



Wellington Regional Council
Annual Report
2000

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ANNUAL HIGHLIGHTS

- Receipt of a Business Development Quality Award for consents management and a favourable customer satisfaction rating from consent holders; with 83% of all customers rating our service as 'good', 'very good' or 'excellent'.
- Completion of the Regional Land Transport Strategy as a the platform for long term solutions to the Region's land transport needs.
- Ongoing discussions with the Wellington City and Hutt City Councils over the integrated management for the delivery of water. A decision by the Council to further reduce (by 4%) the water levy charged to our four city council customers means further efficiency savings are being passed onto customers.
- Record vessel calls and cargo volumes through Centre Port translating into excellent divided flows to the Council from subsidiares.
- Further reduction in the incidence of Bovine Tb reactor numbers and positive confirmation received from the Animal Health Board that our management is "of the highest order".
- Substantive completion of flood damage repairs and capital projects arising from the October 1998 floods, while at the same time accelerating the remaining floodplain management planning on the Hutt River.
- Increasing use being made of our parks and forests by the blossoming Wellington film industry.
- Completion of the Regional Stadium on budget and slightly ahead of time with a successful open day held on 16 January 2000.
- No disruption to Council services as a result of the "Y2k bug".
- Ratification of a Long Term Financial Strategy heralding a much more proactive stance by the Council, particularly on environmental and transport issues.

AN INTRODUCTION FROM THE CHAIRPERSON



Stuart Macaskill

We have spent much of the 1999/2000 year developing our recently released Long Term Financial Strategy entitled “Towards a Greater Wellington – Investing in the Future”.

Our new Long Term Financial Strategy sets the course for the Council over the next 10 years, with particular emphasis on the next three years.

In 1997 we produced our previous Long Term Financial Strategy, again with emphasis on the first three years, as we knew we would be completely reviewing the strategy again this year. The strategy we produced in 1997 focussed on the following years:

- 1997/98
- 1998/99
- 1999/00

This Annual Report is focused on the last of those years, 1999/2000, and is also a report against the Council’s 1999/2000 Annual Plan. (refer to “Facing the Future 1997-2007: 1999 Update and 1999/2000 Annual Plan”).

While much of our energy this year has gone into developing our new Long Term Financial Strategy we have once again been quietly working away at delivering key outputs for the community. I am pleased to say that we have many success stories to tell, some of which are included in the “Annual Highlights” section while others are in the General Manager’s report and the Committee Reports which follow.

You may have also noticed that as a Council, we have decided that, wherever possible, we should be a strong advocate for the Regional Community on issues of Regional significance. During 1999/2000 we took a leading role in the Transmission Gully debate as part of the Council’s Transport Planning function. Although Transmission Gully is only a component of our Council’s Regional Land Transport Strategy it has certainly become an issue of significant public interest in the past 12 months. There now appears to be strong public support for the early construction of a Transmission Gully route. We intend to continue to retain a strong interest in the project and in ensuring that those agencies with State Highway responsibilities do all within their powers to meet the wishes of the Regional Community.

The location of the Region's Tertiary Hospital was another key community issue which rightly received some focus during 1999/2000. Our Council was involved in advising the appropriate authorities about the transport implications and relative hazard assessments of the two shortlisted sites.

Economic Development has also become very topical in the past 12-18 months and, in particular, the role of local authorities within the Region in encouraging economic development. We believe that within our current powers (which are severely restricted by legislation) the regional community is best served by us providing information and analysis on the regional economy (refer to our "Regional Outlook" publication). We would welcome the opportunity to review taking a more proactive role if the legislation allowed us to do so.

I'm pleased to say that the Regional Stadium which opened during the 1999/2000 year has been a resounding success and has certainly exceeded everyone's expectations. I'm sure that the Stadium will become a major drawcard for the Region and the City of Wellington in the years to come. However, I remain concerned that the Stadium Trust may be deemed to be a Local Authority Trading Enterprise (LATE) when the clear intent of all parties has been to treat the Stadium as a stand alone Trust, quite independent of the two Councils (Wellington Regional Council/Wellington City Council). The implications of the Trust being deemed to be a LATE are significant (the ongoing financial viability of the Trust could be threatened) and hence our ongoing efforts to seek legislative change to clarify the matter.

During the year we have been working very hard on our relationship with iwi as we look to build on the special relationship we have. While we are not there yet, I believe we are heading in the right direction.

This year we have taken some major strides in our Environment Management area as we have moved from the 'planning' phase of our work, through the development of the Regional Policy Statement and Regional Plans, to the "doing" phase where we are more actively working with the community on environmental issues and on implementing our environmental education strategy. We believe that we can achieve much through improved knowledge about the environment.

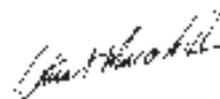
You will recall the significant floods we experienced in all of the Region's rivers during October 1998. Now, two years later, we are just finishing off all the flood damage capital works that became necessary as a result of the severe floods. This work, along with all the flood damage repairs and routine maintenance, has resulted in an overall improvement to the level of flood protection for the community as many of the previous "hot spots" have been attended to.

During the year the Council has continued in its efforts to achieve integration of the water supply network amongst the Regional Council and its four city council customers. While proving to be a frustratingly slow process I believe that some progress has been made during the past 12 months with at least two of the four city councils (Wellington City and Hutt City Councils).

We remain on track in our war against Bovine Tb in the Region. The number of Tb reactors has dropped again during the year and now stands at 201 compared with 1605 in 1995. You may not be aware that during 1999/2000 we carried out Bovine Tb operations over nearly one third of the Region's land area. The Council is mindful of its significant financial commitment in the Bovine Tb area, but believes that the economic benefits for the Region arising from the very successful programme more than justify the Council's involvement.

All in all, 1999/2000 has been a very satisfying year and one in which the Council has successfully combined establishing a new vision, supported by detailed work programmes, with high quality delivery of our core functions and advocacy on key issues affecting the Regional community.

I take my hat off to our General Manager, Howard Stone and his team. The Council is indeed fortunate to be supported by staff of a consistent high quality, across a very diverse range of functions.



Stuart Macaskill
Chairperson

GENERAL MANAGER'S REPORT



Howard Stone

1999/2000 has been an interesting year and one in which all staff have been busy with the day-to-day delivery of outputs while providing support to the Council as it developed a new Long Term Financial Strategy.

Much has been achieved during the year and I think it is fair to say that all the key “machinery” is now in place for the Council to really make a difference in the delivery of its new vision contained in the new strategy - “Towards a Greater Wellington – Investing in the Future”.

At the time of writing this report we now have in place all of our regional policies and plans. In the environmental management area, I understand that we are the first regional council to have operative plans covering our suite of functions under the Resource Management Act 1991. This is a testament to the skills and commitment of staff in this area. During the year we also completed the first major State of the Environment report for the Wellington Region. As a result, we now know where to focus our attention in order to move closer towards sustainability of our environment. This report underpins much of the Council’s future work programmes in the environment area.

In our Transport area, the major piece of machinery completed during the year was the Regional Land Transport Strategy. This strategy provides a co-ordinated framework for the future development of land transport in the Wellington Region, including public transport and includes input from all the key players in the transport sector. Again, the completion of this strategy during the year provided the Council with a very sound basis upon which to plan improvements to the public transport network over the long term within a broad transport planning context. However, the real challenge will be to operationalise the strategy.

Floodplain management planning has continued at a hectic pace during the year despite the pressures on staff as a result of the October 1998 floods. Floodplain management plans, which involve among other things, extensive consultation with the community over service levels, have now been completed for the Otaki and Waikanae rivers and are well advanced in respect of the Hutt River. These plans include the prioritisation of all improvement works over the next 40 years and therefore provide a very sound basis for Council’s long term financial planning.

Asset management planning has also continued to be refined in all areas of Council’s activity where there are major infrastructure assets, namely:

- Flood protection
- Regional parks
- Water supply

In a business such as ours with large infrastructure assets, long term planning cannot be conducted properly without good quality asset management plans.

The Council’s pest plant and animal pest management strategies, which were first prepared in 1996, are due for review and update in the coming year. These strategies have driven the Council’s work in pest management area therefore have been important building blocks in developing Council’s long term plans in this area.

Our efforts to bring together an integrated water entity haven’t yet borne fruit but I’m sure that we have plenty of “runs on the board” in terms of running an efficient water operation under public ownership.

The Council continues to implement policies and programmes designed to ensure that all appointments, promotions, rewards and work programmes are based on demonstrated job competence, relevant skills, qualifications and individual potential regardless of colour race, ethnic or national origin, sex, marital status, religious or ethical belief, sexual orientation, age, disability, family status, political opinion or employment status. These policies have been reinforced through the Review and Reward process with emphasis placed on the importance of looking at the inherent attributes of each individual, such as tenacity, energy and integrity.

Once again I’m proud to be able to report that a number of our staff have received recognition for their efforts from external agencies, including:

- Receipt of a Business Development Quality Award for consents management.
- The Ministry for the Environment annual survey of local authorities shows that the Wellington Regional Council is a top performer.
- The Animal Health Board review of our management concluded that the Wellington Regional Council’s operations “were of the highest order”.
- Audit New Zealand have described the Asset Management Plans in the Regional Parks area as “leading edge”.

In addition, our staff have been involved in a number of working groups dealing with high profile issues on the national stage including:

- Local Government Funding Powers Review
- Local Elections and Polls Act
- Review of the Local Government Act

I would like to thank all staff for their contribution during the year. We all have different roles to play but without everyone doing their job to the best of their ability we would not be the organisation we are today.

I am confident that with the key building blocks in place (many of which I’ve mentioned above), combined with the high calibre of people we have at the Wellington Regional Council, we can deliver on the high expectations that have been set by the Council in “Towards a Greater Wellington – Investing in the Future”.

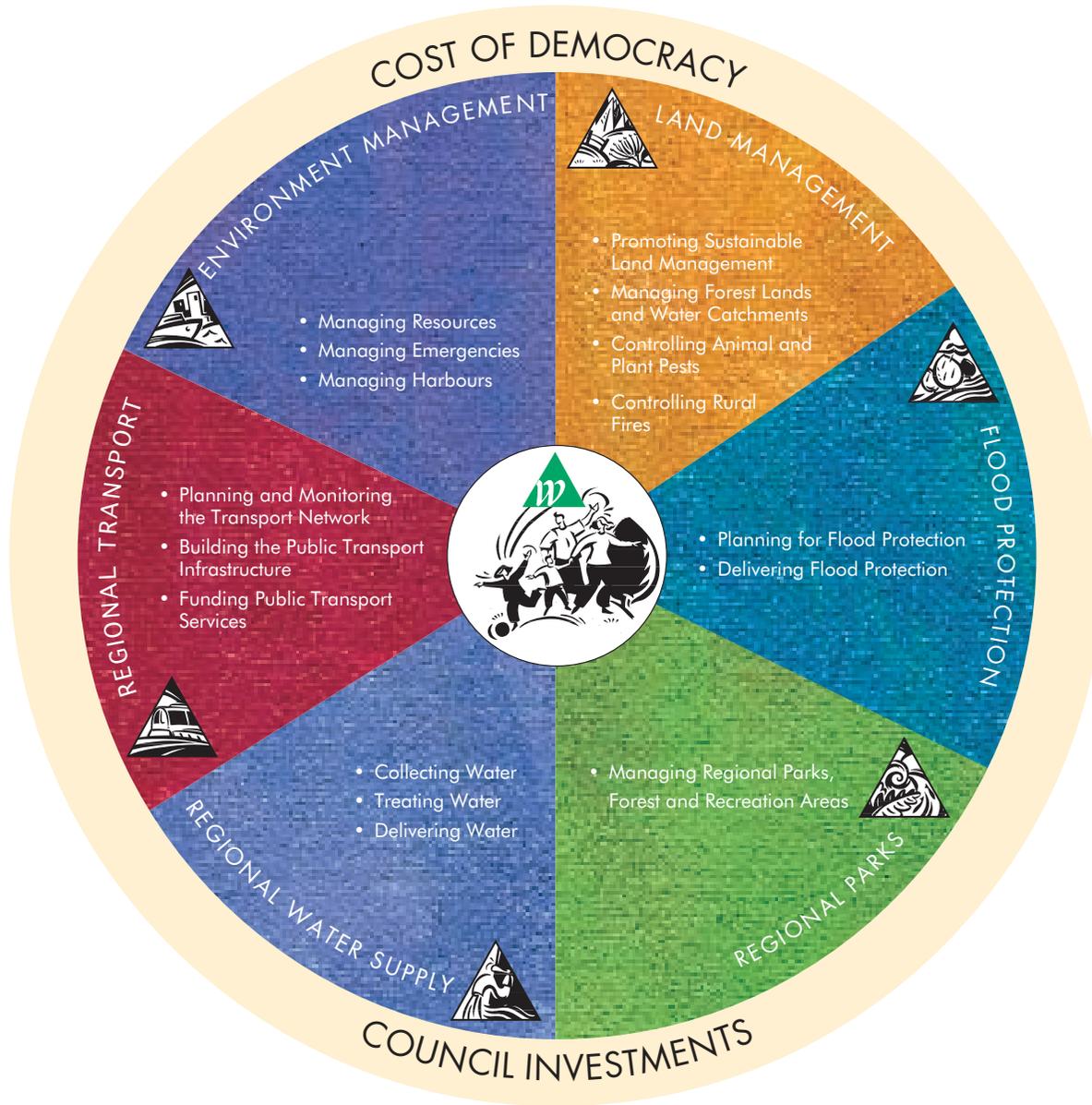


Howard Stone
General Manager

EXECUTIVE MANAGEMENT TEAM

<i>Divisional Manager, Environment</i>	—————	Jane Bradbury
<i>Divisional Manager, Regional Transport</i>	—————	Dave Watson
<i>Divisional Manager, Utility Services</i>	—————	David Benham
<i>Divisional Manager, Landcare</i>	—————	Andrew Annakin
<i>Divisional Manager, Wairarapa</i>	—————	Colin Wright
<i>Chief Financial Officer</i>	—————	Greg Schollum
<i>Council Secretary</i>	—————	Ted Maguire
<i>Corporate Advisory Services Manager</i>	—————	John Allard

WELLINGTON REGIONAL COUNCIL



Overview

The Wellington Regional Council was formed by local government reorganisation in 1989 and is an amalgamation of predecessor authorities and special purpose boards. Its responsibilities include environmental management, flood protection and land management, provision of regional parks, public transport planning and funding, and delivering a water supply to the Wellington metropolitan cities.

Much of the Council's work is long-term in nature. Consequentially, it must plan prudently for the future if it is to maintain assets and quality standards, respond to environmental changes, as well as meeting the community's needs and aspirations of the future. These issues have been addressed in the Council's ten year strategic plan "Investing in the Future 2000-2010."

Our Organisational Goals

Achieving. The Council is committed to producing high quality work at all times and to being an effective organisation - an organisation that makes a difference.

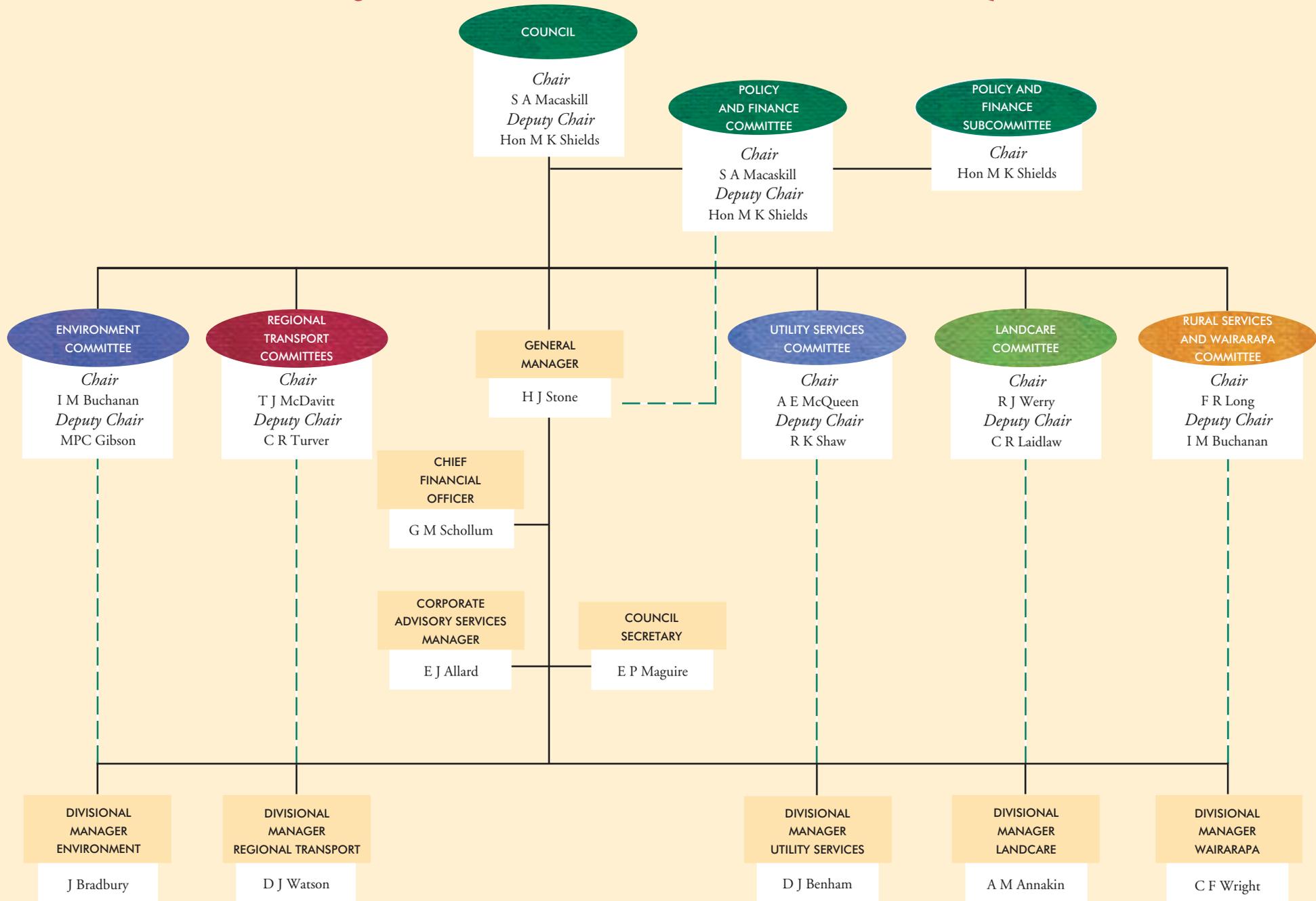
Responsive. This Council is committed to being responsive - an organisation that listens and acts accordingly.

Efficient. Ratepayers are entrusting the Council with their money. It is the Council's responsibility to use those funds well. The Council's aim is to be an efficient organisation that demands value for money.

What We Do and Why

Most of the Council's services are statutory responsibilities and it must carry out these activities. An objective, however, is to generally "add value" by exceeding the statutory minimum because to do so is sensible, practical and in the best interests of the community.

COUNCIL AND MANAGEMENT STRUCTURE



ENVIRONMENT

Committee Report



Ian Buchanan

This Council is committed to enhancing the Region's environment and to creating a more Sustainable Region.

Managing Resources

Last year we signalled that we were leaving the "planning phase" and moving to the "doing phase". This has been happening in relation to the Pautahanui Inlet, the Waiwhetu Stream and the Waitohu River where the community and

Council have been working together to find solutions to environmental problems. I'd like to take this opportunity to thank all those concerned for their commitment and enthusiasm.

Good progress has been made with our environmental education work. We have been testing the *Learnwell* segment with schools and developing our first environmental trail. The enjoyment and interest that the children are showing is very rewarding.

Measuring Up, the first major state of the environment report for the Wellington Region was completed. This is the Region's environmental "school report". It shows how well we are doing in meeting our environmental objectives and identifies issues and specific areas that require attention.

We are continually striving to improve our performance and so our consents management team was delighted to receive a Business Development Quality Award. The Award showed that we can compete successfully with the private sector and that our product, processes and controls meet strict quality standards.

Finally, after many years of development, four out of our five regional plans are now operative; the fifth, the Regional Soil Plan, will follow in October 2000.

Managing Emergencies

We have been reluctant to go ahead with an Emergency Management Group as, disappointingly, we still do not have the backing legislation. On a brighter note, we were ready for any Y2K incidents and have been carrying out a number of joint initiatives with territorial authorities eg training, exercises, logistical planning.

Managing Harbours

It is always good to report a trouble free year with no major accidents in our harbours. However, there have been a few minor oil spills showing that there is no room for complacency in protecting our harbour and coastal waters.

COMMITTEE MEMBERS

<i>Chairperson</i>	I M Buchanan
<i>Deputy Chair</i>	M P C Gibson
<i>Members</i>	J G J Allen T J McDavitt Hon M K Shields C R Turver Council Chairperson (<i>ex officio</i>)
<i>Appointees</i>	B Earl (Emergency Management) R J Morrison (Harbours)

PASSENGER TRANSPORT

Committee Report



Terry McDavitt

The change of government during the year has seen a change in policy direction for transport. The Minister of Transport has announced increased government support for passenger transport and a review of transport legislation. Both these will have an effect on the Council's future transport activities.

Planning and Monitoring the Transport Network

The Council adopted a new Regional Land Transport Strategy near the end of 1999. This was a significant step, providing a soundly based up to date framework for transport agencies in the Region, and adopting indicators to monitor performance over the next five years. Corridor plans were proposed as means of addressing specific needs and the first of these, the Western Corridor Implementation Plan, was adopted in July 2000. This plan promotes the development of public transport and roading in the western corridor with the early construction of Transmission Gully a feature. Implementing the plan will require legislative change, funding issues and resource consents to be managed.

Building The Public Transport Infrastructure

An additional commuter carpark at Waterloo (Hutt Central) station has been opened bringing the number of carparks there up to 546. A pedestrian overbridge linking Paraparaumu station platforms with the commuter carpark was constructed, providing quicker and safer access between the two for commuters. This facility was built by the Kapiti Coast District Council, with the Regional Council funding it over the next ten years. Lambton Bus/Rail Interchange, a

multi million dollar upgrade of passenger facilities alongside the Wellington railway station, has been started by Wellington City supported by the Regional Council. A total of \$1.3m was spent on infrastructure during the year.

Funding Public Transport Services

The late night weekend services started in Wellington City in 1999 have been extended. Services not only leave the City from Courtenay Place at 1.00 am, 2.00 am and 3.00 am on the weekend for various Wellington suburbs but now extend out to the Hutt Valley and Porirua City. A new five year contract for trolley bus services was awarded to Stagecoach at an annual cost of \$1.87m. The total expenditure on bus and rail services for the year was \$29.8m. These services carried 22.5 million passengers.

COMMITTEE MEMBERS *

<i>Chairperson</i>	T J McDavitt
<i>Deputy Chair</i>	C R Turver
<i>Members</i>	J G J Allen M M Bonner I M Buchanan M P C Gibson A E McQueen Hon M K Shields Council Chairperson (<i>ex officio</i>)
<i>Appointee</i>	A Foster ¹

* The Regional Land Transport Committee is a separate committee comprising members of the Passenger Transport Committee and appointees representing local authorities, Central Government agencies and users.

¹ Speaking but no voting rights.

UTILITY SERVICES

Committee Report



Euan McQueen

It is my pleasure to briefly report on another busy and successful year for areas under this Committee's responsibilities. It is pleasing to note that some progress has been made on the establishment of the integrated management of water delivery in our supply area. A proposal is likely to be considered by the Committee during the 2000/2001 financial year.

The Water Group

Financially we have had another good year. If this year's financial result is compared with the position three years ago, the costs of the business have dropped by 23 percent (excluding the change in depreciation). Debt is now \$62M, which is \$3.5M below last year and \$10.5M below 1997. This has enabled us to reduce the price to our four City customers by 4 percent for the 2000/2001 year. This follows the 4 percent drop in price passed to our City customers during the reporting period.

Operationally, significant effort has gone into improving the performance of the treatment plants and distribution system which is now paying dividends in reduced cost.

The Group also completed a revaluation of all assets that increased net asset values this year by \$64M.

During the year we also updated our long-term forecasts which suggest that we will have sufficient water available to meet demand until well into the 2020s. We also believe that, outside the impacts of inflation during that period, there should be no need to raise the water price. We were also very pleased to receive

during the year full accreditation of ISO14001 for our Environmental Management system. This adds to our ISO9002 accreditation for water quality.

A separate comprehensive report of the Water Group's activities for the year is available.

Other Activities

The Committee also oversees the work of the Facility Management Contract (FMC) with Wellington City Council and the Council's Plantation Forestry operation. Through the FMC, the Council manages and operates Wellington City's water reticulation network. This operation had a successful year producing a small surplus.

Plantation Forestry had a good year, with high output as a result of good weather and harvesting better quality stands. The financial result was satisfactory.

COMMITTEE MEMBERS

<i>Chairperson</i>	A E McQueen
<i>Deputy Chair</i>	R K Shaw
<i>Members</i>	C R Laidlaw R F Thomas R J Werry Council Chairperson (<i>ex officio</i>) ¹ Council Deputy Chairperson (<i>ex officio</i>) ^{1,2}
<i>Appointees</i>	I Hutchings ³

¹ The Council Chairperson and Council Deputy Chairperson are not members of the Utility Services Committee when considering Regional Bulk Water Supply matters.

² The Deputy Council Chairperson does not vote when the Council Chairperson is present.

³ Speaking but no voting rights.

LAND CARE

Committee Report



Dick Werry

Flood Protection

The remaining October 1998 flood damage repairs are substantially complete, with some rebudgeting due to rock supply difficulties. The capital improvements are also largely in place, including the programmed Chrystalls Stopbank works. Total flood damages expenditure for the Western rivers in 1999/00 was \$2.6 million above normal operating budgets. Concluding this project is a major

achievement and represents a significant Regional reinvestment.

The Hutt River Floodplain Management Plan advanced further with additional local area “hot spot” investigations, a draft environmental strategy, and the important non-structural principles (for measures other than physical protection works) agreed by the Advisory Committee. Public consultation accompanied each stage; through newsletters, meetings, and community newspapers. A Flood Hazard Assessment was completed for the Wainuiomata River.

Natural Forestry

The WRC Rural Fire District ceases from 1 October 2000, ending a rural fire management role stretching back to 1948. Territorial Authorities are now best placed for local emergency management. However, as a major landowner, the Regional Council remains active in Rural Fire and retains a fire suppression capability.

A new and technically more robust format was introduced for assessing forest health. The Regional Council is a national leader in monitoring the health of natural forests.

Regional Parks

Visitor numbers are more or less unchanged and satisfaction surveys are positive. *Community Connection* was a major initiative this year with a number of high-profile events, particularly around Arbor Day, plus several new community-based programmes commencing. Film companies, including that making *Lord of the Rings*, were frequent users of our parks and forests.

Policy investigations included the future management of Whitireia Park, access issues for East Harbour Regional Park, Forest Lands management, and a strategic review of Belmont Regional Park.

The Regional Parks and Natural Forestry activities will now amalgamate into *Parks and Forests*; improving our focus on the council-lands *Signature* values: recreation, environment, and heritage.

COMMITTEE MEMBERS

<i>Chairperson</i>	R J Werry
<i>Deputy Chair</i>	C R Laidlaw
<i>Members</i>	M M Bonner
	F R Long
	A E McQueen
	R K Shaw
	R F Thomas
	Council Chairperson (<i>ex officio</i>)
	Council Deputy Chairperson (<i>ex officio</i>) ¹
<i>Appointee</i>	A D Ross ²
	J Gilbert

- ¹ The Deputy Council Chairperson does not vote when the Council Chairperson is present.
- ² Speaking but no voting rights.

RURAL SERVICES AND WAIRARAPA

Committee Report



Rick Long

The Rural Services & Wairarapa Committee has responsibilities for matters affecting the Wairarapa and the rural community of the Region.

Environment Management

We have continued to place a high priority on carrying out our environmental management responsibilities in an effective way, but with a strong customer service focus. Consequently we were particularly pleased to note the very

high satisfaction levels recorded in a recent independent survey of Wairarapa consent holders and submitters. During the year 348 resource consents were issued, the vast majority without any significant difficulties or cost. It was also pleasing to note that our consents monitoring programme again found a generally encouraging compliance rate. Our ongoing monitoring of Wairarapa's natural resources has continued during the year.

Land Management

The Council has again undertaken a very substantial programme of Bovine Tb possum control with operations being completed on 270,120 hectares, which is one third of the Region's land area. As a result, livestock reactor numbers have continued to fall. There are now 201 Tb reactors in the Region compared with 1605 five years ago.

Further significant progress has been achieved in controlling plant and animal pests throughout the Region with the successful completion of the fourth year of the regional Pest Management Strategies. Of particular note has been the very substantial pest control work completed under our key native ecosystems programme.

Our hill country sustainability work has progressed further with the development of a further six sustainability plans. It has been encouraging to see a lift in soil conservation works programmes this year following the general recovery from the severe drought in the Wairarapa of two years ago.

Flood Protection

All river scheme maintenance programmes were completed and there was no flood damage for the first time in many years.

The Waiohine Floodplain Advisory Committee has made very good progress in addressing the challenging issues on that floodplain and a revised rating basis is close to adoption.

COMMITTEE MEMBERS

<i>Chairperson</i>	F R Long
<i>Deputy Chair</i>	I M Buchanan
<i>Members</i>	A E McQueen C R Turver Council Chairperson (<i>ex officio</i>) Council Deputy Chairperson (<i>ex officio</i>) ¹
<i>Appointees</i>	M Beetham J Berkett J Dalziell R Southey

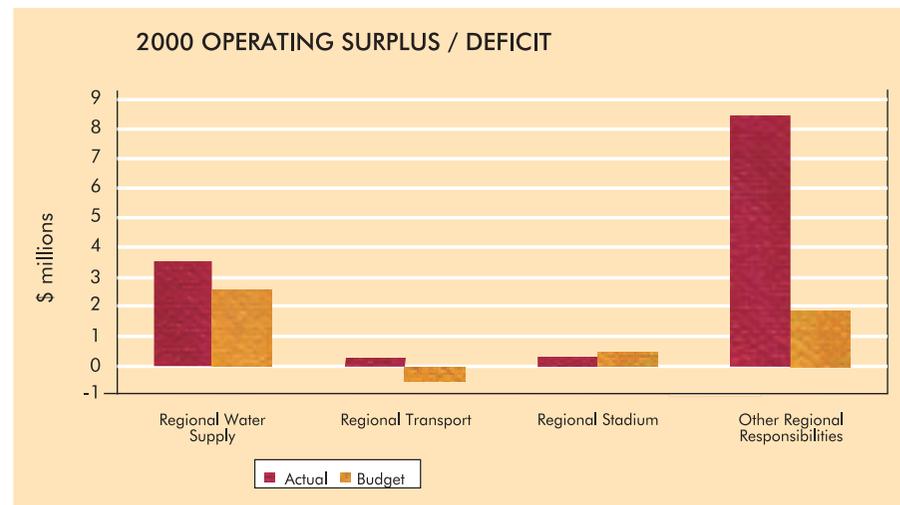
¹ The Deputy Council Chairperson does not vote when the Council Chairperson is present.

FINANCIAL OVERVIEW

Operating Results

The Council's net operating surplus for the 2000 financial year was \$12.6 million compared with a budgeted surplus of \$4.5 million. Significant components of this surplus above budget were:

- A gain on sale of investments of \$3.2 million as a result of an adjustment made to the sale price of Council's interest in CentrePort (sold during 1998/99).
- An additional surplus of \$0.8 million in Regional Water Supply because of reduced expenditure on interest, chemicals, contractors and personnel costs. These savings have been partially offset by increases in depreciation and power costs.
- An additional surplus of \$0.8 million in Regional Transport because of unbudgeted revenue received from Transfund NZ.
- An additional surplus of \$2.6 million in investments (excluding the gain on sale above) as a result of:
 - Increased dividends from the WRC Holdings Group of \$0.8 million
 - Increased returns on Council's bank deposit investments of \$0.5 million
 - Increased returns from Council's Forestry operations of \$0.4 million
 - Increased surplus of \$0.8 million from Council's Treasury function primarily as a result of Council surpluses and consequential reductions in Council debt.



FINANCIAL OVERVIEW

Capital Expenditure

By historical standards the level of capital expenditure in 1999/2000 has been relatively modest as can be seen from the table on the previous page.

Notable projects advanced or completed during 1999/2000 included:

- Various flood protection projects which were accelerated as a result of the October 1998 floods.
- Installation of a standby power facility at Te Marua Water Treatment Plant.
- Te Marua lakes pipeline refurbishment.
- Various water system optimisation projects.

Funding

The adjacent table summarises the Council's operating result and shows how surplus funds have been applied, after providing for capital expenditure, debt servicing and reserve transfers.

The Council's operating surplus above budget of \$8.1 million has primarily been applied to increased debt repayment of \$2.5 million and decreased current liabilities of \$4.1 million.

SUMMARY FUNDING STATEMENT	2000 Actual \$000s	2000 Budget \$000s	Variance \$000s
Regional water supply	3,496	2,667	829
Regional transport	291	(480)	771
Regional stadium	349	364	(15)
Other regional responsibilities	8,510	1,979	6,531
Operating surplus (deficit)	12,646	4,530	8,116
Movement in reserves	952	186	766
Add back non cash items	4,446	7,269	(2,823)
Add back investment writedown	76	-	76
Funding surplus from operations	18,120	11,985	6,135
Less:			
Net capital expenditure	6,609	9,442	(2,833)
Investment additions	29,601	1,448	28,153
New loans	(7,150)	(8,983)	1,833
Investment redemption	(27,667)	-	(27,667)
Net capital expenditure and investment	1,393	1,907	(514)
Working capital movement	4,116	-	4,116
Debt repayment	12,611	10,078	2,533
Net funding surplus (deficit)	-	-	-

FINANCIAL OVERVIEW

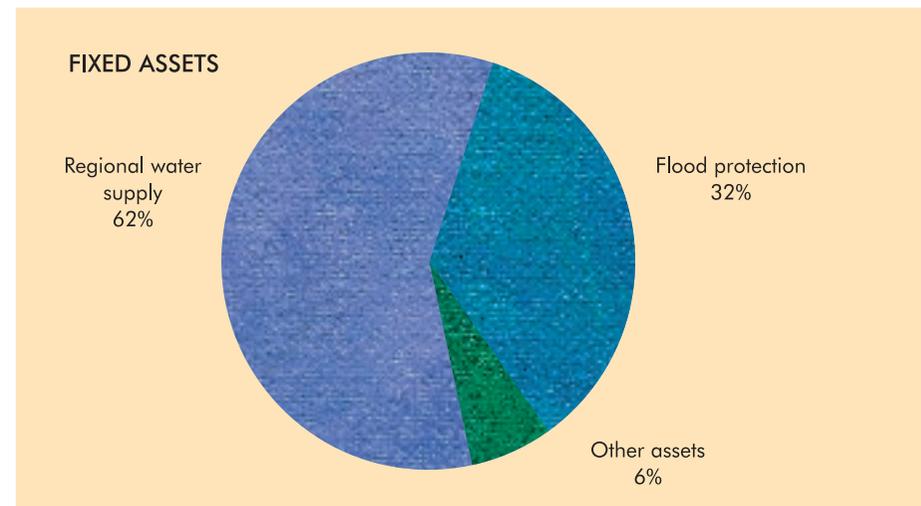
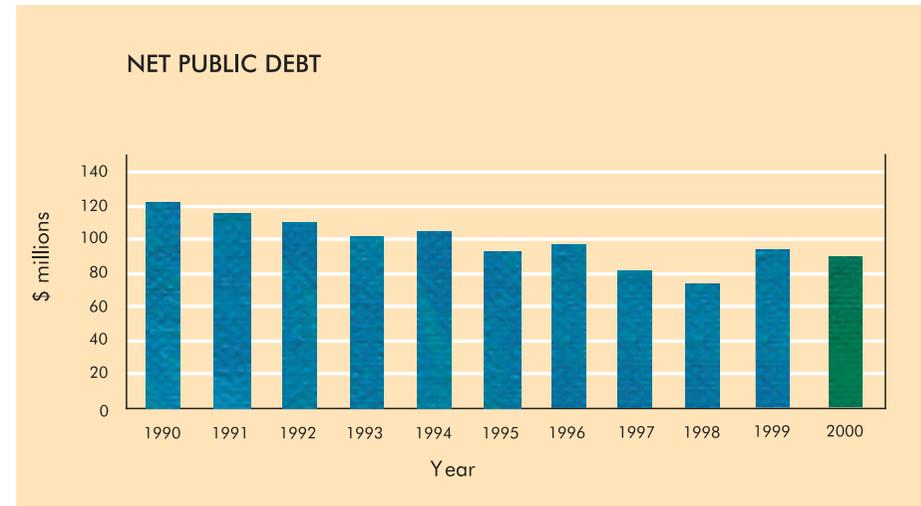
Public Debt

Net public debt has been reduced by \$4.5 million during the year from \$95.1 million at 30 June 1999 to \$90.6 million at 30 June 2000. Since 1990 net public debt had been reduced from \$123.4 million to \$90.6 million, a reduction of 27%. The majority of the Council's debt relates to Regional Water Supply, Flood Protection and the Regional Stadium.

Asset Management

Asset management plans remain an important building block in Council's financial management framework. The majority of the Council's asset base (94%) consists of Regional Water Supply and Flood Protection assets. These important community assets are required to be maintained and, where possible enhanced, to enable the Council to continue to provide the agreed service levels.

During the year the Council made further progress in its asset management planning. We will continue to liaise with Audit New Zealand as further refinements are made to Council's asset management plans in future.



COMPLIANCE WITH COUNCIL POLICIES

Introduction

The Local Government Act, through the No 3 amendment, requires each Council to prepare the following policy documents:

- Long-Term Financial Strategy
- Funding Policy
- Investment Policy / Borrowing Management Policy

The Wellington Regional Council chose to adopt the provisions of the No.3 Act in June 1997. The Council has recently updated all of these policies. It is now appropriate to report on the extent to which these policies have been complied with during the 1999/00 year.

(a) Long-Term Financial Strategy (LTFS)

Council's LTFS (Facing the Future 1997-2007: 1999 Update) was adopted on 7 July 1999. The 1999/00 year was the third year of 10 years contained within the LTFS. The performance of the Council both in terms of the outcomes being achieved and the costs incurred are included within the Statements of Service Performance of each of Council's significant activities.

(b) Funding Policy

Council's Funding Policy as adopted in June 1997, (and subsequently amended in June 2000) contains targeted funding mix ratios for all of Council's functions. As a general rule actual funding mixes achieved were consistent with targeted funding mixes.

(c) Investment Policy/Borrowing Management Policy

Council's Treasury Management Policy (incorporating both the Investment Policy and Borrowing Management Policy) was first adopted in April 1997. The policy was revised and re-adopted in November 1999. The Council has continued to undertake prudent hedging transactions during 1999/2000 in accordance with

the Treasury Management Policy (TMP). During the year the Council began contributing towards a major flood recovery fund for the purpose of building it up over time to \$11 million to cover damage to Council's self-insured flood protection assets.

A summary of Council's compliance with the Treasury Management Policy (TMP) is detailed in the following tables.

	Yes	No
Council Limit Compliance Analysis (Major Policies)		
• Less than 33% of total debt is to mature in any one financial year.	✓	
• Access to committed lines of no less than \$5m.	✓	
• Access to committed lines and liquid investments of no less than \$25m for self-insured assets and contingency reserves.	✓	
• Less than 40% of total debt has a floating rate profile.	✓	
• Counterparty exposures: ANZ<\$10m	✓	
NBNZ<\$50m	✓	
BNZ<\$10m	✓	
Westpac Trust<\$10m	✓	
<i>Actual TMP Limits</i>		
External Borrowing Limits Compliance Analysis		
	As at 30/6/00	
• Total financial cost to rates and levies	11%	20%
• Total debt to rates and levies	133%	175%
• Net debt / head of population	\$219	\$300

WELLINGTON REGIONAL COUNCIL

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000



STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2000

	Notes	Group 2000 Actual \$000s	Group 1999 Actual \$000s	Council 2000 Actual \$000s	Council 2000 Budget \$000s	Council 1999 Actual \$000s
OPERATING REVENUE						
Rates and levies		68,073	68,424	68,073	68,080	68,424
Government grants and subsidies		16,924	16,421	16,924	16,080	16,421
Investment revenue		3,473	2,513	8,207	3,585	26,044
Other external revenue		53,086	52,291	15,161	12,266	12,236
Total operating revenue	1	141,556	139,649	108,365	100,011	123,125
OPERATING EXPENDITURE						
Personnel		20,261	19,179	20,261	21,567	19,179
Grants and subsidies		31,671	31,900	31,671	31,176	31,900
Interest		11,257	12,172	7,674	9,506	9,574
Depreciation		11,306	10,634	7,871	7,555	6,695
Operating expenses		51,212	54,002	28,242	25,677	28,885
Total operating expenditure	2	125,707	127,887	95,719	95,481	96,233
Operating surplus before taxation		15,849	11,762	12,646	4,530	26,892
Taxation expense	10	2,501	2,904	-	-	-
Operating surplus		13,348	8,858	12,646	4,530	26,892
Share of surplus applicable to minority interest	14	1,671	1,452	-	-	-
Net surplus for the year		11,677	7,406	12,646	4,530	26,892

The accompanying notes and accounting policies should be read in conjunction with these financial statements

STATEMENT OF FINANCIAL PERFORMANCE BY ACTIVITY

For the Year Ended 30 June 2000

	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>		<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>
OPERATING REVENUE			OPERATING EXPENDITURE		
Environment management	8,778	8,811	Environment management	9,017	9,140
Regional transport	36,982	35,895	Regional transport	36,692	36,375
Regional water supply	29,588	29,632	Regional water supply	26,092	26,965
Land management	7,264	7,266	Land management	7,199	7,385
Flood protection	10,029	9,756	Flood protection	8,380	8,377
Regional parks	3,183	3,180	Regional parks	3,020	3,003
Cost of democracy	3,361	3,360	Cost of democracy	3,255	3,254
Stadium	2,506	2,514	Stadium	2,157	2,150
Council investments	8,776	1,540	Council investments	1,842	385
Other	1,959	2,134	Other	2,126	2,524
	112,426	104,088		99,780	99,558
Less internal operating revenue	4,061	4,077	Less internal operating expenditure	4,061	4,077
Total operating revenue	108,365	100,011	Total operating expenditure	95,719	95,481
			Operating surplus	12,646	4,530
			Less:		
			Capital expenditure & investments	36,210	10,890
			Loan funding	(7,150)	(8,983)
			Investment redemption	(27,667)	-
			Rates funded capital expenditure	1,393	1,907
			Debt provisioning	12,611	10,078
			Reserve movements	(952)	(186)
			Working capital movements	4,116	-
			Non-cash items - Gain on sale of investment	3,200	-
			Non-cash items - Other	(7,646)	(7,269)
			Investment writedown	(76)	-
			Net funding surplus (deficit)	-	-

The accompanying notes and accounting policies should be read in conjunction with these financial statements

STATEMENT OF MOVEMENTS IN RATEPAYERS' FUNDS

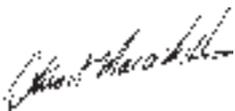
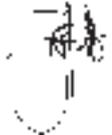
For the Year Ended 30 June 2000

	<i>Notes</i>	<i>Group 2000 Actual \$000s</i>	<i>Group 1999 Actual \$000s</i>	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>	<i>Council 1999 Actual \$000s</i>
Ratepayers' funds at the start of the year		353,295	346,900	339,573	332,877	312,687
Net surplus for the year		11,677	7,406	12,646	4,530	26,892
Increase in asset revaluation reserves		63,624	-	63,624	-	-
Total recognised revenues and expenses for the year		75,301	7,406	76,270	4,530	26,892
Movements in minority interest	14	667	(1,005)	-	-	-
Distribution of retained earnings to Third Party		-	(6)	-	-	(6)
Ratepayers' funds at the end of the year		429,263	353,295	415,843	337,407	339,573

The accompanying notes and accounting policies should be read in conjunction with these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2000

	Notes	Group 2000 Actual \$000s	Group 1999 Actual \$000s	Council 2000 Actual \$000s	Council 2000 Budget \$000s	Council 1999 Actual \$000s
RATEPAYERS' FUNDS						
Retained earnings	12	178,344	166,156	177,812	161,979	164,655
Reserves	13	238,031	174,918	238,031	175,428	174,918
		416,375	341,074	415,843	337,407	339,573
Minority interests	14	12,888	12,221	-	-	-
Total ratepayers' funds		429,263	353,295	415,843	337,407	339,573
ASSETS						
Current assets	3	19,270	18,589	16,729	13,683	20,953
Non-current assets	5	591,291	513,814	514,581	446,957	447,364
Total assets		610,561	532,403	531,310	460,640	468,317
LIABILITIES						
Current liabilities	8	57,971	68,726	54,990	20,248	59,162
Non-current liabilities	9	123,327	110,382	60,477	102,985	69,582
Total liabilities		181,298	179,108	115,467	123,233	128,744
Net assets		429,263	353,295	415,843	337,407	339,573
						
Stuart Macaskill Chairperson 26 October 2000						
	Howard Stone General Manager 26 October 2000					
						
	Nigel Hutt Acting Chief Financial Officer 26 October 2000					

The accompanying notes and accounting policies should be read in conjunction with these financial statements

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2000

	<i>Group 2000 Actual \$000s</i>	<i>Group 1999 Actual \$000s</i>	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>	<i>Council 1999 Actual \$000s</i>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash provided from:					
Customers	37,784	39,629	-	-	-
Rates, levies, subsidies and taxes	84,762	84,508	84,762	84,159	84,508
Interest	2,770	2,223	2,763	2,691	1,765
Dividends	74	4	6,004	894	4
Other	15,262	15,007	15,262	12,267	12,295
	140,652	141,371	108,791	100,011	98,572
Cash disbursed to:					
Suppliers and employees	103,350	103,827	79,253	78,817	78,308
Interest	10,700	11,508	7,500	9,026	9,289
Income tax paid	2,550	3,100	-	-	-
	116,600	118,435	86,753	87,843	87,597
Operating activities net cash flows	24,052	22,936	22,038	12,168	10,975
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash provided from:					
Sale of fixed assets	1,842	268	1,747	378	261
Sinking funds	1,118	1,218	1,118	-	1,218
Disposal of other investments	-	3	-	-	-
Redemption of WRCH Ltd shares	-	-	24,467	-	-
Disposal of CentrePort Ltd shares & convertible notes	-	-	3,200	-	40,800
	2,960	1,489	30,532	378	42,279

The accompanying notes and accounting policies should be read in conjunction with these financial statements

	<i>Group 2000 Actual \$000s</i>	<i>Group 1999 Actual \$000s</i>	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>	<i>Council 1999 Actual \$000s</i>
Cash disbursed for:					
Purchase of fixed assets	18,923	14,285	9,348	9,820	11,269
Plantation forestry development	565	-	565	678	-
Regional Stadium	-	25,000	-	-	25,000
Sinking funds	148	151	148	-	151
Liquid bank deposit	8,200	40,800	8,200	-	40,800
Advance to associate company	30	22	-	-	-
Investmen in associate company shares	55	-	-	-	-
Acquisition of WRCH Ltd shares	-	-	20,000	-	-
Council contingency investments	837	611	837	770	611
	28,758	80,869	39,098	11,268	77,831
Investing activities net cash flows	(25,798)	(79,380)	(8,566)	(10,890)	(35,552)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash provided from:					
Public debt and term debt proceeds	15,381	73,300	6,781	8,800	32,500
Advance from subsidiary	-	-	-	-	6,602
	15,381	73,300	6,781	8,800	39,102
Cash disbursed for:					
Public debt and term debt settlement	12,089	14,974	12,089	10,078	14,174
Repayment of Intercompany current account	-	-	8,130	-	440
Distribution to third party	-	6	-	-	6
Dividends	1,338	2,077	-	-	-
	13,427	17,057	20,219	10,078	14,620
Financing activities net cash flows	1,954	56,243	(13,438)	(1,278)	24,482
Net increase in cash held	208	(201)	34	-	(95)
Add opening cash and deposits	3,907	4,108	3,918	4,000	4,013
Closing cash and deposits	4,115	3,907	3,952	4,000	3,918

The accompanying notes and accounting policies should be read in conjunction with these financial statements

STATEMENT OF ACCOUNTING POLICIES

1. REPORTING ENTITY

The Wellington Regional Council was formed on 1 November 1989 and is a regional local authority constituted under the Local Government (Wellington Region) Reorganisation Order 1989.

The Group consists of the Wellington Regional Council and its subsidiary companies WRC Holdings Limited (100% owned), Pringle House Limited (100% owned) Port Investments Limited (100% owned) and CentrePort Limited (76.9% owned).

The financial statements have been prepared in accordance with the Local Government Act 1974 which legally requires compliance with generally accepted accounting practice.

2. MEASUREMENT BASE

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain fixed assets.

3. ACCOUNTING POLICIES

Accounting policies adopted in the financial statements which have a significant effect on the results and the financial position disclosed are set out below:

3.1 Basis of Consolidation

The Council has used the purchase method of consolidation for WRC Holdings Limited and its subsidiaries. All significant intercompany transactions have been eliminated.

3.2 Revenue Recognition

Rates and levies are recognised as income in the year the assessments are issued. Government grants and contributions from territorial authorities for contract works are recognised as income when eligibility has been established by the grantor. Revenue from dividends is recognised on an accrual basis (net of imputation credits). Other income is also recognised on an accrual basis.

3.3 Investments

Plantation forests are shown at 1991 revalued cost and apart from silviculture costs which are capitalised, any gain in value is recognised on the realisation of logging revenues. All other investments, including those in subsidiaries, are shown at the lower of cost or net realisable value (where there is a market).

3.4 Fixed Assets and Depreciation

The Council has categorised its fixed assets into operational assets, regional water supply assets, floodplain management plans, infrastructure assets (including flood protection, transport and navigational aids) and capital works in progress. The Council undertook an asset valuation exercise in 1991 and again in 1999. Asset values based on the 1991 valuation are land and buildings (1990 government valuation), flood protection and transport facilities infrastructure assets (1991 depreciated replacement cost.) Additions to assets since 1991 are recorded at cost.

The Regional Water Supply System was revalued at 1 July 1999, by Tony Pratt MIPMV of Rolle Hillier Parker Ltd.

CentrePort Limited's assets acquired on 1 October 1988 are stated at cost based on a business valuation carried out at that time. Subsequent purchases of fixed assets by CentrePort Limited are recorded at cost.

Depreciation is provided on a straight line basis 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:

Buildings	10-100 years
Pipelines/Reservoirs/Dams	50-150 years
Plant/Vehicles/Equipment	3-20 years
Floodplain Management Plans	15 years
Navigational Aids	10 years
Waterloo Interchange	40 years
Centreport Ltd floating plant, cranes & wharves	10-50 years

Flood protection infrastructural assets (principally stopbanks) are generally considered to be non-depreciable. This is based on the engineering assessment that stopbanks in the Wellington Region are not subject to detectable settlement.

Work in progress is not depreciated until the project phase is completed.

3.5 Investment Properties

Investment properties and properties intended for resale are revalued annually at net market value.

3.6 Inventories

Cost of inventories held for maintenance and construction purposes is calculated using the weighted average cost method. Nursery stocks are valued at 50% of current market value. All other inventories are valued at the lower of cost or net realisable value on a first in first out basis.

3.7 Taxation

The assessable income of the Council includes income derived, net of related expenses, from the WRC Group of companies including CentrePort Limited. All other income currently derived by the Council is exempt from income tax.

The taxation charge for the period is the estimated liability in respect of any assessable income, after allowance for permanent differences and timing differences not expected to reverse in the foreseeable future. The Council and its subsidiaries apply the liability method of accounting for deferred taxation on a comprehensive basis. Future income tax benefits are only recognised to the extent that there is virtual certainty of realisation.

3.8 Accounts Receivable

Accounts receivable are stated at estimated realisable value after providing for debts where collection is doubtful.

3.9 Leases

The Wellington Regional Council leases some vehicles and office plant while other Group entities lease 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.

3.10 Employee Entitlements

Provision is made at year end for the total staff entitlement to annual leave. Entitlements to retirement gratuities and long service leave are accrued at current rates of pay based upon the number of staff who are expected to complete the requisite years of service.

3.11 Financial Instruments

The Group is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors and creditors. All of these are recognised in the statement of financial position. Group entities use forward rate agreements and swaps solely to manage interest rate exposure. Revenue and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

3.12 Foreign Currency

Foreign currency transactions are converted at the New Zealand dollar exchange rate at the date of the transaction. The Council does not have material transactions or hold any monetary assets or liabilities in foreign currencies.

3.13 Goods and Services Tax (GST)

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

3.14 Overhead Allocation and Internal Transactions

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

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

The “Cost of Democracy” costs have not been allocated to significant activities, except where there is a separate community of benefit from the whole Region, i.e. Regional Water Supply and Regional Transport.

3.15 Statement of Cashflows

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

Operating activities include cash received from all income sources of the Group and the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non current assets. Financing activities comprise the change in equity and debt capital structure.

3.16 Rounding of Amounts

All amounts have been rounded to the nearest thousand dollars unless otherwise stated.

3.17 Comparatives

In most cases comparison is made with the 1999/00 budget as set out in the 1999/00 Annual Plan. In other cases the comparatives are against 1998/99 actual figures. Where necessary, comparatives have been changed to assist comparability.

3.18 Legislative Compliance

Under section 594ZU of the Local Government Act 1974 a regional council is required to divest itself from any ownership or interest in transport operational or infrastructural assets. The Wellington Regional

Council continues to maintain an equitable interest in the Waterloo Interchange and has made exhaustive attempts to either transfer or sell the asset to other parties. No suitable arrangement has yet been found. The Minister of Transport can give a time extension for divestment. However, no such extension has been received.

4. CHANGES IN ACCOUNTING POLICIES

There have been no material changes in Accounting Policies since the date of the last audited statements with the exception of forestry silviculture costs. With effect from 1 July 1999 all silviculture costs incurred in Council's forestry investment areas have been added to the value of the forestry investment rather than expenses, as has been the case in the past. In 1999/2000 the expected impact of the change in policy is to increase investments and reduce the operating expenditure by \$697,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

REVENUE

	<i>Group 2000 Actual \$000s</i>	<i>Group 1999 Actual \$000s</i>	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>	<i>Council 1999 Actual \$000s</i>
General rate	17,825	17,701	17,825	17,825	17,701
Transport rate	19,749	19,523	19,749	19,749	19,523
River rate	2,265	1,753	2,265	2,265	1,753
Regional water supply levy	24,210	25,218	24,210	24,210	25,218
Bovine tuberculosis rates	544	545	544	524	545
Stadium purposes rate	2,506	2,726	2,506	2,506	2,726
Wairarapa scheme rates	974	958	974	1,001	958
Government grants and subsidies	16,924	16,421	16,924	16,080	16,421
Dividends	74	179	1,704	894	6,004
Sinking fund interest	541	555	541	542	555
Other interest	2,858	1,779	2,762	2,149	1,762
Gain on sale of investment	-	-	3,200	-	17,723
Other Subsidiaries revenue	38,482	40,605	-	-	-
Other Council external revenue	14,604	11,686	15,161	12,266	12,236
Total operating revenue	141,556	139,649	108,365	100,011	123,125

NOTE 2**TOTAL OPERATING EXPENDITURE INCLUDES**

	<i>Group 2000 Actual \$000s</i>	<i>Group 1999 Actual \$000s</i>	<i>Council 2000 Actual \$000s</i>	<i>Council 2000 Budget \$000s</i>	<i>Council 1999 Actual \$000s</i>
Assets written off	4	1,694	4	-	1,694
Bad debts written off	133	56	92	-	22
Directors fees	174	153	-	-	-
Fees to auditors for audit of financial statements	154	147	90	90	85
Fees to auditors for other services	45	27	45	45	20
Increase (decrease) in provision for doubtful debts	49	(214)	42	-	(310)
Loss (gain) on sale of assets	(61)	(67)	(231)	(286)	(60)
Operating lease rentals	2,308	2,612	1,499	1,472	1,745
Rates collection cost	1,143	1,201	1,143	1,354	1,201
LGNZ Subscriptions	52	52	52	50	52
Decrease (increase) in value of investments	225	430	76	-	153
Insurance	660	814	607	753	753

During the year ended 30 June 2000 the Council invested a further \$634,000 (1999 \$611,000) in a self insurance fund as part of its risk management of Regional Water Supply assets. The Council also invested \$203,000 (1999 \$NIL) in the major flood recovery fund.

NOTE 3**CURRENT ASSETS**

Bank & call deposits
 Receivables
 Inventory
 Taxation refund due

4

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
4,115	3,907	3,952	3,918
12,575	12,504	11,040	15,178
2,052	2,178	1,737	1,857
528	-	-	-
19,270	18,589	16,729	20,953

The Council has an overdraft facility of \$1,000,000 with the National Bank which is unsecured.
 The current interest rate on the facility is 10.25% (1999 8.5%).

NOTE 4**RECEIVABLES**

Rates outstanding
 Other receivables
 Provision for dividends receivable
 Less provision for doubtful debts

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
2,754	2,834	2,754	2,834
10,680	10,726	7,445	7,248
-	-	1,700	6,000
(859)	(1,056)	(859)	(904)
12,575	12,504	11,040	15,178

NOTE 5**NON-CURRENT ASSETS**

Future tax benefit
 Investments
 Fixed assets

6

7

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
1,066	1,356	-	-
96,886	87,385	103,603	98,974
493,339	425,073	410,978	348,390
591,291	513,814	514,581	447,364

NOTE 6**INVESTMENTS**

Sinking funds
WRC Holdings Limited shares
New Zealand Local Government Insurance Corporation Limited shares
Plantation forests
Regional water supply contingency investment
Major flood recovery fund investment
Stadium advance
Liquid bank deposits
Other investments
Total investments

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
5,145	5,575	5,145	5,575
-	-	7,339	11,882
80	80	80	80
13,892	13,327	13,892	13,327
2,944	2,310	2,944	2,310
203	-	203	-
25,000	25,000	25,000	25,000
49,000	40,800	49,000	40,800
622	293	-	-
96,886	87,385	103,603	98,974

INVESTMENTS (continued)

The Council has money invested on deposit with financial institutions to comply with regulations on the provision of sinking funds. As at 30 June 2000 the sinking funds have a weighted average interest rate of 10.94% (1999 9.51%) and an estimated fair value of \$5.1M (1999 \$5.6M).

The Council holds 100% of the shares in WRC Holdings Limited. The \$7.3M (1999 \$11.8M) book value of the shares reflects the net asset backing of the investment at 30 June 2000. The decrease in book value during the year is attributable to a buy-back of share capital by WRC Holdings Ltd.

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests as at 30 June 2000 based on a discount rate of 8.0% is \$29M (1999 \$27M).

As at 30 June 2000 the regional water supply contingency investment has a weighted average interest rate of 6.87% (1999 4.70%) and an estimated fair value of \$2.9M (1999 \$2.3M)

As at 30 June 2000 the weighted average interest rate on the major flood recovery fund investment is 6.87% and has an estimated fair value of \$0.2M.

Proceeds from the sale of CentrePort Limited shares and convertible notes from the Council to Port Investments Limited have been invested in a bank deposit. On 14 February 2000 the sale price adjustment clause was activated and an additional \$3.2M was added to this investment. In addition, due to timing of the Council's cash flows, a further \$5M was invested in June 2000. As at 30 June 2000 these investments have been invested at an interest rate of 7.06% (1999 4.77%).

The Council advanced \$25M to the Wellington Regional Stadium Trust in August 1998. The advance is currently on an interest free basis, with limited rights of recourse recognising the "quasi equity" nature of the advance. At 30 June 2000 the Council expects that the advance will be fully repaid.

The obligations of the Council 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. It is not repayable until after all other debts of the Trust are extinguished. If the Trust is a Local Authority Trading Enterprise ("LATE") it will be a taxpayer and will be required to pay interest on its limited-recourse loan at a market rate. Because of the uncertainty over the LATE status of the Trust, this interest has not been charged by the Council and accordingly has not been accrued in the financial statements of the Council.

The Council, in conjunction with the Wellington City Council and the Wellington Regional Stadium Trust, is in the process of seeking amendment to the Wellington Regional Council (Stadium Empowering) Act 1996 with a view to clarifying that the Stadium Trust is not a Local Authority Trading Enterprise.

NOTE 7**FIXED ASSETS – GROUP****Operational assets**

Port buildings and wharves	44,677	15,983	28,694	39,325	14,208	25,117
Land and buildings	69,505	1,686	67,819	69,029	1,516	67,513
Fixtures and fittings	846	570	276	1,145	865	280
Plant and equipment	31,760	20,528	11,232	28,924	19,916	9,008
Motor vehicles	3,782	2,329	1,453	3,674	2,151	1,523
Computer equipment / software	3,193	1,093	2,100	4,942	2,100	2,842

	153,763	42,189	111,574	147,039	40,756	106,283
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Floodplain management plans

	9,127	2,260	6,867	8,224	1,703	6,521
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Infrastructural assets

Flood protection	107,456	95	107,361	106,823	69	106,754
Transport facilities	13,489	2,808	10,681	13,109	2,464	10,645
Navigational aids	1,717	811	906	1,713	752	961

	122,662	3,714	118,948	121,645	3,285	118,360
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Capital works in progress

	758	-	758	1,447	-	1,447
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Total regional responsibilities

	286,310	48,163	238,147	278,355	45,744	232,611
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Regional water supply assets

Infrastructure Assets	257,057	4,667	252,390	216,342	28,136	188,206
Minor Equipment	1,649	939	710	844	202	642
Motor vehicles	1,349	821	528	1,374	908	466
Capital works in progress	1,564	-	1,564	3,148	-	3,148

	261,619	6,427	255,192	221,708	29,246	192,462
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Total regional water supply

	547,929	54,590	493,339	500,063	74,990	425,073
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Total Group fixed assets

NOTE 7

FIXED ASSETS – COUNCIL

Operational assets

Land and buildings
Fixtures and fittings
Plant and equipment
Motor vehicles
Computer equipment / software

Floodplain management plans

Infrastructural assets

Flood protection
Transport facilities
Navigational aids

Capital works in progress

Total regional responsibilities

Regional water supply assets

Infrastructure Assets
Minor Equipment
Motor vehicles
Capital works in progress

Total regional water supply

Total Council fixed assets

	<i>Revalued Cost 2000 \$000s</i>	<i>Accumulated Depreciation 2000 \$000s</i>	<i>Book Value 2000 \$000s</i>	<i>Revalued Cost 1999 \$000s</i>	<i>Accumulated Depreciation 1999 \$000s</i>	<i>Book Value 1999 \$000s</i>
	26,821	1,686	25,135	26,120	1,516	24,604
	846	570	276	1,145	865	280
	1,390	1,141	249	1,479	1,128	351
	3,782	2,329	1,453	3,674	2,151	1,523
	3,193	1,093	2,100	4,942	2,100	2,842
	36,032	6,819	29,213	37,360	7,760	29,600
	9,127	2,260	6,867	8,224	1,703	6,521
	107,456	95	107,361	106,823	69	106,754
	13,489	2,808	10,681	13,109	2,464	10,645
	1,717	811	906	1,713	752	961
	122,662	3,714	118,948	121,645	3,285	118,360
	758	-	758	1,447	-	1,447
	168,579	12,793	155,786	168,676	12,748	155,928
	257,057	4,667	252,390	216,342	28,136	188,206
	1,649	939	710	844	202	642
	1,349	821	528	1,374	908	466
	1,564	-	1,564	3,148	-	3,148
	261,619	6,427	255,192	221,708	29,246	192,462
	430,198	19,220	410,978	390,384	41,994	348,390

NOTE 8**CURRENT LIABILITIES**

		<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Payables		18,622	20,184	13,732	14,811
Employee provisions		4,095	4,004	2,298	2,245
Current account - WRC Holdings Group		-	-	3,706	11,018
Term borrowing (current)		-	13,450	-	-
Public debt (current)	11	35,254	31,088	35,254	31,088
		57,971	68,726	54,990	59,162

NOTE 9**NON-CURRENT LIABILITIES**

		<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Public debt (non-current)	11	60,477	69,582	60,477	69,582
Term borrowings		62,850	40,800	-	-
		123,327	110,382	60,477	69,582

Term borrowings are made up of two bank loan facilities. CentrePort Limited has a bank loan facility drawn to \$18,850,000 which is unsecured and matures on 14 April 2002.

The interest rate charged on the facility as at 30 June 2000 ranged from 6.5% to 7.4%p.a. (1999 ranged from 4.8% to 5.1% p.a.)

WRC Holdings Limited has a bank loan facility of \$44,000,000 drawn to \$44,000,000 which is secured by a debenture over the assets of company and matures on 28 October 2001.

The interest rate charged on the facility as at 30 June 2000 was 7.21% (1999 5.04%).

NOTE 10**TAXATION****Operating profit before tax****Adjustments for permanent differences**

Imputation credits received

Tax effect of imputation credits

Subvention payments

Non assessable income

Timing differences not recognised

Non deductible expenditure

Depreciation

Losses recognised

Loss not recognised

Taxable income

Taxation charge @ 33%

Prior year under (over) provision

Taxation expense**The taxation expense is represented by:**

Current year taxation

Future taxation benefit

Taxation expense

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Operating profit before tax	6,700	7,235	(1,783)	4,176
Adjustments for permanent differences				
Imputation credits received	53	88	2	2,957
Tax effect of imputation credits	(160)	(267)	(6)	(8,961)
Subvention payments	-	-	536	590
Non assessable income	-	(181)	-	-
Timing differences not recognised	(463)	485	-	-
Non deductible expenditure	525	624	-	-
Depreciation	(60)	(167)	-	-
Losses recognised	-	(20)	-	61
Loss not recognised	1,251	1,177	1,251	1,177
Taxable income	7,846	8,974	-	-
Taxation charge @ 33%	2,589	2,961	-	-
Prior year under (over) provision	(88)	(57)	-	-
Taxation expense	2,501	2,904	-	-
The taxation expense is represented by:				
Current year taxation	2,188	3,193	-	-
Future taxation benefit	313	(289)	-	-
Taxation expense	2,501	2,904	-	-

TAXATION (continued)

The operating profit before tax includes the gross income of the Council, net of related expenses, derived from the WRC Group of companies including the CentrePort Group and NZLGIC. All other income currently derived by the Council is exempt from income tax.

Subvention payments

The financial statements include subvention payments payable by subsidiaries to the Council for the use of tax losses incurred by the Council. In the current year, provision for a payment of \$0.54M (1999 \$0.59M) has been included.

The payments by subsidiaries have been disclosed as Council subsidiaries expenditure and the income has been credited against interest charges incurred by the Council to which the subventions relate.

Timing differences not recognised

Due to the long term nature of the fixed assets employed by CentrePort Limited, \$7.1M (1999 \$7.4M) of its future income tax benefits have not been recognised as an asset in the financial statements. Future income tax benefits of \$0.04M (1999 \$0.08M) attributable to amounts provided but not currently deductible in Pringle House Limited have also not been recognised.

Similarly deferred tax assets of \$0.09M (1999 \$0.05M) relating to depreciation in Pringle House Limited have not been recognised because it is not anticipated that the assets will be disposed of in the foreseeable future and therefore the asset will not crystallise.

Tax losses not recognised

The Council has tax losses of \$5.7M (1999 \$4.5M) available to be carried forward to be offset against taxable income in the future. The tax effect of these losses is \$1.88M (1999 \$1.48M).

Imputation credits

\$6.06M (1999 \$8.14M) of imputation credits are available within the subsidiaries to attach to future dividends paid to the Council. The subsidiaries' ability to carry forward imputation credits is contingent upon them continuing to meet the requirements of the Income Tax Act.

NOTE 11

PUBLIC DEBT

Opening balance

New loans raised

Loans repaid

Total external financing

Public debt current portion

Public debt non-current portion

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
	100,670	81,999	100,670	81,999
	7,150	32,845	7,150	32,845
	(12,089)	(14,174)	(12,089)	(14,174)
	95,731	100,670	95,731	100,670
8	35,254	31,088	35,254	31,088
9	60,477	69,582	60,477	69,582
	95,731	100,670	95,731	100,670

Council public debt maturities

2001

2002

2003

2004

2005

2006 – 2018

*Council
public
debt by
maturity
\$000s*

35,254

4,961

18,186

3,831

6,854

26,645

95,731

Local Government Stock issued prior to 30 June 1997 is fully secured. \$36.6M (1999 \$54.7M) is secured by a charge against special rates and \$2.8M (1999 \$2.9M) is secured by a charge against the regional water supply levy. Public debt issued subsequent to 30 June 1997 is unsecured.

As at 30 June 2000, the Council's public debt has a weighted average interest rate (after the effect of derivatives) of 7.98% (1999 7.8%) and an estimated fair value of \$96.8M (1999 \$103.4M). Further detailed analysis of public debt is provided on page 131.

NOTE 12**RETAINED EARNINGS**

Opening balance
Net surplus for the year
Transferred from reserves
Transferred to reserves
Interest earned
Distribution of retained earnings to Third Party
Realised asset revaluation on disposal
Closing balance

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
166,156	152,268	164,655	131,281
11,677	7,406	12,646	26,892
2,790	8,309	2,790	8,309
(3,069)	(2,042)	(3,069)	(2,042)
(672)	(743)	(672)	(743)
-	(6)	-	(6)
1,462	964	1,462	964
178,344	166,156	177,812	164,655

NOTE 13**RESERVES**

Opening balance
Transferred from operations
Transferred to operations
Interest earned
Realised asset movements
Infrastructure asset revaluation
Closing balance

<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
174,918	181,406	174,918	181,406
3,069	2,042	3,069	2,042
(2,790)	(8,309)	(2,790)	(8,309)
672	743	672	743
(1,462)	(964)	(1,462)	(964)
63,624	-	63,624	-
238,031	174,918	238,031	174,918

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
RESERVES (continued)				
Represented by				
Election reserve	98	23	98	23
Regional park land purchase reserve	658	608	658	608
Flood contingency reserve	577	491	577	491
Regional water supply reserve	2,519	2,272	2,519	2,272
Water operations network reserve	(314)	(231)	(314)	(231)
Transport reserve	2,724	2,321	2,724	2,321
Wairarapa scheme reserves	1,114	859	1,114	859
Rural fire contingency reserve	50	320	50	320
Navigational aids reserve	-	26	-	26
Bovine tuberculosis rate reserve	804	763	804	763
Environment legal contingency reserve	460	426	460	426
Hutt ground water reserve	20	172	20	172
Transit maintenance reserve	-	193	-	193
Wairarapa workshop reserve	21	34	21	34
River rates reserves	353	(206)	353	(206)
Akura nursery reserve	(10)	(49)	(10)	(49)
Stadium reserve	-	177	-	177
Expenditure carry forwards	319	242	319	242
Total operational reserves	9,393	8,441	9,393	8,441
Asset revaluation reserve	228,436	166,275	228,436	166,275
Investment revaluation reserve	202	202	202	202
Total reserves	238,031	174,918	238,031	174,918

NOTE 14**MINORITY INTERESTS**

Minority interests represent Manawatu-Wanganui Regional Council's 23.1% share of CentrePort Limited.

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>
Opening balance	12,221	13,226
Minority share of operating surplus	1,671	1,452
Minority dividends paid	(1,004)	(2,457)
Closing balance	12,888	12,221

NOTE 15**EMPLOYEES**

Number of employees

	<i>Council 2000</i>	<i>Council 1999</i>
	365	375

NOTE 16

CONTINGENCIES

Contingent liabilities

Termination of Wellington City Water facilities management contract
 Other legal proceedings and obligations
 Uncalled capital in WRC Holdings Limited

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Termination of Wellington City Water facilities management contract	1,000	1,000	1,000	1,000
Other legal proceedings and obligations	3,453	2,734	140	326
Uncalled capital in WRC Holdings Limited	-	-	75,000	75,000
	4,453	3,734	76,140	76,326

The current contract with Wellington City Council to manage their Water operations expires in June 2001. No decision has been made by either Council as to whether this will be extended. Loss of the contract would result in significant costs for the Wellington Regional Council.

The Wellington Regional Council has responsibility for 10 contaminated sites in the Region. However none are considered high risk and any clean-up costs are considered to be negligible.

Customers of CentrePort Limited have commenced litigation claiming the company's charges are not fair and reasonable and seeking reimbursement of \$1,172,000 of charges paid (1999 Nil). CentrePort has lodged counter claims of \$182,000 (1999 Nil) against the customers for breach of contract in respect of fees that have been withheld. Professional advice indicates that it is unlikely that any significant liability will arise.

CentrePort Limited has entered into a contract which requires CentrePort to guarantee rental payments of \$1.8M 1999 (\$2.0M)

Contingent assets

Consideration for grant of right of way
 Other

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Consideration for grant of right of way	50	50	50	50
Other	269	87	-	-
	319	137	50	50

NOTE 17

COMMITMENTS

The Council has contractual commitments for operating leases, capital works and to transport operators as disclosed below.

Operating lease commitments are for vehicles, computer equipment and office equipment, as well as rental for space in the Regional Council Centre. This rental is paid to a subsidiary, Pringle House Limited.

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Transport operator commitments				
Less than one year	27,931	26,465	27,931	26,465
One to two years	8,307	7,470	8,307	7,470
Two to five years	9,420	8,485	9,420	8,485
	45,658	42,420	45,658	42,420
Operating lease commitments				
Less than one year	721	664	1,426	1,358
One to two years	212	357	1,141	1,114
Two to five years	35	119	2,190	3,138
	968	1,140	4,757	5,610
Capital commitments	414	1,321	337	434
Total commitments	47,040	44,881	50,752	48,464

NOTE 18

FINANCIAL INSTRUMENTS

Currency risk

The Group is not exposed to any material currency risk.

Credit risk

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.

The Council manages receivables on behalf of itself and the WRC Holdings Group of companies excluding CentrePort Limited. A provision for doubtful debts is maintained and monitored on a regular basis. Bank balances and short-term investments are held with New Zealand registered banks in accordance with the Council's treasury policy. No collateral is held by the Council in respect of bank balances or investments. CentrePort Limited performs credit evaluations on all customers requiring credit and generally does not require collateral.

Concentration of credit risk

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

Interest rate risk

The Group has exposure to interest rate movements as a result of its investments, term borrowings, public debt and money market portfolios.

To minimise this risk on term debt and public debt, management monitors the levels of interest rates on an ongoing basis and uses forward rate and swap agreements to hedge interest rates when rates are anticipated to rise. At 30 June 2000 the Group had entered into forward rate and swap agreements with maturities of:

FINANCIAL INSTRUMENTS (continued)

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Less than one year	2,000	5,000	-	-
One to two years	11,000	2,000	-	-
Two to three years	-	9,000	-	-
Six to seven years	5,000	-	5,000	-
Seven to eight years	-	5,000	-	5,000
Eight to nine years	10,000	-	10,000	-
Nine to ten years	5,000	10,000	5,000	10,000
More than ten years	-	5,000	-	5,000
	33,000	36,000	20,000	20,000

Fair values

As at 30 June 2000 the estimated fair values of the Group's interest rate swap agreements are a surplus of:

	<i>Group 2000 \$000s</i>	<i>Council 2000 \$000s</i>
Estimated fair value of interest rate swap agreements	1,055	899

Except where stated the estimated fair values of all other financial instruments of the Group are the book value of those instruments.

NOTE 19

INFORMATION IN RELATION TO THE COST TO A LOCAL AUTHORITY OF ANY SEVERANCE AGREEMENT BETWEEN A LOCAL AUTHORITY AND ANY EMPLOYEE.

During the year ended 30 June 2000, the Wellington Regional Council has not entered into any severance agreements with any of its employees that exceeded \$50,000.

NOTE 20

COUNCILLORS' REMUNERATION

Salary / fees received or receivable
Meeting allowances
Travel expenses

<i>Council 2000</i>	<i>Council 1999</i>
\$	\$
383,315	367,947
273,770	247,500
49,701	48,940
706,786	664,387

Total remuneration received by Councillors and Committee appointees is distributed across the following bands.

\$Nil to \$ 9,999
\$10,000 to \$ 19,999
\$20,000 to \$ 29,999
\$30,000 to \$ 39,999
\$40,000 to \$ 49,999
\$50,000 to \$ 59,999
\$60,000 to \$ 69,999
\$80,000 to \$ 89,999

<i>Council 2000</i>	<i>Council 1999</i>
32	50
-	2
-	6
6	2
2	2
4	2
1	1
1	1
46	66

NOTE 21

EXECUTIVE REMUNERATION

At 30 June 2000 the General Manager of the Wellington Regional Council, appointed under section 119C(1)(a) of the Local Government Act 1974, received a salary of \$150,000. In terms of his contract, the General Manager is entitled to the following benefits:

Salary
 Motor vehicle
 Superannuation
 Medical insurance
 Life insurance
 Professional fees
 Representative allowance
 Telephone allowance
 Bonus paid if performance objectives achieved

Fringe Benefit Tax (FBT) payable on the above package

For the year ended 30 June 2000 the remuneration received by the General Manager was \$206,127.
 The total cost to the Wellington Regional Council including FBT was \$213,573.

Total remuneration received by the senior management team (excluding FBT) is distributed across the following bands.

\$100,000 to \$ 109,999
 \$110,000 to \$ 119,999
 \$120,000 to \$ 129,999
 \$130,000 to \$ 139,999
 \$140,000 to \$ 149,999
 \$150,000 to \$ 159,999
 \$160,000 to \$ 169,999
 \$190,000 to \$ 199,999
 \$200,000 to \$ 209,999

	<i>Council 2000 \$</i>	<i>Council 1999 \$</i>
	150,000	142,000
	11,550	11,550
	22,216	21,160
	1,922	1,922
	1,600	1,600
	1,500	1,500
	3,000	3,000
	561	561
	15,000	14,200
	207,349	197,493
	7,385	7,385
	<i>Council 2000</i>	<i>Council 1999</i>
	-	1
	1	1
	2	3
	2	1
	1	1
	1	1
	1	-
	-	1
	1	-
	9	9

NOTE 22**RECONCILIATION OF OPERATING SURPLUS
WITH CASH FLOW FROM OPERATING ACTIVITIES**

	<i>Group 2000 \$000s</i>	<i>Group 1999 \$000s</i>	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
Operating surplus	13,348	8,858	12,646	26,892
Add non-cash items				
Depreciation	11,306	10,634	7,871	6,695
Decrease (increase) in gain of sale of investments	-	-	(3,200)	(17,723)
Decrease (increase) in value of investments	175	484	76	153
Decrease (increase) in future tax benefit	290	(125)	-	-
Add (less) movements in working capital				
Decrease (increase) in accounts receivable	(41)	(7,272)	4,138	(6,227)
Decrease (increase) in inventory	126	(972)	120	(1,107)
Decrease (increase) in tax refund due	(406)	922	-	-
Decrease (increase) in tax dispute deposit	-	1,857	-	-
Increase (decrease) in accounts payable	(1,342)	7,877	(1,079)	865
Increase (decrease) in employee provisions	53	221	53	221
Increase(decrease) in WRC Holdings Group current account	-	-	818	579
Add (less) items classified as investing activities				
Decrease (increase) in accounts payable related to fixed assets	771	(968)	993	(800)
Net loss (gain) on disposal of fixed assets	(57)	1,627	(227)	1,634
Sinking funds interest compounded	(540)	(552)	(540)	(552)
Add (less) items classified as financing activities				
Forestry encouragement loan interest compounded	369	345	369	345
Net cash flow from operating activities	24,052	22,936	22,038	10,975

NOTE 23**RELATED PARTIES**

The Council owns 100% of the shares in WRC Holdings Limited and indirectly, 76.9% of the shares of CentrePort Limited. Chief Executive H J Stone is a director of CentrePort Limited and NZ Local Government Insurance Corporation Limited. Councillor FR Long is the owner of the Sign Factory.

All transactions with related parties have been carried out on normal commercial terms.

Significant transactions with related parties during the year ended 30 June 2000 included:

CentrePort Wellington Group

Income from use of navigational facilities
Income from convertible notes
Expense for rental and services

WRC Holdings Group (Excluding Centreport)

Income from management services provided
Income from subvention payment
Income from dividends
Expense for rent of the Regional Council Centre
Expense for interest on inter company current account

Sign Factory

Expense for services

NZ Local Government Insurance Corporation Limited

Income from dividends

	<i>Council 2000 \$000s</i>	<i>Council 1999 \$000s</i>
	550	550
	-	189
	(27)	(39)
	115	77
	535	560
	1,700	6,000
	(1,071)	(1,062)
	(390)	(279)
	(2)	(2)
	4	4

NOTE 24

There have been no significant events subsequent to balance date that would materially affect these accounts.

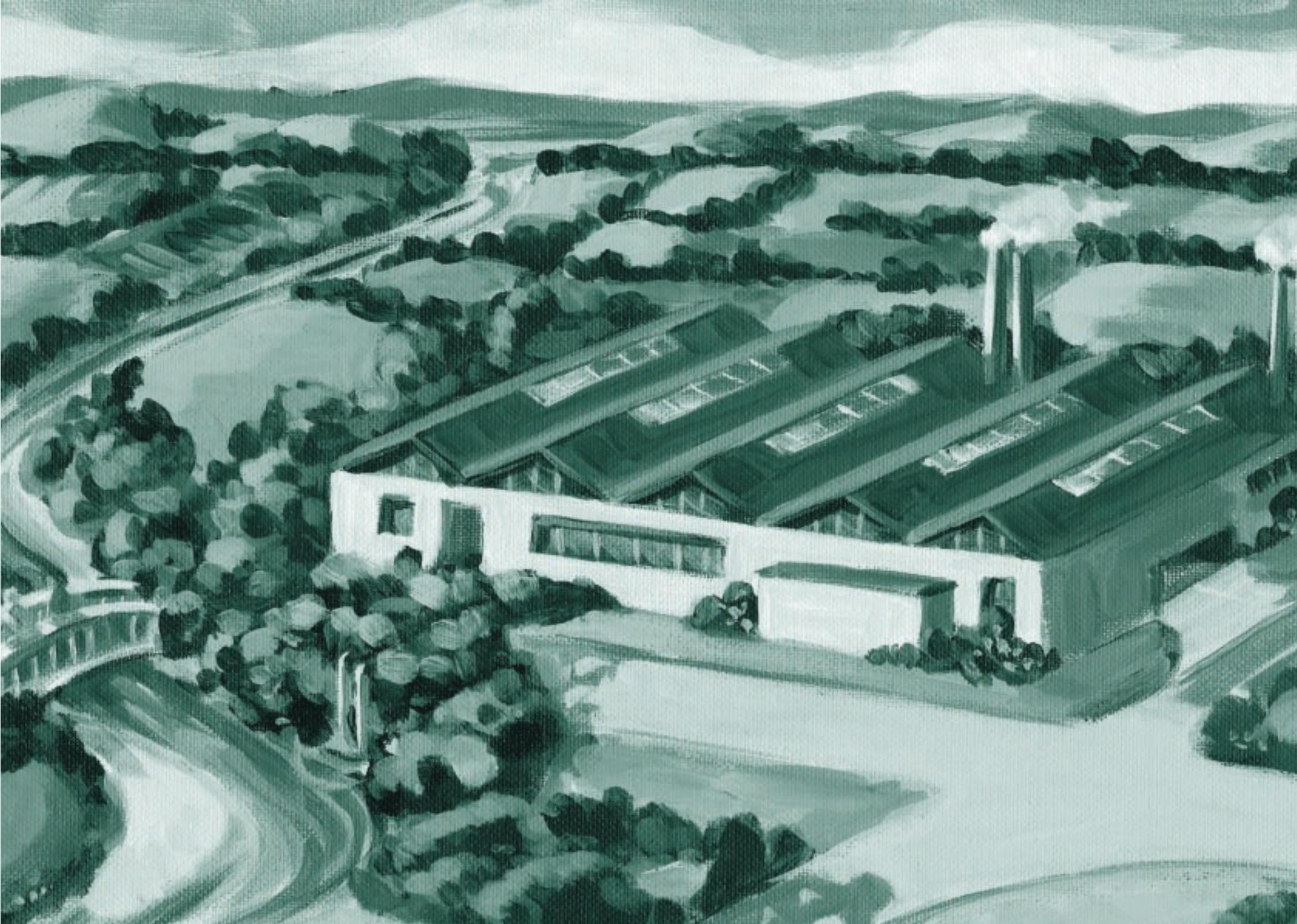
NOTE 25

STATEMENT OF SERVICE PERFORMANCE FOR SIGNIFICANT ACTIVITIES

The significant activities of the Council are recorded on the following pages:

Environment management	52
Regional transport	68
Regional water supply	76
Land management	86
Flood protection	100
Regional parks	110
Cost of democracy	118
Investments	120
Stadium	124

For each activity the actual achievement is compared to the planned performance indicators as set out in the 1999/00 Annual Plan. A financial summary is also included showing the operating surplus or deficit and capital expenditure for the year, as well as how that expenditure was funded. Any remaining funding surplus is used to repay debt in accordance with Council policy.



ENVIRONMENT MANAGEMENT

Role

To promote the sustainable management of the Region's natural and physical resources.

STRATEGIC DIRECTION

Promoting sustainable management

The Council is committed to enhancing the environmental quality of the Region and to creating a Sustainable Region. Our challenge is to make people realise that caring for the environment is everyone's responsibility and that all have a role to play. To this end, our environmental education strategy has three components: *Learnwell* is aimed at school children; *Community Connections* focuses on the general community; and *Business Bridges* concentrates on businesses.

How are we doing?

This year we produced *Measuring Up*, our first state of the environment report. It shows the progress we have made in reaching our environmental objectives. Some things are going well; others need more attention. Our challenge is to use this information to persuade people to become more environmentally aware and have pride in their Region.

Satisfying our customers

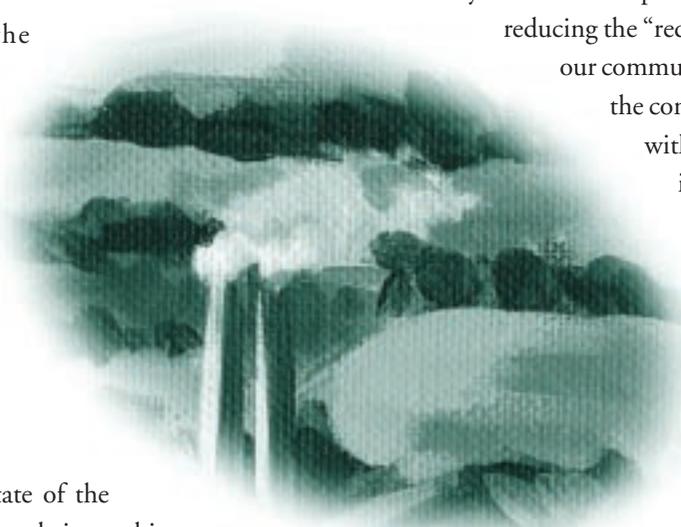
We try to take a fair and equitable approach to resource management. Although we cannot always meet everyone's needs, our goal is for all our customers to feel

that they have received professional and friendly service. We are committed to reducing the "red tape" where possible, consulting meaningfully with our community, producing user-friendly documents and making the consents process efficient. We have now become stricter with compliance so that people realise that the Council is serious in carrying out its environmental responsibilities on behalf of the community.

Keeping our Region safe

As our harbours are used for a variety of recreational and commercial purposes – fast ferries, container ships, wind-surfers, jet-skis, dragon boats etc – there are inevitable conflicts. We need to ensure that everyone's interests are accommodated as far as is practically possible, and that our harbours are clean and safe for all users.

Although we are still awaiting new legislation for civil defence/emergency management, the concept of *Emergency Management Groups* has been accepted. The Council will work with other local authorities and the emergency services to ensure that the community is as ready as possible to cope with major emergency events.



ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

LONG TERM

The Council will carry out its resource management responsibilities in a way which gives sustainable outcomes and which is fair, equitable, provides investment certainty and involves the least possible compliance costs.

It will achieve this by having:

- all regional plans operative by the year 2000;
- transparent charging policies and consent management policies and programmes which guarantee a specific level of service;
- an efficient pollution response service and follow-up procedures.

The Council has five regional plans: the Regional Coastal Plan; the Regional Freshwater Plan; the Regional Plan for Discharges to Land; the Regional Air Quality Management Plan; and the Regional Soil Plan. All except the Regional Soil Plan were operative by 30 June 2000.

The Regional Soil Plan is yet to be finalised. It is with the Environment Court awaiting confirmation of the consent orders.

The completion of all regional plans gives resource users a regulatory framework and certainty for their activities.

The Council's Charging and Consents Management Policies are set down in the following documents:

- The Regional Plans
- Resource Management Charging Policy
- The Consents Processing Procedures Policy
- The Compliance Monitoring Procedures Manual
- The Divisional Strategy and Direction
- The Departmental Operating Plans

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

LONG TERM

(continued from previous page)

The effectiveness of these policies is evidenced by a number of independent assessments of the Consents Management function:

- The Council has been among the top performers in the Ministry for the Environment's Annual Survey of the Consent Authorities for the past three years.
- Customer satisfaction with the Council's Consents Management is high and has risen since 1997. In 1997, 76% of customers rated the Council's Consents Management function as "good, very good, or excellent". In 2000, that had increased to 82%. The Council's benchmark is 70%.
- In 1998 the Council received the Resource Management Law Association Best Practice Award for its Consents Processing and Compliance Monitoring manuals.
- In 1999 an independent audit of the Council's resource consent conditions concluded that there was an appropriate balance between the needs of the resource users and environmental protection.

Also in 1999 the Consents Management Department won a Business Development Quality Award (BDQA). The BDQA is open to both private and public sector applicants. Organisations are judged against a set of internationally recognised criteria, which are based on the US Baldrige Award system.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

SHORT TERM

BY 30 JUNE 2000:

The statutory approval process for the following plans will be carried out within a budget of \$257,000 and to the satisfaction of Council:

- Proposed Regional Coastal Plan;
- Proposed Regional Plan for Discharges to Land;
- Proposed Regional Air Quality Management Plan;
- Proposed Regional Freshwater Plan;
- Proposed Regional Soil Plan.

The implementation of the Regional Policy Statement and regional plans has progressed to the satisfaction of the Council and within a budget of \$203,000.

All consents will be processed in accordance with statutory timeframes and within a budget of \$399,000.

Significant progress has been made on all of the Plans. Four plans became operative during the year:

- Regional Freshwater Plan – operative 17 December 1999.
- Regional Plan for Discharges to Land – operative 17 December 1999.
- Regional Air Quality Management Plan – operative 8 May 2000.
- Regional Coastal Plan – operative 19 June 2000.

All parties have reached agreement on the outstanding appeals on the Regional Soil Plan, and draft consent orders have been placed before the Environment Court. Actual costs were \$226,000.

Reports detailing implementation have been presented to the Environment Committee on a regular basis. A comprehensive report was presented on 22 June 2000. Actual costs were \$228,000.

A total of 628 consents were processed during the year, of which only six were outside the statutory timeframes. The median processing time for processing non-notified consents was 13 working days – a maximum processing period of 20 working days is permitted under the Resource Management Act 1991. Actual costs were \$331,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

SHORT TERM

All consents will be monitored according to the procedures set down in the Compliance Monitoring Procedures Manual, within a budget of \$389,000.

There were no reported incidents of non-compliance with the Compliance Procedures Manual. Annual compliance reports were provided to the respective Council Committees. Significant compliance issues were reported to the respective Council Committees throughout the year. Actual costs were \$360,000.

All complaints and notified pollution incidents will be responded to, recorded and, where appropriate, followed up to the satisfaction of the Environment or Rural Services and Wairarapa Committees, within a budget of \$170,000.

A total of 1,160 complaints were investigated. Follow-up actions were reported regularly to the relevant Council Committees.
Actual costs were \$244,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

LONG TERM

The Council will continue to monitor the state of the environment to demonstrate that the overall quality of the Region's natural and physical resources has been maintained or enhanced and that regional policies and plans are achieving their anticipated environmental results.

The state of the environment report for the Region, *Measuring Up* was released on 1 February 2000. This report provided a comprehensive examination of the Council's performance in managing the Region's environment over the past five years.

Some conclusions from the report are:

- Overall freshwater quality was good, although there was evidence of localised water contamination occurring as a result of stormwater and non-point source discharges.
- Wetlands, lakes and river margins are among the least protected and most degraded ecosystems in the Region.
- Adequate flood-protection measures exist. However, the effects of the 1997/98 drought in the Wairarapa were profound. To reduce the effects of natural hazards, appropriate risk reduction measures are required.
- Developments along our coast have resulted in a loss of the natural character of the coastal environment.
- In some areas, discharges from rivers and streams, stormwater and sewage effluent have degraded coastal water.
- There was insufficient information available to assess whether soils can maintain their desirable physical, chemical and biological characteristics.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

LONG TERM

(continued from previous page)

- New resource consents processes were providing better control over the environmental effects of waste disposal activities. However, the quantity of waste being disposed of increased and opportunities to reduce, recycle and reuse resources were not being realised.
- Many species and habitats within the Region have been lost or are now under serious threat.
- There was insufficient information available to assess the overall state of ambient air quality. In some areas and under certain weather conditions air pollution did reach undesirable levels.

Urban areas have become more attractive places for people to live and work.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

SHORT TERM

BY 30 JUNE 2000:

The following annual reports will be completed to the satisfaction of the Council and within a budget of \$922,000.

- Freshwater quality;
- Coastal water quality;
- Groundwater;
- Hydrology.

An annual environmental monitoring report for the Region will be produced to the satisfaction of the Council within a budget of \$53,000.

An ambient air monitoring strategy for the Region will be produced to the satisfaction of the Council within a budget of \$124,000.

A strategy for investigating and managing contaminated sites associated with closed landfills in the Region will be produced to the satisfaction of the Council by June 2000 within a budget of \$61,000.

All of the annual monitoring reports except the Coastal water quality report were completed by 30 June 2000, and reported to the Council.

Actual costs were \$939,000. The annual coastal water quality report will be presented to the Environment Committee in September 2000. Delays have been caused by the laboratory's computer database.

The State of the Environment Report for the Region, *Measuring Up*, a culmination of five years monitoring and analysis, was approved by the Council and released on 1 February 2000. Actual costs were \$90,000.

The Wellington Regional Ambient Air Quality strategy, which was reported to the Environment Committee on 23 July 2000, recommends that a baseline monitoring network is established to accurately measure the condition of the Region's air at specific locations. Actual costs were \$136,000.

A strategy for the future management of all contaminated sites in the Region was presented to the Environment Committee on 22 June 2000. The Council's future involvement in contaminated sites may be influenced by new policy currently being developed by the Ministry for the Environment. Actual costs were \$38,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

LONG TERM

Under the Charter of Understanding, the Council and iwi of the Region will continue to have a mutually beneficial relationship.

The Council has made significant progress in maintaining and improving its relationships with the iwi of the Region. Ara Tahī adopted a proposal for strengthening the relationship between the Council and iwi at its meeting on 1 December 1999, and the Council adopted this proposal on 9 March 2000. A review of the Charter of Understanding was undertaken. Iwi were briefed on the Long Term Financial Strategy and the draft Annual Plan, and were provided with the opportunity to provide submissions ahead of the public consultation process. Iwi have been funded to participate in the non-notified resource consent process and to undertake projects.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Resources

SHORT TERM

BY 30 JUNE 2000:

Iwi will be assisted to participate in the resource management process according to the provisions of the relevant consultation contract and within a budget of \$154,000.

A number of projects have been completed or commenced:

- Ngati Raukawa: contract to provide partial funding of the Proposed Otaki River and Catchment Iwi Management Plan 2000.
- Ati Awa ki Whakarongotai: contract to prepare policy statements.
- Ngati Toa: draft contract to prepare a Project Plan for the next 3 years.
- Te Runanganui o Taranaki Whanui ki te Upoko o Te Ika a Maui: contract to prepare a Project Plan for the next 3 years.
- Ngati Kahungunu: contract to prepare policy statements.
- Rangitane o Wairarapa: contract to assist with fencing native bush on Maori land.

Actual costs were \$57,000.

Ara Tahi will meet four times within a budget of \$10,000.

Ara Tahi met on 1 September 1999, 1 December 1999, 2 February 2000, 15 February 2000, 5 April 2000 and 14 June 2000. Additional meetings were held to allow iwi to be briefed on, and to provide input to, the draft Annual Plan. Actual costs were \$17,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Emergencies

LONG TERM

The Council will be able to demonstrate that it has done all that is reasonably possible to ensure that the Region is ready to cope with a major emergency.

The Council has continued to provide an effective (and regularly tested) operational headquarters (both fixed and mobile) that is capable of functioning in a major emergency.

SHORT TERM

BY 30 JUNE 2000:

A programme of work, designed to ensure that the Council can respond effectively to an emergency event, will be carried out and reported on a six monthly basis to the Environment Committee, within a budget of \$106,000.

Reports were presented to the Environment Committee on 15 February 2000 and 27 July 2000. The programme of work included publishing the agreed roles and responsibilities of all regional response organisations, promotions, training staff, exercises, and maintaining the headquarters and communication system, etc. Actual costs were \$49,000.

A report will be prepared to the satisfaction of the Council which assesses the potential threat of natural hazard events on petroleum storage, within a budget of \$72,000.

A report was presented to the Environment Committee on 22 June 2000 which identified the nature and location of petroleum products, assessed the vulnerability of these storage facilities to natural hazard events and the potential risks to the regional community and environment. Actual costs were \$52,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Emergencies

SHORT TERM

An Emergency Management Group will be established and operating for an area covering the Wellington Region, within a budget of \$69,000.

The legislation providing for the establishment of Emergency Management Groups is still pending. The Ministry of Emergency Management has not yet produced any guidelines. Consequently, this Council has not yet proceeded with the formation of an Emergency Management Group for the Region. Actual costs were \$28,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Harbours

LONG TERM

The Council will continue to demonstrate that it has carried out its responsibilities under relevant legislation, and done all that is reasonably possible to ensure that the Region's harbours are a safe environment for recreational and commercial users.

The Council has continued to enforce maritime safety regulations. Present routine tasks include:

- Issuing harbour licences for operators of smaller harbour craft.
- Issuing and renewing pilot exemption certificates.
- Issuing hot work permits to allow welding or burning repairs on vessels.
- Managing all swing moorings.
- Investigating all reported safety incidents or breaches of harbour bylaws and taking action as appropriate.
- Obtaining cargo stowage plans and dangerous cargo plans.

Navigational aids are provided to assist vessels to use the Region's harbours in all weathers at all times safely. The navigation aids are checked regularly and any defects repaired promptly.

SHORT TERM

BY 30 JUNE 2000:

The Beacon Hill Harbour Communications Station will provide a 24 hour, 365 days service which is in accordance with Council agreed operating standards and within a budget of \$267,000.

The Beacon Hill Communications station provided a 24-hour communications service for all harbour users in accordance with the Council's specified standards. Actual costs were \$288,000.

ENVIRONMENT MANAGEMENT

Performance Indicators

Managing Harbours

SHORT TERM

Reports of oil spills in harbour waters will be checked within 30 minutes and clean up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$23,000. A formal log will be kept and incidents followed up where possible.

Within a budget of \$77,000, work will be carried out to ensure that harbour safety is maintained including:

- administering navigation bylaws;
- investigating and responding to all reports of unsafe behaviour within the harbour waters and all harbour emergencies in accordance with statutory requirements. A formal log will be kept.

There were 47 incidents of oil spills reported, all of these were checked within the set timeframes. No significant oil spills occurred during the period. A formal log was kept documenting each reported event. Actual costs were \$24,000.

Harbour safety was maintained at an actual cost of \$86,000.

- The introduction of revised Harbour Bylaws has been delayed by the need to take into account other legislative changes. A working group from various Regional Councils has been involved in developing new “generic” bylaws to enable some national standardisation to be achieved for the benefit of recreational users. A revised timetable should see new bylaws introduced and in force by November 2000.
- The Council has continued to carry out its harbour safety work through the existing navigation bylaws.
- All reported incidents have been responded to, investigated, and referred to appropriate authorities. In the review period there were no significant events reported. A formal log was kept.

ENVIRONMENT MANAGEMENT

Financial Summary

	2000 Actual \$000s	2000 Budget \$000s		2000 Actual \$000s	2000 Budget \$000s
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	6,933	6,933	Managing resources	7,295	7,445
Other rates	-	-	Managing harbours	1,201	1,273
Government subsidies	78	88	Managing emergencies	521	422
Other revenue	1,767	1,790	Total operating expenditure	9,017	9,140
Total operating revenue	8,778	8,811			
			CAPITAL EXPENDITURE		
Operating expenditure	8,744	8,775	Land and buildings	-	-
Interest	10	10	Plant and equipment	29	61
Depreciation / loss (gain) on disposal	263	355	Motor vehicles	50	85
Total operating expenditure	9,017	9,140	Asset disposals	(15)	(28)
Operating surplus (deficit)	(239)	(329)	Total capital expenditure	64	118
Less:					
Capital expenditure	64	118			
Loan funding	-	-			
Rates funded capital expenditure	64	118			
Debt provisioning	65	65			
Reserve movements	(178)	(157)			
Non cash items	(263)	(355)			
Net funding surplus (deficit)	73	-			



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REGIONAL TRANSPORT

Role

To ensure delivery of a safe, fair, reliable and environmentally friendly transport system in the Region at least cost to the regional ratepayer.

STRATEGIC DIRECTION

A Responsibility to the Region

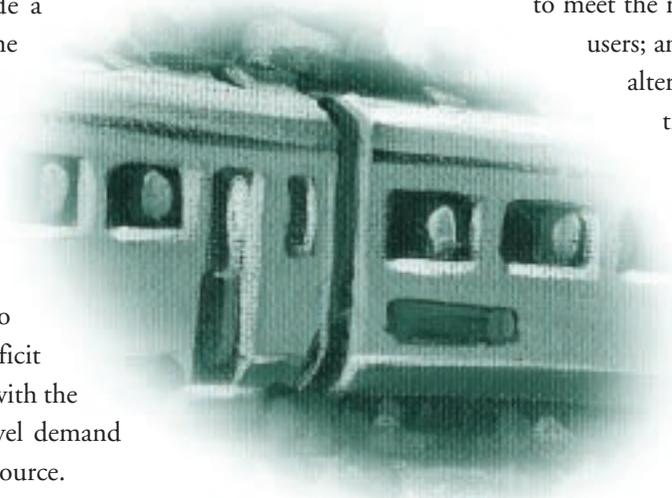
Our transport system is vital to the economic and social health of the Region. We have a Regional Land Transport Strategy which contains our transport policies and a planned programme of activities which have been developed, with community support, to provide a desirable transport system for the Region. But the full strategy creates a funding deficit. Community expectations cannot be fully met by current funding levels. Unless we put the regional rates up to an unacceptable level, or obtain additional sources of funding, we cannot afford to implement this Strategy fully. The Council feels strongly that it has a responsibility to the Region to do everything in its power to solve this funding deficit problem. To this end the Council is investigating with the Ministry of Transport road pricing as both a travel demand and management option and an ongoing revenue source.

An Equitable Transport Policy

Central to the Council's transport policies are the following principles; first, that those who choose to commute by car during peak hours should pay the full cost of this choice; secondly, that it is important for the Region's road system to meet the needs of commercial, recreational, rural and off-peak users; and thirdly, that to reduce peak hour road congestion, alternative services to the private car, such as buses and trains, should be maintained and enhanced.

Putting Principles into Practice

The Council helps put these principles into practice by assisting with the funding of public transport. But this is costly for the ratepayer. Government is to introduce "Patronage Funding" by November 2000 which is expected to increase national funding support to passenger transport. The Council also wants to further stimulate the public transport market by funding new infrastructure and implementing demand management policies, such as congestion pricing.



REGIONAL TRANSPORT

Performance Indicators Planning and Monitoring the Transport Network

LONG TERM

The Council will develop and continue to monitor the delivery of an affordable Regional Land Transport Strategy that is consistent with any National Land Transport Strategy and which reflects the prevailing community views.

A new Regional Land Transport Strategy was adopted before Christmas 1999. An addition to that strategy was also adopted towards the end of the financial year. Both the strategy and the addition went through public consultation attracting 153 and 55 submissions respectively. The strategy reflects the National Transport Statement released by the government instead of a National Land Transport Strategy. Affordability was a critical objective of the strategy. A number of targets were established as part of the strategy that will be monitored and reported on yearly.

SHORT TERM

BY 30 JUNE 2000:

Reports will be prepared for both the Secretary of Transport and the Regional Land Transport Committee on progress with implementing the Regional Land Transport Strategy within a budget of \$20,000. The report will detail actual achievement against performance measures contained in the Strategy.

The report was sent to the Secretary of Transport and other interested parties in October 1999. The report was produced internally with no external costs.

A report on the options for passenger transport upgrades will be completed and reported to the Passenger Transport Committee within a budget of \$65,000.

A report identifying and scoping the infrastructure needed to implement the Kapiti rail upgrade package was presented to the Passenger Transport Committee on 2 September 1999 at a cost of \$48,000.

REGIONAL TRANSPORT

Performance Indicators *Building The Public Transport Infrastructure*

LONG TERM

The Council will maintain and develop public transport user facilities to conform to the Council's quality and effectiveness criteria.

Public transport user facilities have been maintained to the Council's standards. Additions to user facilities this year included a pedestrian overbridge at Paraparaumu station linking the station to the commuter carpark and the provision of additional carparking spaces at Waterloo station bringing the number of spaces available for commuters up to 543.

SHORT TERM

BY 30 JUNE 2000:

All current public transport user facilities will be maintained in accordance with the Council's guidelines to the satisfaction of the Manager, Policy and Planning and within a budget of \$447,000.

All existing infrastructure has been maintained to the Council's standards at a cost of \$462,000. Additional costs included relocation of shelters & bus stop signs in Kapiti following changes in bus routes, development of a 'kiss and ride' area at the Waterloo Interchange, and refurbishment of the Wainuiomata shelter at Waterloo.

REGIONAL TRANSPORT

Performance Indicators

Funding Public Transport Services

LONG TERM

The Council will purchase public transport services which conform to both the Council's transport policies, as expressed by the Regional Transport Passenger Plan, and to the Council's vehicle quality standards. The overall level of service will be progressively increased in response to growth in demand.

The Council's vehicle quality standards are under review to take account of changing technology. This review will be completed in the 2000/01 year. Additional services have been provided on the Kapiti Coast to accommodate continued residential growth. Late night bus services on Friday and Saturday nights have been extended beyond the Wellington City trial to include Porirua and the Hutt Valley. All these services are attracting significant passenger loads.

SHORT TERM

BY 30 JUNE 2000:

The Council will achieve, through the tendering process approved by Transfund New Zealand, a total contract price for bus and rail services of no more than \$29,600,000 (including concessionary fare reimbursements and five Ganz Mavag two car rail unit refurbishments).

The total cost of contracted services, including concessionary fare reimbursements and five Ganz Mavag refurbishments, was \$29,830,000. Sharp increases in fuel costs caused a large increase in the contract inflation indices. Transfund New Zealand tendering procedures were complied with.

The Total Mobility Scheme will be administered to the satisfaction of Transfund New Zealand within a budget of \$1,167,000.

While there was no audit by Transfund New Zealand during the year, their procedures were complied with. Costs for the year were \$872,000 (after recoveries from agencies).

All tendering and contracting procedures will be carried out in accordance with the competitive pricing procedures approved by Transfund New Zealand.

Though no audit was performed this year, tendering and contracting procedures were carried out in accordance with Transfund New Zealand competitive pricing procedures.

REGIONAL TRANSPORT

Performance Indicators

Funding Public Transport Services

LONG TERM

The Council will maintain the current level of information sources, such as timetables, bus stop displays, media advertising and telephone enquiries.

A number of changes to timetables, making them more distinctly linked to specific services, have been made. The overall level of information sources has been expanded this year by the launch of a timetable website. This gives internet access to the full range of bus and rail timetables and information about fares and routes.

SHORT TERM

BY 30 JUNE 2000:

All timetable leaflets will be produced within a budget of \$304,000 to a standard agreed with the service providers. Timetables will always be maintained in print except in emergency situations or when information has not been supplied by service providers.

All timetables were maintained in stock during the year. Fifteen timetables were updated, with a total of 339,000 copies being printed. Timetables were approved by service providers before printing. In addition, an internet website with current timetables and other information was developed. Expenditure for the year was \$262,000.

All passenger stops with permanent timetable facilities will display current timetables, within a budget of \$164,000.

Current timetables were displayed on all stops with permanent facilities. Expenditure for the year was \$91,000.

REGIONAL TRANSPORT

Financial Summary

	2000 <i>Actual</i> \$000s	2000 <i>Budget</i> \$000s		2000 <i>Actual</i> \$000s	2000 <i>Budget</i> \$000s
FUNDING STATEMENT			OPERATING EXPENDITURE		
Transport rate	19,749	19,749	Funding public transport services	33,139	33,448
Other rates	-	-	Planning and monitoring the transport network	1,212	1,098
Government subsidies	16,816	15,992	Building the public transport infrastructure	2,341	1,829
Other revenue	417	154	Total operating expenditure	36,692	36,375
Total operating revenue	36,982	35,895			
			CAPITAL EXPENDITURE		
Operating expenditure	35,919	35,570	Land and buildings	-	-
Interest	437	437	Plant and equipment	-	165
Depreciation / loss (gain) on disposal	336	368	Motor vehicles	20	-
Total operating expenditure	36,692	36,375	Asset disposals	(18)	-
Operating surplus (deficit)	290	(480)	Total capital expenditure	2	165
Less:					
Capital expenditure	2	165			
Loan funding	-	-			
Rates funded capital expenditure	2	165			
Debt provisioning	221	221			
Reserve movements	403	(498)			
Non-cash items	(336)	(368)			
Net funding surplus (deficit)	-	-			



REGIONAL WATER SUPPLY

Role

To collect, treat and deliver water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington.

STRATEGIC DIRECTION

Meeting a Growing Demand

Our current water sources and treatment plants may reach capacity some time around 2020 – exactly when will depend on the growth rate of consumption. At present, the capacity of our treatment plants means that we have a limited supply of water for only a few days in summer. The Council will be monitoring demand in relation to supply capacity so that it can take appropriate measures to ensure a continuing water supply.

Keeping Up With Quality Standards

In 1995 the Ministry of Health published revised Drinking Water Standards for New Zealand. This Council has a target of attaining an “A” grade for its water treatment plants, where practical.

Increasing Efficiency

The water supply levy charged to the four city customers for 2000/01 year has been reduced by four percent. This follows a four percent reduction in 1999/2000. This has been possible through increased efficiencies and reduced interest charges.

Water Integration

Independent studies have shown there are significant benefits for an integrated water delivery structure.

In May 2000 Hutt City Council, Wellington City Council and Wellington Regional Council agreed in principle to an integrated approach to water supply across the three Councils with the objective of:

- Targeting significant savings over the current arrangement;
- Retaining all the water supply and distribution related assets under public ownership;
- Allowing for the existing standards of quality and security of supply to be maintained; and
- Providing a system that is flexible enough to meet the future requirements of the region;

The Councils have directed their Chief Executive Officers (CEOs) to develop a template for achieving an integrated water supply and on completion to seek approval from each Council for its implementation. The CEOs' recommendations are expected to be received by the Councils in December 2000.



REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

LONG TERM

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

All water that The Water Group treats meets Ministry of Health Drinking Water Standards. The Regional Council has a policy to target an "A" grade standard for water supplied from each of the plants. This means the water supplied is completely satisfactory with minimal levels of health risk.

Water supplied from Waterloo and Gear Island is grade "B". This would be upgraded to "A" if chlorine was added to the treated water, although Hutt City Council has requested that this should not occur. The Wainuiomata water treatment plant is graded "C". It is expected to receive an "A" grading under the 1995 standards following some minor capital works. However, a full year of records is required before seeking a re-grading; this will take until the end of 2000. Te Marua water treatment plant is currently graded "A".

During the 1999/00 year optimisation at the Te Marua water treatment plant (WTP) increased the output from 120 ML/d to 140ML/d day when high quality raw water is available. Also work at the Wainuiomata WTP has improved the water quality. Once 12 months of records are available it is expected the Wainuiomata WTP will be regraded to "A".

REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

SHORT TERM

BY 30 JUNE 2000:

The collection, treatment and delivery of water will be managed to ensure the quality of water supplied complies with the Ministry of Health's Drinking Water Standards for New Zealand 1995. Water testing will be carried out by an International Accreditation New Zealand (IANZ) registered laboratory at sampling points defined by the Quality Assurance section of the Water Group, not less than five days out of every seven. 1999/00 costs will not exceed the budget of \$386,000.

Vegetation management measures will be carried out in the water supply catchments in accordance with the Council's Forestry Management Plan and within a budget of \$159,000 so that the treatment plants receive good quality water.

Water quality sampling and testing was carried out in accordance with the Ministry of Health's drinking water standards. Detailed results will be published in the Water Group Business Activity Report. Total water testing costs for the year came to \$426,000.

The slight increase in cost from the previous year occurred as a result of the plant optimisation trials which produced increased sampling requirements. It was decided that it would be preferable for the Mabey Road Laboratory to do this work rather than attempt to carry out the work by using Production Treatment Technicians.

A new sampling and analysis regime has therefore been established with a result that the Laboratory provides a more cost-effective service.

WRC's Landcare Division carried out vegetation control measures to the satisfaction of the Water Group and provided regular reports. The cost of the work was \$153,000. This is slightly below budget due to a change in the animal culling programme. A deer culling operation was carried out in March/April in the Wainuiomata/Orongorongo catchments using amateur hunters.

REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

LONG TERM

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

Previous projections have indicated that there is sufficient water available to meet the Region's demand during a dry summer, which has a 1 in 50 year return period. Supply projections were refined through a computer based sustainable yield model. This shows that the infrastructure is sufficient to meet this requirement until 2020 at current growth rates. Customers were consulted on the 1 in 50 year drought strategy, which is less than that of Auckland's 1 in 200 year strategy, though their system is less dynamic in its raw water supply.

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

Customers were also consulted during the year about security of supply. This means that either the Te Marua or Waterloo plants could be out of commission and the daily base water requirement of 145ML still met.

The Council has approved a 1 in 50 year drought strategy and a security of supply for water treatment plants so that one of the three main plants can be out of action and basic water demand still met.

REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

SHORT TERM

BY 30 JUNE 2000:

Ongoing operational activities will be maintained as specified in the Regional Water Supply Asset Management Plan within a budget of \$8,350,000.

All ongoing operational activities were completed in accordance with the Water Group's documented programmes. Actual costs were \$7,805,000. This is the total group expenditure but does not include corporate costs.

Service reservoirs will be kept at levels specified in the Wholesale Water Supply Agreement with the four Wellington Metropolitan City Councils.

Customers have decided not to enter into a wholesale water supply contract. Water in service reservoirs was not allowed to fall below levels, which would cause problems to the customers.

The security of supply will be improved by providing standby power at the Te Marua Pumping Station. Installation will be in accordance with recognised engineering standards. Total project expenditure will be within a budget of \$650,000.

The project was completed in accordance with recognised engineering standards at a cost of \$506,000.

The security of supply will be improved by rehabilitating the pipework from the Te Marua lakes to the treatment plant. Work is to be conducted in accordance with recognised engineering standards. Total project expenditure will be within a budget of \$530,000.

The work was completed during the year at a cost of \$580,000 with some minor contractor claims outstanding. Lack of competition for this type of work resulted in a price greater than expected.

The security of supply will be improved by replacing selected meters, telemetry and control equipment throughout the water supply network. All equipment will be of recognised quality standard. Total expenditure will be within a budget of \$500,000.

All the revenue meters have now been replaced, some production meters are included in the next stage. Expenditure for the year was \$509,000. The slight over expenditure results from a timing difference between years of a multi stage project. It relates to imported materials. Expenditure in 2000/01 will be reduced by \$9,000 accordingly.

REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

LONG TERM

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

The Council acquires and complies with all appropriate resource consents. The consents govern the quantity of water that can be drawn from each source and how much must remain. They are also sought for any discharges from the treatment plants. All by-products from the plants are processed through wastewater recovery plants and removed off site.

The Council obtained ISO 14001 for its water supply activities at the end of the year.

SHORT TERM

BY 30 JUNE 2000:

All appropriate resource consents will be obtained and conditions complied with, within a budget of \$80,000.

Resource consents are held for the right to take water at all sites and for all discharges. All conditions were complied with, except the discharge consent for supernatant at the Wainuiomata WTP. This expired before a new consent was issued. There was no breach in the specification of the material discharged. Expenditure on resource consents was \$78,300.

REGIONAL WATER SUPPLY

Performance Indicators *Collecting, Treating and Delivering Water*

LONG TERM

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

The Council has a policy to provide excellent service to all customers. Regular communication has been maintained with each of the metropolitan authorities to ensure service levels are being met. Publication of an annual Business Report, which started in 1998/99, is in line with this policy.

SHORT TERM

BY 30 JUNE 2000:

Customers will be provided with an annual report by 30 November 1999 which will include the following information:

- Financial results for the 1998/99 year.
- Operating costs that are benchmarked against other providers. Structural anomalies will be removed as far as possible to allow relevant comparisons.
- Actual quality compared with targeted performance.
- A list of incidents where supply has been interrupted, together with the time taken to respond and repair.
- A report on compliance with resource consent requirements.

Customers were provided with an annual business report late in November. It included all the subjects in the bullet points on the left. Although a section was included on resource consents, it did not specifically mention compliance.

REGIONAL WATER SUPPLY

Financial Summary

	2000 Actual \$000s	2000 Budget \$000s		2000 Actual \$000s	2000 Budget \$000s
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	-	-	Collecting and treating water	18,786	19,415
Regional water supply levy	24,210	24,210	Delivering water	7,306	7,550
Government subsidies	-	-	Total operating expenditure	26,092	26,965
Other revenue	5,378	5,422	CAPITAL EXPENDITURE		
Total operating revenue	29,588	29,632	Waterloo treatment plant	88	-
Operating expenditure	15,698	16,499	System control and protection projects	951	870
Interest	5,399	5,899	Te Marua improvement projects	898	1,050
Depreciation / loss (gain) on disposal	4,995	4,567	Orongorongo and Wainui improvement projects	441	310
Total operating expenditure	26,092	26,965	Reservoir and Pump Station Construction	246	220
Operating surplus (deficit)	3,496	2,667	Pipeline projects	890	930
Less:			Other projects	140	785
Capital expenditure and investments	4,735	5,134	Total project expenditure	3,654	4,165
Loan funding	(2,810)	(3,340)	Land and buildings	9	-
Rates funded capital expenditure	1,925	1,794	Plant and equipment	263	183
Debt provisioning	6,394	5,217	Motor vehicles	265	238
Reserve movements	172	223	Asset disposals	(90)	(68)
Non cash items	(4,995)	(4,567)	Total capital expenditure	4,101	4,518
Net funding surplus (deficit)	-	-	Investment additions	634	616
			Capital expenditure and investments	4,735	5,134

REGIONAL WATER SUPPLY

Statement of Financial Position

As at 30 June 2000

	Notes	Council 2000 \$000s	Council 1999 \$000s
RATEPAYERS' FUNDS			
Retained earnings		58,141	54,835
Reserves		140,073	76,259
Total Ratepayers' funds		198,214	131,094
ASSETS			
Current assets			
Receivables		3,307	3,512
Inventory		1,400	1,538
Total current assets		4,707	5,050
Non-current assets			
Investments		5,157	4,351
Fixed assets	7	255,192	192,462
Total non-current assets		260,349	196,813
Total assets		265,056	201,863
LIABILITIES			
Current liabilities			
Payables		3,847	4,457
Employee provisions		860	593
Total current liabilities		4,707	5,050
Non-current liabilities			
Public debt		62,135	65,719
Total non-current liabilities		62,135	65,719
Total liabilities		66,842	70,769
Net assets		198,214	131,094



BEWARE
POSSUM TRAP

LAND MANAGEMENT

Role

To protect the productive capacity of land in the Region and promote sustainable land management practices.

STRATEGIC DIRECTION

Promoting Sustainable Land Management

Forty percent of the Wellington Region is erosion prone hill country. This erosion can be prevented or reduced by improving land use practices, by planting trees and by retaining native bush in erosion prone areas. In the past we have concentrated our efforts on soil conservation, but will now be moving more towards the wider concept of sustainable land management.

This recognises the need for land owners to take responsibility for their land management practices and to recognise the economic and social worth of managing land to meet the needs of this, and future generations. The Council will be carrying out education programmes and promoting sustainable land management through its Regional Soil Plan. Nevertheless, although the Council's emphasis is changing, expenditure will remain constant.

Controlling Animal and Plant Pests

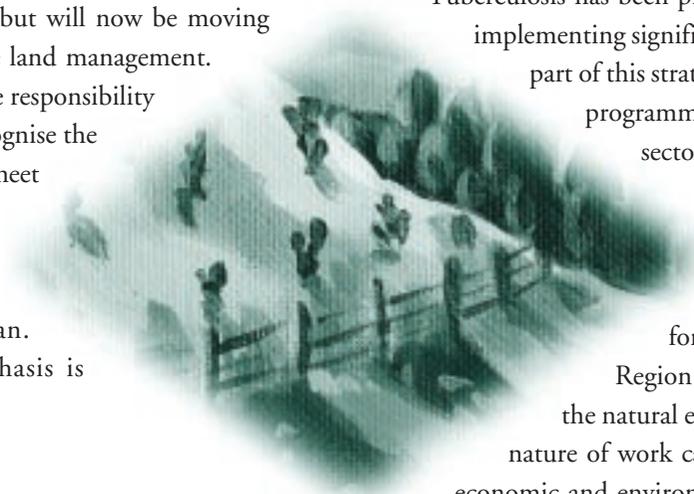
Pest plants and animals, particularly the possum, pose a significant threat to the environment and to our agricultural industries. Under the Biosecurity Act 1993, the Council has prepared Regional Pest Management Strategies which became operative in July 1996. These set out which plant and animal pests the Council will control, as well as how this work is to be carried out and funded.

The Council's role is primarily regulatory. We shall only become involved in an operational sense when we judge there to be a significant public benefit.

In addition, a National Pest Management Strategy for the control of Bovine Tuberculosis has been prepared by the Animal Health Board. The Council is implementing significant possum control programmes within the Region as part of this strategy. We shall continue to organise these vector control programmes, although the costs will be shared with the farming sector and central government.

Managing Forest Lands and Water Catchments

The Council manages significant areas of natural forests and water catchments in the western part of the Region so that high quality water sources are maintained and the natural ecosystems of these areas are protected. The degree and nature of work carried out will be continually reviewed to assess both economic and environmental needs. To protect its own land from fire, the Council operates a rural fire district in the western part of the Region and assists other local authorities with rural fire control.



LAND MANAGEMENT

Performance Indicators *Managing Forest Lands and Water Catchments*

LONG TERM

The condition of natural forests on Council lands will be maintained to a quality which complies with the Natural Forest Working Plan, verified by peer review every five years, commencing in 1999.

The Parks and Forests Asset Management Plan superseded the Natural Forest Working Plan. This document defines the level of service and maintenance in natural forest areas and will ensure a more strategic approach to the maintenance of natural forests on Council lands. A draft of this document was peer reviewed by Auckland Regional Council staff during May and June, 1999. The draft plan was presented to Council in July 2000 as Volume 4 of the Parks and Forests Asset Management Plan.

Meanwhile, natural forest areas have been maintained in accordance with existing policies and procedures. Maintenance activities included :

- the completion of the fourth forest health survey: The survey found the forests to be in generally good health, with very few unhealthy areas.
- the continuation of the Old Mans Beard eradication programme, which requires the cutting and spraying of vines, then annual revisits to spray young seedlings.
- Re-measurement of vegetation monitoring plots in the Wainuiomata and Orongorongo Water Collection Areas. This work was audited and found to be accurate and in accordance with Landcare Research Limited protocols. No adverse change to the vegetation condition in the plots was noted.

LAND MANAGEMENT

Performance Indicators *Managing Forest Lands and Water Catchments*

SHORT TERM

BY 30 JUNE 2000:

Natural Forest areas will be managed in accordance with the Natural Forest Working Plan and within a budget of \$334,000.

The Parks and Forests Asset Management Plan superseded the Natural Forest Working Plan. The draft plan was presented to Council in July 2000.

Natural forest areas were managed in accordance with Asset Management Plan existing policies and procedures. Management activities included:

- possum population monitoring in the Akatarawa Forest, which showed that the possum population had built up to a similar density of 3 years ago before a poison operation was carried out.
- A possum control operation over 2,000 hectares of Akatarawa Forest and Kaitoke Regional Park to reduce the high possum densities to levels dictated by the Council Lands Animal Pest Management Strategy.
- The forest health survey, which showed that the health of the forest was reasonable
- Control of plant pests under the Regional Pest Management strategy.

The cost of that work was \$245,100

LAND MANAGEMENT

Performance Indicators *Managing Forest Lands and Water Catchments*

LONG TERM

The Council's current water catchments will be managed according to the conditions of a service level contract with the Council's water supply business unit.

Vegetation management contract conditions were met for the 1999/2000 financial year. Projects undertaken were: re-measurement of vegetation assessment plots in the Wainuiomata/Orongorongo Water Collection Areas, minor animal control using recreational hunters admitted through a ballot system, and a forest health survey completed to new protocols which enable forest health trends to be tracked over time.

SHORT TERM

Services will be provided in accordance with the service level contract to the satisfaction of the Divisional Manager, Utility Services and within a budget of \$103,000.

Services defined in the contract were provided and reported on to the satisfaction of the Divisional Manager, Utility Services. The total direct cost was \$88,000.

LAND MANAGEMENT

Performance Indicators *Managing Forest Lands and Water Catchments*

LONG TERM

The effects of vegetation fire in the Council's Rural Fire District will be mitigated by continuing to co-ordinate measures for the prevention, detection, control and suppression of fires.

The Council's fire protection standards complied with the National Rural Fire Authority's Management Code of Practice. The Council's Rural Fire Plan was approved by the Rural Fire Co-ordinating Committee. The Council co-ordinates fire control measures through section 14 Agreements with KCDC, Porirua City, Wellington City, Hutt City and Upper Hutt City. Fire publicity activities were co-ordinated with the NRFA's Fire Protection and Awareness Programme. The Council played a major role in preparing for any fire control activity which may have been necessary during the Millennium celebrations.

In future, the Council will no longer be a rural fire authority, but will maintain a fire protection capability in association with existing rural fire authorities covering Council lands.

Fire suppression is carried out by volunteer rural fire forces and urban fire brigades. Training for staff and contractors is organised in-house, and staff regularly liaise with the Department of Conservation for fire training.

LAND MANAGEMENT

Performance Indicators *Managing Forest Lands and Water Catchments*

SHORT TERM

The Council will continue to meet the National Rural Fire Authority Code of Practice requirements, within a budget of \$86,000.

The Council's Rural Fire Plan was approved by the Rural Fire Co-ordinating Committee on 24 September 1999. This is the formal acknowledgement that Code of Practice requirements are being met on an on-going basis. Only one fire occurred within the Rural Fire District.

The cost of this activity was \$88,300. Additional expenditure was incurred on protective clothing, offset by a subsidy from the NRFA, and on advertising and other costs associated with the application to disestablish the WRC Rural Fire District.

LAND MANAGEMENT

Performance Indicators *Promoting Sustainable Land Management*

LONG TERM

By 2005, 25 Sustainability Plans will be operating on targeted areas of severely erodible land and Property Conservation Plans will be operating on the balance of identified erodible land.

Target areas have been identified and 18 Sustainability Plans are now operative. Progress is on target to have 29 operative plans by 2005.

SHORT TERM

BY 30 JUNE 2000:

Five new Sustainability Plans, two new Property Conservation Plans and 35 reviewed Property Conservation Plans will be developed to approved standards and formats within a budget of \$85,000.

Six new Sustainability Plans, 3 new Property Conservation Plans and 14 reviewed Property Conservation Plans were completed to approved standards and formats at a cost of \$68,750.

Work will be completed under the ten approved Sustainability Plans and at least 175 Property Conservation Plans to the Department's performance standards, within a budget of \$387,000.

Soil Conservation programmes were completed on 16 Sustainability Plans and 146 Property Conservation Plans, in accordance with performance standards and at a cost of \$396,700.

LAND MANAGEMENT

Performance Indicators *Promoting Sustainable Land Management*

LONG TERM

Sustainable land management will progressively be practised in identified problem areas.

The Council's planting programme is reducing erosion by stabilising soils in vulnerable areas. Soil quality monitoring programmes and visual scoring assessment tools are being developed for regional monitoring programmes.

SHORT TERM

BY 30 JUNE 2000:

Approved programmes will be completed under six catchment control schemes to the satisfaction of each scheme Advisory Committee and to established standards, within a budget of \$80,000.

Approved Soil Conservation programmes were completed in six Catchment Control Schemes to the satisfaction of the Scheme Advisory Committees and to established standards at a cost of \$84,500.

Protection planting at Stoney Creek will be consolidated and the replacement of protection fencing at Rough Hill will continue to established standards within a budget of \$24,000.

The Stoney Creek rehabilitation works included additional gravel retention structures, replacement of poles washed out by flooding, lupin seeding, flood debris fencing and cross blading to maintain channel direction. Maintenance of flood gates and water table drains at Rough Hill continued. Total cost was \$24,100.

Isolated works for District Councils and one-off programmes will be completed to established standards within a budget of \$19,000.

Approved Isolated Works programmes were completed on 13 properties in accordance with established standards at a cost of \$8,200.

LAND MANAGEMENT

Performance Indicators *Controlling Animal and Plant Pests*

LONG TERM

By July 2003, the Council will reduce the percentage of infected Tb cattle and deer herds, from 5.7% to 2.9%, working under contract to the Animal Health Board as part of the National Bovine Tb Pest Management Strategy.

The number of infected cattle and deer herds have reduced from 108 in June 1999 to 80 in June 2000. The target for June 2000 was 93 herds. The current percentage of infected herds is 2.76%, compared to the target figure for June 2000 of 3.2%. The Animal Health Board will set new targets for 2001-2004 in the near future.

SHORT TERM

BY 30 JUNE 2000:

Bovine Tb vector control operations will be completed on 246,760 hectares to the satisfaction of the Council and the Animal Health Board and within a budget of \$2,991,000.

A total of 264,847 hectares were completed to Council and Animal Health Board standards at a total cost of \$2,790,000. The increased operational hectares included approved new ferret control operations surrounding Lake Wairarapa.

LAND MANAGEMENT

Performance Indicators *Controlling Animal and Plant Pests*

LONG TERM

The control of pest animals and plants will be achieved in accordance with approved regional strategies with the aim of minimising actual and potential detrimental effects on the environment.

Regional Pest Management Strategies for pest plants and animals were approved in July 1996. The strategies have a five-year term. Compliance by landowners with the 1999/2000 regional operational plans has been good. However, the exception has been with the Old Man's Beard control programme in Wellington City where random inspections revealed a significant number of re-infested properties. Council has continued to take a tougher approach to landowners that fail to comply with required standards. A total of 99 notices were served for pest plant control.

The aquatic plant Hornwort continues to spread throughout large areas of the highly valued Lake Wairarapa wetlands. A working party has been organised to consider control options.

Rabbit densities generally have remained at low levels. Some control work was required in prone areas. Landowners continue to rely largely on rabbit haemorrhagic disease (RHD) to control rabbits. Rook control operations, using aerial application techniques, appear to have been very successful. September nest counts will quantify the residual population.

There was continued expansion of Key Native Ecosystem (KNE) areas receiving possum control. This unique investment in our environment continues to be supported by most of the City Councils. The Royal Forest and Bird Protection Society (Upper Hutt Branch) were formally recognised by the Council for their field efforts in a number of KNE sites.

Long term field studies to determine the impacts of magpies on native birds commenced in southern Wairarapa. Related studies are underway in five other regions of New Zealand.

LAND MANAGEMENT

Performance Indicators Controlling Animal and Plant Pests

SHORT TERM

BY 30 JUNE 2000:

The implementation of the fourth year of the Regional Animal Pest Management Strategy will be completed in accordance with the approved operational plan to the satisfaction of the Rural Services and Wairarapa Committee, and within a budget of \$676,000.

The implementation of the fourth year of the Regional Pest Plant Management Strategy will be completed in accordance with the approved operational plan to the satisfaction of the Rural Services and Wairarapa Committee and within a budget of \$570,000.

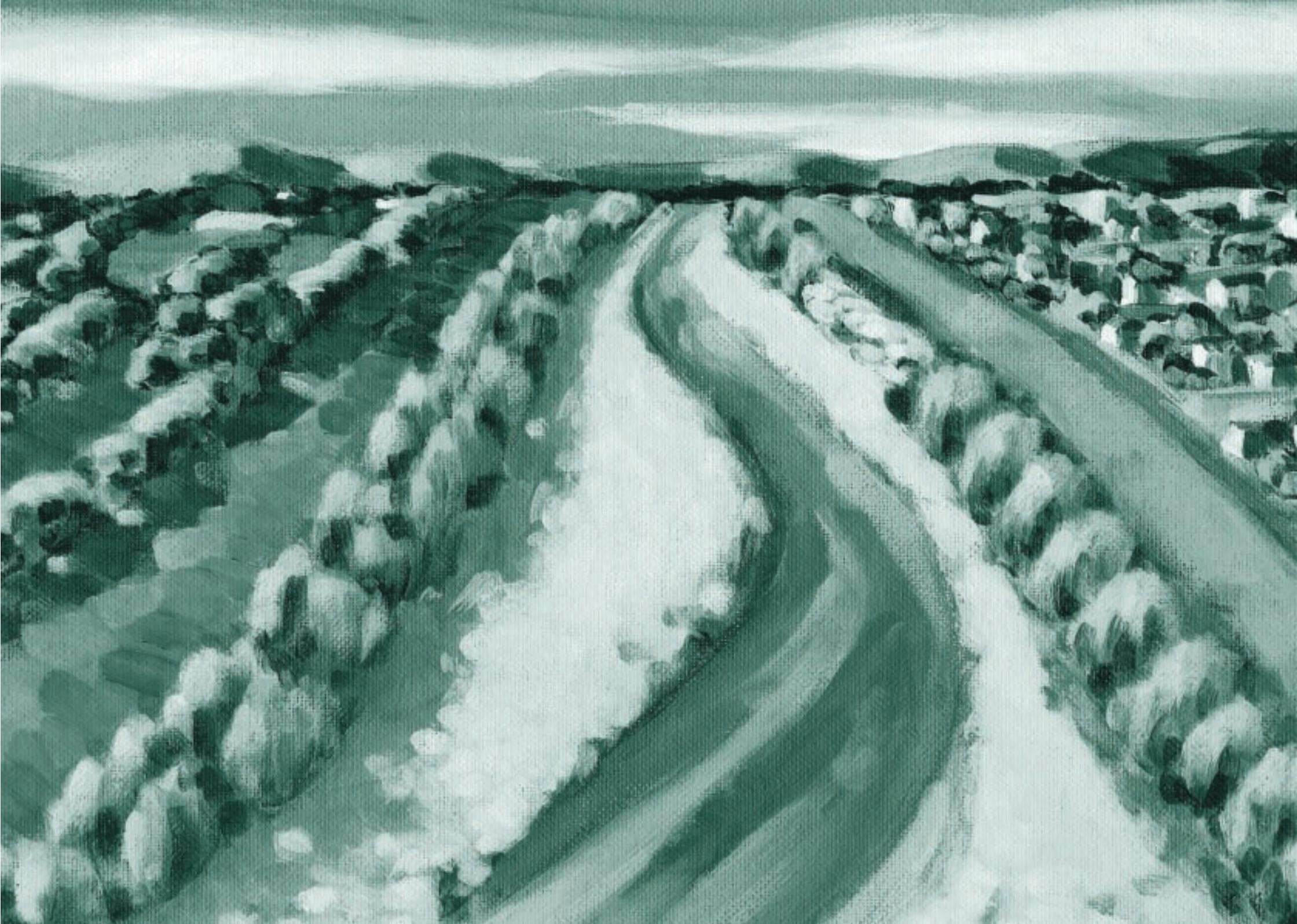
The implementation has been completed. An Annual Report on achievements under the Regional Animal Pest Management Strategy for the 1999/00 financial year will be presented to the Rural Services & Wairarapa Committee for approval in November 2000. Total cost was \$620,000.

The implementation has been completed. An Annual Report on achievements under the Regional Plant Pest Management Strategy for the 1999/00 financial year will be presented to the Rural Services & Wairarapa Committee for approval in November 2000. Total cost was \$566,000.

LAND MANAGEMENT

Financial Summary

	<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>		<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	3,482	3,482	Managing forest lands and water catchments	905	958
Other rates	590	567	Promoting sustainable land management	1,151	1,115
Government subsidies	30	-	Controlling animal and plant pests	5,143	5,312
Other revenue	3,162	3,217	Total operating expenditure	7,199	7,385
Total operating revenue	7,264	7,266			
			CAPITAL EXPENDITURE		
Operating expenditure	7,046	7,220	Land and buildings	-	-
Interest	-	-	Plant and equipment	8	5
Depreciation / loss (gain) on disposal	153	165	Motor vehicles	110	130
Total operating expenditure	7,199	7,385	Asset disposals	(35)	(40)
Operating surplus (deficit)	65	(119)	Total capital expenditure	83	95
Less:					
Capital expenditure	83	95			
Loan funding	-	-			
Rates funded capital expenditure	83	95			
Debt provisioning	-	-			
Reserve movements	(235)	(49)			
Non-cash items	(153)	(165)			
Net funding surplus (deficit)	370	-			



FLOOD PROTECTION

Role

To assist the community to protect itself from the consequences of floods and to provide access to river environments.

STRATEGIC DIRECTION

Risk versus Affordability

Many of the Region's residents, businesses and landowners are concerned about the risk and consequences of flooding. In fact, the history and development of many communities are closely linked to living with the vagaries of rivers and the effects of flooding and erosion. The problem facing these groups has always been how to protect themselves and their possessions against the risk and effects of flooding given the limited resources available.

A Balance of Benefits

For the Council, deciding what works should be done is a matter of balancing the immediate benefits to those at risk against the benefits for the Region as a whole. In the past we have been called upon to provide flood protection works - sometimes at significant expense to the regional ratepayer - when much of the benefit quite clearly accrues to an individual or a local community.

Funding is now the critical determinant of the nature and level of flood management in the community.

Floodplain Management Planning

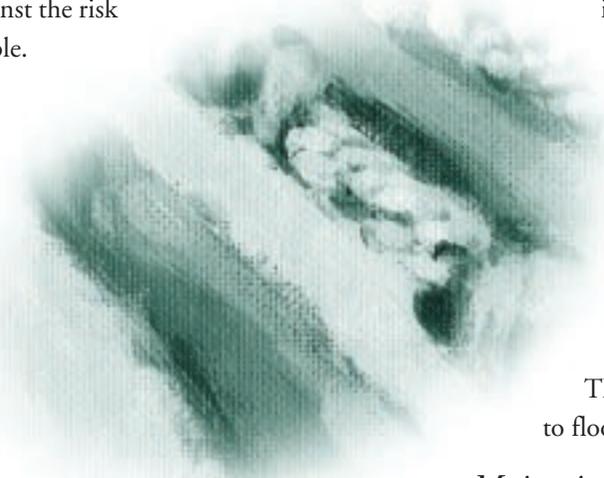
Floodplain management planning involves developing and implementing strategies to reduce the likelihood of flooding and is the key to identifying significant flood hazards in the Region. The Council is working closely with local communities through territorial authorities, residents, individual landowners and interest groups to:

- identify flood risk and ensure that communities are fully informed;
- gain community consensus to sustainable, cost-effective solutions;
- clarify timeframes and funding arrangements;
- ensure that systems work within design standards and provide for environmental enhancement.

The Council will also respond quickly and appropriately to flood emergencies.

Maintaining Assets

Asset management plans are being developed to ensure that existing flood protection assets and river environments continue to be maintained to acceptable standards. However, all new works will be subject to satisfactory funding arrangements.



FLOOD PROTECTION

Performance Indicators

Planning for Flood Protection

LONG TERM

By 2006, the Council will complete plans for the management of regionally significant floodplains and will complete flood hazard assessments of rivers in the Region which are subject to flooding.

Flood hazard assessments have been completed for all major Wairarapa rivers with the exception of those within the Lower Wairarapa Valley Development Scheme.

The Otaki and Waikanae Floodplain Management Plans, and the Waiwhetu Stream and Hutt River Flood Hazard Assessments, were completed by June 1999.

Further progress was made on the Hutt River investigations towards the full Hutt River Floodplain Management Plan. In 1999/00 Council adopted a 'Design Standard' for the Hutt River. The draft Hutt River Environmental Strategy was completed and a good understanding achieved on "principles" for the non-structural measures. Final policy development and plan writing will be completed in 2000/01.

SHORT TERM

BY 30 JUNE 2000:

The Hutt River Floodplain Management Plan, Phases 2/3 (develop, choose and refine options), will be progressed in accordance with the approved project plan. 1999/2000 expenditure will be within a budget of \$241,000 to ensure that total allocated budget for the completed and remaining investigations, planning and publication phases 2, 3 and 4 does not exceed \$1,305,000.

The Hutt River Floodplain Management Plan Phase 2/3 investigations were completed to programme and to the satisfaction of the Landcare Committee. The Hutt River Floodplain Management Advisory Committee recommended a review of several project elements which resulted in Council approving a scope change and a corresponding \$35,000 increase in total project budget, from \$1.305 million to \$1.340 million. Expenditure this year was \$403,200, which is within total project estimates.

FLOOD PROTECTION

Performance Indicators

Planning for Flood Protection

SHORT TERM

Public consultation programmes for the reviewed Upper Ruamahanga, Waipoua, and Waiohine river schemes will be progressed to the satisfaction of the Rural Services and Wairarapa Committee within a budget of \$100,000.

The public consultation programmes have concentrated on the Waiohine River. A Waiohine Floodplain Advisory Committee comprising Iwi, urban and rural ratepayers has met regularly throughout the year. Most rural ratepayers have been visited individually. A newsletter was prepared for both the urban and rural ratepayers. Detailed consultation with urban ratepayers will commence shortly. Total expenditure was \$110,400.

FLOOD PROTECTION

Performance Indicators

Delivering Flood Protection

LONG TERM

By 2007, the Council will reduce the average annual cost of flood damage in the western part of the Region by a projected total \$2.0 million.

During the year the Chrystalls Stopbank construction was completed with a reduction in annualised damages of approximately \$840,000.

Following the October 1998 flood events, capital improvement works on the Otaki, Waikanae and Hutt Rivers, to a total value of \$2.975 million, have been substantially completed. These works were principally bank edge protections, which provide security from erosion to both the stopbanks and property, and form a major contribution to improving overall security of the schemes. The short term performance indicators describe the respective projects.

SHORT TERM

BY 30 JUNE 2000:

Construction of the Hutt River, Block Road, bank edge protection improvements will be completed according to approved programme and accepted engineering standards within a budget of \$300,000.

The Block Road bank edge protection improvements were completed to accepted engineering standards. The work was completed on programme, except for the supply of 450 tonnes of top-up rock rip-rap (value \$18,000), due to supply difficulties. The Council approved an additional \$55,000 due to erosion at the site. Total 1999/2000 expenditure was \$336,100.

FLOOD PROTECTION

Performance Indicators *Delivering Flood Protection*

SHORT TERM

Construction of the Otaki River, Chrystalls Bend stopbank project will be completed according to approved programme and accepted engineering standards. 1999/2000 expenditure will be within a budget of \$482,000 to ensure that overall project expenditure does not exceed \$547,400.

Chrystalls stopbank was completed to accepted engineering standards, ahead of programme at a cost of \$352,000, \$130,000 under budget. Part of the savings are to be applied to strategic land purchase for the next stage of stopbank construction. Council has approved the project variation.

Construction of the Otaki River Upper Rahui improvements will be completed according to approved programme and accepted engineering standards. 1999/2000 expenditure will be within a budget of \$75,000 to ensure that overall project expenditure does not exceed \$380,000.

The Upper Rahui improvements were completed at a cost of \$73,700 to accepted engineering standards and within a total project cost of \$380,000.

Construction of the scheduled Otaki River, bank edge protection improvements will be completed according to approved programme and accepted engineering standards within a budget of \$841,000.

All Otaki Flood Damage capital projects were completed to accepted engineering standards and on programme. Expenditure this year was \$1,067,500, exceeding budget by \$226,500, which was offset by savings in other flood damage capital budgets. Council has approved the budget reallocations.

Construction of the Waikanae River, State Highway 1 to Maple Lane channel realignment and associated bank edge protection improvements will be completed according to approved programme and accepted engineering standards within a budget for 1999/2000 of \$786,500.

The State Highway 1 to Maple Lane works were completed to accepted engineering standards and on programme. Minor land purchase issues are yet to be settled. The project is currently \$23,000 below budget and is forecast to be completed within budget.

FLOOD PROTECTION

Performance Indicators

Delivering Flood Protection

LONG TERM

Structures which are designed, built and maintained to lessen the effects of flooding, will continue to perform to design standards.

Flood protection structures are now overall in better condition than prior to the October 1998 flood events. A now largely completed flood repair programme, combined with the normal maintenance programme, has ensured that flood protection assets are ready for the next floods. In addition, a comprehensive zero-based review of maintenance programmes was completed and adopted by Council that will substantially ensure flood protection assets remain well maintained and ready to perform to design standards.

Asset Management Plans are prepared and their principles and procedures will be applied from July 2000.

SHORT TERM

BY 30 JUNE 2000:

Maintenance operations will be carried out in the western part of the Region that satisfy established quality assurance policies and statutory requirements and within a budget of \$2,156,000.

Maintenance operations in the western part of the Region were substantially completed at a total cost of \$2,135,000. Three significant work items in the Hutt River, the Owen Street and Avalon flood damage repairs, and some edge protection works at Maoribank, were not completed due to rock rip-rap supply difficulties. These works will now be completed in the 2000/01 year.

All maintenance work was completed in accordance with established quality assurance policies and statutory requirements. Compliance checks for work completed under the Hutt, Otaki and Waikanae River maintenance consents have been rated as *Fully* or *Mainly* complying.

FLOOD PROTECTION

Performance Indicators *Delivering Flood Protection*

LONG TERM

By 2003 the major Wairarapa rivers will be managed under revised river management schemes as part of their floodplain management plans, with community funding derived from revised scheme differential rates.

Overall progress towards the 2003 deadline is satisfactory. The priorities for these reviews were established by the Rural Services and Wairarapa Committee in 1998. The first priority, the Waiohine River rating classification, is largely complete. The Waipoua River review commenced late in the year. A proposed Waingawa River scheme review was considered by the Advisory Committee. It has been postponed to the 10 year review of the scheme.

SHORT TERM

BY 30 JUNE 2000:

Maintenance operations will be completed for the Region's seven Wairarapa rivers schemes to established standards and to the satisfaction of the Scheme Advisory Committees within a budget of \$1,041,000.

Maintenance operations for the seven Wairarapa river schemes have been completed to established standards and to the satisfaction of the Scheme Advisory Committees at a total cost of \$1,045,000. An additional \$36,200 of approved flood damage repair was required for the Waipoua River scheme.

FLOOD PROTECTION

Performance Indicators

Delivering Flood Protection

LONG TERM

The Council will continue to be satisfied that, as part of its river management role, the quality of riverside environments has improved so far as budget allocations permit.

Riverside environments still to show scars from the October 1998 floods. However, most of the significantly damaged areas have been repaired and replanted. New plantings, including native species and willows, will take time to establish. Incremental improvements continue to be made. In the western part of the region these include demolishing the remaining Firths buildings on the Hutt River at Melling, further native planting at Chrystalls Bend on the Otaki River and purchase of land on the south bank of the Waikanae River which will allow a new walking trail to be developed.

SHORT TERM

BY 30 JUNE 2000:

Hutt River berms will be maintained to established standards and within a budget of \$162,000.

Hutt River berms were maintained to established targets, but at a total cost of \$196,500. An increased work programme was necessary to ensure berm standards met or exceeded pre October 1998 standards.

FLOOD PROTECTION

Financial Summary

	<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>		<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	5,842	5,842	Planning for flood protection	959	846
River rate	2,265	2,264	Delivering flood protection	7,421	7,531
Wairarapa scheme rates	800	832	Total operating expenditure	8,380	8,377
Government subsidies	-	-			
Other revenue	1,122	818	CAPITAL EXPENDITURE		
Total operating revenue	10,029	9,756	Hutt floodplain management plan	403	234
			Hutt river improvements	351	335
Operating expenditure	5,460	5,415	Waikanae floodplain management plan	-	-
Interest	2,230	2,338	Waikanae river improvements	764	817
Depreciation / loss (gain) on disposal	690	624	Otaki floodplain management plan	-	-
Total operating expenditure	8,380	8,377	Otaki river improvements	1,459	1,398
Operating surplus (deficit)	1,649	1,379	Porirua floodplain management	1	-
			Wairarapa floodplain management plan	1	104
Less:			Other projects	27	51
Capital expenditure and investments	3,348	3,865	Major project expenditure	3,006	2,939
Loan funding	(2,934)	(3,691)			
Rates funded capital expenditure	414	174	Land and buildings	56	718
			Plant and equipment	25	33
Debt provisioning	1,408	1,503	Motor vehicles	94	107
Reserve movements	590	326	Asset disposals	(35)	(87)
Non-cash items	(689)	(624)	Total capital expenditure	3,146	3,710
Net funding surplus (deficit)	(74)	-			
			Investment Additions	202	155
			Total capital expenditure	3,348	3,865



REGIONAL PARKS

Role

To manage and enhance the regional park network to provide the community with outdoor recreational opportunities.

STRATEGIC DIRECTION

The Council manages five regional parks, and provides access to other forests and recreation areas in the Wellington Region. Regional Parks and forest areas are spread along the western side of the Region. They provide major urban areas with recreation opportunities and allow regionally significant landscapes, forests and heritage features to be protected and enhanced.

Over the next eight years the Council will concentrate on maintaining and enhancing existing regional parks and recreation areas. It will do this by:

- improving its level of customer service by providing good facilities, better visitor information and resident rangers to assist customers and maintain standards;



- ensuring a sound funding base and seeking new funding sources;
- employing “best practice” land management and environmental protection;
- maintaining assets effectively;
- gauging customer satisfaction and responding positively to changing community values and preferences.

REGIONAL PARKS

Performance Indicators

LONG TERM

The Council will continue to maintain the existing regional park network and main recreation areas to standards specified in the Park Maintenance Manual.

Operations staff and contractors maintained the recreational infrastructure within the network of five regional parks and the three main recreation areas of the Rimutaka Incline, Tunnel Gully and the Hutt River Trail, to the standards in the Park Maintenance Manual. The range of tracks, picnic areas and building facilities supporting outdoor recreation opportunities were maintained to set standards and generally provided high levels of visitor satisfaction. (Survey results showed an 85.6 percent satisfaction level across all parks, an increase of 2.1 percent from 1998/99.)

A roading maintenance programme was completed at Kaitoke Regional Park and the Akatarawa Forest.

Park Rangers supervised park maintenance and administration, ensured compliance with management plans and bylaws, and promoted good land management in leased areas.

The Wainuiomata, Hutt Water Collection Areas and Kaitoke Ranger services have been enhanced with the provision of a full-time relief ranger. The relief ranging was previously provided by casual ranging staff.

REGIONAL PARKS

Performance Indicators

SHORT TERM

BY 30 JUNE 2000:

Maintenance and programmed minor works will be undertaken for picnic areas, roads, tracks, bridges, signs, buildings, fences and revegetation areas to comply with the Park Maintenance Manual and appropriate architectural, engineering and building standards, as reported annually to the Divisional Manager, Landcare and within a budget of \$633,000.

Land management activities will be carried out within the terms of the management plans, leases and licences, within a budget of \$123,000.

All maintenance and programmed minor works have complied with the parks maintenance manual and appropriate standards, with the exception of:

- Some of the Queen Elizabeth toilet blocks do not comply with appropriate standards due to their age and condition. They have reached the end of their useful life. Several toilet blocks are scheduled for replacement over the next three years.
- Maintenance of secondary recreation areas focused on public safety and maintenance of structural assets. This work was not budgeted for in the annual plan.

These activities were completed at a cost of \$650,400 and were reported to the Divisional Manager and the Landcare Committee in August 2000.

Land management activities have been carried out in terms of the management plans, leases and licences. Queen Elizabeth Park thistle spraying and drain clearing programme has been deferred until August 2000 because autumn will yield the best results.

These activities were completed at a cost of \$96,300

REGIONAL PARKS

Performance Indicators

SHORT TERM

The Park Rangers will ensure that visitor activities comply with park management plans and bylaws. All significant incidents reported will be investigated and appropriately responded to. These activities will be completed within a budget of \$538,000.

Ranging services have been provided, incidents have been reported, investigated and responded to.

The Wainuiomata, Hutt Water Collection Areas and Kaitoke Ranger services have been enhanced with the provision of a full-time Mobile Ranger. Relief ranging was previously provided by casual ranging staff.

These activities were completed at a cost of \$533,000.

REGIONAL PARKS

Performance Indicators

LONG TERM

Visitor numbers to regional parks and recreation areas will be maintained at current levels (e.g. 1998/99).

Overall visitor numbers in the parks and forests were 2.2% higher than in 1998/99. Visitor numbers have steadily increased since 1991/92. Like last year, the biggest increase (16.5%) was at Kaitoke Regional Park. Queen Elizabeth Park (1.2%) and the Rimutaka Incline Walkway (9.8%) both received increases in visitors. The Rimutaka Incline Walkway numbers had dropped the previous year, possibly as a result of the logging activities occurring in the area. Belmont Regional Park received the greatest drop in visitor numbers (15%), while Tunnel Gully (10.8%) and Battle Hill Farm Forest Park (2%) also had less visitors.

SHORT TERM

Visitor numbers will be maintained to at least current levels and recorded monthly. Park visitor satisfaction will be monitored through a visitor satisfaction recording programme. Both will be reported to the Landcare Committee.

Visitor numbers were recorded and reported to each Landcare Committee. Total visitor numbers increase 2.2% from 739,625 in 1998/99 to 755,760 in 1999/00. Kaitoke Regional Park received the biggest increase in visitor numbers again this year, with smaller increases at Queen Elizabeth Park and the Rimutaka Incline Walkway. Belmont Regional Park received the largest drop in visitor numbers, with Tunnel Gully and Battle Hill Farm Forest Park getting slightly less visitors than the previous year.

The annual visitor satisfaction survey was carried out in February/March and reported to the Landcare Committee in May. Results were very positive again this year with an average satisfaction score of 85.6% across all parks, up from 83.5% in 1998/99.

REGIONAL PARKS

Financial Summary

	<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>		<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	2,566	2,566	Managing regional parks, recreation areas and trails	3,020	3,003
Other rates	-	-	Total operating expenditure	3,020	3,003
Government subsidies	-	-			
Other revenue	617	614	CAPITAL EXPENDITURE		
Total operating revenue	3,183	3,180	Queen Elizabeth Park Water Supply	2	-
Operating expenditure	2,771	2,745	Total project expenditure	2	-
Interest	94	89	Land and buildings	-	-
Depreciation / loss (gain) on disposal	155	169	Plant and equipment	12	26
Total operating expenditure	3,020	3,003	Motor vehicles	73	119
Operating surplus (deficit)	163	177	Asset disposals	(28)	(40)
Less:			Total capital expenditure	59	105
Capital expenditure	59	105			
Loan funding	-	-			
Rates funded capital expenditure	59	105			
Debt provisioning	194	191			
Reserve movements	50	50			
Non-cash items	(155)	(169)			
Net funding surplus (deficit)	15	-			

COST OF DEMOCRACY

Role

To provide effective political representation on behalf of the Wellington regional community.

This financial summary covers the political costs of Council, including both the direct costs relating to Councillors carrying out their statutory roles and the costs of support services provided by the Council Secretariat.

Specifically, such costs include:

- Councillors' annual salaries, daily meeting allowances and travel expenses, as well as allowances and travel costs of appointees to Council's Committees;
- Public notice of Council and Committee meetings, and other costs of arranging and servicing meetings, including publication of meeting papers and costs of management and staff directly involved in servicing Council and its Committees;
- Other public notices, dealing with special orders, WRC Rates, elections and the like;
- The Regional Council's share of local body election costs including triennial constituency and membership reviews plus induction of Councillors following elections;
- Subscription costs for Council's membership of organisations and forums, such as *Local Government New Zealand*;
- Other costs incurred by Councillors in representing and consulting with the regional community.
- The Council decided in 1999/2000 to put more resources into improving its communication with the regional community. Two new publications were established this year as a result of a strategic communications initiative - A bi-monthly Council newspaper, *Elements*, distributed to 170,000 homes in the Wellington region and *Regional Outlook*, a twice yearly publication on the regional economy.

COST OF DEMOCRACY

Financial Summary

	<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>		<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	2,177	2,177	Direct members' costs	1,186	986
Other rates	-	-	Committee secretariat	539	539
Government subsidies	-	-	Divisional management support	250	250
Other revenue	1,184	1,183	Other costs	1,042	1,079
Total operating revenue	3,361	3,360	Election costs	-	-
Operating expenditure	3,240	3,222	Strategic Communications Initiative	238	400
Interest	-	-	Total operating expenditure	3,255	3,254
Depreciation / loss (gain) on disposal	15	32	CAPITAL EXPENDITURE		
Total operating expenditure	3,255	3,254	Land and buildings	-	-
Operating surplus (deficit)	106	106	Plant and equipment	-	65
Less:			Motor vehicles	-	-
Capital expenditure	-	65	Asset disposals	-	-
Loan funding	-	-	Total capital expenditure	-	65
Rates funded capital expenditure	-	65			
Debt provisioning	-	-			
Reserve movements	75	75			
Non-cash items	(15)	(34)			
Net funding surplus (deficit)	46	-			



INVESTMENTS

The Council manages a significant portfolio of investments comprising equity investments, forestry, investment property, sinking funds, special funds and, from time to time, short-term money market deposits. The Treasury Management Policy (last updated 2 November 1999) includes the Council's philosophy and approach to the management of its investments.

Of the Council's investments, its majority shareholding in CentrePort and its interests in forestry are of most significance to ratepayers.

At an appropriate time the Council believes it should reduce its exposure to both investments and use the proceeds to repay debt.

On 8 April 1999, the Council reconfirmed that, in respect of both forestry cutting rights and the Port, the Council should be "a seller at the right price rather than a holder at all costs". However, further work is required before it will be in a position to sell.

Any decision to sell will be subject to consultation with the community.

CentrePort

The Council, through its subsidiary company WRC Holdings Ltd, currently owns 76.9 percent of CentrePort with the balance of shares held by the Manawatu-Wanganui Regional Council.

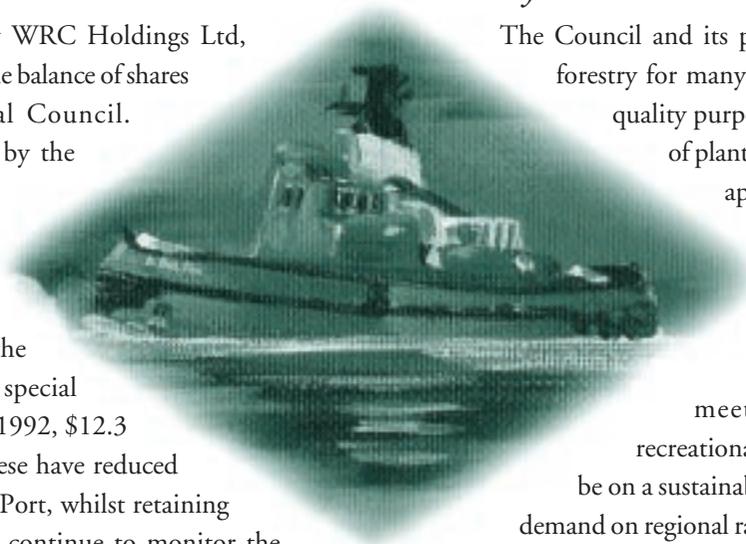
CentrePort is a significant strategic asset held by the Council on behalf of the regional community.

CentrePort has a commitment to pay shareholders, by way of dividend, at least 60 percent of post tax paid profit. In addition, the Council has received capital repayments and special dividends in the past as follows: \$3.8 million in 1992, \$12.3 million in 1995 and \$5.8 million in 1999. These have reduced the quantum of Council's investment in CentrePort, whilst retaining its 76.9 percent ownership. The Council will continue to monitor the capital structure of CentrePort with a view to obtaining further returns of capital where it is prudent to do so.

Forestry

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

The overall investment policy of the Council with regard to forestry is to maximise profit while meeting soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis and will be maintained without any demand on regional rates. In fact, both the plantation and reserve forests within the Region are required to return an *internal dividend* irrespective of the operating result for the year. The internal dividend reflects the intergenerational equity issues inherent in the forestry investment and recognises the cost of ratepayer equity. The level of internal dividend contribution to the rates line from forestry is currently \$375,000 per year.



INVESTMENTS

Other Investments

The Council, through a subsidiary company, Pringle House Ltd, owns the Regional Council Centre in Wakefield Street. It occupies seven of the nine floors of the Regional Council Centre and pays market based rentals to Pringle House Ltd. While Pringle House Ltd generates an operating surplus, the costs of servicing the debt on the Regional Council Centre mean that there is an overall deficit arising from this investment.

The Council also holds some residual investment property primarily in Wellington City. Council's investment property has been progressively disposed of in recent years and it is Council's intention to continue divesting all remaining interest in these assets.

The Council's treasury management activity is carried out centrally to maximise the Council's ability to negotiate with financial institutions. As a result of Council

surpluses, sales of property and capital returns from the Port Company, the Council's treasury function produces an internal surplus by on-lending those funds to activities that require debt finance. This allows the true cost of debt funding to be reflected in the appropriate areas. This surplus is then used to offset regional rates.

Business Units

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

The payment of an internal dividend provides certainty of cashflow to the rates line and is paid regardless of the level of surplus generated by the business units.

I N V E S T M E N T S

Financial Summary

	<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>		<i>2000 Actual \$000s</i>	<i>2000 Budget \$000s</i>
INCOME STATEMENT			OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS		
Revenue	13,267	6,031	Bank Deposits	2,438	1,979
Operating expenditure	4,610	2,316	WRC Holdings Limited	1,450	626
Earnings before interest	8,657	3,715	Treasury management	3,800	2,956
Interest expense	(2,768)	(1,931)	Plantation forests	353	460
Operating surplus (deficit)	11,425	5,646	Reserve forests	(101)	(565)
Contribution to rates	4,491	4,491	Administration properties	116	36
Earnings retained	6,934	1,155	Investment properties	76	97
			Akura conservation centre	76	48
			Wairarapa workshop	17	9
			Gain on sale of CentrePort	3,200	-
			Operating surplus (deficit)	11,425	5,646

STADIUM

Role

The Council's primary role is as a funder of the project and, in conjunction with the Wellington City Council, it is a joint settlor of the Wellington Regional Stadium Trust. In turn, the Stadium Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Stadium as a multi-purpose sporting and cultural venue.

STRATEGIC DIRECTION

Background

In August 1995, the Council agreed in principle to participate in the establishment of the Wellington Regional Stadium Trust. The Wellington Regional Council (Stadium Empowering) Act 1996 empowers the Council to lend up to \$25 million to the Trust to facilitate the planning, development and construction of the Stadium. The Council reached this decision after extensive public consultation which was supported by a market research survey conducted during July/August 1995. The decision in principle was conditional upon the risks of the project being fully investigated and being found to be within acceptable boundaries for a project of this type.

During 1997, the Council commissioned both a financial risk assessment of the Stadium Trust's Project Plan and a construction risk review. On the basis of the independent professional advice received, the Council agreed, on 28 November 1997, to proceed to lend \$25 million to the Stadium Trust, subject to a number of conditions being met. The Council agreed to the loan being on an interest free basis, with limited rights of recourse, recognising the 'quasi equity' nature of the advance. The loan was advanced to the Stadium Trust on 6 August 1998.

The Council decided that, in keeping with the spirit of the transparency and accountability principles contained within the Local Government Act it would borrow the entire \$25 million which would then be lent to the Stadium Trust.

The Council also established a separate Stadium Purposes Rate to service and repay the \$25 million it has borrowed. This rate is levied on a differential basis reflecting direct and indirect benefits to different parts and classes of ratepayers throughout the Region. The Stadium Purposes Rate appeared as a separate item on each rates assessment commencing in the 1998/99 financial year.

The Stadium was completed in December 1999 and the first event held in January 2000. The Stadium is now fully operational.

Where to from here?

The Council will continue to exercise governance over the Stadium Trust in its capacity as joint settlor of the Trust to ensure as far as practicable that ratepayers' interests are protected.

STADIUM

Financial Summary

	<i>2000</i> <i>Actual</i> <i>\$000s</i>	<i>2000</i> <i>Budget</i> <i>\$000s</i>		<i>2000</i> <i>Actual</i> <i>\$000s</i>	<i>2000</i> <i>Budget</i> <i>\$000s</i>
FUNDING STATEMENT			OPERATING EXPENDITURE		
General rate	-	-	Regional Stadium	2,157	2,150
Stadium purposes rate	2,506	2,506	Total operating expenditure	2,157	2,150
Government subsidies	-	-			
Other revenue	-	8	CAPITAL EXPENDITURE		
Total operating revenue	2,506	2,514	Land and buildings	-	-
			Plant and equipment	-	-
Operating expenditure	61	54	Motor vehicles	-	-
Interest	2,096	2,096	Asset disposals	-	-
Depreciation / loss (gain) on disposal	-	-	Total capital expenditure	-	-
Total operating expenditure	2,157	2,150	Investment additions	-	-
Operating surplus (deficit)	349	364	Total capital expenditure	-	-
Less:					
Capital expenditure & investments	-	-			
Loan funding	-	-			
Rates funded capital expenditure	-	-			
Debt provisioning	526	526			
Reserve movements	(177)	(162)			
Non-cash items	-	-			
Net funding surplus (deficit)	-	-			

STATEMENT OF COMPLIANCE AND RESPONSIBILITY



caring about you & your environment

Statement of Compliance and Responsibility

STATEMENT OF COMPLIANCE	STATEMENT OF RESPONSIBILITY	STATEMENT OF COMPLIANCE
1. Compliance with the Environmental Protection Act 1986	1. Compliance with the Environmental Protection Act 1986	1. Compliance with the Environmental Protection Act 1986
2. Compliance with the Environmental Protection Act 1986	2. Compliance with the Environmental Protection Act 1986	2. Compliance with the Environmental Protection Act 1986

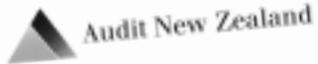
The Council has prepared this Statement of Compliance and Responsibility to demonstrate its commitment to the highest standards of environmental protection and to ensure that it complies with all relevant legislation and regulatory requirements.

Responsibility

The Council has prepared this Statement of Compliance and Responsibility to demonstrate its commitment to the highest standards of environmental protection and to ensure that it complies with all relevant legislation and regulatory requirements. The Council is committed to ensuring that all its activities are carried out in a manner that is consistent with its environmental objectives and that it complies with all relevant legislation and regulatory requirements.

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AUDIT REPORT



REPORT OF THE AUDIT OFFICE TO THE READERS OF THE FINANCIAL STATEMENTS OF WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2000

We have audited the financial statements on pages 18 to 125. The financial statements provide information about the past financial and service performance of Wellington Regional Council and group and its financial position as at 30 June 2000. This information is stated in accordance with the accounting policies set out on pages 24 to 27.

Responsibilities of the Council

The Local Government Act 1974 requires the Council to prepare financial statements which fairly reflect the financial position of Wellington Regional Council and group as at 30 June 2000 and the results of its operations and cash flows and service performance achievements for the year ended 30 June 2000.

Auditor's responsibilities

Section 25(1)(c) of the Public Finance Act 1977 requires the Audit Office to audit the financial statements presented by the Council. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and to report its opinion to you.

The Controller and Auditor-General has appointed E. M. Mason, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements; and
- whether the accounting policies are appropriate to Wellington Regional Council and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

We carried out several assurance related assignments for Wellington Regional Council. Other than these assignments and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in Wellington Regional Council or any of its subsidiaries.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial statements of Wellington Regional Council and group on pages 18 to 125:

- comply with generally accepted accounting practice; and
- fairly reflect:
 - the financial position as at 30 June 2000;
 - the results of its operations and cash flows for the year ended on that date; and
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 26 October 2000 and our unqualified opinion is expressed as at that date.

E M Mason
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand

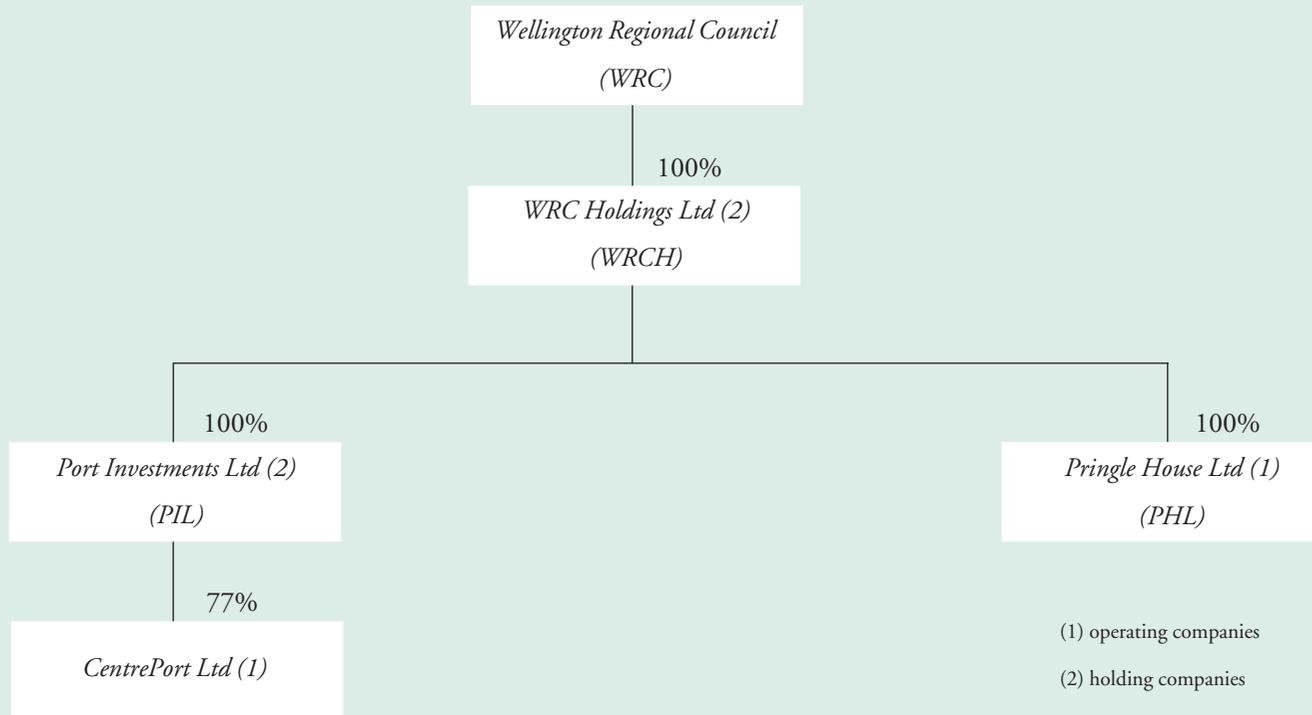


SUBSIDIARY COMPANIES

WRC Holdings Group

Subsidiary Company Structure

Wellington Regional Council owns 100% of WRC Holdings Ltd which in turn owns 100% of Pringle House Ltd and 100% of Port Investments Ltd. Port Investments Ltd's main asset is a 77% shareholding in CentrePort Ltd. More information about the WRC Holdings Group and the CentrePort Group is contained on the following pages.



SUBSIDIARY COMPANIES

WRC Holdings Group

Objectives of the Group

The primary objective of the group is to effectively manage any investments held to maximise the commercial value to shareholders while protecting the shareholders' long term interests.

Shareholders

Wellington Regional Council: 100%

Directors

Stuart Macaskill (Chairman)

Alison Lawson

Euan McQueen

Jim Rowe

Hon Margaret Shields

PERFORMANCE TARGETS

	<i>Actual 2000</i>	<i>Budget 2000</i>
Net Profit (before tax)	\$8.48m	\$7.18m
Net Profit (after tax)	\$5.45m	\$4.44m
Return on total assets ⁽¹⁾	13.0%	11.2%
Return on shareholders funds ⁽²⁾	29.5%	16.7%
Dividend Stream	\$1.7m	\$0.85m

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 1999/00 financial year.

⁽¹⁾ *Return on total assets is the net profit before interest and tax divided by the average total assets.*

⁽²⁾ *Return on shareholders' funds is the net profit after tax divided by the average shareholders' funds.*

SUBSIDIARY COMPANIES

CentrePort Group

Objectives of the Group

The primary objectives of the Group are to:

- Operate as a successful business;
- Operate as a functional commercial port to service the Port's customers;
- Provide a commercial return to shareholders and to protect the investment of the shareholders.

Shareholders

Port Investments Ltd: 76.9%

Manawatu-Wanganui Regional Council: 23.1%

Directors

Nigel Gould (Chairman)

Ken Harris (Managing Director)

Jim Jefferies

Malcolm Johnson

Bernie Knowles

Jenny Morel (resigned 31 March 2000)

Howard Stone

PERFORMANCE TARGETS

	<i>Actual 2000</i>	<i>Budget 2000</i>
Net profit (before tax)	\$10.46m	\$9.00m
Net profit (after tax)	\$7.24m	\$6.00m
Return on total assets ⁽¹⁾	14.6%	13.2%
Return on shareholders' funds ⁽²⁾	13.3%	11.2%
Dividend stream ⁽³⁾	\$5.80m	\$3.52m

(1) Return on total assets is the net profit before interest and tax divided by the average total assets.

(2) Return on shareholders' funds is the net profit after tax divided by the average shareholders' funds .

(3) Dividend streams are on a cash basis determined by the financial year in which payments are made.

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 1999/00 financial year.

SUPPLEMENTARY INFORMATION

Net Public Debt

Public Debt

The adjacent table details movements in public debt by functional area, from the time of the Wellington Regional Council reorganisation in 1989. Net external public debt has been reduced by \$32.8 million between 1990 and 2000. Debt figures in the table are shown net of sinking fund investments.

Reserves (1)

Reserves are shown in the table as debt. This clearly shows that the Council does not hold reserves in the form of cash assets. Reserves are used to reduce external borrowings, therefore reducing interest expense. When reserves are required to be used, new loans are taken out to fund the expenditure.

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
REGIONAL WATER SUPPLY DEBT											
Regional Water Supply	68,050	67,966	68,486	75,050	73,473	71,192	72,050	72,620	72,079	65,720	62,135
Regional Water Supply reserves ⁽¹⁾	-	-	(1,684)	(2,593)	(3,624)	(2,773)	(2,417)	(1,877)	(4,958)	(2,041)	(2,205)
Regional Water Supply net debt	68,050	67,966	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930
STADIUM DEBT	-	-	-	-	-	-	-	-	-	24,500	23,974
OTHER DEBT											
Forestry - Western Region	2,742	2,735	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975
Forestry - Wairarapa	471	1,227	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580
Flood Protection - Western Region	5,279	8,820	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084
Flood Protection - Wairarapa	997	1,102	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292
Waterloo Interchange	4,765	6,149	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826
Regional parks	654	648	611	579	565	622	763	861	999	1,127	933
Main office building	24,851	24,851	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385
Other buildings	84	1,335	1,305	1,175	853	838	1,041	1,018	1,001	982	959
Computers and equipment	2,023	436	767	980	1,037	875	394	232	-	-	-
Emergency management	-	-	-	-	150	305	244	181	117	46	-
CentrePort related activities	7,756	8,195	8,004	5,982	5,593	5,317	5,013	-	-	-	-
Financial Information System	-	-	-	-	-	-	-	-	-	1,470	1,144
Treasury use of reserves ⁽¹⁾	1,969	1,669	6,524	9,685	10,814	9,676	10,348	9,716	13,964	8,441	9,392
Treasury internal loans	5,718	(7,184)	(13,189)	(31,878)	(30,991)	(38,552)	(38,316)	(42,899)	(47,904)	(49,755)	(50,702)
Other reserves ⁽¹⁾	(1,969)	(1,669)	(4,840)	(7,092)	(7,190)	(6,903)	(7,931)	(7,839)	(9,006)	(6,400)	(7,187)
Other net external public debt	55,340	48,314	46,791	30,761	36,019	28,840	29,048	9,842	8,787	6,916	6,681
Total Council net external public debt	123,390	116,280	113,593	103,218	105,868	97,259	98,681	80,585	75,908	95,095	90,585

YOUR REGIONAL COUNCILLORS

Fourteen Councillors are elected from six constituencies:

Porirua Constituency (2)



Robert Shaw JP
43 Eskdale Road
Papakowhai
PORIRUA
(04) 233 0252 (bus/pvt/ph/fax)
robert.shaw@xtra.co.nz



Hon Margaret Shields QSO
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PUKERUA BAY
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(04) 239 9084 (pvt fax)
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Kapiti Constituency (1)



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RD1
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Upper Hutt Constituency (1)



Stuart Macaskill QSO, JP
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(04) 526 7160 (pvt fax)
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Lower Hutt Constituency (3)



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Wairarapa Constituency (2)



Ian Buchanan
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Rosemarie Thomas JP
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(04) 939 8467 (bus fax)
(025) 846 627 (mobile)
thomas@paradise.net.nz



YOUR REGIONAL COUNCILLORS

Wellington Constituency (5)



Margaret Bonner JP
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Brooklyn
WELLINGTON
(04) 389 7026 (pvt ph/fax)



Mike Gibson JP
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Northland
WELLINGTON
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(04) 475 7145 (pvt fax)



Chris Laidlaw
51 Moana Road
Kelburn
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Terry McDavitt JP
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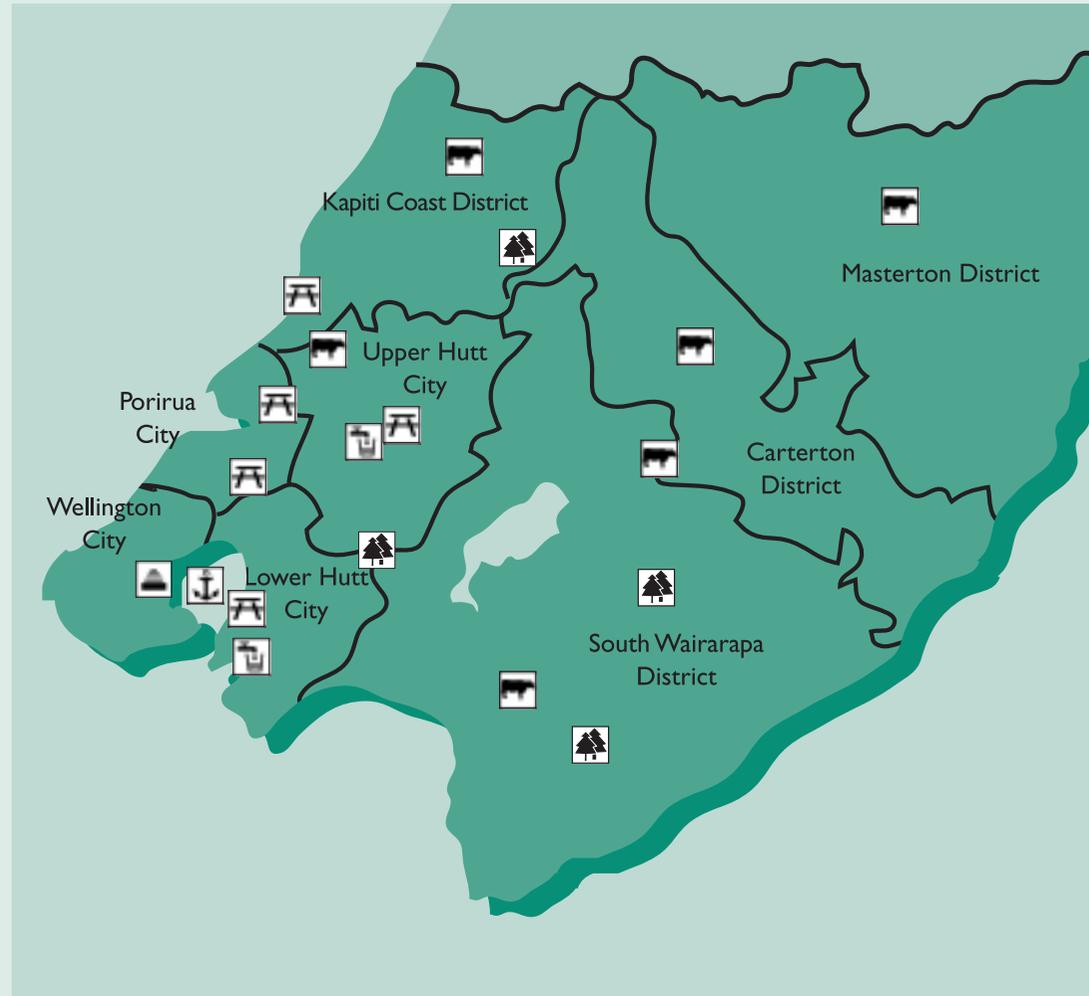


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THE WELLINGTON REGION

Some facts about the Region

- The Wellington Region covers a land area of 812,300 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington Region is 429,000 (1999 figures).
- The Regional Council manages 320 kilometres of river channels and 280 kilometres of stopbanks. It is responsible for one of the largest flood protection schemes in New Zealand.
- About 25 million passenger journeys are made on the Region's public transport system each year.
- The Regional Council collects, treats and delivers more than one billion litres of water each week, on average, for the city councils of metropolitan Wellington.
- The Regional Council undertakes possum control programmes on approximately 245,000 hectares of regional land each year.
- The Regional Council manages 10,000 hectares of regional parks.
- CentrePort Limited (77% WRC owned) had over 5,754 shipping arrivals (record number) and handled a total of 9.35 million manifest tonnes of cargo in the 2000 financial year.



Regional parks



Agriculture



Central Government



Soil Conservation



Shipping



Water Supply

ADDRESS DETAILS AND DIRECTORY

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Wellington

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0800 496 734

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04-385 6960 (fax)

www.wrc.govt.nz (website)

Ridewell Inquiry Service

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0800 801 700 (free phone)

WAIRARAPA

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DIRECTORY

Auditors

Audit New Zealand

Bankers

National Bank of New Zealand

Treasury Advisors

Bancorp New Zealand Limited

Solicitors

Oakley Moran

Simpson Grierson

Chapman Tripp Sheffield Young

Gawith and Co.



caring about you & your environment