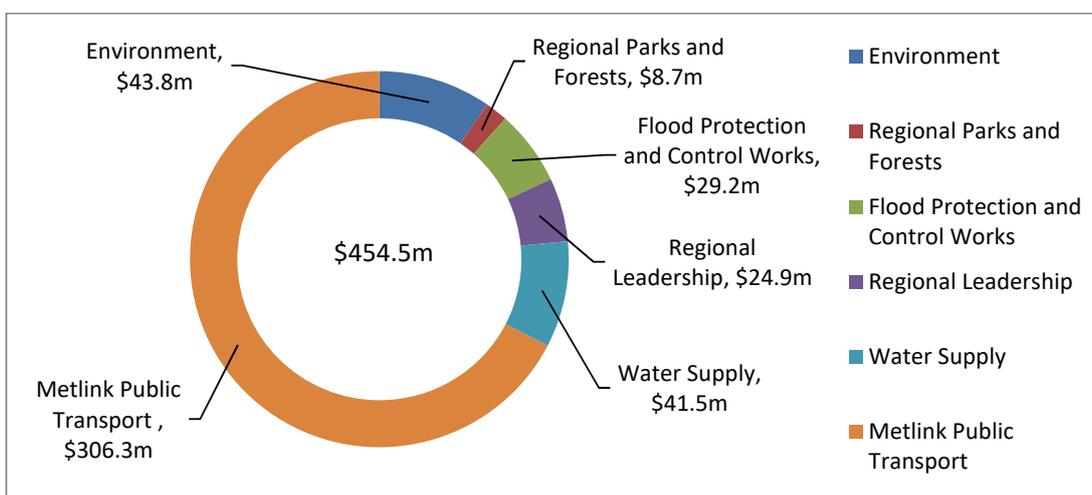
Asset Base

The pie chart below illustrates Greater Wellington's asset base comprising public transport, flood protection, water supply and parks. Public transport includes \$456.9m of rail rolling stock and railway station infrastructure owned by Greater Wellington Rail Limited, a Council Controlled Organisation.



Total Expenditure

The pie chart below illustrates Greater Wellington's total expenditure i.e. operational expenditure plus capital expenditure, by strategic area outcomes.



Financial Statements

Summary Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2020

| | Greater Wellington | | | Greater Wellington Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Operating revenue and gains | 428,441 | 386,146 | 374,303 | 519,787 | 457,137 |
| Finance expenses | (22,369) | (24,382) | (23,341) | (22,388) | (23,391) |
| Total operating expenditure | (413,539) | (371,420) | (363,549) | (527,982) | (466,218) |
| Transport Improvement grants and subsidies | 8,586 | 22,371 | 11,423 | 8,586 | 11,423 |
| Transport improvement expenditure | (2,098) | - | (1,826) | (2,098) | (1,826) |
| Net revenue / (expenditure) for transport improvements | 6,488 | 22,371 | 9,597 | 6,488 | 9,597 |
| Operating surplus/(deficit) before other items and tax | (979) | 12,715 | (2,990) | (24,095) | (22,875) |
| Share of associate's surplus/(deficit) | - | - | - | 14 | 10,311 |
| Fair value gains / (losses) in profit and loss | (17,711) | 8,800 | (25,725) | (16,964) | (24,704) |
| Earthquake related items | - | - | - | 167,251 | 60,717 |
| Tax on continuing operations | - | - | - | (2,185) | 1,818 |
| Operating surplus / (deficit) after tax | (18,690) | 21,515 | (28,715) | 124,021 | 25,267 |
| Other comprehensive revenue and expenses | | | | | |
| Increases / (decreases) in revaluations | 30,949 | - | 12,182 | 29,750 | 55,570 |
| Total comprehensive revenue and expense | 12,259 | 21,515 | (16,533) | 153,771 | 80,837 |
| Attributable to: | | | | | |
| Equity holders of the Parent | 12,259 | 21,515 | (16,533) | 117,483 | 63,989 |
| Non-controlling interest | - | - | - | 36,288 | 16,848 |
| | 12,259 | 21,515 | (16,533) | 153,771 | 80,837 |

Summary Statement of changes in equity

For the year ended 30 June 2020

| | Greater Wellington | | | Greater Wellington Group | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Opening equity | 1,090,879 | 1,139,993 | 1,107,412 | 1,467,146 | 1,387,241 |
| Operating surplus /(deficit) after tax | (18,690) | 21,515 | (28,715) | 124,021 | 25,267 |
| Dividend to non-controlling interest | - | - | - | (1,154) | (924) |
| Asset revaluation movements | 27,229 | - | 8,056 | 26,033 | 51,444 |
| Revaluation movement of other financial assets | 3,720 | - | 4,126 | 3,720 | 4,126 |
| Total closing equity at 30 June | 1,103,138 | 1,161,508 | 1,090,879 | 1,619,766 | 1,467,146 |
| Attributable to: | | | | | |
| Equity holders of the Parent | 1,103,138 | 1,161,508 | 1,090,879 | 1,514,597 | 1,397,112 |
| Non-controlling interest | - | - | - | 105,169 | 70,034 |
| | 1,103,138 | 1,161,508 | 1,090,879 | 1,619,766 | 1,467,146 |

Summary Statement of Financial Position
For the year ended 30 June 2020

| | Greater Wellington | | | Greater Wellington Group | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Current assets | 185,297 | 85,393 | 137,749 | 454,435 | 292,363 |
| Non-current assets | 1,621,490 | 1,687,539 | 1,568,118 | 1,992,824 | 1,933,816 |
| Total assets | 1,806,787 | 1,772,932 | 1,705,867 | 2,447,259 | 2,226,179 |
| Current liabilities | 191,108 | 170,081 | 116,455 | 185,543 | 134,869 |
| Non-current liabilities | 512,541 | 441,343 | 498,535 | 641,950 | 624,164 |
| Total liabilities | 703,649 | 611,424 | 614,990 | 827,493 | 759,033 |
| Net assets | 1,103,138 | 1,161,508 | 1,090,877 | 1,619,766 | 1,467,146 |
| Equity attributed to: | | | | | |
| Other reserves | 1,103,138 | 1,161,508 | 1,090,879 | 1,514,597 | 1,397,112 |
| Minority interest | - | - | - | 105,169 | 70,034 |
| Total equity | 1,103,138 | 1,161,508 | 1,090,879 | 1,619,766 | 1,467,146 |

Summary Statement of Cash-Flow
For the year ended 30 June 2020

| | Greater Wellington | | | Greater Wellington Group | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | Actual 2020 \$'000 | Budget 2020 \$'000 | Actual 2019 \$'000 | Actual 2020 \$'000 | Actual 2019 \$'000 |
| Cashflows from operating activities | (1,237) | 41,290 | 30,109 | 6,013 | 43,959 |
| Cashflows from investing activities | (58,424) | (101,171) | (106,451) | 113,531 | 36,153 |
| Cashflows from financing activities | 52,142 | 64,097 | 87,891 | 31,263 | 24,888 |
| Net increase / (decrease) in cash and cash equivalents | (7,519) | 4,216 | 11,549 | 150,807 | 105,000 |
| Opening cash equivalents | 16,857 | 22,038 | 5,308 | 108,585 | 3,585 |
| Closing cash equivalents | 9,338 | 26,254 | 16,857 | 259,392 | 108,585 |

The full financial statements presented in the 2019/20 Annual Report have been audited and have an unqualified audit opinion.

Greater Wellington's full financial statements have been prepared in accordance with Public Benefit Entity (PBE) Accounting Standards.

Specific disclosures included in the summary financial statements have been extracted from the full financial statements. These financial statements contain no information that has been restated or reclassified.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements can be obtained from the Greater Wellington website.

The full financial statements are denominated in NZ\$.

The summary financial statements comply with PBE FRS 43 *Summary Financial statements*.

Major variances between actual and budget

1. Operational revenue

The operational revenue is higher mainly due to National Land Transport Fund (NLTF) transitional rail funding for improvements to the Wellington rail network both received from Waka Kotahi/NZ Transport Agency.

2. Operational expenditure

Operational expenditure is higher mainly due to NLTF transitional rail funding for improvement payments to KiwiRail and increased costs within public transport due to Snapper renegotiated contract extension.

3. Transport improvement grants and subsidies

Transport improvement grants were lower due to delayed CAPEX mainly on Project NEXT which is still in procurement phase.

4. Fair value

Fair value adjustments is unfavourable to budget reflecting the decrease of the fair value of the interest rate swaps held by Greater Wellington due to the continuing decrease in market interest rates.

5. Total assets

The total assets have increased mainly due to the revaluation of flood protection assets and higher outstanding balances from Waka Kotahi/NZ Transport Agency which is mainly a timing issue.

6. Total liabilities

The key drivers of the higher level of liabilities compared to budget relate to the derivatives and non-interest bearing liabilities not being included in the budget position.

7. Cash flow

The overall cash position is lower than budget mainly as a result of a lower operating cash inflows due to timing issues on receipt of grant and subsidy revenues from Waka Kotahi/NZ Transport Agency and reduced debt funding raised compared to budget offset by lower capex expenditure than budget.

Events occurring after the balance date

No dividend was declared post balance date by WRC Holdings (2019: Nil).

Subsequent to balance date the Reserve Bank reduced the Official Cash rate (OCR) on 7 August 2020 to 1.0 percent and market interest rates have reduced. This will reduce interest costs on floating rate borrowings and increase the liability values for the existing floating to fixed interest rates swaps.

Financials statements will be authorised for issue by Council on 17 December 2020.

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

COVID-19 Pandemic Impact

On 11 March 2020 the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. On 21 March 2020, Prime Minister Jacinda Ardern introduced a country wide Alert Level system to deal with the coronavirus outbreak. There are four Alert Levels, with Level 1 being the least risk of infection and 4 the highest. On Wednesday 25 March 2020 the New Zealand Government raised its Alert Level to 4 which is a full lockdown of non-essential services. The country moved down to Alert Level 3 on 28 April 2020.

The impact on Greater Wellington and the Group activities was as follows:

- Public Transport patronage decreased significantly, with reduced passenger boarding compared to what was expected pre COVID-19. Metlink bus and train services continued to run based on reduced weekend timetables across the region and as part of the national response to COVID-19 Alert Level 4, these were free until 31 May 2020.

However Greater Wellington secured funding from Waka Kotahi/NZ Transport Agency to cover lost revenue during lockdown and the decreased in patronage levels.

- Consents revenue was reduced as clients were subject to lockdown restrictions.
- CentrePort experienced lower overall ship calls during the lockdown, container volumes were slightly lower, a few cruise visits were cancelled, log export volumes were significantly impacted and petroleum imports were significantly reduced.
- Greater Wellington Rail continued to operate during this period. As the entity's operations are not customer facing the impact of the lockdown was limited. There were also no variations to leasing agreements with third parties.

Kaikoura earthquake 14 November 2016

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

The impact of the earthquake has been reflected in these financial statements with the information available to the date these financial statements are signed.

During the period ended 30 June 2020, CentrePort Limited and CentrePort Properties reached a full and final settlement on the respective insurance claims. All insurance proceeds have been received by the entities.

He Pūrongo Arotake Pūtea | Audit Report

STILL TO BE PROVIDED BY AUDIT

Disclaimer

The specific disclosures included in this Summary of the 2019/20 Annual Report have been extracted from the full 2019/20 Annual Report. The Summary cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and service performance, financial position and cash flows of the Greater Wellington Regional Council. The Summary has been examined by the auditor for consistency with the full Annual Report audited by Audit New Zealand on behalf of the Auditor-General. **An unmodified audit opinion** was issued on 17 December 2020. This Summary of the 2019/20 Annual Report was adopted by the Council on 17 December 2020.

Attachment 3 to Report 20.498

Reserve balance as at 30 June 2020 (as compared to the 2018-28 Long Term Plan)

| Council-created reserves | Purpose of the fund | Long Term Plan balance at 30 June 2020 \$000 (GST exclusive) | Actual reserve balance at 30 June 2020 \$000 (GST exclusive) |
|---------------------------------|--|--|--|
| Area of benefit reserves | | | |
| Public transport reserve | Any funding surplus or deficit relating to the provision of public transport services is used only on subsequent public transport expenditure | 9,095 | 10,254 |
| Transport planning reserve | Any funding surplus or deficit relating to the provision of public transport planning services is used only on subsequent public transport planning expenditure | 865 | 1,020 |
| WRS reserve | Any funding surplus or deficit relating to the Wellington Regional Strategy implementation is used only on subsequent Wellington Regional Strategy expenditure | 292 | 640 |
| WREMO reserve | Contributions by other local authorities to run the WREMO | 51 | 134 |
| Catchment scheme reserves | Any funding surplus or deficit relating to the provision of flood protection and catchment management schemes is used only on subsequent flood protection and catchment management expenditure | 12,513 | 11,937 |
| Contingency reserves | | | |
| Environmental legal reserve | To manage the variation in legal costs associated with resource consents and enforcement | 223 | 246 |
| Flood contingency reserves | To help manage the costs for the repair of storm damage throughout the Wellington Region | 3,395 | 3,104 |
| Rural fire reserve | To help manage the costs of rural fire equipment | 81 | 78 |
| Special reserves | | | |
| Election reserve | To manage the variation in costs associated with the election cycle | 224 | 273 |
| Corporate systems reserve | To manage the variation in costs associated with key IT infrastructure and software | 0 | 1,970 |
| Other reserve balances | Re-budgets and other reserve funds | 73 | 4,883 |
| Total reserves | | 26,812 | 34,538 |