

WELLINGTON
REGIONAL
COUNCIL



Annual

2001
Report

Contents

Introduction

Annual Highlights	1
Chairman's Report	2
General Manager's Report	4
The Wellington Region	6
The Big Picture	7
Environment Committee Report	12
Passenger Transport Committee Report	13
Utility Services Committee Report	14
Landcare Committee Report	15
Rural Services and Wairarapa Committee Report	16
Financial Overview	17
Compliance with Council Policies	20

Financial Statements

Statement of Financial Performance	22
Statement of Movements in Ratepayers' Funds	24
Statement of Financial Position	25
Statement of Cash Flows	26
Statement of Accounting Policies	28
Notes to the Financial Statements	32

Statements of Service Performance

Environment Management	58
Regional Transport	74
Regional Water Supply	82
Land Management	94
Flood Protection	102
Parks and Forests	114
Investment in Democracy	124
Investments	128
Stadium	132

Responsibility Statements

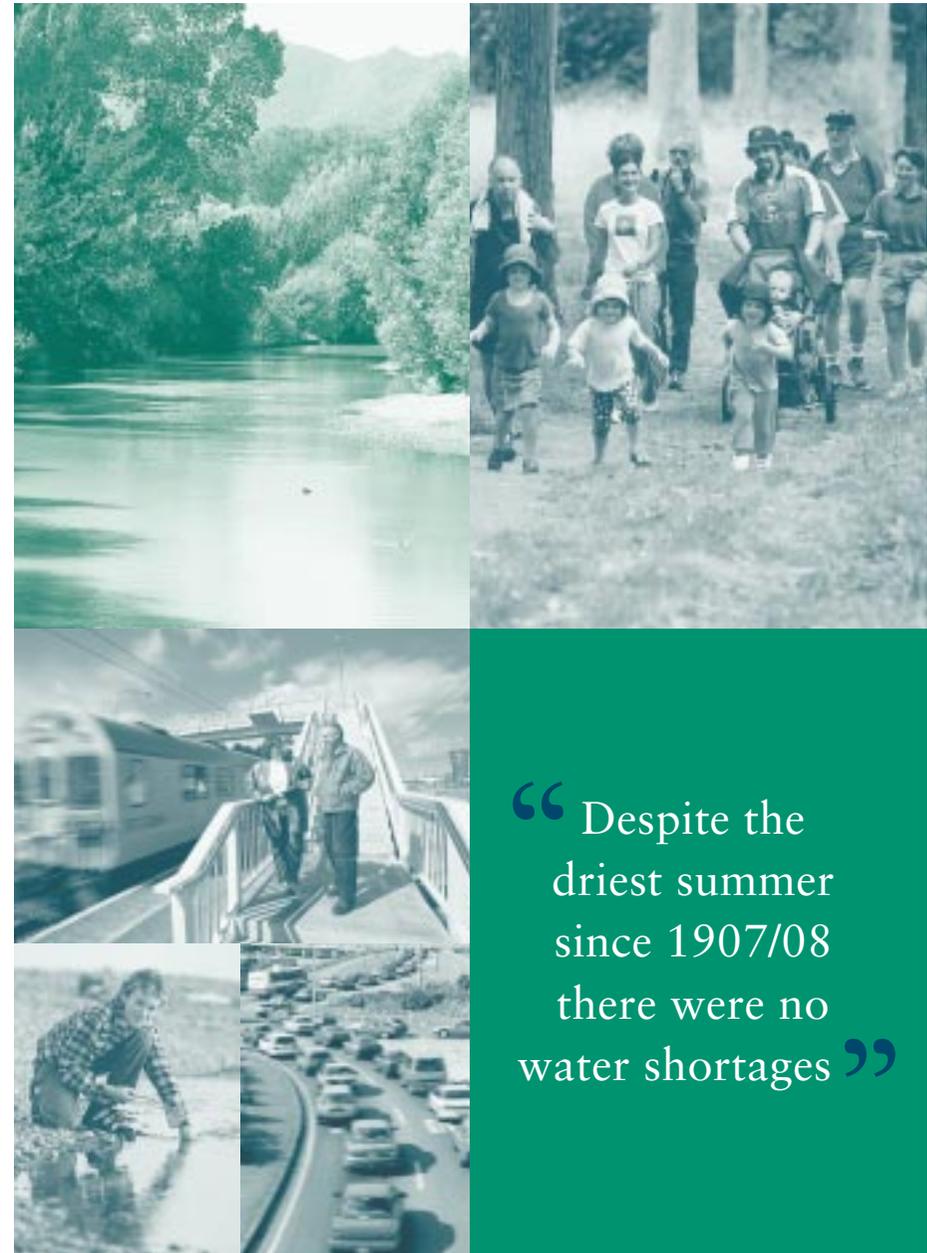
Statement of Compliance and Responsibility	134
Audit Report	135

Supplementary Information

Subsidiary Companies	136
Net Public Debt	139
Your Regional Councillors	140
Council and Management Structure	142
Address Details and Directory	143

ANNUAL HIGHLIGHTS

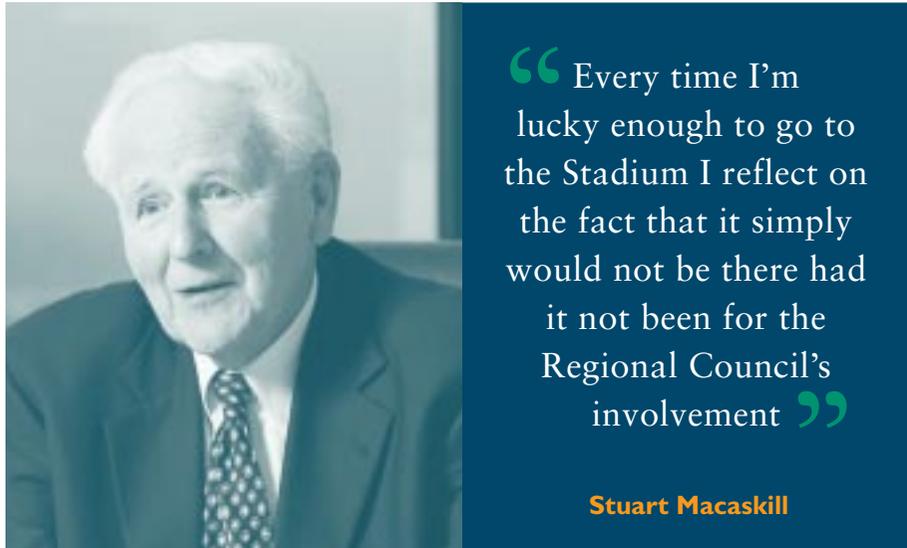
- A successful Regional Outdoors summer programme was run in the parks and forests, attracting 1300 participants.
- Continued use of our Parks and Forests for filming and release of Parks and Forests promotional video.
- Completion of the Hutt River Floodplain Management Plan which is a culmination of 15 years work and will take 40 years to implement.
- Completion of all unplanned works resulting from the October 2000 floods.
- The Regional Plan User Guide won a KPMG Innovation Award and the Council was also placed at the top of the Ministry for the Environment's survey of local authorities for consent processing practices.
- Sixteen community groups received funding for a range of environmental restoration projects and the resource material for the environmental education programme was completed.
- New bus services have been introduced as well as improved shelters and signage, assisted through the Government's new patronage funding scheme.
- The transport timetables section on the Council's website has had 300 visitors per day on average for the last year.
- Completion of a new Regional Pest Management Strategy encompassing pest management for the next 20 years.
- Bovine Tb possum control operations completed on 287,000 hectares, which is 35% of the region's land area.
- Despite the driest summer since 1907/08 there were no water shortages and all three plants remained in operation.
- Further reduction agreed to the bulk water levy, the third in three years.
- A very successful first full year's operations at the WestpacTrust Regional Stadium.
- Council officers played significant roles in assisting central government to review the Local Government Act and Rating Powers Act.



“ Despite the driest summer since 1907/08 there were no water shortages ”

CHAIRMAN'S REPORT

Handing Over the Reins With Pride and Satisfaction



After fifteen years as Chairman of the Wellington Regional Council, this is my last annual report so I wanted to take the opportunity to reflect on the highlights of those years at the Council, as well as share some of my thoughts on local government generally.

Each year that I have spent at the Regional Council has brought a unique mixture of personal satisfaction and challenge but overall I look back at my time with great pride. I consider myself very fortunate to have filled the role that I have.

Reflecting on the last 15 years the most significant change was the successful amalgamation in 1989 of 16 authorities and special purpose boards into one organisation, the current Regional Council. Our Council’s role extended both geographically and in breadth to include land management services in the Wairarapa and we have since developed a very positive working relationship with rural landowners and local authorities in the Wairarapa. Together we have achieved some significant results including a dramatic reduction in the number of herds infected with bovine tuberculosis.

Flood protection and land transport are two issues in which I have taken a particular interest because of their regional importance. A lot of behind-the-scenes planning goes into these areas weighing up risk, cost and community expectations. I am particularly pleased with the progress that we have made in floodplain management plans and the completion of the largest of all, the Hutt Floodplain Management Plan has given me great personal satisfaction. This has been a huge process of community consultation supported by detailed engineering assessments. Of course flood protection is not just about planning and I’m proud of how well our systems have stood up to the test of some major floods. Who can forget the October 1998 floods? Similarly, the regional transport area has had its share of challenges, such as the deregulation of public transport services and more recently Tranz Rail’s decision to sell its commuter services. However, I am satisfied that our work over the years has positioned the Wellington Region well to continue to have a well-patronised public transport system that is the envy of other regions.

Who knows we may even end up with Transmission Gully started before too long!

Another personal highlight for me was chairing the committee that made the decision to build the Water Treatment Plant and Te Marua Lakes. This was an important step forward in ensuring a continuous high quality regional water supply. In the water supply area we have also worked hard to ensure that we have a sustainable bulk water supply business which reinforces that efficient and effective service delivery under public ownership is not only possible, it is now the norm. Continual improvements have been made to the water supply network at the same time as bulk water levies have been reduced by 13% in real terms over the past 10 years.

But the achievement that stands out for me personally is the Regional Council's contribution towards the construction of the WestpacTrust Regional Stadium. It took a lot of negotiation to persuade central government to pass legislation so that we could meet the community's wish to contribute \$25 million towards the project. I felt very proud to be at the Stadium for the opening night of the Edinburgh Tattoo, knowing that I'd helped to create this wonderful regional asset. Every time I'm lucky enough to go to the Stadium I reflect on the fact that it simply would not be there had it not been for the Regional Council's involvement.

My last term as Chairman has been particularly rewarding because we have embarked on a new direction. For a number of years this Council concentrated on its core business, completing the key planning documents required under the Resource Management Act and other legislation and putting in place good management systems. With this framework in place, in 2000 we embarked on an investment phase. We wanted to make a significant difference to the sustainability of the region's environment and its key infrastructure, such as transport. It has been rewarding to see the new sustainability programmes put into action, particularly seeing the enthusiasm of children as they learn about the environment through our environmental education programmes.

Another notable difference which has emerged over the last few years is that

central government is now recognising local government as a partner. The proposals for a new empowering, rather than prescriptive, Local Government Act are indicative of a change in attitude which I fully endorse.

I am also pleased to see increased interest from central and local government in regional development, building on the strengths and diversity of each region. For many issues, such as transport, economic development and even health, taking a regional approach is the best way to move forward. In my study visit to the United Kingdom last year I observed a similar renewed interest in regional development.

My final annual report would not be complete without thanking the iwi of the region for helping us further develop our special partnership. I would be the first to admit that there remains plenty of work to be done but I can leave the Council safe in the knowledge that together we are heading in the right direction.

As I hand over the reins, I am confident that the Council is in good shape and on the right course for the future. Our finances are prudently managed and we seem to be able to keep doing more with less. Even with all the extra work programmes we have been able to put in place, including the new stadium rate, regional rates have reduced by 0.31% in real terms since 1990/91.

I will take away fond memories of the people I have had the privilege to work alongside in this region – fellow politicians across local and central government, staff of the Regional Council and people from all walks of life who hold a common interest in the wellbeing of this region and its community.

My best wishes to you all for the future.



STUART MACASKILL
Chairman

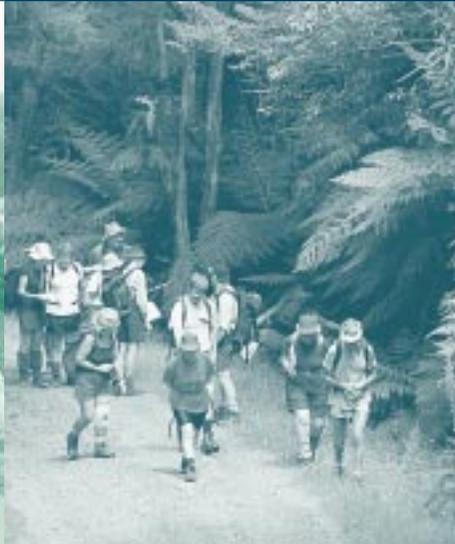
GENERAL MANAGER'S REPORT

Making a Difference



“ I am pleased to say that we're starting to make a real difference towards sustainable development ”

Howard Stone



After the first year of implementing the Council's new strategic direction, *Towards a Greater Wellington – Investing in the Future*, I am pleased to say that we're starting to make a real difference towards sustainable development.

In June 2000 the Council set high expectations with its major investment programme and the change in focus from outputs to broad regional goals based on Local Agenda 21 and sustainable development. I have been very impressed with the way staff have embraced the new direction and responded with energy, enthusiasm and drive.

Local Agenda 21 is about local authorities working with each other, with businesses and with the community to achieve a better quality of life for all. Whilst this Council has always been customer focused, over the last year in the spirit of Agenda 21, we have striven to have a closer relationship with the regional community.

I'd like to share with you a few examples of how the WRC has worked directly with the community and other agencies over the last year:

- Little blue penguins will soon have a safe coastal habitat at Greta Point, complete with nesting boxes and access to the sea, but free from predators. A group of staff at the National Institute of Water and Atmospheric Research (NIWA), as opposed to the NIWA organisation itself, were amongst successful applicants for funding from the Council to undertake community environmental restoration projects. Sixteen groups received funding last year under this programme.
- Wairarapa schools, farmers and the Council, as well as the environment, are all winners in a joint solution to the problem of discarded plastic sleeves from poplar and willow poles. The sleeves protect the young trees when first planted and split off as the tree grows, littering the countryside. The Council's Akura Conservation Centre has enlisted the help of rural Wairarapa schools and their pupils to recover the plastic sleeves and pays 50 cents to the school for each sleeve, assisting with their fund raising efforts.

- Green and red men came out of the traffic signals and onto the streets during Road Safety Week in June, greeting commuters with messages such as “slow down – remember you’re only going to work”. Actors depicting pedestrian signals were used as part of a campaign to educate pedestrians and road users about traffic signals. This was a joint initiative of the Land Transport Safety Authority, Regional Council, City and District Councils and the Police.
- Maggie Barry, one of New Zealand’s best-known gardening personalities presented the Regional Council’s summer water conservation message on television advertisements during January and February. The message of watering deeply, but less often, mulching and only watering when its cool obviously got through – in subsequent research the target audience of keen gardeners had an 84% recall rate of the advertisement.
- The Friends of the Otaki River grew out of the Council’s floodplain management plan work on the Kapiti Coast. A permanent committee has been elected, comprising people from nine interest groups, including the Regional Council, and some individuals. The group is involved in environmental and recreational projects, as well as flood protection planning.
- An opportunity to see glow worms on a night walk at Kaitoke Regional Park and to learn a little of the history of the US marines stationed at Queen Elizabeth Park during World War II, were two of the 35 events in the Regional Outdoors summer programme. Park Rangers and local experts joined forces to offer a diverse programme attracting over 1300 participants, including many first-time visitors, to the regional parks and forests.
- Harbour rangers on jet-skis spread the word to boaties that the new Wellington Regional Navigation and Safety bylaws require them to carry enough life jackets for the people on board. Rangers gave out information packs including lifesaver sweets. Whilst the new bylaws include fines of up to \$500, the Council has taken an educative approach to encourage everybody to take water safety seriously.

These are a few of the more visible examples of our work with the community. Much of the success of our work is of course characterised by its invisibility –

solving problems before they happen. Our planning, monitoring and regulatory work ensures that as a region our public transport runs smoothly, coastal waters are clean for swimming, homes are safe from flood waters, clean drinking water flows from our taps and indigenous vegetation flourishes.

From my perspective, 2000/01 has been a most successful year. My thanks go to all staff and to the community, for sharing the vision of a Greater Wellington Region.



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> Rob Forlong ¹
<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

¹ Andrew Annakin was Divisional Manager for Landcare until 11 May 2001.

THE WELLINGTON REGION

Some Facts about the Region

- The Wellington region covers a land area of 813,005 hectares, and a maritime area of 786,700 hectares. There are 497 kilometres of coastline.
- The population of the Wellington region is 424,461 (2001 Census provisional count).
- 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.
- More than 25 million passenger journeys are made on the region's public transport system each year.
- The Regional Council collects, treats and delivers about 150 million litres of water per day, on average, for the city councils of metropolitan Wellington.
- The Regional Council undertakes possum control programmes on approximately 300,000 hectares of land in the region each year.
- The Regional Council manages 10,000 hectares of regional parks.



THE BIG PICTURE

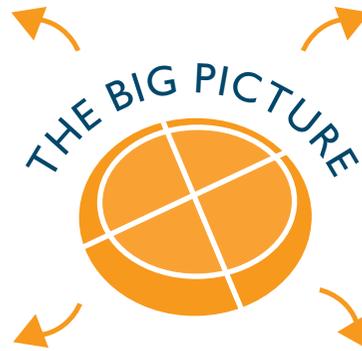


A HIGH QUALITY ENVIRONMENT

Each of the investment areas is presented in the following 'wedge-shaped' format:



A PROSPEROUS AND VIABLE REGION



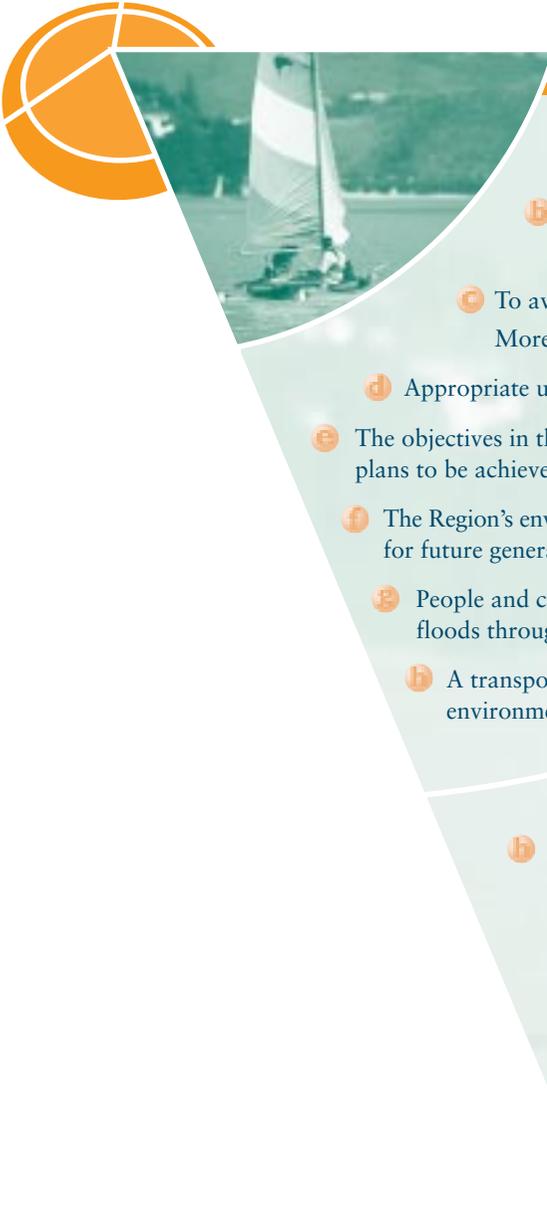
HEALTHY PEOPLE IN A SAFE REGION



A STRONG AND INCLUSIVE REGIONAL COMMUNITY



THE BIG PICTURE: A High Quality Environment



We Want	What did we do
<ul style="list-style-type: none">a People to be well-informed about environmental issues and actively involved in them.b The quality of the Region's air, water and soils to be improving. The reasonable needs of resource users to be met.c To avoid risks to our ecology from plant and animal pests. More biological diversity.d Appropriate use of land in the Region so that it's not eroding away.e The objectives in the Regional Policy Statement and regional plans to be achieved.f The Region's environmental and heritage assets to be there for future generations.g People and communities to be kept safe from floods through a sustainable approach.h A transport system which is environmentally friendly.	<ul style="list-style-type: none">a The Council is working with the community on a range of projects to restore the environment.b A new Regional Pest Management Strategy has been completed.c Further progress on hill sustainability has been made through our soil conservation programmes.d A programme of progressive adoption of environmental management strategies is in place within the Council.e Regular monitoring reports on the State of the Environment are made to the relevant Council Committees.f Environmental Asset Management Plans have been developed for our own lands.g The Hutt Floodplain Management Plan has been completed.
<ul style="list-style-type: none">h The Council is working to ensure a continuous and reliable transport system including investigating purchase of commuter trains as a way to progressively improve the system.	

THE BIG PICTURE: A Prosperous and Viable Region



THE BIG PICTURE: Healthy People in a Safe Region



THE BIG PICTURE: A Strong and Inclusive Regional Community



We Want

- A Region which supports strong communities.
A Region where people are not worried by the fear of crime.
The infrastructure of the Region kept up to the mark.
The Wellington Region to be seen as a desirable place for businesses to bring staff to and for people to live in.
- Local government, including the Regional Council, to be able to contribute fully to community wellbeing.
- The Council and iwi of the Region to have a mutually beneficial relationship.

What did we do

- The Council has spoken up for the region on issues including Transmission Gully and ownership of commuter trains.
- We have worked with central government to review the Local Government Act and we welcome the direction in which the review is headed.
- The Council has signed a new Charter of Understanding with iwi, which has been expanded to include all areas of Council business.

ENVIRONMENT: Committee Report



“The Council is overwhelmed at the community’s support for our environmental work. People from all parts of the Region are willingly giving their time and skills to help create a better environment. By working together we are making real progress”

Ian Buchanan
Chairperson

Managing Resources

This has been a year of great activity for the Environment Committee and for the Region. The number of care groups carrying out stream, coastal and wetland restorations for our *Take Care* programme has increased and all the resource material for the *Take Action* environmental education programme for schools is completed. The enthusiasm of the school children and the community is infectious and there are pockets of environmental improvement popping up all over the Region.

Although we have inherited some areas of poor environmental quality, eg the Waiwhetu Stream, the Council is committed to supporting the community to help us create a more sustainable region.

Customer service is important to us, so we were delighted that our Regional Plan User Guide, developed to allow easy access to the plans, won a KPMG Innovation Award. Also we continue to process resource consents well within the statutory timeframes and were placed at the top of the Ministry for the Environment’s survey of local authority consent processing practices.

Managing Emergencies

We have been busy planning for a Civil Defence Emergency Management Group for the Region so that we are ready when the new civil defence emergency management legislation is enacted. In addition, we have been working closely with the Auckland Region on “Project Phoenix” which is a large planning exercise to ensure that the two Regions are able to support each other effectively in the event of a major emergency.

Managing Harbours

The new Wellington Regional Navigation and Safety Bylaws were completed and a related programme to educate the public about safety requirements on the water was carried out. People responded positively which bodes well for harbour safety in the future.

COMMITTEE MEMBERS

Chairperson

I M Buchanan

Deputy Chair

M P C Gibson

Members

J G J Allen

T J McDavitt

Hon M K Shields

C R Turver

Council Chairperson (*ex officio*)

Appointees

B Earl (Emergency Management)

R J Morrison (Harbours)

PASSENGER TRANSPORT: Committee Report



“ We took immediate advantage of patronage funding by introducing more services ”

Terry McDavitt
Chairperson

This year the Council has been working hard to implement the public transport projects set out in its Land Transport Strategy. These projects have been assisted by the introduction of patronage funding by the government.

Planning and Monitoring the Transport Network

Two corridor plans, building on the success of the Western Corridor Plan, were initiated this year. They cover the eastern corridor from Upper Hutt to Wellington and the area through the Wellington CBD down to the Basin Reserve.

The eastern corridor also includes the links between State Highways One and Two. The Wellington CBD Plan is closely linked to work on the Wellington City transport strategy. Neither plan will be completed until next year.

Building the Public Transport Infrastructure

The Lambton Bus/Rail Interchange, costing a total of \$10.9 million, is being built in stages. The railway station forecourt area and Bunny Street improvements were completed by the end of the year, as was the pedestrian underpass between the bus and rail termini. The remainder of the work, the bus terminus area, pedestrian shelters and Lambton Quay bus lane is planned to be completed by February 2002. A number of other infrastructure enhancements costing a further \$2.7 million have been

completed including the purchase of land at Lindale and Raumati for further commuter car parks, sealing of the Paraparaumu and Paekakariki commuter carparks, the extension of the Redwood, Featherston, Paraparaumu and Plimmerton commuter carparks and the provision of cycle lockers at Wellington and Paraparaumu stations.

Funding Public Transport Services

The Council took advantage of the government's patronage funding scheme that started on 1 November 2000 by introducing new bus services in Newlands/Churton Park, new shoulder of the peak services in Wellington City, additional Eastbourne services, more shelters and more signage. The total spent on these and all other services during the year was \$35 million. These services in total carried 23 million passengers.

COMMITTEE MEMBERS *

Chairperson

T J McDavitt

Deputy Chair

C R Turver

Members

J G J Allen

M M Bonner

I M Buchanan

M P C Gibson

A E McQueen

Hon M K Shields

Council Chairperson (*ex officio*)

Appointee

A Foster¹

* 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



“The water group is well managed, has a good asset base, clear objectives and a strong financial base. These qualities have not occurred by accident: the challenge is now to build on what is good and make it even better”

Euan McQueen
Chairperson

This year saw the ‘Trust’ proposal floated as a means to integrate the management of water delivery in our supply area. While the proposal met many of the requirements of participating Councils, this Council considered that there were considerable risks with the proposal, particularly in the area of governance, and decided not to proceed. An unfortunate outcome of that decision is that Wellington City Council has decided not to contract this Council to provide future water services in Wellington City. This means that those services are now likely to be provided in-house at Wellington City Council or contracted out. Thus we will see further diseconomies occurring, as ongoing operations are disaggregated.

The Water Group

Operationally and financially we have had another good year. Our driest summer since 1907/08 failed to cause any real difficulty with meeting demand for water, highlighting the robust nature of the region’s integrated supply system.

Financially the costs of the business have dropped compared with last year and are now 25 percent below where they were four years ago. Debt is \$57M, which is \$5M below last year and \$15.5M below 1997.

These improvements in the business have enabled us to further reduce the price to our four territorial authority customers by two percent for the 2001/2002

year. This follows successive 4 percent price drops in the preceding two years. The levy is now the lowest it has been since 1992/93. After adjusting for inflation, there has been a reduction of 13% in the past 10 years.

Other Activities

The Committee also oversees the work of the Water Services Agreement (WSA) with Wellington City Council and the Council’s Plantation Forestry operation. Through the WSA, the Council manages and operates the Wellington City’s water reticulation network. This operation performed very well this year, both operationally and financially. Plantation Forestry had a very difficult year as market conditions forced prices down and we harvested low quality areas of our forestry estate.

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

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.

LANDCARE: Committee Report



“ Our Flood Protection systems are working well and the Regional Parks and Forests are in good health ”

Dick Werry
Chairperson

I'm pleased to report that the Landcare Committee has overseen another successful year for the areas that are our responsibility.

Flood Protection

The Landcare Committee and I are starting to dread the month of October. In October 1998 we had some large floods across the region which took us two years to recover from. October 2000 saw more floods in the Hutt, Waikanae and Otaki Rivers. Fortunately, the flood defences are in good condition and the staff were able to complete the repairs by the end of June 2001.

Looking towards the future, the Hutt River Floodplain Management Plan (launched in October 2001) will be an extremely important document as it provides a framework for managing the flood hazard associated with the Hutt River. It is also testament to what can be achieved when the Regional Council and territorial authorities work co-operatively.

Parks and Forests

This year we made a special effort to market the Parks and Forests. The results have been very pleasing. We had a very successful Spring Visits Education programme at Battle Hill Regional Park as well as an exceptional Regional Outdoors Summer

Events Programme. We also produced and launched a video showcasing the parks and forests as filming locations, and developed a new “KiwiWalk” at Tunnel Gully.

Our Asset Management Plans are starting to pay dividends. Increasingly, the Plans are directing our maintenance and renewal programmes. We've also developed an Asset Management Plan for our “environmental” assets. The Environmental Asset Management Plan has assisted us to target pest and weed control actions and develop a forest monitoring programme which will in turn, result in improvements in forest health.

In some ways the parks and forests are a defining characteristic of the Greater Wellington Region so it is important that they remain in good condition.

COMMITTEE MEMBERS

Chairperson

R J Werry

Deputy Chair

C R Laidlaw

Members

M M Bonner

F R Long

A E McQueen

R K Shaw

R F Thomas

Council Chairperson (*ex officio*)

Council Deputy Chairperson (*ex officio*)¹

Appointees

J Gilbert

A D Ross²

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



“ We had a very busy year providing effective services to the provincial heartland of our Region ”

Rick Long
Chairperson

Environmental 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 pleased to note that there were no significant costs or delays for almost all of the 327 consents issued during the year.

Land Management

The Council has again undertaken a very substantial programme of Bovine Tb possum control with operations being completed on 287,300 hectares, which is 35% of the Region’s land area. Livestock reactor numbers have continued to fall – there are now 80 infected herds in the Region compared with 354 six years ago – but the rate of progress is slowing. Consequently we were pleased to see increased future work in our Region included in the proposed new National Pest Management Strategy for Bovine Tb.

A notable achievement this year was the completion of a new Regional Pest Management Strategy to guide our future biosecurity work with plant and animal pests. This strategy, which included several new methods and pests, had a good level of support from the regional community.

Our hill country sustainability work has further progressed with a significant lift in soil conservation work programmes this year. New initiatives included a start on riparian planting alongside streams and assistance with protecting areas of indigenous vegetation.

Flood Protection

Unfortunately most of our river schemes suffered substantial damage during a series of floods in October 2000. Over a million dollars of repair work was found to be necessary and several schemes are presently in deficit as a result.

Very good progress was made during the year in reviewing some of our floodplain management work and revised rating classifications were adopted for the Waiohine, Lower Mangatarere, and Waipoua River Schemes. These new rating arrangements will enable us to better address the challenges with these river schemes.

COMMITTEE MEMBERS	
<i>Chairperson</i>	<i>Deputy Chair</i>
F R Long	I M Buchanan
<i>Members</i>	<i>Appointees</i>
A E McQueen	M Beetham
C R Turver	J Berkett
Council Chairperson (<i>ex officio</i>)	J Dalziell
Council Deputy – Chairperson (<i>ex officio</i>) ¹	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 2001 financial year was \$6.1 million compared with a budgeted surplus of \$3.9 million. Significant components of this surplus above budget were:

- An additional surplus of \$1.7 million in Regional Water Supply, of which \$1.6 million relates to the Bulk Water Supply activity, because of reduced expenditure on interest, chemicals and contractors and consultants.
- An additional deficit of \$1.1 million in Regional Transport primarily as a result of the Council deciding to undertake additional infrastructure works funded from reserves.
- An additional surplus of \$1.5 million in Other Regional Responsibilities primarily as a result of additional unbudgeted investment returns and expenditure savings.

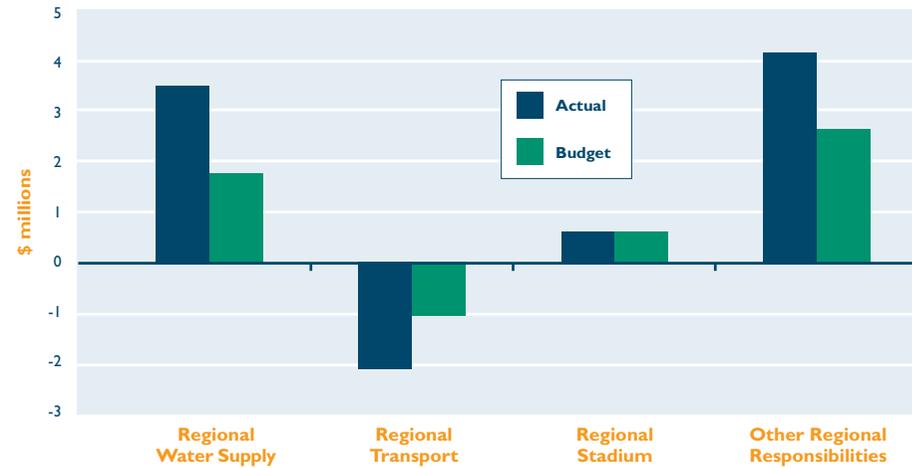
Capital Expenditure

By historical standards the level of capital expenditure in 2000/01 has been relatively modest as can be seen from the adjacent graph.

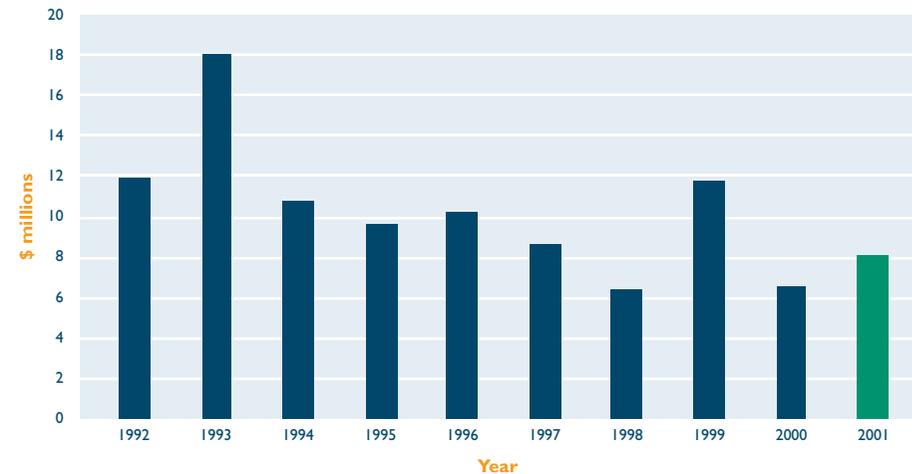
Notable projects advanced or completed during 2000/01 included:

- Further work on flood plain management plans.
- Various flood protection projects, which were accelerated as a result of the October 2000 floods.
- Fluoridation equipment (Water Supply).
- Seismic protection work (Water Supply).
- Plateau Reservoir branch main (Water Supply).

2001 Operating Surplus/Deficit



Net Capital Expenditure



FINANCIAL OVERVIEW

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 \$2.1 million has primarily been applied to increased debt repayment of \$1.0 million and increased working capital of \$0.5 million.

SUMMARY FUNDING STATEMENT	2001 Actual \$000's	2001 Budget \$000's	Variance \$000's
Regional Water Supply	3,473	1,751	1,722
Regional Transport	(2,138)	(1,042)	(1,096)
Regional Stadium	596	596	-
Other Regional Responsibilities	4,136	2,636	1,500
Operating Surplus (Deficit)	6,067	3,941	2,126
Movement in Reserves	(3,058)	2,137	(5,195)
Add Back Non Cash Items	7,505	8,178	(673)
Funding Surplus from Operations	10,514	14,256	(3,742)
Less:			
Net Capital Expenditure	8,059	8,626	(567)
Investment Additions	1,706	1,549	157
New Loans	(6,452)	(6,562)	110
Investment Redemption	(5,000)	-	(5,000)
Net Capital Expenditure & Investment	(1,687)	3,613	(5,300)
Working Capital Movement	546	-	546
Debt Repayment	11,655	10,643	1,012
Net Funding Surplus (Deficit)	-	-	-

FINANCIAL OVERVIEW

Public Debt

Net public debt has been reduced by \$8.3 million during the year from \$90.6 million at 30 June 2000 to \$82.3 million at 30 June 2001. This was \$6.2 million higher than the planned debt reduction primarily due to redemption of Council's \$5 million short term investment and the 2000/01 additional funding surplus. Since 1990 net public debt had been reduced from \$123.4 million to \$82.3 million, a reduction of 33%. The majority of the Council's debt relates to Regional Water Supply, Flood Protection and the Regional Stadium.

Net Public Debt

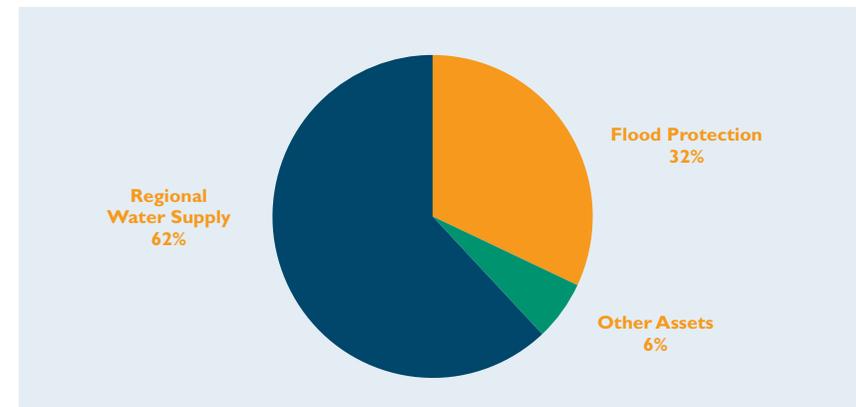


Asset Management

Asset management plans remain an important building block in Council's financial management framework. The majority of the Council's asset base 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.

Fixed Assets



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 2000/01 year.

(a) Long-Term Financial Strategy (LTFS)

Council's LTFS (Towards a Greater Wellington) was adopted on 29 June 2000. The 2000/01 year was the first 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 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 re-adopted in November 1999. The Council has continued to undertake prudent hedging transactions during 2000/01 in accordance with the Treasury Management Policy (TMP). Since the 1999/00 year Council began contributing towards a major flood recovery fund for the purpose of building up over time up 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.

COUNCIL POLICY COMPLIANCE ANALYSIS (MAJOR POLICIES)	Yes	No
<ul style="list-style-type: none"> • Less than 33% of total debt is to mature in any one financial year. • Access to undrawn committed lines and liquid investments of no less than \$5m. • Access to undrawn 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 WestpacTrust<\$10m 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ 	
EXTERNAL BORROWING LIMITS COMPLIANCE ANALYSIS	Actual as at 30/6/01	TMP Limits as at 30/6/01
<ul style="list-style-type: none"> • Net financial cost to rates and levies • Net debt to rates and levies • Net debt/head of population 	<ul style="list-style-type: none"> 10% 114% \$192 	<ul style="list-style-type: none"> 20% 175% \$300

WELLINGTON
REGIONAL
COUNCIL



for the year ended 30 June 2001

Financial Statements

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 30 June 2001

	Notes	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
OPERATING REVENUE						
Rates & Levies		72,460	68,073	72,460	72,481	68,073
Grants & Subsidies		19,598	16,924	19,598	17,291	16,924
Investment Revenue		4,306	3,473	5,645	4,507	8,207
Other External Revenue		53,228	53,197	15,360	16,694	15,161
Total External Operating Revenue	1	149,592	141,667	113,063	110,973	108,365
OPERATING EXPENDITURE						
Personnel		21,154	20,261	21,154	22,452	20,261
Grants & Subsidies		37,888	31,671	37,888	35,041	31,671
Interest		11,753	11,257	7,592	8,092	7,674
Depreciation	2	11,506	11,306	7,863	8,401	7,871
Operating Expenses		55,321	51,323	32,499	33,046	28,242
Total External Operating Expenditure	2	137,622	125,818	106,996	107,032	95,719
Operating Surplus before Taxation		11,970	15,849	6,067	3,941	12,646
Taxation Expense	10	2,149	2,501	-	-	-
Operating Surplus		9,821	13,348	6,067	3,941	12,646
Share of Surplus Applicable to Minority Interest	14	1,593	1,671	-	-	-
Net Surplus for the Year		8,228	11,677	6,067	3,941	12,646

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 2001

	Council 2001 Actual \$000's	Council 2001 Budget \$000's		Council 2001 Actual \$000's	Council 2001 Budget \$000's
OPERATING REVENUE			OPERATING EXPENDITURE		
Environment Management	10,332	10,271	Environment Management	10,201	10,138
Regional Transport	42,139	39,722	Regional Transport	44,277	40,764
Regional Water Supply	28,917	28,145	Regional Water Supply	25,444	26,394
Land Management	7,400	7,556	Land Management	7,064	7,690
Flood Protection	10,665	10,347	Flood Protection	9,911	8,831
Parks & Forests	4,738	4,708	Parks & Forests	4,518	4,610
Investment in Democracy	3,665	3,665	Investment in Democracy	3,186	3,547
Stadium	2,675	2,675	Stadium	2,079	2,079
Council Investments	4,392	5,722	Council Investments	2,494	4,485
Other	2,626	2,427	Other	2,308	2,759
Total Operating Revenue	117,549	115,238	Total Operating Expenditure	111,482	111,297
Less: Internal Operating Revenue	4,486	4,265	Less: Internal Operating Expenditure	4,486	4,265
Total External Operating Revenue	113,063	110,973	Total External Operating Expenditure	106,996	107,032
			Operating Surplus/(Deficit)	6,067	3,941
			Less:		
			Capital Expenditure & Investments	9,765	10,175
			Loan Funding	(6,452)	(6,562)
			Investment Redemption	(5,000)	-
			Rates Funded Capital Expenditure	(1,687)	3,613
			Debt Provisioning	11,655	10,643
			Reserve Movements	3,058	(2,137)
			Working Capital Movements	546	-
			Non Cash Items	(7,505)	(8,178)
			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 2001

	Notes	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
Ratepayers' Funds at the Start of the Year		429,263	353,295	415,843	410,583	339,573
Net Surplus for the Year (Decrease)/Increase in Asset Revaluation Reserves		8,228 (2,776)	11,677 63,624	6,067 (2,776)	3,941 -	12,646 63,624
Total Recognised Revenues & Expenses for the Year		5,452	75,301	3,291	3,941	76,270
Movements in Minority Interest	14	647	667	-	-	-
Ratepayers' Funds at the End of the Year		435,362	429,263	419,134	414,524	415,843

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2001

	Notes	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
RATEPAYERS' FUNDS						
Retained Earnings	12	189,862	178,344	187,169	179,651	177,812
Reserves	13	231,965	238,031	231,965	234,873	238,031
		421,827	416,375	419,134	414,524	415,843
Minority Interests	14	13,535	12,888	-	-	-
Total Ratepayers' Funds		435,362	429,263	419,134	414,524	415,843
ASSETS						
Current Assets	3	70,343	70,035	66,340	23,747	67,494
Non-Current Assets	5	545,948	540,526	463,085	511,181	463,816
Total Assets		616,291	610,561	529,425	534,928	531,310
LIABILITIES						
Current Liabilities	8	54,480	57,971	27,842	28,073	54,990
Non-Current Liabilities	9	126,449	123,327	82,449	92,331	60,477
Total Liabilities		180,929	181,298	110,291	120,404	115,467
Net Assets		435,362	429,263	419,134	414,524	415,843



Stuart Macaskill
Chairperson
11 October 2001



Howard Stone
General Manager
11 October 2001



Greg Schollum
Chief Financial Officer
11 October 2001

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 2001

	Notes	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash provided from:						
Customers		37,201	37,784	-	-	-
Rates, Levies, Subsidies & Taxes		92,767	84,762	92,767	89,772	84,762
Interest		4,250	2,770	4,214	4,320	2,763
Dividends		30	74	1,700	187	6,004
Other		11,845	15,262	11,845	16,694	15,262
		146,093	140,652	110,526	110,973	108,791
Cash disbursed to:						
Suppliers & Employees		110,193	103,350	87,457	90,762	79,253
Interest		11,450	10,700	7,077	6,015	7,500
Income Tax Paid		2,500	2,550	-	-	-
		124,143	116,600	94,534	96,777	86,753
Operating Activities Net Cash Flows	22	21,950	24,052	15,992	14,196	22,038
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash provided from:						
Sale of Fixed Assets		772	1,842	703	821	1,747
Sinking Funds		1,963	1,118	1,963	-	1,118
Disposal of Other Investments		5,000	-	5,000	-	-
Redemption of WRCH Ltd Shares		-	-	-	-	24,467
Disposal of Centreport Ltd Shares & Convertible Notes		-	-	-	-	3,200
		7,735	2,960	7,666	821	30,532

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 2001

	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
Cash disbursed for:					
Purchase of Fixed Assets	18,412	18,923	8,995	9,447	9,348
Plantation Forestry Development	776	565	776	640	565
Sinking Funds	1,374	148	1,374	-	148
Liquid Bank Deposit	-	8,200	-	-	8,200
Advance to Associate Company	-	30	-	-	-
Investment in Associate Company Shares	-	55	-	-	-
Acquisition of WRCH Ltd Shares	-	-	-	-	20,000
Council Contingency Investments	930	837	930	909	837
	21,492	28,758	12,075	10,996	39,098
Investing Activities Net Cash Flows	(13,757)	(25,798)	(4,409)	(10,175)	(8,566)
 CASH FLOWS FROM FINANCING ACTIVITIES					
Cash provided from:					
Public Debt & Term Debt Proceeds	9,009	15,381	6,059	6,622	6,781
Cash disbursed for:					
Public Debt & Term Debt Settlement	14,772	12,089	14,772	10,643	12,089
Repayment of Intercompany Current Account	-	-	1,204	-	8,130
Dividends Paid to Minority Interests	946	1,338	-	-	-
	15,718	13,427	15,976	10,643	20,219
Financing Activities Net Cash Flows	(6,709)	1,954	(9,917)	(4,021)	(13,438)
Net Increase in Cash Held	1,484	208	1,666	-	34
Add Opening Cash & Deposits	4,115	3,907	3,952	4,000	3,918
Closing Cash & Deposits	5,599	4,115	5,618	4,000	3,952

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

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2001

1. Reporting Entity

The Wellington Regional Council was formed on 1 November 1989 and 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 and subsidiaries (76.9% owned).

The financial statements have been prepared in accordance with the Local Government Act 1974 and generally accepted accounting practice.

2. Measurement Base

The financial statements have been prepared on an historical 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 local 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.

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2001

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 infrastructure 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 sale 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 income tax expense charged to the statement of financial performance includes both current and deferred tax and is calculated after allowing for non-taxable income and non-deductible costs.

Deferred taxation is accounted for using the liability method on a comprehensive basis. A deferred tax benefit is only recognised if 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 equipment, 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.

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2001

3.10 Employee Entitlements

Provision is made at year end for the total staff entitlement to annual leave. Entitlements to 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. Retirement gratuities are accrued at a fixed dollar value in accordance with entitlement.

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 in the Council is treated as an internal banking 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 “Investment in Democracy” costs have not been allocated to significant activities, except where there is a major separate community of benefit other than the whole Region, i.e. Regional Water Supply and Regional Transport.

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 2000/01 budget as set out in the 2000/01 Annual Plan. In other cases the comparatives are the 1999/00 actual figures. Where necessary, comparatives have been changed to assist comparability.

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2001

3.18 Legislative Compliance

Under Section 594ZU of the Local Government Act 1974 a regional council is required to divest itself of any ownership or interest in transport operational or infrastructural assets. The Wellington Regional Council continues to maintain an 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. However, the Council has changed its practice in relation to the recognition of revenue and expenditure from its forestry operations. In previous years, forestry logging revenue has been recognised net of directly related logging expenditure. In 2000/01 this revenue and expenditure has been separately recognised which has increased planned revenue and expenditure by \$3.8 million.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 1

REVENUE

General Rates	20,353	17,825	20,353	20,353	17,825
Transport Rates	22,333	19,749	22,333	22,333	19,749
River Rates	2,286	2,265	2,286	2,286	2,265
Regional Water Supply Levy	23,241	24,210	23,241	23,241	24,210
Bovine Tuberculosis Rates	566	544	566	583	544
Stadium Purposes Rates	2,676	2,506	2,676	2,676	2,506
Wairarapa Scheme Rates	1,005	974	1,005	1,009	974
Government Grants & Subsidies	19,598	16,924	19,598	17,291	16,924
Dividends	30	74	900	187	1,704
Subvention Revenue	-	-	506	316	-
Sinking Fund Interest	532	541	532	621	541
Other Interest	3,744	2,858	3,707	3,383	2,762
Gain on Sale of Investment	-	-	-	-	3,200
Other Subsidiaries Revenue	38,429	38,593	-	-	-
Other Council External Revenue	14,799	14,604	15,360	16,694	15,161
Total Operating Revenue	149,592	141,667	113,063	110,973	108,365

Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
20,353	17,825	20,353	20,353	17,825
22,333	19,749	22,333	22,333	19,749
2,286	2,265	2,286	2,286	2,265
23,241	24,210	23,241	23,241	24,210
566	544	566	583	544
2,676	2,506	2,676	2,676	2,506
1,005	974	1,005	1,009	974
19,598	16,924	19,598	17,291	16,924
30	74	900	187	1,704
-	-	506	316	-
532	541	532	621	541
3,744	2,858	3,707	3,383	2,762
-	-	-	-	3,200
38,429	38,593	-	-	-
14,799	14,604	15,360	16,694	15,161
149,592	141,667	113,063	110,973	108,365

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 2

TOTAL OPERATING EXPENDITURE INCLUDES

	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
Assets Written Off	28	4	28	-	4
Bad Debts Written Off	40	133	32	-	92
Directors Fees*	147	174	-	-	-
Fees to Auditors for Audit of Financial Statements	151	154	90	90	90
Fees to Auditors for Other Services	40	45	40	30	45
Increase (Decrease) in Provision for Doubtful Debts	110	49	10	-	42
Loss (Gain) on Sale of Fixed Assets	(399)	(61)	(368)	(223)	(231)
Operating Lease Rentals	2,676	2,308	1,868	1,585	1,499
Rates Collection Cost	1,320	1,143	1,320	1,476	1,143
LGNZ Subscriptions	54	52	54	55	52
Decrease (Increase) in Value of Investments	265	225	(17)	-	76
Insurance	671	610	671	717	607

During the year ended 30 June 2001 the Council invested a further \$712,000 (2000 \$634,000) in a self insurance fund as part of its risk management of Regional Water Supply assets. The Council also invested \$219,000 (2000 \$203,000) in the major flood recovery fund.

* Refer to note 20 for fees and allowances paid to councillors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2001

Note 2 (continued)

DEPRECIATION BY CATEGORY

Land & Buildings
Fixtures & Fittings
Plant & Equipment
Motor Vehicles
Computer Equipment/Software
Floodplain Management Plans
Flood Protection
Transport Facilities
Navigational Aids
Regional Water Supply – Infrastructure Assets
Regional Water Supply – Minor Equipment
Regional Water Supply – Motor Vehicles

Total Fixed Assets

	Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2001 Budget \$000's	Council 2000 Actual \$000's
	2,085		187		
	106		78		
	1,840		123		
	649		649		
	639		638		
	567		567		
	26		26		
	351		351		
	44		44		
	4,752		4,752		
	221		221		
	226		227		
	11,506	11,306	7,863	8,401	7,871

Note: Comparative and budget information is not readily available.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 3

CURRENT ASSETS

Bank & Call Deposits
Receivables
Inventory
Investments (Current)
Taxation Refund Due

Notes	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
	5,599	4,115	5,618	3,952
4	15,894	12,575	12,944	11,040
	2,182	2,052	1,858	1,737
6	45,920	50,765	45,920	50,765
	748	528	-	-
	70,343	70,035	66,340	67,494

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 9.75% (2000 10.25%).

Note 4

RECEIVABLES

Rates Outstanding
Other Receivables
Provision for Dividends Receivable
Less Provision for Doubtful Debts

Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
3,459	2,754	3,459	2,754
13,362	10,680	9,512	7,445
-	-	900	1,700
(927)	(859)	(927)	(859)
15,894	12,575	12,944	11,040

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 5

NON-CURRENT ASSETS

Future Tax Benefit
Investments (Non-Current)
Fixed Assets

Notes

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
	1,181	1,066	-	-
6	47,755	46,121	54,347	52,838
7	497,012	493,339	408,738	410,978
	545,948	540,526	463,085	463,816

Note 6

INVESTMENTS

Sinking Funds
WRC Holdings (WRCH) Limited Shares
New Zealand Local Government Insurance Corporation Limited (NZLGIC) Shares
Plantation Forests
Regional Water Supply Contingency Investment
Major Flood Recovery Fund Investment
Stadium Advance
Liquid Bank Deposits
Other Investments

Total Investments

Investments Current Portion
Investments Non-Current Portion

3

5

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
	5,086	5,145	5,086	5,145
	-	-	7,357	7,339
	80	80	80	80
	14,667	13,892	14,667	13,892
	3,655	2,944	3,655	2,944
	422	203	422	203
	25,000	25,000	25,000	25,000
	44,000	49,000	44,000	49,000
	765	622	-	-
	93,675	96,886	100,267	103,603
	45,920	50,765	45,920	50,765
	47,755	46,121	54,347	52,838
	93,675	96,886	100,267	103,603

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

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 2001, the sinking funds have a weighted average interest rate of 10.14% (2000 10.94%) and an estimated fair value of \$5.1M (2000 \$5.1M).

The Council holds 100% of the shares in WRC Holdings Limited. The \$7.4M (2000 \$7.3M) book value of the shares reflects the net asset backing of the investment at 30 June 2001.

Independent valuations of the plantation forests have been completed by Alan Bell and Associates. The estimated value of plantation forests as at 30 June 2001 based on a discount rate of 9.0% is \$32M (2000 \$31M).

As at 30 June 2001 the weighted average interest rate on the regional water supply contingency investment is 5.82% (2000 6.87%) and it has an estimated fair value of \$3.7M (2000 \$2.9M).

As at 30 June 2001 the weighted average interest rate on the major flood recovery fund investment is 5.81% (2000 6.87%) and it has an estimated fair value of \$0.4M (2000 \$0.2M).

The \$44M 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. As at 30 June 2001 these investments have an interest rate of 6.23% (2000 7.06%).

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 2001 the Council expects that the advance, which is in substance equity, 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 deemed to be 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 Stadium Trust, in conjunction with the Wellington Regional Council and the Wellington City Council is seeking declaratory judgement in the High Court to clarify that the Wellington Regional Stadium Trust is not a LATE.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2001

Note 7

FIXED ASSETS – GROUP

Operating Assets

Port Buildings & Wharves	52,767	18,111	34,656	44,677	15,983	28,694
Land & Buildings	70,549	1,873	68,676	69,505	1,686	67,819
Fixtures & Fittings	2,560	2,243	317	846	570	276
Plant & Equipment	29,659	18,154	11,505	31,760	20,528	11,232
Motor Vehicles	3,926	2,274	1,652	3,782	2,329	1,453
Computer Equipment / Software	3,310	1,619	1,691	3,193	1,093	2,100

Floodplain Management Plans

Infrastructural Assets

Flood Protection	107,532	121	107,411	107,456	95	107,361
Transport Facilities	14,371	3,160	11,211	13,489	2,808	10,681
Navigational Aids	1,716	855	861	1,717	811	906

Capital Works In Progress

Total Regional Responsibilities

Regional Water Supply Assets

Infrastructure Assets	258,511	9,389	249,122	257,057	4,667	252,390
Minor Equipment	1,622	1,102	520	1,649	939	710
Motor Vehicles	1,414	868	546	1,349	821	528
Capital Works In Progress	1,270	-	1,270	1,564	-	1,564

Total Group Fixed Assets

	Revalued Cost 2001 \$000's	Accumulated Depreciation 2001 \$000's	Book Value 2001 \$000's	Revalued Cost 2000 \$000's	Accumulated Depreciation 2000 \$000's	Book Value 2000 \$000's
Operating Assets						
Port Buildings & Wharves	52,767	18,111	34,656	44,677	15,983	28,694
Land & Buildings	70,549	1,873	68,676	69,505	1,686	67,819
Fixtures & Fittings	2,560	2,243	317	846	570	276
Plant & Equipment	29,659	18,154	11,505	31,760	20,528	11,232
Motor Vehicles	3,926	2,274	1,652	3,782	2,329	1,453
Computer Equipment / Software	3,310	1,619	1,691	3,193	1,093	2,100
	162,771	44,274	118,497	153,763	42,189	111,574
Floodplain Management Plans	9,635	2,827	6,808	9,127	2,260	6,867
Infrastructural Assets						
Flood Protection	107,532	121	107,411	107,456	95	107,361
Transport Facilities	14,371	3,160	11,211	13,489	2,808	10,681
Navigational Aids	1,716	855	861	1,717	811	906
	123,619	4,136	119,483	122,662	3,714	118,948
Capital Works In Progress	766	-	766	758	-	758
Total Regional Responsibilities	296,791	51,237	245,554	286,310	48,163	238,147
Regional Water Supply Assets						
Infrastructure Assets	258,511	9,389	249,122	257,057	4,667	252,390
Minor Equipment	1,622	1,102	520	1,649	939	710
Motor Vehicles	1,414	868	546	1,349	821	528
Capital Works In Progress	1,270	-	1,270	1,564	-	1,564
Total Regional Water Supply	262,817	11,359	251,458	261,619	6,427	255,192
Total Group Fixed Assets	559,608	62,596	497,012	547,929	54,590	493,339

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 8

	Notes	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
CURRENT LIABILITIES					
Payables		23,448	18,622	17,489	13,732
Employee Provisions		4,270	4,095	2,353	2,298
Current Account – WRC Holdings Group		-	-	3,038	3,706
Term Borrowing (Current)		21,800	-	-	-
Public Debt (Current)	11	4,962	35,254	4,962	35,254
		54,480	57,971	27,842	54,990

Note 9

	Notes	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
NON-CURRENT LIABILITIES					
Public Debt (Non-Current)	11	82,449	60,477	82,449	60,477
Term Borrowings (Non-Current)		44,000	62,850	-	-
		126,449	123,327	82,449	60,477

Term borrowings are made up of two bank loan facilities.

CentrePort has a bank loan facility drawn to \$21,800,000 which is unsecured and matures on 14 April 2002. The interest rate charged on the facility as at 30 June 2001 ranged from 5.9% to 6.1% p.a. (2000 ranged from 6.5% to 7.4% 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 2006. The interest rate charged on the facility as at 30 June 2001 was 6.33% (2000 7.21%).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 10

TAXATION

Net Income Subject to Tax

5,064

12,700

(418)

4,217

Income tax at 33%

1,671

4,191

(138)

1,392

Adjustments for Permanent Differences

Tax Effect of Imputation Credits

(15)

(2,015)

(561)

(1,981)

Subvention Payments

-

-

167

177

Non Deductible Expenditure

185

173

-

-

Depreciation

-

(20)

-

-

Deferred Tax Benefits Not Previously Recognised

(198)

(152)

-

-

Losses Not Recognised

559

412

532

412

Prior Year Under (Over) Provision

(53)

(88)

-

-

Taxation Expense

2,149

2,501

-

-

The Taxation Expense is Represented By:

Current Year Taxation

2,315

2,188

-

-

Future Taxation Benefit

(166)

313

-

-

Taxation Expense

2,149

2,501

-

-

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

TAXATION *(continued)*

The net income subject to 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.

The disclosure of the comparative figures for the 2000 year have been adjusted to include dividends received in the operating surplus and reflect the tax effect of the adjustments rather than the gross amounts. There are no changes to the tax policy itself.

Subvention Payments

The financial statements accrue a subvention payment for the utilisation of losses of the Wellington Regional Council of \$506,418 payable by Pringle House Limited. A subvention payment of \$371,605 was made by Pringle House Limited and \$163,515 by WRC Holdings Limited to the Wellington Regional Council in relation to the amount accrued in the 2000 year.

Timing Differences Not Recognised

A deferred tax asset of \$7.62m (2000 \$7.114m) has not been recognised in relation to timing differences in the subsidiary companies from the difference between accounting and tax depreciation on the basis that there is not virtual certainty of the realisation of that asset. Of this amount \$6.91m relates to CentrePort Limited.

Tax Losses Not Recognised

The Council has tax losses of \$7.35m (2000 \$5.7m) available to be carried forward to be offset against taxable income in the future. The tax effect of these losses is \$2.42m (2000 \$1.88m).

Imputation Credits

\$7.17m (2000 \$6.06m) 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 1994.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 11

PUBLIC DEBT

	Notes	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Opening Balance		95,731	100,670	95,731	100,670
New Loans Raised		6,452	7,150	6,452	7,150
Loans Repaid		(14,772)	(12,089)	(14,772)	(12,089)
Total External Financing		87,411	95,731	87,411	95,731
Public Debt Current Portion	8	4,962	35,254	4,962	35,254
Public Debt Non-Current Portion	9	82,449	60,477	82,449	60,477
		87,411	95,731	87,411	95,731

COUNCIL PUBLIC DEBT MATURITIES

2002
2003
2004
2005
2006
2007 - 2019

Council public debt by maturity \$000's
4,962
17,983
3,845
6,845
12,707
41,069
87,411

Local Government Stock issued prior to 30 June 1997 is fully secured. \$28.0M (2000 \$36.6M) is secured by a charge against special rates and \$2.7M (2000 \$2.8M) is secured by a charge against the regional water supply levy. Public debt issued subsequent to 30 June 1997 is unsecured and subject to a Negative Pledge.

As at 30 June 2001 the Council's public debt has a weighted average interest rate (after the effect of derivatives) of 7.82% (2000 7.82%) and an estimated fair value of \$90.6M (2000 \$96.8M). Further detailed analysis of public debt is provided on page 139.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 12

RETAINED EARNINGS

Opening Balance	
Net Surplus for the Year	
Transferred from Reserves	
Transferred to Reserves	
Interest Earned	
Realised Asset Revaluation on Disposal	

Closing Balance

Group 2001 \$000's	Group 2000 \$000's
178,344	166,156
8,228	11,677
6,804	2,790
(3,195)	(3,069)
(551)	(672)
232	1,462
189,862	178,344

Council 2001 \$000's	Council 2000 \$000's
177,812	164,655
6,067	12,646
6,804	2,790
(3,195)	(3,069)
(551)	(672)
232	1,462
187,169	177,812

Note 13

RESERVES

Opening Balance	
Transferred from Operations	
Transferred to Operations	
Interest Earned	
Realised Asset Movements	
Infrastructure Asset Revaluation*	

Closing Balance

Group 2001 \$000's	Group 2000 \$000's
238,031	174,918
3,195	3,069
(6,804)	(2,790)
551	672
(232)	(1,462)
(2,776)	63,624
231,965	238,031

Council 2001 \$000's	Council 2000 \$000's
238,031	174,918
3,195	3,069
(6,804)	(2,790)
551	672
(232)	(1,462)
(2,776)	63,624
231,965	238,031

* Adjustment made in current year as a result of errors identified in the revaluation undertaken on 1 July 1999.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

RESERVES (continued)

Represented By

Election Reserve
Regional Park Land Purchase Reserve
Flood Contingency Reserve
Regional Water Supply Reserves
Water Operations Network Reserve
Transport Reserve
Wairarapa Scheme Reserves
Rural Fire Contingency Reserve
Bovine Tuberculosis Rate Reserve
Environment Legal Contingency Reserve
Hutt Ground Water Reserve
Wairarapa Workshop Reserve
River Rates Reserves
Akura Nursery Reserve
Expenditure Carry Forwards
Total Operational Reserves
Asset Revaluation Reserve*
Investment Revaluation Reserve

Total Reserves

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
	178	98	178	98
	711	658	711	658
	(5)	577	(5)	577
	1,050	2,519	1,050	2,519
	(39)	(314)	(39)	(314)
	423	2,724	423	2,724
	1,233	1,114	1,233	1,114
	50	50	50	50
	899	804	899	804
	497	460	497	460
	-	20	-	20
	26	21	26	21
	(7)	353	(7)	353
	4	(10)	4	(10)
	1,315	319	1,315	319
	6,335	9,393	6,335	9,393
	225,428	228,436	225,428	228,436
	202	202	202	202
	231,965	238,031	231,965	238,031

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

RESERVES (continued)

* Asset Revaluation Reserve by Category

Land & Buildings	890
Fixtures & Fittings	-
Plant & Equipment	-
Motor Vehicles	-
Computer Equipment/Software	-
Floodplain Management Plans	-
Flood Protection	87,938
Transport Facilities	1,517
Navigational Aids	-
Regional Water Supply – Infrastructure Assets	135,083
Regional Water Supply – Minor Equipment	-
Regional Water Supply – Motor Vehicles	-
Total Fixed Assets	225,428

Group 2001 Actual \$000's	Group 2000 Actual \$000's	Council 2001 Actual \$000's	Council 2000 Actual \$000's
890		890	
-		-	
-		-	
-		-	
-		-	
-		-	
87,938		87,938	
1,517		1,517	
-		-	
135,083		135,083	
-		-	
-		-	
225,428	228,436	225,428	228,436

Note: Comparative information is not readily available.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 14

MINORITY INTERESTS

Opening Balance
Minority Share of Operating Surplus
Minority Dividends Paid

Closing Balance

Group 2001 \$000's	Group 2000 \$000's
12,888	12,221
1,593	1,671
(946)	(1,004)
13,535	12,888

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

Note 15

EMPLOYEES

Number of Employees

Council 2001	Council 2000
362	365

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 16

CONTINGENCIES

Contingent Liabilities

Termination of Wellington City Water facilities management contract
Other Legal Proceedings & Obligations
Uncalled Capital in WRC Holdings Limited

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Termination of Wellington City Water facilities management contract	-	1,000	-	1,000
Other Legal Proceedings & Obligations	266	3,453	266	140
Uncalled Capital in WRC Holdings Limited	-	-	75,000	75,000
	266	4,453	75,266	76,140

The Wellington City Council has provided notice of termination of the Water Facility Management Contract. Accordingly the Council (WRC) has accrued for the estimated costs of terminations.

The Wellington Regional Council has responsibility for 12 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 disputing the level of the Company's charges and seeking some reimbursement of charges paid. CentrePort has lodged counter claims against the customers for breach of contract in respect of charges that have been withheld. Professional advice indicates that it is unlikely that any significant liability will arise.

CONTINGENCIES

Contingent Assets

Supplementary Claim to Transfund
Other

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Supplementary Claim to Transfund	334	-	334	-
Other	5	319	5	50
	339	319	339	50

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 17

COMMITMENTS

Transport Operator Commitments

Less than One Year
One to Two Years
Two to Five Years

Operating Lease Commitments

Less than One Year
One to Two Years
Two to Five Years
Greater than Five Years

Capital Commitments

Total Commitments

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Transport Operator Commitments				
Less than One Year	8,219	27,931	8,219	27,931
One to Two Years	6,155	8,307	6,155	8,307
Two to Five Years	4,524	9,420	4,524	9,420
	18,898	45,658	18,898	45,658
Operating Lease Commitments				
Less than One Year	413	721	1,520	1,426
One to Two Years	168	212	1,275	1,141
Two to Five Years	172	35	1,279	2,190
Greater than Five Years	178	-	178	-
	931	968	4,252	4,757
Capital Commitments	5,262	414	1,113	337
Total Commitments	25,091	47,040	24,263	50,752

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

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.

Subsidiary Companies – CentrePort Limited

At balance date there were commitments in respect of contracts for capital expenditure of \$4,149,000 (2000 \$77,000).

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

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 Local 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 minimise the impact of movement in interest rates. At 30 June 2001 the Group had entered into forward rate and swap agreements with maturities of:

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

FINANCIAL INSTRUMENTS *(continued)*

Less than One Year
One to Two Years
Two to Three Years
Three to Four Years
Four to Five Years
Five to Six Years
Six to Seven Years
Seven to Eight Years
Eight to Nine Years
Nine to Ten Years

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Less than One Year	11,000	2,000	-	-
One to Two Years	10,000	11,000	4,000	-
Two to Three Years	3,000	-	-	-
Three to Four Years	5,000	-	-	-
Four to Five Years	-	-	-	-
Five to Six Years	-	-	-	-
Six to Seven Years	-	5,000	-	5,000
Seven to Eight Years	10,000	-	10,000	-
Eight to Nine Years	5,000	10,000	5,000	10,000
Nine to Ten Years	5,000	5,000	5,000	5,000
	49,000	33,000	24,000	20,000

Fair Values

As at 30 June 2001 the estimated fair values of the Group's interest rate swap agreements are:

Estimated Fair Value of Interest Rate Swap Agreements

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Estimated Fair Value of Interest Rate Swap Agreements	618	1,055	534	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 2001, the Wellington Regional Council has not entered into any severance agreements with any of its employees that exceeded \$50,000.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 20

COUNCILLORS' REMUNERATION

Salary / Fees Received or Receivable
Meeting Allowances
Travel Allowances

Council 2001 \$	Council 2000 \$
404,722	383,315
252,890	273,770
41,892	49,701
699,504	706,786

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

\$0 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
\$70,000 to \$79,999
\$80,000 to \$89,999
\$90,000 to \$99,999

Council 2001	Council 2000
15	17
-	-
1	-
5	6
2	2
4	4
1	1
-	-
-	1
1	-
29	31

In addition to his base salary the Chairman is entitled to the use of a motor vehicle.

Councillors McQueen and Shields were also entitled to a daily allowance of \$190 for attending WRC Holdings Group meetings on days where they were not attending a WRC meeting. Councillor Buchanan also received trustees fees in his role as a Stadium Trustee.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 21

EXECUTIVE REMUNERATION

At 30 June 2001 the General Manager of the Wellington Regional Council, appointed under section 119C(1)(a) of the Local Government Act 1974, received a salary of \$160,000. 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 2001 the remuneration received by the General Manager was \$220,775. The total cost to the Wellington Regional Council including FBT was \$229,467. 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
\$170,000 to \$179,999
\$180,000 to \$189,999
\$190,000 to \$199,999
\$200,000 to \$209,999
\$210,000 to \$219,999
\$220,000 to \$229,999

Council 2001 \$	Council 2000 \$
160,000	150,000
11,550	11,550
23,993	22,216
1,922	1,922
5,410	4,950
1,500	1,500
3,000	3,000
561	561
16,000	15,000
223,936	210,699
8,622	6,601

Council 2001	Council 2000
-	-
1	1
-	2
4	2
1	1
-	1
1	1
1	-
-	-
-	-
-	1
-	-
1	-
9	9

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2001

Note 22

RECONCILIATION OF OPERATING SURPLUS WITH CASH FLOW FROM OPERATING ACTIVITIES

	Group 2001 \$000's	Group 2000 \$000's	Council 2001 \$000's	Council 2000 \$000's
Operating Surplus	9,821	13,348	6,067	12,646
Add Non-Cash Items				
Depreciation	11,506	11,306	7,863	7,871
Decrease (Increase) in Gain of Sale of Investments	-	-	-	(3,200)
Decrease (Increase) in Value of Investments	123	175	(16)	76
Decrease (Increase) in Future Tax Benefit	(115)	290	-	-
Add (Less) Movements in Working Capital				
Decrease (Increase) in Accounts Receivable	(3,319)	(41)	(1,904)	4,138
Decrease (Increase) in Inventory	(130)	126	(121)	120
Decrease (Increase) in Tax Refund Due	(219)	(406)	-	-
Increase (Decrease) in Accounts Payable	4,946	(1,342)	3,757	(1,079)
Increase (Decrease) in Employee Provisions	55	53	55	53
Increase (Decrease) in WRC Holdings Group Current Account	-	-	536	818
Add (Less) Items Classified as Investing Activities				
Decrease (Increase) in Accounts Payable Related to Fixed Assets	(209)	771	233	993
Net Loss (Gain) on Sale of Fixed Assets	(371)	(57)	(340)	(227)
Sinking Funds Interest Compounded	(531)	(540)	(531)	(540)
Add (Less) Items Classified as Financing Activities				
Forestry Encouragement Loan Interest Compounded	393	369	393	369
Net Cash Flow From Operating Activities	21,950	24,052	15,992	22,038

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

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 HJ Stone is a director of CentrePort Limited and NZ Local Government Insurance Corporation Limited for which he received fees of \$22,000. Councillor FR Long owns 50% of the Sign Factory.

All transactions with related parties have been carried out on normal commercial terms. Significant transactions during the year ended 30 June 2001 included:

	Council 2001 \$000's	Council 2000 \$000's
CentrePort Wellington Group		
Income from Use of Navigational Facilities	550	550
Expense for Rental & Services	(24)	(27)
WRC Holdings Group (Excluding CentrePort)		
Income from Management Services Provided	190	115
Income from Subvention Payment	506	535
Income from Dividends	900	1,700
Expense for Rent of the Regional Council Centre	(1,103)	(1,071)
Expense for Interest on Inter-company Current Account	(144)	(390)
Sign Factory		
Expense for Services	(4)	(2)
NZ Local Government Insurance Corporation Limited		
Income from Dividends	-	4

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2001

Note 24

SUBSEQUENT EVENTS

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

Note 25

STATEMENTS OF SERVICE PERFORMANCE FOR SIGNIFICANT ACTIVITIES

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

Environment Management	58
Regional Transport	74
Regional Water Supply	82
Land Management	94
Flood Protection	102
Parks and Forests	114
Investment in Democracy	124
Investments	128
Stadium	132

For each activity the actual achievement is compared to the planned performance indicators as set out in the 2000/01 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.

WELLINGTON
REGIONAL
COUNCIL



Statement of Service Performance
for Significant Activities

ENVIRONMENT MANAGEMENT

The Council's Environment Management significant activity is a major contributor to achieving *A High Quality Environment*. It does so through developing and implementing resource management policies and plans and as an environmental regulator through the management of resource consents and the control of pollution incidents. It conducts specific investigations into particular resources or issues and carries out general state of the environment monitoring. Educating children, businesses and the general community about the need for us all to be more environmentally responsible is an increasing focus.

The Environment Management function also contributes to *A Safe Region with Healthy People* as the regulator for the Region's harbours and coastal waters and with a policy setting and operational role in emergency management for the Region.

The Council believes that the environment is the key to economic sustainability. Therefore the Environment Management function is also vital to ensuring *A Prosperous and Viable Region*.

ENVIRONMENT MANAGEMENT

Key Issues

Working with the Community

The Council needs the community's help to bring about environmental improvements. The three segments of our environmental education programme – *Take Care* (community care groups), *Take Action* (schools) and *Take Charge* (businesses) – are designed to help people understand how some of our practices harm the environment and how we can “put things right”. It is certainly easier to prevent pollution and environmental degradation from happening in the first place, than trying to clean up after the event.

Many people in the Region are now involved in environmental care programmes. But there is still so much more to be done. Our challenge is to find the resources to support others to look after our environment. Our vision is that everyone in the Region will become environmentally aware and take some practical action. After all, environmental care is everyone's responsibility and everyone's future.

Gaining Compliance

A large proportion of our staff resources is tied up in resource management compliance issues. We have always tried to take a reasonable view on compliance matters and to work with resource users to bring about improvements rather than resort immediately to legal action. However, experience has shown that people all too often take advantage of this approach and try and ignore their environmental responsibilities. Therefore, in the past few years we have been forced to “harden-up” on compliance and let everyone know that we mean business. We will continue to do so until people understand that they cannot ignore New Zealand's environmental laws without taking the consequences. After all, these laws are there for a purpose – to provide sustainable management.

Working with iwi

The Council has been working very hard to achieve a more mutually beneficial relationship with iwi of the Region. Giving practical effect to the Treaty of Waitangi is a challenge facing the whole of New Zealand. Opinions about what should be done – and why – are varied and often emotionally charged. The Council knows that more resources alone will not resolve tangata whenua issues. There is tension between the Council's legislative responsibilities and tangata whenua aspirations to exercise kaitiakitanga (guardianship) and tino rangatiratanga (self-determination). We must work through these issues. It will take time, patience and understanding. The Council's goal is epitomised in the name of its Inter-iwi representative group *Ara Taui* which symbolises two parties walking together down one road. That is our challenge.

Providing Good Information

The Council must empower the community with good environmental information if it is to expect people to understand environmental issues and become actively involved in environmental care. We need to motivate people to take responsibility for their own environment. Our information must be relevant and user-friendly. People need to be able to understand how they, as individuals and group members, can contribute.

Our challenge is give the right information, in the right format and in the right medium.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources

Planned Performance

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 through:

- Operative regional plans.
- 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.

Actual Performance

- ▶ 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 the Plans are operative.

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

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

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 four 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%.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM – *continued*

SHORT TERM By 30 June 2001

The implementation of the Regional Policy Statement and regional plans will have progressed to the satisfaction of the Council, within a budget of \$576,000.

Actual Performance

- 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.
- 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.
- The Consents Management Department and Resource Quality Section (Resource Investigations Department) was certified to the ISO 9002 Standard in September 2000.

- ▶ A significant amount of work has been completed. Key outputs are:
 - On-going restoration of Kaiwharawhara and Waitohu Streams, and the Horikiri and Kakaho estuaries.
 - Completion and implementation of the Vision Statement and Action Plan for the Pauatahanui Inlet.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

Actual Performance

- ▶ • Completion of the Waiwhetu Stream Action Plan and completion of sediment investigations.
- Establishment of a private land protection programme.
- Completion of a draft riparian management strategy for public consultation and commencement of pilot projects.
- Completion of a review of silt control guidelines and rules.
- Completion of a framework for management of freshwater ecosystems and completion of a number of investigations.
- Completion of a survey of attitudes to the marine environment and a councillor workshop.
- The establishment of two new soil monitoring programmes.
- Compilation and design of a brochure encouraging best practice for spray painters.
- Printing and distribution of brochures on on-site sewage disposal and on the requirements of the rules in the Regional Air Quality Management Plan relating to agrichemical use.

Work undertaken was regularly reported to the respective Council Committees during the year. Actual costs were \$582,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

All resource consent applications will be processed in accordance with the Consent Processing Procedures Manual statutory timeframes and within a budget of \$501,000.

All consents will be monitored according to the procedures set down in the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual, within a budget of \$296,000.

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 \$190,000.

Actual Performance

- ▶ A total of 637 consents were processed. The median timeframe for non-notified consents was 12 working days; only five consents relating to one activity were outside the statutory timeframe.

One minor instance of non-compliance with the Consent Processing Procedures Manual was recorded. The non-compliance related to a quality assurance procedure and did not affect time frames. Actual costs were \$452,000.

- ▶ All consents were monitored in accordance with the Resource Management Act 1991 and the Compliance Monitoring Procedures Manual. Annual compliance reports were provided to the respective Council Committees. Significant compliance issues were reported to the respective Council Committees during the year. Actual costs were \$287,000.
- ▶ A total of 1,501 (previous year - 1,160) complaints were investigated during the year. Follow-up actions were reported regularly to the relevant Council Committees. There was a significant increase in complaints received a 29% increase over the previous year. Actual costs were \$345,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

The Council will raise the awareness of the community about the environment and provide people with the tools to change their environmental behaviour.

SHORT TERM By 30 June 2001

Five community care groups will be established and assisted in providing local environmental care, to the satisfaction of the Council, within a budget of \$104,000.

Actual Performance

▶ The Council is raising community awareness by providing community groups with support and information for their ecological restoration initiatives, by developing tools for businesses to take charge of their environmental impacts, and by teaching school children and adults about the importance of rivers and streams and how to look after them. A survey of community attitudes about the environment has also been completed.

▶ Eight community care groups have been assisted to carry out stream, coastal, and wetland restorations. The equipment and resources needed to assist these groups have been developed. The projects are:

- Restoration of Kaiwharawhara Stream, Otari.
- Restoration of the Waimapehi Stream in Pukerua Bay.
- Restoration of Fensham wetland in Carterton.
- Creation of a Little Blue Penguin breeding colony at Greta Point, Wellington.
- Restoration of Moehou stream in Moehou Reserve, Upper Hutt.
- Restoration of a stream and wetland in Manuka Street, Masterton.
- Restoration of Wharemauku Stream at Kaitawa.
- Restoration of the Greendale Stream in Paraparaumu.

Four groups are being supported by the Landcare and Wairarapa divisions.

The work was reported to the Environment Committee in September 2000, February 2001 and June 2001. Actual costs were \$103,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

An environmental trail will be developed and tested to the Stage 2 level, as described in the *Learnwell* Implementation Plan, to the satisfaction of the Council, within a budget of \$164,000.

The *Business Bridges* programme will be established to the satisfaction of the Council, within a budget of \$128,000.

Actual Performance

- ▶ A freshwater trail and resource kit have been developed and tested to beyond the Stage 2 level of the Implementation Plan. The programme is now called *Take Action*. The work was reported to the Environment Committee in June 2001. Actual costs were \$194,000.
- ▶ The *Business Bridges* programme has been established and rebranded as *Take Charge*. The programme helps small to medium sized businesses take charge of the environmental effects of their actions. The work was reported to the Environment Committee in June 2001. Actual costs were \$122,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

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.

SHORT TERM By 30 June 2001

The environment will be monitored and the following annual reports will be completed to the satisfaction of the Council and within a budget of \$1,427,000.

- Freshwater quality.
- Coastal water quality.
- Groundwater.
- Hydrology.
- Air quality.
- Environmental incidents.

Actual Performance

- ▶ A major state of the environment report is prepared every five years and annual reports are prepared in the intervening period. The five yearly report, *Measuring Up*, was released in February 2000. This was a comprehensive account of the state of the Region's environment.

Over the past year, the Council has reviewed its monitoring practices and made significant progress with preparing a Regional Monitoring Strategy. This describes how the Council will undertake its monitoring activities in the future, as well as how the information will be reported.

- ▶ All the annual monitoring reports, except the coastal water quality report, were completed by 30 June 2001, and reported to the Council. The annual coastal water quality report was presented to the Environment Committee in September 2001. Actual costs were \$1,581,000.

Some key findings from these reports:

- Stormwater run off from both urban and rural areas has degraded the quality of our rivers and streams and coastal water in some areas.
- The water quality in the worst affected rivers and streams in the region, e.g. Waiwhetu Stream, has not improved over the past five years.
- In some areas land-use activities are degrading groundwater quality (e.g. pesticides, fertilisers and sewerage discharges).
- The amount of water that is taken from our rivers has to be carefully managed so that enough remains to allow for healthy river environments.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

An annual environmental report for the Region will be prepared, to the satisfaction of the Council, within a budget of \$43,000.

Actual Performance

- Because more water is being used for domestic, commercial, agricultural and industrial purposes, water conservation is becoming an important issue.
- Wetlands are a fast disappearing habitat. As they play a major role in keeping our rivers healthy they require protection.
- Motor vehicles are the biggest air polluters overall.
- Domestic fires are the biggest air polluters in winter.
- Winter is the time when air pollution is worst in the Wellington Region.
- Most complaints received by our Pollution Response service are about odour.
- Discharges of waste to rivers and streams are the main cause of complaints about water quality.
- The number of pollution complaints is increasing annually.

- ▶ The Annual Environment Report was presented as an insert “Our Environment – How are we doing?” in the Council’s publication, “*Elements*”, and also published on the Council’s website. Actual costs were \$22,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

Iwi will be assisted to undertake projects according to the provisions of the relevant contract, within a budget of \$386,000.

Actual Performance

▶ The Council has continued to make significant progress in maintaining and improving its relationships with the iwi of the Region. A number of workshops and training forums have been held to increase the knowledge and understanding of Councillors, staff and iwi representatives. Ara Tahi completed the review of the Charter of Understanding. Iwi have been funded to participate in the non-notified resource consent process and to undertake projects. A second Maori Policy Advisor has been appointed.

▶ Progress on iwi projects has been slower than expected. However, some significant progress has been made.

- Te Runanganui o Taranaki Whanui ki te Upoko o Te Ika a Maui have completed a written project plan and a contract has been negotiated to prepare an Iwi Environmental Management Plan.
- Ati Awa ki Whakarongotai completed design work for their iwi policy manual. A proposal to rehabilitate the Whareoa Stream mouth has been discussed and a proposal prepared.
- The Wellington Tenth's Trust completed the first stage of an inventory of Maori heritage values in the Port Nicholson Block.
- Rangitaane o Wairarapa have signed a contract for a project to protect the Taueru Urupa.
- Ngati Kahungunu ki Wairarapa have signed a contract for planting to rehabilitate the Hurunuiorangi Urupa.
- Ngati Raukawa have negotiated a contract to prepare a tikanga report on the Otaki River.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Resources – continued

Planned Performance

SHORT TERM – *continued*

Ara Tahi will meet six times, within a budget of \$38,000.

Actual Performance

- ▶ The Council decided to expand the scope of support to include the building of iwi administrative capacity. Actual costs were \$101,000.

Ara Tahi met on 19 July 2000, 6 September 2000, 7 February 2001, 7 March 2001 and 2 May 2001. Ara Tahi did not consider that a meeting scheduled for 28 February was necessary. Actual costs were \$19,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Emergencies

Planned Performance

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.

SHORT TERM By 30 June 2001

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 \$70,000.

This will include:

- Agreeing roles and responsibilities with key response organisations.
- Training programmes.
- Maintaining the Regional Response Headquarters (fixed and mobile).

Reports will be prepared to the satisfaction of the Council within a budget of \$96,000 which:

- Define the nature of the hazard posed by the transport and storage of non-petroleum hazardous substances.
- Identify the risk associated with the Masterton and Carterton faults.

Actual Performance

▶ 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.

▶ Reports were presented to the Environment Committee on 22 February 2001 and 7 August 2001. The programme of work included publishing the agreed roles and responsibilities of all regional response operations, promotions, training staff, exercises, and maintaining the headquarters and communication system. Actual costs were \$73,000.

▶ A study of the hazard posed by the transportation and storage of non-petroleum hazardous substances was completed. The findings were reported to the Environment Committee in June 2001.

A draft report on the Masterton and Carterton faults was presented to the Wairarapa Engineering Lifelines Association on 12 July 2001. Actual costs were \$91,000.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours

Planned Performance

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.

Actual Performance

- ▶ The Council has continued to enforce maritime safety regulations by:
 - Issuing harbour licences for operators of small commercial craft not covered by Maritime Rules.
 - Issuing and renewing pilot exemption certificates.
 - Issuing hot work permits to allow welding or burning repairs on vessels.
 - Managing all swing moorings.
 - Monitoring harbour users and investigating all reported safety incidents or breaches of harbour bylaws.
 - Promoting safer boating practices through education.
 - Obtaining tanker cargo stowage plans and appropriate dangerous cargo notifications.
 - Maintaining a 24-hour regional marine oil spill response.

Navigational aids continue to assist vessels to use the Region's harbours safely and in all weather conditions. During the year a wave rider buoy was placed at the entrance to Wellington Harbour to measure wave actions. The information is used to assess whether or not sea conditions fall within the safety criteria set by the Maritime Safety Authority. These navigation aids are checked regularly and any defects repaired promptly.

ENVIRONMENT MANAGEMENT: Performance Indicators

Managing Harbours – continued

Planned Performance

SHORT TERM By 30 June 2001

The Beacon Hill Harbour Communications Station will provide a 24 hour, 365 days service which is in accordance with Council agreed operating standards, within a budget of \$262,000.

Reports of oil spills in harbour waters will be checked within 30 minutes and clean up action for actual oil spills commenced within one hour of being reported in harbour waters and within three hours of being reported in regional coastal waters, all within a budget of \$25,000. A formal log will be kept and incidents followed up whenever possible.

Within a budget of \$73,000, 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 record will be kept.
- Developing and implementing a recreational boating education and enforcement strategy.

Actual Performance

- ▶ • 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 \$305,000.
- ▶ • There were 11 incidents of oil spills reported. All 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 \$16,000.
- The Council introduced the new Regional Navigation and Safety Bylaws and these came into effect on 15 December 2000.
- The Council has carried out its harbour safety work through the new (and previous) navigation bylaws.
- In the review period there were no significant events reported. Twelve minor incidents were responded to. A formal log was kept.

The implementation of the boating education strategy was timed to coincide with the introduction of new Regional Navigation and Safety Bylaws in December 2000. During the summer period the following were carried out:

- A survey of recreational "boaties" at boat ramps to advise of the requirement to carry lifejackets.
- A programme to test the buoyancy of existing lifejackets.
- "Safe Boating Information" packs (3,000) distributed throughout the Region.
- Enforcement enhanced with the additional harbour rangers being employed and a "safety jetski" acquired to provide a greater visible presence and promote water safety. Actual costs were \$105,000.

ENVIRONMENT MANAGEMENT: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	8,373	8,373
Other Rates	-	-
Government Subsidies	76	83
Other Revenue	1,883	1,815
Operating Revenue	10,332	10,271
Direct Operating Expenditure	9,998	9,877
Interest	5	5
Depreciation / Loss (Gain) on Disposal	198	256
Operating Expenditure	10,201	10,138
Operating Surplus (Deficit)	131	133
Less:		
Capital Expenditure	379	418
Loan Funding	-	-
Rates Funded Capital Expenditure	379	418
Debt Provisioning	21	21
Reserve Movements	156	(50)
Non Cash Items	(198)	(256)
Net Funding Surplus (Deficit)	(227)	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Managing Resources	8,399	8,379
Managing Harbours	1,280	1,229
Managing Emergencies	522	530
Total Operating Expenditure	10,201	10,138
CAPITAL EXPENDITURE		
Land & Buildings	-	-
Plant & Equipment	228	249
Motor Vehicles	235	239
Asset Disposals	(84)	(70)
Total Capital Expenditure	379	418

REGIONAL TRANSPORT

The Council's Regional Transport significant activity helps to sustain *A High Quality Environment, A Safe Region with Healthy People* and *A Prosperous and Viable Region*. It does so through the development and adoption of land transport policies in the form of the Regional Land Transport Strategy, that promotes a safe and sustainable land transport system which maximises social and economic benefits for the regional community.

Regional Transport supports these aims by promoting public transport use through the purchase of the most cost effective public transport services and infrastructure in accordance with the Regional Land Transport Strategy.

Transport also contributes to *A Strong and Inclusive Regional Community* through its support for access and mobility for all through its fares policies, services and Total Mobility funding.

REGIONAL TRANSPORT

Key Issues

Implementing the Strategy

The Council adopted a new Regional Land Transport Strategy in September 1999. Implementation of the strategy, by the Council in its role as public transport funder and through roading agencies such as Transit New Zealand and Territorial Local Authorities, is a key issue.

The strategy encourages roading agencies, Transit New Zealand and Territorial Local Authorities, to provide certain regionally significant roads. However, the current connection between the strategy and funding provision is weak. This has led to some difficulties in ensuring the strategy is implemented in a measured fashion. Legislation change is necessary to strengthen the role of strategies and their linkage with funding.

Patronage Funding

On 1 November 2000 Transfund New Zealand changed its funding procedures for passenger transport from subsidising the expenditure of the Council to providing funds based on patronage growth. This required the Council to review its programme of service provision and concentrate on growing patronage so as to receive greater funding to enable it to invest in yet more services. The Council is not confident that this new funding approach is sustainable in the longer term and it will therefore be closely monitoring its implementation.

Improving Public Transport

The strategy promotes the further enhancement of the urban rail network, in particular the extension of the network to Waikanae. The announcement by Tranz Rail of its intentions to sell its Tranz Metro (Wellington) operation has put these enhancements on hold. The Council has proposed a joint venture company to own Tranz Metro between itself and a proven rail operator. Currently this is not possible under present legislation.

The Council's long term aim is to see public transport services operating without public funding support. However, the Council recognises that achieving further infrastructural improvements in the short to medium term, which will enable this to be realised, will need public funding support. The inability of the Council to own infrastructure is an issue that has made these investments problematic for the Council and has weakened the accountability to ratepayers.

Road Pricing

The strategy requires a new source of funding to be found by the year 2005 to finance both roading and passenger transport infrastructure. The Council has to develop a range of approaches and determine at what levels pricing might be set and then seek a mandate from the community to introduce road pricing as a source of funding for major enhancements of the transport network. Legislation change is also required. The level of road pricing envisaged is modest. Analysis has shown that road pricing at this level will enable new infrastructure to be finalised which will result in a gain in total network performance, economic efficiency and benefits to the regional economy.

REGIONAL TRANSPORT: Performance Indicators

Planning and Monitoring the Transport Network

Planned Performance

LONG TERM

The Council will maintain 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.

SHORT TERM By 30 June 2001

Reports will be prepared for the Secretary of Transport and the Regional Land Transport Committee on progress with implementing the Regional Land Transport Strategy, within a budget of \$35,000. The reports will detail actual achievement against performance measures contained within the Strategy.

A report on the options for passenger transport upgrades will be completed and reported to the Passenger Transport Committee, within a budget of \$75,000.

Actual Performance

- ▶ An annual monitoring report on the adopted strategy was sent to the Secretary of Transport in November 2000. The current government has indicated that it intends to commence the development of a National Transport Strategy during 2001. Two corridor studies have been started, the Eastern corridor and the Wellington CBD corridor. Both of these will be subject to public consultation before becoming part of the adopted strategy.
- ▶ The report was sent to the Secretary of Transport and other interested parties in November 2000. The report was produced internally with no external costs.
- ▶ Due to the uncertainty created around the sale of Tranz Metro by Tranz Rail no significant work has been completed.

REGIONAL TRANSPORT: Performance Indicators

Building the Public Transport Infrastructure

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

All current public transport user facilities will be maintained in accordance with the Council's guidelines to the satisfaction of the Manager, Transport Policy, within a budget of \$481,000.

An upgrade of the Wellington Railway Station pedestrian subway will be completed, in conjunction with Wellington City Council, to an agreed design, at a total project cost of \$940,000 (this amount to be 100% funded from the Transport Reserve).

A refurbished Lambton Bus/Rail Interchange will be provided, in conjunction with Wellington City Council, to an agreed design, within an annual service payment budget of \$1,369,000 (in 2000/01, \$320,000 of this amount will be funded from the Transport Reserve).

A Wellington City bus priority system will be installed in conjunction with Wellington City Council, within an annual service payment budget of \$206,000.

Actual Performance

- ▶ Public transport user facilities have been maintained to the Council's standards. Additions to user facilities this year included the purchase of land at Lindale and Raumati South for future station commuter carparks, the sealing of Paraparaumu and Paekakariki commuter carparks and a start on the construction of the Lambton Bus/Rail Interchange which will be completed in 2002.

- ▶ All facilities have been maintained in accordance with the Council's guidelines and to the satisfaction of the Manager, Transport Policy, at a cost of \$411,000.

- ▶ Project costs of \$940,000 have been paid to Wellington City Council for the completion of the Wellington Railway Station pedestrian subway.

- ▶ Reduced service payments of \$761,000 will begin on completion of development in 2002/03 as Transfund's contribution is now going directly to the Wellington City Council. This year a contribution of \$711,000 was made by Wellington Regional Council to fund the development of the station forecourt/Bunny St.

- ▶ Development of a Wellington City Bus Priority system will now depend on decisions around the Wellington City Bypass.

REGIONAL TRANSPORT: Performance Indicators

Funding Public Transport Services

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

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 \$31,095,000 (including concessionary fare reimbursements and five Ganz Mavag two car rail unit refurbishments).

The Total Mobility scheme will be administered to the satisfaction of Transfund New Zealand, within a budget of \$1,122,000.

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

Actual Performance

- ▶ The introduction of the government's patronage growth funding scheme on 1 November 2000 allowed the Council to bring forward a number of public transport projects from future years. Additional bus routes have been introduced in Churton Park/Newlands, Eastbourne and Wellington city. Others have been organised to start in August/September 2001.
- ▶ The total cost of contracted services, including concessionary fare reimbursements and five Ganz Mavag refurbishments, was \$34,144,000. During the year sharp rises in fuel prices caused large increases in contract inflation indices. Also the Council's participation in Transfund's patronage scheme resulted in \$665,000 expenditure on new "kick-start" services. Under the scheme 80 percent of the cost of these services was funded by Transfund.
- ▶ While there was no audit by Transfund New Zealand during the year, their procedures were complied with. Costs for the year were \$1,179,000.
- ▶ Although 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 – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

All timetable leaflets will be produced within a budget of \$312,000 to a standard agreed with the service providers. Timetables will be made available on the Council's website and will always be maintained in print except in emergency situations or when information has not been supplied by service providers.

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

Actual Performance

- ▶ Timetable displays at bus stops have been upgraded to provide a vandal proof and clearer display. These displays are progressively being introduced through the Region. All the other information outlets, website and telephone enquiry centre have been maintained.
- ▶ Timetables have been provided in print and on the website at a cost of \$408,000. The cost variance is due to the unbudgeted introduction of the patronage scheme and therefore the production of new timetables to include "kick-start" services.
- ▶ Current timetables were displayed on all stops with permanent facilities. Expenditure for the year was \$206,000. The cost variance is due to the unbudgeted introduction of the patronage scheme and the associated costs to incorporate the "kick-start" services.

REGIONAL TRANSPORT: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
Transport Rates	22,333	22,333
Other Rates	-	-
Government Subsidies	19,522	17,208
Other Revenue	284	181
Operating Revenue	42,139	39,722
Direct Operating Expenditure	43,532	39,984
Interest	405	405
Depreciation / Loss (Gain) on Disposal	340	375
Operating Expenditure	44,277	40,764
Operating Surplus (Deficit)	(2,138)	(1,042)
Less:		
Capital Expenditure	20	25
Loan Funding	-	-
Rates Funded Capital Expenditure	20	25
Debt Provisioning	244	246
Reserve Movements	(2,062)	(938)
Non Cash Items	(340)	(375)
Net Funding Surplus (Deficit)	-	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Funding Public Transport Services	38,319	35,294
Planning & Monitoring the Transport Network	1,383	1,458
Building the Public Transport Infrastructure	4,575	4,012
Total Operating Expenditure	44,277	40,764
CAPITAL EXPENDITURE		
Land & Buildings	-	-
Plant & Equipment	-	15
Motor Vehicles	20	20
Asset Disposals	-	(10)
Total Capital Expenditure	20	25

REGIONAL WATER SUPPLY

The Council's water supply significant activity has a major role in creating *A Safe Region with Healthy People* in the metropolitan part of the region by ensuring a constant supply of safe, potable water. The water supply is vital, also, in enabling *A Prosperous and Viable Region*.

Regional Water Supply collects, treats and delivers water to the cities of Lower Hutt, Porirua, Upper Hutt and Wellington.

REGIONAL WATER SUPPLY

Key Issues

Meeting 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

The Council's policy is to achieve an A or A1 grading for treatment plants, where practical to do so. Te Marua Water Treatment Plant is already graded A and it is expected that Wainuiomata Water Treatment Plant will achieve an A grading during 2001/02. The Waterloo Water Treatment Plant is graded B and at present a higher grading is not possible without chlorination.

The current *Drinking-Water Standards for New Zealand: 2000* set a maximum turbidity for treated water at the treatment plants of 0.5 NTU for 95 percent of the time, or a change of no more than 0.2 NTU in 10 minutes. The maximum turbidity requirement will reduce to 0.1 NTU on 1 January 2005.

The new Drinking-Water Standards also changed the criteria for groundwater being classified as secure. Ageing tests on the Waiwhetu aquifer water are being carried out at present. Results are expected in October 2001. If the water is not secure then treatment may be required at Waterloo and Gear Island.

Debt Management

Significant modernisation of the facilities has taken place in the last 15 years and this has obviously not come without cost. The result in absolute terms is relatively

high debt, \$57 million as at June 2001. The asset revaluation exercise completed last year has placed a value of \$245 million on our water supply network.

The question then is "What should our debt levels be over the medium-term?" Without doubt, in any sector the level of debt is a judgement call but in the local authority environment a number of factors need to be considered. These include: financial prudence, intergenerational equity, future debt requirements, funding future capital expenditure requirements and interest rate risk.

Our Treasury Management Policy recommends a target debt level of \$50 million based on the current level of water levy. Our projections show that the target level will not be reached until approximately 2012/13.

Clearly, as we get closer to achieving the targeted debt level, questions will arise as to how quickly debt should be repaid beyond the target level. Reducing the debt repayment level could reduce the amount of levy. This will have to be balanced against financial prudence, having regard to potential future increased debt requirements and intergenerational equity.

Increasing Efficiency

Over the last four years significant operational improvements to our system have occurred. In addition, debt has fallen by \$15.5 million over that period. These two factors have driven down our operating expenditure by 25 percent over that four year period. However, we are now of the view that beyond the 2002/3 financial year additional operating efficiencies will not be sufficient to offset inflationary elements in our operations. We believe, therefore, that the levy setting process beyond the 2002/03 year will have to take this into account in conjunction with projected future debt levels.

REGIONAL WATER SUPPLY: Performance Indicators

Quality

Planned Performance

LONG TERM

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

Actual Performance

▶ Drinking-water standards apply to water that leaves the Te Marua, Wainuiomata, Gear Island and Waterloo Water Treatment Plants. The Council has a policy to target an "A" grade standard for water supplied from each of the plants. This means that the water supplied is completely satisfactory with a very low level of risk. The plants are currently graded in accordance with the 1984 Drinking Water Standards.

Wainuiomata Water Treatment Plant is graded "C", largely because of the occasional turbidity spikes in the past. As a result of some changes these spikes have been reduced to a level which complies with the 2000 Drinking Water Standard. A regrading for Wainuiomata Water Treatment Plant to A1, the highest possible grading, was applied for in June 2000. The outcome will be known in the 2001/02 financial year.

Under the 1984 criteria, water produced from Te Marua has an "A" grading. Regrading would now be carried out against the 2000 Standard.

Water supplied by Waterloo Water Treatment Plant is currently graded "B". This would be upgraded to "A" if chlorine was added to the treated water.

Tests are carried out for Giardia / Cryptosporidium, faecal coliforms, fluoride, various metals and chemicals. Testing is carried out in accordance with the Standard by a Ministry of Health approved laboratory on the water leaving the water treatment plants.

The small risk of non-compliance is further reduced by our ISO9002 accredited QA system which was re-certified in September 1999. This system has been subject to two external surveillance audits during the year.

REGIONAL WATER SUPPLY: Performance Indicators

Quality – continued

Planned Performance

SHORT TERM By 30 June 2001

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. Expenditure will not exceed the budget of \$403,000.

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

Actual Performance

- ▶ 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 \$478,000, due to additional unbudgeted expenditure arising from a variety of increased testing.

New drinking water standards became mandatory on 1 January 2000. Hence, for half the year, testing was carried out to the old standard and the second half the new standard. The new standard provides a choice for one of the bacteria tests, the most appropriate option is still being evaluated. Overall compliance with the new standard will result in higher quality water.

Changes to the system during the year enabled Petone to be supplied with unfluoridated water; a return to the situation before the Buick Street pumping station closed. For the remainder of the system the fluoride monitoring has been improved with the decision to introduce 24 hour composite samplers. These samplers will be installed at all main sampling points during 2001/02.

- ▶ WRC's Landcare Division carried out vegetation control measures to the satisfaction of the Water Group and provided regular reports. The actual cost of the work was \$118,000, which is 20% below budget. A deer culling operation was carried out in March/April in the Wainuiomata/Orongorongo catchments using amateur hunters. Prior to this an extensive goat culling was carried out using professional hunters. Just over 200 goats were shot. It is expected that maintenance hunting will be carried out each year to keep goat numbers manageable.

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply

Planned Performance

LONG TERM

Subject to customer confirmation, 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 continue to be maintained and improved to meet the standards specified in the Regional Water Supply Asset Management Plan.

Actual Performance

- ▶ Previous investigations 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 at least 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 summer of 2000/01 was the driest in the Wellington metropolitan area for 100 years. The water catchments though were not quite as dry. Even so, there was more than sufficient raw water available to meet demand.

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.

The Council has approved a 1 in 50 year drought strategy and a security of supply for water treatment plants of n-1. This means anyone of the three main water treatment plants can be unavailable and the basic water supply needs of the community met.

REGIONAL WATER SUPPLY: Performance Indicators

Security of Supply – continued

Planned Performance

SHORT TERM By 30 June 2001

Service reservoirs will be kept at levels specified in the draft Wholesale Water Supply Agreement.

The security of supply to the Karori, Kelburn and Aro Street areas of Wellington City will be enhanced by recommissioning the Thorndon to Karori main, to accepted engineering standards, within a budget of \$900,000.

Security of the pipeline across the Hutt Estuary Bridge will be improved through quality seismic restraint work, completed to accepted engineering standards, within a budget of \$65,000.

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 \$200,000.

Actual Performance

- ▶ Reservoirs are monitored on a daily basis to ensure that they are kept above the minimum acceptable level. Customers are advised of the situation if regular transgressions are occurring. At present only Ascot Park reservoir (in Porirua City) is often below the desired minimum level for more than brief periods. Remedial works are included in the 2001/02 capital works programme.
- ▶ Relining of the pipeline was completed during the year and the pipeline made available for use. Actual final project expenditure was within budget at \$767,320.
- ▶ Hutt City Council, as owner of the bridge arranged the work which was undertaken over several years. In the current year the Regional Council's share of the cost was \$21,000. This is less than the budget and all work on the project is now complete.
- ▶ Investigations during the year have shown that in many cases the additional accuracy achieved from upgrading the non-revenue meters is not justified by the cost. Therefore the meter replacements were scaled back. The total actual cost of the work carried out was \$26,073. This now completes this upgrading project.

REGIONAL WATER SUPPLY: Performance Indicators

Environmental Management

Planned Performance

LONG TERM

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

Actual Performance

▶ 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 solids are removed off site to designated landfills.

Surface water consents, to take water from rivers for water treatment were applied for during the year. Rights for 35 years were sought. A hearing was held in early July 2001.

The ISO14001 EMS has been subject to two successful external surveillance audits during the year.

Improvements in environmental performance include noise reduction at Wainuiomata No 1 pump station, installation of chemical spill control facilitator at the treatment plants and a reduction in peak hour power use through the system optimiser project.

REGIONAL WATER SUPPLY: Performance Indicators

Environmental Management – continued

Planned Performance

SHORT TERM By 30 June 2001

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

Resource consent compliance will be demonstrated to an auditable standard and a report on compliance for 1999/00 will be prepared by 30 November 2000.

To improve understanding of the capacity of the Waiwhetu aquifer, a high flow pump test will be undertaken, in consultation with the Environment Division.

Water conservation will be promoted by way of an education campaign during the 2000/01 summer, at a cost not exceeding \$70,000.

Funding of \$180,000 will be provided towards leak detection activities within the customer authorities' retail networks. Customers to report on outcomes by 30 November 2001.

Actual Performance

- ▶ Resource consents are held for the right to take water at all sites and for all discharges. All conditions were complied with except for minor monitoring omissions associated with the discharge of partially treated water at Wainuiomata.

Annual ongoing consent charges for the year of \$56,405 have been reviewed and agreed with the Environment Division.

- ▶ The Business Report, which included the compliance information, was published by 30 November 2000.

- ▶ The pump test has been postponed indefinitely because of the cost. There is no immediate need for additional water. The pump test could have resulted in a further 4.5 MLd. A further 3 MLd is expected to be available from other aquifer users who no longer require this quantity.

The Environment Division has also advised that information from a recent bore hole indicates the Waiwhetu aquifer is two separate aquifers. The implications of this will take time to assess.

- ▶ Last year's television advertisement was re-run during the 2000/01 summer period within budget.

- ▶ Our customers have indicated that they completed the leak detection work by 30 June 2001. Customer reports are expected by 30 November 2001.

REGIONAL WATER SUPPLY: Performance Indicators

Customer Service

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

Customers will be provided with a business report by 30 November 2000 which will include the following information:

- Financial results for the 1999/2000 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.

Actual Performance

- ▶ The Council has a policy to provide excellent customer 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 1997/98, is in line with this policy.

Customers are also consulted about the summer conservation campaign and other key issues as they arise. The way the water levy is charged was changed during the year following customer consultation. The change is financially neutral to the Regional Council.

- ▶ Customers were provided with an Annual Business Report late in November 2000. It included all the subjects in the bullet points.

REGIONAL WATER SUPPLY: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	-	-
Water Supply Levy	23,241	23,241
Government Subsidies	-	-
Other Revenue	5,676	4,904
Operating Revenue	28,917	28,145
Direct Operating Expenditure	15,320	15,833
Interest	4,943	5,328
Depreciation / Loss (Gain) on Disposal	5,181	5,233
Operating Expenditure	25,444	26,394
Operating Surplus (Deficit)	3,473	1,751
Less:		
Capital Expenditure & Investments	4,923	5,256
Loan Funding	(1,481)	(1,555)
Levy Funded Capital Expenditure	3,442	3,701
Debt Provisioning	6,416	4,760
Reserve Movements	(1,204)	(1,477)
Non Cash Items	(5,181)	(5,233)
Net Funding Surplus (Deficit)	-	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Collecting & Treating Water	18,320	19,004
Delivering Water	7,124	7,390
Total Operating Expenditure	25,444	26,394
CAPITAL EXPENDITURE		
Waterloo Water Treatment Plant	817	340
System Control & Protection Projects	527	830
Te Marua Improvement Projects	329	434
Orongorongo & Wainui Improvement Projects	270	413
Reservoir & Pump Station Construction	131	70
Pipeline Projects	1,495	1,760
Other Projects	429	200
Major Project Expenditure	3,998	4,047
Land & Buildings	1	-
Plant & Equipment	28	281
Motor Vehicles	220	336
Asset Disposals	(36)	(99)
Total Capital Expenditure	4,211	4,565
Investment Additions	712	691
Capital Expenditure & Investments	4,923	5,256

REGIONAL WATER SUPPLY: Statement of Financial Position as at 30 June 2001

	Notes	Council 2001 \$000's	Council 2000 \$000's
RATEPAYERS' FUNDS			
Retained Earnings		62,829	58,141
Reserves		136,094	140,073
Total Ratepayers' Funds		198,923	198,214
ASSETS			
Current Assets			
Receivables		2,917	3,307
Inventory		1,520	1,400
Total Current Assets		4,437	4,707
Non Current Assets			
Investments		4,666	5,157
Fixed Assets	7	251,458	255,192
Total Non-Current Assets		256,124	260,349
Total Assets		260,561	265,056
LIABILITIES			
Current Liabilities			
Payables		3,511	3,847
Employee Provisions		926	860
Total Current Liabilities		4,437	4,707
Non Current Liabilities			
Public Debt		57,201	62,135
Total Non-Current Liabilities		57,201	62,135
Total Liabilities		61,638	66,842
Net Assets		198,923	198,214

LAND MANAGEMENT

The Council's Land Management significant activity comprises two main activities – biosecurity and soil conservation.

The biosecurity function helps to produce *A High Quality Environment* by managing the adverse effects of plant and animal pests so that they do not cause significant harm to the Region's ecosystems (– or to social and economic values). Pest management programmes in a range of Key Native Ecosystems help the Council to achieve a number of its biodiversity objectives.

A Prosperous and Viable Region is supported by the Council's Bovine Tuberculosis Vector Management programme which protects the viability of cattle and deer farming in the Wellington Region and New Zealand's export trade in beef, dairy and venison products. The programmed targeting of the possum and other vectors also brings significant environmental benefits to the Region.

The Council's soil conservation role helps to promote sustainable use of the Region's land and thus supports *A High Quality Environment* whilst contributing to making *A Prosperous and Viable Region*. Soil conservation promotes appropriate protection of the Region's soils from uses which result in erosion or degradation, thus retaining the sustainable productive capacity of soils.

LAND MANAGEMENT

Key Issues

Maintaining Landholder Interest

Despite fluctuations in the rural economy and the impact of recent droughts, many landholders with a strong soil conservation ethic have continued their soil conservation programmes. However, progress in soil conservation will always be dependent on the ability of the landholder beneficiary to pay, and on the promotion of the economic and environmental worth of good land management. A key to maintaining landholder confidence is their ongoing relationship with the Council.

Broadening the Land Management Sustainability Programme

Recent Council initiatives to become involved in new activities such as riparian management, protection of remnant indigenous vegetation and wetland enhancement is providing new challenges. The Council is developing new programmes and skills for region wide implementation. As with many land management programmes, the Akura Conservation Centre will be pivotal in providing quality tree stocks. Maintaining the Centre at the 'cutting edge' is requiring new initiatives.

Keeping Current with Pest Management

A new Regional Pest Management Strategy for addressing pest animal and plants in the Region has just been adopted by Council. This Strategy incorporates some new pests and new approaches for our future work. The challenge for the future will be to keep this Strategy up to date with the community's expectations and the evolving nature of biosecurity work.

Improving our Bovine Tuberculosis Control Work

Bovine Tb is a particular challenge. Cattle and deer Tb reactors continue to decline within the Council's operational areas. However, reactors are still present in concerning numbers in areas of the Region which are not under specific control programmes. The need to address this had been recognised by Council and additional funding was provided in the past year. However, the planned additional work did not proceed as the other funding partners did not provide their share. The proposed new National Pest Management Strategy for bovine Tb gives a new opportunity for all stakeholders to provide sufficient input to make further progress. It is hoped that the collective willingness now being shown will enable the current gains to be continued over time.

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management

Planned Performance

LONG TERM

By 2010, the area of erosion prone hill country that has not been stabilised with soil conservation tree plantings will be reduced from the present 37,000 hectares to 31,500 hectares.

SHORT TERM By 30 June 2001

Approved soil conservation plans on at least 165 properties, incorporating 300 hectares of pole planting (22,000 poles) and 200 hectares of conservation woodlots, to the Department's performance standards, within a budget of \$530,000.

Actual Performance

- ▶ The stabilising of erosion prone land is continuing with the annual planting of 500 hectares of soil conservation trees. The remaining area to be stabilised has reduced to 36,500 hectares.
- ▶ Approved soil conservation programmes were completed on 138 properties incorporating 22,000 poles on 330 hectares, and establishing 230 hectares of conservation woodlots. Programmes were completed to the Department's performance standard at a cost of \$481,000.

LAND MANAGEMENT: Performance Indicators

Promoting Sustainable Land Management – continued

Planned Performance

LONG TERM

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

SHORT TERM By 30 June 2001

Approved programmes will be completed under six catchment control schemes to the satisfaction of each scheme Advisory Committee, to established standards, within a budget of \$84,000.

Protection planting at Stoney Creek will be completed, to established standards, within a budget of \$27,000.

Isolated works for District Councils and one-off programmes will be completed, to the Department's performance standards, within a budget of \$22,000.

Actual Performance

▶ New works and maintenance work continue to be developed to improve sustainable land management in problem areas.

▶ Approved programmes were completed for each of the six Catchment Schemes to established standards and in accordance with Advisory Committee resolutions. Programmes completed at a cost of \$94,600.

▶ The programme of protection planting at Stoney Creek was completed to standard at a cost of \$26,700.

▶ Isolated Works were completed on 19 properties to Department standards, at a cost of \$28,100.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests

Planned Performance

LONG TERM

By July 2004, the Council will reduce the percentage of infected Tb cattle and deer herds to 1.4%, working under contract to the Animal Health Board as part of the National Bovine Tb Pest Management Strategy.

SHORT TERM By 30 June 2001

Bovine Tb vector control operations will be completed on 314,800 hectares to the satisfaction of the Council and the Animal Health Board, within a budget of \$3,663,000.

Actual Performance

- ▶ The Regional Tb Operational Plan identified a maximum of 76 infected herds by June 2001 if the 1.4% target (40 herds) was to be achieved by 2004. The total number of infected herds at June 2001 was 80 (87 at June 2000). The number of infected herds in Council operational areas has continued to decline, but there has been a significant increase in non-operational areas. The expansion of the Bovine vector control programme into south-east Wairarapa from 2001/02 is expected to give a further reduction in infected herd numbers.
- ▶ Following a review of proposed operations in September 2000, and the receipt of additional trend monitoring information, a revised total of 290,376 hectares was agreed by the Council and the Animal Health Board. The main change occurred with the postponement of the S.E. Wairarapa Stage 1 operation (47,000ha). The final total achieved was 287,307 hectares at a cost of \$3,066,500.

LAND MANAGEMENT: Performance Indicators

Controlling Animal and Plant Pests – continued

Planned Performance

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.

SHORT TERM By 30 June 2001

The implementation of the fifth 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, within a budget of \$745,000.

The implementation of the fifth 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, within a budget of \$664,000.

Actual Performance

- ▶ The Regional Pest Management Strategies for pest plants and animals were approved in July 1996 for a five-year term. The 2000/01 year, therefore, was the final year before reviewing whether the strategies had been successful in minimising the adverse impacts of pests on the environment.

Compliance with the rules of the strategies has been of a high standard over the last five years. However, it is noticeable that the level of compliance parallels the performance of the regional economy. Landowners efforts to reduce pest infestations decline when income levels fall. This could indicate that not all landowners view pests as a priority for expenditure. Experience shows, however, that maintaining pest control expenditure on an annual basis is more cost-effective in the longer term.

- ▶ Implementation was completed at a total cost of \$703,300. An Annual Report on achievements under the Regional Animal Pest Management Strategy for the 2000/01 year will be presented to the Rural Services and Wairarapa Committee for approval in December 2001.

Implementation was completed at a total cost of \$665,100. An Annual Report on achievements under the Regional Pest Plant Management Strategy for the 2000/01 year will be presented to the Rural Services and Wairarapa Committee for approval in December 2001.

LAND MANAGEMENT: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	3,534	3,534
Other Rates	608	624
Government Subsidies	-	-
Other Revenue	3,258	3,398
Operating Revenue	7,400	7,556
Direct Operating Expenditure	6,961	7,550
Interest	-	-
Depreciation / Loss (Gain) on Disposal	103	140
Operating Expenditure	7,064	7,690
Operating Surplus (Deficit)	336	(134)
Less:		
Capital Expenditure	64	91
Loan Funding	-	-
Rates Funded Capital Expenditure	64	91
Debt Provisioning	-	-
Reserve Movements	149	(85)
Non Cash Items	(103)	(140)
Net Funding Surplus (Deficit)	226	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Promoting Sustainable Land Management	1,448	1,431
Controlling Animal & Plant Pests	5,616	6,259
Total Operating Expenditure	7,064	7,690
CAPITAL EXPENDITURE		
Plant & Equipment	-	11
Motor Vehicles	94	113
Asset Disposals	(30)	(33)
Total Capital Expenditure	64	91

FLOOD PROTECTION

The Council's Flood Protection significant activity contributes directly to producing *A Safe Region with Healthy People* and supporting *A Prosperous and Viable Region* through its role in assisting the community to protect itself from the consequences of floods. It helps to create *A High Quality Environment* through its community protection role and by taking care of, and providing access to, river environments.

Within this activity, the Council undertakes floodplain management planning, investigations, asset management planning, asset maintenance, structural works, flood warning, gravel extraction, and environmental enhancement backed by appropriate community consultation.

FLOOD PROTECTION

Key Issues

Maintaining Service Levels

Before the Council commits to capital improvements, it will always maintain existing assets first to ensure they serve future generations as they have served us. The challenge is to continually review and improve asset management, so that our schemes will perform to the standards agreed with the community through floodplain management plans and scheme reviews.

A New Era of Construction

For the major rivers in the Western Region, construction works to provide the required levels of flood protection have been identified and costed. We are moving out of the planning phases into construction. The key questions are “how fast?” and “who pays?” The development of equitable rating classifications will also be necessary to maintain the confidence of the Wairarapa rural community in their river schemes. The challenge will be to achieve the right balance between staging, funding, and affordability.

Other Considerations

Flood protection systems are not invincible. The “non-structural” measures, which complement “on the ground” works and structures, must not be forgotten. The Council will continue to work with the Territorial Authorities to achieve appropriate District Plan provisions and Emergency Procedures.

Rivers are Special Places

River management activities can have adverse environmental impacts. There is pressure to restrict some of these activities. Increased recreational use of river corridors also creates a demand for higher levels of environmental enhancement and improved recreational access. Progress has already been made with operational codes of practice, works now include provision to enhance these special areas, and environmental and ecological strategies for our major rivers. The challenge is to achieve the right balance between expenditures on core flood protection, environmental enhancement, and the river environment.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

By 2007, the Council will, after consultation with affected communities, complete plans for the management of regionally significant floodplains, and will complete flood hazard assessments of rivers and streams in the Western Region which are subject to flooding and erosion.

SHORT TERM By 30 June 2001

Phase 2 & 3 of the Hutt River Floodplain Management Plan (develop, choose and refine options) will be completed and the plan will be drafted and approved by the Landcare Committee, within a budget of \$280,000. The total budget for the completed and remaining investigations, planning and publication phases 2, 3 and 4 will not exceed \$1,340,000.

Actual Performance

- ▶ The priorities for the Scheme Reviews were established by the Rural Services and Wairarapa Committee in 1998. To date, the Waiohine, Lower Mangatarere and Waipoua river schemes have been reclassified. A strategy has been developed for the Upper Ruamahanga river scheme reclassification and this will commence in 2001/02. On completion of the Upper Ruamahanga river scheme review, the lower Wairarapa Valley Development Scheme review will be commenced. The final scheme to be reclassified will be the Waingawa river scheme.

Two of the three Floodplain Management Plans are complete (Otaki and Waikanae) and the third (Hutt) will be completed by October 2001.

Of the six flood hazard assessments, three (Waiwhetu, Wainuiomata and Porirua) are complete. In addition, the Mangaone flood hazard assessment will be finalised by September 2001. Flood hazard assessments for the Waitohu and Pinehaven Streams are programmed for future years.

- ▶ The Hutt River Floodplain Management Plan, Phases 2 & 3, were completed and the Hutt River Environmental Strategy was published and distributed, by 30 June 2001.

The draft Hutt River Floodplain Management Plan was completed by 30 June 2001. The plan will be published and formally launched on 9 October 2001.

Phases 2 & 3 and Phase 4 input were completed at a cost of \$252,500, which was \$27,500 under budget. Phase 4 and the overall project are forecast to be completed within the total approved budget of \$1,340,000.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

A flood hazard assessment of the Mangaone Stream will be completed to the satisfaction of the Landcare Committee, within a budget of \$116,000.

Public consultation programmes for the reviewed Upper Ruamahanga, Waipoua and the Waiohine river schemes will be progressed to the satisfaction of the Rural Services and Wairarapa Committee, within a budget of \$392,000. River scheme reviews have addressed river maintenance standards, rating classifications and levels of district council funding contribution.

Actual Performance

- ▶ A draft Mangaone Flood Hazard Assessment report and key associated reports, were provided by the project consultants by 30 June 2001. The final report will be completed and the outcomes reported to the Landcare Committee in September 2001. Consultation with the local community, which was not part of the original project scope, will follow. The project is likely to be completed, including consultation, approximately \$20,000 below budget.
- ▶ New rating classifications have been adopted for the Waiohine, Lower Mangatarere and Waipoua river schemes with no objections/submissions being received. The outcome in the Waiohine river scheme is the creation of a revised Greytown urban rate which is contributing 50 percent of the rates. The rural area has reduced its rating contribution from 75 percent to 50 percent of the rates collected. The rates rose 100 percent in the Waipoua river scheme to pay for the increased works programme and the effects of the October 2000 floods. Total cost was \$405,800.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

By 2040, the Council will implement the adopted floodplain management plans for the Hutt, Otaki and Waikanae Rivers (total approximate capital expenditure of \$92.75 million).

SHORT TERM By 30 June 2001

In conjunction with Tranz Rail feasibility investigations will be completed for a replacement railway bridge over the Hutt River at Ava. Preliminary designs will be prepared for the Alicetown and Strand Park stopbanks and for the Strand Park channel realignment, on the Hutt River reach from the Ava to Ewen bridges. Resource consent applications will also be prepared to construct these works. These projects will be completed within a budget of \$424,000 and to accepted engineering standards.

Actual Performance

▶ During the year, the following implementation projects were completed or advanced:

- The Otaki River State Highway 1 to Mouth edge protection works were completed for \$395,000.
- The Waikanae River, Otaihanga Road Raising (first section) was completed at a cost of \$123,000.
- Investigations and design for the Rangiuuru Floodgates (Otaki River) and the Ava to Ewen upgrade (Hutt River) are underway.

▶ A draft Hutt River Ava Railway Crossing feasibility report was completed. The report, recommends an option for the railway bridge. Preliminary designs for the Alicetown and Strand Park stopbanks and for the Strand Park river realignment are also complete. Draft resource consent applications will also be completed by mid August 2001.

Expenditure for the project was \$244,000, well within the \$423,800 budget. Council approved a rebudget of \$138,000 to 2001/02, principally to cover a physical model study which is more sensibly included as part of 2001/02 detailed design.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

An additional Rangiuru Stream outlet and control structure will be constructed, including floodgates at Rangiuru on the Otaki River, within a budget of \$120,000 and to accepted engineering standards.

Construction of bank edge protection improvements to the preferred channel alignment downstream of State Highway 1 on the Otaki River will continue in accordance with the design alignment and accepted engineering standards, within a budget of \$70,000.

Sections of road at Otaihanga, Waikanae, will be raised in conjunction with Kapiti Coast District Council, to an agreed programme and accepted engineering standards, within a budget of \$110,000.

Realignment of the Porirua Stream at Findlay Street, will be completed including relocation of three Council owned properties, to accepted engineering standards, within a budget of \$373,000.

Actual Performance

- ▶ The Rangiuru Stream Floodgates duplication was designed, consents obtained and the project tendered. A sole tender, which was well above estimate, was not accepted. A decision was made to re-tender the work for completion in the coming construction season. A sum of \$19,100 was expended on the project to date.
- ▶ Following floods in October 2000, the scope of the works was extended. A revised budget of \$480,000 was approved by Council at its December 2000 meeting. The works were completed to accepted engineering standards for \$395,900.
- ▶ Work on the first section of the Otaihanga Road Raising (Waikanae River) was completed to accepted engineering standards at a cost of \$123,000, approximately \$13,000 over budget.
- ▶ The Findlay Street Realignment design was completed and a draft resource consent application prepared. Following potentially unsuitable winter construction conditions, and discussion with Wellington City Council over district plan environmental issues, a decision was made to delay construction until the 2001/02 construction season.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

Flood Protection systems constructed to lessen the effects of flooding and river erosion will continue to provide the levels of service specified in adopted Asset Management Plans.

SHORT TERM By 30 June 2001

Maintenance operations that satisfy quality assurance policies and statutory requirements will be carried out in the Western part of the Region, within a budget of \$1,823,000.

Actual Performance

▶ Significant floods again occurred in all major rivers in the Region in October 2000. Although these floods were generally well within design capacities, some moderate system damage did occur. Accordingly, maintenance programmes were extended to include flood damage repairs. In some areas additional expenditure of \$803,390, funded from reserves, was required. These revised work programmes were materially completed ensuring that flood protection systems are again ready to perform to design standards. However, flood contingency reserves have largely been exhausted.

▶ Maintenance operations in the western part of the Region were completed at a total cost of \$2,024,000. Work completed included the remaining October 1998 flood damage repairs at Owen Street and Avalon on the Hutt River, flood damage repairs resulting from the October 2000 flood, and the routine maintenance programme. Total expenditure exceeded budget by \$201,000 (within the approval given by Council on 1 December 2000) due to the additional work resulting from the October 2000 floods.

All maintenance work was completed in accordance with established quality assurance policies and statutory requirements. Resource consent compliance checks for work completed under the Hutt, Otaki and Waikanae River maintenance consents, are again expected to be rated as *Fully* or *Mainly* complying.

FLOOD PROTECTION: Performance Indicators

Planned Performance

SHORT TERM – *continued*

Hutt, Otaki, Waikanae and Wainuiomata Rivers and Porirua Stream scheme annual maintenance will be completed in accordance with the adopted Western Rivers Asset Management Plan, within a budget of \$1,663,000.

Actual Performance

- ▶ The Hutt, Otaki, Waikanae and Wainuiomata Rivers, and Porirua Stream scheme annual maintenance programmes were prepared and completed in accordance with the adopted Western Rivers Asset Management Plan. The total asset maintenance cost was \$1,840,000, which was over budget due to the additional work resulting from the October 2000 flood. All October 2000 flood damage has been repaired except for the final reconstruction of a short length of stopbank at the Otaki River mouth. This work will be completed in the 2001/02 year.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

By 2006 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.

SHORT TERM By 30 June 2001

Maintenance operations will be completed for the Region's eight Wairarapa rivers schemes, to established standards and to the satisfaction of the Scheme Advisory Committees, within a budget of \$1,249,000.

Actual Performance

- ▶ Asset management plans have been developed and adopted for all the Wairarapa river schemes. These plans are reviewed annually, and peer reviews are carried out by independent river engineering staff each year.
- ▶ Maintenance operations for the eight Wairarapa river schemes were completed to the satisfaction of the Scheme Advisory Committees at a total cost of \$1,221,000. An additional \$1,041,000 of approved flood damage repair was required for the schemes following the October 2000 floods.

FLOOD PROTECTION: Performance Indicators

Planned Performance

LONG TERM

The Council will complete and implement environmental strategies for selected regionally significant rivers at a rate acceptable to the regional and local communities.

SHORT TERM By 30 June 2001

Environmentally important parcels of land will be purchased in the Waikanae River Corridor, in conjunction with Kapiti Coast District Council, in accordance with the Waikanae Floodplain Management Plan policy and priorities, within a budget of \$53,000.

Hutt River berms will be maintained to established standards, within a budget of \$222,000.

Actual Performance

- ▶ Environmental strategies have now been completed for the Hutt, Otaki and Waikanae Rivers, and the Waiwhetu Stream. Implementation of these strategies has commenced with some significant projects underway or planned. Examples of work underway include the removal of crack willows and replacement with native species on the Waikanae River, further development of the Chrystal lagoon area on the Otaki River and the incorporation of environmental improvements in the preliminary design of the Ava to Ewen, Hutt River project.
- ▶ The intended Waikanae River environmental land purchase was not concluded – the property was sold to another party. An alternative and equally beneficial land purchase on the Waikanae River was recommended by the July 2001 Landcare Committee.
- ▶ Hutt River berms were maintained to established standards at a total cost of \$229,000, slightly over budget. Significant improvements were completed at Owen Street, and at the former Firths area, Melling. A security company was employed to curb vandalism, rubbish dumping and general negative behaviour.

FLOOD PROTECTION: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	6,277	6,277
River Rates	2,286	2,286
Wairarapa Scheme Rates	813	818
Government Subsidies	-	-
Other Revenue	1,289	966
Operating Revenue	10,665	10,347
Direct Operating Expenditure	6,956	5,718
Interest	2,254	2,286
Depreciation / Loss (Gain) on Disposal	701	827
Operating Expenditure	9,911	8,831
Operating Surplus (Deficit)	754	1,516
Less:		
Capital Expenditure & Investments	2,142	2,050
Loan Funding	(1,765)	(2,201)
Rates Funded Capital Expenditure	377	(151)
Debt Provisioning	1,634	2,123
Reserve Movements	(785)	371
Non Cash Items	(701)	(827)
Net Funding Surplus (Deficit)	229	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Planning for Flood Protection	1,218	801
Delivering Flood Protection	8,693	8,030
Total operating expenditure	9,911	8,831
CAPITAL EXPENDITURE		
Hutt Floodplain Management Plan	253	280
Hutt River Improvements	243	459
Waikanae River Improvements	137	130
Otaki River Improvements	502	200
Porirua Floodplain Management	30	373
Other Projects	76	116
Major Project Expenditure	1,241	1,558
Land & Buildings	608	644
Plant & Equipment	78	4
Motor Vehicles	140	113
Asset Disposals	(143)	(487)
Total Capital Expenditure	1,924	1,832
Investment Additions	218	218
Total Capital Expenditure & Investments	2,142	2,050

PARKS AND FORESTS

The Council's Parks and Forests significant activity contributes to *A Safe Region with Healthy People* through its role in providing the community with outdoor recreational opportunities in a safe and high quality outdoor environment.

Parks and Forests help to make *A High Quality Environment* through conserving and enhancing natural ecosystems and features, preserving heritage, archaeological and cultural features and protecting landscape and scenic values. Parks and Forests contribute to maintaining high quality source water from water collection areas. The activity also supports the Council's environmental education and community connection initiatives on Council lands.

Parks and Forests benefit *A Prosperous and Viable Region* through encouraging use of Council lands for appropriate activities (e.g. concessions, filming, eco-tourism) in ways that do not conflict with the Council's environmental, heritage and recreational objectives.

This function excludes the Council's plantation forestry operations, see Investments page 128

PARKS AND FORESTS

Key Issues

Asset Management

Asset management plans developed over the last three years identified deferred maintenance and underfunding of asset renewals. The challenge for Parks and Forests for the next three years is to implement an enhanced capital works and maintenance programme to ensure existing service levels are maintained in the longer term, or modified where appropriate.

Infrastructural assets in the Parks and Forests include:

- 145 bridges.
- 72 buildings.
- 115km of roads.
- 152km of tracks.
- 152km of fences.
- plus signs, picnic tables, seats, plants, water and sewer pipes.

The Council has prepared an Environmental Asset Management Plan for the 40,000 hectares of native forest we manage. This is leading edge work and an exciting challenge, as environmental asset and forest health management are evolving fields.

Environmental Excellence

There is increasing community demand for high quality native bush. Particular challenges will be in the area of pest plant control and monitoring changes in forest health to determine how effective our activities are in protecting and enhancing biodiversity.

Community Involvement

Although popular, some Regional Parks and Forests are still only regularly visited by particular sectors of the regional community. The challenge is to increase park use while maintaining their intrinsic values.

The Council proposes to increase community and iwi involvement in, and commitment to, the Parks and Forests through environmental education programmes and projects involving volunteers and stakeholder groups. The challenges will be maintaining volunteer input, stakeholder interest, and developing effective education programmes.

Securing funding for additional development of the Parks and Forests through tourism, concessions, and filming will be an additional challenge.

New Parks and Services

The Council wants to develop East Harbour Regional Park by providing a ranger service and enhancing the recreational, environmental and heritage values of the Park. A Hutt River ranger is also proposed to enhance the environment of this popular river and its recreational opportunities. The Council plans to create two new regional parks, (taking over control of Whitireia Park and a Wairarapa Wetlands Park). The challenge for the Council is when to invest in each area, how much and to what levels of service.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to monitor, maintain, protect and enhance the environmental assets in the Regional Parks, Forests and Water Collection Areas as specified in the Regional Parks and Forests Asset Management Plan.

SHORT TERM By 30 June 2001

Environmental assets within the Regional Parks, Forests and Water Collection Areas will be monitored, protected and enhanced in accordance with the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$410,000. To be reported to the Landcare Committee following the end of the financial year.

Actual Performance

▶ Overall monitoring, maintenance, protection and enhancement of the environmental assets in the Parks, Forests and Water Collection Areas, has thus far been completed in accordance with the specifications in the Parks and Forests Asset Management Plan. The environmental management work programme has been changed and implemented to ensure animal pest control work is responding to the findings from our monitoring research and analysis. This should achieve better and more sustainable long-term environmental asset management in the Parks and Forests.

▶ Work on the Pest Plant Strategy is complete and will be incorporated into the Environmental Asset Management Plan. Information has been gathered on weed infestations to enable weed control plans to be prepared in the 2001/02 financial year.

Forest monitoring data collected over the last five years was analysed and the monitoring and pest control work programmes were amended to take into account the findings.

All monitoring and pest control activities were undertaken in accordance with the revised work programmes and to the service levels specified in the Parks and Forests Asset Management Plan. The only exception is an Old Man's Beard control programme at Belmont Regional Park which will now be completed in the 2001/02 year.

All activities were completed at a cost of \$370,700, and reported to the Landcare Committee in September 2001.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to monitor, maintain, protect and enhance the facilities, settings, and recreational and heritage assets to ensure public safety and enjoyment of the Regional Parks, Forests and Water Collection Areas as specified in the Regional Parks and Forests Asset Management Plan.

SHORT TERM By 30 June 2001

Recreation and heritage assets and facilities, and the settings in the Regional Parks, Forests and Water Collection Areas will be monitored, maintained, protected and enhanced to ensure public safety and enjoyment in accordance with the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$973,000. To be reported to the Landcare Committee following the end of the financial year.

Actual Performance

▶ Overall, the recreational and heritage assets in the Parks, Forests and Water Collection areas were maintained to the service levels specified in the Parks and Forests Asset Management Plan. All monitoring, maintenance, protection and enhancement work programmed to occur in the 2000/01 year, was achieved. Continued achievement of the Asset Management Plan service levels will ensure long-term sustainable management of the assets.

▶ Core maintenance activities have been delivered in accordance with the service level requirements as stated in the Parks and Forests Asset Management Plan. An asset management renewals programme was developed and formed the basis of the work programme completed by 30 June 2001.

A monthly structures inspection regime was undertaken and a safety risk assessment process was implemented to prioritise the structures maintenance and renewal work programme. Twenty-six structures were either upgraded or renewed during the year.

Contract maintenance, (e.g., mowing and toilet cleaning) was managed to set standards.

All activities were completed at a cost of \$935,500.

PARKS AND FORESTS: Performance Indicators

Planned Performance

SHORT TERM – *continued*

The annual capital works programme will be undertaken on time, to appropriate architectural and engineering standards and within the Regional Parks and Forests Asset Management Plan service levels, within a budget of \$545,000.

Actual Performance

- ▶ All projects were achieved, with the exception of the Akatarawa Bridges project (budget \$39,800). The Akatarawa Bridges Project was not initiated because the Upper Hutt City Council did not transfer control of the Karapoti Gorge Road (where the bridges are located) to the Regional Council as we had anticipated.

Projects completed include:

- Whareroa Stream Bridge, Queen Elizabeth Park, at a cost of \$36,400 (budget \$30,000).
- Paekakariki Toilet replacement, Queen Elizabeth Park, at a cost of \$84,500 (budget \$95,000).
- Road reseals at Queen Elizabeth Park (cost \$61,700, budget \$67,500) and Kaitoke Regional Park (cost and budget \$61,700).
- Battle Hill Workshop replacement at a cost of \$80,400 (budget \$60,000).
- Rimutaka Incline Walkway bridge restoration (three-metre bridges commenced and Pakuratahi Bridge completed) at a cost of \$209,200 (budget \$190,600).

All projects were achieved in accordance with architectural and engineering standards, and within the Regional Parks and Forests Asset Management Plan service levels.

The projects were completed at a cost of \$538,400.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to provide a ranger service which enhances park users' experiences of the recreational, environmental and heritage values and educational opportunities in the Regional Parks, Forests and Water Collection Areas.

SHORT TERM By 30 June 2001

Within a budget of \$663,000, ranger services will be provided that:

- Facilitate public access to the Regional Parks, Forests and Water Collection Areas.
- Educate and inform visitors and users.
- Liaise with community and stakeholder groups.
- Ensure compliance with Council policies.

A summary of key activities to be reported to the Landcare Committee following the end of the financial year.

Actual Performance

▶ A ranger service was provided across all existing regional parks and forests; with the exception of the Hutt River Trail which is scheduled to commence in the 2002/03 financial year. Visitor surveys consistently confirm that Park Rangers add value to the users experience of the parks and forests.

▶ A ranger service was provided at a cost of \$622,200 that:

- Facilitated approved public access to the Regional Parks, Forests and Water Collection Areas by issuing permits, camping and picnicking bookings, patrolling, guided tours, etc.
- Educated and informed visitors and users as the need arose (including running 30 events as part of the Summer Regional Outdoors Programme; Battle Hill Spring Visits Education Programme attracting over 1000 children).
- Assisting with facilitating the Kilmister Block opening, Orange Hut opening in the Akatarawas; launching a KiwiWalk in the Pakuratahi Forest; community plantings at Queen Elizabeth Park; a Farm Open Day at Belmont.
- Ensured parks and forest users complied with Council Policies and Bylaws.

Key activities were reported to the Landcare Committee in September 2001.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will develop, implement and interpret an appropriate policy framework for the provision and management of the Regional Parks, Forests and Water Collection Areas.

SHORT TERM By 30 June 2001

Within a budget of \$293,000 parks planning will be undertaken, including:

- The annual policy and planning work programme, agreed with the Divisional Manager, Landcare.
- An annual report will be submitted to the Divisional Manager, Utility Services on the forest health and pest control activities undertaken in the current and future water catchments.
- The Regional Parks and Forests management plans, Bylaws and other policies will be interpreted, and demand-driven work actioned, as required.

Actual Performance

- ▶ Policy and planning work is progressing steadily, including the development, implementation and interpretation of policies for management purposes.

New policies have been developed relating to areas of environmental management and access to Wainuiomata/Orongorongo Water Collection Area. Some existing policies have been reviewed. Landscape plans have been prepared for some of the parks and forests to guide future improvements to these areas. Demand driven work and general public enquiries have also been actioned during the year.

- ▶ The annual policy and planning work programme was substantially achieved, the exception being the review of the Interim Forest Lands and Water Collection Areas Management Plan, which was not progressed as far as anticipated. Work undertaken includes:
 - Wainuiomata/Orongorongo Water Collection Area Access Plan approved and implemented.
 - Commencing the Interim Forest Lands and Water Collection Areas Management Plan review.
 - Reviewing the Policy for Recreation and Tourism Services in WRC Parks and Forests and the associated charging policy.

PARKS AND FORESTS: Performance Indicators

Planned Performance

SHORT TERM – *continued*

Actual Performance

- Preparing landscape plans for the top terrace and Te Marua entrance at Kaitoke Regional Park; Tunnel Gully lower car park; and key areas along the Rimutaka Incline Walkway.
- Progressing work on the East Harbour Regional Park Strategy, and undertaking a visitor survey.

Forest health and pest control activities were undertaken in the current and future Water Collection Areas and a report submitted to the Divisional Manager, Utility Services outlining the work completed during the year, with recommendations for the 2001/02 year's work programme.

All demand driven work was actioned including:

- Processing filming and concession applications.
- Responding to resource consent applications and District Plan reviews as they affect the Parks and Forests.
- Responding to State Highway realignment and roading proposals affecting the Parks and Forests.
- Responding to general public enquiries and requests requiring interpretation of the Parks and Forests Management Plans, Bylaws and other policies.

The planning and policy activities were undertaken at a cost of \$245,600.

PARKS AND FORESTS: Performance Indicators

Planned Performance

LONG TERM

The Council will continue to develop opportunities to enhance community participation, understanding and education about its Regional Parks and Forests.

SHORT TERM By 30 June 2001

The annual environmental education and environmental enhancement initiatives will be completed within a budget of \$212,000, as agreed with the Divisional Manager, Landcare. To be reported to the Landcare Committee following the end of the financial year.

Actual Performance

▶ Overall, community participation in the Council's Parks and Forests is increasing through the establishment of Care Groups and other volunteers becoming involved in environmental enhancement projects. New education programmes are also being developed and run.

▶ All the environmental enhancement projects were achieved during the year at a cost of \$134,400, and reported to the Landcare Committee in July 2001:

- Initial planning and consultation on the Queen Elizabeth Park wetlands.
- Reports and plans were prepared on the Queen Elizabeth Park dune and remnant forest restoration projects.
- The Cannons Creek Valley Restoration and Development Plan was prepared.
- Plans were prepared for the Pakuratahi Forest riparian planting project and buffer planting was undertaken around a wetland.
- Plans have been completed for the Battle Hill wetland project.
- Over 200 goats were killed for pest control in the Korokoro Valley, Belmont Regional Park.
- Forest monitoring work was undertaken at East Harbour Regional Park.

Each of these projects involved working with volunteers and community groups. A Care Group was established at Queen Elizabeth Park.

Infrastructure was developed in the Parks and Forests for running the Council's Environmental Education Trails. All projects were achieved, except the Stratton Street Woolshed extension which was not completed by year-end.

New educational programmes have been developed and run at Battle Hill Farm Forest Park, with over 1300 children attending the "Spring Visits" programme.

PARKS AND FORESTS: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	3,992	3,992
Other Rates	-	-
Government Subsidies	-	-
Other Revenue	746	716
Operating Revenue	4,738	4,708
Direct Operating Expenditure	4,233	4,261
Interest	89	99
Depreciation / Loss (Gain) on Disposal	196	250
Operating Expenditure	4,518	4,610
Operating Surplus (Deficit)	220	98
Less:		
Capital Expenditure	651	673
Loan Funding	(538)	(544)
Rates Funded Capital Expenditure	113	129
Debt Provisioning	175	166
Reserve Movements	121	53
Non Cash Items	(196)	(250)
Net Funding Surplus (Deficit)	7	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Managing Regional Parks, Natural Forests, Recreation Areas & Trails	4,518	4,610
Total Operating Expenditure	4,518	4,610
CAPITAL EXPENDITURE		
Queen Elizabeth Park Enhancement	183	193
Pakuratahi Bridge Replacements	213	191
Battle Hill Enhancement	80	60
Kaitoke Roding & Toilets	62	62
Akatarawa Bridge Replacements	-	39
Major Project Expenditure	538	545
Land & Buildings	-	-
Plant & Equipment	4	11
Motor Vehicles	154	150
Asset Disposals	(45)	(33)
Total Capital Expenditure	651	673

INVESTMENT IN DEMOCRACY

Providing effective political representation on behalf of the Wellington regional community contributes to *A Strong and Inclusive Regional Community*.

This budget 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 such as those 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 other persons appointed 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 communicating with the regional community.

For the 2001-2004 Triennium, the Local Government Commission has determined the WRC will comprise thirteen Councillors from six constituencies with Porirua decreasing from 2 to 1 members.

Also, included within this budget is funding for Regional economic initiatives, including publication of economic data, which contributes to *A Prosperous and Viable Region*.

INVESTMENT IN DEMOCRACY: Performance Indicators

Planned Performance

LONG TERM

Public recognition of the Wellington Regional Council will be significantly greater than in 1999/00.

SHORT TERM By 30 June 2001

The Council newspaper, Elements, will be published six times a year to the satisfaction of the General Manager at a cost of no more than \$180,000.

LONG TERM

The Council's viewpoint will be both heard and well-regarded by the wider community.

SHORT TERM By 30 June 2001

The Council will respond effectively to regional issues as they arise, at a cost of no more than \$100,000.

Actual Performance

▶ The Council commissioned surveys in 2000/01 to establish levels of recognition for future comparison.

▶ The Council has received increasing levels of positive feedback over the publication.

▶ Feedback to the Council from a range of perspectives indicates that this aim is being achieved.

▶ No issue arose with the year which required a Council response. Work was carried out to develop a better understanding of ways to identify significant issues.

INVESTMENT IN DEMOCRACY: Performance Indicators

Planned Performance

LONG TERM

The publication of regional economic data by the Wellington Regional Council will be supported by business interests.

SHORT TERM By 30 June 2001

Two publications will be produced per annum to the satisfaction of the Corporate Policy Manager at a cost not exceeding \$50,000.

Actual Performance

▶ The Council continues to receive advice that the report is well regarded by those with an interest in economic development.

▶ The publications were to the required quality and produced within budget.

INVESTMENT IN DEMOCRACY: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	2,191	2,191
Other Rates	-	-
Government Subsidies	-	-
Other Revenue	1,474	1,474
Operating Revenue	3,665	3,665
Direct Operating Expenditure	3,177	3,510
Interest	-	-
Depreciation / Loss (Gain) on Disposal	9	37
Operating Expenditure	3,186	3,547
Operating Surplus (Deficit)	479	118
Less:		
Capital Expenditure	-	75
Loan Funding	-	-
Rates Funded Capital Expenditure	-	75
Debt Provisioning	-	-
Reserve Movements	289	80
Non Cash Items	(9)	(37)
Net Funding Surplus (Deficit)	199	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Direct Members' Costs	1,057	1,193
Council Secretariat	516	516
Divisional Management Support	250	250
Strategic Communications	300	500
Regional Economic Development	31	50
Other Costs	1,032	1,038
Total Operating Expenditure	3,186	3,547
CAPITAL EXPENDITURE		
Land & Buildings	-	-
Plant & Equipment	-	75
Motor Vehicles	-	-
Asset Disposals	-	-
Total Capital Expenditure	-	75

INVESTMENTS

“ CentrePort is a significant strategic asset held by the Council on behalf of the Regional Community ”



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 in the future 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.

INVESTMENTS

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 biodiversity, soil conservation, water quality and recreational needs. This policy assumes that harvesting will be on a sustainable yield basis recognising the Council's broader objectives noted above. Both the plantation and reserve forests within the Region are required to budget for an *internal dividend* which 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 \$225,000 per year and is reviewed annually.

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, in Wellington City which was transferred to the Council at no cost when the functions of the Wellington Harbour Board were assumed in 1989. 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.

INVESTMENTS: Financial Summary for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
INCOME STATEMENT		
Operating Revenue	9,976	11,306
Operating Expenditure	4,726	6,658
Earnings before Interest	5,250	4,648
Interest	(2,232)	(2,173)
Operating Surplus (Deficit)	7,482	6,821
Contribution to Rates	5,584	5,584
Earnings Retained	1,898	1,237

OPERATING SURPLUS OF INDIVIDUAL INVESTMENTS

	2001 Actual \$000's	2001 Budget \$000's
Bank Deposits	3,085	3,124
WRC Holdings Limited	744	(79)
Treasury Management	4,109	3,819
Plantation Forests	(304)	275
Reserve Forests	(446)	(505)
Administration Properties	152	118
Investment Properties	70	-
Akura Conservation Centre	58	54
Wairarapa Workshop	14	15
Operating Surplus (Deficit)	7,482	6,821

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 ownership, operation and maintenance of the Stadium as a multi-purpose sporting and cultural venue.

The Stadium contributes directly to *A Prosperous and Viable Region*.

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 on-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.

Stadium Trustees (at 30 June 2001)

Paul Collins (Chairman)
Sir Ron Scott
Dr Ngatata Love
Dame Margaret Bazley
Michael Egan

John Hunn
Bryan Johnson (resigned 1 July 2001)
Cr Ian Buchanan (WRC Councillor)
Cr Robert Armstrong (WCC Councillor)

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 for the year ended 30 June 2001

	2001 Actual \$000's	2001 Budget \$000's
FUNDING STATEMENT		
General Rates	-	-
Stadium Purposes Rates	2,675	2,675
Government Subsidies	-	-
Other Revenue	-	-
Operating Revenue	2,675	2,675
Direct Operating Expenditure	54	54
Interest	2,025	2,025
Depreciation / Loss (Gain) on Disposal	-	-
Operating Expenditure	2,079	2,079
Operating Surplus (Deficit)	596	596
Less:		
Capital Expenditure & Investments	-	-
Loan Funding	-	-
Rates Funded Capital Expenditure	-	-
Debt Provisioning	596	596
Reserve Movements	-	-
Non Cash Items	-	-
Net Funding Surplus (Deficit)	-	-

	2001 Actual \$000's	2001 Budget \$000's
OPERATING EXPENDITURE		
Regional Stadium	2,079	2,079
Total Operating Expenditure	2,079	2,079
CAPITAL EXPENDITURE		
Land & Buildings	-	-
Plant & Equipment	-	-
Motor Vehicles	-	-
Asset Disposals	-	-
Total Capital Expenditure	-	-
Investment Additions	-	-
Capital Expenditure & Investments	-	-

STATEMENT OF COMPLIANCE AND RESPONSIBILITY



Statement of Compliance and Responsibility

Compliance

The Council and management of Wellington Regional Council confirm that all the statutory requirements of Parts VIIA and VIIB of the Local Government Act 1974 regarding financial management and borrowing have been complied with.

Responsibility

The Council and management of Wellington Regional Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and management of Wellington Regional Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Wellington Regional Council, the annual Financial Statements of the year ended 30 June 2001 fairly reflect the financial position and operations of Wellington Regional Council.


STUART MACASKILL
Chairman
11 October 2001


HOWARD STONE
General Manager
11 October 2001


GREG SCHOLLUM
Chief Financial Officer
11 October 2001

AUDIT REPORT



Audit New Zealand

REPORT OF THE AUDIT OFFICE TO THE READERS OF THE FINANCIAL STATEMENTS OF WELLINGTON REGIONAL COUNCIL AND GROUP FOR THE YEAR ENDED 30 JUNE 2001

We have audited the financial statements on pages 22 to 133. 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 2001. This information is stated in accordance with the accounting policies set out on pages 28 to 31.

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 2001 and the results of its operations and cash flows and service performance achievements for the year ended 30 June 2001.

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 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 22 to 133:

- ▲ comply with generally accepted accounting practice; and
- ▲ fairly reflect:
 - the financial position as at 30 June 2001;
 - 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 11 October 2001 and our unqualified opinion is expressed as at that date.

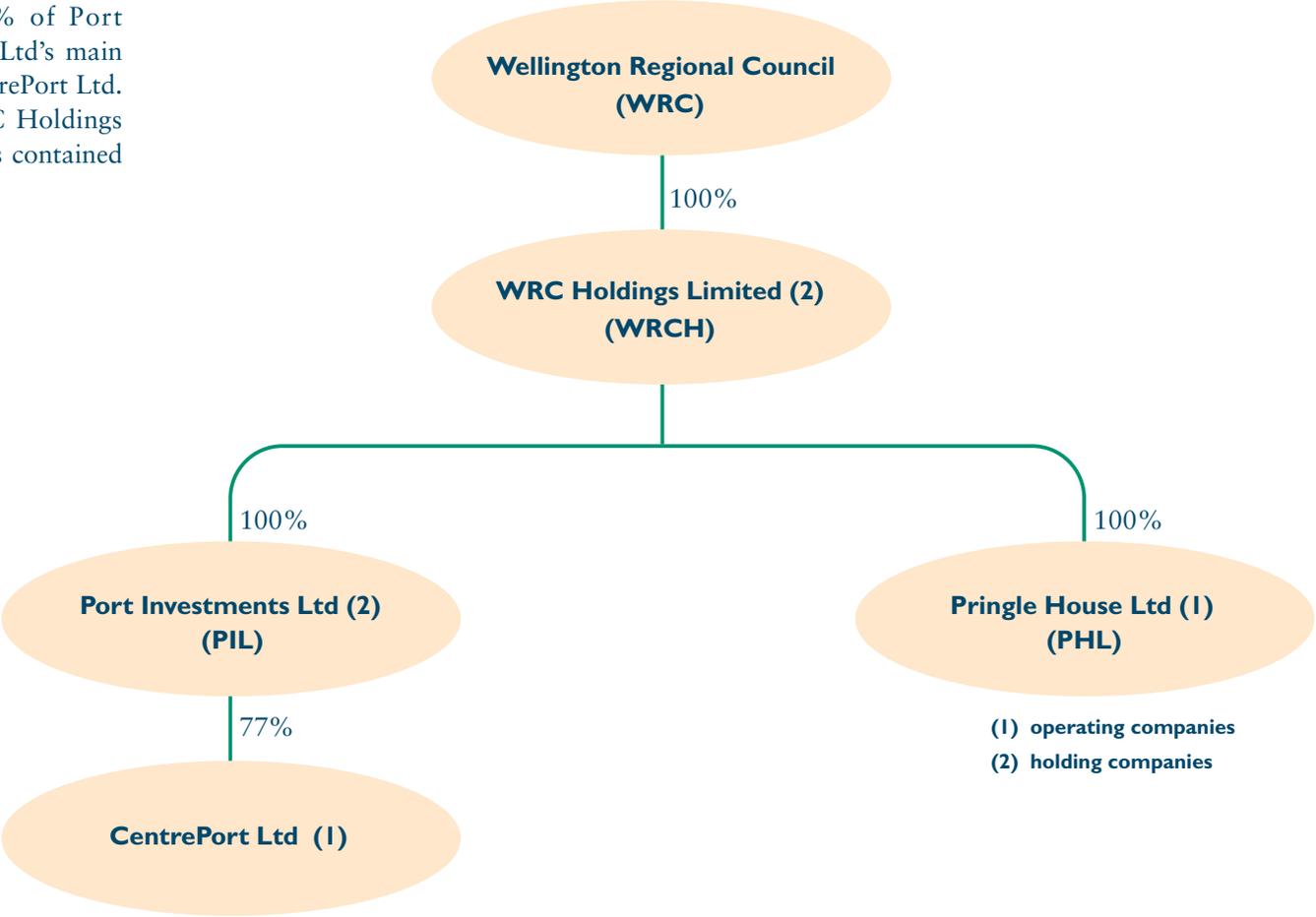
E M Mason
Audit New Zealand
On behalf of the Controller and Auditor-General
Wellington, New Zealand



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 investment 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

	Actual 2001	Budget 2001
Net Profit (before tax)	\$7.2m	\$6.6m
Net Profit (after tax)	\$4.5m	\$4.1m
Return on Total Assets ⁽¹⁾	12.6%	12.2%
Return on Shareholders' Funds ⁽²⁾	41.9%	27.3%
Dividend Stream	\$0.9m	\$0.3m

- (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 less minority interest divided by the average shareholders' funds (excluding minority interest).

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2000/01 financial year.

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 (Deceased 6 August 2000)

Howard Stone

Michael Cashin (Appointed 26 April 2001)

David Setter (Appointed 29 August 2000, resigned 25 June 2001)

Performance Targets

	Actual 2001	Budget 2001
Net Profit (before tax)	\$9.9m	\$9.9m
Net Profit (after tax)	\$6.9m	\$6.7m
Return on Total Assets ⁽¹⁾	13.1%	13.7%
Return on Shareholders' Funds ⁽²⁾	12.1%	11.6%
Dividend Stream	\$4.1m	\$4.0m

(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.

Note: The performance targets are those provided by the Directors in the Statement of Corporate Intent (SCI) for the 2000/01 financial year.

SUPPLEMENTARY INFORMATION: Net Public Debt

Public Debt

The adjacent table details movement in public debt by functional area, from 1991. Net external public debt has been reduced by \$33.9 million between 1991 and 2001. 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 borrowing therefore reducing interest expense. When reserves are required to be used, new loans are taken out to fund the expenditure.

REGIONAL WATER SUPPLY DEBT

Regional Water Supply Debt

	1991 \$000's	1992 \$000's	1993 \$000's	1994 \$000's	1995 \$000's	1996 \$000's	1997 \$000's	1998 \$000's	1999 \$000's	2000 \$000's	2001 \$000's
Regional Water Supply	67,966	68,486	75,050	73,473	71,192	72,050	72,620	72,079	65,720	62,135	57,201
Regional Water Supply Reserves (1)	-	(1,684)	(2,593)	(3,624)	(2,773)	(2,417)	(1,877)	(4,958)	(2,041)	(2,205)	(1,011)
Regional Water Supply Net Debt	67,966	66,802	72,457	69,849	68,419	69,633	70,743	67,121	63,679	59,930	56,190

STADIUM DEBT

	-	-	-	-	-	-	-	-	24,500	23,974	23,378
--	---	---	---	---	---	---	---	---	--------	--------	--------

OTHER DEBT

Forestry – Western Region	2,735	3,924	4,107	4,282	4,454	4,942	5,839	7,216	8,469	8,975	10,172
Forestry – Wairarapa	1,227	1,446	1,611	1,583	1,409	1,838	2,515	3,286	4,112	4,580	5,496
Flood Protection – Western Region	8,820	10,999	15,300	19,653	22,052	22,727	23,248	23,122	23,437	25,084	25,346
Flood Protection – Wairarapa	1,102	1,033	904	1,404	1,309	1,216	1,121	1,232	1,432	1,292	1,141
Waterloo Interchange	6,149	6,066	5,998	5,860	5,717	5,563	5,416	5,242	5,047	4,826	4,582
Regional Parks	648	611	579	565	622	763	861	999	1,127	933	1,296
Main Office Building	24,851	24,141	23,410	22,406	21,721	21,206	10,433	9,518	8,508	7,385	6,156
Other Buildings	1,335	1,305	1,175	853	838	1,041	1,018	1,001	982	959	935
Computers & Equipment	436	767	980	1,037	875	394	232	-	-	-	-
Emergency Management	-	-	-	150	305	244	181	117	46	-	-
CentrePort Related Activities	8,195	8,004	5,982	5,593	5,317	5,013	-	-	-	-	-
Financial Information System	-	-	-	-	-	-	-	-	1,470	1,144	893
Treasury Use of Reserves (1)	1,669	6,524	9,685	10,814	9,676	10,348	9,716	13,964	8,441	9,392	6,334
Treasury Internal Loans	(7,184)	(13,189)	(31,878)	(30,991)	(38,552)	(38,316)	(42,899)	(47,904)	(49,755)	(50,702)	(54,271)
Other Reserves (1)	(1,669)	(4,840)	(7,092)	(7,190)	(6,903)	(7,931)	(7,839)	(9,006)	(6,400)	(7,187)	(5,323)
Other Net External Public Debt	48,314	46,791	30,761	36,019	28,840	29,048	9,842	8,787	6,916	6,681	2,757
Total Council Net External Public Debt	116,280	113,593	103,218	105,868	97,259	98,681	80,585	75,908	95,095	90,585	82,325

YOUR REGIONAL COUNCILLORS

Fourteen Councillors are elected from six constituencies

Porirua Constituency (2)



Robert Shaw JP

43 Eskdale Road
Papakowhai
PORIRUA
04 233 0252
(business/private phone/fax)
robert.shaw@xtra.co.nz



Hon Margaret Shields QSO

23 Haunui Road
Pukerua Bay
PORIRUA
04 239 9949 (private phone)
04 239 9084 (private fax)
025 231 6102 (mobile)
marg.shields@xtra.co.nz

Upper Hutt Constituency (1)



Stuart Macaskill CNZM QSO JP

C/- WRC
PO Box 11-646
WELLINGTON
04 384 5708 (business phone)
04 384 5023 (business fax)
04 526 7683 (private phone)
04 526 7160 (private fax)
025 421 258 (mobile)
stuart.macaskill@wrc.govt.nz

Kapiti Constituency (1)



Chris Turver

Settlement Road
RD 1
TE HORO
06 364 3640 (private phone)
06 364 3650 (private fax)
025 230 1601 (mobile)
chris.turver@xtra.co.nz

Wairarapa Constituency (2)



Ian Buchanan

86 Pownall Street
MASTERTON
06 378 7261 (private phone)
06 378 7260 (private fax)
025 248 4749 (mobile)
buchanji@xtra.co.nz



Rick Long

14 Tankersley Street
PO Box 8
MASTERTON
06 370 1123 (private phone/fax)
06 370 1128 (business phone/fax)
025 304 004 (mobile)
rlong@voyager.co.nz

YOUR REGIONAL COUNCILLORS

Lower Hutt Constituency (3)



Jim Allen JP

3/88 Cambridge Terrace
LOWER HUTT
PO Box 41 110
EASTBOURNE
04 938 1795 (private phone)
04 970 1795 (private fax)
021 625 958 (mobile)
j.allen@clear.net.nz



Dick Werry

7 Marina Grove
LOWER HUTT
04 566 3465 (private phone)
04 566 3464 (private fax)
04 567 1912 (business phone)
04 567 1936 (business fax)
025 417 647 (mobile)
dwerry@xtra.co.nz



Rosemarie Thomas JP

19 Hart Avenue
PO Box 31160
LOWER HUTT
04 939 8466 (business phone)
04 939 8467 (business fax)
04 934 8466 (private phone)
025 846 627 (mobile)
thomas@paradise.net.nz

Wellington Constituency (5)



Margaret Bonner JP

108 Washington Ave
Brooklyn
WELLINGTON
04 389 7026 (private phone/fax)



Chris Laidlaw

51 Moana Road
Kelburn
WELLINGTON
04 934 3143 (private phone)
04 934 3148 (private fax)
021 260 9496 (mobile)
chrisl@the.net.nz



Euan McQueen

6 Kabul Street
Khandallah
WELLINGTON
04 479 5568 (private phone)
04 479 5585 (private fax)
025 435 617 (mobile)
026 320 5325 (pager)
emcqueen@tranzrail.co.nz



Mike Gibson JP

7 Putnam Street
Northland
WELLINGTON
04 475 7545 (private phone)
04 475 7145 (private fax)

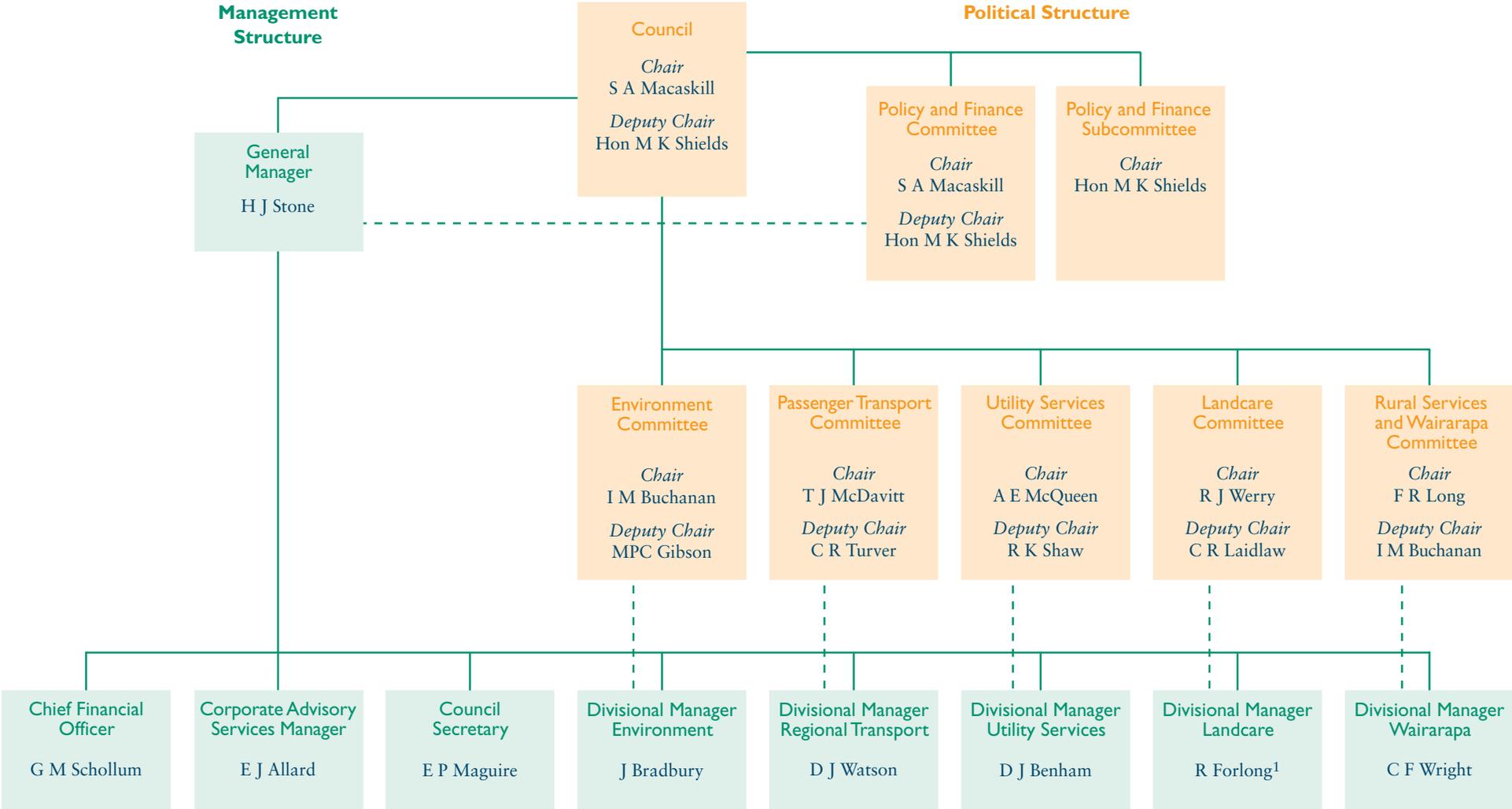


Terry McDavitt JP

19 Holloway Road
Aro Valley
WELLINGTON
04 938 7036
(business/private phone)
04 938 7037 (business/private fax)
021 134 6455 (mobile)
tmcavitt@paradise.net.nz



COUNCIL AND MANAGEMENT STRUCTURE



¹ AM Annakin was Divisional Manager for Landcare until 11 May 2001.

ADDRESS DETAILS AND DIRECTORY

Wellington

Main Office

Regional Council Centre
142 - 146 Wafefield Street
Wellington
PO Box 11-646
Phone: 04 384 5708
Free phone: 0800 4WN REG or 0800 496 734
Fax: 04 385 6960
Email: info@wrc.govt.nz
Website: www.wrc.govt.nz

Ridewell Inquiry Service

Phone: 04 801 7000
Free phone: 0800 801 700

Wairarapa

34 Chapel Street
Masterton
PO Box 41
Phone: 06 378 2484
Fax: 06 378 2146

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.